

Minutes

AUDIT COMMITTEE

24 July 2025

Meeting held at Committee Room 5 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Committee Members Present: John Chesshire (Chair) Councillor Nick Denys (Vice-Chair), Councillor Henry Higgins, Councillor Tony Burles, and Councillor June Nelson</p> <p>Officers Present: Claire Baker – Head of Internal Audit and Risk Assurance, Andrew Macleod – Chief Accountant Pete Carpenter – Director – Pensions, Treasury & Statutory Accounts Tony Zaman – Chief Executive Officer Lloyd White – Head of Democratic Services Matthew Wallbridge – Chief Operating Officer (virtual) Daniel Toohey – Head of Legal Services Ryan Dell – Democratic Services Officer</p> <p>Also Present: Mark Rutter, Ernst & Young (virtual) Phillip Woolley, Grant Thornton Neal Dempsey, Grant Thornton</p>
13.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies had been received from Councillor Douglas Mills.</p>
14.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>None.</p>
15.	<p>TO CONFIRM THAT ALL ITEMS MARKED IN PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 3</i>)</p>
16.	<p>MINUTES OF THE MEETING HELD ON 14 MAY 2025 (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the previous meeting be agreed as a correct record</p>
17.	<p>FINANCIAL MODERNISATION PROGRAMME (<i>Agenda Item 5</i>)</p> <p>The Chair introduced the Financial Modernisation Programme.</p> <p>The FMP is a significant transformation initiative by the London Borough of Hillingdon in partnership with Grant Thornton, to review and strengthen the Council's financial systems, processes, and structures and to address challenges with the transition to the</p>

new Oracle system.

Hillingdon had been working with Grant Thornton on the Oracle Improvement Plan since September 2024. In February 2025, Cabinet had approved a request from the Corporate Director of Finance to bring in capacity and capability to create and deliver a Financial Improvement Plan with CIPFA. These were combined into the Finance Modernisation Programme, launched in April 2025. The initial focus had been to support the understanding of the budget outturn position; to improve the budget monitoring forecasting processes; and to address issues with the use of Oracle. It was also noted that the Council had recently appointed a new Section 151 Officer.

A review of accounting had been done to ensure that there was a solid baseline on the 2024/25 outturn. Adjustments to the 2024/25 financial position had been identified, totalling an approximate £14.1 million adverse impact as a result of historic issues including writing out a negative reserve, updates to the Council's Treasury and Minimum Revenue Provision calculations and changes to the Council's Bad Debt Provision policy.

The Council's finance system had gone live in May 2024, upgrading to the latest cloud-based version of Oracle. However, inadequate training and knowledge transfer had led to poor understanding of changes to business processes and the routine maintenance requirements of the system. The system as implemented had proved to be overly complex and had been adapted to meet existing Council processes. Documentation of the system was incomplete and not always up to date. The Council did not have the in-house capacity or capability to effectively support and maintain the solution.

Oracle's planning and monitoring functionality had underperformed, leading to off-system workarounds. Some documents around processes and procedures lacked detail. Budget holders lacked confidence and access to reliable data.

The current finance team was large and high-cost relative to the Council's size. Manual interventions in basic functions such as forecasting and reporting were prevalent due to unrealised system efficiencies. Accountability was concentrated among a small number of senior officers.

The Council had been using Oracle for a long time. The latest cloud-based version, Oracle Fusion, included enterprise resource planning (ERP) for core finance and enterprise performance management (EPM) for planning and budgeting. Budget holders primarily interacted with EPM.

The initial stage of the Financial Modernisation Programme had been organised into six key work streams with the immediate priorities around ensuring a robust understanding of the 24/25 outturn and targets for 25/26.

1. **Accounting and control** – identification and assessment of areas of risk in the Council's Accounting processes and Controls and 24/25 Year End preparations
2. **Budget Monitoring** – Implementation of good practise Budget Management and Capital Monitoring processes and supporting tools (excluding Oracle)
3. **Oracle EPM (Planning System)** – Implementation of key functionality to support Budget Management and Capital Monitoring through Oracle Fusion
4. **Finance Systems Support (ERP)** – Support to develop the capacity and capability of the Council's Finance Systems team, to deliver improvement in the basic operation of Oracle, reduce manual intervention and risks related to access control and routine updates
5. **Finance Operating Model** – Establish a new delivery model for a modern

finance service to the Council

6. **Supplier contract review** – Expert review of the current managed service and supplier performance and options/ recommendations to continue, exit or migrate to a model that better supports the Council's needs and drives innovation

Future improvement projects included:

- **Balance Sheet Assurance Process** – Documentation of best practise process, procedures and reporting to ensure the ongoing integrity of the Council's Balance Sheet
- **Financial Close Process** – Documentation of good practise processes and procedures to enable the Council to close its ledgers and report on its financial position (Monthly/ Quarterly/ Annually)
- **Budget Setting process** – Documentation of processes and procedures for Budget setting based upon recognised good practise
- **Capital Governance** – Documentation of processes and procedures for Capital monitoring and Governance based upon recognised good practise
- **Oracle EPM Refresh** – Simplification of EPM structures and reporting:
 - Use of core functionality, removing duplication and complex configuration
 - Update of existing reports
- **Oracle ERP Enhancement** – A range of improvements to functionality and operational efficiency, including:
 - Improved integration with feeder systems
 - Implementation of Risk Management Module

Members were concerned to note that budget holders did not have confidence in their budgets or adequate access to information and asked when they would have confidence and access to information. Officers noted that confidence in budget management had grown but had required significant manual work. The current setup had led to excessive processing that sometimes overshadowed delivery. Work was ongoing to align systems with the finance structure and delegation of budget responsibilities. The aim was to establish distributed leadership in budget management, where team leads could access clear data on staffing, costs, and forecasting needs. Ultimately, the vision was for everyone to have the understanding and tools to manage budgets effectively. Increased confidence in budgets would increase accountability.

Members asked about the best model for accountability of budgets. Accountability in finance was closely tied to organisational governance, which was why the financial organisation programme was presented alongside the GRIP. Budget reviews were now more systematic, transparent, and frequent, with sessions held monthly or more often depending on budget size and risk. This created a clear accountability hierarchy. Regular reporting to Cabinet Members now included comprehensive updates on budgets, savings, and capital, reinforcing accountability throughout the organisation.

Members noted that accountability required training and asked about progress on this. Training was in early stages. Oracle had been used for 2025/26 Month 2 monitoring as a learning phase. A best-in-class training provider had been identified, and there was an emphasis on creating manuals and guides for ongoing reference. Training would be rolled out as the system design stabilised.

Efforts were underway to improve clarity and accessibility of financial reports for Members and the public.

Members were concerned to note that 'the planning and budgeting functionality, in

Oracle, has been a significant weakness leading to off system processes being implemented', and 'Documented processes and procedures, for Budget Monitoring, lack detail and do not provide the level of regular guidance and communication required', and asked for more detail on these. Grant Thornton discussed how transactional data was captured and transformed into financial information for reporting purposes. It was noted that while Oracle captured transactional data cleanly in some areas, the process of translating this into accounting entries was complex. There was often manual effort required to convert information into meaningful reports. This complexity posed challenges for users trying to extract useful financial insights. Existing documentation was often superficial and outdated.

Members asked about spending controls. Officers advised that there were a mixture of manual and automated spend control parameters. For example, on contracts, warnings appeared when spending came close to the approved limit so that spending could not go above the limit unless approved. There was a weekly board to look at any establishment changes.

There were accountability controls including the Constitution and Scheme of Delegations. There were regular meetings to ensure controls were in place.

Members asked about a financial procedures manual and if this could be shared with Members. It was noted that this document was still being drafted and was expected around September.

Members asked about training for Members. Officers advised that there were regular training sessions such as Member Development Day. There would also be training upcoming post-2026 elections.

Members asked why training on the new system had not been the first action taken. Officers noted that there had been Oracle training in 2023 and 2024. It was noted that the original Oracle implementation had leaned towards adapting the system rather than adopting standard processes. The current system design had been tested using Month 2 as a reference point. There was a need to finalise the system design to a satisfactory level. Training should commence thereafter. Training would cover not only system usage but also the underlying processes and decision-making approaches. Forecasting had been identified as a key issue due to varying interpretations among users.

As part of the Finance Modernisation Programme, the current Oracle support arrangements were under review. Officers were assessing how well the existing support structure aligned with the needs of the Oracle refresh and broader finance modernisation efforts. A reliable and responsive support partner was essential to implement system improvements and provide ongoing support for Oracle, which was a live, cloud-based platform. The team had provided feedback to the current support partner regarding performance concerns. Regular reviews were being conducted by the team to monitor contract performance and ensure delivery against agreed terms. The review aimed to identify the right support partner to optimise Oracle's use and ensure the system continued to meet organisational needs.

The Financial Modernisation Programme was roughly a six-month programme launched in April 2025. The current phase was planned to end in October 2025. Monthly reviews were conducted to assess progress and plan next steps, though finance improvements will continue beyond the formal programme.

Grant Thornton noted that there was an element of them presenting their experience of

	<p>best practise but an element of co-creation with the finance team. This involved a preferred methodology adapted to local circumstances.</p> <p>Members asked if this work would have any effect on the Council's audit, and if there had been discussions with EY. Officers noted that there was a specific work programme to move data from one system to the other and there were checks ongoing with EY. EY noted that they had issued their audit planning report to the Council this morning and that this would come to the next Committee. This would show that the Oracle transition was one of the identified risks. This included ensuring that balances from the old system had made it onto the new system. Some of the challenges that the Council had encountered would be included in EY's Value for Money commentary.</p> <p>RESOLVED: That the work undertaken to date on the Finance Modernisation Programme be noted.</p>
18.	<p>GOVERNANCE REVIEW IMPROVEMENT PLAN (<i>Agenda Item 6</i>)</p> <p>The Chair introduced the Governance Review Improvement Plan (GRIP), which encompassed governance-related improvements, including financial and directorate governance. This item aimed to provide an overview of the GRIP, its structure, progress, and next steps.</p> <p>The GRIP had been commissioned in March 2025 following internal and external audit reports in late 2024 and early 2025. It addressed recommendations related to financial and directorate governance, especially in light of the Council's Medium-Term Financial Strategy (MTFS) savings targets approved in February 2025. It was sponsored by the Chief Executive.</p> <p>The GRIP was structured into three workstreams:</p> <ul style="list-style-type: none"> • Finance Governance: led by the Section 151 Officer and finance team and implemented EY audit recommendations on the 2023/24 accounts. • Directorate (Officer Decision-Making) Governance: led by the Chief Operating Officer and implementing recommendations from the September 2024 internal audit report. • Constitutional and Democratic Governance: led by the Monitoring Officer. This had been initiated as part of continuous improvement, but included a review of the Constitution, Scheme of Delegations, exempt schedules in Cabinet reports, and Member conduct processes. A partner had been identified to engage with through an independent review. <p>Each workstream reports would progress to the Corporate Governance Group, a statutory officer group, which met monthly and reported to the Corporate Management Team (CMT). The GRIP document was a live, evolving control document with updates at each Corporate Governance Group meeting. The Audit Committee would also receive updates at every meeting.</p> <p>The Finance Modernisation Programme was embedded in Workstream 1; a new MTFS app had been rolled out to support directorate-specific savings tracking; spend controls were integrated into the broader governance framework; and a uniform planning format had been introduced for business and finance plans to ensure alignment from strategy to individual performance.</p> <p>Members asked how the Council would ensure that the GRIP's values, such as timeliness, inclusivity, openness, honesty, were embedded in the organisational</p>

	<p>culture. Officers responded that the GRIP was transparent and open to Member feedback; internal and external auditors were engaged for ongoing input; and the Corporate Governance Group played a key role in monitoring cultural alignment. There had been positive results from the recent staff survey, which could be presented to the Committee; and increased visibility of senior leadership.</p> <p>Members asked about the delay in publishing the 2024/25 final accounts. Officers expected submission by mid-August 2025 due to the need for high assurance and accuracy.</p> <p>Members requested access to the Directorate Governance Internal Audit Report. It was noted that the report could be shared with Committee Members.</p> <p>The Chair asked if Internal Audit were happy with the GRIP and actions taken in response to the Directorate Governance report. The Council's Head of Internal noted she was happy that the actions were appropriate, and progress was satisfactory. It was acknowledged that full implementation would take time, but initial steps were strong. Members noted they were happy with the GRIP.</p> <p>The Chair asked if the Council had considered governance areas more broadly. Officers noted that Workstream 3 was specifically created to address broader governance. Governance could be a broad topic and could be difficult to define. This was why there were three workstreams – there were three statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer). Other possible areas of review included parts of the Constitution such as the Members' Code of Conduct, as this may be being updated by Central Government; Member Complaints; the Scheme of Delegation; exempt schedules and Cabinet reports.</p> <p>The Chair asked and officers clarified that the Head of Internal Audit attended the Corporate Governance Group in relation to risk.</p> <p>GRIP updates would be added to each Audit Committee meeting. The document would be updated dynamically to reflect new audit recommendations or governance developments. A staff survey briefing could be scheduled for the November Committee.</p> <p>RESOLVED: That the work on the Governance Review Improvement Plan be noted.</p>
19.	<p>WORK PROGRAMME (<i>Agenda Item 7</i>)</p> <p>Officers noted that the Work Programme highlighted upcoming meeting dates and the expected agenda items.</p> <p>The Chair noted the request to bring an update on staff survey results to the November Committee.</p> <p>RESOLVED: That the Audit Committee:</p> <ol style="list-style-type: none"> 1. Noted the dates for Audit Committee meetings; 2. Noted that updates on the GRIP would be presented to each Committee; and

	3. Requested an update on the staff survey at the November Committee meeting.
	The meeting, which commenced at 5.00 pm, closed at 6.50 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Democratic Services on 01895 250636 or email: democratic@hillingdon.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

The public part of this meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.