

Final Internal Audit Report

Project Management: Oracle Improvement Programme 2025/26

October 2025

Distribution:

Director of Transformation – **Audit Sponsor**

Interim Transformation - Director of the Oracle Improvement Programme

Oracle Improvement Programme Manager

Assistant Chief Executive (ACE)

Director of Finance & Deputy S151 Officer

Corporate Director, Resources & S151 Officer – **Senior Responsible Owner (SRO)**

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

Internal Audit One Page Summary

Internal audit objective: To assess the adequacy of controls in place relating to the Oracle improvement programme (“the Programme”).

Rationale

Why is the IA in the plan:

The Oracle Improvement Programme is a major project with significant financial and service impacts for the Council.

Your strategic risk:

TRA0004 – Delays or compromise in terms of time, cost, quality and benefit realisation and other objectives.¹

Key audit risk(s):

Ineffective oversight and control of the project, leading to cost overruns or failure to deliver key objectives.

Summary of our opinion

Substantial Assurance
See Appendix A for definitions

Summary of Issues

Priority 1 (High)	0	Actions agreed by you	8
Priority 2 (Medium)	3	Priority 1 completion	N/A
Priority 3 (Low)	5	Overall completion	30 September 2025

Summary of findings and root causes

Areas with controls working as expected

- ✓ Two business cases, approved by the Executive Mayor in February and July 2024, defined the governance structures, programme budget (including contingency), timescales, and key deliverables.
- ✓ Programme milestones were defined, tracked for delivery, and used to inform resourcing throughout the programme.
- ✓ Monthly progress reports, are escalated to the Finance and HR Steering Group.

Highest priority findings

- Discrepancies in programme spend reporting and out of date programme expenditure.
- Gaps identified in change management criteria, including lack of consistent communications planning and clearly defined transition to business as usual (BAU) support arrangements.
- Weaknesses in risk management framework, with discrepancies in exposure scores and incomplete risk documentation.

Key root causes

- Changes in personnel in the programme team resulted in short-term resource constraints.
- Change to wider team personnel resulted in an inconsistent approach to change management.
- Relatively immature project management structures in risk and change management.

¹ This is a summary of the strategic risk – the full details of the risk can be found in the Council’s Risk Register

1. Introduction and Background

The Oracle Fusion Cloud Enterprise Resource Planning (ERP) system – referred to as “My Resources” internally – was first launched at Croydon Council (“the Council”) in 2019. In September 2023, Oracle were commissioned to undertake a review of My Resources to understand where improvements could be made, and ensure the Council was maximising the benefits from its investment in the new system. The review identified low levels of maturity in the use of the new system.

In September 2023, Cabinet agreed to the development of an improvement business case to help ensure that better value was delivered through more mature utilisation of My Resources capabilities. The Oracle Improvement Programme - Finance and Procurement Business Case was approved by the Executive Mayor in March 2024, and the Oracle Improvement Programme - HR and Organisational Development Business Case approved in June 2024 (*referred to as “Programme” within this report*). The aims of the programme were defined within the two business cases.

The programme aims to provide the Council with confidence that it has a robust Oracle platform for Finance, HR, Payroll and Procurement systems and that it will reflect best practice and enable further council transformation. The total approved spend for the two business cases was £7.8m.

The programme was defined as an 18-month programme of work initially planned for completion by March 2025, although it was not yet complete at the time of audit in June 2025. Milestones for the Programme are split into three workstreams: HR, Finance & Procurement. Each of these workstreams has a lead officer.

This audit was part of the agreed Internal Audit Plan for 2025/26. This audit involved a risk-based assessment of the effectiveness of the management of the programme so far.

Scope Limitations

The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

2. Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix B.

Control Area 3: Programme Budget Monitoring.

Finding(s) and Risk		Agreed Action	
Programme spend against the programme cost code was reported on a monthly basis to the Finance and HR Steering Group via the monthly highlight report. Reports between December 2024 and May 2025 were provided for review, however it was found that the April and May 2025 reports had not been updated with actual programme spend against the cost code on the finance system. Furthermore, the March 2025 report gave total spend to date as £3,654,494. However, at the time of audit (June 2025), the total expenditure on the programme cost code (taken from the Oracle finance system) was £3,631,129 (which is ~£23k less). The variance between the two values could not be explained at the time of audit. Risk and Impact: Inaccurate or outdated budget monitoring can result in risks of programme overspend and low assurance over the accuracy of programme spend.		<u>Management Action</u> A regular monthly meeting between the Programme Manager and Principal Accountant has been scheduled to formalise budget monitoring. Note also that the variance of ~£23k has been explained as the March 2025 position included forecasts and June 2025 was the final outturn.	
		Root Cause(s) Reliance on the Finance team to inform budget monitoring practises, with Finance team resources and processes being limited between March and July 2025.	
		Action Due Date	31 August 2025
Responsible Person	Oracle Improvement Programme Manager / Principal Accountant	Priority Level	P2 (Medium)

Control Area 7: Project/Workstream Closures, Handover Arrangements and Benefits Realisation.

Finding(s) and Risk		Agreed Action	
Testing of the change management approach in place identified that the following criteria were not clearly defined: • Comprehensive communication/s planning; • Established key performance indicators (KPIs) to track progress and measure change success; • Ongoing support arrangements and processes to transition to business as usual (BAU); and • Embedded mechanisms for feedback to facilitate continuous process improvement. In June 2025, a proposed new approach to change management was developed by the programme management and presented to the Finance and HR Steering Group. This approach aimed to improve the areas outlined above; however, as this was a newly proposed approach, testing of these areas could not be completed within this audit. Programme communication plans for September and October 2024 were reviewed, however the plan was not updated or maintained after October 2024 to structure and formalise programme communications for the duration of the programme. As advised by the Programme Manager, stakeholder communications to inform and support change initiatives were managed on a workstream delivery basis. Sample testing of three key milestones for delivery found that no communications plans were in place. However Internal Audit did sight emails which were sent to key stakeholders for changes. Risk and Impact: Change is not appropriately managed to facilitate ongoing improvements, new process uptake, and effective BAU transitioning. This could result in change causing service disruption or improvements not being fully adopted.		<u>Management Action</u> The Service has undertaken a review of the change management approach and made changes to the personnel leading it. The Service will ensure that the adopted change management approach includes the requirement to: • Develop communications plans that outline the communication commitments per release and ensure plans are both consistent and proportionate to the release. • Establish KPIs in relation to roll out of deliverables to allow for continuous measures of success for the programme. • Define ongoing support arrangements to cater for ongoing support requirements, responsibility transfer and transition to BAU. • Develop mechanisms for feedback on deliverables to enhance working practises and change management approaches.	
		Root Cause(s)	
		Multiple instances of change in personnel responsible for delivering the programme has resulted in inconsistent change management.	
Responsible Person	Interim Transformation - Director of the Oracle Improvement Programme	Action Due Date	30 September 2025
		Priority Level	P2 (Medium)

Control Area 4: Risk Management

Finding(s) and Risk	Agreed Action
Review of the risk management process in place for the programme, identified weaknesses in its application. For seven of the 12 programme risks, exposure scores defined within the Finance and Procurement Oracle Improvement Programme Business Case (February 2024) and the HR and Business Development Oracle Improvement Programme Business Case (June 2024), differed from the exposure scores documented in the Programme Risk Register, stored within the Programme Risk, Actions, Issues and Decisions (RAID) log. No rationale was documented in the comments/updates section of the risk register to reflect changes to the risk profile/environment to justify the differences. The review further identified instances in which 'future controls' listed in the Programme Risk Register had been implemented at the time of the audit; however, these were not updated as 'current controls' which would be reflected in the risk exposure score. Additionally, the risk matrix utilised to score the risks was different to the risk matrix used in the 'Project Risk Management Quick Guide 2025' provided by the Head of Fraud, Risk and Insurance. Finally, four risks were identified as being incomplete, missing information (such as the owner, status) and, in one case, the description of the risk. Copies of the Programme Risk Register were provided for review both at that start of the audit (June 2025) and then again, a week later, and these risks had still not been completed. Risk and Impact: If the identification, evaluation and mitigation of risks are not adequately documented and do not accurately reflect current risk profile, there is a risk that decisions related to these risks may not be properly informed. Furthermore, discrepancies in risk scores can lead to an inaccurate assessment of risk exposure, potentially resulting in inadequate risk mitigation strategies or misrepresentation of the risk likelihood and impact.	<u>Management Action:</u> The Programme Team will: • Ensure risk management procedures are undertaken consistently across the Programme to accurately reflect the current risk profile and corresponding exposure. Where changes occur to the risk profile, results in alteration of controls or exposure scoring, accompanying rational will be reflected in the update/comments section of the risk register. • The OIP PMO has scheduled a series of meetings to regularly update the Programme Risk Register. These updates will include a review of current/future controls to reflect the controls in place to mitigate risk. • Document the risk methodology used to score risks to improve consistency in risk scoring across multiple members of the Programme team. This will adhere to the corporate project risk management document. The risk matrix from the 'Project Risk Management Quick Guide 2025' has been included in the RAID for guidance. Root Cause(s) Recent resourcing constraints in the programme team has resulted in the Programme Risk Register not being maintained adequately.

Responsible Person	Oracle Improvement Programme Manager	Action Due Date	31 August 2025
		Priority Level	P2 (Medium)

Control Area 7: Project/Workstream Closures, Handover Arrangements and Benefits Realisation.

Finding(s) and Risk	Agreed Action		
No lessons learned log was maintained for the programme to systematically capture key challenges and successes. Through discussions with management, it was established that there were some lessons learned captured in the procurement workstream closure which was presented to the Finance and HR Steering Group in May 2024. This included a lesson statement, but no associated actions to replicate the successes or avoid challenges, nor did it identify responsible owners to implement the actions. Risk and Impact: The absence of a learned log for the programme, including actions to address challenges and replicate successes, poses a risk of repeating past mistakes and missing opportunities to leverage successful strategies, potentially impacting the programme's overall effectiveness and efficiency, creating financial and reputational issues for the Council.	<u>Management Action</u> The service will develop and maintain a comprehensive Lesson/s Learned Log for the duration of the Programme. For each lesson identified, the following elements will be included: • Lesson Statement: A clear description of the lesson learned. • Challenge/Success: Details of the challenge encountered, or the success achieved. • Action: Specific actions to mitigate future challenges or replicate successes. • Responsible Owner: The individual accountable for implementing the action. This Lessons Learned Log will be regularly reviewed by the Finance and HR Steering Group to facilitate the sharing of lessons learned, thereby continually improving the delivery of the programme. Additionally, it will be used to enhance the execution of projects across the wider organisation. Root Cause(s) Lessons learned has previously only been considered in project closure procedures rather than throughout the lifespan of the project.		
 Oracle Improvement Programme Manager	<table> <tr> <th data-bbox="1279 1246 1662 1326">Action Due Date</th><td data-bbox="1668 1246 2045 1326">30 September 2025</td></tr> </table>	Action Due Date	30 September 2025
Action Due Date	30 September 2025		

Responsible Person		Priority Level	P3 (Low)
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Control Area 3: Programme Budget Monitoring.

Finding(s) and Risk		Agreed Action	
The programme was underbudget in contrast with the programme forecasting. As the budget monitoring spreadsheet used was last updated in March 2025, the underspend could only be calculated based on the 2024/25 outturn reported. The testing noted a 17.3% underspend (£3,654,494 actual spend against £4,419,000 forecasted spend). Through discussions with management it was understood that, as of the time of the audit (June 2025), the programme had not been as resource intensive as had been planned. However, future support models had not been fully considered in relation to change management and resourcing requirements to reflect that the project no longer required the level of resources previously estimated. Development of a future support model had been scheduled for September/October 2025 and was planned to inform resource requirements following programme delivery. Review of monthly programme highlight reports generated by the Programme Manager between December 2024 and May 2025 identified that forecast spend was reported on a monthly basis to the Finance and HR Steering Group. Risk and Impact: Where the financial forecast for the project is no longer accurate, and does not consider resourcing requirements following programme delivery, there is a risk of significant underspend and misallocation of funds and resourcing.		<u>Management Action</u> As agreed in the Management Action to Control Area 3, the service will implement regular financial reviews and reforecasting sessions to align the Programme budget with actual Programme requirements. This re-profiling will consider current resource allocation, the future support model and change management requirements in line with the new proposed change management approach.	
		Root Cause(s)	
		As a new change management approach has recently been introduced into the programme, work has not yet commenced to determine the requirements of the future support model and change management approach which will inform re-profiling of the programme financial forecasting exercise.	
Responsible Person	Oracle Improvement Programme Manager/ Interim Transformation - Director of the Oracle Improvement Programme	Action Due Date	30 September 2025
		Priority Level	P3 (Low)

Control Area 7: Project/Workstream Closures, Handover Arrangements and Benefits Realisation.

Finding(s) and Risk		Agreed Action	
Review of the two business cases in place for the programme, namely the Oracle Improvement Programme Finance and Procurement Business Case (February 2024) and the Oracle Improvement Programme HR and Business Development Business Case (June 2024) identified that benefits had been defined at the outset of the programme. However, six of the 58 benefits listed in the business cases were not documented within the Programme Benefits Tracker, managed by the Programme Manager. As a result, these were not being tracked during programme delivery, in line with the business cases. Furthermore, review of the benefits tracker found that 44 out of 58 benefits delivery metrics did not have a recorded benefits baseline to measure benefit realisation. Risk and Impact: Where benefits are not explicitly defined within the benefits tracker or monitored during the programme, there is a risk that the programme will fail to deliver its intended objectives, impacting service outcomes and leading to poor value for money for the project as a whole.		<u>Management Action</u> The programme has adopted the Council's benefits realisation framework and is supported by the lead from the Transformation Management Office. The Programme team will ensure that all benefits identified for the Programme are clearly documented and tracked within the benefits tracker and should measure benefit baselines for all benefits identified to ensure that benefits are fully realised following 'Go Live.'	
		Root Cause(s)	
		Due to relatively immature project management structures in place, this had previously not been a focus for programme delivery.	
Responsible Person	Oracle Improvement Programme Manager	Action Due Date	30 September 2025
		Priority Level	P3 (Low)

Control Area 1: Legislative, Regulatory and Organisational Requirements.

Finding(s) and Risk		Agreed Action	
The interdependencies of the programme were outlined in the Oracle Improvement Programme Finance and Procurement Business Case (February 2024) section 3.4. However, of the eleven interdependencies identified, only three were represented in Programme Risk Register, despite there being an inherent risk associated with all interdependencies listed. As a result, tracking of these interdependencies could not be verified. Risk and Impact: Where comprehensive interdependency tracking is absent from the Programme Risk Register, these may not be realised and closely monitored, leading to a lack of mitigation planning and increased chance of issue realisation, resulting in project disturbance.		<u>Management Action</u> As per HM Treasury's Government Functional Standards (GovS 002)², processes will be put in place to identify and track interdependencies of the programme in conjunction with workstream and service leads. This should include contingency planning and proactive mitigation strategies. Change control processes will be implemented to manage changes to dependencies and interdependencies, ensuring that any impact on the Programme is assessed and addressed. Dependency owners will be assigned with appropriate assumptions.	
		Root Cause(s)	
		Interdependencies were not tracked in the risk register as the project team believed it was sufficient for service leads, within the Finance and HR Steering Group, to raise and manage interdependencies via the Steering Group forum.	
Responsible Person	Oracle Improvement Programme Manager	Action Due Date	30 September 2025
		Priority Level	P3 (Low)

² [Government Functional Standard](#)

Control Area 2: Programme Governance Arrangements.

Finding(s) and Risk		Agreed Action	
Testing of the RAID (Risks, Assumptions, Issues & Dependencies) log evidenced that the actions log and decisions log were last updated in March 2025 and therefore did not provide an accurate and up to date representation of all actions and decisions made from March 2025 to the point of audit (June 2025). Review of the Finance and HR Steering Group monthly meeting minutes for April 2025, May 2025 and June 2025 found that key actions and decisions had been raised which should have been documented within the actions and decisions logs to provide accountability and for action ownership and clear audit trails for key decisions made. Risk and Impact: Where logs of actions and decisions are inaccurate or outdated there may be a lack of accountability and audit trail for key decisions, and necessary actions may not be completed or followed up, harming delivery of the programme.		<u>Management Action</u> The Programme team will ensure that the RAID log is maintained as a working document and updated on a regular basis following each Steering Group meeting and capturing any ad hoc actions or decisions that arise outside of monthly meeting cycles.	
		Root Cause(s)	
		Changes in Programme Team personnel resulted in short-term resourcing constraints after March 2025.	
Responsible Person	Oracle Improvement Programme Manager	Action Due Date	30 September 2025
		Priority Level	P3 (Low)

Appendix A – Audit Information

Agreed Objectives and Scope

The objectives of our audit were to assess whether the Council has in place adequate and appropriate policies, procedures, and controls in relation to the Oracle Improvement Programme with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risk areas:

- Legislative, Regulatory and Organisational Requirements;
- Programme Governance Arrangements;
- Budget Monitoring;
- Risk Management;
- Programme and Workstream Reporting and Stakeholder Engagement; and
- Project/Workstream Closures, Handover Arrangements and Benefits Realisation.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Appendix B – Definitions for Audit Opinions and Identified Issues

Definitions of Assurance Levels		
	Full Assurance	There is a sound system of control designed to achieve the system objectives, and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Definitions of Priority Levels	
Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Appendix C – Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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