

Title of Report	UNIT 4 UPDATE	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee – 04 June 2025 Statement of Accounts 2023/24 Update Audit and Governance Committee – 12 November 2025 Statement of Accounts Update	Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Acting Section 151 Officer: Yes	
Legal Implications	There are no legal implications arising from this report.	
	Signed off by the Interim Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide the Committee with an update on the progress of development of the Council's Finance System, Unit 4.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE PROGRESS MADE IN STABILISING AND IMPROVING THE UNIT 4 SYSTEM.	

1.0 BACKGROUND

1.1 The Council went live with the Unit 4 financial system in April 2023 as part of its wider transformation of financial management systems. The system forms a core component of the Council's financial control environment, supporting:

- General Ledger
- Income and expenditure processing
- Financial reporting and closedown processes.

1.2 The implementation has previously been reported to this Committee due to performance control concerns raised during audit work.

2.0 CURRENT POSITION

2.1 It is acknowledged that the implementation of Unit 4 has not proceeded as originally anticipated. Key issues encountered include:

- System bugs and technical issues
- Integration challenges with other Council systems
- Impact on expected system performance and operational efficiency.

2.2 These challenges have had a knock-effect on financial processes, including reconciliation and reporting timelines.

2.3 Issues with the system have resulted in:

- Delays in reconciliations and financial housekeeping activities which impacted on the Council's ability to meet the statutory deadlines for the draft 2023/24 and 2024/25 Statement of Accounts.
- Requirement for services to maintain parallel records outside the system in some cases. For example, reconciliation of specific funding streams was only undertaken at a later stage than planned, with further work required to complete this fully.

2.4 The Council's external auditor (Azets) has raised concerns within audit completion reports in relation to the system. In response:

- The Committee has requested further information regarding the procurement and implementation of the system.
- Internal Audit has been commissioned to undertake an independent review and root cause analysis. This review is intended to identify lessons learned and strengthen future procurement and project governance arrangements.

3.0 PROGRESS MADE

3.1 The Council has engaged Vision ERP to support maintenance of the Unit 4 system and assist with the ongoing development and improvements. They have assisted the Council with implementation of the following improvements over the last six months:

- a) Duplicate Payments Report – this report highlights any potential duplicate payments in the system so they can be investigated.
- b) Requisition Approvals – This functionality highlights any Requisitions that were approved and created by the same person. This is a control put in place in Unit 4 to adhere to policy.
- c) Housing Works Orders - This functionality has automated a manual monthly journal that was undertaken by finance. This enters all the completed works orders from the housing system into the finance system. This is now a scheduled task and automatically transferred into Unit 4.
- d) Housing Rent Debits – This functionality replaces a manual process where finance had to export data out of the housing system. This has now been automated, thereby connecting the Housing System to Unit4
- e) Accounts Recovery and Write Offs – improving the automation within Accounts Receivable system and enabling a process for the authorisation of write offs within the Unit 4 system.

3.2 Proactis (invoice capture system), is now fully integrated with Unit 4. The solution improves automation, reduces manual intervention and strengthens financial controls for Accounts Payable.

- 3.3 The bank reconciliation is up to date for 2025/26, and work has commenced on improving the automation of the process.
- 3.4 The Statement of Accounts for 2025/26, is in progress and will be published in line with the statutory deadline.
- 3.5 Two drop-in sessions for staff have taken place in May 2026 to enable the ongoing training and development of staff in the use of Unit 4.

4.0 NEXT STEPS

4.1 Key areas of focus for 2026/27:

- Completion of the draft 2025/26 Statement of Accounts by the 30 June 2026.
- Preparation for the audit of the 2025/26 Statement of Accounts in Autumn 2026.
- Continued system stabilisation and performance improvements
- Delivery of internal audit review outcomes and implementation of recommendations as per agreed timescales.
- Enhancement of automation, mainly around the bank reconciliation and reporting functionality to support closedown during Summer 2026.
- Introducing a credit card module to automate the postings to the ledger during Summer 2026.
- Budgeting – update to ensure compliance with legislation by December 2026.
- Procure to Pay (P2P) process review during Winter 2026.

- 4.2 Particular emphasis will be placed on improving the timeliness and quality of financial reporting.

5.0 CONCLUSION

- 5.1 While the implementation of Unit 4 has presented significant challenges, a structured programme of work is now in place to stabilise and continue the development and improvement of the system.

5.2 Good progress is being made in:

- Addressing historic issues
- Strengthening financial controls
- Enhancing system functionality.

- 5.3 The Committee will continue to receive regular updates on progress, risks and audit outcomes.

Policies and other considerations, as appropriate	
Council Priorities:	Well-Run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	<p>On going system issues impacting on financial reporting, audit outcomes and operational efficiency. Data integrity risks arising from historic reconciliation delays and manual workarounds.</p> <p>The mitigation in place:</p> <ul style="list-style-type: none"> • Specialist support from Vision ERP • Structured action plan and governance oversight • Internal audit review and implementation of recommendations • Continued monitoring through Audit and Governance Committee
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