

# UK Government & Public Sector

Control by design

Essential information for Executive  
Leadership Teams, March 2025

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# Control by Design

We have seen the private sector realise the benefits of controls in recent years, reducing their cost to control by focussing on their operating model, aligning controls to risks and automating.

With cost reduction a priority for government departments and major cloud-based system implementations at design stage, now is the moment for UK public sector leaders to modernise their control frameworks to help achieve their strategic objectives, manage risk effectively and enhance value for money.

We saw a rise in interest from public sector leaders in our November 2024 conference for Heads of Controls, which focussed on the role of controls in transformation. This paper summarises the conference themes as well as sharing the results from our recent survey of public sector leaders.

## The opportunity

- Controls can be both **effective and efficient**.
- Better controlled processes are more effective in **managing cost, reducing fraud, delivering efficient services and cost less to operate**.
- COOs and CFOs and their teams regularly describe to us their struggle with **inefficient, over-layered manual** controls, built up over time.

- In our experience, risk-based, automated control frameworks, designed to fit the current organisation and leveraging new cloud-based systems, are on average, **30% cheaper** to run than fragmented, manual controls<sup>1</sup>.

## The impact and the urgency

- The **moment to act is now**, with many departments investing in new cloud-based systems and shared services. This is a **once-in-10-year opportunity** to automate controls at lowest implementation cost and achieve maximum savings over the lifetime of these systems.
- Alongside this, there is a clearly articulated imperative for UK public sector teams to **reduce cost and maximise productivity**<sup>2</sup>.
- Benefits of a control framework will start to be **realised immediately** through operational efficiencies.

The following sections will address:

- Deloitte's UK Public Sector controls survey results
- Common control challenges and causes
- The way forward to effective control

Steps to achieve control by design through IT and shared service transformation:

1. **Establish roles and responsibilities: identify control leaders in Finance and IT**
2. **Proactively consider controls in the design phase of IT and shared service transformations**
3. **Reassess risk and link controls to risks to prioritise resources**
4. **Use analytics to identify process inefficiencies e.g. use of manual journals**
5. **Challenge your team to optimise use of automated controls.**

NIST<sup>3</sup> report that it costs up to 30 times more to fix defects after product release compared to incorporating these at the design stage of software development. The same principle applies to automated controls – addressing at system design stage is far cheaper than retro-fitting.

# Our UK Public Sector controls survey results

Our recent survey<sup>4</sup> of government and public services organisations found that:

**42%** of respondents reported limited understanding across their organisation of the importance and value of internal controls.

On average, **22%** of respondents reported low maturity in the design, implementation and documentation of controls (Figure 1, scores of 1 and 2).

**58%** of respondents reported that gaining assurance over the effectiveness of controls was a significant challenge for them.

The results suggest there is currently a gap between the effort put into controls and the comfort derived. This was confirmed in our live poll at the Government Finance Function Conference (GFF) 2025, where only 13% reported comfort over control effectiveness, despite a majority reporting that controls were in place (see Figure 3).

Figure 1 – Design, Implementation and documentation of controls

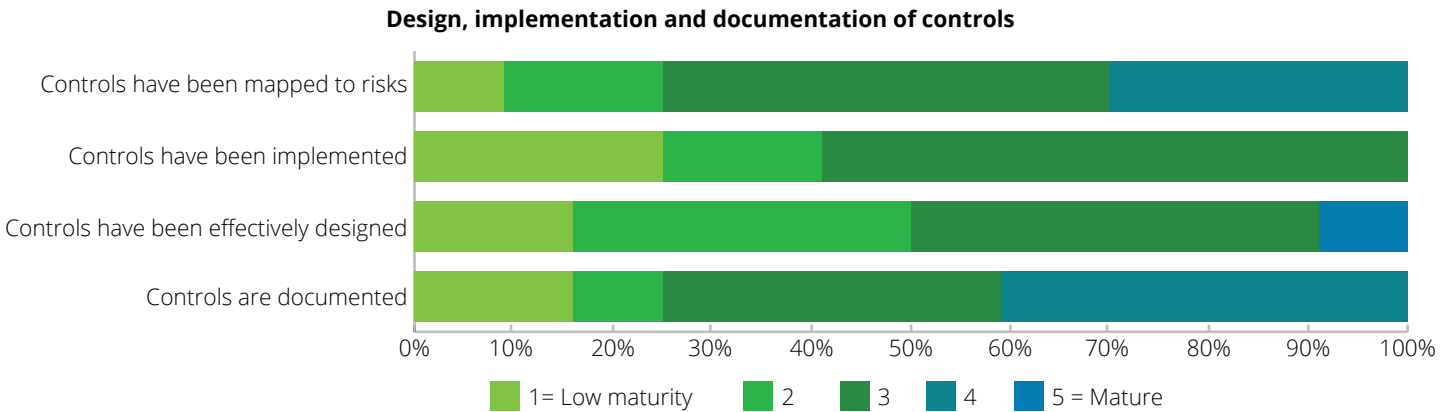


Figure 2 – Design, Implementation and documentation of controls

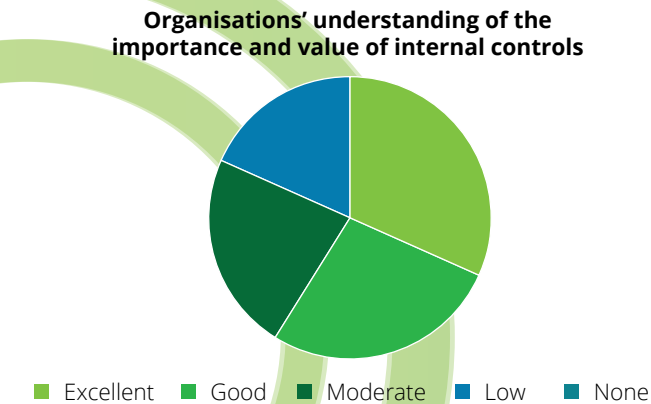
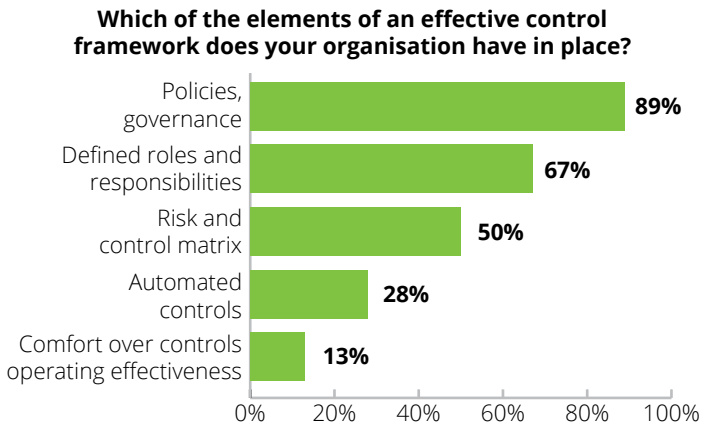


Figure 3 – GFF Poll Results, February 2025



# Common control challenges and causes

We regularly see challenges in controls in the public sector and have observed the following common causes:

- **Lack of clear accountability and ownership:** 42% of survey respondents reported undefined or partially defined roles and responsibilities within their risk and controls model:
  - Process owners are not identified and/or are not experienced, resulting in a lack of clear direction in end-to-end process and associated controls.
  - In the corporate sector it is common for companies of equivalent scale to government departments to have a 'Head of Controls'. This role is responsible for the efficiency and effectiveness of the overall control framework, training and support to process and control owners, monitoring controls effectiveness and reporting to the board.
- **Layers of control** – new controls are added as structures, systems, processes and people change resulting in layering of controls which drives inefficiency. People want to do the right thing and often this results in overwork. Removing controls requires controls leadership and confidence in the control framework.
- **Manually intensive controls** – over-reliance on manual controls, operated by stretched teams, compensating for process issues across the organisation, results in inconsistent operation of controls and lack of time to focus on controls over the really big risks.
- **Ineffective use of system controls** – missed opportunities to automate manual controls required over 'workarounds' and inappropriate configuration of standard controls, e.g. requiring approval of unduly low value transactions. This can devalue controls and reduce available time for more risky transactions.
- **Limited transparency** – there is limited management reporting on control effectiveness to enable decisions as to where to invest / withdraw resources without creating unacceptable exposure to risk.

There are many undesirable consequences of inefficient and ineffective controls, we highlight here some notable drains on time and resources:

Qualified accounts, whether because resources have not been used as Parliament authorised, or because balances and transactions are un-auditable, absorb significant leadership time and reduce confidence in the numbers and leadership.

Cyber security control breaches, such as the ransomware attack in June 2024 on NHS hospitals in London, led to many procedures and appointments being cancelled. Effective general IT controls are a significant factor in reducing cyber breaches.

The Public Sector Fraud Authority estimate that "in addition to the £10 billion of tax fraud and £6.4 billion of benefit fraud last year (2022–23), government lost somewhere between £2.5 billion to £28.5 billion from fraud and error, but it does not know exactly where or how"<sup>5</sup>. Investigations into contractor, employee and supplier frauds require significant management time and resource.

A number of major recent IT implementations are at risk or have gone wrong with obvious negative consequences. In our experience, there is a strong correlation between effective control frameworks and successful programme delivery.

Whilst many control issues originate outside finance, improving financial control frameworks will have a positive impact on controls across the organisation through the rigour and challenge finance bring in business partnering.

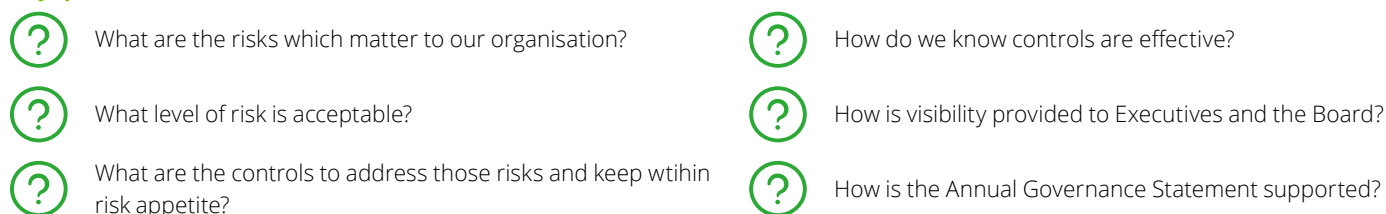
# The way forward to effective control

Figure 4 summarises the elements of a practical control framework designed to deliver strategic objectives, manage risk and achieve value for money. Steps to implement this are captured in our Future of Controls publication ([Future of Controls | Deloitte](#)), with two key steps highlighted below. This framework should ensure the 'north stars' of control are met:

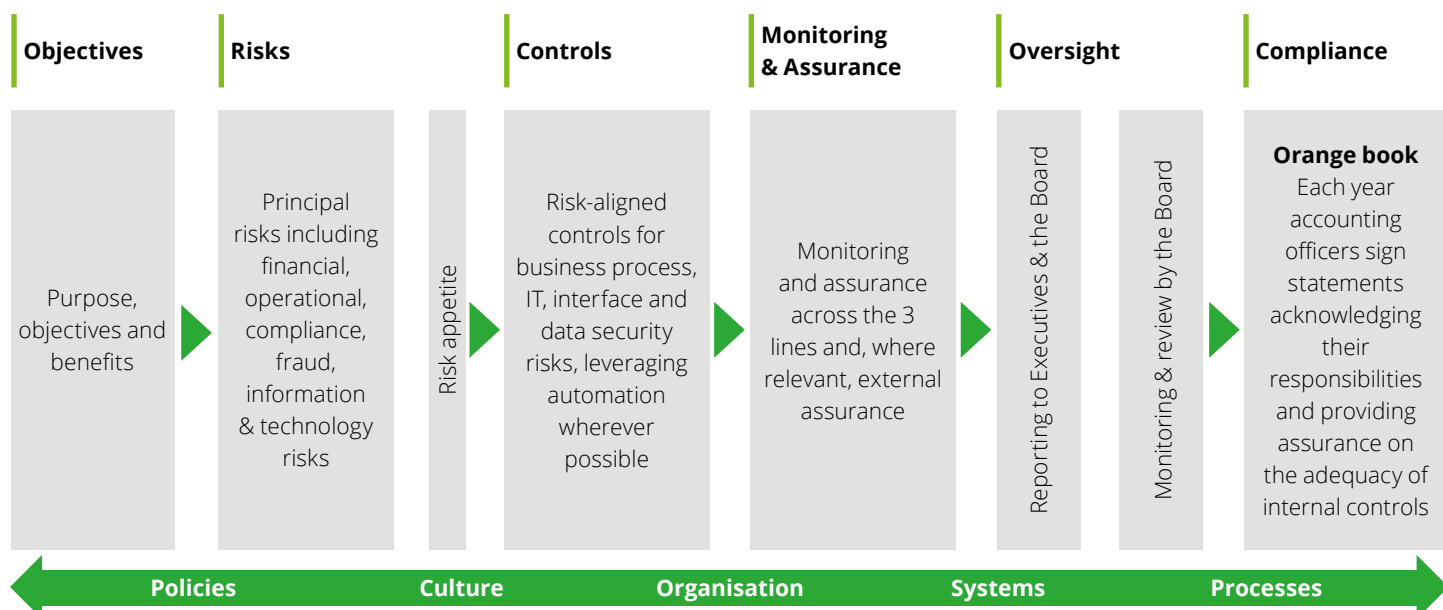


**Figure 4 – Integrated Risk Management & Control Framework – line of sight through risk, control and assurance**

## Key questions for executive leaders



## Key elements of a control framework



## Key step 1 – Determine the operating model

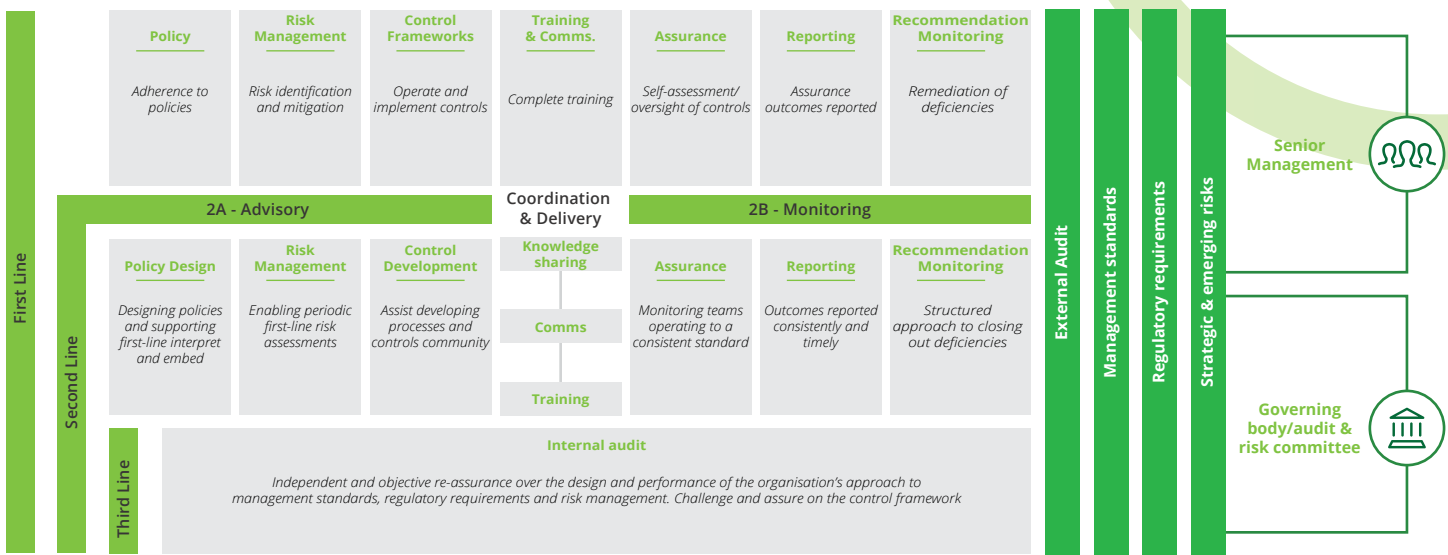
Clarity on who is doing what is required across the three lines<sup>6</sup> (“LoD”) from first line management responsible for risk and controls, through second line management advisers to third line internal audit, who independently test and give assurance.

Organisation design principles should be established upfront, including accountability for technology and data controls.

Below is a typical three lines operating model with the activities explained at each line (Figure 5).

The essential feature of this model is the clarity on management’s responsibilities for controls. Too often, reliance is placed on internal audit to own the effectiveness conclusion: whilst their feedback is highly valuable, they cannot fulfil management’s ongoing responsibilities.

**Figure 5 – Risk and Controls operating model – key roles across the organisation**

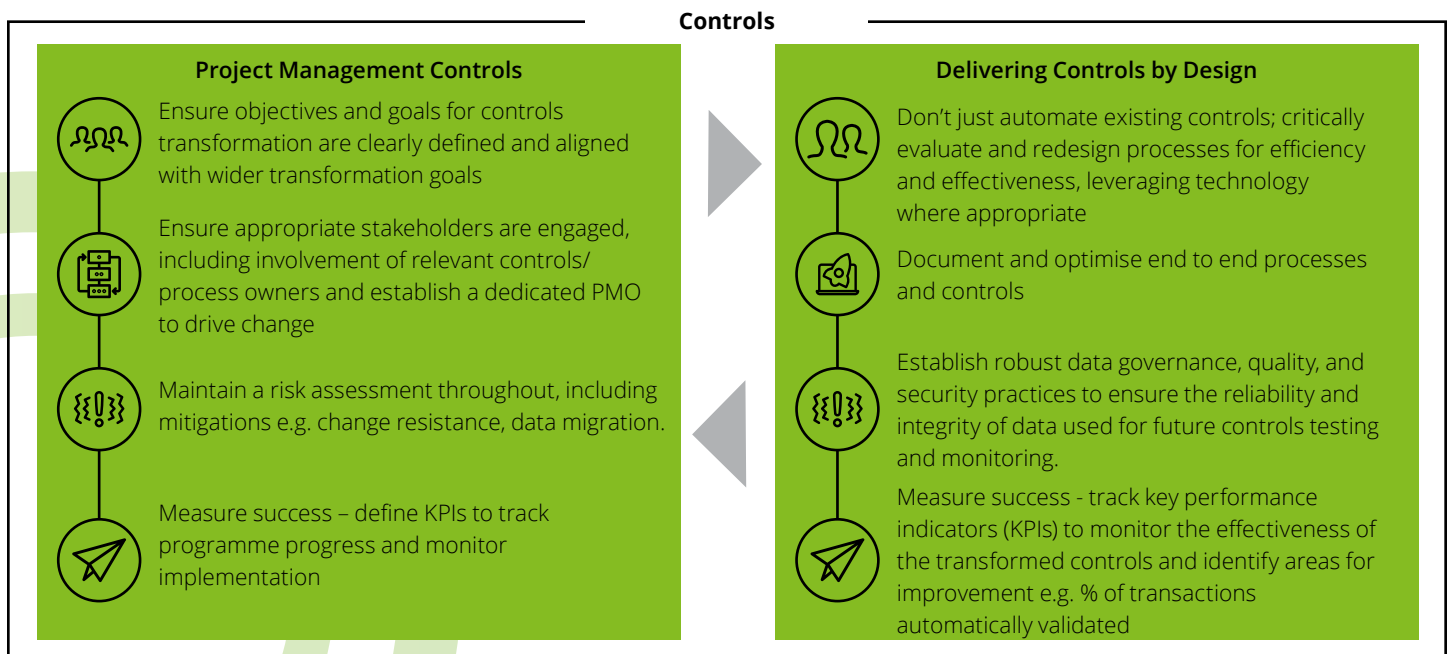


## Key element 2 – Transformation is a critical moment

The implementation of new systems and shared services presents critical opportunities to embed streamlined controls in systems and a necessity to maintain control through the change, for example over data migration.

Essential foundations include a documented understanding of current end-to-end processes and controls and a controls workstream within the programme to identify opportunities to automate, act as controls design authority and protect against risk (see Figure 6).

**Figure 6 – The role of controls in transformation**



# Case studies

Below, we outline some of the practical areas for public sector organisations to consider how effective control can help them deliver value for money:

## Rationalising controls

A public body, with a 'limited assurance' annual internal audit opinion, identified they had surplus and ineffective controls operating across processes, leading to inefficiency and excess cost for the first line to maintain and for the third line to assure.

The organisation embarked on a rationalisation programme, focussed on areas of greatest risk and known areas of inefficiency, to shift the focus onto preventative and automated controls, with greater clarity and transparency to enable improved monitoring and assurance on controls to senior leadership.

01



## Embedding controls into transformation

A private sector company embarked on an ERP implementation at a time of significant upheaval in their structure. Process owners were not established at the time of P2P go live. Controls had been designed within the new system but consideration of end-to-end process and incoming data was outstanding. When the system went live, post testing, incoming PO reference numbers could not load into the new ERP and the company was unable to process critical supplier invoices for several weeks. The transformation programme was disrupted and delayed.

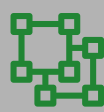
02



## Using automation and analytics

We have seen an increasing trend for public sector organisations to use real-time dashboarding and analytics to identify fraud red flags. This has included continuous monitoring indicators on payroll and procurement data to proactively prevent financial loss e.g. identifying anomalies in the use of allowances and overtime.

03



## Establishing accountability and ownership

Some government departments and large non-departmental public bodies have established controls forums, with controls champions from finance, HR, commercial and IT to share knowledge on control issues and challenges and good practice.

04



# APPENDIX - Questions for Accounting Officers and senior leaders to confirm fundamentals are in place to support a robust control environment:

- How are the roles of the controls lead and of their team defined?
  - Who is responsible for the management of the control framework?
  - Who is responsible for risk assessment, controls design, implementation, monitoring and remediation?
  - What training have process and control owners received?
- How does management know their controls are operating effectively?
  - Is the control framework documented?
  - Who checks controls continue to operate effectively?
  - What is the scope and frequency of their checks?
  - Examples include self-assessment by control owners, ongoing monitoring by second line, and/or internal/external assurance.
- What is the process for reporting on deficiencies and remediation?
- Is materiality used to prioritise risks and focus controls effort?
- Have risks in financial reporting, non-financial reporting and operational, compliance and strategic risk domains, including technology and data risks, been addressed?
- Has fraud risk been analysed, addressing management override as well as misappropriation of assets?
- Is accountability for end-to-end processes defined and have processes been documented, with controls mapped within the process?
- Have IT systems, interfaces and reports used in processes and controls been properly identified?
- Who is responsible for IT controls and have IT controls been documented and tested?
- How will new systems and shared services change end to end processes and impact controls, during and following the transformation?
- Is there a controls lead on the transformation programme team responsible for identifying controls impact and designing / configuring new controls?

Answers to these questions will help leaders develop a plan of action to strengthen their control frameworks and ensure delivery of their strategic objectives is well managed.

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# Endnotes

1 30% is Deloitte's benchmark for cost reduction in controls transformation. We have achieved this, on average, in multiple instances over many years through a combination of reducing the number of controls, increasing automation and optimising the operating model.

2 The October 2024 Budget sets a "2% productivity, efficiencies and savings target for government departments and has formally launched the Office for Value for Money to realise benefits from every pound of public spending."

3 National Institute of Standards and Technology, a federal agency in the US Department of Commerce. The NIST Cybersecurity Framework (CSF) 2.0 provides guidance to industry, government agencies, and other organizations to manage cybersecurity risks. This reference is taken from NIST's report on 'The Economic Impacts of Inadequate Infrastructure for Software Testing'.

4 Our controls survey, completed in June 2024, included 28 respondents from public sector organisations including Heads of Financial Control, Directors of Governance and Heads of Risk.

5 Tackling fraud and corruption against government - [Tackling fraud and corruption against government \(parliament.uk\)](https://www.parliament.uk/debate/tackling-fraud-and-corruption-against-government)

6 [Three Lines Position Paper - IIA Sept. 2024 Update](#)



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