



# Future of Controls

## 2024 Code - How to determine your material controls?

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# 2024 Code (Provision 29) summary: internal controls

## Provision 29

- Describe **how** the board has monitored the effectiveness of the framework
- **Declaration** of effectiveness of material controls
- Describe material controls which **have not operated effectively** at the balance sheet date and actions to address

Effective date: 1 January 2026

**Scope:** UK listed companies and companies applying the Corporate Governance Code - all material financial, operational, compliance and reporting controls



**Judgement:** It is for the Board to determine (and explain) what is a material control



**Timing:** the declaration is “as at the Balance Sheet date”



**Assurance:** The Board should determine the nature and extent of testing / monitoring activities



**Ineffectiveness reporting:** Material controls which have not operated as at the Balance Sheet date need to be reported



# Integrated Risk Management & Control Framework

## Key questions for the Board

1

What are the risks to the business model, future performance, solvency and reputation?

2

What level of risk is acceptable?

3

What are the material controls to maintain risks within appetite?

4

How do we know that material controls are effective?

5

How is visibility provided to management and the Board?

6

What should we disclose in the Annual Report to meet the expectations of Provision 29 of the 2024 Corporate Governance Code?

### Objectives

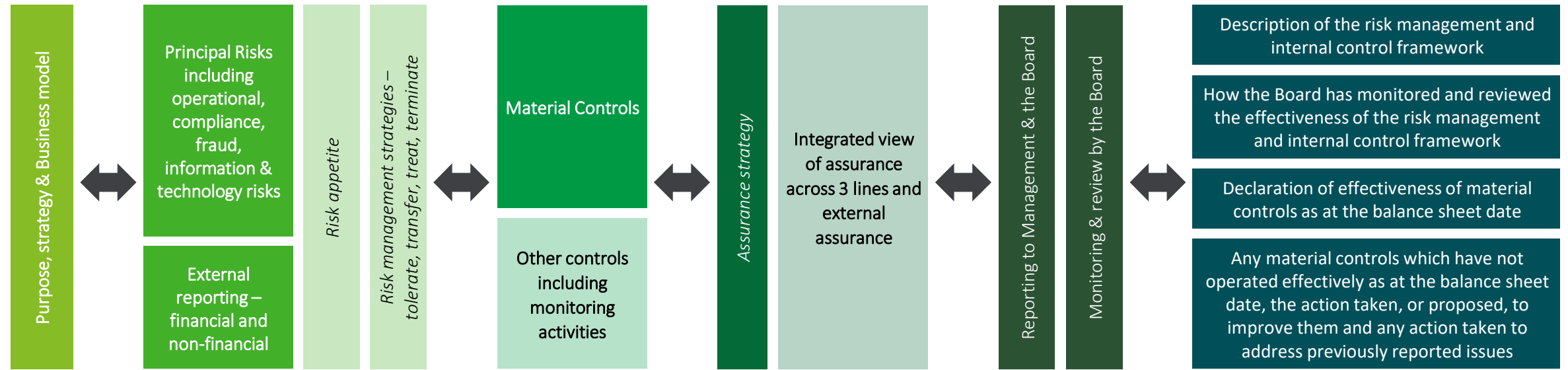
### Risks

### Controls

### Assurance

### Oversight

### External reporting & Declaration



Policies

Culture & Behaviours

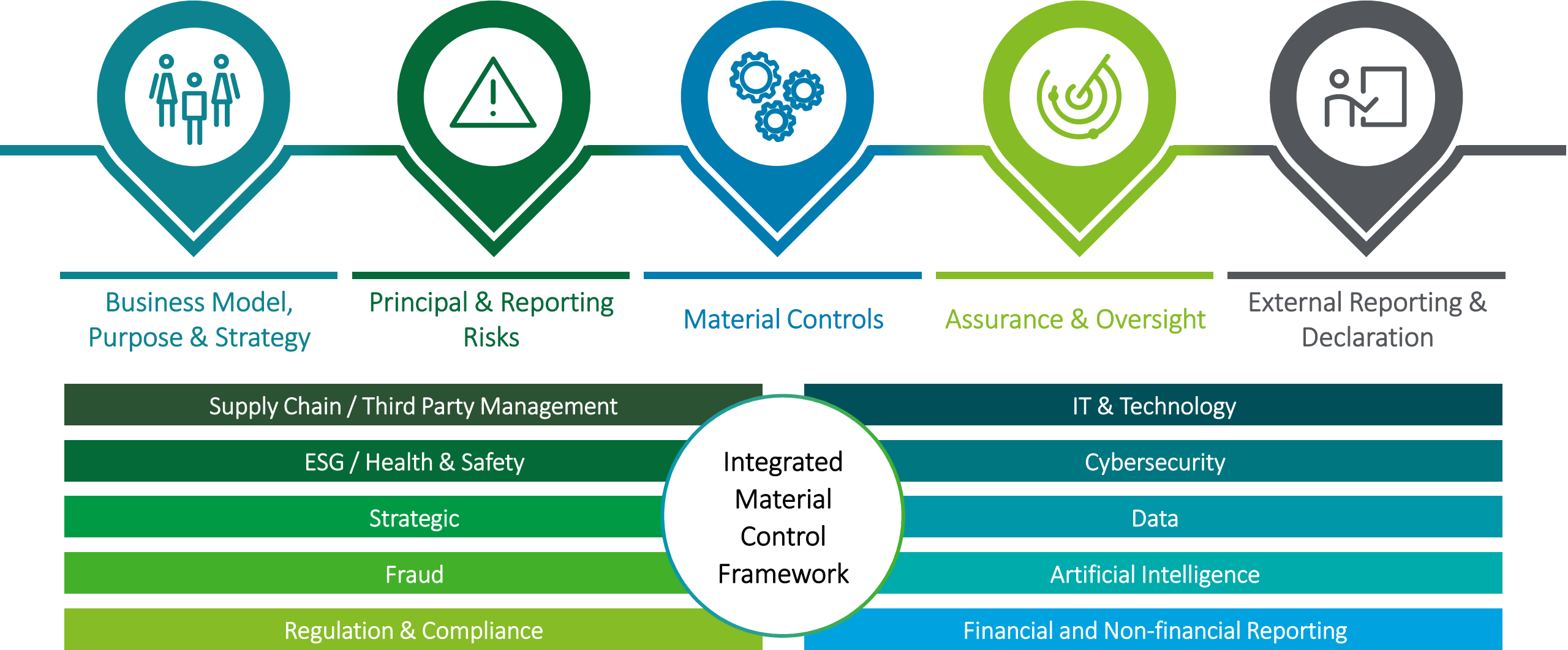
Organisation

Systems

Processes



# Principal Risk and Material Control Integration



# Rolls-Royce: A client's perspective



**Sonya Butters**

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Corporate Governance and FOC

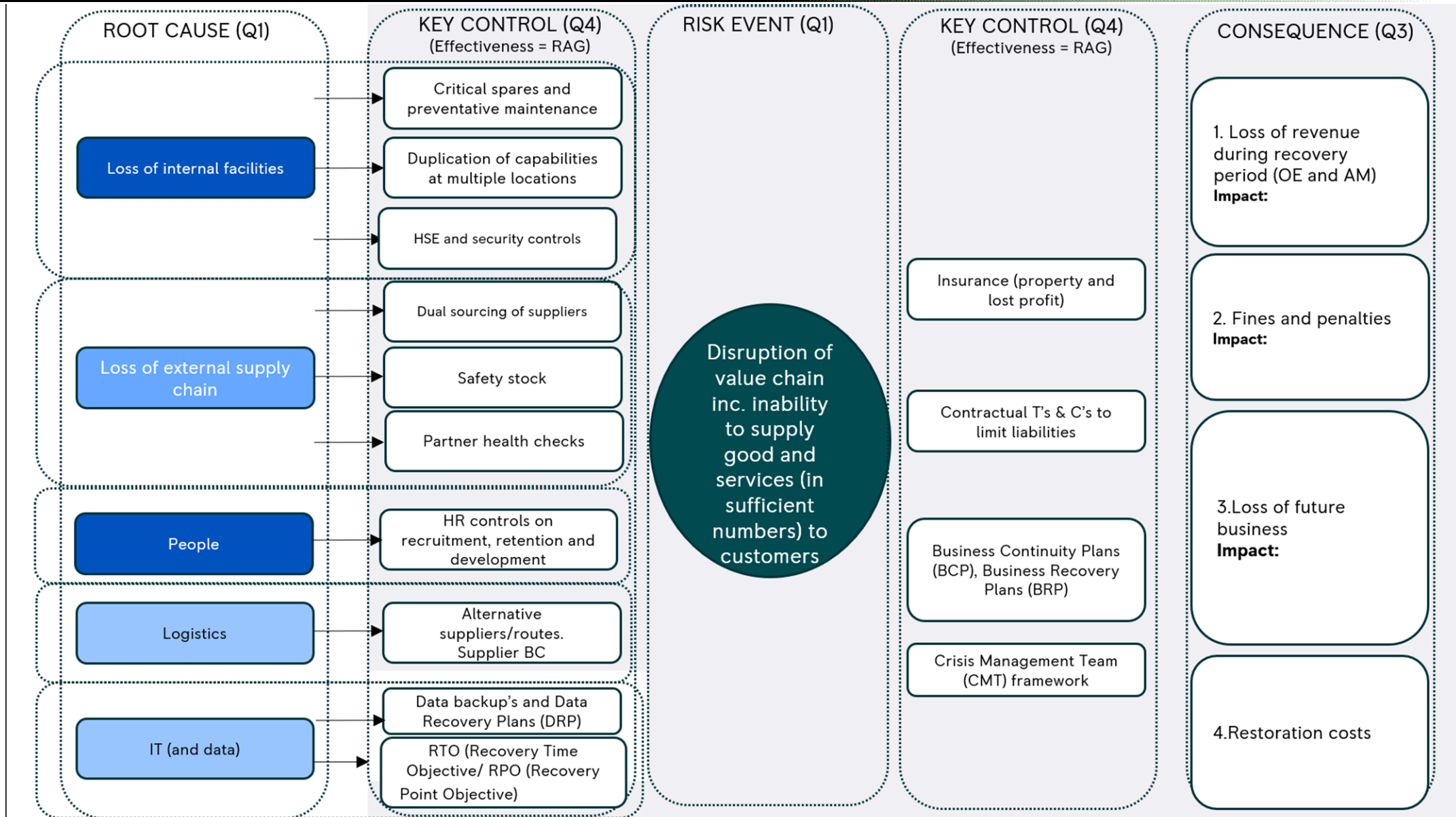


**Gemma Letman**

Rolls-Royce

Enterprise Risk Manager

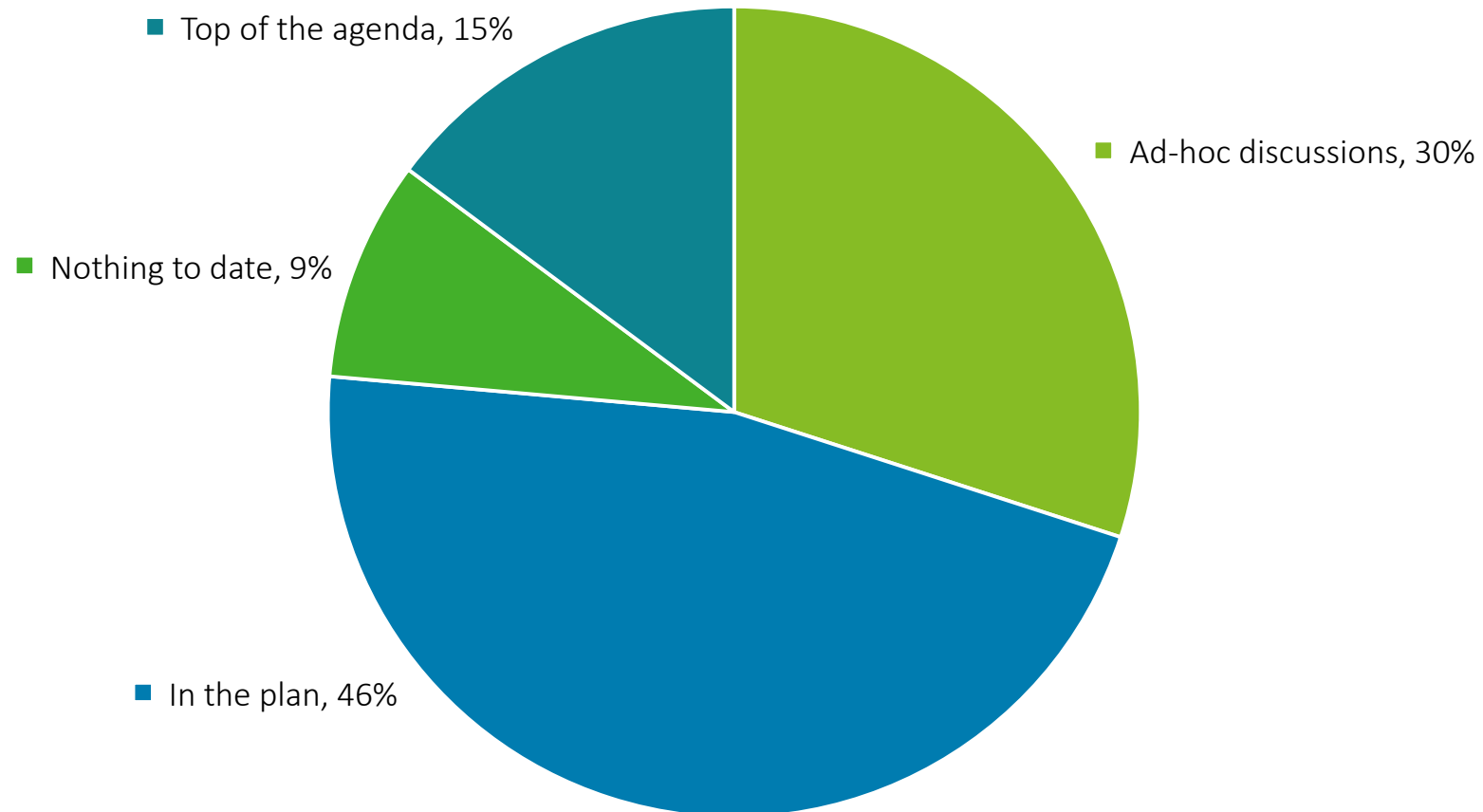
# Rolls-Royce - Business Continuity Bowtie Example





# Polling Question 1 - Interaction with your Board and AC

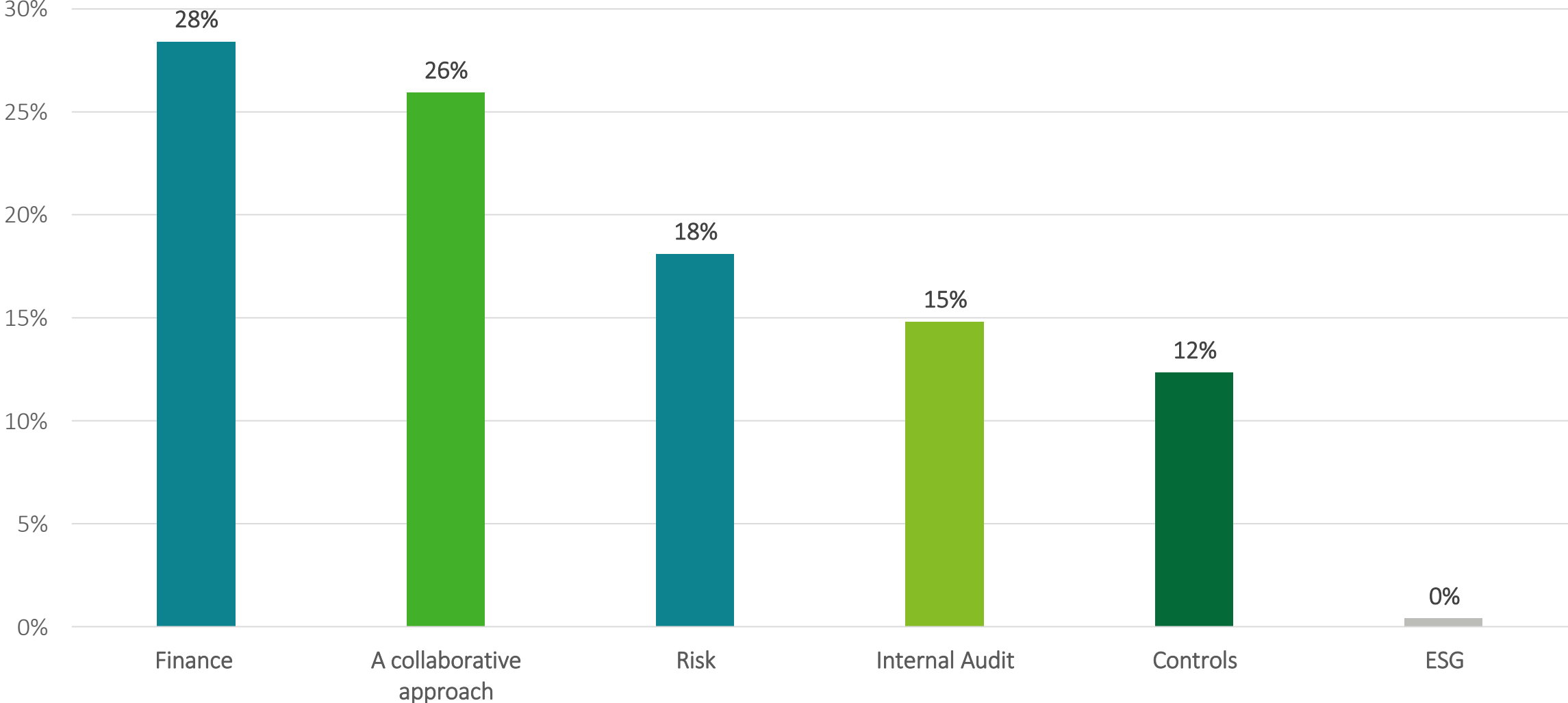
How much interaction are you having with your Board / Audit Committee on this agenda?





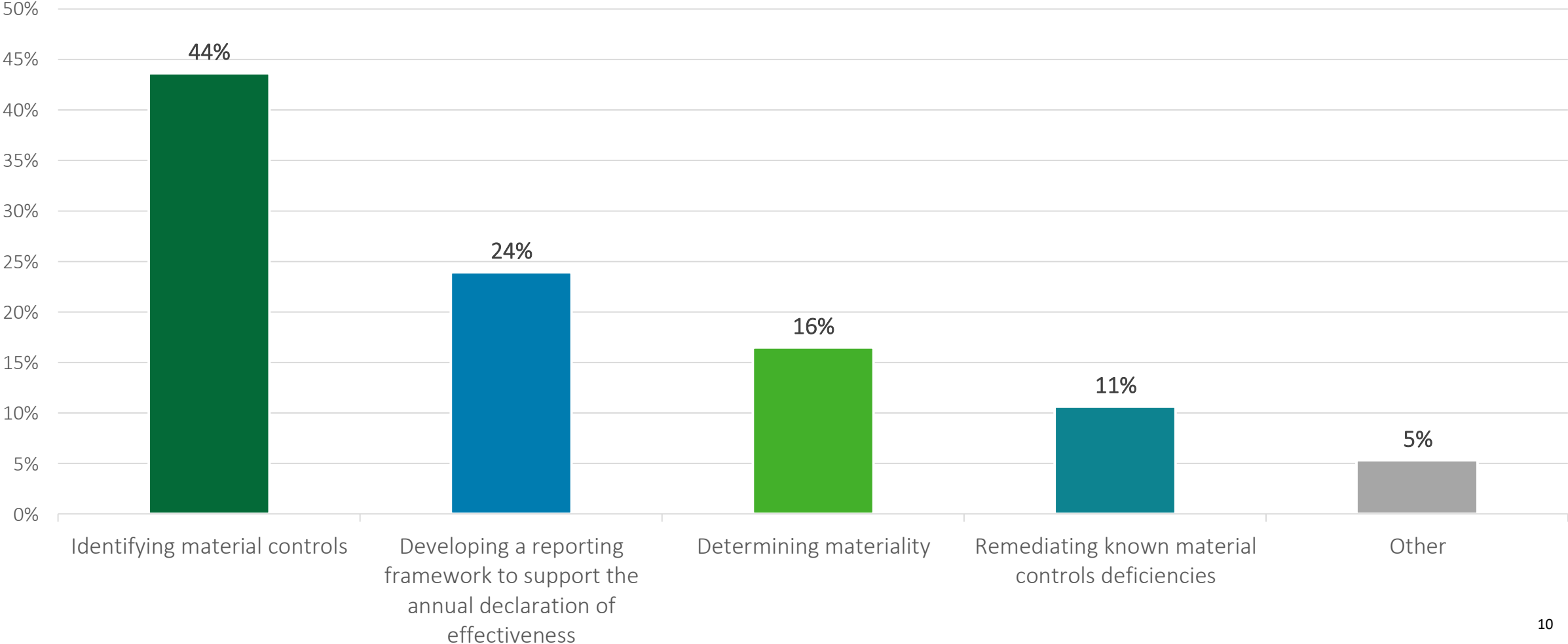
# Polling Question 2 – Who is leading your approach

## Who is leading your approach to the 2024 Code requirements?



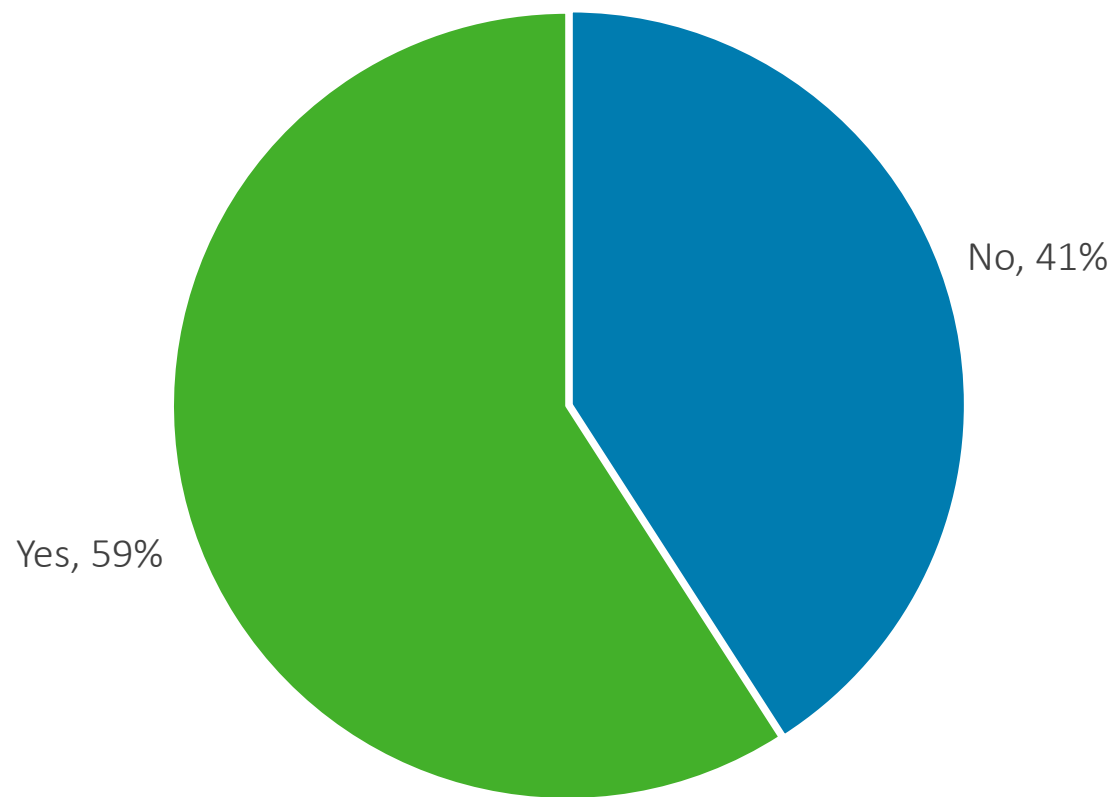
# Polling Question 3 – What requires the most work?

Which areas do you think will require the most work?



# Polling Question 4 – 2025 Dry Run?

Are you planning a dry run in 2025?



# Contacts



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Future of Controls



## Business case for change

- Form a working group to create and oversee execution of a **roadmap to compliance**
- Do you have an adequate **integrated control framework** to provide visibility of your Principal Risks and Material Controls?
- Will the additional visibility reveal gaps in your material control framework?

## Engage with your Board and across the SLT

This requires different functions to work together to provide the board with transparency to support their declaration

### Further Support

Don't hesitate to reach out to any of our panellists or the Future of Controls team - [UKFOC@deloitte.co.uk](mailto:UKFOC@deloitte.co.uk)

### Coming soon

Watch out for upcoming publications and future webinars to deepen understanding of the Code updates

### Websites

Visit our [Future of Controls](#) or [Corporate Governance](#) websites for more information on the topics discussed today



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