

Independent Review of icare's Improvement Program

Progress in Addressing the McDougall and GAC Recommendations

Prepared by Promontory Australia, a business unit of IBM Consulting

Seventh Quarterly Update

31 August 2023

Promontory Australia, a business unit of IBM Consulting
Level 17, 259 George St | Sydney, NSW, 2000
+61 2 9478 8888 | [promontory.com](https://www.promontory.com)



Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Promontory Australia, a business unit of IBM Consulting, has been engaged to provide independent assurance over icare's Improvement Program as it relates to the McDougall and GAC Recommendations.

These independent assurance services include reviewing and providing a report on the establishment of the Improvement Program. They also include preparing quarterly updates that provide assurance over icare's progress in implementing the Improvement Program as it relates to the McDougall and GAC Recommendations.

This report is our seventh quarterly update on the progress of the Improvement Program.

Representatives of icare have reviewed a draft version of this report for the purposes of identifying possible factual errors. Promontory is responsible for final judgement on all views and information in this report.

This report is provided solely for the purposes described above. Promontory's assurance role may not incorporate all matters that might be pertinent or necessary to a third party's evaluation of icare's Improvement Program or any information contained in this report. No third-party beneficiary rights are granted or intended. Any use of this report by a third party is made at the third party's own risk.

Promontory is neither a law firm nor an accounting firm. No part of the services performed constitutes legal advice, the rendering of legal services, accounting advice, or the rendering of accounting or audit services.

Contents

EXECUTIVE SUMMARY	7
1. INTRODUCTION	12
1.1. BACKGROUND	12
1.2. THE IMPROVEMENT PROGRAM	13
1.3. PROMONTORY’S ROLE	14
1.4. REPORT STRUCTURE	15
2. FOCUS AREAS	16
2.1. CULTURE	17
2.2. OWNERSHIP AND CONSISTENCY	18
2.3. SUSTAINABILITY	19
2.4. OTHER FOCUS AREAS	21
3. PROGRAM PROGRESS	22
3.1. ENTERPRISE IMPROVEMENT PROGRAM	23
3.1.1. <i>Governance</i>	23
3.1.2. <i>Risk Uplift</i>	24
3.1.3. <i>Procurement Uplift</i>	25
3.1.4. <i>Customer Uplift</i>	25
3.1.5. <i>Culture & Accountability</i>	25
3.1.6. <i>Enterprise Sustainability</i>	26
3.1.7. <i>Treasury Reporting</i>	26
3.2. NOMINAL INSURER IMPROVEMENT PROGRAM	26
3.2.1. <i>Return to Work Performance</i>	26
3.2.2. <i>Claims Model</i>	27
3.2.3. <i>CSP Procurement & Provider Performance</i>	27
3.2.4. <i>Claims Service Provider Transition</i>	27
3.2.5. <i>Professional Standards and Capability</i>	27
4. INITIATIVE PHASE ASSESSMENTS	28
4.1. ASSESSMENT OF GOVERNANCE INITIATIVES	30
4.1.1. <i>Assessment of Initiative 1.1 Design Phase</i>	30
4.1.2. <i>Assessment of Initiative 1.2 Embed Phase</i>	30
4.1.3. <i>Assessment of Initiative 1.5 Embed Phase</i>	31
4.1.4. <i>Assessment of Initiative 1.6 Embed Phase</i>	32
4.1.5. <i>Assessment of Initiative 1.8 Embed Phase</i>	32
4.2. ASSESSMENT OF RISK UPLIFT INITIATIVES	33
4.2.1. <i>Assessment of Initiative 2.5 Implement Phase</i>	33
4.2.2. <i>Assessment of Initiative 2.6 Embed Phase</i>	34
4.2.3. <i>Assessment of Initiative 2.7 Implement Phase</i>	34
4.2.4. <i>Assessment of Initiative 2.8 Embed Phase</i>	35
4.2.5. <i>Assessment of Initiative 2.9 Embed Phase</i>	36

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

4.2.6. Assessment of Initiative 2.11 Embed Phase	37
4.2.7. Assessment of Initiative 2.16 Embed Phase	37
4.3. ASSESSMENT OF PROCUREMENT UPLIFT INITIATIVES	38
4.3.1. Assessment of Initiative 3.3 Implement Phase	38
4.3.2. Assessment of Initiative 3.6 Implement Phase	39
4.4. ASSESSMENT OF CUSTOMER UPLIFT INITIATIVES	40
4.4.1. Assessment of Initiative 4.1 Implement Phase	40
4.4.2. Assessment of Initiative 4.2 Embed Phase	40
4.4.3. Assessment of Initiative 4.3 Design Phase	41
4.4.4. Assessment of Initiative 4.4 Design Phase	42
4.5. ASSESSMENT OF CULTURE AND ACCOUNTABILITY INITIATIVES	42
4.5.1. Assessment of Initiative 5.3 Design Phase	42
4.5.2. Assessment of Initiative 5.4 Design Phase	43
4.5.3. Assessment of Initiative 5.5 Design Phase	44
4.6. ASSESSMENT OF ENTERPRISE SUSTAINABILITY INITIATIVES	46
4.6.1. Assessment of Initiative 6.2 Implement Phase	46
4.7. ASSESSMENT OF CSP PROCUREMENT AND PROVIDER PERFORMANCE INITIATIVES	47
4.7.1. Assessment of Initiative N3.1 Implement Phase	47
4.8. ASSESSMENT OF PROFESSIONAL STANDARDS AND CAPABILITY INITIATIVES	48
4.8.1. Assessment of Initiative N5.1 Implement Phase	48
4.8.2. Assessment of Initiative N5.1 Embed Phase	48
4.8.3. Assessment of Initiative N5.3 Design Phase	48
5. RECOMMENDATION ASSESSMENTS	50
5.1. ASSESSMENT OF GAC RECOMMENDATIONS	51
5.1.1. Assessment of GAC Recommendation 3	51
5.1.2. Assessment of GAC Recommendation 4	52
5.1.3. Assessment of GAC Recommendation 9	52
5.1.4. Assessment of GAC Recommendation 27	53
5.1.5. Assessment of GAC Recommendation 28	54
5.1.6. Assessment of GAC Recommendation 31	54
5.1.7. Assessment of GAC Recommendation 32	55
5.1.8. Assessment of GAC Recommendation 38	55
5.1.9. Assessment of GAC Recommendation 41	56
5.2. ASSESSMENT OF MCDOUGALL RECOMMENDATIONS	57
5.2.1. Assessment of McDougall Recommendation 6	57
5.2.2. Assessment of McDougall Recommendation 21	58
5.2.3. Assessment of McDougall Recommendation 31	58
APPENDIX A – RECOMMENDATION MAPPING	60
GAC RECOMMENDATIONS	60
MCDOUGALL RECOMMENDATIONS	70

Abbreviations & Definitions

Abbreviation	Definition
3LoD	Three Lines of Defence
ALCO	Asset and Liability Committee
ARC	Board Audit and Risk Committee, now the Board Risk Committee (BRC) and Board Audit Committee (BAC)
BAC	Board Audit Committee (previously ARC)
BAU	Business As usual
BRC	Board Risk Committee (previously ARC)
BRMF	Benefits Realisation Management Framework
CEO	Chief Executive Officer
Closure Pack	A pack of documents provided to Promontory for assessment, that includes a description of the actions icare has undertaken as part of a Phase and evidence that demonstrates the effectiveness of those actions
CPO	Chief Procurement Officer
CRO	Chief Risk Officer, now GE Risk and Governance.
CSA	Control Self-Assessment
CSAT	A measure used to track customer satisfaction
CSP	Claims Service Provider
CXM	Customer Experience Measure (previously NXM)
Definitions of Done	The tasks which need to occur for a Milestone to be Completed
EI	Enterprise Improvement
EI Plan	Enterprise Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
EI SteerCo	The Steering Committee for the EI Sub-Program
EI Sub-Program	Enterprise Improvement Program
EML	Employers Mutual NSW Limited
EWG	Evaluation Working Group
Final Establishment Report	Our second report dated 28 February 2022, which provides a final description of how icare has set up the Improvement Program
First Quarterly Update	Our first update dated 28 February 2022, which provides a summary of icare's progress in addressing the Recommendations of the Reviews
GAC	Governance, Accountability and Culture
GAC Recommendations	The 76 recommendations made in the GAC Report that are relevant to icare
GAC Report	The report delivered at the conclusion of the GAC Review

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Abbreviation	Definition
GAC Review	PwC's Independent Review of icare's governance, accountability and culture
GE	Group Executive
GE Risk and Governance	Group Executive Risk and Governance, formerly CRO
GET	Group Executive Team
GIPA	Government Information (Public Access) Act 2009
HR	Human Resources
HUGO	icare's internal intranet
ICAC	Independent Commission Against Corruption
icare	Insurance and Care NSW
IEA	Individual Employment Agreement
Improvement Program	icare's program of work to, among other things, address the McDougall Recommendations and GAC Recommendations
Initiatives	High-level remedial activities to be undertaken within the Streams
Interim Establishment Report	Our first report dated 6 December 2021, which provides an initial description of how icare has set up the Improvement Program
KPI	Key performance indicator
LTCS	Lifetime Care and Support
McDougall Recommendations	The 31 recommendations made in the McDougall Report that are relevant to icare
McDougall Report	The report delivered at the conclusion of the McDougall Review
McDougall Review	Statutory review of icare and the State Insurance and Care Governance Act
Milestones	The specific actions that icare will complete within the Initiatives
NI Scheme	Workers Compensation Nominal Insurer Scheme
NII	Nominal Insurer Improvement
NII Plan	Nominal Insurer Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
NII Sub-Program	Nominal Insurer Improvement Sub-Program
NI SteerCo	The Steering Committee for the NII Sub-Program
NSW	New South Wales
OCR	Obligations and Controls Register
OSA	Obligation Self-Assessment
Phase or Initiative Phase	High-level collection of activities within an Initiative. Each Initiative has Design, Implement and Embed phases
PIEF	Personal Injury Education Foundation

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Abbreviation	Definition
Plans	The EI Plan and the NII Plan
PRC	People and Remuneration Committee
Program	The Improvement Program
Promontory or we	Promontory Australia, a business unit of IBM Consulting
RCC	Risk and Compliance Committee
Recommendations	The McDougall Recommendations and GAC Recommendations
Reporting Date	31 July 2023
Reporting Period	The period from 1 May 2023 to 31 July 2023
Reports	The McDougall Report and GAC Report
Reviews	The McDougall Review and GAC Review
RFP	Request for proposal
Risk Connect	icare's risk management system
RiC	Risk in Change
RMI	Risk Maturity Index
SBI	Statement of Business Intent
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
Sixth Quarterly Update or Last Update	Our sixth update dated 31 May 2023 on icare's progress in addressing the Recommendations of the Reviews
Seventh Quarterly Update or Update	Our seventh update dated 31 August 2023 on icare's progress in addressing the Recommendations of the Reviews
SLT	Senior Leadership Team of icare
Streams	Streams of work, which are thematic areas of work icare is completing to address the Recommendations
Sub-Programs	The EI Sub-Program and NII Sub-Program

Executive Summary

This is Promontory's Seventh Quarterly Update, which sets out our independent assurance over icare's Improvement Program. This update covers our observations on icare's progress on the Improvement Program during the period from 1 May 2023 to 31 July 2023.

Background

icare is responsible for managing over a dozen insurance and care schemes within NSW, the largest of which is the Workers Compensation Nominal Insurer Scheme. As a provider of workers compensation, icare is regulated by the State Insurance Regulatory Authority.

Issues with icare's compliance and performance in recent years resulted in several reviews, including the McDougall and the Governance, Accountability and Culture (**GAC**) reviews, which made a series of findings in relation to icare's operations, governance, stakeholder management and risk management frameworks.

The McDougall and GAC reviews both made a set of recommendations to strengthen icare's culture, governance and accountability framework, upgrade icare's risk awareness, risk management and risk capability, and bring about a greater focus on customer outcomes.

Collectively, the recommendations represent an ambitious and far-reaching program of change. icare is addressing the recommendations made by the reviews through its Improvement Program.

The Improvement Program consists of two main sub-programs:

- the Enterprise Improvement (**EI**) Sub-Program, which aims to address recommendations that apply across the whole icare organisation; and
- the Nominal Insurer Improvement (**NI**) Sub-Program, which aims to address recommendations that apply to the Workers Compensation Nominal Insurer Scheme.

Under each of the Sub-Programs, icare has developed a plan that outlines the initiatives that will be taken to address the recommendations.

Promontory has been engaged to provide independent assurance over the progress of the Improvement Program based on the recommendations of the McDougall and GAC reviews.

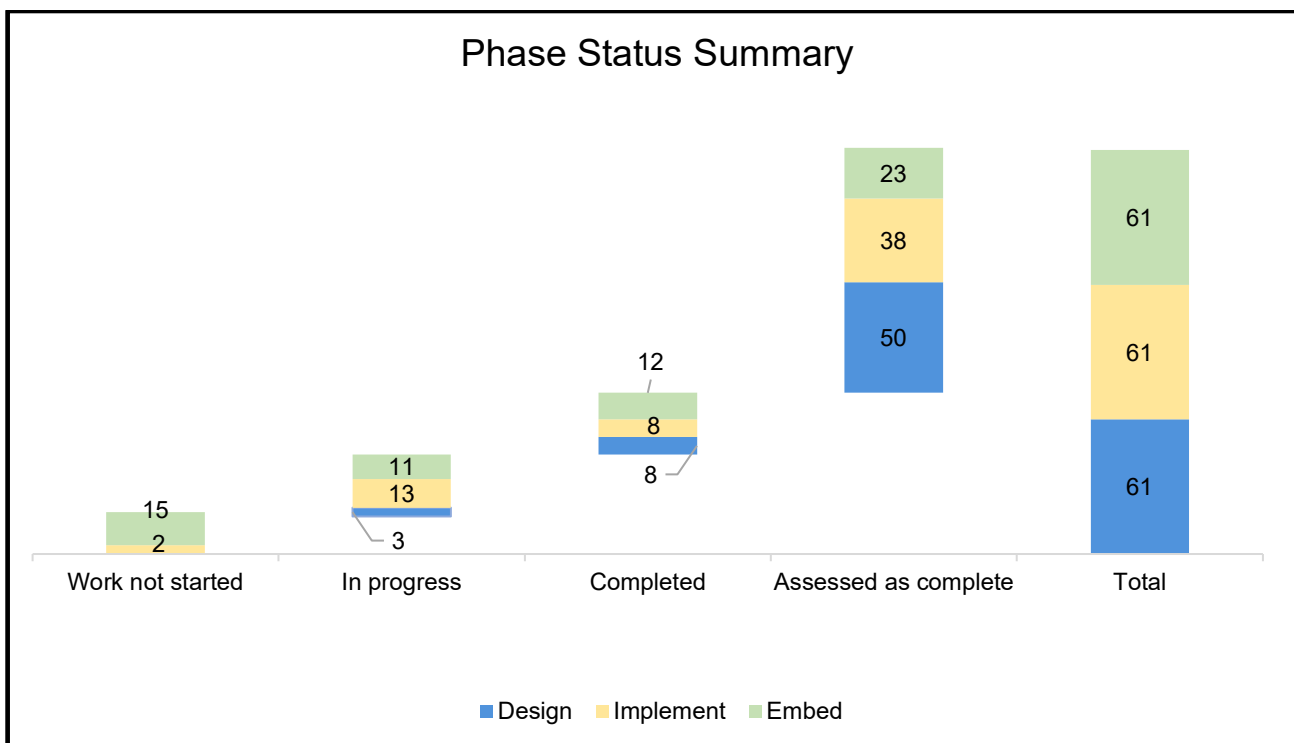
Progress on Implementation

As at 31 July 2023:

- 100% of the Initiatives had commenced or completed work on the Design Phase, with over 80% assessed by Promontory as complete and effective;
- over 95% of the Initiatives had commenced or completed work on the Implement Phase, with over 60% assessed by Promontory as complete and effective;
- 75% of Initiatives had initiated or completed work on the Embed Phase, with over 35% assessed by Promontory as complete and effective; and
- over 25% of the GAC and McDougall recommendations have been assessed by Promontory as complete and effective.

The progress of the Improvement Program is summarised in Figure 1¹.

Figure 1: Initiative Phase status summary



¹ Figure 1 provides a summary of the Initiatives that address Recommendations within Promontory’s scope of coverage.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Program Development and Focus Areas

During the Reporting Period, icare continued to progress the completion of the Improvement Program, with two Streams in the EI Sub-Program nearing completion. The Governance Stream is largely complete, and work in the Procurement Stream is anticipated to conclude in the upcoming period. The NII Sub-Program has advanced the implementation of its Initiatives.

Throughout this period, icare achieved several key milestones, including the onboarding of an additional claims service provider (**CSP**) and a significant cultural review which demonstrated progress in cultivating a more constructive organisational culture. There was also the successful closure of 12 recommendations, bringing the total number of recommendations closed to 27.

In wide-ranging programs like icare's Improvement Program, there will be limited occasions where it is reasonable to deviate from the exact recommendations of the reviews as long as the intent is still clearly met. It is important that any such change is appropriately managed and approved. A deviation from one recommendation was approved by icare's CEO during the Reporting Period in accordance with the newly established deviation process. The deviation related to GAC Recommendation 14, which requires all Group Executive Team (**GET**) members to be standing members of both the Asset and Liability Committee (**ALCO**) and the Risk and Compliance Committee (**RCC**). Approval to not have all GET members on these committees was granted on the basis that the intent of GAC Recommendation 14 was met through a more limited but appropriate GE representation on these sub-committees, supported by a process to report relevant matters to the full GET. icare's approach was communicated to Promontory and to SIRA.

We acknowledge icare's commitment to taking action to address the focus areas raised in previous updates. Notably, we observed uplifts to the efficacy of the NI Executive Steering Committee. We also observed a continued focus in governance forums on the need to balance quality and timeliness, and confidence in the effective delivery of Initiatives has been improved by extending due dates to prioritise the quality of delivery.

With the forthcoming conclusion of the Procurement and Governance Streams, it is important for icare to ensure there is a robust approach in place to sustain the outcomes that have been realised and ensure that new business processes are consistently practiced throughout the organisation with clear accountabilities.

In this update, our emphasis is on three critical areas which will warrant icare's consideration in the upcoming period:

- Culture;
- Ownership and consistency; and
- Sustainability.

Culture

Cultural change is typically one of the major areas of focus and one of the biggest challenges for multi-year reform programs. Without the cultural shift icare is aiming to achieve, there is a risk that changes introduced by the Improvement Program may falter.

The importance of underpinning organisational changes with cultural transformation is recognised and consistently echoed in Program governance forums. icare's recent engagement and culture surveys validated this focus with results demonstrating both an increase in engagement and a marked transition from 'defensive' behaviours to more 'constructive' behaviours across every business unit and role level in the organisation.

While the positive results to date are encouraging, over the coming period icare has the opportunity to evaluate these survey findings, identify the factors driving positive change, and use these insights to inform ongoing efforts.

icare must remain focused as cultural reform takes years to bed down, and sustaining the change requires an ongoing commitment and strong 'tone from the top'. This will serve as a constant reminder that the work of reform is ongoing and will foster a culture of constant vigilance, continuous improvement, and proactive risk management. This is crucial to icare's ability to meet future challenges and ensure that the reforms implemented become embedded into the fabric of the organisation.

Ownership and consistency

Achieving the desired outcomes of the Improvement Program is predicated upon both the consistent application of changes across icare's various business units and the clear ownership and accountability for these changes. This is especially key for changes aimed at enhancing icare's risk maturity, as it is often individual business units, rather than a centralised function, that own the supporting processes.

Considerable progress has been made in addressing the consistency and ownership concerns with icare's risk practices previously highlighted in the GAC review. Notably, improvements in governance and non-financial risk reporting have been evident across different business units, signalling an uplift in icare's risk maturity.

However, pivotal components of the Program, such as business unit risk profiles, controls, and obligations registers, remain to be fully embedded. icare must ensure clear ownership of these components is established within Line 1 across all business units, aligning with the principles of the Three Lines of Defence (**3LOD**) model. This includes ensuring business units are empowered to manage their risk profiles and registers.

Consistency of implementation will help ensure the changes made will 'stick and stay'. In our assessment of the Embed Phase of Initiatives, we examine the consistency of the application of changes across business units. icare will need to intensify its efforts to show that Line 1 owns risk management, and that there is consistent implementation, adoption, and embedment of changes across all business units.

Sustainability

As icare transitions to the Embed Phase for many Initiatives, it is time to further consider plans for sustainability. icare will need to both deliver the outcomes mandated by each recommendation and ensure that these outcomes are sustained into the future.

Our role as independent assurer includes assessing icare's plans to sustain the outcomes achieved for each Stream. Central to our assessment will be the business-as-usual (**BAU**) elements identified by icare such as frameworks, policies, processes, systems, accountabilities, governance and reporting. These elements should support the ongoing maintenance of the Stream Target State.

The challenge for icare will be maintaining sufficient 'checks and balances' to prevent any material risks to Program outcomes. Over the coming period, icare should consider its approach to measuring, monitoring, and reporting on sustainability. These monitoring processes should have appropriate governance and clear accountabilities, aligned to existing BAU accountability structures.

Regular reporting to the GET and Board on the performance of key outcome measures of the Program will strengthen oversight and monitoring. We note work has begun on developing key outcome measures for the EI Sub-Program. We encourage icare to continue to refine these and consider the benefits of developing similar measures for the NII Sub-Program. Collectively the reporting of these measures could form part of the approach to monitoring and reporting on sustainability.

1. Introduction

1.1. Background

In 2015 the New South Wales (**NSW**) Government passed the State Insurance and Care Governance Act (**SICG Act**) which created Insurance and Care NSW (**icare**). icare was established as a NSW Government Agency governed by an independent Board of Directors who are appointed by the responsible Minister.

The SICG Act gives icare responsibility for managing over a dozen insurance and care schemes within NSW, the largest of which is the Workers Compensation Nominal Insurer Scheme (**NI Scheme**). The NI Scheme is responsible for the provision of workers compensation services and makes payments that cover the lost wages and medical expenses of workers who are injured or become sick as a consequence of their work.

The State Insurance Regulatory Authority (**SIRA**) is the Government organisation responsible for regulating the NSW workers compensation system and is also the regulator for workplace health and safety in NSW. icare is regulated by SIRA.

Concerns about icare's compliance and performance in recent years resulted in a number of reviews of its operations, governance, stakeholder management and risk management frameworks. These reviews include:

- the *icare and State Insurance and Care Governance Act 2015 Independent Review (McDougall Review)*, which involved a 'root and branch' examination of icare; and
- *PwC's Independent Review of icare governance, accountability, and culture (GAC Review)*, which considered governance, accountability, and culture across the whole of icare.

The McDougall Review culminated in a report (**McDougall Report**) which was published on 30 April 2021.² The McDougall Report identified a number of findings which were attributed, in part, to icare's determination to effect speedy change, which gave rise to procedural and cultural defects that resulted in a disregard for practices and procedures. The McDougall Report made 31 recommendations relevant to icare (**McDougall Recommendations**).

The GAC Review resulted in a report (**GAC Report**) which was published on 1 March 2021.³ The GAC Report made a number of findings, which included a lack of discipline in delivering timely and quality outcomes to customers, and the need for significant improvement in icare's risk and compliance framework. The GAC Report contains 76 recommendations relevant to icare (**GAC Recommendations**).

² The McDougall Report is available [here](#).

³ The GAC Report is available [here](#).

1.2. The Improvement Program

In response to the McDougall and GAC Reviews (**Reviews**), icare acknowledged the mistakes of the past and accepted the findings and conclusions of the Reviews. icare also committed to taking action to address the issues highlighted in the Reviews by uplifting its processes, behaviours, and culture to meet community expectations.

The McDougall Recommendations and GAC Recommendations (together, the **Recommendations**) are being addressed through icare's Improvement Program (**Program or Improvement Program**). The Program is focused on three key areas:

- improving risk and governance to meet community and regulatory expectations;
- improving performance, particularly by getting injured workers back to work sooner and reducing internal costs; and
- driving an accountable culture.

The Program consists of two sub-programs (**Sub-Programs**):

- the Enterprise Improvement Sub-Program (**EI Sub-Program**), which aims to address the Recommendations of the Reviews that apply across the whole icare organisation; and
- the Nominal Insurer Improvement Sub-Program (**NII Sub-Program**), which aims to address the Recommendations of the Reviews that apply to the NI Scheme.⁴

Of the 107 Recommendations made by the Reviews, 98 are being addressed through the EI Sub-Program, and eight are being addressed through the NII Sub-Program.⁵

For each of the Sub-Programs a separate plan has been developed that outlines the remediation actions that will be taken to address the relevant Recommendations. These plans have a three-level structure:

- streams of work, which are thematic areas of work icare is completing to address the Recommendations (**Streams**);
- initiatives, which are the high-level remedial activities to be undertaken within the Streams (**Initiatives**); and
- milestones, which are the specific actions that icare will complete within the Initiatives (**Milestones**).

⁴ Some recommendations made by other reviews are also being addressed through the EI Sub-Program and NII Sub-Program, but these recommendations are outside the scope of our engagement.

⁵ McDougall Recommendation 2 is being addressed outside of the Improvement Program and is therefore outside the scope of our engagement.

The Initiatives are divided into three phases (**Phase** or **Initiative Phase**): Design, Implement or Embed. The Design Phase involves designing an approach to address the Initiative's outcomes, the Implement Phase involves the initial roll-out or launch of that approach, and the Embed Phase involves achieving demonstrated operational effectiveness of the approach. Each of the Milestones are classed as being in one of those three Phases.

Further details on the Enterprise Improvement Plan (**EI Plan**) and the Nominal Insurer Improvement Plan (**NII Plan**) can be found in our report of 28 February 2022 which provides more details on how icare has set up the Improvement Program.

1.3. Promontory's Role

In November 2021, after a public tender process, Promontory (**Promontory** or **we**) was appointed to provide independent assurance over the progress of the Program as it relates to the Recommendations of the Reviews. Promontory's assurance services over the Program include:

- monitoring the status and progress of the Program;
- assessing both whether each Phase of an Initiative has been completed in line with the relevant Plans, and whether each Recommendation has been addressed by the relevant Initiatives; and
- providing quarterly updates which report on our findings.

As part of Promontory's monitoring activities over the Program we attend tripartite meetings with icare and SIRA. In addition, icare provides monthly updates on Program progress to SIRA through the SIRA Principal Executive meeting.

We finalised our first two reports in relation to the Program on 6 December 2021 (**Interim Establishment Report**) and 28 February 2022 (**Final Establishment Report**). These reports provide a summary of how icare set up the Program and detail our role in providing independent assurance over it.⁶ We also finalised our first update on icare's progress in addressing the Recommendations of the Reviews (**First Quarterly Update**) in conjunction with our Final Establishment Report.

This is our Seventh update (**Seventh Quarterly Update** or **Update**) on icare's progress addressing the Recommendations of the Reviews. Similar to our last update (**Sixth Quarterly Update** or **Last Update**), it highlights key challenges to the successful execution of the Program and summarises icare's progress in addressing the Recommendations of the Reviews.

This Update focusses on developments that occurred from 1 May 2023 to 31 July 2023 (**Reporting Period**). The status of icare's progress against the Recommendations is reported as of 31 July 2023 (**Reporting Date**).

⁶ Our Final Establishment Report also contains details on the schemes managed by icare as well as further information on the findings from the Reviews.

1.4. Report Structure

The remainder of this report is structured as follows:

- Chapter 2 sets out our observations on how the Program is progressing, aspects of program management, and the areas on which icare should focus moving forward;
- Chapter 3 summarises the progress icare has made in addressing the EI and NII Plans;
- Chapter 4 provides details about Promontory's assessment of completed Phases within Initiatives during the Reporting Period; and
- Chapter 5 provides details about Promontory's assessment of Recommendations completed during the Reporting Period.

This report also includes an Appendix, which details the mapping of the Recommendations to Initiatives within each of the EI and NII Plans (**Plans**).

2. Focus Areas

icare made significant progress in the execution of the Improvement Program during the Reporting Period. In the EI Sub-Program, work on two Streams is nearing completion, with Initiatives in the Governance Stream largely completed and work in the Procurement Stream set to close during the upcoming period. The NII Sub-Program continued to make headway in progressing the Implement Phase of Initiatives. Maintaining the operating rhythm established in prior periods, the processes for the completion, delivery and assessment of Closure Packs (**Closure Packs**) continued, with 26 Phases and 12 Recommendations assessed as complete and effective during the Reporting Period.

In wide-ranging programs like icare's Improvement Program, there will be limited occasions where it is reasonable to deviate from the exact recommendations of the reviews as long as the intent is still clearly met. It is important that any such change is appropriately managed and approved. A deviation from one Recommendation was approved by icare's CEO during the Reporting Period in accordance with the newly established deviation process. The deviation related to GAC Recommendation 14, which requires all GET members to be standing members of both the ALCO and RCC. While not all GET members are standing members of these sub-committees, approval was granted on the basis that the intent of GAC Recommendation 14 was met through a more limited but appropriate GE representation on these sub-committees, supported by a process to report relevant matters to the full GET. icare's approach was communicated to Promontory and to SIRA.

Key achievements for icare during this period included:

- the successful onboarding of an additional CSP;
- a cultural review with an uplift in results indicating progress has been made towards fostering a constructive organisational culture; and
- 12 Recommendations being assessed as complete and effective.

icare also took action to address the focus areas identified in our Last Update. This included:

- notable improvements in the effectiveness of the NI Executive Steering Committee (**NI SteerCo**) with clearer delineation of discussions centred on activities which address the Recommendations and accompanying risks and issues;
- continued focus in governance forums on the need to balance quality and timeliness; and
- the extension of Initiative deadlines to ensure quality of delivery.

In light of the achievements and with the forthcoming conclusion of the Procurement and Governance Streams, it is important for icare to consider the optimal approach for sustaining the desired outcomes that are being delivered through the Improvement Program. This entails ensuring that new business processes are not only established but also executed consistently throughout the organisation, with clear accountability. In the upcoming period, icare will also need to continue to closely monitor the capacity of CSPs to absorb and effectively implement the changes introduced.

In this section, we draw out three key focus areas for the coming period, based on our observations during the Reporting Period.

2.1. Culture

Cultural change is typically one of the major areas of focus and one of the biggest challenges for multi-year reform programs. This starts with sound leadership from the Board and senior management, and mechanisms to cascade this 'tone from the top' throughout the organisation. Without the foundation of genuine cultural reform, there is a risk that changes introduced in both Sub-Programs may falter.

Promontory has observed that icare understands the important role of effective cultural reform in achieving the desired outcomes of the Improvement Program. The need to win 'hearts and minds' is discussed at Program governance forums, and progress on cultural initiatives is regularly reported.

Under the Culture and Accountability Stream in the EI Sub-Program, work to date has included:

- a refreshed set of values (Together, Ownership, Driven, Curious, Passionate) approved by the Board in July 2021, and strategic imperatives (including to 'Foster an open, constructive and accountable culture');
- a new biennial culture survey with baseline results established in August 2021;
- enterprise-wide Culture Plan approved in September 2021;
- Leader Development Program and leadership 360-degree feedback; and
- a new engagement survey with baseline results established in August 2022.

The recent results of both the culture survey and engagement survey against the baseline has indicated that there is positive uplift. The culture survey showed a substantial shift from 'defensive' behaviours towards 'constructive' behaviours across all business units and all role levels. The consistency of the uplift across business units is notable, indicating that the initiatives under the Program support the cultural shift icare is driving.

The engagement survey had a strong response rate, with the overall engagement score increasing over the 11-month period.

Reflecting on the positive results, it is useful to consider the significant cultural journey icare has embarked on. The GAC and McDougall reviews highlighted cultural weaknesses and a need for behavioural shifts to improve performance and outcomes. In this context, icare deserves recognition for the positive results it has achieved in a relatively short period of time.

To achieve sustained cultural reform requires significant effort. icare plans to communicate the results across the organisation as part of ongoing staff engagement. It also plans to conduct focus groups in the next period to better understand the drivers of these results, and to develop action plans to focus attention on areas where further improvement is required. These plans will be both at a business unit

level and the organisation level. It is important that these plans clearly allocate accountability for delivery of required initiatives, with timeframes for completion. Regular monitoring and reporting of progress against action plans will be crucial for maintaining momentum and refining initiatives in response to feedback.

We encourage icare to take the time to analyse the culture and engagement survey results, identify the drivers that have helped 'shift the dial', and leverage these to build on progress achieved to date.

While the positive results to date are encouraging, icare must remain focused. Cultural reform takes significant time to bed down, and sustaining the change requires an ongoing commitment and strong 'tone from the top'. icare should focus on communicating to staff that the work of reform is never truly finished to foster a culture of continuous improvement and proactive risk management, alongside an appropriate vigilance about any return to poor past practices. This is crucial to icare's ability to meet future challenges and ensure that the reforms implemented become embedded into the fabric of the organisation.

2.2. Ownership and consistency

Success in achieving the desired outcomes of the Program hinges on consistent implementation and adoption of change across all business units within icare, and the appropriate ownership of these changes. This is key for changes aiming to enhance icare's risk maturity, especially when individual business units, rather than a centralised function, own the supporting processes.

The GAC report underscored the importance of both consistency and ownership, highlighting variance in the consistency of icare's decision making, reporting and governance structures, risk maturity, and deficiencies in risk management ownership and accountability.

Encouragingly, icare has made considerable progress to address these deficiencies. We have observed marked improvements in reporting and governance, particularly in non-financial risk reporting across the different business units. Organisational risk maturity has also been bolstered through the roll-out of dedicated risk management training, the implementation of standardised incident and issue management processes, and the introduction of monitoring and reporting on risk maturity at a business unit level.

While this uplift has demonstrated encouraging progress, crucial and complex Program components that aim to uplift icare's risk management - such as the business unit risk profiles, and controls and obligations registers - are yet to be embedded. The Initiatives for these pieces of work are scheduled to conclude their Embed Phase in the upcoming period. It is essential that ownership of these components be established consistently across each business unit.

Achieving Line 1 risk ownership in the context of the 3LOD model for all business units is not without its challenges - a reality that is not unique to icare and is prevalent in organisations undertaking similar transformation programs. Factors such as varying baseline risk knowledge and existing risk management structures can create hurdles. For instance, business units with pre-existing risk profiles and greater risk maturity are better positioned to document, test, and uplift key controls. However,

other less-experienced business units may require additional assistance from Line 2 to establish risk profiles and become familiar with the associated maintenance processes.

To date, there has been reliance on Line 2 and the Risk Business Partners to help uplift the risk maturity of less-developed business units, particularly regarding the documentation of their controls and obligations registers. This support from Line 2 has been critical to uplift the baseline risk knowledge and understanding of the associated maintenance processes for these business units.

For effective and sustainable change, it is now essential for icare to ensure ownership within Line 1 for all business units, in line with the 3LOD model. This includes ensuring business units are empowered to manage their risk profiles and registers. This will allow Line 2 to effectively fulfil the function of assurance and oversight defined in the 3LOD model. This oversight should not only include monitoring of Line 1 ownership, but also the consistency of ongoing management of risks, controls and obligations across business units.

icare has already initiated some of these important steps. 'Ownership' is one of the icare values against which icare assesses its risk maturity in its biannual review of the Risk Maturity Index (**RMI**). Further, the RMI has been extended to review risk maturity at a business unit level, and we understand that action plans are developed to address identified gaps. To further uplift overall risk maturity and ensure consistency of application, icare might consider refining existing RMI measures to ensure they appropriately assess the extent of Line 1 ownership within the business units, in line with the 3LOD model.

In our approach to assessing the Embed Phase of relevant Initiatives, we consider the consistency of change across business units. This consistency will help to indicate whether the changes made will 'stick and stay'. For Initiatives such as the business unit risk profiles and the control and obligations registers, where the supporting processes must be owned by all business units, icare will need to intensify efforts to demonstrate that Line 1 owns the management of risks, and that there is consistent implementation, adoption and embedment of changes across all business units. This consistency is a critical part of our evaluation, serving as an indicator of whether the substance of the relevant Recommendations has been addressed and will endure over time.

2.3. Sustainability

As icare transitions to the Embed Phase for many Initiatives across the Program, it is timely to further consider plans for sustainability. It is important for icare to not only deliver the outcomes mandated by each Recommendation but also to ensure that these outcomes are sustained into the future. During the Reporting Period, we continued to observe discussions in governance forums centred on the need to embed the required changes in BAU and ensure the outcomes are sustained.

Our role as independent assurer includes assessing icare's plans for sustaining the Target State of each Stream. Our sustainability assessment will follow the assessment of the last Embed Initiative of each Stream. During the Reporting Period, icare developed the template for the Sustainability Closure Pack. This pack will detail the BAU elements in place for the Stream that will support the ongoing maintenance of the Stream Target State.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

These elements include:

- Frameworks, policies, processes and systems;
- Accountabilities;
- Governance; and
- Reporting.

Based on the current Program schedule, the Governance Stream will be the pilot for the Sustainability Closure Pack and Promontory's corresponding sustainability assessment.

The sustainability elements need not add complexity, but rather should utilise existing systems or elements that have been enhanced by the Program. The objective of the sustainability assessment is for icare to pinpoint the elements already integrated into icare's BAU foundations or refined as part of the Program. Once the Program scaffolding disappears, it is these BAU elements that icare will rely on to ensure Program outcomes are sustained.

Going forward, it is important for icare to emphasise the sustainability of outcomes over processes. Processes established under the Program will inevitably need to change as icare's needs evolve or as continuous improvement mechanisms come into play. icare should look for opportunities to refine and simplify frameworks and processes to ensure they remain fit for purpose, meet icare's strategic and business needs, align with better practice and can adapt to emerging risks.

The challenge for icare is to support a continuous improvement approach, while maintaining sufficient 'checks and balances' to prevent material risks to Program outcomes. Over the coming period, icare should further consider its approach to measuring, monitoring and reporting on sustainability following the Program's conclusion. These monitoring processes should have appropriate governance and clear accountabilities, aligned to existing BAU accountability structures. It is likely that accountability for monitoring sustainability will be across the 3LOD, including the Line 1 owners of the frameworks, policies, processes or systems identified in the Sustainability Closure Pack, supported by assurance activities by Lines 2 and 3.

Regular reporting to the GET and Board on the performance of key measures will ensure high-level oversight. The Enterprise Scorecard is an existing mechanism that already includes some of the key outcome measures and should be crucial in this process.

During the Reporting Period, icare presented progress on a set of EI Sub-Program success measures at the Steering Committee for the EI Sub-Program (**EI SteerCo**) in July 2023. These measures included a subset of the Enterprise Scorecard measures as well as other BAU metrics. We encourage icare to further refine and finalise these measures for the EI Sub-Program. icare should consider whether there would be benefit in developing similar measures for the NII Sub-Program. Once finalised, these measures could form part of the approach to monitoring and reporting on sustainability.

2.4. Other Focus Areas

Monitoring the capacity of CSPs

Over the last three reporting periods, icare has delivered a number of transformative initiatives, which have represented significant changes for its CSPs. These initiatives, stemming from both the NII and EI Sub-Programs, have been substantial and wide-ranging.

Within the NII Sub-Program, these changes have included the rollout of a new claims model⁷, the implementation of a Professional Standards Framework with baseline testing, the onboarding of new CSPs and subsequent allocation of policies, and the introduction of a new performance monitoring model.

The EI Sub-Program, in parallel, has also initiated several changes impacting the CSPs, including the development of a Customer Advocate model (with comprehensive efforts towards complaints uplift) and the introduction of new customer experience measures. Further, the success of the NII Sub-Program Initiatives is closely connected to the broader improvements to planning, risk management, culture and governance being embedded as part of the EI Sub-Program.

In executing these changes, icare has demonstrated a consistent and commendable focus on careful planning, well-considered sequencing, and diligent delivery. Each change has been facilitated by clear and targeted messaging, deliberate communication, and strong support mechanisms. This included an extended hyper-care phase during the claims model rollout and the provision of robust training and support during the complaints uplift implementation.

Whilst icare has achieved success to date, vigilance will be required to identify and mitigate potential risks and challenges. It is important to recognise that some of the changes delivered, including the complaints model, Professional Standards Framework, and performance monitoring model are still being implemented and will require considerable effort to be effectively embedded into operations at icare and by the CSPs.

In this context, icare should continue to focus on both the consistent application of these changes and CSP capacity to absorb and adapt to the new processes.

The cumulative volume of change impacting CSPs will inevitably place increasing demands on CSP resources. In light of this, it is important to maintain proactive and continuous engagement with the CSPs. Such engagement should foster an environment of open dialogue and collaborative interaction, with a focus on understanding how to best deliver and manage the changes to ensure successful integration. By doing so, icare can achieve a dual objective - facilitating the effective adoption of changes by the CSPs and ensuring that CSP resources are well managed, thereby safeguarding the quality of service over time.

⁷ We note that it is not Promontory's role to assess the implementation of the new claims model, other than related Initiatives in the NII Sub-Program including claims model risks and controls, CSP performance, CSP onboarding and transition and Professional Standards and capability.

3. Program Progress

During the Reporting Period, icare continued to progress the execution of the Program. As at the Reporting Date:

- 100% of the Initiatives had commenced or completed work on the Design Phase, with over 80% assessed by Promontory as complete and effective;
- over 95% of the Initiatives had commenced or completed work on the Implement Phase, with over 60% assessed by Promontory as complete and effective; and
- 75% of Initiatives had initiated or completed work on the Embed Phase, with over 35% assessed by Promontory as complete and effective.

Table 3.1 provides a summary of progress, as at the Reporting Date, towards the closure of those Initiative Phases that address the Recommendations of the Reviews.

Table 3.1: Initiative Phase Status

Phase	Yet to commence	Work in progress	Work completed	Assessed as complete	Total
Design	0	3	8	50	61
Implement	2	13	8	38	61
Embed	15	11	12	23	61
Total	17	27	28	111	183⁸

icare continued to progress the closure of Recommendations during the Reporting Period with an additional 12 Recommendations assessed as complete and effective. Approximately 25% (27 out of the total 107) of the Recommendations have been assessed as complete and effective. The established operating rhythm for providing Closure Packs was also maintained. As at the Reporting Date we have assessed a total of 111 Initiative Phase Closure Packs as complete and effective. Further detail on our assessments of the Initiatives and Recommendations is provided in Chapters 4 and 5 respectively.

⁸ During the Reporting Period, Initiative 6.5 was added to Program to be assessed by Promontory. This brings the total number of Phases to 183.

Independent Review of icare’s Improvement Program

Seventh Quarterly Update

31 August 2023

The remainder of this Chapter summarises, in tabular form, the status of the Initiatives that address the Recommendations, commencing with the Initiatives which form part of the EI Sub-Program followed by the Initiatives which form part of the NII Sub-Program. icare’s progress during the Reporting Period in completing each Initiative Phase is summarised using the Reporting Scale set out in Table 3.2.

Table 3.2: Reporting Scale

Indicator	Description of Phase Status
○	Work has not commenced on Initiative Phase.
◐	Work to deliver Initiative Phase is in progress but has not yet been completed.
◑	Work to deliver Initiative Phase is complete.
●	Initiative Phase has been assessed by Promontory as complete and effective.

For Initiative Phases that have not been assessed, Promontory has reported the status of these Initiatives as stated in reports provided by icare. The extent to which these Initiatives have progressed has not been independently verified.

3.1. Enterprise Improvement Program⁹

3.1.1. Governance

Stream	Initiative	Design	Implement	Embed
1. Governance	1.1 Executive and Management forums	●	◐	◑
	1.2 Decision making and prioritisation	●	●	●
	1.3 Stakeholder Accountability Strategy	●	●	◐
	1.4 Delivery and Prioritisation	●	●	◐
	1.5 Board Composition	●	●	●
	1.6 Committee Structure, membership and Charter Review	●	●	●
	1.7 Board and Committee Actions schedule process	●	●	●

⁹ The following Initiatives are not included in the tables below as they were either removed from the Enterprise Improvement Program, do not relate to the Recommendations or are outside the scope of our assurance – Initiatives 1.9, 2.12, 2.13, 3.2, 3.5, 5.6, 5.7, 5.10 and 6.4.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Stream	Initiative	Design	Implement	Embed
	1.8 Uplift quality of Board and Committee papers and reporting	●	●	●

3.1.2. Risk Uplift

Stream	Initiative	Design	Implement	Embed
2. Risk Uplift	2.1 Review and Refresh of Risk and Compliance Artefacts	●	●	◐
	2.2 Uplift of Risk System	●	●	◐
	2.3 Enterprise & Business Unit Risk Profiles	●	●	◐
	2.4 Risk Management Attestation Uplift	●	●	●
	2.5 Enterprise Obligations Register	●	●	◐
	2.6 Further Refinement 3 Lines of Defence	●	●	●
	2.7 Risk in Change Framework	●	●	◐
	2.8 Remediation Framework	●	●	●
	2.9 Issue and Incident Management	●	●	●
	2.10 Develop a Risk Maturity Index	●	●	●
	2.11 Implement the Customer Advocate Role	●	●	●
	2.14 Speak Up Hotline	●	●	●
	2.15 CRO Accountability for Regulator Relationship	●	●	●
	2.16 Internal Audit Records and Reporting	●	●	●
	2.17 Significant Matter Committee	●	●	●
	2.18 Probity and Procurement Review	◐	◐	○
	2.19 Conflicts and Personal Interest	●	●	●
2.20 CRO Membership of GET	●	●	●	

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Stream	Initiative	Design	Implement	Embed
	2.21 Incidents Risk Rating	●	●	●
	2.22 Outsourcing Committee	●	●	◐
	2.23 Instrument of Delegation	●	●	●
	2.24 Line 2 Risk presence on material steering committees	●	●	●

3.1.3. Procurement Uplift

Stream	Initiative	Design	Implement	Embed
3. Procurement Uplift	3.1 User focused systems and processes	●	◐	◐
	3.3 Transparency and Policy	●	●	◐
	3.4 Capability	●	◐	◐
	3.6 CPO Appointment	●	●	◐

3.1.4. Customer Uplift

Stream	Initiative	Design	Implement	Embed
4. Customer Uplift	4.1 CXM Evolution	●	●	◐
	4.2 Transitioning to CSAT	●	●	●
	4.3 Complaints Uplift	●	◐	○
	4.4 CRM Complaints Uplift	●	◐	○
	4.5 Customer Governance@icare	◐	◐	○

3.1.5. Culture & Accountability

Stream	Initiative	Design	Implement	Embed
5. Culture and Accountability	5.1 Culture	●	●	◐
	5.2 Leadership	●	●	◐
	5.3 Refreshed Performance Management Framework	●	◐	◐

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Stream	Initiative	Design	Implement	Embed
	5.4 Refreshed Remuneration Framework	●	◐	○
	5.5 Alignment of People Experiences - Capability Framework	●	◑	◐
	5.8 Refreshed HR Policy Framework	●	◐	○
	5.9 Culture Measurement	●	◑	◐

3.1.6. Enterprise Sustainability

Stream	Initiative	Design	Implement	Embed
6. Enterprise Sustainability	6.1 Capital Management Policies (NI and LTCS)	●	●	●
	6.2 Benefits Realisation Framework	●	●	◐
	6.3 Expense Management	●	◑	◐
	6.5 Expense Savings Review	◐	○	○

3.1.7. Treasury Reporting

Stream	Initiative	Design	Implement	Embed
7. Treasury Reporting	Treasury Reporting	◑	◐	○

3.2. Nominal Insurer Improvement Program¹⁰

3.2.1. Return to Work Performance

Stream	Initiative	Design	Implement	Embed
1. Return to Work Performance	N1.1 Healthcare Dashboard and Reporting	◑	◑	○

¹⁰ The following Initiatives are not included in the tables below as they were either removed from the Nominal Insurer Improvement Program, do not relate to the Recommendations or are outside the scope of our assurance – Initiatives N2.1 and N4.2

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

3.2.2. Claims Model

Stream	Initiative	Design	Implement	Embed
2. Claims Model	N2.2 Obligations, Risks and Controls	●	●	●

3.2.3. CSP Procurement & Provider Performance

Stream	Initiative	Design	Implement	Embed
3. CSP Procurement and Provider Performance	N3.1 NI Claims Management Procurement	●	●	●
	N3.2 CSP Provider Performance	●	●	○

3.2.4. Claims Service Provider Transition

Stream	Initiative	Design	Implement	Embed
4. Claims Service Provider Transition	N4.1 New CSP Onboarding	●	●	○
	N4.3 Guidewire Claims Transfer	●	●	○
	N4.4 Policy Transfers	●	●	○

3.2.5. Professional Standards and Capability

Stream	Initiative	Design	Implement	Embed
5. Professional Standards and Capability	N5.1 Develop the icare Professional Standards Framework	●	●	●
	N5.2 Deliver the Capability Strategy and Career Pathways	●	○	○
	N5.3 Deliver the Professional Standards Framework	●	●	○

4. Initiative Phase Assessments

During the Reporting Period, Promontory completed its assessment of 26 Initiative Phases. This included the assessment of:

- seven Design Phases;
- eight Implement Phases; and
- 11 Embed Phases.

These Phases were assessed as complete and effective.

As described in our Interim Establishment Report, our approach to providing assurance over the Program involves assessing whether the activities undertaken in each Phase of an Initiative were completed in line with the relevant Plan and whether they work towards adequately addressing the relevant Recommendation. This involves reviewing all Milestones under each of the Design, Implement and Embed Phases within an Initiative.

During our assessment process, we evaluate whether a Phase is complete by examining the evidence of completed tasks described in the Milestones and Definitions of Done.¹¹ Additionally, we verify that the completed activities have contributed to achieving the Target State of the relevant Stream. This evaluation process ensures that the Phase has been successfully executed in line with the intended objectives and outcomes.

Table 4.1 provides a list of the Phases that Promontory assessed as complete and effective during the Reporting Period. We provide summaries of our assessment of these activities below.

Table 4.1: Phases Assessed as complete and effective

Stream	Initiative	Phase	Phase Closure Date
Governance	1.1	Design	21 July 2023
Governance	1.2	Embed	4 July 2023
Governance	1.5	Embed	14 July 2023
Governance	1.6	Embed	8 May 2023
Governance	1.8	Embed	23 May 2023
Risk Uplift	2.5	Implement	4 July 2023
Risk Uplift	2.6	Embed	13 June 2023

¹¹ Definitions of Done describe what tasks need to occur for the relevant Milestone to be Completed.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Stream	Initiative	Phase	Phase Closure Date
Risk Uplift	2.7	Implement	3 May 2023
Risk Uplift	2.8	Embed	7 July 2023
Risk Uplift	2.9	Embed	30 June 2023
Risk Uplift	2.11	Embed	24 May 2023
Risk Uplift	2.16	Embed	26 June 2023
Procurement Uplift	3.3	Implement	12 July 2023
Procurement Uplift	3.6	Implement	1 June 2023
Customer Uplift	4.1	Implement	8 May 2023
Customer Uplift	4.2	Embed	24 May 2023
Customer Uplift	4.3	Design	11 May 2023
Customer Uplift	4.4	Design	18 May 2023
Culture and Accountability	5.3	Design	24 May 2023
Culture and Accountability	5.4	Design	2 May 2023
Culture and Accountability	5.5	Design	1 June 2023
Enterprise Sustainability	6.2	Implement	28 June 2023
CSP Procurement and Provider	N3.1	Implement	7 July 2023
Professional Standards and Capability	N5.1	Implement	5 May 2023
Professional Standards and Capability	N5.1	Embed	19 June 2023
Professional Standards and Capability	N5.3	Design	15 May 2023

4.1. Assessment of Governance Initiatives

4.1.1. Assessment of Initiative 1.1 Design Phase

The Design Phase of Initiative 1.1 requires icare to revise GET and Senior Leadership Team (**SLT**) decision making forums, and program governance structures, in alignment with operating model changes.

Work completed by icare in relation to this Phase included:

- designing a decision-making structure to distinguish the respective roles of the GET and SLT;
- designing new reporting templates to ensure key information is contained in reports and to support effective reporting of all matters;
- establishing or amending five SLT committees with GET members chairing or attending each; and
- approving Charters for each SLT committee.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- standing agenda items, including in relation to risk;
- confirming a self-assessment baseline has been developed through the GET self-assessment;
- confirming relevant reporting templates have been updated with appropriate scope and detail;
- GET representation on the ALCO and RCC; and
- the rationale and approval process of icare's deviation from fully complying with the letter of GAC 14, to have all GET members to be standing members of the ALCO and RCC.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.1.2. Assessment of Initiative 1.2 Embed Phase

The Embed Phase of Initiative 1.2 requires icare to perform annual reviews of the strategic direction at the start of the strategic planning cycle, including a Post Implementation Review of the planning process to identify any opportunities for improvement.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Work completed by icare in relation to this Phase included:

- approving the FY23 Statement of Business Intent (**SBI**) and Business Plan and submitting them to the NSW Treasury;
- developing the FY24 SBI and Business Plan, with review by the GET and the Board; and
- reviewing the strategy and business planning process, with recommendations presented to the GET and plans for annual Strategic Planning days for the GET and Board to support this process.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- changes to the timelines of the implementation of the strategic and business planning process due to operational changes at icare;
- changes to the strategic and business planning process to capture process improvements; and
- further detail on the scope and participants in the internal review of the process.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.1.3. Assessment of Initiative 1.5 Embed Phase

The Embed Phase of Initiative 1.5 requires icare to embed the Board Skills Matrix, induction plan, development and training plan, and Succession Plan, and conduct the annual Board performance evaluation.

Work completed by icare in relation to this Phase included:

- updating the Board Skills Matrix following changes to Directors;
- conducting the Board Induction Program with feedback from Directors used to enhance the Program;
- updating the Board Development and Training Calendar for 2023, including an optional Director Mentoring program;
- conducting the annual Board Performance Evaluation review, including discussions on training and access to professional development opportunities; and
- revising the Recruitment Plan as part of the Board Succession Plan.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- strategies to address any skills gaps;
- Director attendance at optional Board Education Sessions; and
- the extent to which Director mentoring and handover meetings are undertaken.

Promontory also met with representatives of the Board Governance team to discuss the process to update the Board Skills Matrix, strategies to address skills gaps, handover processes from departing Directors and the application of the Mentoring program.

Based on our assessment of the Closure Pack, the additional information we received and our discussions, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.1.4. Assessment of Initiative 1.6 Embed Phase

The Embed Phase of Initiative 1.6 requires icare to embed the new Committee structure and the governance process to facilitate information flow between the Minister and Board.

Work completed by icare in relation to this Phase included:

- updating the Board Audit Committee (**BAC**) and the Board Risk Committee (**BRC**) Charters;
- conducting the annual Board Performance Evaluation review to measure the performance of the Board and Committees; and
- tabling the Governance Report at Board meetings.

After reviewing the Closure Pack, Promontory requested and received further information including updated Charters, detailed results of the Board Performance Evaluation, and BAC and BRC meeting agendas.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.1.5. Assessment of Initiative 1.8 Embed Phase

The Embed Phase of Initiative 1.8 requires icare to conduct the Quality Assurance review of the Governance Assurance Framework, conduct the annual Board performance evaluation and rollout training on Board paper skills writing.

Work completed by icare in relation to this Phase included:

- updating the Governance Assurance Framework and Board and Committee Paper Templates;
- the Board providing feedback on the quality of information provided to the Board;
- conducting a Quality Assurance process against the Governance Assurance Framework after each Board/Committee meeting, and providing feedback to key stakeholders;
- conducting the annual Board Performance Evaluation review to measure the performance of the Board and Committees, including in relation to the quality of Board papers; and
- incorporating Board paper writing training sessions in the icare academy for all staff, with training to be held biannually.

After reviewing the Closure Pack, Promontory requested and received further information on matters including how feedback is provided to authors of Board papers.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.2. Assessment of Risk Uplift Initiatives

4.2.1. Assessment of Initiative 2.5 Implement Phase

The Implement Phase of Initiative 2.5 requires icare to finalise the business unit Enterprise Obligations register and implement a process regarding ongoing updates and monitoring relevant regulatory changes. All Obligations and Control Registers (**OCRs**) were then to be migrated to Risk Connect.

Work completed by icare in relation to this Phase included:

- migrating the approved OCRs, originally documented in spreadsheets, to Risk Connect and conducting a post-migration reconciliation with no issues identified;
- providing training to Line 1 Risk and Line 2 teams to assist staff implementing OCRs in Risk Connect, with a Risk Connect Obligations User Guide developed in support;
- the Compliance Team designing controls or mitigants against the obligations assigned to each business unit, with the ongoing review and maintenance of the OCRs set out in the OCR Procedure;
- drafting a Regulatory Change Framework to set out how to identify and assess regulatory change, responsibilities, and relevant reporting; and
- establishing the Regulatory Change Forum to meet every two months to respond to regulatory changes.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the activities documented in the OCR procedure, including the annual Line 1 review of the register, conducting Obligation Self-Assessments (**OSAs**) and Control Self-Assessments (**CSAs**), and any relevant training;
- the processes in place to support monitoring of the OCR; and
- progress in relation to the Controls Review Tracker.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.2.2. Assessment of Initiative 2.6 Embed Phase

The Embed Phase of Initiative 2.6 requires icare to establish GE Monthly Risk and Compliance meetings for each Service Line.

Work completed by icare in relation to this Phase included continuing to hold monthly GE meetings within each Service Line, with risk and compliance matters included in the standing agenda.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the role of the Risk and Compliance Business Partnering team; and
- mechanisms to ensure an ongoing monthly cadence is maintained.

Promontory also met with the Head of Risk and Compliance Business Partnering to discuss the risk maturity of business units and the role of the Risk and Compliance Business Partners. Promontory also observed two monthly Risk and Compliance meetings.

Based on our assessment of the Closure Pack, the additional information we received, our discussions and meetings observed, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.2.3. Assessment of Initiative 2.7 Implement Phase

The Implement Phase of Initiative 2.7 requires icare to implement its Risk in Change (**RiC**) approach.

Work completed by icare in relation to this Phase included:

- delivering a variety of communications and presentations to staff regarding the changes made to the RiC approach; and
- including information on the RiC procedures on icare's internal intranet to ensure this was accessible to staff.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

After reviewing the Closure Pack, Promontory requested and received further information on matters including the alignment of RiC reporting to existing reporting mechanisms and the Risk Appetite Statement.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.2.4. Assessment of Initiative 2.8 Embed Phase

The Embed Phase of Initiative 2.8 requires icare to operationalise the Remediation Framework.

Work completed by icare in relation to this Phase included:

- applying the Remediation Framework to remediation programs, with Line 2 Compliance providing support and oversight;
- conducting a Compliance Assurance Review to assess how customer remediation is being managed in accordance with the key elements of the Framework; and
- updating the Remediation Framework, including to address findings from the Compliance Assurance Review.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- planned assurance reviews and reviews of fulfilment of the Remediation Principles; and
- processes for reporting on outcomes from remediation activities.

Promontory also met with the GM Compliance to discuss icare's approach to remediation, including governance arrangements, SIRA involvement, assurance processes, and oversight by Compliance. Promontory also viewed sensitive documents relating to remediation, including GET and Board reports.

Based on our assessment of the Closure Pack, the additional information we received and our discussions, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.2.5. Assessment of Initiative 2.9 Embed Phase

The Embed Phase of Initiative 2.9 requires icare to embed the issue and incident management processes.

Work completed by icare in relation to this Phase included:

- establishing a weekly Line 2 Incident Review meeting to provide oversight over alignment of the recording and rating of incidents with the Incident and Issue Management and Reporting Policy;
- reporting on incidents and issues in various forums including monthly business unit discussions, the monthly GET Risk and Compliance meetings and quarterly BRC meetings;
- reviewing and rolling out training on incident management as part of the 'essentials' risk foundations training module; and
- continuing to refer significant matters to the Incident Review Panel for review and escalation where required.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- mechanisms in place to ensure incidents do not remain in 'draft' for extended periods;
- the reporting of high-rated incidents that were not privacy or compliance incidents to the BRC; and
- the process for identifying, classifying and managing systemic incidents.

Promontory also conducted a walkthrough of a sample of incidents with Line 2 representatives to validate the operational effectiveness of the incident management process and confirm the involvement of Line 2 and Subject Matter Experts in the root cause analysis of medium and high-rated incidents.

Based on our assessment of the Closure Pack, the additional information we received and our walkthrough, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.2.6. Assessment of Initiative 2.11 Embed Phase

The Embed Phase of Initiative 2.11 requires icare to operationalise the Customer Advocate model.

Work completed by icare in relation to this Phase included the Customer Advocate:

- reporting to and/or participating in a range of customer and governance forums (including the Board, GET and the Customer Committee);
- monitoring and reporting on customer outcomes, including conducting the Customer Service Conduct Principles annual attestation;
- conducting Customer Advocate Complaint Reviews in line with the Procedures;
- conducting communication, advocacy and training activities; and
- developing a range of customer- and complaints-related guidance material and providing input into the development of the Conduct Risk and Remediation Frameworks.

After reviewing the Closure Pack, Promontory requested and received further information on matters including monitoring the performance and measuring the effectiveness of the Customer Advocate model.

Promontory also met with the Customer Advocate to discuss the effectiveness of the Customer Advocate model, resourcing of the Customer Advocate function, voice of the customer within the Schemes and internal capability.

Based on our assessment of the Closure Pack, the additional information we received and our discussions, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.2.7. Assessment of Initiative 2.16 Embed Phase

The Embed Phase of Initiative 2.16 requires icare to embed the improvements to record keeping and reporting.

Work completed by icare in relation to this Phase included:

- maintaining the enhanced record keeping processes for investigations, including via the Conduct and Integrity Register; and
- continuing to report relevant high-rated actions to the BAC to enhance visibility over actions to address high-rated findings.

After reviewing the Closure Pack, Promontory requested and received further information on matters including the process for closing high-rated findings.

Promontory also met with the GM Internal Audit to conduct a walkthrough of Internal Audit papers provided to the BAC and to conduct a walkthrough of the platform used for maintaining and managing records.

Based on our assessment of the Closure Pack, the additional information we received and our walkthroughs, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.3. Assessment of Procurement Uplift Initiatives

4.3.1. Assessment of Initiative 3.3 Implement Phase

The Implement Phase of Initiative 3.3 requires icare to:

- ensure all new contracts, and material variations, comply with the Government Information (Public Access) Act 2009 (**GIPA**) from April 2022;
- remediate old contracts (up to April 2022) that were subject to an audit to ensure compliance with GIPA; and
- improve policies and procedures based on user feedback.

Work completed by icare in relation to this Phase included implementing:

- an updated, Board-approved procurement policy;
- new procurement processes to support consistency and compliance;
- a governance review to align contract details across various icare databases and systems; and
- new user-centred tools, templates and supporting policies including a GIPA disclosure fact sheet and template.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the timing of new processes and controls and compliance with GIPA; and
- clarification on changes to the Target State.

Promontory also met with the Chief Procurement Officer (**CPO**) to discuss the implementation of improved procurement practices, the delivery of cultural change and compliance with the NSW government procurement requirements.

Based on our assessment of the Closure Pack, the additional information we received and our discussions, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.3.2. Assessment of Initiative 3.6 Implement Phase

The Implement Phase of Initiative 3.6 requires icare to recruit and onboard an interim CPO and a permanent CPO. The Implement Phase also requires the CPO to champion new procurement ways of working through all relevant engagement channels.

Work completed by icare in relation to this Phase included:

- appointing an interim CPO on 8 February 2022 and appointing the interim CPO into the role on an ongoing basis on 16 May 2022;
- developing a five-year Strategic Procurement Plan for embedding robust and compliant procurement practices;
- revising the Procurement Policy; and
- implementing a Procurement Business Partnership Strategy to improve and formalise internal relationships and deliver better outcomes.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the process for recruiting and onboarding the CPO;
- the CPO's role description and performance goals; and
- evidence of communications of new procurement ways of working.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.4. Assessment of Customer Uplift Initiatives

4.4.1. Assessment of Initiative 4.1 Implement Phase

The Implement Phase of Initiative 4.1 requires icare to implement Customer Research Guidelines, rollout Customer Experience measures and targets, and establish operational routines with CSPs.

Work completed by icare in relation to this Phase included:

- distributing the finalised Customer Research Guidelines which are available on HUGO;
- rolling out the Customer Experience measures and CSAT (Customer Satisfaction) targets;
- incorporating the measures into surveys used across the Schemes, with analysis and reporting commencing; and
- conducting monthly operational meetings between Scheme leadership teams and CSP representatives, with discussion on trends in CSP Customer Experience performance.

After reviewing the Closure Pack, Promontory requested and received further information on changes to the Plan on a Page in relation to the implementation of the NI driver model.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.4.2. Assessment of Initiative 4.2 Embed Phase

The Embed Phase of Initiative 4.2 requires icare to use CSAT as a lead indicator of performance and incorporate measures into all CSP contracts.

Work completed by icare in relation to this Phase included:

- CSAT being used as the lead indicator of Customer Experience across icare;
- endorsing and communicating 2023 Scheme CSAT targets;
- capturing, analysing and reporting on monthly CSAT data from surveys, with Dashboard access to the data for all stakeholders;
- conducting monthly operational meetings with each CSP, with discussions on trends in CSAT performance; and
- incorporating CSAT measures into CSP contracts.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- analysis and reporting on CSAT performance, including against targets, and use of the Dashboards;
- measures incorporated into CSP contracts; and
- continuous improvement reviews.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.4.3. Assessment of Initiative 4.3 Design Phase

The Design Phase of Initiative 4.3 requires icare to:

- develop a vision and roadmap for icare's future approach to customer complaints;
- design a coordinated and consistent approach to customer complaints that ensures icare is ready to receive, respond and learn from complaints, including a capability and culture uplift; and
- design new Customer Complaints Framework, a revised Customer Complaints Policy and Complaints Guidelines.

Work completed by icare in relation to this Phase included:

- developing a customer complaints vision and roadmap, endorsed by the Board;
- designing a new Customer Complaints Framework and revising the Customer Complaints Policy, endorsed by the Customer Committee and GET;
- designing Complaints Guidelines including Complex Customer Circumstances Guidelines, endorsed by Customer Committee and GET;
- conducting a maturity assessment to support capability and culture uplift; and
- developing an enterprise customer plan which sets out icare's customer strategic focus, with three time horizons.

After reviewing the Closure Pack, Promontory requested and received further information on procedures for managing complaints.

Promontory also met with the Customer Advocate to discuss governance and oversight to ensure continuous improvement of the uplift activities, and communication and change management plans.

Based on our assessment of the Closure Pack, the additional information we received and our discussions, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.4.4. Assessment of Initiative 4.4 Design Phase

The Design Phase of Initiative 4.4 requires icare to scope requirements for a new CRM Complaints Module, the Lightning Complaint Module, to enable improved customer complaints management.

Work completed by icare in relation to this Phase included:

- scoping the requirements for the CRM Complaints Module, with reference to customer experience research, internal deep dives and other workshops and exercises; and
- developing a Business Case for the Customer Complaints Uplift which itemises in-scope items consistent with business requirements.

Based on our assessment of the Closure Pack, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.5. Assessment of Culture and Accountability Initiatives

4.5.1. Assessment of Initiative 5.3 Design Phase

The Design Phase of Initiative 5.3 requires icare to:

- create CEO and GET Annual Performance Plans;
- create Accountability Map and Statements for the GET;
- refresh the Performance Management Framework and receive Board approval;
- explore HR System enhancements and, if required, document in a business case; and
- update People Leader and employee toolkits, and related guidelines and policies, in line with the refreshed Performance Management Framework.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Work completed by icare in relation to this Phase included:

- developing the CEO performance assessment process and guidelines for Board consideration;
- developing GET Annual Performance Plans for FY23 which include mandatory goals relating to risk management, people leadership and stakeholder management;
- developing an Accountability Map and consistent GET role descriptions that include accountabilities and a common GET capability framework with both 'relationships' and 'people management';
- developing a Board-approved Performance Management Policy for Individual Employment Agreement (**IEA**) employees and Managing Performance Policy for Award employees;
- exploring and describing the business requirement functionality for HR systems in a business case; and
- updating People Leader and employee toolkits and publishing updated performance management and development policies.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the process for developing and approving GET role descriptions, including detail on the most recent benchmarking review;
- confirming the Enterprise Scorecard includes culture, risk and customer measurements;
- the measurement and planned monitoring of the 'key stakeholder relationships' goal in GET performance plans; and
- whether the Performance and Accountability ecosystem supports an integrated approach to managing performance, consequence and remuneration practices.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.5.2. Assessment of Initiative 5.4 Design Phase

The Design Phase of Initiative 5.4 requires icare to:

- design the Remuneration Framework and governance, incorporating principles of Accountability, Transparency, Risk and Consequence Management Levers; and
- explore and design digital requirements to enable the Remuneration Framework.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Work completed by icare in relation to this Phase included:

- updating the Remuneration Policy, which specifies icare's three remuneration principles of accountability, transparency and clear remuneration governance;
- the Policy reflecting risk and consequence levers;
- defining the annual business operating rhythm in relation to setting goals and performance planning;
- confirming Board oversight and approval of remuneration through the People & Remuneration Committee (**PRC**) Charter; and
- identifying business requirements for digital enablement, including consideration of scope, exclusions and priorities, and system functional requirements.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- a summary of changes to remuneration processes for Award staff;
- primary consequence levers for Award staff; and
- the application of the Remuneration Policy.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.5.3. Assessment of Initiative 5.5 Design Phase

The Design Phase of Initiative 5.5 requires icare to:

- scope requirements for a Capability Framework, informed by market analysis and internal system integration requirements;
- select a Capability Framework vendor;
- determine icare's core enterprise capabilities (including a separate analysis of the GET and SLT); and
- identify employee experience artefacts for updating.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Work completed by icare in relation to this Phase included:

- research on the range of competency frameworks available;
- selecting a fit-for-purpose provider through a Request for Proposal (**RFP**) process;
- developing a draft Capability Framework that is differentiated for team members, people leaders, senior leaders and GEs; and
- conducting an analysis of artefacts that need to be aligned with the new Framework.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- consultation conducted on better practice capability frameworks and selection of a Capability Framework vendor;
- the implementation of the Capability Framework and integration into the performance review assessment process; and
- the particular qualities or behaviours to be prioritised in the Capability Framework.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.6. Assessment of Enterprise Sustainability Initiatives

4.6.1. Assessment of Initiative 6.2 Implement Phase

The Implement Phase of Initiative 6.2 requires icare to rollout training on the Benefits Realisation Management Framework (**BRMF**) application and operationalise the core elements of the BRMF for Enterprise Portfolio projects.

Work completed by icare in relation to this Phase included:

- rolling out training and guidance for the BRMF to senior leaders across the organisation as well as awareness sessions for business owners and project teams;
- implementing the BRMF in project decision-making processes following the rollout of the training;
- updating the Business Case template to allow input of key information from the Finance and Benefits model and updating the Project Management Framework Process to reflect the BRMF;
- the GET reviewing and approving designs for reporting dashboards for the BRMF; and
- uplifting the Executive Steering Committee to include the tracking, management, and reporting of benefits from the BRMF.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the development and use of the Reporting Dashboards that were reviewed by the GET; and
- the planned uplifts to the Executive Steering Committee.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.7. Assessment of CSP Procurement and Provider Performance Initiatives

4.7.1. Assessment of Initiative N3.1 Implement Phase

The Implement Phase of NI Initiative 3.1 requires icare to perform evaluation of the responses to the RFP, negotiate with successful participants, and review all existing provider contracts.

Work completed by icare in relation to this Phase included:

- assessing the submissions received in response to the RFP and the Procurement team conducting an initial assessment prior to formal evaluation by the Evaluation Working Group (**EWG**);
- presentations and Q&A sessions for members of the EWG and other key stakeholders, with endorsement by the EWG;
- conducting collaborative optimisation workshops, with the EWG then meeting with the Evaluation Steering Committee to review outcomes and proceed to negotiation;
- drafting standard contracts for the six shortlisted RFP respondents and commencing negotiations;
- issuing new contracts to the successful respondents; and
- reviewing all existing provider contracts.

Based on our assessment of the Closure Pack, we concluded that the Definitions of Done for all relevant Milestones have been met.

4.8. Assessment of Professional Standards and Capability Initiatives

4.8.1. Assessment of Initiative N5.1 Implement Phase

The Implement Phase of NI Initiative 5.1 requires icare to socialise the Professional Standards Framework and the roadmap for its delivery.

Work completed by icare in relation to this Phase included:

- engaging with CSPs throughout the development and rollout of the Professional Standards Framework; and
- conducting a series of meetings with each of the CPSs to socialise the Professional Standards Framework and agreeing the next steps for its implementation.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- the roadmap for the delivery of the Framework and how these tasks fed into the design of the Capability Strategy; and
- the communications plan for socialising the Framework.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.8.2. Assessment of Initiative N5.1 Embed Phase

The Embed Phase of NI Initiative 5.1 requires icare to publish the Professional Standards Framework externally.

Work completed by icare in relation to this Phase included publishing the Professional Standards Framework on the icare website.

Based on our assessment of the Closure Pack, we concluded that the Definitions of Done for the relevant Milestone have been met.

4.8.3. Assessment of Initiative N5.3 Design Phase

The Design Phase of NI Initiative 5.3 requires icare to:

- conduct a gap analysis of learning offerings;
- select an educational provider to support the implementation of the Professional Standards; and
- design requirements for enhancing, sourcing or developing learning offerings.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

Work completed by icare in relation to this Phase included:

- conducting a gap analysis of learning offerings available from icare and each CSP mapped to the Professional Standards Framework;
- engaging the Personal Injury Education Foundation (**PIEF**) as the external education provider to deliver standardised assessment methodology, competency tools and accreditation pathing; and
- conducting workshops and developing an Acceptance Criteria to identify where learning offerings require enhancement.

After reviewing the Closure Pack, Promontory requested and received further information on matters including:

- how the gap analysis of learning offerings was conducted;
- the development of standardised assessment practice; and
- how the Acceptance Criteria is to be applied.

Based on our assessment of the Closure Pack, and the additional information we received, we concluded that the Definitions of Done for all relevant Milestones have been met.

5. Recommendation Assessments

icare is addressing the Recommendations made by the Reviews through its Improvement Program. As detailed in Chapter 1, the Program is focussed on three key areas:

- improving icare’s risk and governance to meet community and regulatory expectations;
- improving performance, particularly by getting injured workers back to work sooner and reducing internal costs; and
- fostering an accountable culture.

During the Reporting Period, Promontory completed its assessment of nine GAC Recommendations and three McDougall Recommendations. These Recommendations were assessed as complete and effective.

As described in our Interim Establishment Report, our approach to providing assurance over the Program involves assessing whether the improvement activities undertaken in each Phase of an Initiative were completed in line with the relevant Plan and whether they adequately address the relevant Recommendation.

During our assessment process to determine whether a Recommendation has been adequately addressed, we review whether all Phases of the associated Initiatives have been assessed by Promontory as complete and effective. Additionally, we seek evidence that demonstrates how these Initiatives have contributed to achieving the Recommendation in question. This evaluation process is vital to ensuring that the intended outcomes of the Recommendation have been successfully met through the execution of the Initiatives.

Table 5.1 provides a list of the GAC and McDougall Recommendations that were assessed as complete and effective during the Reporting Period. We provide summaries of our assessment of these Recommendations below.

Table 5.1: Recommendations assessed as complete and effective.

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 3	1.6	23 June 2023
GAC 4	1.6 & 2.10	27 June 2023
GAC 9	1.6	7 June 2023
GAC 27	2.6	7 July 2023
GAC 28	2.6	12 July 2023
GAC 31	1.6	9 June 2023

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 32	2.16	12 July 2023
GAC 38	2.8	28 July 2023
GAC 41	2.9	24 July 2023
McD 6	2.11	11 July 2023
McD 21	1.6	23 June 2023
McD 31	1.6	7 June 2023

5.1. Assessment of GAC Recommendations

5.1.1. Assessment of GAC Recommendation 3

The GAC Review recommended that icare consult further with the NSW Treasury to set up a separate risk committee or risk sub-committee to provide adequate focus and time to manage risks, and to review the remit of the Governance Committee to ensure clarity.

To address this Recommendation icare has delivered the following outcomes:

- the standing Board Audit and Risk Committee (**ARC**) was separated into the BAC and the BRC following consultation with Treasury, approval by the Board and conditional approval by the Treasury Secretary;
- the Governance Committee was dissolved;
- the BAC and BRC Charters were approved by the Board, with members of the BAC also members of the BRC, and vice versa, and with the Committees having different Chairs (as agreed with Treasury);
- meetings of the BRC have taken place at least four times per year, in line with the Charter commitments; and
- the annual Board Performance Evaluation review was conducted with the report noting that the separation has focused attention appropriately, and that the Committees are clear in scope and can efficiently and effectively deliver on their responsibilities.

Based on our assessment of the Closure Pack we concluded that icare had addressed the Recommendation.

5.1.2. Assessment of GAC Recommendation 4

The GAC Review recommended that icare update the charter for the ARC (or separate the Audit and Risk committees) to include the requirement to form a view on icare's risk culture and to assess the adequacy of icare's risk management framework (both its design and effective implementation).

To address this Recommendation icare has delivered the following outcomes:

- the standing ARC was separated into the BAC and the BRC following consultation with Treasury, approval by the Board and conditional approval by the Treasury Secretary;
- the BAC and BRC Charters were approved by the Board;
- the responsibilities of the BRC, as outlined in the current BRC Charter, include to assess and advise on the maturity of icare's risk management framework and risk culture, assist the Board to form a view of the risk culture of icare, and consider the adequacy and effectiveness of the internal control and risk management frameworks;
- the responsibilities of the BAC, as outlined in the current BAC Charter, include to ensure the compliance with, and the effectiveness of, the risk management framework is subject to internal and/or external audit at least annually;
- meetings of the BAC and BRC have taken place at least four times per year, in accordance with the Charter commitments;
- the RMI was introduced to measure risk maturity across icare, with the results of the RMI presented to the BRC and included in the Enterprise Scorecard reported to the Board; and
- the annual Board Performance Evaluation review was conducted with the report noting that the separation has focused attention appropriately, and that the Committees are clear in scope and can efficiently and effectively deliver on their responsibilities.

Based on our assessment of the Closure Pack we concluded that icare had addressed the Recommendation.

5.1.3. Assessment of GAC Recommendation 9

The GAC Review recommended that icare update the Board Charter to include a requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act, with supporting governance processes to consider whether the Treasurer needs to be informed of material developments, and to table relevant correspondence.

We note GAC Recommendation 9 refers to reporting to the 'NSW Treasurer', who was the Portfolio Minister at the time of the GAC review. Given the NSW Treasurer is no longer the Portfolio Minister, our assessment of GAC Recommendation 9 considered reporting to the Portfolio Minister.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

To address this Recommendation icare has delivered the following outcomes:

- the Board Charter was updated to require regular reporting to the Portfolio Minister in compliance with s6(3) of the SIGC Act, to table relevant correspondence at Board meetings, and to bring material developments to the Minister's attention;
- a Board Governance Process document was developed to set out the governance processes;
- a template for the Governance Report was developed and the Governance Report was tabled at Board meetings; and
- the Board Governance Calendar was updated to require the Governance Report to be provided to the Board on a monthly basis.

Based on our assessment of the Closure Pack, we concluded that icare had addressed the Recommendation.

5.1.4. Assessment of GAC Recommendation 27

The GAC Review recommended that icare build the capability and resourcing of Line 1 by equipping and enabling people with greater risk awareness, an understanding of icare's frameworks and to encourage their use, and to review the reporting line of Assurance and Quality.

To address this Recommendation icare has delivered the following outcomes:

- the Risk and Compliance Business Partnering Team was established to provide ongoing support and training for Line 1, and drive training and awareness for other icare employees;
- a Risk Management Policy was developed to provide detail on risk management principles and processes in the Risk Management Framework, and details of accountabilities across the 3LoD;
- risk management objectives were incorporated into staff performance objectives for the 2022 Financial Year, including training, incident management and awareness of risk management practices;
- icare's Operating Model was reviewed and the Risk and Governance function created, with a further review of the 3LoD operating model;
- a Community of Practice was established to meet on a fortnightly basis, led by Line 1; and
- business units met on a monthly basis to review new risk and compliance matters.

Based on our assessment of the Closure Pack, we concluded that icare had addressed the Recommendation.

5.1.5. Assessment of GAC Recommendation 28

The GAC Review recommended that icare provide sufficient resources for Line 2 to design and communicate the risk management framework to employees to build awareness and understanding of their role in risk.

To address this Recommendation icare has delivered the following outcomes:

- the Line 2 operating model was revised, including the development of the Risk and Compliance Business Partnering Team;
- icare successfully recruited staff to close the open Line 2 roles described in the new Operating Model with all roles recruited as at August 2021;
- a Risk Management Policy was developed to provide detail on risk management principles and processes in the Risk Management Framework, and details of accountabilities across the 3LoD;
- icare's Operating Model was reviewed and the Risk and Governance function created, with a further review of the 3LoD operating model; and
- risk management objectives were incorporated into staff performance objectives for the 2022 Financial Year, including training, incident management and awareness of risk management practices.

Based on our assessment of the Closure Pack, we concluded that icare had addressed the Recommendation.

5.1.6. Assessment of GAC Recommendation 31

The GAC Review recommended that icare change Internal Audit's reporting line from a dotted to a hard line into the ARC (now BAC) and that the ARC Charter be amended to state that Internal Audit have unfettered access to that committee to support its independence.

To address this Recommendation icare has delivered the following outcomes:

- the standing ARC has been separated into the BAC and the BRC following consultation with Treasury and approval by the Board;
- the BAC Charter was updated to provide Internal Audit with unfettered access to the BAC and to ensure a direct reporting line from the GM Internal Audit to the BAC;
- the role description of the GM Internal Audit includes hard-line functional reporting to the BAC; and
- the GM Internal Audit and the Chair of the BAC conduct 1:1 meetings prior to each BAC meeting to discuss the agenda and any issues.

Promontory met with the GM Internal Audit to discuss his access to the BAC, interaction with the Chair of the BAC and the effectiveness of reporting lines.

Based on our assessment of the Closure Pack and our discussions, we concluded that icare had addressed the Recommendation.

5.1.7. Assessment of GAC Recommendation 32

The GAC Review recommended that icare strengthen Internal Audit record keeping in relation to Independent Commission Against Corruption (**ICAC**) and other investigations, and for the ARC (now BAC) to improve its oversight of the closure of high-rated actions arising from audit reports.

To address this Recommendation icare has delivered the following outcomes:

- the Conduct and Integrity team was created to be responsible for investigating potential fraud or corruption matters referred to icare, including those from key external stakeholders;
- the Conduct and Integrity team uplifted icare's record keeping function in relation to matters referred for investigation, with a new standardised folder structure and use of an Investigation Workbook;
- a Conduct and Integrity Register was developed to manage matters referred for investigation, with reporting to the BRC on progress and outcomes of investigations;
- reporting on high-rated actions arising from audit reports was strengthened, for both open high-rated audit findings, and those closed in the previous period; and
- a process has been established for GEs accountable for high-rated findings to periodically attend the BAC to speak to the progress made in addressing relevant actions to close the high-rated finding.

Promontory met with the GM Internal Audit to conduct a walkthrough of Internal Audit papers provided to the BAC and to conduct a walkthrough of the platform used for maintaining and managing records.

Based on our assessment of the Closure Pack and our walkthroughs, we concluded that icare had addressed the Recommendation.

5.1.8. Assessment of GAC Recommendation 38

The GAC Review recommended that icare document a remediation framework which sets the guiding principles, roles, responsibilities and accountability for when and how a remediation program should be established and the governance required to oversee remediation activities.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

To address this Recommendation icare has delivered the following outcomes:

- the Remediation Framework was developed and includes Principles that apply to all remediation activities and decisions;
- training was provided to key staff, and guidance and templates have been developed to support the Framework;
- the Framework outlines roles and responsibilities, accountabilities, steps in establishing a remediation program, and remediation governance and reporting requirements; and
- a Compliance Assurance Review was conducted to assess how customer remediation was being managed in accordance with the key elements of the Framework, with the Framework updated to address the Review's findings.

Promontory met with the GM Compliance to discuss icare's approach to remediation, including governance arrangements, SIRA involvement, assurance processes, and oversight by Compliance.

Based on our assessment of the Closure Pack and our discussions, we concluded that icare had addressed the Recommendation.

5.1.9. Assessment of GAC Recommendation 41

The GAC Review recommended that icare uplift employee awareness of icare's commitment to report significant matters to SIRA within 5 days.

To address this Recommendation icare has delivered the following outcomes:

- the Regulatory Compliance Incident Report and Management Framework was merged with the Incident Management Policy to create the Incident and Issue Management and Reporting Policy;
- training on the new Policy was provided to leadership teams for each Business Unit and Incident Coordinators, along with supporting communications through various channels; and
- the Incident Review Panel was established, with the role of the Panel to make decisions on the materiality of incidents and determine whether reporting to SIRA is required.

Based on our assessment of the Closure Pack, we concluded that icare had addressed the Recommendation.

5.2. Assessment of McDougall Recommendations

5.2.1. Assessment of McDougall Recommendation 6

The McDougall Review recommended that icare:

- retain the Customer Advocate role for a further period of 12 months;
- strengthen its internal capacity to assess and understand customer views and needs; and
- thereafter, remove the Customer Advocate role in light of existing internal capability.

To address this Recommendation icare has delivered the following outcomes:

- resolved that the Customer Advocate role be retained on a permanent internal basis;
- the new Customer Advocate was appointed with the role reporting directly to the GE Risk and Governance, with unfettered access to the Board and operational independence;
- a Terms of Reference for the Customer Advocate function was developed to formally document the scope and accountabilities, with key functions including Customer Governance, Customer Advocacy and Customer Resolution; and
- the Customer Advocate Office was established with activities conducted in line with the Terms of Reference.

Promontory met with the Customer Advocate to discuss the effectiveness of the Customer Advocate model, resourcing of the Customer Advocate function, voice of the customer within the Schemes and internal capability.

Based on our assessment of the Closure Pack and our discussions, we concluded that icare had addressed the Recommendation.

5.2.2. Assessment of McDougall Recommendation 21

The McDougall Review recommended that icare split the ARC into a separate Audit and a separate Risk Committee.

To address this Recommendation icare has delivered the following outcomes:

- the standing ARC has been separated into the BAC and the BRC following consultation with Treasury, approval by the Board and conditional approval by Treasury Secretary;
- the BAC and BRC Charters were approved by the Board, with members of the BAC also members of the BRC, and vice versa, and with the Committees having different Chairs (as agreed with Treasury);
- meetings of the BAC and BRC have taken place at least four times per year, in line with the Charter commitments; and
- the annual Board Performance Evaluation review was conducted with the report noting that the separation has focused attention appropriately, and that the Committees are clear in scope and can efficiently and effectively deliver on their responsibilities.

Based on our assessment of the Closure Pack we concluded that icare had addressed the Recommendation.

5.2.3. Assessment of McDougall Recommendation 31

The McDougall Review recommended that icare update the Board Charter to include a requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act, with supporting governance processes to consider whether the Treasurer needs to be informed of material developments, and to table relevant correspondence.

We note McDougall Recommendation 31 refers to reporting to the 'NSW Treasurer', who was the Portfolio Minister at the time of the McDougall review. Given the NSW Treasurer is no longer the Portfolio Minister, our assessment of McDougall Recommendation 31 considered reporting to the Portfolio Minister.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

To address this Recommendation icare has delivered the following outcomes:

- the Board Charter was updated to reflect a requirement to regularly report to the Portfolio Minister in compliance with s6(3) of the SIGC Act, to table relevant correspondence at Board meetings, and to bring material developments to the Minister's attention;
- a Board Governance Process document was developed to set out the governance processes;
- a template for the Governance Report was developed and the Governance Report was tabled at Board meetings; and
- the Board Governance Calendar was updated to require the Governance Report to be provided to the Board on a monthly basis.

Based on our assessment of the Closure Pack, we concluded that icare had addressed the Recommendation.

Appendix A – Recommendation Mapping

GAC Recommendations

#	Recommendation	Linked Initiatives
GAC 1	The board should continue providing a clear tone from the top on icare's role as a NSW public agency with adherence to the standards expected of such an agency, including by tracking regulatory requirements, requiring management reporting on compliance, and engaging with regulatory bodies to build positive working relations that cascade through icare.	1.5 Board Composition, 1.6 Committee Structure, membership and Charter Review
GAC 2	The board to: <ul style="list-style-type: none"> strengthen and refine the board skills matrix including mapping skills and capabilities at the committee level; review the composition of board committees and ensure that there are adequate skills and experience aligned to the remit and purpose of the committee; and develop strategies for addressing any ongoing skills gaps, such as through the appointment of external advisers, board development and future succession planning. 	1.5 Board Composition
GAC 3	Consult further with NSW Treasury to set up a separate risk committee or risk sub-committee to provide adequate focus and time to manage the risk issues facing icare. Once established; review the role and remit of the Governance Committee to ensure clarity.	1.6 Committee Structure, membership and Charter Review
GAC 4	Update the charter for the ARC (or separate Audit and Risk committees) to include the requirement to form a view on icare's risk culture and to assess the adequacy of icare's Risk Management Framework (both its design and effective implementation).	1.6 Committee Structure, membership and Charter Review 2.10 Develop a Risk Maturity Index
GAC 5	Customer Innovation and Technology Committee to increase the time it spends on the voice of the customer and customer outcomes.	1.6 Committee Structure, membership and Charter Review 4.5 Customer Governance@icare
GAC 6	Enhance management reporting, most notably in the areas of customer outcomes, non-financial risk, root cause analysis, regulator engagement, management of material issues and remediation monitoring and scheme-based dashboards.	1.8 Uplift quality of Board and Committee papers and reporting 4.5 Customer Governance@icare

Independent Review of icare’s Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 7	Adopt a more rigorous approach to actions arising, including naming accountable persons, setting a time for delivery of actions and ensuring effective monitoring completion.	1.7 Board and Committee Actions schedule process
GAC 8	icare board to introduce a regular agenda item at board meetings to receive reports on the regulator relationship and ensure the voice of the regulator is understood and being addressed.	1.7 Board and Committee Actions schedule process
GAC 9	Update the Board Charter to reflect the requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act. Governance processes should: <ul style="list-style-type: none"> consider at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; and table correspondence received from the Treasurer requesting information from the board on the activities of icare. 	1.6 Committee Structure, membership and Charter Review
GAC 10	icare GET to set a clear tone from the top on the importance of the role of risk management and the role of SIRA as the regulator, by role-modelling expected behaviours and attitudes.	1.1 Executive and Management Forums
GAC 11	GET meetings to be governed by established terms of reference with mapped collective accountabilities to ensure that material decisions are made with appropriate GET oversight.	1.1 Executive and Management Forums
GAC 12	Challenge behaviours of making decisions “outside the room” and ensure GET brings its full capability and diversity of experience to the issues brought before it.	1.1 Executive and Management Forums
GAC 13	GET governance to ensure that decisions, risks and issues are discussed and decided at the right levels of the organisation using timely and relevant data and reporting.	1.1 Executive and Management Forums
GAC 14	Establish a financial risk management sub-committee and a non-financial risk management sub-committee with all GET members as standing members; committee meetings to be of a length to allow for sufficient agenda time to discuss, manage and oversee icare risks and issues.	1.1 Executive and Management Forums
GAC 15	Enhance customer outcome reporting provided to the GET by incorporating broader leading and lagging metrics on an individual scheme basis to complement NPS reporting.	1.1 Executive and Management Forums 4.1 CXM Evolution 4.2 Transitioning to CSAT

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 16	Review and update the Risk Management Framework to ensure there is a consistent approach to identifying, measuring and monitoring risks that reflects appetite. Consideration should be given to incorporating best practice guidance from other key regulators e.g. APRA, ASIC, and ensure the Risk Management Framework is rolled out and communicated.	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 17	icare to create, strengthen and update risk profiles for each business unit using a bottom-up approach and roll out procedures, controls and other mechanisms to support implementation and operating effectiveness.	2.3 Enterprise & Business Unit Risk Profiles
GAC 18	In relation to the Risk Appetite Statement, review and refine metrics to reflect the key risks and tolerance levels relevant to a business of icare's nature and complexity and ensure tolerances reflect the appetite of icare's refreshed board.	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 19	Take action regarding the various financial risks that require improvement via better documentation, oversight and assurance, including medical cost payment, compliance and leakage and the integrity of operating cost allocation between schemes.	N1.1 Healthcare Dashboard and Reporting
GAC 20	Develop comprehensive compliance registers and implement procedures, controls and other mechanisms to ensure compliance and effective risk mitigation.	2.5 Enterprise Obligations Register
GAC 21	Strengthen the non-financial risk framework and operationalise this through the development and implementation of policies, procedures, leveraging external better practice.	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 22	Further strengthen policies and procedures in relation to conflicts and personal interest and ensure this has communicated and effectively implemented.	2.19 Conflicts and Personal Interest
GAC 23	Significantly strengthen the reporting of operational risk, compliance risk and conduct risk to enable consistent oversight of emerging risks, thematic control weaknesses, issues identified through internal audit, conduct risk and incident root causes and trends.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.2 Uplift of Risk System
GAC 24	Update the Risk Management Framework to reflect the TPP 20-08 attestation process and uplift the rigor and assurance to support the signing of this.	2.4 Risk Management Attestation Uplift
GAC 25	Enhance and roll out education and awareness activities to lift employees' understanding of icare's and individuals' risk and compliance obligations, the management of risk, key operational risk processes, systems and tools, incidents management and relevant consequences for non-compliance.	2.1 Review and Refresh of Risk and Compliance Artefacts

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 26	Establish and implement a Line 1 risk committee to oversee risk and compliance in each business unit.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.6 Further Refinement 3 Lines of Defence
GAC 27	Build the capability and resourcing of Line 1 (including the Assurance and Quality team), by equipping and enabling people with greater risk awareness, an understanding of icare's frameworks and to encourage their use. Review the reporting line of the Assurance and Quality team.	2.6 Further Refinement 3 Lines of Defence
GAC 28	Provide sufficient resources for Line 2 to design and communicate the Risk Management Framework to employees to build awareness and understanding of their role in risk.	2.6 Further Refinement 3 Lines of Defence
GAC 29	Install the CRO as a permanent, standing member of GET meetings with a direct reporting line to the CEO to ensure the voice of risk is heard.	2.20 CRO Membership of GET
GAC 30	The CRO to be made accountable for management of the regulator relationship.	2.15 CRO Accountability for Regulator Relationship
GAC 31	Internal Audit's reporting line to be changed from a dotted to a hard reporting line into the ARC and the ARC Charter to be amended to state that Internal Audit have unfettered access to that committee, to support its independence.	1.6 Committee Structure, membership and Charter Review
GAC 32	Internal Audit to strengthen record keeping in relation to investigations commenced due to ICAC referral or other relevant stakeholders. The ARC to improve its oversight of the closure of high rated actions arising from audit reports.	2.16 Internal Audit Records and Reporting
GAC 33	Expand the Incident Management Policy to describe the roles, responsibilities and accountabilities for: <ul style="list-style-type: none"> the effective identification and escalation of incidents; and the risk assessment and rating of incidents Also reconsider the roles, responsibilities and reporting of the Regulatory & Affinity Partners team in light of the 3LOD principles.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.9 Issue and Incident Management
GAC 34	Add a risk rating to all incidents in the incident register and take the necessary action required based on the rating and significance of the incident.	2.21 Incidents Risk Rating

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 35	Improve record-keeping over incidents and ensure appropriate monitoring and oversight over closure.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.9 Issue and Incident Management
GAC 36	Improve awareness and training of icare employees on the importance of escalating incidents in a timely way. Update the Incident Management Policy to better define both an incident and governance roles, to support effective escalation and response actions including remediation.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.9 Issue and Incident Management
GAC 37	Extend the Incidents Management Policy to incorporate root causes analyses of material or high rated incidents by Line 2, 3 or an independent reviewer (where relevant) to bring an objective and unbiased approach to identifying root causes.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.9 Issue and Incident Management
GAC 38	Define and document a remediation framework which sets the guiding principles, roles, responsibilities and accountabilities for when and how a remediation program should be established and the governance required to oversee remediation activities.	2.8 Remediation Framework
GAC 39	Improve Line 1 and Line 2 reporting on incident identification, management and closure and feed into consequence management as appropriate.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.2 Uplift of Risk System
GAC 40	Establish a significant matter committee to assist with expediting decision-making regarding what should be reported. This should be supported by a terms of reference and appropriate composition.	2.17 Significant Matter Committee
GAC 41	Uplift employee awareness of icare's commitment to report significant matters to the regulator SIRA within five days.	2.9 Issue and Incident Management
GAC 42	Improve coordination of complaints management to provide oversight / reduce duplication and ensure learnings from complaints are more routinely sought as feedback loops into design and execution.	4.3 Complaints Uplift 4.4 CRM Complaints Uplift
GAC 43	Update and implement policies and procedures in relation to wrongdoing to enable and better support 'speak-up'. Ensure reporting channels are in place to support the anonymity, safety from potential reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.14 Speak Up Hotline 5.8 Refreshed HR Policy Framework

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 44	Coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. Implement a system of feedback to help inform future behaviours and ensure lessons are learned.	2.14 Speak Up Hotline
GAC 45	Ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and that there is effective communication in support of this.	2.14 Speak Up Hotline
GAC 46	Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 47	Set up the proposed Outsourcing Committee with standing members of the GET and relevant executives involved in outsourcing, with a terms of reference providing a clear remit which considers the committee's interfaces with other committees and roles and includes the requirement to escalate material issues to the GET and ARC.	2.22 Outsourcing Committee
GAC 48	Review existing key material outsourcing contracts against the revised Outsourcing Policy's requirements and update accordingly.	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 49	Improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.	N3.1 NI Claims Management Procurement User focused systems and processes N3.2 CSP Provider Performance
GAC 50	Review the KPIs used to measure Scheme Agent performance. Ensure they adequately capture compliance with regulatory requirements and include leading measures as well as lagging measures focused on the injured worker.	N3.1 NI Claims Management Procurement N3.2 CSP Provider Performance
GAC 51	Identify and map the key obligations, risks and controls related to claims management and how roles and responsibilities are delineated between icare and the Scheme Agents.	N2.2 Obligations, Risks and Controls N3.1 NI Claims Management Procurement
GAC 52	Once obligations, risks and controls have been documented: <ul style="list-style-type: none"> document assurance roles and responsibilities in relation to Scheme Agents across the 3LoD; and significantly improve assurance activities by the 3LoD over Scheme Agents in accordance with a documented framework, supported by procedures, reporting and governance oversight. 	2.6 Further Refinement 3 Lines of Defence N2.2 Obligations, Risks and Controls N3.1 NI Claims Management Procurement

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 53	GET meetings to receive regular individual scheme and segment scorecards to ensure visibility and accountability of scheme performance.	1.1 Executive and Management Forums
GAC 54	Review and update icare's Instrument of Delegations to ensure it considers the materiality of risk in addition to project financials. Examples of this include risk to strategy, brand and reputational risk, operational risk (e.g. IT, cybersecurity, delivery) and customer (e.g., experience, outcomes, retention).	2.23 Instrument of Delegation
GAC 55	Document icare's approach to strategic planning and prioritisation of projects.	1.2 Decision making and prioritisation 1.4 Delivery and Prioritisation
GAC 56	Define and embed multi-dimensional criteria that considers customer outcomes, financial impacts, strategic alignment, risk appetite and alignment to icare's ethical Decision-Making Framework. This will allow independent evaluation of the feasibility of each project, as well as support trade-off decisions across projects.	1.4 Delivery and Prioritisation
GAC 57	Line 2 to establish a formalised 'risk in change' approach. This should consider the nature and types of change that can affect the risk environment and the need to assess icare's capacity, appetite, impact, complexity, interdependencies and dependencies as it relates as a result of change (including project change).	2.7 Risk in Change Framework
GAC 58	Ensure Line 2 risk capability has a continuing presence and is embedded as a standing member of material steering committees and in prioritisation forums.	2.24 Line 2 Risk presence on material steering committees
GAC 59	Clarify and operationalise accountabilities for risk management within program roles and improve the management and oversight of risk in project decision-making and delivery.	1.4 Delivery and Prioritisation
GAC 60	GET to bring a stronger risk management and governance lens to decision-making on the magnitude and complexity of change across multiple programs of work.	1.4 Delivery and Prioritisation
GAC 61	Further embed the key elements of the Program Management Handbook and ensure key project principles (e.g., post implementation reviews, benefits realisations, risk assessment) are adhered to and with sufficient quality/depth or documentation so that lessons can be learned for future projects.	1.4 Delivery and Prioritisation

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 62	Adopt a better practice accountability framework that provides clarity on standards, holds people to account with strict board and GET governance and oversight, cascades accountabilities through the organisation, and effectively applies consequence management. Ensure these accountabilities are documented, communicated and that consideration is given to leveraging practices and requirements set by other regulators.	<p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p> <p>5.5 Alignment of People Experiences - Capability Framework</p>
GAC 63	Amend the People and Remuneration Committee's charter to include a role to oversee the setting-up of an effective accountability framework for icare complementing a new consequence management framework and including the cascade of this through the organisation.	<p>1.6 Committee Structure, membership and Charter Review</p> <p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p>
GAC 64	Improve role descriptions of the GET and their teams to ensure that accountabilities for scheme agents, risk and other matters are clearly captured and then cascaded through the organisation. Ensure there is a process of regular review.	<p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p> <p>5.5 Alignment of People Experiences - Capability Framework</p>
GAC 65	As part of the better practice framework, develop an accountability map for icare as a whole, referencing how accountabilities come together from individual schemes to ensure there are no gaps or overlaps.	5.3 Refreshed Performance Management Framework
GAC 66	Define and document a Consequence Management Policy and/or approach that considers other levers besides financial consequences.	<p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p>
GAC 67	Continue to reinforce balancing of performance measurement with reward through increased risk assessment monitoring, guidance over the inclusion of customer and risk metrics in individual performance goals, and enhanced leadership capability in managing performance.	<p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p>
GAC 68	icare to implement a regime imposing individual accountability on the CEO, CRO and GET executives to engage with SIRA in an open, constructive and cooperative way.	<p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p>

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
GAC 69	Develop a formal stakeholder accountability framework and develop and communicate to employees clear expectations on how icare must engage with its stakeholders in a positive, open and constructive way.	1.3 Stakeholder Accountability Strategy
GAC 70	icare should translate its strategic priorities into cultural aspirations and make them tangible for individuals across the organisation.	5.1 Culture 5.2 Leadership 5.5 Alignment of People Experiences - Capability Framework
GAC 71	Create a greater understanding of the expectations for all icare employees with respect to governance and accountability, and align these to processes, policies and tools set around incident management, issue management and risk management. This supplements recommendations made in Chapter 5. Risk management & compliance, Chapter 6. Issues identification, escalation & resolution, and Chapter 9. Accountability.	5.1 Culture 5.2 Leadership 5.4 Refreshed Remuneration Framework 5.5 Alignment of People Experiences - Capability Framework 5.8 Refreshed HR Policy Framework
GAC 72	Build and promote further learning and feedback mechanisms and both project and team levels both formally and informally. This supplements recommendations made in Chapter 6. Issues identification, escalation & resolution.	1.4 Delivery and Prioritisation 5.1 Culture 5.2 Leadership 5.9 Culture Measurement
GAC 73	Build leadership (GET, Chiefs and Senior Leadership Team) capability around effective risk, governance and accountability practices, but also in how they role model and communicate change to their teams as a collective. This supplements recommendations made in Chapter 4. Senior leadership oversight, and Chapter 5. Risk management & compliance.	5.1 Culture 5.2 Leadership 5.5 Alignment of People Experiences - Capability Framework

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
<p>GAC 74</p>	<p>Enhance its performance management system, with particular focus on clarifying individual expectations so as they can overcome the diffusion of responsibility and hold people to account. In doing so, icare should confirm the KPIs, scorecards, charters, accountability frameworks and cascade that exist to support this. This supplements recommendations made in Chapter 9. Accountability.</p>	<p>5.1 Culture</p> <p>5.2 Leadership</p> <p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p> <p>5.5 Alignment of People Experiences - Capability Framework</p>
<p>GAC 75</p>	<p>Identify and embed the critical few behaviours it needs to drive effective governance and accountability practices. These may include behaviours associated with constructive challenge, speaking up and safety in doing so, listening to other areas of expertise, learning and responding, but also to further embed collaborative partnering.</p>	<p>5.1 Culture</p> <p>5.2 Leadership</p> <p>5.5 Alignment of People Experiences - Capability Framework</p> <p>5.8 Refreshed HR Policy Framework</p> <p>5.9 Culture Measurement</p>
<p>GAC 76</p>	<p>Implement a robust behavioural measurement framework that enables monitoring of behavioural change to drive governance, accountability and performance outcomes. This supplements recommendations made in Chapter 9. Accountability.</p>	<p>5.1 Culture</p> <p>5.2 Leadership</p> <p>5.3 Refreshed Performance Management Framework</p> <p>5.4 Refreshed Remuneration Framework</p> <p>5.9 Culture Measurement</p>

McDougall Recommendations¹²

#	Recommendation	Linked Initiatives
McD 1	icare should continue its investment in skills and professional development through the Personal Injury Education Foundation or other education resources, in conjunction with the wider insurance industry, to build on icare’s and Employers Mutual NSW Limited’s (EML) current commitments to improving claims management capabilities.	<p>N5.1 Develop the icare Professional Standards Framework Culture</p> <p>N5.2 Deliver the Capability Strategy and Career Pathways</p> <p>N5.3 Deliver the Professional Standards Framework</p>
McD 3	If icare intends to seek market tenders for claims management, it should review the timing for doing so (so as to avoid exacerbating EML’s staff turnover problems), and its competitive strategy, and should prioritise stability and performance outcomes.	<p>N3.1 NI Claims Management Procurement User focused systems and processes</p> <p>N4.1 New CSP Onboarding CXM Evolution</p> <p>N4.3 Guidewire Claims Transfer Complaints Uplift</p> <p>N4.4 Policy Transfers CRM Complaints Uplift</p> <p>N5.2 Deliver the Capability Strategy and Career Pathways Leadership</p>
McD 4	icare should reconsider whether the 12-month contract duration of its current Service Provider Agreement with EML is appropriate, or whether the duration should be extended to 24 months to allow EML sufficient time to implement the changes in claims management process and other innovations that it has agreed with icare.	<p>N3.1 NI Claims Management Procurement</p>
McD 5	icare should affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management with detailed timelines for achievement.	<p>N1.1 Healthcare Dashboard and Reporting</p> <p>N5.3 Deliver the Professional Standards Framework</p>

¹² Only the McDougall Recommendations which are linked to Initiatives which are subject to our independent assurance have been listed in the table above.

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
McD 6	<p>icare should:</p> <ul style="list-style-type: none"> retain the Customer Advocate role for a further period of 12 months; strengthen its internal capacity to assess and understand customer views and needs, with a view to ensuring that that internal capacity is able to provide the services and insights currently provided by the Customer Advocate; and thereafter, remove the Customer Advocate role in light of existing internal capability to support business change projects. 	2.11 Implement the Customer Advocate Role
McD 9	icare should appoint a Chief Procurement Officer, who will be responsible for the significant procurement process and cultural changes that are required, and to ensure their successful and sustainable permeation throughout the organisation.	3.6 CPO Appointment
McD 10	<p>icare in its own right should be bound to a procurement and probity framework equal to or better than other government agencies and should have in place robust procurement processes.</p> <p>These processes should align with the existing procurement obligations of government agencies and be consistent with the guidance provided by RSM.</p>	<p>3.1 User focused systems and processes</p> <p>3.3 Transparency and Policy</p>
McD 11	<p>Icare should establish a regular education program to demonstrate to staff how governance systems help improve performance and achieve goals, and ensure that staff understand the expected behaviours and requirements to which they must adhere under icare's policies and procedures and applicable NSW Government policies and guidelines.</p> <p>Probity and procurement education should follow the guidance provided by RSM.</p>	3.4 Capability
McD 12	For icare employees with authority to carry out procurement across the Business Units, a more tailored education program should be developed and delivered on an annual basis, in line with the guidance provided by SRSM.	3.4 Capability
McD 13	After one year from the date of this Report, icare should undertake an independent review of the operation and implementation of the new probity and procurement policies.	2.18 Probity and Procurement Review

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
McD 14	<p>icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up.</p> <p>icare should ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.</p>	<p>2.1 Review and Refresh of Risk and Compliance Artefacts</p> <p>2.14 Speak Up Hotline</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 15	<p>icare's management should coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes.</p> <p>icare's management should implement a system of feedback to help inform future behaviours and ensure lessons are learned.</p>	<p>2.1 Review and Refresh of Risk and Compliance Artefacts</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 16	<p>icare should ensure that management takes action efficiently and effectively on all formal and informal reports of wrongdoing and other complaints, and that there is effective communication in support of this process</p>	<p>2.1 Review and Refresh of Risk and Compliance Artefacts</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 17	<p>icare's Board should take responsibility for ongoing oversight of icare's cultural change program.</p> <p>icare should prepare and publish a plan for cultural change which addresses, at minimum, the key risk factors of inattention to process, focus on transformation at the expense of process and resistance to oversight. In doing so, the plan should take into account recommendations and qualifications 70 to 76 in the GAC Review Recommendations.</p> <p>icare should report annually to the Treasurer and publicly on its progress in executing that plan.</p>	<p>5.1 Culture</p> <p>5.9 Culture Measurement</p>
McD 19	<p>The Board of icare should include one or more members who possess extensive public sector experience and workers compensation insurance experience.</p>	<p>1.5 Board Composition</p>
McD 20	<p>icare should recruit people with specialist qualifications to join Board Committees, where this is necessary to ease the workload of committee members or to make up for any shortfall in expertise in any area by Board members.</p>	<p>1.5 Board Composition</p>
McD 21	<p>The ARC should be split into a separate Audit Committee and a separate Risk Committee.</p>	<p>1.6 Committee Structure, membership and Charter Review</p>

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
McD 23	The present Board of icare, in consultation with the Treasurer and if necessary after taking independent external advice, should develop a succession plan for the Board which will facilitate the staggering of terms and will include a program specifically designed to allow the transmission of corporate experience from a retiring to a new director.	1.5 Board Composition
McD 24	icare's executive leadership should consider the observations and recommendations of the GAC Review with specific focus on: <ul style="list-style-type: none"> improving information flows both to the GET and to the Board; and ensuring icare and the GET apply best practice risk identification and mitigation practices consistently across the whole of icare's organisation. 	1.1 Executive and Management Forums
McD 25	icare should continue the approach adopted in its 2019-20 annual report of providing detailed reporting on executive remuneration, including performance payments.	5.4 Refreshed Remuneration Framework
McD 26	icare's Board, on the advice of the PRC, should give careful consideration to the design of remuneration and incentive structures to ensure that they are aligned to achieving the statutory objectives of the schemes that icare manages.	5.4 Refreshed Remuneration Framework
McD 27	icare's Board should commission an external review of the results of the extant expense savings program after two years and a summary of the results should be made public.	6.3 Expense Management 6.5
McD 28	icare should report publicly and in detail each year on its transformation expenditure and on the benefits that icare says it is producing.	6.2 Benefits Realisation Framework
McD 29	The Boards of icare and SIRA should ensure that they receive regular reports on the relationship from their respective agencies, and that they continue to meet, without their respective management teams, to identify and discuss any continuing or new issues in the relationship.	1.7 Board and Committee Actions schedule process
McD 30	The Boards of icare and SIRA should jointly report, formally and regularly, to their respective Ministers on the state of the relationship between the agencies.	1.7 Board and Committee Actions schedule process

Independent Review of icare's Improvement Program

Seventh Quarterly Update

31 August 2023

#	Recommendation	Linked Initiatives
McD 31	<p>icare should update its board charter to include a requirement to report regularly to the NSW Treasurer in accordance with s6(3) of the State Insurance and Care Governance Act 2015. Governance processes should:</p> <ul style="list-style-type: none"> require the Board to consider, at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; require the Board to table correspondence sent to or received from the Treasurer in relation to the activities of icare; and require the Board to include a report of correspondence and other communications with the Treasurer in the minutes of its meetings. 	1.6 Committee Structure, membership and Charter Review
McD 32	<p>icare should develop and report against a new set of tracking measures that compares achievement of benefits against 2020-21 as the new baseline. This should include all relevant indicators, to ensure that it shows accurately improvements (or declines) in all the targeted financial and outcome benefits.</p> <p>icare should publish those reports both publicly and to the Treasurer at least annually.</p>	6.2 Benefits Realisation Framework
McD 33	icare should report in detail to the Treasurer on implementation of the recommendations of this Report (in so far as they are directed at icare) and should report on that publicly at least annually.	P2 Treasury Reporting
McD 42	<p>icare should consider the explicit use of an Economic Funding Ratio for the purposes of assessing the NI's capital management needs including the assessment of premium rates, and planning for the NI's long term financial sustainability.</p> <p>icare should report publicly on the financial health of the NI scheme using the new measure(s), at least annually.</p>	6.1 Capital Management Policies (NI and LTCS)



Promontory Australia, a business unit of IBM Consulting
Level 17, 259 George St | Sydney, NSW, 2000
+61 2 9478 8888 | promontory.com