

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

Final Report

31 July 2024

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*Promontory Australia, a business unit of IBM Consulting (**Promontory, we or us**), 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 is our Final Report on 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.

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Abbreviations & Definitions

Abbreviation	Definition
3LoD	Three Lines of Defence
APRA	Australian Prudential Regulation Authority
ARC	Board Audit and Risk Committee, now the Board Risk Committee (BRC) and Board Audit Committee (BAC)
BAC	Board Audit Committee (previously part of ARC)
BAU	Business As Usual
BRC	Board Risk Committee (previously part of ARC)
CAO	Customer Advocate Office
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 supporting evidence that demonstrates the effectiveness of those actions
CPO	Chief Procurement Officer
CRM	Customer Relationship Management
CRM Complaints Module, or Module	Customer Relationship Management complaints module
CRO	Chief Risk Officer, now GE Risk and Governance
CSAT	A measure used to track customer satisfaction
CSCP	SIRA's Customer Service Conduct Principles
CSP or CSPs	Claims Service Provider or Providers
CX	Customer Experience
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 Sub-Program	Enterprise Improvement Sub-Program
EML	Employers Mutual NSW Limited
Final Report or Report	Our eleventh quarterly update and final Report dated 31 July 2024 on icare's Improvement Program
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
GAC Review	PwC's Independent Review of icare's governance, accountability and culture

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Abbreviation	Definition
GE	Group Executive
GE Risk and Governance	Group Executive Risk and Governance, formerly CRO
GET	Group Executive Team
HR	Human Resources
icare	Insurance and Care NSW
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
KPI	Key Performance Indicator
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	Nominal Insurer
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
Ninth Quarterly Update	Our ninth update dated 29 February 2024 on icare's progress in addressing the Recommendations of the Reviews
NPS	Net Promoter Score
NSW	New South Wales
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
Plans	The EI Plan and the NII Plan
Program	The Improvement Program
Promontory or we	Promontory Australia, a business unit of IBM Consulting
PSF	Professional Standards Framework
RCC	Risk and Compliance Committee
Recommendations	The McDougall Recommendations and GAC Recommendations
Reform PMO	Reform Program Management Office
Reporting Period	The period from 1 May 2024 to 30 June 2024
Reviews	The McDougall Review and GAC Review

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Abbreviation	Definition
RFP	Request for Proposal
RMF	Risk Management Framework
RTW	Return to Work
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
SLT	Senior Leadership Team
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
Target State	A description of how icare intends to operate once the gaps and weaknesses are adequately addressed
Tenth Quarterly Update	Our tenth update dated 31 May 2024 on icare's progress in addressing the Recommendations of the Reviews

Executive Summary

This is Promontory's Final Report as Independent Reviewer of the Insurance and Care NSW (**icare**) Improvement Program (**Program**), established to respond to the Recommendations of the Governance, Accountability and Culture (**GAC**) and McDougall Reviews (together, the **Reviews**)¹.

The GAC and McDougall Reviews were initiated following a period of public scrutiny into ongoing challenges at icare. The Reviews provided critical insights into icare's operations, identifying shortcomings across the organisation that necessitated a comprehensive program of change. They painted a consistent picture of icare as an organisation challenged with rapid and poorly managed change execution, inadequate risk management, and significant cultural and structural weaknesses.

The Improvement Program was designed to address the Reviews' recommendations through a focus 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 Improvement Program represented a significant undertaking by icare, addressing 107 Recommendations across two Sub-Programs², and 11 thematic streams of work. icare successfully closed the Improvement Program on 30 June 2024, following several years of execution³.

This Report summarises icare's progress over the course of the Improvement Program and offers our reflections on icare's journey in strengthening its approach to governance, culture and accountability, and improving the Workers Compensation Nominal Insurer Scheme (**NI Scheme**).

Throughout the Program, Promontory observed a strong commitment from icare to deliver the Improvement Program and achieve quality, sustainable outcomes. While the scope of Program was broad, with transformation activities touching almost every aspect of the organisation, improving outcomes for 'Those we Serve', in particular the outcomes for injured workers, was at the heart of the Program's design.

A strong and persistent tone from the top proved essential, as the Board, Chief Executive Officer (**CEO**), and senior leaders consistently underscored the importance of the Program and its role in helping icare to deliver better customer outcomes.

¹ PwC's *Independent Review of icare governance, accountability, and culture (GAC Review)*, report available [here](#), and the *icare and State Insurance and Care Governance Act 2015 Independent Review (McDougall Review)*, report available [here](#).

² The Enterprise Improvement (**EI**) Sub-Program aimed to address the Recommendations of the Reviews that apply across the whole icare organisation; and the Nominal Insurer Improvement (**NI**) Sub-Program, aimed to address the Recommendations of the Reviews that apply to the Workers Compensation Nominal Insurer Scheme.

³ Notwithstanding the Program's closure, there is work outstanding that is being addressed as part of Business As Usual (**BAU**) (refer to comments below).

To date, Promontory has assessed 58 of 63 Initiatives⁴ and 99 of the 107 Recommendations as complete and effective. Eight Recommendations remain open with a commitment by icare to take further time to fully embed five remaining remedial activities (**Initiatives**).

Program Outcomes

The outcomes achieved by icare are commendable. With improvements delivered under each Stream, the following summarises the overall Program outcomes.

Governance and accountability

Governance and accountability at icare has been significantly strengthened at all levels – starting from the Board and Group Executive Team (**GET**), to the broader organisation. Uplifts in Board governance have fostered a stronger tone from the top, and a revised decision-making structure at the GET level has sharpened discussions and decisions. Beyond the Board and GET, newly established governance structures are enabling better discussions at the right levels of the organisation, and clearer ownership of risks, decisions and actions. Improvements in risk management structures have refined the Three Lines of Defence (**3LoD**) model, bringing greater clarity to roles and responsibilities associated with risk management. Clearer lines of individual accountability have been established, with stronger links between performance, consequences and remuneration.

Culture and Capability

Significant strides have been made in cultivating a positive organisational culture. Driven by a new strategic imperative to 'foster an open, constructive and accountable culture' and a refreshed set of organisational values, icare's cultural turnaround has been commendable. There has been a demonstrable shift in culture and employee engagement levels, with improved mindsets and behaviours helping to drive improvements across all areas of work. The uplift in employee engagement metrics reflect a more motivated and cohesive workforce. icare's risk culture maturity has also seen marked improvement, reflecting a deeper organisational commitment to proactive risk management. Frameworks have been established to uplift the capability of leaders and of frontline claims management staff, both at icare and the Claims Service Providers (**CSPs**). These initiatives have been critical in driving the broader organisational improvements, demonstrating the integral role of cultural traits in achieving sustainable change.

Prioritisation of Customer

At icare, the focus on customer prioritisation has undergone a significant transformation, guided by a renewed understanding of 'Those We Serve', and bolstered by both improvements to process and a cultural shift towards empathy and fairness. The voice of the customer now resonates strongly across the organisation and across all governance forums, with a clear focus on improving customer outcomes. While Promontory's scope did not include explicit assurance over Return to Work (**RTW**)

⁴ Refer to section 1.1 for detail on Plans, Streams and Initiatives.

rates, the work under the Program has heightened the focus on injured workers and should help to improve the delivery of better outcomes for them.

Infrastructure and Systems

The success of the Improvement Program has been underpinned by a steadfast commitment to refining documentation, processes, infrastructure and systems. Requirements and expectations have been clearly documented and processes enhanced and simplified to ensure effectiveness and consistency. Many of these improved processes have been supported by significant upgrades to IT systems (e.g., in relation to the new claims model for CSPs, risk management, complaints management and procurement). Several dashboards have been developed to support analysis and reporting, including to manage spending on healthcare providers and monitoring the performance of CSPs. This foundational work in systems and infrastructure not only supports current operations but also positions icare to sustain and build upon these improvements.

Sustainability of Outcomes

The longevity of the Improvement Program's success hinges on the sustainability of its outcomes. While the Program has closed, it is important that icare ensures that the hard-won changes stand the test of time. With most activities now embedded into Business As Usual (**BAU**), the focus must shift to sustainability. icare has identified forward-looking mechanisms to ensure the long-term success and sustainability of the outcomes delivered under the Improvement Program.

Outcome measures identified by icare, along with the processes for monitoring and reporting these measures, will be critical for overseeing the sustainability of the Program's outcomes. Regular reporting and discussion on these measures will ensure oversight of the ongoing achievement of the desired outcomes and prompt action if they are not being sustained. Sustainability involves an ongoing commitment by icare towards maintaining the foundations laid by the Improvement Program.

Post-Program Commitments

Notwithstanding the positive achievements noted above, at Program closure on 30 June 2024 there were five Initiatives and eight Recommendations that remained open. Acknowledging that these Initiatives are complex, icare requires additional time for this work to be fully embedded into BAU. Promontory supports this approach, which reflects icare's understanding of the need to balance timeliness and quality. This commitment should ensure that the completion of the outstanding work meets the standards of quality set throughout the Program.

The remaining work in the five open Initiatives relates to the Risk Uplift and Customer Uplift Streams. icare plans to address this outstanding work within the next six months. The six GAC Recommendations that relate to these Initiatives will remain open until the work under the plans is completed.

Additionally, there are two McDougall Recommendations relating to public reporting of transformation expenditure and benefits that will remain open until the publication of icare's 2024 Annual Report in the coming months.

Promontory will continue to provide assurance services beyond the closure of the Program, as icare has extended our role to oversee the remaining work until all Recommendations are assessed as complete and effective.

Looking Forward

The enduring impact of the Improvement Program will be measured in the coming years, as icare strives to demonstrate that these changes are not only effective, but lasting. We highlight three critical elements that will support icare in sustaining the uplifts achieved and building on the strong foundations that the Program has established.

Maintaining Momentum

To both sustain and build on the Program's achievements, it is crucial that icare maintains momentum. As time passes and icare undergoes normal cycles of staff attrition, there is a risk of loss of corporate memory, most notably with changes at the senior leader level. Supported by the Board, the CEO of icare has been a formidable advocate for the Program and instrumental in championing a culture of improvement. As icare transitions to a new CEO, it should ensure that momentum continues and that the sustainability mechanisms identified remain in place to support maintenance of the outcomes delivered under the Program. New enterprise priorities, regulatory issues, or structural changes are likely to emerge over time and may divert attention from the ongoing need to maintain the highest standards of risk management and governance consistent with sound customer outcomes. To counter these risks, icare should consider ways to keep the Improvement Program's desired outcomes fresh in the minds of both leaders and staff, with continuous dialogue, ongoing training and communications, and rigorously monitoring sustainability.

Strength of Leadership

In addition to the support from the Board, one of the pivotal factors in the success of the Improvement Program was the strength of leadership and the unwavering commitment from the CEO, GET and senior leaders to deliver quality outcomes and effect genuine change. Frameworks to uplift leader capability to embed critical behaviours were established as part of the Program and icare should continue to enhance leadership capabilities. Leaders should be supported to continue to 'walk the talk', drive ongoing uplift, and maintain their focus on effective risk management, prioritising customer outcomes, and adhering to the new frameworks and processes.

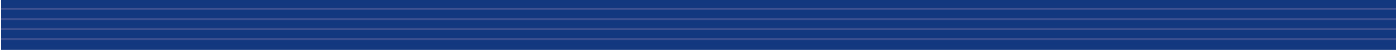
Culture of Continuous Improvement

icare's journey towards sustainable success does not end with the closure of the Improvement Program. icare must continue to promote a culture of continuous improvement. Complacency after initial success is a common pitfall of major transformation programs. It is important that icare does not rest on its laurels but rather continues its transformation journey. While ensuring the longevity of outcomes is paramount, the processes that support these outcomes must evolve. In striving for a culture of continuous improvement, icare should look for opportunities to refine and simplify frameworks and processes so that they remain fit for purpose.

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icare has earned the right to celebrate its achievements, but it must now look forward and build on this momentum. The approach taken by icare throughout the Program to strengthen governance, culture, and accountability, along with the improvements made to the NI Scheme, have positioned icare well to navigate the complexities of an ever-changing environment and face oncoming challenges.

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 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 NI Scheme. This 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 included:

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

The GAC Review resulted in a report (**GAC Report**) which was published on 1 March 2021⁵. 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 (refer to Appendix A1.1 for further details). The GAC Report contained 76 recommendations relevant to icare (**GAC Recommendations**). A full list of the Recommendations can be found in Appendix 6.

The McDougall Review culminated in a report (**McDougall Report**) which was published on 30 April 2021⁶. The McDougall Report made a number of findings about procedural and cultural defects that resulted in a disregard for practices and procedures which were attributed, in part, to icare's determination to effect speedy change (refer to Appendix A1.2 for further details). The McDougall Report made 31 recommendations relevant to icare (**McDougall Recommendations**).

⁵ The GAC Report is available [here](#).

⁶ The McDougall Report is available [here](#).

icare established the Improvement Program (**Improvement Program** or **Program**) to respond to the GAC and McDougall Recommendations (together, the **Recommendations**: refer to Appendix 2 for further details). The Improvement Program consisted of two sub-programs (**Sub-Programs**):

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

Of the 107 Recommendations made by the Reviews, 98 were addressed through the EI Sub-Program, and nine were addressed through the NII Sub-Program.

For each of the Sub-Programs a separate plan (the **EI Plan** and the **NII Plan**) was developed that outlined the remediation actions taken to address the relevant Recommendations. These plans had the following structure:

- streams of work, which were thematic areas of work icare is completing to address the Recommendations (**Streams**); and
- Initiatives, which were the high-level remedial activities to be undertaken within the Streams, across a Design, Implement and Embed Phase (**Phase** or **Initiative Phase**).

Each Stream had a defined Stream Target State (**Target State**), which described how icare intended to operate once the Recommendations were addressed through the Initiatives delivered under the Stream.

icare engaged Promontory to act as the independent reviewer (**Independent Reviewer**) tasked with monitoring icare's execution of the Program, assessing the effectiveness of the actions taken to address the Recommendations, and providing quarterly updates which report on our findings (refer to Appendix 3 for further details). Since December 2021 Promontory has delivered 10 quarterly updates. This is our eleventh update and Final Report (**Final Report** or **Report**).

Our previous reports have described the status of the Program as at the last day of the month before the report was due to be delivered. However, with the Program closing on 30 June 2024, this Report also summarises icare's progress over the course of the entire Program and outcomes achieved, and offers our reflections on icare's journey in strengthening its approach to governance, culture and accountability, and improving the NI Scheme.

1.2. Report Structure

The remainder of this report is structured as follows:

- Chapter 2 provides reflections on Program closure, outcomes from the Program (on a Stream and Program level) and comments on sustainability of Program outcomes and the remaining work;
- Chapter 3 highlights Promontory's views on focus areas for icare looking forward beyond the Program;
- Appendix 1 provides details on the shortcomings identified by the Reviews;
- Appendix 2 sets out the historical development and delivery of the Improvement Program;
- Appendix 3 sets out Promontory's approach to providing independent assurance over the Improvement Program;
- Appendix 4 provides details about Promontory's assessment of Initiatives, Recommendations and Sustainability completed from 1 May 2024 to 30 June 2024 (**Reporting Period**);
- Appendix 5 provides additional details on activities in the Risk Uplift and Customer Uplift Streams⁷; and
- Appendix 6 details the mapping of the Recommendations to Initiatives within each of the EI and NII Plans (together, the **Plans**).

⁷ Appendix 5 provides a summary of key activities undertaken to address the Recommendations in these Streams, in line with the details provided on closed Streams in the Ninth and Tenth Quarterly Updates.

2. Program Outcomes

2.1. Reflections on Program Closure

The Improvement Program represented a significant undertaking by icare, addressing 107 Recommendations across two Sub-Programs, 11 Streams and 63 Initiatives. It is notable that this ambitious program was executed simultaneously with a larger portfolio of projects being undertaken by icare.

In this context, execution of the Program has faced challenges, as is typical for similar large-scale transformation programs. These challenges included technology implementation issues, managing the complexity of delivering broad-reaching changes, ensuring adequate resourcing and handling interdependencies between the various activities.

With determination and perseverance, icare successfully closed the Improvement Program on 30 June 2024, following several years of execution⁸. Promontory has assessed 58 of 63 Initiatives and 99 of the 107 Recommendations as complete and effective.

Eight Recommendations remain open with a commitment by icare to take further time to fully embed the five remaining complex Initiatives (refer below in section 2.7). Notwithstanding this, the outcomes achieved by icare are commendable, and are described in this Chapter.

Throughout the course of the Program, Promontory observed a strong commitment from icare to deliver quality and sustainable outcomes. A strong and persistent tone from the top was evident, with the Board, CEO and senior leaders maintaining a focus on the purpose and execution of the Program, consistently reinforcing its importance in delivering better customer outcomes.

This unwavering commitment from the Board and leadership was critical to the Program's success and was complemented by a tangible and sincere determination towards delivering meaningful change across icare from the Business Owners of the individual Streams.

icare adeptly balanced its commitment to timely delivery with the imperative to achieve quality outcomes. While we observed a sense of urgency for Program completion, this was balanced with a commitment to delivering sustainable and effective reform, rather than conducting a 'Tick-a-box' exercise. For example, this was demonstrated through the extension of the due dates for certain Initiatives beyond the closure of the Program to ensure that deliverables met the appropriate standard of quality.

During execution of the Program, icare demonstrated a robust commitment to continuous improvement, actively responding to learnings, insights and feedback, including those identified by Promontory in our quarterly updates. Key initiatives to enhance Program execution included refining governance structures to ensure more effective oversight, simplifying Plans to increase clarity and focus, proactively uplifting management of change and dependencies to address emerging

⁸ Notwithstanding the Program's closure, there is work outstanding that is being addressed as part of BAU (refer to section 2.7).

challenges, and strategically increasing resourcing where necessary. Additionally, icare applied valuable learnings from the EI Sub-Program to enhance the execution of the NII Sub-Program, ensuring that improvements were consistently leveraged, and mistakes of the past better managed. This included clarifying and simplifying the NII Plan based on the EI Plan and aligning governance structures more effectively.

icare has earned the right to reflect with confidence and a sense of achievement on the evolution of the organisation through the work it completed under the Program.

2.2. Project Delivery Disciplines

A crucial factor contributing to the success of the Improvement Program was icare's adherence to rigorous project delivery disciplines. The Program was supported by clear accountabilities, effective governance forums, and strong oversight by the Reform Program Management Office (**Reform PMO**). These disciplines matured over the life of the Program. We observed that the quality of discussions, including on risks and issues, improved over time as did the robustness of challenge from forum participants.

Regular status reports played a pivotal role in keeping Group Executives (**GEs**), Steering Committees and other governance forums well informed on the progress of Initiatives, Streams and the Sub-Programs. These reports covered a range of critical areas including progress against the Plans, risks and issues, dependency management, resourcing and funding. By way of a demonstration of uplift in maturity, icare progressively adopted a pragmatic and consistent approach to assessing the status of Sub-Programs, Streams, and Initiatives using a Red-Amber-Green status in governance forum status reports, actively addressing Amber or Red ratings with appropriate actions.

There will always be significant dependencies across a program of this size. Management of risks and dependencies was a critical part of the Program, given the wide-ranging scope and complexity of the Initiatives. The successful execution of a large number of Initiatives depended heavily on actions being taken (i) within the same Stream; (ii) in other Streams within the Improvement Program, and (iii) in other projects that icare is undertaking outside of the Improvement Program (e.g., in relation to IT systems).

The documentation and management of risks and dependencies improved over time, partly in response to Promontory's feedback. While initially managed in multiple documents, a consolidated Risks, Assumptions, Issues and Dependencies register was established for each Sub-Program to centrally record this information. This consolidation improved prioritisation and the quality of reporting and discussions at governance forums, thereby heightening the focus on effectively managing dependencies.

Change management and communications also evolved over time. icare recognised that effective communications play a pivotal role in supporting the necessary cultural and behavioural change aspects in delivering the Improvement Program and can be helpful in countering change fatigue. Internal communications used a multi-faceted approach (e.g., material on the intranet, and consistent messaging support provided to managers for dissemination to their teams). External communications reinforced icare's commitment to improve transparency, providing stakeholders information on the

Program's progress. Dedicated change managers supported delivery to ensure staff understanding of the changes, fostering buy-in.

2.3. Stream Outcomes

The Improvement Program included 11 Streams, six Streams within the EI Sub-Program and five within the NII Sub-Program. Each Stream had a program of work outlined in the Plan for that Stream to address the relevant Recommendations, with key activities undertaken to respond to the Reviews' findings.

As part of our assessment of the activities within Streams, Promontory reviewed the design of relevant documents and processes and assessed that they were implemented, with adequate supporting communication, training and guidance. Additionally, we confirmed the documents and processes were embedded as part of BAU, with review procedures established to ensure ongoing effectiveness.

Following closure of the Program, two Streams requiring further work will remain open (refer to section 2.7). The following sections outline the key achievements that have been delivered under each Stream.⁹

2.3.1. EI Sub-Program – Governance Stream Outcomes

The Governance Stream addressed Recommendations from the Reviews relating to Board governance and reporting, senior leader oversight, project management, and stakeholder accountability.

In relation to Board governance, icare has developed mechanisms to establish a more balanced view of the required composition of Board experience and skills. A Board skills matrix was developed and is regularly updated, enabling the Board to actively monitor its skills mix and develop strategies to address any identified gaps. Board development was also enhanced, including with the introduction of directors' induction training.

There is now greater clarity on Board and Board committee roles, responsibilities and decision making, with updated Charters and annual performance evaluations ensuring that committees operate in line with their Charter responsibilities. Changes at the Board level included separating the Board Audit and Risk Committee (**ARC**) into the Board Audit Committee (**BAC**) and Board Risk Committee (**BRC**) to strengthen the Board's oversight of risk. Additionally, Board governance processes have been enhanced through improved monitoring of actions, and uplifts to the range and quality of reporting to the Board and Committees.

At the senior leadership level, icare has clarified the roles of the GET and Senior Leadership Team (**SLT**) through the introduction of a tiered decision-making structure. Governance structures and

⁹ For further information on the findings of the reviews that led to the recommendations and activities conducted see our Ninth Quarterly Update (for Governance and Procurement Uplift), this Report (for Risk Uplift and Customer Uplift) or our Tenth Quarterly Update for all other Streams.

committee charters were revised to ensure consistency in roles and decision-making accountabilities, and a committee review process has been established to support ongoing committee effectiveness. Reporting to the GET has been uplifted to improve the scope, timeliness and quality of reporting, thereby supporting effective decision making and oversight.

The quality of project delivery has also been uplifted, with clear processes, roles and responsibilities, supported by Prioritisation and Project Management Frameworks and supporting tools.

Based on our attendance at various forums, we observed that icare's revised regulatory engagement approach has promoted a more transparent and stronger relationship with SIRA. This improvement has been supported by a greater focus on oversight of regulatory issues and reporting against regulatory expectations. This process has also driven a consistent and effective approach to internal monitoring and identifying areas where improvements can be made. The organisation is now actively monitoring and managing stakeholder relationships via its Stakeholder Accountability Framework.

2.3.2. EI Sub-Program - Risk Uplift Stream Outcomes

The Risk Uplift Stream addressed Recommendations from the Reviews relating to the voice of risk within the organisation, risk management and compliance, incident and issue management and the management of reported wrongdoing.

A stronger voice of risk now permeates throughout icare, supported by structural and governance changes. The Group Executive Risk and Governance (**GE Risk and Governance**, formerly the Chief Risk Officer or **CRO**) now reports directly to the CEO and is a standing member of the GET. The 3LoD¹⁰ model has been refined, introducing Risk and Compliance Business Partners and dedicated Line 1 Risk teams, along with clearer delineation of responsibilities between these lines. Furthermore, key forums, such as material steering committees, now require Line 2 representation, ensuring risk oversight at every level of decision making.

There is now enhanced clarity on roles and responsibilities in relation to risk identification, management and mitigation. This clarity is, in part, due to the overhaul of the Risk Management Framework (**RMF**) and supporting risk and compliance policies and procedures, aligned with NSW Government expectations. Extensive staff training on the new expectations has had a significant impact on ensuring the RMF is now 'brought to life' in icare.

The risk management framework upgrade has resulted in timely and consistent responses to incidents and issues through the inclusion of the new Incident and Issue Management Reporting Policy. This Policy has clarified processes, roles and responsibilities, including the improved escalation of material issues to the newly established Incident Review Panel, which considers whether incidents require

¹⁰ The Three Lines of Defence model is a widely recognised framework for managing risk and ensuring effective corporate governance and controls. It delineates clear roles and responsibilities across three distinct layers within an organisation:

- Line 1: Operations, responsible for owning and managing risk directly.
- Line 2: Risk management and compliance functions, tasked with developing risk management frameworks and ensuring the first line implements these effectively.
- Line 3: Internal Audit, providing independent assurance to the Board and senior management on the effectiveness of governance, risk management, and internal controls.

escalation to SIRA. Furthermore, where the response to an incident requires the establishment of a remediation program, a Remediation Framework has been developed to provide guidance.

There has been a notable uplift in icare's risk maturity, with key indicators of risk maturity being measured and monitored through the Risk Maturity Index. Several dedicated risk forums have been established, including the monthly business unit risk discussions, the Risk and Compliance Committee (**RCC**) and the Risk Community of Practice. These forums are leading to more timely and focused discussions of risk-related matters throughout the organisation.

There is greater transparency on the management of risk matters. The new risk and compliance IT system, Risk Connect, serves as a central repository for risk profiles, controls and obligations, incidents and issues, and compliance registers. It supports the management, reporting and monitoring of risk matters.

Detailed risk profiles have been established at both the enterprise and business unit levels, complete with supporting processes for ongoing review and verification of the effectiveness of their underlying control environments. This structure should enable icare to gain a clearer and more comprehensive understanding of risks across various organisational levels and support the proactive identification, assessment and management of risks.

A robust 'speak up' culture has been fostered with a new Speak Up Hotline, revised Reporting Wrongdoing Policy, and accompanying guidance and training. This provides staff with the ability to report wrongdoing confidentially (with anonymity, if chosen), with better review, monitoring and reporting mechanisms to ensure learnings from reports raised result in actions to address identified issues as needed.

2.3.3. EI Sub-Program - Procurement Uplift Stream Outcomes

The Procurement Uplift Stream addressed Recommendations from the McDougall Review relating to icare's procurement practices, including the transparency of user experience with and capability in procurement across the organisation.

To drive these changes, icare has appointed a Chief Procurement Officer (**CPO**) responsible for overseeing the required uplift in icare's procurement processes, in line with the five-year Strategic Procurement Plan, and ultimately accountable for procurement governance within icare.

icare has enhanced its procurement framework by developing several policies, procedures and guidelines, including its Procurement Policy, which is aligned with NSW Government principles and best practices. A new procurement IT system, Procurement Central, has been implemented to automate workflows and improve consistency and transparency across the procurement process, with all staff trained on the new processes and systems. Reporting on procurement activities and outcomes to the Board and GET has also been uplifted, enabling better governance and oversight. Additionally, a new Business Partnering Strategy has been introduced to foster better communication and strengthen relationships between icare's business units and the Procurement team.

2.3.4. EI Sub-Program - Customer Uplift Stream Outcomes

The Customer Uplift Stream addressed Recommendations from the GAC Review relating to reporting of customer outcomes and complaints management practices.

icare now has a clear definition of its customers - 'Those we Serve' - and demonstrates a stronger commitment to delivering better customer outcomes, along with a cultural shift towards empathy and fairness. A Customer Advocate was appointed to drive the customer uplift program and the necessary behavioural changes. A suite of policies and guidance has been developed to support better customer outcomes, including the Putting Those We Serve First Policy, Fair Decision Making Principles, Complex Customer Circumstances Guidelines, and Listen Learn Act Guidelines.

A Customer Complaints Framework, including a Policy, Guidelines and Scheme Procedures have been established to support coordinated and consistent complaints management practices across icare and the CSPs. These improvements have been enabled by clearer expectations and supported by new processes, tools and systems, including a central repository to capture complaints data across icare and the CSPs (the Customer Relationship Management (**CRM**) Complaints Module). Measurements of maturity by an external provider found a significant uplift in complaints maturity over time.

icare has conducted extensive training across the organisation and the CSPs, covering complaints management, empathy, and complex customer circumstances, with training now integrated into ongoing BAU rhythms.

Customer outcomes are now monitored and managed in a consistent and coordinated manner, with enhanced governance processes and engaged teams in each Scheme, supported by a strong, central Customer Advocate Office (**CAO**). Discussions of customer outcomes at the GET and Board have strengthened, with discussion on customer impacts occurring organically across agenda topics. This has been supported by enhanced data, dashboards and reporting across multiple dimensions, including the introduction of Customer Satisfaction (**CSAT**) and Customer Experience (**CX**) measures and complaints data. Continuous improvement routines have been established at the Scheme and Enterprise levels to act on feedback provided and drive uplifted customer outcomes.

2.3.5. EI Sub-Program - Culture and Accountability Stream Outcomes

The Culture and Accountability Stream addressed Recommendations from the Reviews relating to accountability, performance management, remuneration, values and culture.

This Stream has delivered greater clarity on icare's values, capabilities, and expected behaviours, as well as clearer accountabilities at senior levels and throughout the organisation. icare has refreshed its Purpose, Vision and Values, cascading them across the organisation and aligning its people processes with the new Values. The newly developed core Capability Framework clarifies expectations of required capabilities and behaviours and integrates them into role descriptions and people practices throughout the employee lifecycle. To further define accountabilities, an Accountability Framework has been established, featuring an Accountability Map and refined role descriptions.

Stronger links between performance and remuneration have also been established, with consequences for underperformance and recognition for positive behaviours. The Performance Management and Remuneration Frameworks and Policies have been refreshed. Performance management processes have been improved with formal assessment against goals and capabilities, regular development conversations, and an improved IT system to facilitate performance management. When performance does not meet expectations, consequences are applied with potential financial and non-financial outcomes. Importantly, icare recognises positive outcomes and behaviours, supported by its new recognition program.

Frameworks to uplift leader capability were established, with leaders now better equipped to role model desired behaviours and drive cultural change. Leadership Expectations and an Inspire Leadership Development Program have been developed to support this growth, alongside regular assessment of individual senior leadership styles.

icare has established a more open, constructive and accountable culture, with increased employee engagement levels. Formal processes to regularly measure culture and engagement, and respond to findings, are now in place, with results broadly communicated to the Board, across icare and externally. A formal Listening Strategy has been developed to gather feedback on culture progress and to inform continuous improvement activities.

2.3.6. EI Sub-Program - Enterprise Sustainability Stream Outcomes

The Enterprise Sustainability Stream addressed Recommendations from the Reviews relating to capital management, benefits realisation, expense management and cost allocation to the Schemes.

The approach to capital management and oversight of financial sustainability has been uplifted, with updated capital management policies and processes, and improved reporting on the Schemes' financial sustainability including to the Board and the public. icare has also established greater integrity of cost allocation to Schemes by redesigning processes for allocation and oversight.

The development of a Benefits Realisation Management Framework has enabled consistent tracking and management of benefits realisation performance, providing tools to facilitate standardised tracking and reporting on financial and non-financial benefits. An expense savings program has also been implemented, resulting in considerable savings, with public transparency on the outcomes and results. An external party was engaged to review the results of the expense savings program, confirming a decrease in expenses as part of icare's focus on operational efficiency.

2.3.7. NII Sub-Program - Return to Work Performance Stream Outcomes

The RTW Performance Stream addressed Recommendations from the Reviews relating to healthcare reporting and monitoring¹¹.

¹¹ This Stream included other Initiatives focused on improving RTW outcomes that were not in scope for our assurance.

The work under this Stream has resulted in improvements in the analysis of medical expenditure to identify outlier healthcare provider performance and behaviours, and enhanced reporting on insights and actions. This reporting was supported by new Healthcare Dashboards and expanded capabilities. With new governance structures, the governance and management of healthcare providers has been uplifted to ensure actions are taken to optimise healthcare spending and outcomes for injured workers.

2.3.8. NII Sub-Program - Claims Model Stream Outcomes

The Claims Model Stream addressed Recommendations from the GAC Review relating to the assurance framework for guiding assurance activities over the CSPs across the 3LoD¹².

icare has enhanced the clarity of the relevant roles and responsibilities of CSPs and icare's 3LoD regarding claims management obligations. The relevant obligations, risks and controls relating to the claims management lifecycle have been identified and mapped.

To provide appropriate assurance over both the claims management lifecycle and the CSP oversight processes, icare has developed a structured framework, the 3LoD Claims Management Assurance Framework. This framework establishes clear delineation of responsibilities across icare's 3LoD and the CSPs for monitoring, reporting and performing the required assurance activities.

2.3.9. NII Sub-Program - CSP Procurement and Provider Performance Stream Outcomes

The CSP Procurement and Provider Performance Stream addressed Recommendations from the Reviews relating to establishing contracts with CSPs and managing CSP performance.

icare now has a diverse panel of CSPs for the Workers Compensation Scheme. The panel now includes both generalist providers and specialist providers in areas such as the management of psychological claims. This diverse panel of CSPs aims to deliver better outcomes to injured workers through increased competitive tension to uplift performance, and will also provide greater employer choice. The panel was established through a Request for Proposal (**RFP**) process that considered timing to prioritise market stability and claims performance. New contracts with standardised terms were established with the six CSPs and were effective from 1 January 2023.

The monitoring and management of CSP performance, against a wider range of measures, has been strengthened, with regular meetings to discuss actions to address identified areas of under-performance. A CSP Meetings and Governance Framework was developed to establish forums between icare and the CSPs and support the approach to performance management. Uplifted reporting, supported by a new Contract Scorecard Dashboard, has allowed icare and CSPs to monitor, analyse and report on performance, including contractual Key Performance Indicators

¹² This Stream included other Initiatives relating to the Claims Model that were not in scope for our assurance.

(KPIs). These improvements have also facilitated greater public transparency of CSP performance to support employer choice of CSPs.

2.3.10. NII Sub-Program - CSP Transition Stream Outcomes

The CSP Transition Stream addressed a Recommendation from the McDougall Review relating to transitioning icare from a single CSP model to a diversified CSP model.

As noted above, six CSPs were successfully onboarded to the new Workers Compensation claims model. This transition to a new claims model with a larger number of CSPs required significant planning and careful execution. CSPs were onboarded using a considered phased approach in a closely controlled environment to ensure that lessons learned were applied in subsequent phases. This led to icare achieving a smooth transition to the new claims model with minimal disruption to service delivery, with the effective transfer of claims and policies distributed across the CSPs (according to CSP capacity and in line with pre-agreed market allocations).

2.3.11. NII Sub-Program - Professional Standards and Capability Stream Outcomes

The Professional Standards and Capability Stream addressed Recommendations from the McDougall Review relating to enhancing the skills and professional standards of frontline staff managing Workers Compensation claims.

The work undertaken by icare under this Stream has enhanced the structures necessary to support uplifts in the capability of icare's and CSPs' claims management teams. A key outcome is an industry-developed standardised framework (the Professional Standards Framework (**PSF**)) which defines the required capability and knowledge for these teams. icare has partnered with the Personal Injury Education Foundation (**PIEF**) as the external education provider to support delivery of this work. In collaboration with PIEF and the CSPs, icare developed standardised assessment criteria and tools to ensure consistent assessment against PSF competencies. Learning material has also been enhanced for icare and CSPs to support the capability uplifts.

In addition, icare has established internal processes to support the career development of icare claims management teams, encourage tenure and position icare to achieve improvements in claims service delivery. This has included a Capability Strategy, clearly defined career pathways, and a formal accreditation pathway through PIEF.

2.4. Overall Program Outcomes

As outlined in the previous sections, a number of activities have taken place across multiple Streams that have worked collectively to uplift the organisation as a whole. This section summarises the overarching outcomes of the Program, highlighting how these efforts have collectively transformed icare.

2.4.1. Governance and Accountability

Governance has been strengthened at icare at both the Board and GET level, as well as across the organisation. Uplifts in Board governance have been achieved with changes to Board Committees, clearer delineation of roles and responsibilities, and enhanced reporting and supporting governance processes. This has fostered a stronger tone from the top, with the Board better positioned to hold management to account. A revised decision-making structure at the GET level has sharpened discussions and decisions. Improved information flows to the Board and to the GET have facilitated this stronger oversight at both levels, particularly concerning risk and customer issues.

Beyond the Board and GET, improved governance structures have resulted from the uplifts delivered across multiple Streams, not just the Governance Stream. These changes have bolstered icare's ability to monitor and manage various aspects of its operations more effectively. For example:

- A new governance framework has been operationalised to strengthen the monitoring and management of CSP performance. Regular meetings between icare and the CSPs now cover various topics (including risk, compliance, customer and claims management) and discuss actions to address any identified areas of under-performance.
- With the support of new Healthcare Dashboards, a new internal governance forum is identifying and managing overspending on healthcare providers.
- Enhanced customer governance processes have strengthened discussions on complaints and customer outcomes across the enterprise.
- The new Incident Review Panel is enabling consistent and expedient decision making in relation to material incidents.

Governance is further supported by the development of Communities of Practice, including in relation to customer experience, complaints, and risk, fostering consistency across icare and knowledge sharing across the business units. These refined and newly established governance structures are helping facilitate better discussions at the right levels of the organisation, and clearer ownership of risks, decisions and actions. These improved governance structures have also been supported by improved data quality, analysis and reporting.

In addition to clearer accountability derived from governance changes at the Board and GET, ownership and accountability have been strengthened across other levels of icare. The Accountability Framework, including the Accountability Map and refined role descriptions, clarifies individual accountability at senior levels. Refreshed Values, Leadership Expectations and a newly developed

core Capability Framework clarify expectations for required capabilities and behaviours across the enterprise. With refreshed Performance and Remuneration Frameworks, stronger links have been established between performance, consequences and remuneration, with consequences applied for underperformance and appropriate recognition for positive behaviours.

Improvements in risk structures have refined the 3LoD model, further clarifying roles and responsibilities. There is now clearer ownership of risk and compliance outcomes, particularly in Line 1. icare's revised regulatory engagement approach has promoted a more transparent and stronger relationship with SIRA, with clearer accountabilities outlined in the Stakeholder Accountability Framework.

2.4.2. Culture and Capability

Cultural change is often the overarching goal in large-scale transformation programs, with cultural tendencies contributing to a range of identified weaknesses. Turning culture around is typically one of the biggest challenges and, as such, can take years to accomplish.

Driven by a new strategic imperative to 'foster an open, constructive and accountable culture', a refreshed statement of the organisation's values, and a strong tone from the top, icare's cultural turnaround has been commendable. There has been a demonstrable shift in culture and employee engagement levels, with improved mindsets and behaviours helping to drive improvements across all areas of work. The uplift in employee engagement metrics reflect a more motivated and cohesive workforce. In addition to the outcomes from the Culture and Accountability Stream noted above, there have also been marked improvements to risk culture, demonstrated through the Risk Maturity Index, and a greater prioritisation of customer needs, accompanied by work to enhance empathy and fairness.

Throughout the Program, icare consistently emphasised the capability of its people as being core to the cultural change it was seeking to achieve. In addition to the development of the core Capability Framework noted above, developments under all Streams were accompanied by comprehensive guidance and training, with clear expectations for leaders and staff to uplift their capabilities to effectively embed Program improvements. Several Streams utilised capability reviews to identify the required uplift (e.g., in complaints and procurement capabilities) and to assess the level of improvement following the delivery of work (e.g., 360 degree reviews to confirm uplift in leader capability and maturity assessments under a number of Streams). A key area of uplift has been to establish a framework for claims management capability of frontline staff, both at icare and the CSPs, driven by the requirements of the PSF.

The cultural successes and focus on capability places icare in good stead to continue the improvement journey.

2.4.3. Prioritisation of Customer

The focus on customer prioritisation at icare has seen a significant transformation, guided by renewed understanding of 'Those We Serve', improvements to process and a shift in culture towards empathy

and fairness. The voice of the customer now resonates strongly across the organisation and in all governance forums, with a clear focus on improving customer outcomes. The Listen Learn Act strategy sees icare listening to customer experience and complaints (in line with uplifted complaints management practices in icare and CSPs) and responding with actions to improve where required.

While these improvements have been driven by the CAO as part of the Program, the relevant processes are now embedded into BAU, with the CAO providing ongoing oversight through a range of structures and mechanisms.

While Promontory's scope did not include explicit assurance over RTW rates and initiatives to directly drive improvements in its performance, the work under the Program has heightened the focus on the injured workers and should help to improve the delivery of better outcomes for them. Efforts across the Streams have kept injured worker outcomes firmly in focus as a critical driver. This includes:

- cultural uplift;
- improvements to risk, governance and procurement processes;
- services from a diverse panel of CSPs and new claims model;
- closer monitoring of medical spending and CSP performance;
- frameworks to uplift leader maturity; and
- setting the bar for claims management skills through professional standards.

These improvements collectively contribute to optimising recovery for injured workers.

2.4.4. Infrastructure and Systems

Underlying the above outcomes has been a commitment to better documentation, processes, infrastructure and systems. Uplifts in requirements and expectations across the Streams have been well-documented in revised frameworks, policies, procedures and guidance, with organisation-wide communication on changes. Key artefacts are available on icare's intranet, ensuring all staff are informed and aligned with the new standards and expectations.

Processes have been enhanced, and often simplified, to ensure effectiveness particularly in project management, procurement, and performance and remuneration management. These streamlined processes facilitate smoother operations and better alignment with organisational goals.

Many of these improved processes have been supported by significant upgrades to IT systems. For instance, substantial IT changes enabled the new claims model for CSPs. The new CRM Complaints Module supports consistent complaints management across icare and CSPs. icare's risk management system, Risk Connect, has been enhanced to become the source of truth for risks, controls, obligations, and issue and incident management.

Several dashboards have been developed to support analysis and reporting of relevant business data. These dashboards provide insights into customer experience and complaint trends, monitor and

manage spending on healthcare providers, track the performance of CSPs against KPIs, and measure the realisation of financial and non-financial benefits.

New tools and templates have also been introduced to support consistency across the organisation. For example, standardised assessment tools ensure consistent assessment against PSF competencies, while Risk in Change templates facilitate the capture and management of risks associated with organisational change.

These enhancements collectively enable the achievement of outcomes across the Streams by supporting consistency, transparency, and effective management. They provide the necessary infrastructure to ensure that the improvements are sustainable and that icare continues to operate efficiently and effectively.

2.5. Program Objectives

To respond to the McDougall and GAC Reviews, the Improvement Program was originally focused on three key objectives:

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

The Program has successfully delivered on all three objectives. Risk and governance requirements, processes, and maturity have been uplifted in line with community expectations. icare's relationship with SIRA has benefited from closer engagement and more active monitoring of regulatory expectations. Various Streams have contributed to improving the outcomes for injured workers, along with enhancements to monitoring and managing customer outcomes. icare now has stronger oversight of financial sustainability and has successfully executed an expense savings program resulting in considerable savings for icare, and public transparency of the results. Accountabilities have been clarified and stronger links between performance against those accountabilities and rewards or consequences have helped drive an accountable culture.

2.6. Sustainability of Outcomes

The longevity of the Improvement Program's success hinges on the sustainability of its outcomes. While the Program has closed, it is important that icare, having delivered the outcomes required by the Recommendations, ensures that these outcomes are maintained over time. Consideration of sustainability is thus critical for ensuring that the hard-won changes stand the test of time and do not erode.

In considering the sustainability of Program outcomes, icare developed an approach to sustainability for each Stream that considered:

- mechanisms in place for each Stream to support the maintenance of the Stream Target State and sustain Stream outcomes (including frameworks, policies, processes or systems);
- business ownership and accountability for these sustainability mechanisms;
- governance routines in place to ensure ongoing review of the mechanisms, with regular reporting on activities and outcomes; and
- outcome measures and processes to monitor and report on these measures.

icare did not build complex additional infrastructure to support sustainability. Instead, the sustainability mechanisms leveraged existing systems or elements that had been enhanced by the Program.

In relation to outcome measures, icare identified two tiers of measures. Higher-level outcome measures are already included in Enterprise and Scheme Scorecards (e.g., CSAT, complaints resolution, culture and engagement, Risk Maturity Index, RTW and benefits realisation). These measures are updated quarterly and reported to the GET, Board and NSW Treasury, as well as publicly in icare's Annual Report. Additionally, a suite of more detailed outcome measures will be monitored as part of BAU practices. Regular reporting and discussions on these measures at governance forums will ensure oversight of the ongoing achievement of the desired outcomes, and prompt action if they are not being sustained.

The sustainability mechanisms and BAU outcome measures were documented in a Stream Sustainability Closure Pack provided to Promontory for assessment. During our assessment process, we considered whether adequate mechanisms were in place for a particular Stream to support the maintenance of the Stream Target State on an ongoing basis. We also assessed whether these mechanisms had been designed with due consideration of the relevant Recommendations. This process ensured that there are mechanisms in place to sustain the intended outcomes of the Recommendations after the Program's closure.

Promontory has assessed sustainability for eight Streams and determined that adequate sustainability mechanisms have been established, with three remaining Streams to be assessed as detailed in section 2.7.

Sustainability is not a one-time effort, or rigidly adhering to processes in the face of changing circumstances, but an ongoing commitment to maintaining and enhancing the foundations laid by the Improvement Program.

icare should continue to monitor sustainability of the outcomes of the Improvement Program and seek opportunities to continuously 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. We make some further comments on sustaining the outcomes of the Improvement Program in Chapter 3.

2.7. Post-Program Commitments

Notwithstanding the positive achievements noted above, at Program closure on 30 June 2024 there were five Embed Initiatives, across two Streams, and eight Recommendations that remain open (as detailed in Table 2.1 below).

Table 2.1: Initiatives and Recommendations that remain open as at 30 June 2024

Stream	Open Embed Initiatives	Linked Open Recommendations ¹³
Risk Uplift	2.3 Enterprise and Business Unit Risk Profiles	GAC Recommendation 17
	2.5 Enterprise Obligations Register	GAC Recommendation 20
Customer Uplift	4.3 Complaints Uplift	GAC Recommendation 42
	4.4 CRM Complaints Uplift	
	4.5 Customer Governance@icare	GAC Recommendations 5, 6 and 15
Enterprise Sustainability	There are no open Embed Initiatives for this Stream.	McDougall Recommendations 28 and 32

In the final months of the Improvement Program, icare, in consultation with Promontory, identified a small number of Initiatives and Recommendations that were at risk of not being delivered by the scheduled closure of the Program on 30 June 2024.

It is important to emphasise that these findings do not reflect on the quality of the work completed to date or the appropriateness of icare's delivery approach. Acknowledging that these Initiatives are complex, icare requires additional time for these five Initiatives to be fully embedded into BAU. Promontory supports this approach, which reflects icare's understanding of the need to balance timeliness and quality by taking the necessary time to complete the outstanding work at the required level of quality, despite this work continuing past the Program's official closure.

The remaining work in the five open Initiatives relates to the Risk Uplift and Customer Uplift Streams. The work outstanding in the Risk Uplift Stream relates to addressing ineffective controls as part of the business unit risk review processes, along with further development of the obligations register and its associated review processes. To achieve this, icare has developed plans which articulate how this activity will be completed as part of BAU and monitored through its BAU forums, including the monthly BRC and GET meetings.

The Customer Uplift Stream needs to ensure the CRM Complaints Module is fully in use by CSPs, complete another cycle of refreshed customer reporting (incorporating this additional data), and ensure that customer controls have been fully tested and embedded. Plans for completing this work have been developed with timelines for each activity as part of BAU. The testing of the controls is

¹³ Refer to Appendix 6 for further detail on these Recommendations.

dependent on the timing of the 2024 SIRA Customer Service Conduct Principles (**CSCP**) Annual Attestation to be finalised in October 2024.

Promontory is comfortable with the plans developed and timing proposed for both the Risk Uplift and Customer Uplift Streams. The six GAC Recommendations that relate to these Initiatives will remain open until the work under the Initiatives is completed.

Additionally, there are two McDougall Recommendations that remain open, related to public reporting of transformation expenditure and benefits. It is anticipated that these will be addressed in icare's 2024 Annual Report in the coming months.

The remaining five Embed Initiatives and eight Recommendations have therefore not yet been assessed by Promontory as complete and effective, with these Initiatives initially assessed as 'Incomplete'. Sustainability assessments for the Risk Uplift, Customer Uplift and Enterprise Sustainability Streams also remain open until this work is completed.

Promontory will continue to provide assurance services beyond the closure of the Program, as icare has extended our role to oversee the remaining work until all Recommendations are assessed as complete and effective.

It is expected that the assessments of these remaining Initiatives, Recommendations and Stream Sustainability will be completed by the end of 2024, when Promontory will provide final assessments and a Closure Memo to conclude our assurance services.

This approach underscores icare's commitment to delivering quality and sustainable outcomes, ensuring that all critical aspects of the Program are addressed comprehensively and effectively. Promontory envisages that the extended oversight and thorough completion of these remaining tasks will further solidify the uplifts achieved through the Improvement Program.

3. Looking Forward

With the successful closure of the Improvement Program, icare has achieved a significant uplift across its operations over a relatively short period of time. The improvements were widespread, with transformation activities touching almost every aspect of the organisation. As most activities are now embedded into BAU, the focus must shift to sustainability. As noted in Chapter 2, sustainability mechanisms have been identified, including mechanisms to monitor outcome measures. Additionally, the improvements delivered as part of the Program, such as strengthened governance, clearer accountability, improved capabilities, refined reporting, a renewed focus on customer needs, and strengthened processes and infrastructure, lay a solid foundation for sustained improvements.

However, the true test of sustainability lies ahead. The enduring impact of these improvements will be measured in the coming years, as icare strives to demonstrate that these changes are not only effective, but lasting. While icare has earned the right to celebrate its achievements, it must now look forward and build on this momentum. The following section explores three critical elements that will support icare in sustaining the uplifts achieved and build on the strong foundations that the Program has established.

3.1. Maintaining Momentum

With the intensity and complexity of work over the past three years, as well as the intensity of negative media attention that led to the Reviews and the Program, it might seem inconceivable to icare that the purpose of the Program might start to fade. However, as time passes, and icare undergoes normal cycles of staff attrition, there is a risk of loss of corporate memory. This risk will be most notable with changes at the senior leader level. Having successfully steered required improvements, some leaders may be looking to move onto other challenges elsewhere.

Supported by the Board, the CEO of icare has been a formidable advocate for the Program and instrumental in championing a culture of improvement. As icare transitions to a new CEO, it should ensure that momentum continues and that the sustainability mechanisms developed remain in place to support maintenance of the outcomes delivered under the Program. Similarly, it is crucial to mitigate any potential impact on the Program's legacy from future changes at the Board, GET, or SLT levels. A potential loss of focus could become widespread and cascade from the leader level across the organisation. Additionally, new enterprise priorities, regulatory issues, or structural changes are likely to emerge over time and may divert attention from the ongoing need to maintain the highest standards of risk management and governance consistent with sound customer outcomes.

To counter these risks and integrate the Program's achievements within its operational fabric, icare should consider ways to keep the Improvement Program's desired outcomes fresh in the minds of both leaders and staff. This may include:

- fostering a continuous dialogue about the Program's foundational role in icare's evolution, ensuring that new leaders are versed in its principles and outcomes;

- maintaining ongoing regular communication across the organisation that articulates the 'why' behind the Program's initiatives, and illustrates how these align with icare's Purpose and Values, and now define 'how we do things' for the benefit of 'Those We Serve';
- utilising mandatory training for all staff and induction training for new staff to reinforce adherence to new processes aligned with cultural and behavioural expectations; and
- rigorously monitoring sustainability and outcome measures, remaining vigilant for indications that outcomes are not being maintained.

By weaving these strategies into everyday operations, icare can ensure that the Improvement Program's achievements are not only engrained in corporate memory but actively drive the organisation's future.

3.2. Strength of Leadership

In addition to the support from the Board, one of the pivotal factors in the success of the Improvement Program was the unwavering commitment from the CEO, GET and SLT to deliver quality outcomes and effect genuine change. This tone from the top was instrumental in driving the Program's success as was the leadership of those who stepped into significant roles, including the Customer Advocate and the CPO.

Frameworks to uplift leader capability to embed critical behaviours were established as part of the Improvement Program, with the development of the Inspire Leadership Development Program and a defined set of clear Leadership Expectations. This leader-led behavioural uplift has been pivotal to drive the change across the organisation and ensure outcomes were achieved.

As the Program transitions to its next phase in BAU, it is crucial that leaders continue to draw on this capability, build on the momentum of the Program, and ensure outcomes are sustained. This should include continuing to 'walk the talk' and embody expected Values and behaviours so that they continue to cascade across the organisation. Staff should be encouraged and supported to raise issues and risks, provide challenge and feedback, and contribute to continuous improvement opportunities.

It is essential that leaders maintain their focus on effective risk management, prioritising customer outcomes, and adhering to the new frameworks and processes. To support these efforts, icare must persist in enhancing leadership capabilities, providing development opportunities for leaders that fall short of expectations, and ensuring performance management or consequence management levers are utilised to reward or reinforce these behaviours.

Through these sustained efforts, icare's leadership will continue to be a strong force to ensure that the foundational changes instituted by the Improvement Program are not only preserved but are also built upon.

3.3. Culture of Continuous Improvement

In light of the significant achievements of the Improvement Program, icare must remain vigilant and proactive in sustaining outcomes. icare must also consider improving upon these outcomes. Complacency after initial success is a common pitfall of major transformation programs. It is therefore crucial that icare does not rest on its laurels but rather continues its journey towards cultural transformation and risk maturity with an unwavering commitment.

While it is critical to sustain outcomes, icare must also differentiate between the sustainability of outcomes and the sustainability of processes. Ensuring the longevity of outcomes is paramount, yet the processes that support these outcomes must evolve. As icare's business needs change and new opportunities arise, adapting processes will be necessary to remain relevant and effective.

Throughout the Program, there were notable instances of continuous improvement activities, such as mandatory Post-Implementation Reviews conducted as part of the Project Management Framework. Many other processes and forums also now conduct effectiveness reviews. The findings from these reviews, along with regular sharing of learnings across business units or across CSPs, exemplify icare's commitment to ongoing improvements.

To sustain this momentum, icare must continue to promote a culture of continuous improvement. This particularly applies to frameworks or processes that might be overly complex, that need to evolve to align with better practice or government expectations, or to adjust to reflect new risks or icare's strategic direction. icare should look for opportunities to refine and simplify frameworks and processes so that they remain fit for purpose.

Similarly, the closure of the Program does not guarantee that icare will never make missteps or mistakes, just as all organisations are prone to do. icare's ability to promptly identify these issues and approach them with openness and honesty will be critical, as will be its willingness to conduct a thorough root cause analysis to understand and rectify them. Cultivating a culture of transparency and openness to challenge not only fosters continuous improvement but will also ensure learning from mistakes becomes a foundational practice in the organisation.

In fostering this culture, icare should ensure that any changes made through continuous improvement efforts are balanced with adequate checks and balances and due consideration for maintaining the outcomes achieved by the Program. This includes continued monitoring of outcome measures to ensure outcomes are sustained and that any changes do not undermine Program gains. Embracing this approach will enable icare to not only preserve but also build on the foundations laid, ensuring that improvements are both effective and enduring.

Appendix 1 – Findings of the Reviews

The GAC and McDougall Reviews were initiated following a period of public scrutiny into ongoing challenges at icare. Public allegations in several areas had drawn significant media attention, including in relation to:

- Board governance and oversight;
- executive remuneration;
- probity and procurement;
- icare's culture;
- the relationship between icare and SIRA;
- the treatment of injured workers; and
- management of Scheme Agents.

The Reviews provided critical insights into icare's operations, identifying shortcomings across the organisation that necessitated a comprehensive program of change. They painted a consistent picture of icare as an organisation challenged with rapid and poorly managed change execution, inadequate risk management, and significant cultural and structural weaknesses.

A1.1. GAC Review

The GAC Review, published in March 2021, made the following key conclusions:

- icare was not clear about the type of organisation it sought to be or the compliance standard it holds itself to. Although icare had expressed a desire to comply with Australian Prudential Regulation Authority (**APRA**)-type regulatory standards, this was not reflected in icare's policies, processes and procedures.
- There had been a lack of discipline in delivering timely and quality outcomes to customers. The voice of customers had not been appropriately represented in governance processes.
- The framework for risk and compliance required significant improvement and embedding into the organisation.
- There was a need to significantly improve the identification, escalation and approach to issues management.
- Accountabilities for decisions, outcomes and performance had not been well-defined or embedded.

- icare's leadership had not invested sufficient time in reflecting, learning and course-correcting. A preoccupation with transformation tasks rather than outcomes had created a tendency to look forward, without learning sufficiently from the past.

While the GAC Report identified a number of weaknesses that have affected icare's performance over time, it also identified several strengths. Importantly, the GAC Report noted that a customer vision was at the core of what drives icare.

A1.2. McDougall Review

The McDougall Review was published in April 2021, following the GAC Review, and made the following findings:

- Changes made by icare were executed too quickly and without adequate testing. Certain issues that icare experienced as a result were readily foreseeable.
- icare did not establish and follow proper and prudent procurement practices. As a result, procurement was conducted on an opaque basis and in a way that did not ensure value for money.
- icare did not pay sufficient attention to establishing and embedding sound probity principles and failed to develop and embed sound principles relating to the disclosure and management of conflicts of interest.
- In icare's early days attempts to introduce sound practices and processes were rebuffed, and those who raised such practices were ostracised. There was evidence that employees were discouraged from speaking up about cultural and operational shortcomings.

Several of these findings were attributed, in part, to the program of change undertaken soon after icare was established in 2015. The McDougall Report found that icare's determination to effect speedy change gave rise to procedural and cultural traits that resulted in a disregard for practices and procedures.

Importantly, the McDougall Report found that there was no evidence of criminality or corruption, no basis for finding that icare's culture was 'toxic', and no present threat to the workers compensation schemes' financial sustainability.

To guide icare's journey towards addressing its shortcomings, the GAC Review and the McDougall Review set out a roadmap consisting of 76 and 31 Recommendations respectively. Further detail on these can be found in Appendix 6.

Appendix 2 – The Improvement Program

A2.1. Program Structure

The Improvement Program was designed to address the Recommendations through a focus 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.

For each of the Sub-Programs (the EI Sub-Program and the NII Sub-Program) the Plans had a three-level structure:

- Streams - thematic areas of work icare was completing to address the Recommendations;
- Initiatives - high-level remedial activities undertaken within the Streams; and
- milestones - the specific actions that icare completed within the Initiatives (**Milestones**).

The Initiatives were divided into three Phases: Design, Implement or Embed. The Design Phase required icare to design an approach to address the Initiative's outcomes, the Implement Phase involved the initial roll-out or launch of that approach, and the Embed Phase involved achieving demonstrated operational effectiveness of the approach.

One or more Milestones were developed for each of the three Phases. For each Milestone, the Plans documented a Definition of Done, which describes the closure criteria required for each Milestone to be completed, and a Due Date, which is the date when icare expected to complete work on each Milestone.

Promontory conducted a one-off Health Check of the EI and NII Plans (between February and April 2022) to evaluate whether the activities planned by icare would be effective in addressing the Recommendations of the Reviews, and to provide early feedback where gaps were identified and opportunities for improvement. icare refined the Plans in response to our feedback.

A2.1.1. The Enterprise Improvement Sub-Program

The EI Sub-Program was designed to address the Recommendations from the Reviews that applied across the entire icare organisation. To achieve its objectives, the EI Sub-Program was divided into the following six strategic Streams, each focusing on a critical area of improvement:

- Governance Stream, which aimed to ensure that Board and leaders set a clear direction and make the right decisions at the right time;

- Risk Uplift Stream, which aimed to deliver appropriate structure, governance, processes, resources and education to drive sound risk-based decision making and consistent risk management behaviour in icare;
- Procurement Uplift Stream, which aimed to ensure that icare delivers the five objectives of the NSW Government procurement guidelines and that icare is a customer of choice for suppliers;
- Customer Uplift Stream, which aimed to ensure that icare listens to its customers, learns from their insights and acts to continually improve customer outcomes;
- Culture and Accountability Stream, which aimed to embed an open, constructive and accountable culture that enables the organisation to meet the expectations of the people and businesses that icare serves; and
- Enterprise Sustainability Stream, which aimed to ensure that icare Schemes have long-term sustainability and benefit realisation.

A2.1.2. The Nominal Insurer Improvement Sub-Program

The NII Sub-Program was designed to address the Recommendations that applied to the NI Scheme and was divided into the following five Streams:

- Return to Work Performance Stream, which aimed to improve RTW performance, and uplift operating reporting to improve the monitoring and management of medical financial risk for the scheme;
- Claims Model Stream, which aimed to design and implement a new claims management model and improve assurance over Scheme Agents within the NI Scheme;
- CSP Procurement and Provider Performance Stream, which aimed to procure and onboard Scheme Agents to the new claims management model and develop and implement a robust framework to monitor and manage their performance;
- CSP Transition Stream, which aimed to support the successful transition to icare's new claims operating model; and
- Professional Standards and Capability Stream, which aimed to develop the structures needed to improve the capability of frontline staff across Workers Compensation, and deliver an accreditation program for these types of roles.

A2.2. Program Governance and Oversight

The governance structure of the Improvement Program evolved throughout its duration to ensure effective oversight and management. For example, the number and structure of the governance forums evolved over time to align with Program progress.

Governance over the Improvement Program was provided primarily by the Board and Executive Steering Committees. The Board had overall accountability for the Program and monitored execution progress. The Board received updates in relation to the Program at every Board meeting and participated in Deep Dives on key Program topics and challenges.

Two separate Sub-Program Executive Steering Committees were established to govern each Sub-Program. These were the:

- EI Sub-Program Executive Steering Committee; and
- NII Sub-Program Executive Steering Committee.

These committees met monthly and included relevant GEs, the Executive Director Reform, Program Directors, Stream Business Owners, representatives from icare's Program Delivery function, and Line 2. These two Sub-Program Executive Steering Committees were merged in December 2023 into one Improvement Program Executive Steering Committee. This allowed for greater alignment and consistent focus on the remaining work required to close all the Recommendations.

The Sub-Program Executive Steering Committees were tasked with several key responsibilities. They monitored and guided the overall performance and progress of their respective programs, led the program's strategic direction, including stakeholder engagement and communication strategies, and approved the Definitions of Done for each Initiative as well as the formal completion of Initiatives. Additionally, they monitored program assurance, tracked budgets, provided oversight of material program risks, offered guidance on mitigation strategies, and resolved matters that were escalated.

Beyond the Executive Steering Committees, the governance framework included other important forums to ensure the programs stayed on track. These forums provided input into the Executive Steering Committees and included:

- Change Council Meetings, which focused on change capacity and ensuring icare was set up for successful and sustainable change;
- Monthly Program Management Meetings for each Sub-Program, which ensured delivery remained on track, approved Initiative change requests, and managed financial and risk aspects of the Sub-Programs; and
- Monthly Stream Steering Committees, which identified risks to delivery, approved and escalated proposed changes to Initiatives, and monitored Stream and Initiative progress.

This governance structure facilitated comprehensive oversight, strategic guidance, and effective risk management throughout the lifecycle of the Improvement Program.

A2.3. Program Delivery

Initially, delivery of the EI Sub-Program and NII Sub-Program was managed through icare's Program Delivery Team. In November 2021 the Reform PMO was established. The Reform PMO was created to manage the delivery of the Improvement Program as it relates to the Recommendations of the

Reviews. The Reform PMO brought leadership and management of the Improvement Program into one overarching team.

The Executive Director Reform, the leader of the Reform PMO, was accountable for managing and coordinating delivery of the Improvement Program as it related to the Recommendations of the Reviews. The Executive Director Reform provided overall leadership, was responsible for ensuring that icare appropriately responds to the Recommendations, and was also responsible for status reporting, prioritisation decisions, coordination across Streams and delivering change communications within the organisation.

There were a significant number of additional roles supporting the Executive Director Reform:

- Program Sponsors, who were accountable for the overall outcomes of the Program, and for reporting to the Executive Steering Committee, CEO and Board;
- Program Business Owners, who were responsible for the delivery of Program outcomes, including the completion of the Definitions of Done, and for ensuring sound governance processes;
- The Program Director, who was responsible for co-ordination across the Streams, and for supporting the integrated delivery of Stream outcomes for the Program;
- Stream Sponsors, who were the Executive accountable for the Stream outcomes and for holding Stream Business Owners to account;
- Stream Business Owners, who were responsible for the management of dependencies and for working with the Reform PMO to ensure consistent disciplines were applied across Streams;
- The Program or Project Manager, who was responsible for delivering Stream outcomes and for partnering with the Reform PMO to manage integrated delivery requirements; and
- Initiative Owners, who were responsible for the delivery of individual Initiatives within each Stream.

The Program was also supported by various other roles, including a Change Director and Communications Director.

Appendix 3 – Promontory's Role

As Independent Reviewer over the execution of the Improvement Program, Promontory's assurance activities included:

- monitoring the status and progress of the Program;
- assessing the effectiveness and sustainability of the actions taken to address the Recommendations; and
- providing quarterly updates which report on our findings.

This section outlines these assurance activities in more detail.

A3.1. Monitoring Activities

Throughout the course of our engagement Promontory conducted regular activities to monitor the progress and status of the Program, including:

- reviewing status reports to understand the status of the Program, Streams and Initiatives and potential risks to successful execution;
- reviewing Plan changes to ensure that the planned improvement activities remain adequate to address the relevant Recommendations;
- regular meetings with members of the Reform PMO to manage operational aspects of our engagement and provide insights on the status of our assessments;
- quarterly touchpoints with Internal Audit to understand the outcomes of their independent assurance work as it pertained to the Improvement Program;
- regular meetings with the icare CEO, Board Chair and Executive Sponsors to discuss risks and challenges impacting Program delivery;
- regular meetings with icare's communications team to understand the nature and content of Program-related corporate communications;
- regular meetings with icare's executive team and SIRA to understand icare's progress in executing the Program, and any identified risks and challenges, including monthly Principal's meeting and quarterly Tripartite meetings;
- observation at icare's regular governance and operational meetings as it related to the management of Improvement Program and the Initiatives comprising the Sub-Programs, including:
 - key governance forums such as Executive Steering Committees and Stream Steering Committees;

- Board and Board Risk Committee meetings;
- GET meetings; and
- other committees, forums, workshops, meetings, presentations and off-sites as they pertained to the delivery of Improvement Program Initiatives.

In monitoring the status of the Improvement Program, we assessed the ongoing adequacy of key elements of Program infrastructure such as governance and reporting, communication and resourcing. Where we identified potential concerns or opportunities for improvement, we raised these during our weekly project management meetings with members of the Reform PMO (in the first instance) and, where required, escalated them to the Executive Sponsor, CEO or Board's attention. We also provided commentary on potential risks to the Improvement Program in our quarterly updates.

A3.2. Assessing the Effectiveness of Completed Activities

As Independent Reviewer we assessed the effectiveness of icare's delivery of the specific uplifts to its governance, accountability and risk management practices under the Improvement Program. These uplifts were delivered through sequential Design, Implement, and Embed Phases that comprise each Program Initiative.

Our approach to providing assurance over the Program involved assessing whether the activities undertaken in each Phase of an Initiative were completed in line with the relevant Plan and whether they contributed towards adequately addressing the relevant Recommendation. This assessment involved reviewing all Milestones under each of the Design, Implement and Embed Phases within an Initiative, reviewing the Recommendation, and reviewing the mechanisms in place to support sustaining the Target State.

To conduct an assessment, icare provided a consistently structured Closure Pack for each Phase that included (i) a description of the actions it had taken as part of that Phase and (ii) evidence that demonstrated the effectiveness of those actions. The evidence provided in the Closure Pack was often supplemented by meetings with relevant teams or individuals to better understand the actions icare had taken in detail (particularly for more complex activities or where multiple actions were taken to address a Milestone).

Promontory's assessment of a Phase commenced when we received a Closure Pack. Where we had outstanding questions after completing our initial assessment, we identified our areas of concern and sought additional evidence or interviews, and then reassessed the Phase. We continued this cycle of assessment until we were satisfied that the Phase has been completed in line with the description set out in the relevant Plans, that it effectively contributed to achieving the Stream Target State and that the activities supported achieving the intended outcome of related Recommendations.

Our final assessment for each Phase occasionally highlighted any observations on areas which we expect to be addressed in subsequent Phases. This included instances where we found the Phase had been satisfactorily completed, but we wanted to flag our ongoing focus on specific issues over

the forward period, or interest in activities that were scheduled to occur in the future (e.g., papers for significant meetings).

This approach ensured that the work done had been successfully executed in line with the intended objectives and outcomes. Our approach varied in accordance with whether it was a Design, Implement or Embed Phase, or a Recommendation or Sustainability assessment. Our assessment approach for each type of activity is set out below.

A3.2.1. Assessment of Design Phases

For Design Phases, our assessments focused on whether:

- the Definitions of Done for all Milestones within the Design Phase have been met; and
- there is evidence of a sound basis for the relevant elements of the Stream's Target State to be achieved.

A3.2.2. Assessment of Implement Phases

For Implement Phases, our assessments focused on whether:

- the Definitions of Done for all Milestones within the Implement Phase have been met;
- any observations identified by Promontory in the assessment of the Design Phase have been addressed; and
- there is evidence of a sound basis for the relevant elements of the Stream's Target State to be achieved.

A3.2.3. Assessment of Embed Phases

For Embed Phases, our assessments focused on whether:

- the Definitions of Done for all Milestones within the Embed Phase have been met;
- any observations identified by Promontory in the assessment of the Design and Implement Phase have been addressed; and
- there is evidence of the relevant elements of the Stream Target State being achieved.

The Embed Phase assessments were the most resource-intensive for both Promontory and icare due to the need to confirm whether the activity was fully embedded as part of BAU practices. This required us to test that an activity had, effectively, become detached from the Program, and was supported by BAU resources and structures.

Additionally, several Initiatives were identified as 'high intensity' for their Embed Phases, meaning that additional assessment by Promontory was required. This included interviews, attendance at

governance forums, system walkthroughs and sample testing. These were critical Initiatives, with greater complexity, and/or where we identified a need to test consistency of application across icare.

Our Phase assessments evaluated how the Phase activities were contributing to the delivery of the linked Recommendations, considering both the wording and intent of the Recommendations. The Recommendations were assessed following the completion of all our assessments of the Embed Phases relevant to the Recommendations.

A3.2.4. Assessment of Stream Sustainability

Our assessment of Stream Sustainability focused on whether:

- adequate mechanisms are in place and have been designed to support maintenance of the Stream Target State on an ongoing basis; and
- these sustainability mechanisms have been designed with due consideration of the relevant Recommendations.

A3.2.5. Assessment of Recommendations

For Recommendations, our assessments focused on whether:

- any observations identified by Promontory in the assessment of the Embed Phase of relevant Initiatives have been addressed; and
- there is evidence that the Recommendation has been effectively addressed by the relevant Initiatives.

A3.3. Quarterly Reporting

Our quarterly reports summarised and provided our views on the progress and status of the Improvement Program based on our monitoring of icare's progress and the results of our assessments of completed Phases and Recommendations and of sustainability. Each report provided updates on:

- the status of the Improvement Program;
- any identified emerging or ongoing challenges which posed a threat to the successful execution of the Program; and
- icare's progress in addressing the Recommendations of the Reviews.

Promontory's reports were tabled at the icare Board on a quarterly basis.

Additionally, icare has made our reports publicly available. From the outset, this demonstrated transparency in relation to the progress of the Program, the challenges it was encountering, and icare's ongoing commitment to working towards its desired outcomes.

Appendix 4 – Assessments

A4.1. Initiative Phase Assessments

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

- one Implement Phase; and
- one Embed Phase.

These Phases were assessed as complete and effective. Appendix 3 of this Report outlines our approach to assessing Initiatives.

Table A4.1 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 A4.1: Phases assessed as complete and effective during the Reporting Period

Stream	Initiative	Phase	Phase Closure Date
EI Sub-Program			
Risk Uplift	2.18	Embed	2 May 2024
Customer Uplift	4.5	Implement	10 May 2024

A4.1.1. Risk Uplift - Assessment of Initiative 2.18 Embed Phase

The Embed Phase of Initiative 2.18 requires an independent party to finalise and issue the report on probity and procurement policies, and for icare to present it to the Board.

Work completed by icare in relation to this Phase included:

- receiving the final report from the independent party¹⁴ concluding that the procurement and probity policies have been adequately operationalised and implemented in icare; and
- providing the final report to the Board.

¹⁴ In line with the requirements of the Recommendation to appoint an independent party, Promontory was engaged to conduct the review of probity and procurement policies required by McDougall Recommendation 13 and EI Initiative 2.18. In line with our approach taken to provide assurance over other independent reviews required by the Recommendations, (i.e., related to McDougall Recommendations 18 and 27), Promontory provided assurance over the Design, Implement and Embed Phases of the relevant Initiative and over the Recommendation (which for this Initiative related to an independent party being engaged, a review being conducted and the final report being presented to icare's Board), but was not required to formally assess the content of the external review report as part of these assessments.

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

A4.1.2. Customer Uplift - Assessment of Initiative 4.5 Implement Phase

The Implement Phase of Initiative 4.5 requires icare to

- document and communicate its refreshed customer policies and artefacts;
- conduct the 2023 SIRA CSCP assurance activity, including monitoring and oversight of scheme performance; and
- implement customer governance controls within Schemes and across the enterprise.

Work completed by icare in relation to this Phase included:

- developing the Customer Governance Guidance to articulate the customer governance ecosystem, customer controls, and the annual SIRA CSCP Assurance and Attestation approach;
- conducting the 2023 SIRA CSCP Annual Attestation, supported by written guidance and Line 2 review;
- developing and communicating guidance material, including the Putting Those We Serve First Policy and the Listen, Learn, Act Guidelines;
- operationalising the Customer Governance Guidance with monitoring and oversight of Scheme performance, including establishing continuous improvement rhythms; and
- developing and testing the design of customer controls and uploading the controls to Risk Connect.

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

A4.2. Recommendation Assessments

During the Reporting Period, Promontory completed its assessment of six GAC Recommendations and four McDougall Recommendations. These Recommendations were assessed as complete and effective, bringing the total number of Recommendations assessed as complete and effective by Promontory to 99 out of 107. Appendix 3 of this Report outlines our approach to assessing Recommendations.

Table A4.2 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 A4.2: Recommendations assessed as complete and effective during the Reporting Period

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 23	2.1 & 2.2	25 June 2024
GAC 43	2.1, 2.14 & 5.8	1 May 2024
GAC 49	N3.1 & N3.2	24 May 2024
GAC 50	N3.1 & N3.2	3 June 2024
GAC 52	2.6, N2.2 & N3.1	20 June 2024
GAC 76	5.1, 5.2, 5.3, 5.4 & 5.9	15 May 2024
McD 5	N1.1 & N5.3	13 May 2024
McD 13	2.18	2 May 2024
McD 15	2.1 & 5.8	16 May 2024
McD 16	2.1 & 5.8	9 May 2024

A4.2.1. Assessment of GAC Recommendation 23

The GAC Review recommended that icare significantly strengthen the reporting of operational risk, compliance risk and conduct risk to enable the oversight of emerging risks, thematic control weaknesses, issues identified through internal audit, conduct risk and incident root causes and trends.

To address this Recommendation icare has delivered the following outcomes:

- the full suite of icare's risk and compliance policy and guidance artefacts were reviewed and refreshed;
- the mandatory suite of training was expanded to include incident management and reporting, and supporting procedures and templates were implemented;
- the Risk and Governance Dashboard was established, providing monthly insights into key risk categories;
- the Quarterly Risk and Compliance Report was established to be provided to the BRC; and
- Risk Connect was launched which included enhancements to support risk and compliance processes and reporting across the organisation.

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

A4.2.2. Assessment of GAC Recommendation 43

The GAC Review recommended that icare:

- update and implement policies and procedures in relation to wrongdoing to enable and better support 'speak-up'; and
- ensure reporting channels are in place to support the anonymity, safety from potential reprisal and independence of the wrongdoing process, with any changes communicated to all staff.

To address this Recommendation icare has delivered the following outcomes:

- the Reporting Wrongdoing Policy was updated to align with the NSW Public Interest Disclosure Policy;
- a Speak Up Hotline was established to enable employees to report matters of inappropriate conduct, confidentially and anonymously;
- a suite of documents was developed, and training conducted, to support employee and management understanding of the Speak Up processes, available channels and relevant roles and responsibilities;
- a process for the monthly review of all open Speak Up matters was established, with quarterly reporting to the BRC on all reported matters;
- the Managing Misconduct and Grievance Handling Policies were refreshed to articulate icare's commitment to enabling staff to speak up and to ensuring the safety of staff from reprisal; and
- guidelines for grievance resolution and managing misconduct were developed and communicated to staff, accompanied by mandatory training.

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

A4.2.3. Assessment of GAC Recommendation 49

The GAC Review recommended that icare improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.

To address this Recommendation icare has delivered the following outcomes:

- a CSP RFP was implemented, and final contracts were issued to six CSPs, effective from 1 January 2023;

- requirements were defined in the contract for CSPs to provide services in accordance with applicable laws, regulatory guidance, and icare policies, with any amendments notified to CSPs directly;
- a Performance Framework and a Governance Framework were outlined in the contract, setting expectations for CSPs in relation to defined performance measures and compliance obligations; and
- the CSP Governance Framework was operationalised, including Risk Sub-Committee meetings, to discuss and action operational and compliance performance of the CSPs, including in relation to internal policies.

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

A4.2.4. Assessment of GAC Recommendation 50

The GAC Review recommended that icare ensure that Scheme Agent KPIs adequately capture compliance with regulatory requirements and include leading and lagging measures focused on the injured worker.

To address this Recommendation icare has delivered the following outcomes:

- a CSP RFP was implemented, and final contracts were issued to six CSPs, effective from 1 January 2023;
- KPIs were reviewed and specified in the contracts, with Quality, Operational and Outcome Measures and targets, including in relation to compliance with regulatory requirements;
- a Contract Scorecard Dashboard was developed to capture and report on KPIs, including leading and lagging measure focusing on the injured worker; and
- a mapping exercise was conducted to ensure alignment between contract measures and regulatory requirements.

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

A4.2.5. Assessment of GAC Recommendation 52

The GAC Review recommended that once obligations, risks and controls have been documented, icare should:

- 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.

To address this Recommendation icare has delivered the following outcomes:

- icare's Line 2 operating model was revised to include an updated organisational structure and additional roles, including the development of the Risk and Compliance Business Partner Team;
- an Obligations, Risks and Controls Mapping Document – Control Mapping Across the Claims Lifecycle was developed;
- the 3LoD Claims Management Assurance Framework was developed to set out the roles and responsibilities across icare with respect to assurance over claims management processes;
- the activities required under the 3LoD Claims Management Assurance Framework commenced including the monitoring of CSP performance and assurance outcomes by Line 1, and end-to-end reviews over CSP claims management processes by Line 3, Internal Audit;
- the Workers Compensation Controls Assurance Program was developed to outline out how Line 1 and Line 1 Risk will provide assurance over the design and operating effectiveness of the Workers Compensation controls;
- assurance roles and responsibilities between icare and CSPs were delineated and articulated in CSP contracts;
- a process for the review of CSP internal control frameworks was established; and
- the CSP Risk Sub-Committee was established to discuss risk-related matters with CSPs including any outcomes of assurance activities undertaken by or on behalf of CSPs.

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

- how our further observations from the Embed Phase relating to assurance activities conducted had been addressed; and
- whether specific contractual requirements had been addressed.

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

A4.2.6. Assessment of GAC Recommendation 76

The GAC Review recommended that icare implement a robust behavioural measurement framework that enables monitoring of behavioural change to drive governance, accountability and performance outcomes.

To address this Recommendation icare has delivered the following outcomes:

- icare's Purpose, Vision and Values were refreshed to set behavioural expectations;
- culture and engagement surveys were conducted over the period from 2021 to 2023, with action plans developed to address learnings;
- an Enterprise Culture Plan was developed and updated annually;
- the Listening Strategy, including reporting to the Board, was developed;
- Leadership Expectations and the Inspire Leadership Development Program were developed to uplift senior leader capability to communicate and role model expectations; and
- enhanced Performance Management and Remuneration Frameworks and Policies were implemented to establish clearer links between remuneration outcomes and performance, including in relation to Values and behaviours.

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

A4.2.7. Assessment of McDougall Recommendation 5

The McDougall Review recommended that icare affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management with detailed timelines for achievement.

To address this Recommendation icare has delivered the following outcomes:

- Healthcare Dashboards were developed with processes to ensure data quality of reference tables, and skills and capacity were expanded to analyse insights to reduce medical payments leakage;
- the PSF was developed to outline standards for the capability and knowledge of claims management teams, with standardised assessment against PSF competencies;
- the CSP Meetings and Governance Framework was developed to support monitoring and management of CSP performance including in relation to skills, capacity and data quality;
- Capital Management Policies were updated to support assessment of capital management needs and financial sustainability; and
- the Claims Quality Assurance Framework was developed with consideration of data quality elements and monitoring as part of the CSP performance framework.

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

A4.2.8. Assessment of McDougall Recommendation 13

The McDougall Review recommended that icare undertake an independent review of the operation and implementation of the new probity and procurement policies.

To address this Recommendation icare has delivered the following outcomes:

- an independent party ¹⁵ was engaged to undertake a review of the operation and implementation of the new probity and procurement policies;
- the draft report of the review was received, and feedback was provided to the independent party; and
- the final report was provided to icare and circulated to the Board.

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

A4.2.9. Assessment of McDougall Recommendation 15

The McDougall Review recommended that icare management:

- 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; and
- implement a system of feedback to help inform future behaviours and ensure lessons are learned.

To address this Recommendation icare has delivered the following outcomes:

- the Reporting Wrongdoing Policy was updated to align with the NSW Public Interest Disclosure Policy;
- the Managing Misconduct and Grievance Handling Policies were refreshed to provide clarity around employee and leader roles and responsibilities, with the policies encouraging the reporting of any instances of misconduct;
- a Speak Up Hotline was established to enable employees to report matters of inappropriate conduct, confidentially and anonymously; and

¹⁵ In line with the requirements of the Recommendation to appoint an independent party, Promontory was engaged to conduct the review of probity and procurement policies required by McDougall Recommendation 13 and EI Initiative 2.18. In line with our approach taken to provide assurance over other independent reviews required by the Recommendations, (i.e., related to McDougall Recommendations 18 and 27), Promontory provided assurance over the Design, Implement and Embed Phases of the relevant Initiative and over the Recommendation (which for this Initiative related to an independent party being engaged, a review being conducted and the final report being presented to icare's Board), but was not required to formally assess the content of the external review report as part of these assessments.

- a process for the monthly review of all open Speak Up matters was established; with quarterly reporting to the BRC on all reported matters of wrongdoing.

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

- changes to the format of reporting provided to the BRC on Speak Up matters;
- reporting requirements noted in the relevant Policies; and
- reporting of material grievances.

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

A4.2.10. Assessment of McDougall Recommendation 16

The McDougall Review recommended that icare 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.

To address this Recommendation icare has delivered the following outcomes:

- the Reporting Wrongdoing Policy was updated to align with the NSW Public Interest Disclosure Policy;
- the Managing Misconduct and Grievance Handling Policies were refreshed to include People Leader's responsibility for addressing and actioning any complaints as soon as practicable;
- guidelines for grievance resolution and managing misconduct were developed and communicated to staff, with mandatory training developed and rolled out;
- a Speak Up Hotline was established to enable employees to report matters of inappropriate conduct, confidentially and anonymously; and
- a process for the monthly review of all open Speak Up matters was established, with quarterly reporting to the BRC on all reported matters.

After reviewing the Closure Pack for this Recommendation, Promontory requested and received further information on matters including updates to the Policy wording and changes to processes surrounding the Speak Up Hotline.

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

A4.3. Sustainability Assessments

During the Reporting Period, Promontory completed Sustainability Assessments of four Streams (Culture and Accountability, Claims Model, CSP Procurement and Provider Performance, and Professional Standards and Capability). These Streams have been assessed as having adequate mechanisms in place to ensure that outcomes achieved by these Streams are embedded and sustained. Appendix 3 of this Report outlines our approach to assessing sustainability. There are three Streams where sustainability has not yet been assessed due to work remaining in related Initiatives (refer to section 2.7 of this Report).

Due to the nature of the CSP Transition Stream, with CSPs onboarded to the new claims model, there is no need for a sustainability assessment of this Stream. Activities under this Stream related to the transition from a single CSP to a diversified CSP model, and the allocation of claims and policies to these CSPs through a phased upscaling approach. As this was a one-off transition process, there was no need for consideration of sustainability mechanisms.

Table A4.3 provides a list of the sustainability assessments that were assessed during the Reporting Period as having adequate mechanisms in place. Summaries of our sustainability assessment of these Streams are provided below.

Table A4.3: Sustainability assessments completed during the Reporting Period

Stream	Sustainability Closure Date
EI Sub-Program	
Culture and Accountability	17 May 2024
NII Sub-Program	
Claims Model	6 June 2024
CSP Procurement and Provider Performance	23 May 2024
Professional Standards and Capability	9 May 2024

A summary of these Stream outcomes can be found in Section 2.2 of our Tenth Quarterly Update.

A4.3.1. Sustainability Assessment of the Culture and Accountability Stream

The Culture and Accountability Stream within the EI Sub-Program addressed accountability, performance management, remuneration, values and culture.

The key sustainability mechanisms for maintaining the Target State of the Culture and Accountability Stream include the following Frameworks, Policies, Processes or Systems:

- Accountabilities – Frameworks, charters and policies that set out role-related responsibilities;

- Performance management and remuneration – Frameworks and policies addressing performance assessment and remuneration review practices;
- Capability – Frameworks and strategies addressing key employee capabilities; and
- Values and Culture – Culture plans and strategies, and refreshed Purpose, Vision and Values.

These mechanisms include clearly defined ownership, review processes, and reporting on activities and outcomes to relevant stakeholders.

Based on our assessment of the Sustainability Closure Pack, we concluded that Stream sustainability mechanisms were established, including in relation to the relevant Recommendations.

A4.3.2. Sustainability Assessment of the Claims Model Stream

One Initiative from the Claims Model Stream within the NII Sub-Program was in scope for our assurance and related to uplifting assurance activities over the CSPs.

The key sustainability mechanisms for maintaining the Target State of the Claims Model Stream in relation to this Initiative include the following Frameworks, Policies, Processes or Systems:

- Frameworks and other documents which set out the relevant roles, responsibilities, processes and expectations with respect to assurance over Scheme Agents.

These mechanisms include clearly defined ownership, review processes, and reporting on activities and outcomes to relevant stakeholders.

Based on our assessment of the Sustainability Closure Pack, we concluded that Stream sustainability mechanisms were established, including in relation to the relevant Recommendations.

A4.3.3. Sustainability Assessment of the CSP Procurement and Provider Performance Stream

The CSP Procurement and Provider Performance Stream within the NII Sub-Program addressed the establishing of contracts with CSPs and managing CSP performance.

The key sustainability mechanisms for maintaining the Target State of the CSP Procurement and Provider Performance Stream include the following Frameworks, Policies, Processes or Systems:

- Revised CSP Contracts which include details on performance management;
- Governance Framework for monitoring CSP performance; and
- Contract Scorecard capturing CSP performance data.

These mechanisms include clearly defined ownership, review processes, and reporting on activities and outcomes to relevant stakeholders.

Based on our assessment of the Sustainability Closure Pack, we concluded that Stream sustainability mechanisms were established, including in relation to the relevant Recommendations.

A4.3.4. Sustainability Assessment of the Professional Standards and Capability Stream

The Professional Standards and Capability Stream of the NII Sub-Program was designed to enhance the skills and professional standards of frontline staff managing Workers Compensation claims.

The key sustainability mechanisms for maintaining the Target State of the Professional Standards and Capability Stream include the following Frameworks, Policies, Processes or Systems:

- PSF outlining claims management capabilities;
- Capability Strategy and career progression pathways; and
- Capability assessment and measurement tools.

These mechanisms include clearly defined ownership, review processes, and reporting on activities and outcomes to relevant stakeholders.

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

- the role of governance forums; and
- review processes for key artefacts.

Based on our assessment of the Sustainability Closure Pack, and the additional information we received, we concluded that Stream sustainability mechanisms were established, including in relation to the relevant Recommendations.

Appendix 5 – Risk and Customer Stream Activities

In our Ninth and Tenth Quarterly Updates we provided our assessment of Stream outcomes for nine Streams across the Program - four within the EI Sub-Program and five within the NII Sub-Program. The following sections outline the key activities under the two remaining Streams – Risk Uplift and Customer Uplift. The outcomes from these two Streams are detailed in sections 2.3.2 and 2.3.4 of this Report respectively. While some assurance activities for these Streams and related Recommendations have yet to be completed (refer to section 2.7), many of the outcomes from these Streams have been delivered.

A5.1. EI Sub-Program - Risk Uplift Stream Activities

The Risk Uplift Stream within the EI Sub-Program addressed Recommendations from the Reviews relating to the voice of risk within the organisation, risk management and compliance, incident and issue management and the management of reported wrongdoing. There were 35 GAC Recommendations and five McDougall Recommendations that this Stream needed to address.

At the time of the Reviews, icare had begun efforts to strengthen its risk management framework and uplift the organisation's risk maturity. This included appointing a new GE Risk and Governance (previously the CRO) and creating a new organisational structure and team for the CRO function. Similarly, in 2019 icare initiated work to address concerns raised regarding the treatment of whistleblowers and staff reporting wrongdoing. While the Reviews acknowledged these efforts, they also identified the need for further work to fully address the existing issues in these and other related areas.

The Voice of Risk

In the period leading up to the GAC Review, icare had inconsistencies in the attendance by the GE Risk and Governance at GET meetings. Consequently, the GAC Review highlighted that the voice of risk was underrepresented in these meetings and decision-making processes, leading to a leadership focus on delivery, vision, and speed at the expense of effective risk management. Additionally, the GAC Review noted that Line 2 Risk was not consistently involved in project steering groups or prioritisation forums.

Key activities delivered across the Risk Uplift Stream which address these Recommendations included:

- establishing the GE Risk and Governance as a direct report to the CEO and a standing member of the GET; and
- updating the charters, and the charter template, for all material steering committees and prioritisation forums to include Line 2 representatives as standing members to emphasise their role in providing robust review and challenging decision-making.

As part of our assessment of these Initiatives we engaged with key stakeholders as follows:

- the GE Risk and Governance to gain their perspective on whether the voice of risk was present in the organisation; and
- attendance at various forums to observe whether there was adequate consideration of risk in matters relating to icare's operations.

Risk Management and Compliance

The GAC Review identified that despite efforts to strengthen its risk management framework, risk management awareness, culture, and practices across icare required significant improvement. It described considerable gaps and weaknesses in icare's risk frameworks and practices, particularly in the operation of its 3LoD, the maturity of its risk policies, governance and processes, and underscored the need for a substantial uplift in risk management capabilities.

The GAC Review highlighted that icare lacked robust and comprehensive risk management frameworks and policies, appropriate for an organisation of its size and complexity. It underscored the necessity for a comprehensive overhaul of icare's risk management and compliance frameworks to ensure risks are effectively identified, managed, and mitigated.

Furthermore, it identified that there was insufficient resourcing within Line 2 to effectively guide and challenge a risk-immature Line 1, contributing to a low level of risk maturity across the business.

Key activities delivered across the Risk Uplift Stream which address these Recommendations included:

- reviewing and refining key risk and compliance policies and procedures, including icare's RMF to ensure alignment with NSW Government expectations;
- uplifting policies and processes related to Conflicts of Interest, and Gifts and Benefits management;
- implementing a new internal risk and compliance system, Risk Connect, to centralise risk management including risk profiles, controls and obligations libraries, incidents and issues registers and compliance registers;
- establishing the icare Risk Maturity Index to assess risk maturity at icare;
- improving the policies and processes relating to the oversight and management of Material Outsourcing arrangements;
- including risk management goals in all employee performance goals;
- refining the structure and composition of the 3LoD, including establishing Risk and Compliance Business Partners and dedicated Line 1 Risk teams where appropriate;

- reviewing the Enterprise Top Risk Profile and establishing and documenting business unit risk profiles and relevant risks, controls and obligations within Risk Connect;
- establishing several additional forums in which matters relating to risk and compliance are reported, monitored and discussed including monthly business unit risk discussions, the RCC and the Risk Community of Practice; and
- uplifting the monitoring, reporting, and staff awareness of operational risk, compliance and conduct risk throughout the organisation.

As part of our assessment of these Initiatives we engaged with key stakeholders as follows:

- business unit representatives to gain an understanding of the functionality and adoption of Risk Connect;
- senior leaders across icare to gain an understanding of whether the business unit risk profile review process had been embedded; and
- attendance at various forums as observers, including business unit risk discussions, the Monthly GET Risk meeting, the RCC, Risk Community of Practice, BRC and Board to better understand the level of reporting and discussion on key non-financial risk matters.

Incident and issue management

In addition to the broader matters relating to risk management, the GAC Review also identified significant deficiencies in icare's approach to identifying and responding to material risks and issues.

Regarding incident and issue management, key findings from the GAC Review pointed to gaps in frameworks needed to support risk identification and response, immature policy guidance, and inadequate processes for managing and remediating issues. This suggested a lack of urgency and priority in addressing risks with unclear definitions of 'incidents' and fragmented reporting channels that impeded timely and coordinated responses. Additionally, icare was slow to escalate issues to senior management, resulted in delayed reporting and responses to significant matters.

Key activities delivered across the Risk Uplift Stream which address these Recommendations included:

- developing an Incident and Issue Management Reporting Policy to better articulate the roles and responsibilities of staff and provide a consistent way to review and rate incidents;
- developing a Remediation Framework to set out the guiding principles, roles and responsibilities for how a remediation program should be established;
- establishing the Incident Review Panel as a 'significant matter committee' to make decisions on the materiality of incidents and whether an incident warrants regulatory reporting; and
- uplifting risk reporting across all levels to include incident and issue management.

The management of reported wrongdoing.

A persistent theme across both Reviews was the lack of a coordinated approach to managing internal sensitive matters and the need to improve the 'speak up' culture. Employees lacked confidence in the anonymity and effectiveness of reporting mechanisms. In this context, the Reviews emphasised the need for icare to update its policies and procedures to foster a 'speak up' culture, ensure anonymity and protection for whistleblowers, and enhance the coordination and reporting of these issues.

Key activities delivered across the Risk Uplift Stream which address these Recommendations included:

- updating the Reporting Wrongdoing Policy to align with the NSW Public Interest Disclosure Policy;
- developing guidelines, procedures and other documents to provide guidance on Speak Up matters, and rolling out training for staff and leaders;
- establishing the Speak Up Hotline for employees to report matters of inappropriate conduct confidentially and anonymously; and
- establishing mechanisms for the review, monitoring and escalation of reported wrongdoing, including reporting on wrongdoing matters to the BRC and GET.

As at 30 June 2024, two GAC Recommendations that relate to the Risk Uplift Stream remain open (refer to section 2.7).

A5.2. EI Sub-Program - Customer Uplift Stream Activities

The Customer Uplift Stream within the EI Sub-Program addresses Recommendations from the GAC Review relating to reporting of customer outcomes and complaints management practices. There were four GAC Recommendations that this Stream needed to address.

The GAC Review identified the need for more dedicated customer-focused reporting to the Board and GET. At the time of the GAC Review, customer matters were primarily discussed at the Board Customer, Innovation and Technology Committee. The Review highlighted that this Committee needed to increase the time spent on the voice of the customer and customer outcomes. It also noted that management reporting on customer outcomes to the Board needed to be enhanced, critiquing the existing over-emphasis on Net Promoter Score (**NPS**) reporting. Similar findings were noted regarding customer-focused reporting to the GET. The Review identified a lack of focus on customer outcomes in reporting and a need to enhance existing reports by incorporating broader leading and lagging metrics on an individual scheme basis to complement NPS reporting.

In relation to customer complaints, the GAC Review highlighted icare's lack of a centralised complaints repository, noting this deficiency limited icare's ability to analyse themes and systemic issues. The Review suggested icare improve the 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.

Key activities delivered across the Customer Uplift Stream which address these Recommendations included:

- transitioning the lead customer experience measures from NPS to CSAT and introducing a suite of broader CX measures to complement CSAT;
- developing dashboards to enable analysis and reporting of CSAT, CX and complaints data;
- enhancing customer reporting to the Board and GET and across icare using uplifted measures across experience, service and conduct;
- developing a Customer Complaints Framework including a Policy, Guidelines and Scheme Procedures to support coordinated and consistent complaints management practices across icare and the CSPs;
- uplifting the CRM Complaints Module to provide a central repository of complaints data from icare and CSPs;
- developing an approach to customer governance articulated in the Customer Governance Guidance and Ecosystem;
- developing policies and guidance to support delivery of better customer outcomes, including the Putting Those We Serve First Policy, Fair Decision Making Principles, Complex Customer Circumstances Guidelines, and Listen Learn Act Guidelines;
- conducting extensive training across icare and the CSPs including on complaints management, empathy, and Complex Customer Circumstances, with training integrated into ongoing BAU rhythms;
- implementing a suite of customer controls to embed the requirements of complaints and customer governance frameworks; and
- conducting annual attestation against SIRA's CSCP's.

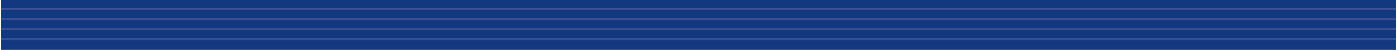
As part of our assessment of this Stream we engaged with key stakeholders as follows:

- the Customer Advocate and her representatives to discuss complaints management and customer governance activities and outcomes;
- senior leaders across several business units to better understand their experience in embedding complaints management and customer governance requirements;
- CSP representatives to discuss the use of the CRM Complaints Module, complaints management practices and interactions with icare; and
- attendance at Board and GET meetings as observers to better understand the nature and level of discussion on customer reporting and outcomes.

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As at 30 June 2024, the four GAC Recommendations that relate to the Customer Uplift Stream remain open (refer to section 2.7).

Appendix 6 – Recommendation Mapping

A6.1. 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

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#	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 SICG 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

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#	Recommendation	Linked Initiatives
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 CX Measurement Evolution 4.2 Transitioning to CSAT 4.5 Customer Governance@icare
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.	6.6 Cost Allocation 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

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#	Recommendation	Linked Initiatives
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
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 Independent Commission Against Corruption 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

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#	Recommendation	Linked Initiatives
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
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

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#	Recommendation	Linked Initiatives
GAC 43	<p>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.</p> <p>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 Human Resources (HR) Policy Framework</p>
GAC 44	<p>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.</p>	2.14 Speak Up Hotline
GAC 45	<p>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.</p>	2.14 Speak Up Hotline
GAC 46	<p>Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.</p>	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 47	<p>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.</p>	2.22 Outsourcing Committee
GAC 48	<p>Review existing key material outsourcing contracts against the revised Outsourcing Policy's requirements and update accordingly.</p>	2.1 Review and Refresh of Risk and Compliance Artefacts
GAC 49	<p>Improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.</p>	<p>N3.1 NI Claims Management Procurement User focused systems and processes</p> <p>N3.2 CSP Provider Performance</p>
GAC 50	<p>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.</p>	<p>N3.1 NI Claims Management Procurement</p> <p>N3.2 CSP Provider Performance</p>

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#	Recommendation	Linked Initiatives
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
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

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#	Recommendation	Linked Initiatives
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
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.	5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework 5.5 Alignment of People Experiences - Capability Framework
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.	1.6 Committee Structure, membership and Charter Review 5.4 Refreshed Remuneration Framework
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.	5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework 5.5 Alignment of People Experiences - Capability Framework
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.	5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework

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#	Recommendation	Linked Initiatives
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.	5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework
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.	5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework
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

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#	Recommendation	Linked Initiatives
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
GAC 74	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.	5.1 Culture 5.2 Leadership 5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework 5.5 Alignment of People Experiences - Capability Framework
GAC 75	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.	5.1 Culture 5.2 Leadership 5.5 Alignment of People Experiences - Capability Framework 5.8 Refreshed HR Policy Framework 5.9 Culture Measurement
GAC 76	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.	5.1 Culture 5.2 Leadership 5.3 Refreshed Performance Management Framework 5.4 Refreshed Remuneration Framework 5.9 Culture Measurement

A6.2. McDougall Recommendations¹⁶

#	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.	N5.1 Develop the icare Professional Standards Framework Culture N5.2 Deliver the Capability Strategy and Career Pathways N5.3 Deliver the Professional Standards Framework
McD 2	icare should examine the Internal Audit Report on EML from a major risk perspective to identify actions, timelines and responsibilities for overcoming whatever shortcomings may be identified in the report.	P1 EML Audit
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.	N3.1 NI Claims Management Procurement User focused systems and processes N4.1 New CSP Onboarding N4.3 Guidewire Claims Transfer Complaints Uplift N4.4 Policy Transfers CRM Complaints Uplift N5.2 Deliver the Capability Strategy and Career Pathways Leadership
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.	N3.1 NI Claims Management Procurement
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.	N1.1 Healthcare Dashboard and Reporting N5.3 Deliver the Professional Standards Framework

¹⁶ Only the McDougall Recommendations which are linked to Initiatives which are subject to our independent assurance have been listed in the table above.

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#	Recommendation	Linked Initiatives
McD 6	icare should: <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	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. These processes should align with the existing procurement obligations of government agencies and be consistent with the guidance provided by RSM.	3.1 User focused systems and processes 3.3 Transparency and Policy
McD 11	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. Probity and procurement education should follow the guidance provided by RSM.	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

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#	Recommendation	Linked Initiatives
McD 13¹⁷	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
McD 14	icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up. 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.	2.1 Review and Refresh of Risk and Compliance Artefacts 2.14 Speak Up Hotline 5.8 Refreshed HR Policy Framework
McD 15	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. icare's management should implement a system of feedback to help inform future behaviours and ensure lessons are learned.	2.1 Review and Refresh of Risk and Compliance Artefacts 5.8 Refreshed HR Policy Framework
McD 16	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	2.1 Review and Refresh of Risk and Compliance Artefacts 5.8 Refreshed HR Policy Framework
McD 17	icare's Board should take responsibility for ongoing oversight of icare's cultural change program. 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. icare should report annually to the Treasurer and publicly on its progress in executing that plan.	5.1 Culture 5.9 Culture Measurement

¹⁷ Promontory was engaged as the independent party to conduct the review of probity and procurement policies required by McDougall Recommendation 13 and EI Initiative 2.18. As with other independent reviews (i.e., related to McDougall Recommendations 18 and 27), Promontory provided assurance over the Design, Implement and Embed Phases of the relevant Initiative and over the Recommendation, but did not assess the content of the external review report.

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#	Recommendation	Linked Initiatives
McD 18¹⁸	There should be a further review of icare's culture by June 2023. That review should be conducted, as was the CGA Review, by an independent third party. It should address, among other topics, the progress of implementation of planned improvements to icare's cultural practices and shifts in its underlying culture.	5.10 icare Culture Review
McD 19	The Board of icare should include one or more members who possess extensive public sector experience and workers compensation insurance experience.	1.5 Board Composition
McD 20	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.	1.5 Board Composition
McD 21	The ARC should be split into a separate Audit Committee and a separate Risk Committee.	1.6 Committee Structure, membership and Charter Review
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 People and Remuneration Committee, 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

¹⁸ Promontory provided assurance over the Design, Implement and Embed Phases of the relevant Initiative. However, while Promontory provided assurance that the Recommendation has been addressed by the completion of the external review, we did not assess the content of the external review report.

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#	Recommendation	Linked Initiatives
McD 27¹⁹	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.	6.5 Expense Saving Review
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
McD 31	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: <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	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. icare should publish those reports both publicly and to the Treasurer at least annually.	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

¹⁹ Promontory provided assurance over the Design, Implement and Embed Phases of the relevant Initiative. However, while Promontory will provided that the Recommendation has been addressed by the completion of the external review, we did not assess the content of the external review report.

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#	Recommendation	Linked Initiatives
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 Lifetime Care and Support)



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