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

Ninth Quarterly Update

29 February 2024

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

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

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

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

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

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Contents

Abbreviations & Definitions

Abbreviation	Definition
3LOD	Three Lines of Defence
ALCO	Asset and Liability Committee
ARC	Board Audit and Risk Committee, now the Board Risk Committee (BRC) and Board Audit Committee (BAC)
BAC	Board Audit Committee (previously part of ARC)
BAU	Business As Usual
BRC	Board Risk Committee (previously part of ARC)
BRMF	Benefits Realisation Management Framework
CEO	Chief Executive Officer
Closure Pack	A pack of documents provided to Promontory for assessment, that includes a description of the actions icare has undertaken as part of a Phase and supporting evidence that demonstrates the effectiveness of those actions
CPO	Chief Procurement Officer
CRM	Customer Relationship Management
CRM Module	Customer Relationship Management complaints module
CRO	Chief Risk Officer, now GE Risk and Governance.
CSAT	A measure used to track customer satisfaction
CSP	Claims Service Provider
CXM	Customer Experience Measure (previously NXM)
Definitions of Done	The tasks which need to occur for a Milestone to be Completed
EI	Enterprise Improvement
Eighth Quarterly Update or Last Update	Our eighth update dated 30 November 2023 on icare's progress in addressing the Recommendations of the Reviews
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 Establishment Report	Our second report dated 28 February 2022, which provides a final description of how icare has set up the Improvement Program
First Quarterly Update	Our first update dated 28 February 2022, which provides a summary of icare's progress in addressing the Recommendations of the Reviews
GAC	Governance, Accountability and Culture
GAC Recommendations	The 76 recommendations made in the GAC Report that are relevant to icare
GAC Report	The report delivered at the conclusion of the GAC Review

Abbreviation	Definition
GAC Review	PwC's Independent Review of icare's governance, accountability and culture
GE	Group Executive
GE Risk and Governance	Group Executive Risk and Governance, formerly CRO
GET	Group Executive Team
GM	General Manager
HR	Human Resources
ICAC	Independent Commission Against Corruption
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
Interim Establishment Report	Our first report dated 6 December 2021, which provides an initial description of how icare has set up the Improvement Program
KPI	Key Performance Indicator
LTCS	Lifetime Care and Support
McDougall Recommendations	The 31 recommendations made in the McDougall Report that are relevant to icare
McDougall Report	The report delivered at the conclusion of the McDougall Review
McDougall Review	Statutory review of icare and the State Insurance and Care Governance Act
Milestones	The specific actions that icare will complete within the Initiatives
Module	CRM complaints module
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 or Update	Our ninth update dated 29 February 2024 on icare's progress in addressing the Recommendations of the Reviews
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
PIR	Post-Implementation Review
Plans	The EI Plan and the NII Plan
PMES	The NSW Government People Matters Employee Survey

Abbreviation	Definition
PRC	People and Remuneration Committee
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
Reporting Date	31 January 2024
Reporting Period	The period from 1 November 2023 to 31 January 2024
Reviews	The McDougall Review and GAC Review
Risk Connect	icare's risk management system
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
SLT	Senior Leadership Team of icare
Streams	Streams of work, which are thematic areas of work icare is completing to address the Recommendations
Sub-Programs	The EI Sub-Program and NII Sub-Program

Executive Summary

This is Promontory's Ninth Quarterly Update, which sets out our independent assurance over icare's Improvement Program. This update covers our observations on icare's progress on the Improvement Program during the period from 1 November 2023 to 31 January 2024.

<u>Background</u>

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

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

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

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

The Improvement Program consists of two main sub-programs:

- the Enterprise Improvement (**EI**) Sub-Program, which aims to address recommendations that apply across the whole icare organisation; and

- the Nominal Insurer Improvement (**NII**) Sub-Program, which aims to address recommendations that apply to the Workers Compensation Nominal Insurer Scheme.

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

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

Progress on Implementation

As at 31 January 2024:

- 100% of the Initiatives had commenced or completed work on the Design Phase, with over 95% assessed by Promontory as complete and effective;

- 100% of the Initiatives had commenced or completed work on the Implement Phase, with 89% assessed by Promontory as complete and effective;

- 97% of Initiatives had commenced or completed work on the Embed Phase, with 68% assessed by Promontory as complete and effective; and

- 60% (64 of 107) of the GAC and McDougall Recommendations have been assessed by Promontory as complete and effective.

The progress of the Improvement Program is summarised in Figure 1[1].

Figure 1: Initiative Phase status summary.
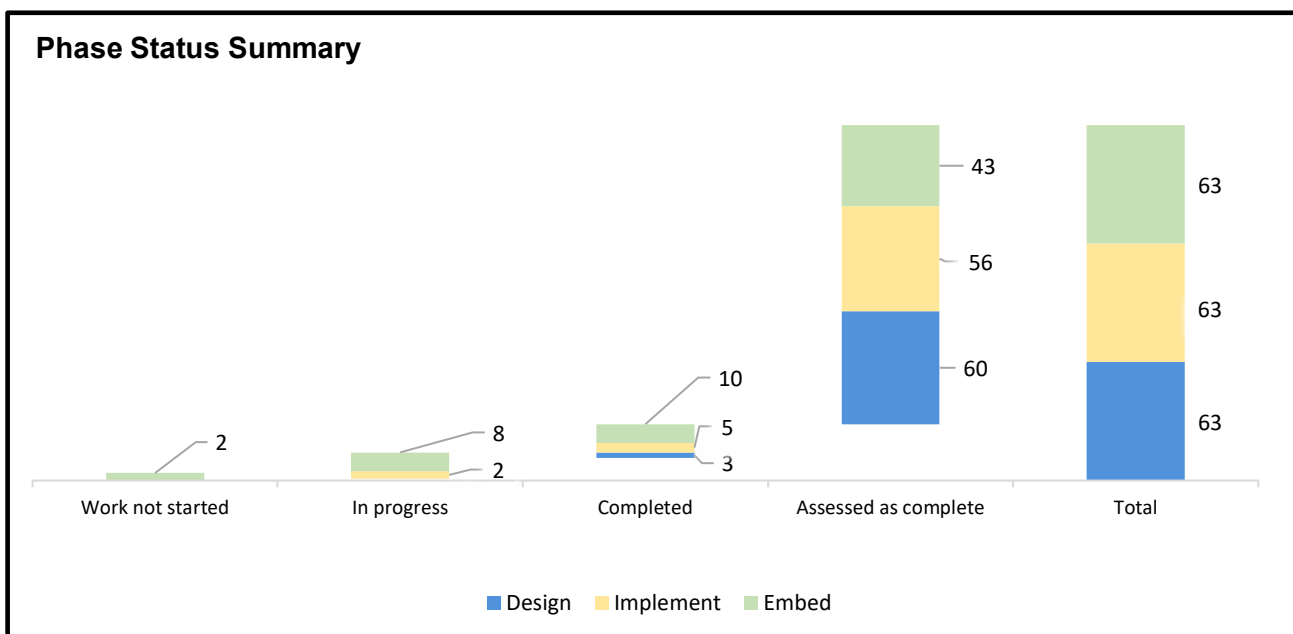
[1] **Figure 1** provides a summary of the Initiatives that address Recommendations within Promontory's scope of coverage.

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Program Progress and Outcomes

During the Reporting Period, icare continued to make progress towards the completion of the Improvement Program, with substantial efforts across both Sub-Programs. Within the EI Sub-Program, three of the six Streams remain open with all Embed activities in the Governance, Procurement Uplift and Culture and Accountability Streams completed by icare. Concurrently, icare has completed all activities in four of the five Streams in the NII Sub-Program, with work continuing on the remaining Embed activities in the CSP Procurement and Provider Performance Stream.

icare continued to monitor and take action, where necessary, to strengthen program delivery and address risks. As part of this work, icare responded to the focus areas identified in our Last Update. This included:

- revising the timelines for completion and continuing to progress the work relating to assurance over its risks, controls and obligations; and

- continuing to support and engage with Claims Service Providers to implement the complaints management system.

With only four months remaining until the Program's scheduled conclusion in mid-2024, further work is required on some of the more complex and challenging Streams. Given the short runway to the planned completion of the Program, and the volume of work related to icare's risks, controls and obligations to be completed in the next three months, there is a risk to icare of not being able to demonstrate embedment of the relevant processes. It is important that this work is completed at quality and that icare considers and communicates how this work will be performed as part of operating rhythms in Business As Usual.

Concluding our assurance activities over closed Streams brings into view the scope of the Program and significance of the work done by icare since the Reviews were conducted. In this update we provide details about the first Streams where we have concluded our assurance activities, Governance and Procurement Uplift.

Governance Stream Outcomes

The Governance Stream of the EI Sub-Program addresses Recommendations from the Reviews relating to Board governance and reporting, senior leader oversight, project management, and stakeholder accountability.

The work undertaken by icare across the Governance Stream has delivered the following high-level outcomes:

- a more balanced view of the appropriate composition of Board experience and skills;

- greater clarity on Board and management committee roles, responsibilities and decision making;

- improved scope, timeliness and quality of reporting to the Board, Board Committees and the Group Executive Team to support decision making and stronger oversight;

- improved quality of project delivery with clear processes, roles and responsibilities; and

- improved monitoring and management of stakeholder relationships, including a focus on improving the regulatory relationship, supported by a greater focus on oversight and reporting on regulatory issues and requirements.

Procurement Uplift Stream Outcomes

The Procurement Uplift Stream of the EI Sub-Program was designed to realign icare's procurement practices with the whole of government procurement objectives and address the concerns raised in the McDougall Review.

Recognising the need for change within its procurement practices, icare responded constructively to the McDougall Recommendations and delivered the following outcomes:

- appointment of a Chief Procurement Officer to drive change and uplift in icare's procurement processes;

- improved reporting on procurement activities, risks and progress on icare's Strategic Procurement Plan to both the Group Executive Team and Board Risk Committee;

- better communication and stronger relationships between icare's business units and the Procurement team;

- uplifted procurement framework to align with NSW Government principles and best practices; and

- education programs for all staff, with specialist training for the Procurement Team.

As the Program nears completion, it will become important for icare to retain its focus on ensuring the sustainability of the Initiatives, ensuring changes are embedded into daily operations in a way that maintains the outcomes of the Program and reinforces the foundations for ongoing success.

1. Introduction

1.1. Background

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

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

SIRA is the Government organisation responsible for regulating the NSW workers compensation system and is also the regulator for workplace health and safety in NSW. icare is regulated by SIRA.

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

- the *icare and State Insurance and Care Governance Act 2015 Independent Review* (**McDougall Review**), which involved a 'root and branch' examination of icare; and

- PwC's *Independent Review of icare governance, accountability, and culture* (**GAC Review**), which considered governance, accountability, and culture across the whole of icare.

The McDougall Review culminated in a report (**McDougall Report**) which was published on 30 April 2021.[2] The McDougall Report identified a number of findings which were attributed, in part, to icare's determination to effect speedy change, which gave rise to procedural and cultural defects that resulted in a disregard for practices and procedures. The McDougall Report made 31 recommendations relevant to icare (**McDougall Recommendations**).

The GAC Review resulted in a report (**GAC Report**) which was published on 1 March 2021.[3] The GAC Report made a number of findings, which included a lack of discipline in delivering timely and quality outcomes to customers, and the need for significant improvement in icare's risk and compliance framework. The GAC Report contains 76 recommendations relevant to icare (**GAC Recommendations**).

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[2] The McDougall Report is available here.

[3] The GAC Report is available here.

1.2. The Improvement Program

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

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

- improving risk and governance to meet community and regulatory expectations;

- improving performance, particularly by getting injured workers back to work sooner and reducing internal costs; and

- driving an accountable culture.

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

- the Enterprise Improvement Sub-Program (**EI Sub-Program**), which aims to address the Recommendations of the Reviews that apply across the whole icare organisation; and

- the Nominal Insurer Improvement Sub-Program (**NII Sub-Program**), which aims to address the Recommendations of the Reviews that apply to the NI Scheme.[4]

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

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

- streams of work, which are thematic areas of work icare is completing to address the Recommendations (**Streams**);

- initiatives, which are the high-level remedial activities to be undertaken within the Streams (**Initiatives**); and

- milestones, which are the specific actions that icare will complete within the Initiatives (**Milestones**).

The Initiatives are divided into three phases (**Phase** or **Initiative Phase**): Design, Implement or Embed. The Design Phase involves designing an approach to address the Initiative's outcomes, the Implement Phase involves the initial roll-out or launch of that approach, and the Embed Phase

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

involves achieving demonstrated operational effectiveness of the approach. Each of the Milestones are classed as being in one of those three Phases.

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

1.3. Promontory's Role

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

- monitoring the status and progress of the Program;

- assessing both whether each Phase of an Initiative has been completed in line with the relevant Plans, and whether each Recommendation has been addressed by the relevant Initiatives; and

- providing quarterly updates which report on our findings.

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

We finalised our first two reports in relation to the Program on 6 December 2021 (**Interim Establishment Report**) and 28 February 2022 (**Final Establishment Report**). These reports provide a summary of how icare set up the Program and detail our role in providing independent assurance over it. [5] We also finalised our first update on icare's progress in addressing the Recommendations of the Reviews (**First Quarterly Update**) in conjunction with our Final Establishment Report.

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

This Update focusses on developments that occurred from 1 November 2023 to 31 January 2024 (**Reporting Period**). The status of icare's progress against the Recommendations is reported as of 31 January 2024 (**Reporting Date**).

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

1.4. Report Structure

The remainder of this report is structured as follows:

- Chapter 2 sets out our observations on how the Program is progressing, aspects of program management, and provides details about the Streams where we have concluded our assurance activities during this Reporting Period;

- Chapter 3 summarises the progress icare has made in addressing the EI and NII Plans;

- Chapter 4 provides details about Promontory's assessment of completed Phases within Initiatives during the Reporting Period; and

- Chapter 5 provides details about Promontory's assessment of Recommendations completed during the Reporting Period.

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

2.   Progress and Outcomes

During the Reporting Period, icare continued to make progress towards the completion of the Improvement Program, with substantial efforts across both Sub-Programs.

With only four months remaining until the Program's scheduled conclusion in mid-2024, further work is required on some of the more complex and challenging Streams. Within the EI Sub-Program, three of the six Streams remain open with all Embed activities in the Governance, Procurement Uplift and Culture and Accountability Streams completed by icare. Concurrently, icare has completed all activities in four of the five Streams in the NII Sub-Program with work continuing on the remaining Embed activities in the CSP Procurement and Provider Performance Stream.

2.1. Previous Focus Areas

icare continued to monitor and take action, where necessary, to strengthen program delivery and address risks. As part of this work, icare responded to the focus areas identified in our Last Update.

Embedment of Risk Profiles and Supporting Processes

In response to our observations relating to the embedment of risk profiles and their supporting processes icare responded by:

- continuing to progress the work that remains in two Risk Uplift Initiatives (Development of Enterprise and Business Unit Risk Profiles, and Development of icare Enterprise Obligations Register, Controls and Obligations Management);

- revising the timelines for the completion of the above work and developing and implementing a plan to ensure that it is completed and embedded into Business As Usual (**BAU**) within the revised timelines; and

- increasing the transparency on the progress of these Initiatives through the establishment of bi-weekly reporting and governance to monitor the completion rates of the control self-assessments, with escalation to the Risk and Compliance Committee, Group Executive Team (**GET**) and Board Risk Committee (**BRC**) for oversight.

icare has made progress during the Reporting Period to develop an action plan to address the issues identified with the two remaining Risk Uplift Initiatives. It is important for icare to continue to progress this work and to embed the required process and cadence with which these activities should operate in BAU. Further effort is required over the control self-assessments, Line 2 assurance activities and obligations register, indicating a considerable volume of work that remains to be completed over the next few months.

During the review and challenge as part of the work of Line 2 assurance over the control environment, opportunities may arise to further improve the documentation, design and operation of controls. With Line 2 assurance over the quality of the control self-assessments scheduled to commence in

February, there is the potential for improvements to be identified which may need to be addressed. This could increase the workload for Line 1 and create risks to an already tight deadline. It is important that icare remains vigilant and continues to closely monitor that this work is delivered both at quality and within the remaining timeframe.

icare also needs to consider and communicate the methodology of how these practices will be conducted in future cycles. This will be important for ensuring the sustainability of any improvements made to icare's control environment.

Promontory will continue to engage with icare to monitor the actions being taken to progress the significant work required to ensure the embedment of these processes into BAU and beyond the completion of the Program.

Complaints Management

In response to our observations relating to the activities icare is undertaking to uplift their complaints management, icare responded by:

- continuing to provide accurate and transparent reporting within governance forums on the challenges relating to the uptake of the Customer Relationship Management (**CRM**) complaints module (**CRM Module**) system by Claims Service Providers (**CSPs**);

- extending timelines for the delivery of the impacted Initiatives to allow for effective embedment; and

- continuing to support and engage with CSPs to implement the CRM Module.

Maintaining Momentum

In response to our observations relating to the areas which would require focus in order for icare to maintain momentum and carry the Program to a successful close, icare responded by:

- continuing to focus on business ownership of improvements, with a 'Transition to BAU Assessment' undertaken as part of Stream closure and identification of BAU accountabilities to form part of the Sustainability Closure Pack; and

- communication to leaders on Program outcomes and success stories, and all-staff communications via email.

In relation to measuring and reporting on Program outcomes, we understand that the approach to outcome measures has recently progressed in line with consideration of icare's sustainability approach. In addition to outcome measures included in the Enterprise and Scheme Scorecards, measures will be monitored and reported as part of BAU practices, without the need for creating additional dashboards at the Enterprise level. These measures will be documented as part of the Stream Sustainability Closure Packs due to be assessed by Promontory in upcoming reporting periods.

2.2. Stream Outcomes

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

Two Streams within the EI Sub-Program are now closed (Governance and Procurement Uplift). Concluding our assurance activities over these closed Streams brings into view the scope of the Program and significance of the work done by icare since the Reviews were conducted. The following sections highlight the key achievements that have been delivered under each of these two Streams. icare is set to deliver Sustainability Closure Packs for our assessment of these Streams. We will evaluate the adequacy of the sustainability plans documented under the Program to ensure the ongoing success of the reforms.

2.2.1. Governance Stream Outcomes

The Governance Stream within the EI Sub-Program addresses Recommendations from the Reviews relating to Board governance and reporting, senior leader oversight, project management, and stakeholder accountability.

In 2020 and 2021 icare made several governance changes in response to previously identified issues. This included the appointment of a new Board Chair, Board members and new Chief Executive Officer (**CEO**), and changes to governance structures and oversight. Changes were also made to enhance senior leadership oversight to support the program of change. The Reviews acknowledged these changes, but found further strengthening was required to fully address the identified issues.

To respond to the Reviews' governance-related Recommendations and identified shortcomings, icare developed a plan for the Governance Stream. The plan included eight in-scope Initiatives across the following areas.

Board Governance

The Reviews identified that, notwithstanding recent improvements to Board governance at icare, additional improvement was required. In particular, the Reviews considered that the Board did not set a strong enough tone from the top on key matters, that the experience mix of Board members was not comprehensive, and that there was a requirement for further analysis of the Board skills and the development of strategies to address any identified gaps. Additionally, there was a significant workload for Board Committees, particularly the Board Audit and Risk Committee (**ARC**), and Board reporting and action monitoring did not facilitate effective Board oversight.

The Reviews identified an opportunity for a more constructive relationship between icare and SIRA, and for the Board to enhance its formal oversight of reporting provided to the Treasurer. In this context, the Reviews raised that clarity around the regulator's role together with improved reporting and transparency would help strengthen the regulatory relationship.

To respond to these findings, key activities undertaken included:

- ensuring the Board actively monitors and considers the skills mix by regularly updating the Board and Committee Skills Matrix, and developing strategies to address any gaps, including a Board Succession and Recruitment Plan;

- enhancing the Board development program, including induction training;

- separating the ARC into the Board Audit Committee (**BAC**) and BRC, following approval by NSW Treasury;

- updating Board and Committee Charters to clarify roles and responsibilities, including in relation to effective engagement with SIRA and reporting to/from Treasury, with annual performance evaluations to ensure committees operate in line with Charter responsibilities;

- enhancing Board governance processes, including monitoring of actions; and

- uplifting the range and quality of reporting to the Board and Committees, supported by stronger oversight of quality, including by the Board.

As part of our assessment of icare's Board governance we engaged with key stakeholders as follows:

- the Head of Board Governance, to gain a better understanding of the strategies implemented for ensuring the Board has the necessary skills;

- the Group Executive (**GE**) Risk and Governance and observed the BAC and BRC meetings which both evidenced the Board's tone from the top and its effectiveness in holding management accountable; and

- the General Manager (**GM**) Internal Audit, including observations of improved reporting lines and robust interactions with the Chair of the BAC.

<u>Senior Leader Oversight</u>

The Reviews identified the need for clarity over the GET's remit and accountabilities alongside a framework for robust decision making, including enhanced decision-making governance to ensure decisions are made at the appropriate level of the organisation. Moreover, it was crucial for the GET to enhance oversight of risk management and customer and scheme performance outcomes to effectively steer icare towards its strategic objectives.

To address these shortcomings, icare designed a tiered decision-making structure to clarify the roles of the GET and Senior Leadership Team (**SLT**). This involved revising GET and GET Sub-Committee governance structures and developing or uplifting committee charters to clarify roles and decision-making accountabilities. A committee review process was also established to ensure ongoing committee effectiveness.

To support our assessments, we met with the GE Strategy and Customer to discuss GET/SLT committee effectiveness reviews. We also sought attestations from the Chairs of these committees in relation to the self-assessment process and identified improvement actions that were taken. Our

discussions with the Chief Actuary and the Customer Advocate (as Chairs of the relevant committees) highlighted positive impacts from the changes in GET/SLT governance forums, with clarity around responsibilities and improved quality of decision making.

Project Management

The Reviews identified inconsistent evaluation and prioritisation of proposed projects, and a lack of the voice of risk in project decision making and delivery. There were also inadequate learning and feedback mechanisms during and following project execution.

In response, key activities delivered by icare included:

- developing the Strategic and Business Planning Process document to outline and clarify end-to-end roles and responsibilities;

- developing a Prioritisation Framework to outline criteria for prioritisation of projects; and

- enhancing the Project Management Framework (with supporting tools) to outline minimum standards, to improve risk management, to clarify roles and responsibilities and to require post-implementation reviews.

Stakeholder Accountability

A Stakeholder Accountability Framework was developed to respond to the GAC Review Recommendations that icare strengthen its sense of accountability and engage with its stakeholders in a positive, open and constructive way. This includes SIRA, as well as other regulators, Treasury, employers, customers and other stakeholders. The Frameworks include a Stakeholder Engagement Strategy and supporting tools to outline icare's expectations to its employees.

Outcomes

The work undertaken by icare under the Governance Stream has delivered the following high-level outcomes:

- a more balanced view of the appropriate composition of Board experience and skills;

- greater clarity on Board and management committee roles, responsibilities and decision making;

- improved scope, timeliness and quality of reporting to the Board, Board Committees and the GET to support decision making and stronger oversight;

- improved quality of project delivery with clear processes, roles and responsibilities; and

- improved monitoring and management of stakeholder relationships, including a focus on improving regulatory relationship, supported by a greater focus on oversight and reporting on regulatory issues and requirements.

2.2.2. Procurement Uplift Stream Outcomes

The Procurement Uplift Stream of the EI Sub-Program was designed to realign icare's procurement practices with the whole of government procurement objectives and address the concerns raised in the McDougall Review.

At the time of the McDougall Review, icare's procurement practices were found to prioritise organisational changes which, at times, overshadowed the need for stringent and prudent procurement practices expected of government agencies. This tendency, coupled with a preference for principle-based practices over prescriptive policies, led to challenges in embedding robust, consistent and effective procurement processes.

The McDougall Review also highlighted that icare's previous efforts to improve its procurement practices between 2017 and 2019 were not successful. This was attributed to a general lack of emphasis on procurement governance and insufficient focus on developing and embedding meaningful improvements to its procurement practices as potential causes.

In light of these shortcomings, the McDougall Recommendations encompassed a comprehensive overhaul of icare's procurement framework. These Recommendations included:

- appointment of a Chief Procurement Officer (**CPO**) to lead significant process and cultural changes;

- binding icare to a procurement framework on par with other government agencies and implementing robust processes aligned with government obligations;

- comprehensive education for all staff about governance systems and expected behaviours; and

- the introduction of tailored procurement training for employees with the authority to carry out procurement across icare's business units.

Recognising the need for significant change within its procurement practices, icare responded constructively to the McDougall Recommendations with the following actions:

- appointing a CPO in May 2022 to drive change and uplift in icare's procurement processes;

- developing a five-year Strategic Procurement Plan that sets out how icare planned to embed robust and compliant procurement practices;

- establishing a cadence of quarterly reporting to the GET and the BRC on procurement activities, risks and progress against the Strategic Procurement Plan;

- developing and implementing a new Business Partnering Strategy to enable better communication and stronger relationships between icare's business units and the Procurement team;

- undertaking a comprehensive uplift of its procurement framework, including through the development of key policies such as the Procurement Policy and Procure to Pay Policy and aligning these with NSW Government principles and best practices;

- implementing a new procurement system, Procurement Central, to automate procurement workflows; and

- establishing a regular education program focused on procurement for its employees, including by introducing mandatory annual training on procurement obligations, probity, and ethics for all staff, and tailored learning and development plans for its Procurement Team.

Promontory met with the CPO during our assessment of the Initiatives. These discussions evidenced a strong commitment to overseeing the significant improvements within icare's procurement practices. This was supported by our attendance of procurement system walkthroughs and attendance at governance forums which demonstrated effective embedment of systems and processes throughout icare.

The emphasis on all-staff awareness of procurement principles and requirements positions icare well to enhance both understanding of and compliance with procurement practices among its staff. Further, the introduction of tailored learning and development plans for the Procurement Team should enable icare to achieve a higher standard of procurement practices that will not only meet its needs but align with the expectations set by NSW Government standards and other better practices.

Reflecting on the procedural and cultural challenges highlighted in the McDougall Review, icare has made a significant effort to uplift its procurement practices to be in line with the NSW Government framework.

3.   Program Progress

During the Reporting Period, icare continued to progress the execution of the Program. As at the Reporting Date of 31 January 2024:

- 100% of the Initiatives had commenced or completed work on the Design Phase, with over 95% assessed by Promontory as complete and effective;

- 100% of the Initiatives had commenced or completed work on the Implement Phase, with 89% assessed by Promontory as complete and effective; and

- 97% of Initiatives had initiated or completed work on the Embed Phase, with 68% assessed by Promontory as complete and effective.

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

Table 3.1: Initiative Phase Status

Phase	Yet to commence	Work in progress	Work completed	Assessed as complete	Total
Design	0	0	3	60	**63**
Implement	0	2	5	56	**63**
Embed	2	8	10	43	**63**
Total	**2**	**10**	**18**	**159**	**189**

icare continued to make significant progress in the closure of Recommendations during the Reporting Period with an additional 16 Recommendations assessed as complete and effective. Approximately 60% (64 out of the total 107) of the Recommendations have been assessed as complete and effective. The established operating rhythm for providing Closure Packs[6] was also maintained. As at the Reporting Date we have assessed a total of 159 Initiative Phase Closure Packs as complete and effective. Further detail on our assessments of the Initiatives and Recommendations is provided in Chapters 4 and 5 respectively.

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[6] 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.

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

Table 3.2: Reporting Scale

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

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

3.1. Enterprise Improvement Program[7]

3.1.1. Governance

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

3.1.2. Risk Uplift

Stream	Initiative	Design	Implement	Embed
2. Risk Uplift	**2.1** Review and Refresh of Risk and Compliance Artefacts	●	●	●
	2.2 Uplift of Risk System	●	●	●
	2.3 Enterprise & Business Unit Risk Profiles	●	●	◑
	2.4 Risk Management Attestation Uplift	●	●	●
	2.5 Enterprise Obligations Register	●	●	◑
	2.6 Further Refinement 3 Lines of Defence	●	●	●
	2.7 Risk in Change Framework	●	●	●

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[7] The following Initiatives are not included in the tables below as they were either removed from the Enterprise Improvement Program, do not relate to the Recommendations or are outside the scope of our assurance – Initiatives 1.9, 2.12, 2.13, 3.2, 3.5, 5.6, 5.7, 6.3 and 6.4.

Stream	Initiative	Design	Implement	Embed
	2.8 Remediation Framework	●	●	●
	2.9 Issue and Incident Management	●	●	●
	2.10 Develop a Risk Maturity Index	●	●	●
	2.11 Implement the Customer Advocate Role	●	●	●
	2.14 Speak Up Hotline	●	●	●
	2.15 CRO Accountability for Regulator Relationship	●	●	●
	2.16 Internal Audit Records and Reporting	●	●	●
	2.17 Significant Matter Committee	●	●	●
	2.18 Probity and Procurement Review	◔	◐	○
	2.19 Conflicts and Personal Interest	●	●	●
	2.20 CRO Membership of GET	●	●	●
	2.21 Incidents Risk Rating	●	●	●
	2.22 Outsourcing Committee	●	●	●
	2.23 Instrument of Delegation	●	●	●
	2.24 Line 2 Risk presence on material steering committees	●	●	●

3.1.3. Procurement Uplift

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

3.1.4. Customer Uplift

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

3.1.5. Culture and Accountability

Stream	Initiative	Design	Implement	Embed
5. Culture and 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	●	●	◕
	5.8 Refreshed HR Policy Framework	●	●	◕
	5.9 Culture Measurement	●	●	●
	5.10 icare Culture Review	●	●	●

3.1.6. Enterprise Sustainability

Stream	Initiative	Design	Implement	Embed
6. Enterprise Sustainability	**6.1** Capital Management Policies (NI and LTCS)	●	●	●
	6.2 Benefits Realisation Framework	●	●	●
	6.5 Expense Savings Review	●	●	◑
	6.6 Cost Allocation	●	◕	◕

3.1.7. Treasury Reporting

Stream	Initiative	Design	Implement	Embed
P2. Treasury Reporting	Treasury Reporting	◕	◑	◐

3.2. Nominal Insurer Improvement Program[8]

3.2.1. Return to Work Performance

Stream	Initiative	Design	Implement	Embed
1. Return to Work Performance	**N1.1** Healthcare Dashboard and Reporting	●	●	◕

3.2.2. Claims Model

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

3.2.3. CSP Procurement and Provider Performance

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

3.2.4. Claims Service Provider Transition

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

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

3.2.5. Professional Standards and Capability

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

3.2.6. EML Audit

Stream	Initiative	Design	Implement	Embed
P1. EML Audit	EML Audit	◕	◕	◑

4. Initiative Phase Assessments

During the Reporting Period, Promontory completed its assessment of 22 Phases. This included the assessment of:

- two Design Phases;

- 12 Implement Phases; and

- eight Embed Phases.

These Phases were assessed as complete and effective.

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

During our assessment process, we evaluate whether a Phase is complete by examining the evidence of completed tasks described in the Milestones and Definitions of Done.[9] Additionally, we verify that the completed activities have contributed to achieving the Target State of the relevant Stream. This evaluation process ensures that the Phase has been successfully executed in line with the intended objectives and outcomes.

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

Table 4.1: Phases Assessed as complete and effective

Stream	Initiative	Phase	Phase Closure Date
EI Sub-Program			
Governance	**1.1**	Embed	19 December 2023
Customer Uplift	**4.1**	Embed	24 November 2023
Culture and Accountability	**5.1**	Embed	27 November 2023
Culture and Accountability	**5.3**	Implement	12 January 2024
Culture and Accountability	**5.4**	Implement	14 December 2023
Culture and Accountability	**5.8**	Implement	20 December 2023

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

Stream	Initiative	Phase	Phase Closure Date
Culture and Accountability	**5.9**	Embed	29 November 2023
Culture and Accountability	**5.10**	Implement	8 November 2023
Culture and Accountability	**5.10**	Embed	27 November 2023
Enterprise Sustainability	**6.2**	Embed	22 January 2023
Enterprise Sustainability	**6.5**	Implement	15 November 2023
Enterprise Sustainability	**6.6**	Design	17 January 2023
NII Sub-Program			
Return to Work Performance	**N1.1**	Implement	24 November 2023
Claims Model	**N2.2**	Design	6 November 2023
Claims Model	**N2.2**	Implement	1 December 2023
CSP Transition	**N4.1**	Implement	7 December 2023
CSP Transition	**N4.1**	Embed	16 January 2024
CSP Transition	**N4.3**	Implement	20 November 2023
CSP Transition	**N4.4**	Implement	3 November 2023
CSP Transition	**N4.4**	Embed	13 December 2023
Professional Standards and Capability	**N5.2**	Implement	29 November 2023
Professional Standards and Capability	**N5.3**	Implement	4 December 2023

4.1. Assessment of Governance Initiatives

4.1.1. Assessment of Initiative 1.1 Embed Phase

The Embed Phase of Initiative 1.1 requires icare to conduct a review of all decision-making forums to inform continuous improvement and embed ongoing routine self-assessment of effectiveness.

Work completed by icare in relation to this Phase included:

- conducting an annual self-assessment of the GET sub-committees and identifying continuous improvement actions;

- conducting an organisation-wide review of decision-making forums, resulting in a decision to change the structure of one forum;

- codifying a process for routine effectiveness review, setting out the steps for an annual evaluation of the GET and GET sub-committees; and

- the GET providing feedback on the quality of the papers it received.

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

- conducting and responding to the sub-committee self-assessments;

- the status of the process for routine effectiveness review;

- the status and implications of an internal review currently underway; and

- adherence to the requirement to conduct an annual review of charters, with icare confirming that all charters would be updated as part of the upcoming review.

Promontory conducted the following additional activities to support our assessment:

- met with the GE Strategy and Customer to discuss routine committee effectiveness reviews, continuous improvement actions and the scope of the internal review currently underway;

- met with the Chief Actuary and the Customer Advocate seeking their observations in relation to the link between changes in governance of forums and the quality of decision-making and improved functionality; and

- sought and received attestations from the Chairs of decision-making forums in relation to the self-assessment process that was taken and the continuous improvement actions that were identified.

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

4.2. Assessment of Customer Uplift Initiatives

4.2.1. Assessment of Initiative 4.1 Embed Phase

The Embed Phase of Initiative 4.1 requires icare to:

- use the Enterprise Customer Research Guidelines to guide the way the organisation learns and acts on feedback;

- use Customer Experience measures to identify and analyse improvement opportunities;

- actively use the FY23 Customer Targets and Customer Experience measures to drive performance; and

- use the Customer Experience measures and Continuous Improvement Framework to support the Board and GET to listen to the voice of customer.

Work completed by icare in relation to this Phase included:

- developing research proposals that aligned to the Enterprise Customer Research Guidelines;

- deploying an interactive dashboard to allow icare staff to access, filter and analyse Customer Experience measures;

- incorporating Customer Experience measures into Scheme Scorecards, Enterprise Scorecards, and contracts with CSPs;

- providing monthly Customer Experience reports to each CSP, and commencing quarterly meetings with each CSP, to discuss and drive customer experience improvements; and

- incorporating Customer Experience measures and insights into Board and GET reporting.

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

- arrangements to regularly communicate and meet with CSPs;

- reporting provided to the Board; and

- the recording, monitoring and completion of actions arising out of meetings with CSPs.

Promontory conducted the following additional activities to support our assessment:

- met with the Head of Customer Insights and representatives from Customer Experience teams across two Schemes to discuss the design, operationalisation and reporting of Customer Experience measures and analytics;

- observed meetings of the Customer Committee and Customer Community of Practice; and

- conducted a walkthrough of the Customer Experience analytics dashboard to better understand its design, use and value.

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

4.3. Assessment of Culture and Accountability Initiatives

4.3.1. Assessment of Initiative 5.1 Embed Phase

The Embed Phase of Initiative 5.1 requires icare to review and update culture plan initiatives and provide the Board with oversight of culture progress.

Work completed by icare in relation to this Phase included:

- reviewing insights from act2engage and culture surveys and the NSW Government People Matters Employee Survey (**PMES**);

- identifying opportunities for improvement and developing action plans at the business unit, GET and enterprise-wide level; and

- providing the Board with regular updates on culture and engagement.

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

- reporting culture progress to the NSW Treasury and general public;

- links between the findings from the culture and act2engage surveys and action planning activities, including updates to the enterprise culture plan; and

- Board reporting and plans for future Board oversight of culture progress as part of the Listening Strategy.

Promontory conducted the following additional activities to support our assessment:

- met with the GE People and Culture to discuss action planning, Board discussion and level of engagement on culture progress, and plans for monitoring and reporting on culture progress;

- met with business unit representatives to discuss business unit action planning; and

- met with the GM Culture and Capability to discuss the approach to action planning, and the Board discussion on culture progress.

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

4.3.2. Assessment of Initiative 5.3 Implement Phase

The Implement Phase of Initiative 5.3 requires icare to implement a refreshed Performance Framework, including performance plans for all staff, supported by relevant training and guidance material.

Work completed by icare in relation to this Phase included:

- refreshing the Performance Management Framework including a performance policy, cyclical performance and development planning, performance assessment ratings guidance and transparent links between performance, pay, recognition and career advancement;

- developing and disseminating the Accountability Map for the GET, the consequence guideline and a monthly 1:1 check-in guide;

- communicating goal setting requirements, including in relation to a mandatory Risk Management goal;

- developing Annual Performance Plans for the GET and SLT which include relevant metrics in relation to culture, engagement, customer and risk; and

- enhancing online forms to better support process requirements.

After reviewing the Closure Pack, Promontory requested and received further information on matters including the Performance Plans and the Performance Management process.

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

4.3.3. Assessment of Initiative 5.4 Implement Phase

The Implement Phase of Initiative 5.4 requires icare to communicate and deploy its refreshed Remuneration Framework.

Work completed by icare in relation to this Phase included:

- delivering a change plan with supporting guidance and training material to People Leaders and employees;

- continuing to provide detailed reporting of executive remuneration in the Annual Report; and

- implementing digital enhancements to support effective governance of remuneration and review decisions.

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

4.3.4. Assessment of Initiative 5.8 Implement Phase

The Implement Phase of Initiative 5.8 requires icare to:

- develop guidelines and procedural artefacts for the refreshed HR Policy Framework;

- upskill business partnering leaders and employees; and

- approve and launch remaining HR policies.

Work completed by icare in relation to this Phase included:

- launching an employee awareness campaign to promote understanding of and engagement with the policies refreshed as part of the Design Phase;

- conducting a post-implementation review (**PIR**) on the refreshed policies, with positive results;

- developing quick reference guides as a supporting resource to be used alongside the relevant policies;

- delivering dedicated training sessions to People Leaders and developing mandatory training for staff on grievances and misconduct; and

- updating and rolling out policies relating to recruitment and staff behaviour.

After reviewing the Closure Pack, Promontory requested and received further information on matters including whether icare had developed other materials to support staff understanding of the updated policies, and to ensure the effective implementation of the policies relating to recruitment and staff behaviour.

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

4.3.5. Assessment of Initiative 5.9 Embed Phase

The Embed Phase of Initiative 5.9 requires icare to measure culture progress and integrate into the Listening Strategy.

Work completed by icare in relation to this Phase included:

- conducting act2engage and culture surveys and communicating results across icare;

- analysing results and identifying opportunities for improvement as part of the Listening Strategy;

- developing action plans at the business unit, GET and enterprise-wide level; and

- reporting to the GET, People and Remuneration Committee (**PRC**) and Board on culture and engagement progress.

Promontory conducted the following additional activities to support our assessment:

- met with the GE People and Culture to discuss action planning, application of the Listening Strategy, Board engagement on culture progress, and plans for monitoring and reporting on culture progress;

- met with representatives from business units (i.e., Lifetime Schemes, IfNSW and Workers Compensation) and from People and Culture to discuss business unit action planning, support received from People and Culture, and plans for regular monitoring of progress; and

- met with the GM Culture and Capability to discuss the approach to action planning, and the Board discussion on culture progress.

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

4.3.6. Assessment of Initiative 5.10 Implement Phase

The Implement Phase of Initiative 5.10 requires an independent party to conduct a review of icare's culture and for icare to formally respond as needed.

Work completed by icare in relation to this Phase included:

- an independent party conducting a review of icare's culture and producing a draft report demonstrating improvement in culture; and

- icare meeting with the independent party to discuss and provide feedback on the report.

After reviewing the Closure Pack, Promontory requested and received further information on management actions in response to the draft report.

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

4.3.7. Assessment of Initiative 5.10 Embed Phase

The Embed Phase of Initiative 5.10 requires the report on icare's culture to be finalised and presented to the icare Board.

Work completed by icare in relation to this Phase included:

- an independent party providing icare with its final report on the review of icare's culture;

- the independent party leading a discussion at the GET in relation to the final report; and

- icare presenting the final report to the GET, PRC and Board.

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

- the GET discussion of the final report; and

- management actions in response to the final report.

Promontory conducted the following additional activities to support our assessment:

- met with the GE People and Culture to discuss culture progress, action planning, Board discussion and level of engagement, and plans for monitoring and reporting on culture progress; and

- met with the GM Culture and Capability to discuss the approach to action planning, and the Board discussion on culture progress.

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

4.4. Assessment of Enterprise Sustainability Initiatives

4.4.1. Assessment of Initiative 6.2 Embed Phase

The Embed Phase of Initiative 6.2 requires icare to incorporate the benefits management framework into existing business processes and assess its maturity, and report publicly on the benefits of transformation expenditure.

Work completed by icare in relation to this Phase included:

- integrating the Benefits Realisation Management Framework (**BRMF**) into the Project Management Framework and applying the model for Enterprise Portfolio projects;

- updating the induction training program for Senior Leaders to include an overview of the BRMF;

- providing government reporting on icare's strategy and benefits; and

- performing surveys over benefits maturity at icare.

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

- the completion rates of induction training for Senior Leaders;

- the enterprise targets for usage of the BRMF across the portfolio; and

- feedback received from the surveys on benefits management.

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

4.4.2. Assessment of Initiative 6.5 Implement Phase

The Implement Phase of Initiative 6.5 requires icare to conduct an external review of the results of the expense saving program.

Work completed by icare in relation to this Phase included:

- an external vendor conducting the review of the expense saving program;

- conducting formal meetings between icare and the external vendor to discuss progress and clarify details of the review; and

- discussing draft findings from the review with the external vendor.

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

4.4.3. Assessment of Initiative 6.6 Design Phase

The Design Phase of Initiative 6.6 requires icare to redesign the expense allocation process and develop an approval process on the fairness of the allocations.

Work completed by icare in relation to this Phase included:

- designing and approving a process to allocate expenses to the Schemes considering direct, indirect and project costs;

- developing a sign-off process that includes GM, GE and GET approval of expense allocations; and

- obtaining approvals for FY22 expense allocations as part of the budget cycle.

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

4.5. Assessment of Return to Work Performance Initiatives

4.5.1. Assessment of Initiative N1.1 Implement Phase

The Implement Phase of Initiative N1.1 requires icare to implement Healthcare Dashboards.

Work completed by icare in relation to this Phase included:

- building five Healthcare Dashboards (measuring healthcare spend, leakage, utilisation, outcomes and summary) and conducting technical and business acceptance testing;

- confirming user access to the Dashboards;

- providing training and guidance material; and

- developing and meeting all business readiness criteria before the Dashboards went live.

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

4.6. Assessment of Claims Model Initiatives

4.6.1. Assessment of Initiative N2.2 Design Phase

The Design Phase of Initiative N2.2 requires icare to:

- undertake and approve a baseline mapping of key obligations, risks and controls which relate to the Claims Model;

- develop and document a claims assurance framework;

- develop a controls assurance plan; and

- receive and integrate CSP controls into the mapping document and update the assurance framework as needed.

Work completed by icare in relation to this Phase included:

- the Workers Compensation Risk and Compliance Team developing the baseline mapping of key obligations, risks and controls with input from CSPs, Line 1, Line 1 Risk, Line 2 Risk and Line 3 (Internal Audit);

- integrating the internal control frameworks of CSPs into the mapping document;

- developing the Three Lines of Defence (**3LOD**) Claims Management Assurance Framework to document the assurance activities that will be undertaken across the lifecycle of a claim and identifies the roles and responsibilities across the 3LOD;

- establishing the Workers Compensation Controls Assurance Program to set out how Line 1 and Line 1 Risk will provide assurance over the design and operating effectiveness of the controls; and

- commencing the Control Testing Assurance Program with the initial control testing plan for the period between October 2022 and March 2023.

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

- the approval of the baseline mapping document, 3LOD Claims Management Assurance Framework and the Controls Assurance Plan;

- governance of the mapping document including documenting how it would be maintained, reviewed and updated;

- whether the mapping would be updated to include additional CSPs; and

- whether the Controls Assurance Plan would apply to all CSPs and how this assurance would be conducted.

Promontory conducted the following additional activities to support our assessment:

- met with the Risk and Compliance Manager for Line 1 Risk Workers Compensation and the Controls Assurance Manager for Workers Compensation to gain a better understanding the uplifts to assurance activities; and

- attended a walkthrough on the 3LOD Claims Management Assurance Framework to better understand how it would be applied in practice.

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

4.6.2. Assessment of Initiative N2.2 Implement Phase

The Implement Phase of Initiative N2.2 requires icare to commence control testing for the incumbent CSPs.

Work completed by icare in relation to this Phase included:

- creating a mapping document for obligations, risks and controls across the incumbent CSPs, supported by the creation of the 3LOD Claims Management Assurance Framework;

- commencing the testing of controls linked to risks and obligations, in line with the Controls Assurance Plan; and

- engaging an external party to perform Internal Control Framework audits for CSPs.

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

4.7. Assessment of CSP Transition Initiatives

4.7.1. Assessment of Initiative N4.1 Implement Phase

The Implement Phase of Initiative N4.1 requires icare to:

- conduct dress rehearsal on systems with new CSPs;

- implement the learning and development strategy;

- rollout engagement, change and communication plans for CSPs;

- onboard new CSPs to icare systems; and

- attest to business readiness for new CSPs.

Work completed by icare in relation to this Phase included:

- conducting dress rehearsals for new CSPs to ensure adequate access to icare systems, with hypercare provided as the CSPs rolled on to the new systems;

- deploying a training environment for new CSPs, updating the system for incumbent CSPs, and conducting 'train the trainer' sessions;

- approving and rolling out the Change, Communication and Engagement plan, and commencing engagement sessions;

- onboarding new CSPs to relevant icare systems; and

- confirming acceptance for new CSP onboarding following receipt of required attestations of onboarding work.

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

- the post-implementation reviews conducted over the onboarding process for new CSPs;

- timing of 'train the trainer' sessions run with new CSPs; and

- the endorsement of the engagement plan.

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

4.7.2. Assessment of Initiative N4.1 Embed Phase

The Embed Phase of Initiative N4.1 requires icare to develop a post-implementation support framework for CSPs.

Work completed by icare in relation to this Phase included:

- performing PIRs using a consistent template for new CSPs across the critical readiness criteria from onboarding;

- forming and staffing a Strategic Partnering and Performance team; and

- developing and approving a BAU Embed Plan.

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

4.7.3. Assessment of Initiative N4.3 Implement Phase

The Implement Phase of Initiative N4.3 requires icare to:

- roll out a change, communication and engagement plan across icare's internal and external stakeholders, including CSPs, to support claims transfer; and

- build, implement and test a bulk claims transfer solution.

Work completed by icare in relation to this Phase included:

- delivering internal communications materials and briefings to internal staff;

- briefing external stakeholders, including CSPs, about the Guidewire Claims Transfer throughout the implementation process and establishing claims consolidation working groups between CSPs;

- communicating to employers and workers throughout the transfer process; and

- establishing and executing a Guidewire Claims Transfer testing approach, followed by a period of hypercare upon implementation of the solution.

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

- additional messaging to stakeholders throughout the transfer process;

- feedback received on the proposed approach and timings, particularly from CSPs; and

- the testing approach for the Guidewire Claims Transfer solution, including the completion of follow up actions after the hypercare period.

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

4.7.4. Assessment of Initiative N4.4 Implement Phase

The Implement Phase of Initiative N4.4 requires icare to:

- roll out the endorsed change, communication and engagement plan across customers, the market and icare;

- design technology capability for the reporting dashboard;

- design, develop and implement the bulk policy transfer and allocation technology capability;

- design, develop and implement employer choice technology capability; and

- transfer policies according to the developed policy transfer process and approved schedule.

Work completed by icare in relation to this Phase included:

- communicating with customers, market stakeholders and icare teams in relation to policy transfer, including CSP Choice, in line with the communications plan;

- reviewing the design of the reporting dashboard and designing technology capability;

- testing and delivering the bulk policy transfer and allocation functionality, and completing post-deployment hypercare;

- enhancing the customer portal to enable employer choice of CSP, and implementing policy transfer functionality;

- developing a policy transfer schedule in consultation with icare and CSP stakeholders, identifying transfer process improvement opportunities; and

- assigning policies to CSPs in line with the agreed market allocation approach and policy transfer plan.

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

- additional actions taken by icare in relation to the policy transfer experience and feedback received; and

- expected delivery timeframes for the reporting dashboards and any risks in relation to the technology solution.

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

4.7.5. Assessment of Initiative N4.4 Embed Phase

The Embed Phase of Initiative N4.4 requires icare to finalise the policy transfer process and handover to BAU.

Work completed by icare in relation to this Phase included:

- completing a PIR, with findings shared with relevant parties;

- finalising organisation and team structure changes;

- approving the BAU Embed Plan and handing over the bulk policy transfer process to BAU, including the reporting dashboards; and

- finalising policy transfer collateral, made accessible to relevant parties.

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

4.8. Assessment of Professional Standards and Capability Initiatives

4.8.1. Assessment of Initiative N5.2 Implement Phase

The Implement Phase of Initiative N5.2 requires icare to support the capability strategy for frontline roles with an implementation plan.

Work completed by icare in relation to this Phase included:

- developing an implementation plan to support the delivery of the capability strategy and career pathways;

- developing a Role Progression Milestone Matrix to outline criteria for career progression; and

- developing supporting tools such as the Self-Reflection Assessment Tool, Playbook and communications plan.

After reviewing the Closure Pack, Promontory requested and received further information on the documentation of suggested learning to contribute to capability uplift and role progression.

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

4.8.2. Assessment of Initiative N5.3 Implement Phase

The Implement Phase of Initiative N5.3 requires icare to help develop an accreditation pathway and enhance icare's learning suite to accommodate all standards and proficiency levels.
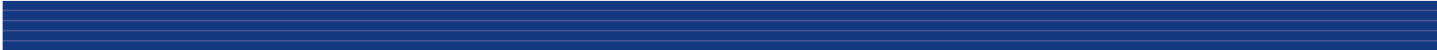
Work completed by icare in relation to this Phase included:

- agreeing the accreditation pathway with the Personal Injury Education Foundation (**PIEF**) for staff to achieve a Certificate IV in Personal Injury Management;

- working with PIEF to develop a learning portal to provide icare staff access to learning material aligned to the Professional Standards Framework (**PSF**);

- mapping and assessing learning material to meet the requirements of the PSF to ensure the learning suite is fit for purpose, and providing CSPs with access to icare's learning suite;

- conducting baseline assessment for relevant frontline staff (icare and CSPs) and developing capability maturity plans to address required capability uplift; and

- providing change support, communication, guidance and training material.

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

- the development of the accreditation pathway and access to the PIEF learning portal;

- enhancement of icare's learning suite, development of new material and documentation of suggested learning to meet the PSF standards;

- icare's oversight of CSP progress on capability uplift; and

- finalisation of Assessment Booklets and assessment tools.

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

5.   Recommendation Assessments

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

- improving icare's risk and governance to meet community and regulatory expectations;

- improving performance, particularly by getting injured workers back to work sooner and reducing internal costs; and

- fostering an accountable culture.

During the Reporting Period, Promontory completed its assessment of 11 GAC Recommendations and 5 McDougall Recommendations. These Recommendations were assessed as complete and effective, bringing the total number of Recommendations assessed as complete and effective by Promontory to 64 out of 107, with the Program scheduled for completion on 30 June 2024.

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

During our assessment process to determine whether a Recommendation has been adequately addressed, we review whether the Initiatives icare has put in place address all elements of the Recommendation. This evaluation process is vital to ensuring that the intended outcomes of the Recommendation have been successfully met through the execution of the Initiatives.

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

Table 5.1: Recommendations assessed as complete and effective.

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 11	1.1	18 January 2024
GAC 12	1.1	16 January 2024
GAC 13	1.1	18 January 2024
GAC 14	1.1	19 January 2024
GAC 21	2.01	17 November 2023
GAC 39	2.01 & 2.02	30 November 2023
GAC 48	2.01 & 2.22	20 December 2023

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 53	1.1	19 December 2023
GAC 56	1.4	2 November 2023
GAC 60	1.4	15 November 2023
GAC 61	1.4	24 November 2023
McD 10	3.1 & 3.3	12 January 2023
McD 11	3.4	17 November 2023
McD 12	3.4	6 November 2023
McD 18	5.10	14 December 2023
McD 24	1.1	18 January 2024

5.1. Assessment of GAC Recommendations

5.1.1. Assessment of GAC Recommendation 11

The GAC Review recommended that icare's GET meetings be governed by established terms of reference with mapped collective accountabilities to ensure that material decisions are made with appropriate GET oversight.

To address this Recommendation icare has delivered the following outcomes:

- a GET Charter was developed to articulate the GET's role (including to challenge, test and inform in specific circumstances), and requirements for regular meetings and an annual reflection;

- the GET committee structure was revised, including to support collective accountability, with GEs also being a members of the following GET sub-committees:

  ○ Risk and Compliance Committee (**RCC**) – non-financial risk management;

  ○ Business Planning Committee – strategic risk management;

  ○ Customer Committee – conduct risk management; and

  ○ Asset and Liability Committee (**ALCO**) – financial risk management.

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

5.1.2. Assessment of GAC Recommendation 12

The GAC Review recommended that icare challenge behaviours of making decisions 'outside the room' and leverage the GET's capability and experience in decision-making.

To address this Recommendation icare has delivered the following outcomes:

- three GET forums and four GET sub-committee (SLT) forums were established to formalise decision-making processes and ensure accountability in decision-making;

- the GET Charter was updated to provide a clear delineation between the responsibilities and decision-making role of the GET, SLT and People Leaders, and commits the GET to hold each other to account and constructively challenge decision-making; and

- an annual GET and GET Sub-Committee Review Process was established, including a self-assessment, to ensure the GET Charter remains fit for purpose and supports icare's objectives.

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

- the role of the GET Charter to support positive decision making; and

- work undertaken to challenge previously observed cultural norms of making decisions 'outside the room'.

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

5.1.3. Assessment of GAC Recommendation 13

The GAC Review recommended that icare's governance structures ensure that GET decisions, risks and issues are discussed and decided at the right levels of the organisation using timely and relevant data and reporting.

To address this Recommendation icare has delivered the following outcomes:

- a GET Charter was developed to articulate the GET's role (including to challenge, test and inform in specific circumstances) and requirements for regular meetings and an annual reflection;

- the GET committee structure was revised, including to support collective accountability, with GEs also being a members of the following GET sub-committees:

    - RCC – non-financial risk management;

    - Business Planning Committee – strategic risk management;

    - Customer Committee – conduct risk management; and

    - ALCO – financial risk management.

- risk reporting was improved (e.g., the Risk and Governance Dashboard and the Enterprise Top Risk Profile) with the GET briefing note template including risks as a standard inclusion; and

- Chief Risk Officer (**CRO**) Reporting was regularly provided to the Board giving a second-line perspective on key risk, compliance and regulatory matters.

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

5.1.4. Assessment of GAC Recommendation 14

The GAC Review recommended that icare establish a financial risk management sub-committee and a non-financial risk management sub-committee with all GET members as standing members and noted that committee meetings should allow sufficient time to discuss, manage and oversee icare risks and issues.

Promontory notes that icare received approval from the GM Program Delivery, Executive Director Improvement and Reform Program, the Executive Sponsor and CEO in May 2023 to deviate from the specific requirements in GAC Recommendation 14. This approval was in accordance with the established deviation process. GAC 14 recommended that all GET members be standing members of the financial risk and non-financial risk sub-committees. Approval to not have all GET members on these committees was granted on the basis that the intent of GAC Recommendation 14 was met through an appropriate level of GE representation on these sub-committees, supported by a process

to report relevant matters to the full GET. icare's approach was communicated to Promontory and to SIRA.

To address this Recommendation icare has delivered the following outcomes:

- the ALCO and the RCC were established to meet the requirement for a financial risk management committee and non-financial risk committee respectively;

- the respective charters for these sub-committee meetings contain guidelines to support the direction and content of the RCC and ALCO meetings; and

- monthly Risk Deep Dives at the GET were introduced to ensure a regular cadence of standing risk items are tabled for consistent reporting and oversight of all schemes.

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

5.1.5. Assessment of GAC Recommendation 21

The GAC Review recommended that icare strengthen the non-financial risk framework and operationalise this through the development and implementation of policies, procedures, leveraging external better practice.

To address this Recommendation icare has delivered the following outcomes:

- icare reviewed and updated a suite of risk and compliance policies to align them with legislation and, where relevant, better practice;

- these policies were rolled out, supported by organisation-wide communications and staff training;

- the mandatory suite of training for staff was expanded to include additional modules relating to non-financial risk management such as information privacy, fraud and corruption and the risk management lifecycle;

- a suite of procedures and templates was developed to support the documents that comprised the Risk Management Framework; and

- the Policy Governance framework was established to facilitate the continuous review and updating of policies.

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

- whether the regular review of the non-financial risk policies and procedures included consideration of best practice; and

- how icare planned to maintain staff awareness of the risk management policies and their supporting procedures, templates and guidelines.

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

5.1.6. Assessment of GAC Recommendation 39

The GAC Review recommended that icare improve Line 1 and Line 2 reporting on incident identification, management and closure, and feed into consequence management where appropriate.

To address this Recommendation icare has delivered the following outcomes:

- the existing framework of policies and procedures was reviewed and combined into the Incident and Issue Management and Reporting Policy, which contains details on the roles and responsibilities for icare employees and linkages between breaches and consequence management;

- communications and training in relation to issue and incident management was rolled out, including training to all Line 1 and Line 2 Risk and Compliance staff on the use of icare's risk management system (**Risk Connect**); and

- Risk Connect includes modules for reporting issues and incidents, which can be used to generate reporting.

After reviewing the Closure Pack for this Recommendation, Promontory requested and received further information on the links between issue and incident management, and consequence management.

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

5.1.7. Assessment of GAC Recommendation 48

The GAC Review recommended that icare review its key material outsourcing contracts against its revised outsourcing policy requirements and update them accordingly.

To address this Recommendation icare has delivered the following outcomes:

- the Material Outsourcing Policy was updated to include alignment with the Procurement Policy, a materiality assessment, establish an Outsourcing Committee, and to clarify requirements for entering into material outsourcing contracts; and

- material outsourcing contracts were reviewed to identify areas of non-alignment with the updated Policy, and throughout 2023 contract owners have addressed the identified areas with further work expected in 2024.

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

- icare's ongoing plan to address any non-alignment in remaining contracts, based on the timing of the contract's renewal; and

- how icare's ongoing plan has been operationalised.

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

5.1.8. Assessment of GAC Recommendation 53

The GAC Review recommended that icare regularly provide individual scheme agent scorecards to the GET to ensure the visibility and accountability of scheme performance.

To address this Recommendation icare has delivered the following outcomes:

- Quarterly Performance Reviews and Operations GET forums have been established for the presentation and discussion of scheme performance, including individual scheme agent scorecards; and

- a GET and GET Sub-Committee annual review process was established to ensure the GET and its Sub-Committees, including the Quarterly Performance Reviews and Operations GET forums, remain fit for purpose, including identifying continuous improvement opportunities.

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

5.1.9. Assessment of GAC Recommendation 56

The GAC Review recommended that icare develop and embed criteria for the evaluation and prioritisation of projects, which considers customer outcomes, financial impacts, strategic alignment, risk appetite and ethics.

To address this Recommendation icare has delivered the following outcomes:

- the Prioritisation Framework was developed that prioritises projects which must be delivered for regulatory, compliance, operational, risk or ethical reasons, as well as to respond to external reviews;

- projects which don't meet these criteria are then prioritised based on customer and financial benefits, and the feasibility and risks of the project; and

- the Prioritisation Framework was reviewed and tested, with minor changes.

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

- the alignment of the Prioritisation Framework to icare's ethical Decision-Making Framework; and

- the outcomes of the reviews of the Prioritisation Framework.

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

5.1.10. Assessment of GAC Recommendation 60

The GAC Review recommended that icare's GET bring a stronger risk management and governance lens to decision making on the magnitude and complexity of change across multiple programs of work.

To address this Recommendation icare has delivered the following outcomes:

- the Minimum Standards Checklist was applied which requires a Change Impact Assessment and a change plan for all programs;

- reporting to the GET provides visibility over enterprise-wide program change impacts and complexity, to enhance GET decision making; and

- an Enterprise View of Change presenting data sourced from change impact assessments conducted on business unit initiatives was presented to the GET monthly Portfolio Deep Dive and other forums.

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

- the cadence of reporting to the GET; and

- how the GET has strengthened its risk management and governance lens.

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

5.1.11. Assessment of GAC Recommendation 61

The GAC Review recommended that icare further embed the Project Management Handbook to ensure key project principles are adhered to and lessons can be learned for future projects.

To address this Recommendation icare has delivered the following outcomes:

- workshops were held to improve staff understanding of the Project Management Framework, including policy principles and governance, roles and responsibilities and PIR processes;

- the Project Management Framework was designed to include a PIR Stage Gate, which requires the approval of the Project Steering Committee;

- a Lessons Learned and PIR Dashboard was developed to record project PIRs and set out general themes across the PIRs; and

- the BRMF was developed to align to the NSW Government Framework and provide a standard approach to the identification, planning, management and reporting of project benefits.

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

- the outcomes of an assurance review of the Project Management Framework to ensure better adherence to the Framework in future; and

- the quality and depth of project PIRs, how this supports learning lessons for future projects, and levels of staff awareness of the PIR library.

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

5.2. Assessment of McDougall Recommendations

5.2.1. Assessment of McDougall Recommendation 10

The McDougall Review recommended that icare is bound to a procurement and probity framework that is equal to or better than its government peers.

To address this Recommendation icare has delivered the following outcomes:

- a Strategic Procurement Plan was developed to strengthen supporting processes, systems and capability, and align with the NSW Government Procurement Objectives;

- a new Procurement management system, Procurement Central, was launched;

- three supporting policies for procurement processes were developed (the Procurement Approvals Framework, Procurement Policy, and the Procurement Purchase-To-Pay Policy); and

- policies which make up the icare Probity Framework were updated, including the Conflicts of Interest Policy, with training provided.

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

- quarterly attestations under the Conflicts of Interest Policy;

- assurance to be performed over the Conflicts of Interest Policy by the Conduct & Integrity team; and

- the process of alignment for all relevant policies and procedures against peer agencies and best practice.

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

5.2.2. Assessment of McDougall Recommendation 11

The McDougall Review recommended that icare:

- establish a regular education program to demonstrate to staff how governance systems help improve performance and achieve goals;

- 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; and

- ensure that probity and procurement education aligns with guidance provided by an external review.

To address this Recommendation icare has delivered the following outcomes:

- mandatory procurement training was provided to all staff covering obligations, expected behaviours, probity and ethics, and an overview of procurement;

- additional mandatory training was provided to Procurement staff*;*

- performance plans for key Procurement staff included milestones and key performance indicators (**KPI**) related to procurement training and capability development activities; and

- probity education was delivered via the mandatory Code of Conduct and Ethics policy training which includes content relating to managing and disclosing conflicts of interest and obligations relating to gifts and benefits.

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

5.2.3. Assessment of McDougall Recommendation 12

The McDougall Review recommended that icare develop and annually deliver a more tailored education program for icare employees with authority to carry out procurement activities.

To address this Recommendation icare has delivered the following outcomes:

- a review of staff capability and training was conducted;

- a Procurement Capability Development and Training Strategy was developed, supported by an enterprise training schedule and including relevant mandatory courses;

- a training program for Procurement Specialists was delivered, with training requirements integrated into individual development plans;

- an Introduction to Procurement at icare training module was developed, mandatory for all staff; and

- staff capability and training were reviewed on an annual basis.

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

5.2.4. Assessment of McDougall Recommendation 18

The McDougall Review recommended that icare should engage an independent third party to conduct a further review of culture to address the progress of implementation of planned improvements to icare's cultural practices and shifts in its underlying culture.

To address this Recommendation icare has delivered the following outcomes:

- an independent third party conducted a review of icare's culture and presented the final report to icare's Board;

- the review demonstrated a significant improvement in icare's culture across the organisation; and

- the report included recommendations which were discussed at a GET meeting.

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

5.2.5. Assessment of McDougall Recommendation 24

The McDougall Review recommended that icare's executive leadership consider the observations and recommendations of the GAC Review with specific focus on:

- 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 organisation.

To address this Recommendation icare has delivered the following outcomes:

- a GET Charter was developed and includes requirements designed to improve information flows to the GET (e.g., standing agenda items including Deep Dives, and clarity on decision making and information flows between the SLT and GET);

- the GET committee structure was revised to support the GET and ensure decision making occurs at the right level of the organisation, with GEs also being a members of the following GET sub-committees:

  - RCC – non-financial risk management;

  - Business Planning Committee – strategic risk management;

  - Customer Committee – conduct risk management; and

  - ALCO Committee – financial risk management.

- risk reporting to the GET was improved (e.g., the Risk and Governance Dashboard and the Enterprise Top Risk Profile) with the GET briefing note template including risks as a standard inclusion;

- information flows to the Board were improved supported by a Board Briefing template which includes an Issues and Analysis section; and

- CRO Reporting was regularly provided to the Board giving a second-line perspective on key risk, compliance and regulatory matters.

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

Appendix A – Recommendation Mapping

GAC Recommendations

#	Recommendation	Linked Initiatives
GAC 1	The board should continue providing a clear tone from the top on icare's role as a NSW public agency with adherence to the standards expected of such an agency, including by tracking regulatory requirements, requiring management reporting on compliance, and engaging with regulatory bodies to build positive working relations that cascade through icare.	**1.5** Board Composition, **1.6** Committee Structure, membership and Charter Review
GAC 2	The board to: • 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

#	Recommendation	Linked Initiatives
GAC 7	Adopt a more rigorous approach to actions arising, including naming accountable persons, setting a time for delivery of actions and ensuring effective monitoring completion.	**1.7** Board and Committee Actions schedule process
GAC 8	icare board to introduce a regular agenda item at board meetings to receive reports on the regulator relationship and ensure the voice of the regulator is understood and being addressed.	**1.7** Board and Committee Actions schedule process
GAC 9	Update the Board Charter to reflect the requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act. Governance processes should: • 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

#	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** CXM 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

#	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 ICAC referral or other relevant stakeholders. The ARC to improve its oversight of the closure of high rated actions arising from audit reports.	**2.16** Internal Audit Records and Reporting
GAC 33	Expand the Incident Management Policy to describe the roles, responsibilities and accountabilities for: • 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

#	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

#	Recommendation	Linked Initiatives
GAC 43	Update and implement policies and procedures in relation to wrongdoing to enable and better support 'speak-up'. Ensure reporting channels are in place to support the anonymity, safety from potential reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.14** Speak Up Hotline **5.8** Refreshed HR Policy Framework
GAC 44	Coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. Implement a system of feedback to help inform future behaviours and ensure lessons are learned.	**2.14** Speak Up Hotline
GAC 45	Ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and that there is effective communication in support of this.	**2.14** Speak Up Hotline
GAC 46	Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 47	Set up the proposed Outsourcing Committee with standing members of the GET and relevant executives involved in outsourcing, with a terms of reference providing a clear remit which considers the committee's interfaces with other committees and roles and includes the requirement to escalate material issues to the GET and ARC.	**2.22** Outsourcing Committee
GAC 48	Review existing key material outsourcing contracts against the revised Outsourcing Policy's requirements and update accordingly.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 49	Improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.	**N3.1** NI Claims Management Procurement User focused systems and processes **N3.2** CSP Provider Performance
GAC 50	Review the KPIs used to measure Scheme Agent performance. Ensure they adequately capture compliance with regulatory requirements and include leading measures as well as lagging measures focused on the injured worker.	**N3.1** NI Claims Management Procurement **N3.2** CSP Provider Performance
GAC 51	Identify and map the key obligations, risks and controls related to claims management and how roles and responsibilities are delineated between icare and the Scheme Agents.	**N2.2** Obligations, Risks and Controls **N3.1** NI Claims Management Procurement

#	Recommendation	Linked Initiatives
GAC 52	Once obligations, risks and controls have been documented: • 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
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

#	Recommendation	Linked Initiatives
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
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

#	Recommendation	Linked Initiatives
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
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

#	Recommendation	Linked Initiatives
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

McDougall Recommendations[10]

#	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 CXM Evolution **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

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

#	Recommendation	Linked Initiatives
McD 6	icare should: • 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
McD 13	After one year from the date of this Report, icare should undertake an independent review of the operation and implementation of the new probity and procurement policies.	**2.18** Probity and Procurement Review

#	Recommendation	Linked Initiatives
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
McD 18[11]	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

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[11] Promontory will be providing assurance over the Design, Implement and Embed Phases of the relevant Initiative. However, while Promontory will be providing assurance that the Recommendation has been addressed by the completion of the external review, we will not be assessing the content of the external review report.

#	Recommendation	Linked Initiatives
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: • improving information flows both to the GET and to the Board; and • ensuring icare and the GET apply best practice risk identification and mitigation practices consistently across the whole of icare's organisation.	**1.1** Executive and Management Forums
McD 25	icare should continue the approach adopted in its 2019-20 annual report of providing detailed reporting on executive remuneration, including performance payments.	**5.4** Refreshed Remuneration Framework
McD 26	icare's Board, on the advice of the PRC, should give careful consideration to the design of remuneration and incentive structures to ensure that they are aligned to achieving the statutory objectives of the schemes that icare manages.	**5.4** Refreshed Remuneration Framework
McD 27[12]	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

[12] Promontory will be providing assurance over the Design, Implement and Embed Phases of the relevant Initiative. However, while Promontory will be providing assurance that the Recommendation has been addressed by the completion of the external review, we will not be assessing the content of the external review report.

#	Recommendation	Linked Initiatives
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: • 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
McD 42	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. icare should report publicly on the financial health of the NI scheme using the new measure(s), at least annually.	**6.1** Capital Management Policies (NI and LTCS)