

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

Sixth Quarterly Update

31 May 2023

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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 sixth 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.

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Abbreviations & Definitions

Abbreviation	Definition
ARC	Board Audit and Risk Committee, now the Board Risk Committee (BRC) and Board Audit Committee (BAC)
BAC	Board Audit Committee (previously ARC)
BAU	Business As usual
BRC	Board Risk Committee (previously ARC)
BPC	Business Planning Committee
CEO	Chief Executive Officer
Closure Pack	A pack of documents provided to Promontory for assessment, that includes a description of the actions icare has undertaken as part of a Phase and evidence that demonstrates the effectiveness of those actions
CPO	Chief Procurement Officer
CRM	Customer relationship management software and technology, that is used to manage how a company interacts and does business with their customers
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
EI Plan	Enterprise Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
EI SteerCo	The Steering Committee for the EI Sub-Program
EI Sub-Program	Enterprise Improvement Program
EML	Employers Mutual NSW Limited
ESWG	Enterprise Sustainability Working Group
Final Establishment Report	Our second report dated 28 February 2022, which provides a final description of how icare has set up the Improvement Program
Fifth Quarterly Update or Last Update	Our fifth update dated 28 February 2023 on icare's progress in addressing the Recommendations of the Reviews
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

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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
HR	Human Resources
HUGO	icare's internal intranet
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
IRP	Incident Review Panel
KPI	Key performance indicator
LTCS	Lifetime Care and Support
McDougall Recommendations	The 31 recommendations made in the McDougall Report that are relevant to icare
McDougall Report	The report delivered at the conclusion of the McDougall Review
McDougall Review	Statutory review of icare and the State Insurance and Care Governance Act
Milestones	The specific actions that icare will complete within the Initiatives
NI Scheme	Workers Compensation Nominal Insurer Scheme
NII	Nominal Insurer Improvement
NII Plan	Nominal Insurer Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
NII Sub-Program	Nominal Insurer Improvement Sub-Program
NI SteerCo	The Steering Committee for the NII Sub-Program
NSW	New South Wales
Phase or Initiative Phase	High-level collection of activities within an Initiative. Each Initiative has Design, Implement and Embed phases
PIEF	Personal Injury Education Foundation
Plans	The EI Plan and the NII Plan
Program	The Improvement Program
Promontory or we	Promontory Australia, a business unit of IBM Consulting

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Abbreviation	Definition
Recommendations	The McDougall Recommendations and GAC Recommendations
Reporting Date	30 April 2023
Reporting Period	The period from 1 February 2023 to 30 April 2023
Reports	The McDougall Report and GAC Report
Reviews	The McDougall Review and GAC Review
RFP	Request for proposal
Risk Connect	icare's risk management system
RMI	Risk Maturity Index
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
Sixth Quarterly Update or Update	Our sixth update dated 31 May 2023 on icare's progress in addressing the Recommendations of the Reviews
SLT	Senior leadership team of icare
SME	Subject Matter Expert
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 Sixth 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 February 2023 to 30 April 2023.

Background

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

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

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

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

The Improvement Program consists of two main sub-programs:

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

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

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

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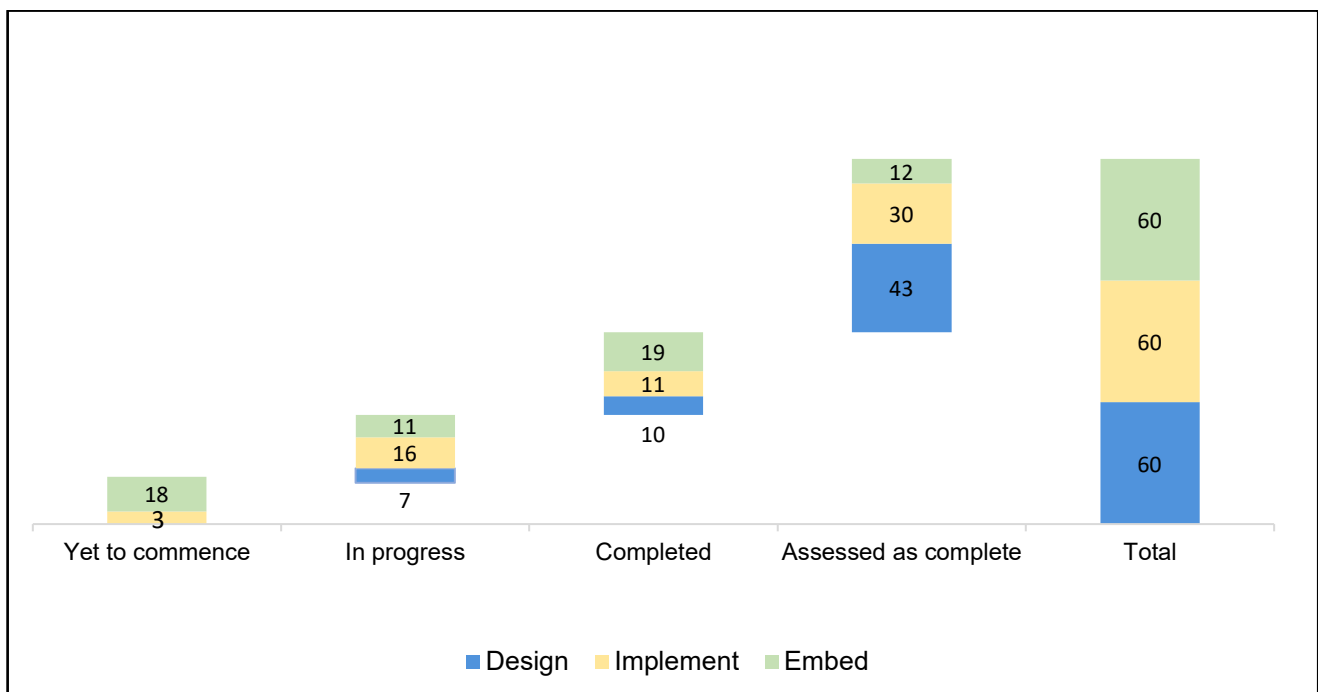
Progress on Implementation

During the Reporting Period, icare continued to progress the execution of the Improvement Program. As at 30 April 2023:

- 100% of the Initiatives had commenced or completed work on the Design Phase, with nearly 75% of the Design Phases within the Program assessed by Promontory as complete and effective;
- over 90% of the Initiatives had commenced or completed work on the Implement Phase, with 50% assessed by Promontory as complete and effective;
- approximately 70% of Initiatives had initiated or completed work on the Embed Phase, with 20% assessed by Promontory as complete and effective; and
- nearly 15% of the GAC and McDougall Recommendations have been assessed by Promontory as complete and effective.

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

Figure 1: Initiative Phase status summary



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

Program Development and Focus Areas

icare continues to make significant progress in the execution of the Improvement Program. The EI Sub-Program has maintained its momentum with the ongoing embedment of Initiatives, particularly within the Risk Uplift Stream. The NII Sub-Program continues to make headway in progressing the implementation of Initiatives. Overall, governance forums continue to provide effective oversight of the Program.

During the Reporting Period, icare delivered several key milestones, including the successful release of the first system enablers for the transition to the new NI Claims Model and the assessment of 15 Recommendations as complete and effective. While these achievements are commendable, they represent only a portion of the Program's overall success. The Program's true measure of success hinges upon the effective embedment of the remaining activities and the continued sustainability of the outcomes achieved.

In this update, we focus on three key areas for the coming period:

- Balancing timeliness and quality
- Sustainability
- Resourcing

Balancing timeliness and quality

During the Reporting Period, we observed a focus in EI Sub-Program governance forums on whether delivery due dates could be brought forward. While there were no changes to delivery due dates, icare should continue to maintain its focus on balancing timeliness and quality appropriately. Maintaining a sense of priority and a commitment to timely delivery for the Program is important. However, icare must also consider the potential risks to the quality of outcomes as the Program comes under increasing pressure to deliver within the remaining time.

Encouragingly, we have observed Program Sponsors emphasise the importance of balancing quality and timeliness. This tone from the top must be communicated throughout the Program to ensure that it is understood that the measure of success for the Program is delivering the outcomes required to achieve each of the Recommendations, and the timing of delivery should support this objective.

The Initiatives and Recommendations closed by icare to date, while demanding considerable effort by the organisation, are likely to be less challenging than the work that remains to be delivered. Given the complexity of the remaining activities, icare must maintain focus on achieving high-quality outcomes. This may involve the extension of embedment timelines if necessary, in order to ensure the sustainable embedment of changes within the business.

Sustainability

For the Improvement Program to achieve its objectives, it is crucial for icare to not only deliver on the outcomes required by each of the Recommendations but also to ensure that these outcomes are sustained after the Program's completion.

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By doing so, icare will have ongoing improvements in its operations, governance and risk management, and avoid the possibility that changes may erode over time which could potentially undermine the outcomes achieved through the Improvement Program.

In considering sustainability, icare should distinguish between the sustainability of outcomes and the sustainability of processes. While processes developed during the Program will underpin these outcomes, icare must be cognisant that these processes will inevitably evolve over time. By focusing on the sustainability of outcomes, icare can ensure that future process alterations reinforce the ongoing efficacy of the Program's achievements.

In developing its approach to sustainability, icare will need to consider a number of factors including:

- defining what outcomes icare seeks to sustain;
- who will be accountable for sustainability;
- how the sustainability approach will be documented; and
- how icare will monitor and report on sustainability.

Resourcing

The embedment phase of transformation programs such as the Improvement Program is generally the most resource intensive stage of delivery. This phase necessitates substantial resourcing commitments from the business as they begin to utilise the processes, policies and systems that were designed earlier in the program.

As several Initiatives within the EI Sub-Program progress into the embedment stage, it is imperative that icare's senior leadership continue to allocate adequate resources for this work. Proactive monitoring and escalation of resourcing concerns, as demonstrated to date, should remain a priority, particularly in areas where significant embedment work remains.

The capacity of Subject Matter Experts also warrants proactive monitoring in the coming period. Subject Matter Experts play a pivotal role in supporting the successful embedment of change, guiding staff as they navigate new changes for the first time. In this context, it is paramount for icare to ensure that Subject Matter Experts have sufficient capacity to facilitate change, address risks, and impart business knowledge in order to support the success and sustainability of the Program.

1. Introduction

1.1. Background

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

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

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

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

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

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

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

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

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

1.2. The Improvement Program

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

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

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

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

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

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

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

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

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

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

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

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

1.3. Promontory's Role

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

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

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

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

This is our Sixth update (**Sixth Quarterly Update** or **Update**) on icare's progress addressing the Recommendations of the Reviews. Similar to our last update (**Fifth 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.

For the purposes of this Update, we have considered developments that occurred from 1 February 2023 to 30 April 2023 (**Reporting Period**). The status of icare's progress against the Recommendations is reported as at 30 April 2023 (**Reporting Date**).

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

1.4. Report Structure

The remainder of this report is structured as follows:

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

This report also includes an Appendix, which details the mapping of the Recommendations to Initiatives within each of the Plans.

2. Focus Areas

During the Reporting Period icare continued to make significant progress in the execution of the Improvement Program. In the EI Sub-Program, several Initiatives were embedded, while the NII Sub-Program continued to make headway in progressing the Implement Phase of Initiatives. The operating rhythm established in the prior reporting period of the completion, delivery and assessment of Closure Packs (**Closure Packs**) continued, with 43 Phases assessed as complete and effective during the Reporting Period.

During the Reporting Period icare delivered a number of key milestones, including:

- the successful release of the first system enablers for the transition to the new NI Claims Model; and
- 15 Recommendations being assessed as complete and effective.

icare also took action to address the focus areas identified in our Last Update, including:

- continuing the assessment of the effectiveness of the Program's governance forums; and
- the Program implementing the 'single view of change' across the EI and NII Sub-Programs to enable better change sequencing and delivery. This is intended to provide a comprehensive view of changes happening within the Improvement Program and highlight the impact of these changes on stakeholders.

icare's progress to date is commendable. The assessment of 15 Recommendations as complete and effective within the Reporting Period marks a noteworthy milestone for both the Program and icare. As certain Program Streams approach completion in the upcoming period, icare will need to carefully consider the transition to business as usual (**BAU**). This includes ensuring the sustainability of the outcomes achieved by the Program.

In this section we highlight four focus areas for icare's consideration based on our observations during the Reporting Period.

2.1. Balancing Timeliness and Quality

During the Reporting Period, the Program reached a notable milestone, as 15 Recommendations were assessed as complete and effective. This achievement is a testament to the work icare has delivered. However, it is important to acknowledge that the remaining Recommendations are likely to be more challenging to deliver than those that have been closed to date.

While this milestone will provide momentum to the Program, icare must continue to measure the Program's success based on how it is delivering the outcomes required by the Recommendations, not just the number of Initiatives and Recommendations that have been assessed as closed. A commitment to timely delivery is important, but it needs to occur in a way that supports sustainable and effective reforms. To date, icare has maintained a balance between timely delivery and delivering at quality. It is crucial that for the remainder of the Program this balance is maintained. If the Program were to place an undue emphasis on accelerating the completion of Initiatives this could potentially jeopardise the quality of the remaining work.

During the Reporting Period there were no changes to delivery due dates. However, we observed deliberations within the Customer Uplift and Enterprise Sustainability Streams regarding the acceleration of delivery timelines. Where any Program Streams choose to accelerate delivery, icare must carefully consider the potential implications accelerated timeframes might have on the quality of outcomes. Shortened delivery timelines should only be considered once icare is confident that it can complete the work at the required level of quality.

Encouragingly, during the Reporting Period we observed Program Sponsors emphasise the importance of balancing quality and timeliness. We support this messaging as it reinforces the importance of the need to deliver quality of work and outcomes. This tone from the top must be communicated effectively throughout the Program to ensure that it is understood that the measure of success for the Program is delivering the outcomes required to achieve each of the Recommendations, and that the timing of delivery has to support this objective.

As noted above, the Initiatives and Recommendations closed by icare to date, while requiring significant amounts of effort by the organisation to address, are likely less intensive than the work that remains to be delivered. Of note are the ongoing efforts required in the Risk Uplift Stream and the NII Sub-Program. The remaining Initiatives in these areas involve a significant level of effort from multiple stakeholders. This has been acknowledged by the Program. Extensions to embedment timelines, such as the decision made in a prior reporting period to extend the embedment timeline for an Initiative relating to the development of enterprise and business unit risk profiles, should continue to occur where the Program identifies that more time is required for the business to sustainably embed change and deliver the necessary outcomes.

2.2. Sustainability

In order for the Improvement Program to achieve its objectives, it is important for icare to not only deliver the outcomes required by each of the Recommendations but also to ensure that these outcomes are sustained after the Program's completion. This will support an ongoing improvement in icare's operations, governance and risk management, and avoid the possibility that changes may erode over time which could potentially undermine the progress made through the Improvement Program.

As several Program Streams near finalisation of the Embed Phase, it is now an appropriate time for icare to consider the organisation's future state following the completion of the Improvement Program. From our discussions with the Program's Reform team, our observation of governance forums and our review of the first tranche of Embed Closure Packs, it is evident that icare is considering what sustainability may entail and the need to ensure that outcomes are sustained into the future.

In considering sustainability icare should distinguish between the sustainability of *outcomes* and the sustainability of *processes*. The primary focus needs to be on ensuring outcomes are sustained. While processes developed by the Program will underpin the sustainability of outcomes, it is not realistic to expect that these processes will remain unchanged over time. Changes to processes will be necessary in the future to adapt to icare's evolving business needs or to take advantage of opportunities for improvement. These changes are essential for addressing any shifts in icare's requirements and ensuring ongoing alignment with its objectives. It is a focus on the sustainability of outcomes that will ensure that such changes to processes support the ongoing effectiveness of the Program's achievements.

In developing its approach to sustainability, icare will need to consider a number of factors, including:

- defining what outcomes icare seeks to sustain and how it plans to ensure that these outcomes are sustained;
- who will be accountable for sustaining the outcomes;
- how the sustainability approach will be documented in terms of accountability, frameworks, processes, and governance arrangements; and
- how icare will monitor and report on sustainability.

In reflecting on the above icare may consider repurposing and using its existing processes and governance arrangements, such as policy reviews and periodic reporting, to ensure that outcomes continue to be sustained. Allocating accountability for sustainability will also ensure that the sustainability of outcomes remains front of mind following the completion of the Program.

To ensure sustainability, icare will need to consider how it will monitor the outcomes delivered by the Program, particularly where these involve ongoing practices and behavioural changes. Qualitative and quantitative metrics should be established to provide a robust basis for monitoring sustainability and to support ongoing senior leadership and Board oversight.

The outcomes and success measures that icare has developed for each Initiative and Stream will likely provide an initial starting point for the metrics icare may wish to incorporate into its sustainability monitoring and reporting.

2.3. Resourcing

The EI Sub-Program has now progressed well into the embedment phase of delivery. In similar transformation programs, the embedment phase of a remediation program is generally recognised as the most resource intensive stage of delivery. This phase requires significant resourcing commitments from the business as they begin to utilise the processes, policies and systems that were designed earlier in the Program. The work by the business to embed these changes must often be supported by Subject Matter Experts (**SMEs**) who will guide staff as they utilise these changes for the first time. Consistent with our observations in Section 2.1, given the complexity of the remaining work this phase is likely to require significant resourcing commitments. It is important for icare's senior leadership to continue to prioritise and allocate adequate resources towards the delivery of this work.

During the Reporting Period, we observed icare proactively address resourcing challenges that posed a risk to the successful embedment of Initiatives. An example of this was the discussion and escalation of the need for additional resourcing for embedding enterprise and business unit risk profiles, which resulted in the onboarding of two temporary resources to support the transition to BAU. Areas where a significant amount of embedment work remains prior to the Program's closure should also be subject to proactive monitoring and escalation should resourcing concerns arise. Where contingent resources are utilised to facilitate embedment, icare should consider whether the existing resourcing model will enable the business to sustain these activities as part of BAU once contingent resources are offboarded. This will require careful planning to ensure that outcomes can be sustained into the future.

SMEs play a crucial role in embedding change successfully within remediation programs. The current Program structure requires some SMEs to balance their BAU work with designing, implementing and embedding Initiatives that relate to the Program. This approach has its merits, as these individuals from the business can facilitate the changes to ensure effective delivery. However, there is a need to ensure that SMEs can effectively manage both BAU and Program work.

Encouragingly, icare has taken several measures to monitor and mitigate the risks associated with this challenge. One such measure includes the use of stand-ups within the Enterprise Sustainability Stream to ensure that any conflicting priorities or risks are raised and dealt with promptly. We also observed governance forums actively engage in resourcing discussions, consistently emphasising the importance of balancing BAU and Program work and ensuring that SME capacity is monitored and managed.

As the EI Sub-Program progresses with embedment, and the NII Sub-Program implements a significant technology release in June, it remains crucial for icare to ensure that SMEs have sufficient capacity to facilitate change, address risks, and impart business knowledge. icare should continue monitoring and managing the capacity of SMEs, maintaining open communication channels, and providing support to balance the demands of BAU and Program work. It is important that icare remains vigilant in this regard to ensure the success and sustainability of the Program.

2.4. Other Focus Areas

Program Governance

In our previous updates we emphasised the vital role that program governance structures play in ensuring the successful delivery of the Improvement Program. During the Reporting Period the Program's governance forums continued to provide appropriate oversight and monitoring of the Program's progress and facilitate robust discussions on key decisions and issues facing the Program.

While acknowledging the overall effectiveness of the Program governance structures, we have observed a number of areas where the NI Executive Steering Committee (**NI SteerCo**) could be enhanced, including:

- ensuring that adequate time is allocated for all agenda items;
- clarifying roles and responsibilities, including Program Sponsors, for effective decision making, direction and reporting;
- giving greater focus to strategic matters for the NII Sub-Program; and
- ensuring reporting to the forum is clear, concise and supports decision-making.

icare has taken note of these observations and will consider them during its review of the NII Sub-Program's governance structures.

3. Program Progress

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

- 100% of the Initiatives had commenced or completed work on the Design Phase, with nearly 75% of the Design Phases within the Program assessed by Promontory as complete and effective;
- over 90% of the Initiatives had commenced or completed work on the Implement Phase, with 50% assessed by Promontory as complete and effective; and
- approximately 70% of Initiatives had initiated or completed work on the Embed Phase, with 20% 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	7	10	43	60
Implement	3	16	11	30	60
Embed	18	11	19	12	60
Total	21	34	40	85	180

As highlighted in Chapter 2, icare achieved a significant milestone during the Reporting Period with 15 out of the total 107 Recommendations assessed as complete and effective. During the Reporting Period, the established operating rhythm for providing Closure Packs was maintained. As at the Reporting Date, we have assessed a total of 85 Initiative Phase Closure Packs as complete and effective. Notably, the highest number of Initiative Phase Closure Packs, a total of 43, was assessed during this Reporting Period. Further detail on our assessments of the Initiatives and Recommendations is provided in Chapters 4 and 5 respectively.

During the Reporting Period, Initiative 2.12 was removed from the Program. icare noted the reason for this was that the scope of Initiative 2.12 and the desired outcomes of the Recommendation it aimed to address were already covered by Initiatives 2.1 and 2.2, respectively.

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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

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	●	●	◑

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3.1.2. Risk Uplift

Stream	Initiative	Design	Implement	Embed
2. Risk Uplift	2.01 Review and Refresh of Risk and Compliance Artefacts	●	●	◐
	2.02 Uplift of Risk System	●	●	◐
	2.03 Enterprise & Business Unit Risk Profiles	●	●	◐
	2.04 Risk Management Attestation Uplift	●	●	●
	2.05 Enterprise Obligations Register	●	◐	◐
	2.06 Further Refinement 3 Lines of Defence	●	●	◐
	2.07 Risk in Change Framework	●	◐	◐
	2.08 Remediation Framework	●	●	◐
	2.09 Issue and Incident Management	●	●	◐
	2.10 Develop a Risk Maturity Index	●	●	●
	2.11 Implement the Customer Advocate Role	●	●	◐
	2.14 ⁷ 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	●	●	◐

⁷ Initiatives 2.12 and 2.13 are not included in the Risk Uplift table as they were removed from the Improvement Program.

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Stream	Initiative	Design	Implement	Embed
	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 ⁸ Transparency and Policy	●	◐	◐
	3.4 Capability	●	◐	◐
	3.6 CPO Appointment	●	◐	◐

3.1.4. Customer Uplift

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

3.1.5. Culture & Accountability

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

⁸ Initiative 3.2 is not included in Procurement Uplift table as it does not relate to the GAC and McDougall Recommendations.

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Stream	Initiative	Design	Implement	Embed
	5.4 Refreshed Remuneration Framework	●	●	○
	5.5 Alignment of People Experiences - Capability Framework	●	●	○
	5.8 ⁹ Refreshed HR Policy Framework	●	●	○
	5.9 Culture Measurement	●	●	●

3.1.6. Enterprise Sustainability

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

3.1.7. Treasury Reporting

Stream	Initiative	Design	Implement	Embed
7. Treasury Reporting	Treasury Reporting	●	●	○

3.2. Nominal Insurer Improvement Program

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	●	●	○

⁹ Initiatives 5.6 and 5.7 are not included in the Culture and Accountability table as they were removed from the Improvement Program.

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3.2.3. CSP Procurement & Provider Performance

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

3.2.4. Claims Service Provider Transition

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

3.2.5. Professional Standards and Capability

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

4. Initiative Phase Assessments

During the Reporting Period, Promontory completed its assessment of 43 Initiative Phases. This included the assessment of:

- eight Design Phases;
- 23 Implement Phases; and
- 12 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 Done⁶. 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

Stream	Initiative	Phase	Phase Closure Date
Governance	1.3	Implement	14 April 2023
Governance	1.4	Implement	21 March 2023
Governance	1.5	Implement	9 March 2023
Governance	1.6	Implement	24 March 2023
Governance	1.7	Embed	17 March 2023
Governance	1.8	Design	17 February 2023
Governance	1.8	Implement	4 April 2023
Risk Uplift	2.1	Implement	16 February 2023

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Stream	Initiative	Phase	Phase Closure Date
Risk Uplift	2.2	Implement	1 February 2023
Risk Uplift	2.3	Implement	9 February 2023
Risk Uplift	2.4	Embed	30 March 2023
Risk Uplift	2.6	Implement	7 March 2023
Risk Uplift	2.7	Design	14 March 2023
Risk Uplift	2.8	Implement	17 February 2023
Risk Uplift	2.9	Implement	10 March 2023
Risk Uplift	2.10	Implement	1 February 2023
Risk Uplift	2.10	Embed	17 April 2023
Risk Uplift	2.14	Embed	8 March 2023
Risk Uplift	2.15	Design	28 February 2023
Risk Uplift	2.15	Implement	31 March 2023
Risk Uplift	2.15	Embed	31 March 2023
Risk Uplift	2.16	Implement	26 April 2023
Risk Uplift	2.17	Implement	10 February 2023
Risk Uplift	2.17	Embed	31 March 2023
Risk Uplift	2.19	Implement	9 March 2023
Risk Uplift	2.19	Embed	31 March 2023
Risk Uplift	2.20	Embed	6 March 2023
Risk Uplift	2.21	Implement	3 February 2023
Risk Uplift	2.21	Embed	28 March 2023
Risk Uplift	2.22	Implement	3 April 2023
Risk Uplift	2.23	Implement	3 March 2023
Risk Uplift	2.23	Embed	30 March 2023

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Stream	Initiative	Phase	Phase Closure Date
Risk Uplift	2.24	Implement	8 March 2023
Risk Uplift	2.24	Embed	30 March 2023
Procurement Uplift	3.6	Design	9 February 2023
Customer Uplift	4.1	Design	2 March 2023
Customer Uplift	4.2	Implement	13 March 2023
Culture and Accountability	5.1	Implement	24 February 2023
Culture and Accountability	5.2	Implement	7 March 2023
Enterprise Sustainability	6.1	Embed	8 March 2023
Enterprise Sustainability	6.2	Design	12 April 2023
Enterprise Sustainability	6.3	Design	6 April 2023
CSP Procurement and Provider Performance	N3.1	Design	8 March 2023

4.1. Assessment of Governance Initiatives

4.1.1. Assessment of Initiative 1.3 Implement Phase

The Implement Phase of Initiative 1.3 requires icare to:

- implement the Stakeholder Accountability Framework;
- provide monthly reporting on stakeholder interactions to the Group Executive Team (**GET**); and
- formalise the structure of the Stakeholder Working Group.

Work completed by icare in relation to this Phase included:

- developing a detailed Change and Communications Plan to roll out the Stakeholder Accountability Framework;
- developing training on stakeholder accountability;
- developing the Corporate Affairs Monthly Report; and
- developing tools for the management of stakeholder information.

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

- whether stakeholder accountability training would be mandatory for new starters;
- further information on the linkage between the accountability map and elements of the Enterprise Stakeholder Engagement Framework; and
- whether icare has documented the end-to-end processes for stakeholder information management tools developed as part of this Initiative.

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

4.1.2. Assessment of Initiative 1.4 Implement Phase

The Implement Phase of Initiative 1.4 requires icare to:

- implement mechanisms to manage change complexity;
- operationalise the project prioritisation framework; and
- operationalise the project management framework.

Work completed by icare in relation to this Phase included:

- introducing the monthly reporting of change insights to the Business Planning Committee (**BPC**) and GET;
- implementing processes to identify, discuss, escalate, monitor and review project change activities and their associated risks and issues;
- operationalising the Prioritisation Framework to establish a shortlist of prioritised projects; and
- operationalising the Project Management Framework and associated processes to enable better project management across the organisation.

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

- steps taken by icare to ensure the BPC and GET have visibility of the change impact of both current and planned projects; and
- how icare had addressed the requirements of GAC Recommendation 60.

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

4.1.3. Assessment of Initiative 1.5 Implement Phase

The Implement Phase of Initiative 1.5 requires icare to implement the Board Skills Matrix, Board Succession Plan, complete induction for two new Board members, and develop the Board Development and Training Plan.

Work completed by icare in relation to this Phase included:

- reviewing the Board Skills Matrix using the Board Skills Matrix and Competencies Process;
- conducting an assessment to understand the training and development needs for each Board member; and
- developing the Board Development and Training Plan.

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

4.1.4. Assessment of Initiative 1.6 Implement Phase

The Implement Phase of Initiative 1.6 requires icare to split the Board Audit and Risk Committee (**ARC**), update the respective Charters, update the Board Charter and develop a Governance Report.

Work completed by icare in relation to this Phase included:

- splitting the ARC into two separate Committees, the Board Audit Committee (**BAC**) and Board Risk Committee (**BRC**);
- reviewing and updating the Committee Charters;
- reviewing and updating the Board Charter; and
- developing the Governance Report.

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

4.1.5. Assessment of Initiative 1.7 Embed Phase

The Embed Phase of Initiative 1.7 requires icare to:

- conduct a quarterly deep dive for the Board on the Regulator Relationship; and
- hold bi-annual meetings with the icare and SIRA Boards, with reporting to the Minister.

Work completed by icare in relation to this Phase included:

- measuring the success of the regulatory relationship via key performance indicators (**KPI**) in line with the requirements of the Regulatory Engagement Strategy;
- providing the Regulatory Relationship Report to the Board on a quarterly basis, with evidence of Board discussion;
- holding bi-annual meetings between the icare and SIRA Boards, without management present, to discuss the state of the relationship;
- sending a joint icare and SIRA letter to the relevant Portfolio Ministers to provide a formal update on the state of the regulatory relationship; and
- conducting an annual survey to obtain SIRA's views on the state of relationship, with reporting of results to the GET and Board.

After reviewing the Closure Pack, Promontory requested and received further information on matters including the embedment of the Action Schedule Process, including the flow of actions between the Board/Risk Committee and the GET.

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

4.1.6. Assessment of Initiative 1.8 Design Phase

The Design Phase of Initiative 1.8 requires icare to develop a Governance Assurance Framework and supporting tools and template to enhance Board reporting.

Work completed by icare in relation to this Phase included:

- developing and subsequently updating the Governance Assurance Framework to improve the quality of Board papers;
- developing a 'Board Briefing' template and supporting guidance;
- providing training to the senior leadership team (**SLT**) on writing Board papers and the new process; and
- uplifting the Chief Executive Officer (**CEO**) Report to include scheme-based dashboards.

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

- work to address GAC Recommendation 6 and dependencies on other Initiatives;
- how the improvement in the quality of Board papers will be measured; and
- mechanisms for review of the effectiveness of the enhancements.

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

4.1.7. Assessment of Initiative 1.8 Implement Phase

The Implement Phase of Initiative 1.8 requires icare to:

- conduct training on Board paper writing and on the Governance Assurance Framework; and
- introduce mechanisms for the Board to communicate feedback and expectations to management.

Work completed by icare in relation to this Phase included:

- delivering training to the SLT on the revised Governance Assurance Framework process and new templates;
- obtaining Board endorsement on the feedback mechanism to communicate expectations and provide feedback on the quality of Board papers;
- obtaining Board feedback on the quality of the Board papers; and
- conducting training on Board paper writing, facilitated by an external party.

After reviewing the Closure Pack, Promontory requested and received further information on matters including attendance at training sessions.

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

4.2. Assessment of Risk Uplift Initiatives

4.2.1. Assessment of Initiative 2.1 Implement Phase

The Implement Phase of Initiative 2.1 requires icare to roll out the updated risk and compliance artefacts across icare.

Work completed by icare in relation to this Phase included:

- developing and rolling out several organisation wide communications to support the implementation of the suite of risk artefacts that were updated in the Design Phase of this Initiative;
- delivering training to support and facilitate the effective implementation of the updated suite of risk artefacts; and
- developing procedures and templates to support compliance with the risk and compliance artefacts.

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

- how icare had ensured consistency in the implementation of risk management processes across the organisation;
- alignment of supporting procedures and templates to overarching policies;
- the annual internal audit and risk management attestation process; and
- how icare had addressed the requirements of GAC Recommendations 16, 25, 46 and 48.

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

4.2.2. Assessment of Initiative 2.2 Implement Phase

The Implement Phase of Initiative 2.2 requires icare to:

- build the risk and compliance management modules of the new risk management system;
- roll out the new risk management system; and
- deliver user training for the new risk management system to all system users.

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Work completed by icare in relation to this Phase included:

- developing a change plan to provide guidance on the change activities required to launch the new risk management system, Risk Connect;
- completing the build and user acceptance testing of Risk Connect;
- developing a communications plan to document the communication and engagement activities planned for the launch of Risk Connect; and
- launching Risk Connect and executing the planned change and communications activities to support the rollout, including delivering training to Line 1 and Line 2 Risk and Compliance team members, incident and issue managers and other critical users of the Risk Connect System.

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

- the completion and sign of the system build;
- the approval process, integration and testing of any changes to the initial solution design;
- the development of training documents and supporting materials; and
- additional information on how the requirements of GAC Recommendations 23 and 39 for uplifted risk reporting had been satisfied.

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

4.2.3. Assessment of Initiative 2.3 Implement Phase

The Implement Phase of Initiative 2.3 requires icare to implement its Enterprise Top Risk profile and its Business Unit Risk profiles.

Work completed by icare in relation to this Phase included:

- implementing the quarterly review process for the Enterprise Top Risk profile;
- presenting the Enterprise Top Risk profile to the GET for discussion and action;
- reviewing and updating business unit risk profiles across the organisation;
- implementing the quarterly review process for the business unit risk profiles; and
- developing a business unit risk and assurance reporting template to be used for providing the relevant Group Executive (**GE**) with a holistic view of risk related data points.

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

- the approval of individual business unit risk profiles;
- whether icare developed and rolled out any training or support to Line 1 Risk on how to manage, maintain, review and update their risk profiles;
- differences noted in the various business unit risk profiles;
- whether business unit risk profiles would be included in icare's risk management system, Risk Connect;
- additional information on the process for quarterly and out of cycle reviews of business unit risk profiles; and
- additional information on how the requirements of GAC Recommendation 17 had been satisfied.

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

4.2.4. Assessment of Initiative 2.4 Embed Phase

The Embed Phase of Initiative 2.4 requires icare to:

- develop processes for Line 2 to support completion and coordination of the attestation process; and
- define the attestation process for business units to support sign-off of the attestation.

Work completed by icare in relation to this phase included:

- documenting the attestation process, including the role of Line 2 in supporting completion and coordination of the attestation;
- receiving approval for this process from the GE Risk and Governance; and
- defining the requirements for business units in supporting the attestation process.

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

4.2.5. Assessment of Initiative 2.6 Implement Phase

The Implement Phase of Initiative 2.6 requires icare to recruit and onboard Line 2 resources to complete the implementation of the refreshed Line 2 Operating Model and monitor the onboarding of Line 1 risk resources across the business.

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Work completed by icare in relation to this Phase included:

- recruiting 12 FTE in Line 2 to cover the roles as described in the new Operating Model;
- performing a group wide operating model review in February 2021, which led to the creation of the Risk and Governance function and appointment of a GE Risk and Governance;
- performing a further review of the 3LoD operating model in September 2021 and implementing the changes recommended by this review by October 2021;
- updating relevant documents, including the Risk Management Framework and Risk Management Policy, to reflect updated accountabilities; and
- assigning relevant risk management activities to Line 1.

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

- the context, scope and participants in the September 2021 3LoD operating model review;
- participants and attendance at training delivered by the Risk and Compliance Business Partnering Team; and
- the role of divisional Line 1 monthly meetings in meeting GAC Recommendation 26.

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

4.2.6. Assessment of Initiative 2.7 Design Phase

The Design Phase of Initiative 2.7 requires icare to design a risk in change framework.

Work completed by icare in relation to this Phase included:

- developing a Risk in Change Procedure. This process was performed by Line 2 in consultation with Line 1 Risk and the Program Delivery Team; and
- receiving approval on the Risk in Change Procedure from the GE Risk and Governance.

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

- whether the Risk in Change Procedure would include a process for the identification and management of any interdependencies and dependencies triggered by change;
- whether the Risk in Change Procedure informed any changes to icare's project delivery methodology; and
- the applicability of project impact assessments for non-project change.

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

4.2.7. Assessment of Initiative 2.8 Implement Phase

The Implement Phase of Initiative 2.8 requires icare to:

- provide relevant teams with training to uplift their capability in managing a remediation; and
- establish supporting materials, such as tools and templates, for all new remediations.

Work completed by icare in relation to this Phase included:

- providing relevant staff with training on the high level-principles of icare's approach to remediation; and
- creating template documents for key stages of the remediation process.

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

- whether training would be provided to staff outside of the Risk Community of Practice; and
- other supporting materials that had been developed to support staff when delivering customer remediations.

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

4.2.8. Assessment of Initiative 2.9 Implement Phase

The Implement Phase of Initiative 2.9 requires icare to implement the improvements to the issue and incident management process.

Work completed by icare in relation to this Phase included:

- rolling out tools and templates to support the business in implementing the improvements to the issue and incident management process;
- providing staff with training on how to complete the issue and incident management process; and
- establishing weekly incident review meetings to ensure appropriate categorisation of incidents.

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

- the content covered and completion rate for the incident and issue management annual mandatory refresher; and
- roles and responsibilities within the issue and incident management process.

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

4.2.9. Assessment of Initiative 2.10 Implement Phase

The Implement Phase of Initiative 2.10 requires icare to:

- implement the Risk Maturity Index (**RMI**) with monitoring and reporting to the BRC, Board and GET on a bi-annual basis; and
- connect risk awareness to employee and enterprise scorecards to uplift risk and compliance perception and capability.

Work completed by icare in relation to this Phase included:

- conducting the Organisation Culture Index, icare's annual risk culture survey, to establish baseline measurements to be included in the first Risk Maturity Index Report;
- reporting the bi-annual RMI results to the GET in October 2021 and February 2022 and the BRC in November 2021 and February 2022 respectively;
- incorporating the RMI within the Enterprise Scorecard as one of the Risk Management and Operational Effectiveness metrics and reporting the Enterprise Scorecard to the Board;
- cascading the results of the RMI to the Risk Community of Practice and establishing areas of focus for Line 1 Risk to uplift risk maturity; and
- linking risk management performance objectives for all icare staff.

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

- reporting of the RMI to the Board;
- the monitoring, reporting and escalation of actions plans within the RMI;
- the governance processes for amending indicators within the RMI; and
- the delivery of training and support to Line 2 in relation to preparing the RMI.

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.

In finalising our assessment, we foreshadowed that our assessment of the Embed Phase for this Initiative will consider:

- evidence of the action management lifecycle for actions raised relating to the Risk Maturity Index; and
- the extent of which icare has linked the RMI to its broader risk management framework.

4.2.10. Assessment of Initiative 2.10 Embed Phase

The Embed Phase of Initiative 2.10 requires icare to embed the RMI and its reporting through to the BRC.

Work completed by icare in relation to this Phase included:

- drafting the RMI Procedures;
- updating the RMI to include risk maturity measurements for individual business units; and
- embedding the bi-annual monitoring and reporting of the RMI results and actions to the GET and BRC.

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

- the action management lifecycle of actions relating to the RMI;
- discussion and feedback on the updated RMI; and
- whether icare had planned to conduct or conducted any assurance activities over the RMI to confirm it is operating as intended.

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

4.2.11. Assessment of Initiative 2.14 Embed Phase

The Embed Phase of Initiative 2.14 requires icare to operationalise the Speak Up Hotline and embed the revised Reporting Wrongdoing Policy.

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Work completed by icare in relation to this Phase included:

- operationalising the Speak Up Hotline to provide a platform on which employees could raise concerns;
- monitoring and reviewing the platform to ensure Speak Up items were addressed and actioned;
- reporting on Speak Up matters and other reported wrongdoing to the BRC quarterly; and
- reviewing and updating the Reporting Wrongdoing Policy.

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

- whether there had been any feedback on or changes to the content of the quarterly reports;
- whether icare had undertaken or planned any assurance activities over the operating effectiveness of the platform and the Reporting Wrongdoing Policy;
- ongoing initiatives that icare has developed and implemented to support and encourage staff to Speak Up; and
- additional information on how the requirements of GAC Recommendation 45 had been satisfied.

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

4.2.12. Assessment of Initiative 2.15 Design Phase

The Design Phase of Initiative 2.15 requires icare to define the Regulatory Affairs function and operating model and adjust the relevant reporting lines to the Chief Risk Officer (**CRO**).

Work completed by icare in relation to this Phase included:

- designing and implementing a new Risk and Compliance Operating model in which the Regulatory Affairs function was repositioned to report to the GE Risk and Governance;
- recruiting the Head of Regulatory Affairs;
- developing a regulatory engagement strategy to support communication and interaction between icare and its regulators; and
- developing regulatory engagement KPIs.

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

4.2.13. Assessment of Initiative 2.15 Implement Phase

The Implement Phase of Initiative 2.15 requires icare to implement the new operating model for the Regulatory Affairs function, including regulatory liaison activities.

Work completed by icare in relation to this Phase included:

- providing the Quarterly Regulatory Relationship Report to the Board from the GE Risk and Governance, with the first report including details on the changes to the Regulatory Affairs operating model;
- updating the Board Governance Calendar to require the provision of the Quarterly Regulatory Relationship Report to the Board; and
- the Regulatory Affairs team, as part of the Risk and Governance function, conducting regular engagement activities between icare and SIRA.

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

4.2.14. Assessment of Initiative 2.15 Embed Phase

The Embed Phase of Initiative 2.15 requires icare to operationalise the Regulatory Affairs operating model within the Risk and Governance function.

Work completed by icare in relation to this Phase included:

- continuing activities by the Regulatory Affairs team, led by the Head of Regulatory Affairs who reports to the GE Risk and Governance as part of the Risk and Governance function;
- measuring the effectiveness of the regulatory relationship between icare and SIRA via Board endorsed KPIs in line with the requirements of the Regulatory Engagement Strategy;
- providing the Regulatory Relationship Report to the Board each quarter, with observations on the state of the relationship and, from May 2022, quarterly KPI results; and
- conducting an annual survey to obtain SIRA's views on the state of relationship, with reporting of results to the GET and Board.

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

- reporting of the KPIs to forums other than the Board;
- actions taken in response to the analysis of KPIs reported; and
- current staffing of the Regulatory Affairs team.

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

4.2.15. Assessment of Initiative 2.16 Implement Phase

The Implement Phase of Initiative 2.16 requires icare to:

- implement enhanced record keeping arrangements for documents regarding internal investigations;
- establish a process for regularly updating the progress of internal investigations;
- incorporate the reporting of high-rated audit actions into the agenda of the BAC on an ongoing basis; and
- report the closure of high-rated audit actions at the BAC on a quarterly basis.

Work completed by icare in relation to this Phase included:

- establishing a new folder and referencing structure for internal investigations, with permissions determined by the Head of Conduct and Integrity;
- implementing a process for the Head of Conduct and Integrity to review the progress of investigations;
- incorporating quarterly updates on high-rated audit actions into the BAC's forward planner; and
- enhancing the quarterly reporting of high-rated audit actions to the BAC to provide further visibility on the closure and progress of high-rated audit actions.

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

4.2.16. Assessment of Initiative 2.17 Implement Phase

The Implement Phase of Initiative 2.17 requires icare to establish the operation of the Incident Review Panel (**IRP**) to determine whether a matter that has arisen should be reported to the regulator.

Work completed by icare in relation to this Phase included:

- updating the Incident and Issue Management and Reporting Policy;
- holding meetings of the IRP as matters arose, with agendas and memorandums provided to all IRP members; and
- notifying SIRA if the matter was determined to be significant.

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

4.2.17. Assessment of Initiative 2.17 Embed Phase

The Embed Phase of Initiative 2.17 requires icare to operationalise the IRP with a number of meetings having taken place and decisions made.

Work completed by icare in relation to this Phase included:

- continuing to hold meetings of the IRP as matters arose (in line with the IRP Terms of Reference), with 13 meetings held since the inaugural meeting in May 2021;
- supporting all meetings with agendas, detailed memorandums and minutes recording discussion;
- notifying SIRA (or other regulators) if a matter was determined to be significant or reportable; and
- identifying opportunities for improvement, including updating templates and developing a protocol for records management.

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

4.2.18. Assessment of Initiative 2.19 Implement Phase

The Implement Phase of Initiative 2.19 requires icare to implement the Conflicts and Personal Interest Policies and Procedures through training.

Work completed by icare in relation to this Phase included:

- rolling out the updated Conflicts of Interest Policy and Gifts and Benefits Policy;
- developing the Conflicts of Interest training requirements;
- conducting an assurance review of managing conflicts of interest in Procurement Tenders; and
- completing an all-staff attestation.

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

4.2.19. Assessment of Initiative 2.19 Embed Phase

The Embed Phase of Initiative 2.19 requires icare to embed policies and procedures in relation to Conflicts and Personal Interest and conduct an annual review of the policies to ensure ongoing uplift.

Work completed by icare in relation to this Phase included:

- updating the Conflicts of Interest and Gifts and Benefits Policies, with policies subject to annual review and Board approval;
- providing staff access to and communication of the updated policies, with guidance and procedures on the obligations, how to use Risk Connect and how to declare a conflict or gifts and benefits;
- conducting mandatory and targeted training with high completion rates;
- conducting all-staff Conflicts Attestations, with high completion rates, and Quarterly attestation for GEs and other 'high risk' roles;
- conducting compliance assurance reviews; and
- reporting to the BRC on Conflicts of Interest covering policy updates, tracking conflict of interest declarations, attestations and assurance activities.

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

4.2.20. Assessment of Initiative 2.20 Embed Phase

The Embed Phase of Initiative 2.20 requires icare to:

- embed the GE Risk and Governance as a standing member of the GET with a direct reporting line to the CEO;
- facilitate 1:1s between the GE Risk and Governance and the CEO on a regular cadence; and
- have risk deep dives occurring on a monthly basis at the GET.

Work completed by icare in relation to this Phase included:

- establishing a direct reporting line between the GE Risk and Governance and the CEO;
- including the GE Risk and Governance as a standing member of the GET;
- the GE Risk and Governance and the CEO undertaking regular 1:1 meetings; and
- the GE Risk and Governance presenting monthly risk deep dives, which cover a range of risk and compliance related matters, to the GET.

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

4.2.21. Assessment of Initiative 2.21 Implement Phase

The Implement Phase of Initiative 2.21 requires icare to give all open incidents on Genie a risk rating and design an action plan commensurate with their risk rating.

Work completed by icare in relation to this Phase included:

- establishing a new weekly meeting attended by Line 2 Risk and Compliance to review incidents recorded in Risk Connect (previously Genie);
- continuing to provide monthly reporting on open incidents to the Risk and Compliance Committee and GET; and
- implementing a process whereby a sample of closed incidents are reviewed to ensure that incident rating and action plans were appropriate.

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

- how data was compiled on open incidents for the GET and Risk and Compliance Committee in the past; and
- how icare measured whether action plans were appropriate for open incidents.

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

4.2.22. Assessment of Initiative 2.21 Embed Phase

The Embed Phase of Initiative 2.21 requires icare to raise all new incidents in Risk Connect and develop ratings for and action plans for these incidents.

Work completed by icare in relation to this Phase included:

- assigning risk ratings in Risk Connect to all new incidents from April 2021, in line with the updated Incident and Issue Management and Reporting Policy;
- reporting on all open incidents monthly to the Risk and Compliance Committee and GET using outputs from the Risk and Compliance dashboards;
- holding weekly Line 2 Risk and Compliance meetings to review newly raised incidents; and
- publishing all relevant procedural documents on icare's intranet system, HUGO.

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

4.2.23. Assessment of Initiative 2.22 Implement Phase

The Implement Phase of Initiative 2.22 requires icare to hold the initial Outsourcing Committee meeting and establish a cadence for future meetings.

Work completed by icare in relation to this Phase included:

- convening the inaugural meeting of the Outsourcing Committee in May 2021;
- establishing a quarterly cadence for subsequent Outsourcing Committee meetings; and
- reviewing existing material contracts against the updated Material Outsourcing Contract Policy to identify any areas of non-compliance and presenting these results to the Outsourcing Committee.

After reviewing the Closure Pack, Promontory requested and received further information on the results of the review of existing material contracts against the updated Material Outsourcing Control Policy.

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

4.2.24. Assessment of Initiative 2.23 Implement Phase

The Implement Phase of Initiative 2.23 requires relevant icare staff to undertake training on changes to the delegation process.

Work completed by icare in relation to this Phase included:

- updating training material related to delegations to include the need to consider the materiality of risk;
- communicating to staff changes to the delegation process and upcoming training and education activities;
- relevant staff completing the delegations training; and
- monitoring staff completion of the training via e-learn.

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

4.2.25. Assessment of Initiative 2.23 Embed Phase

The Embed Phase of Initiative 2.23 requires icare to undertake the annual review of delegation policies.

Work completed by icare in relation to this Phase included:

- performing the annual review;
- receiving approval for the changes made following the annual review from the CEO and GE Risk and Governance; and
- communicating changes to staff.

Based on our assessment of the Closure Pack we concluded that the Definition of Done for the relevant Milestone has been met.

4.2.26. Assessment of Initiative 2.24 Implement Phase

The Implement Phase of Initiative 2.24 requires icare to ensure that the charters for all material steering committees and prioritisation forums clearly articulate the role of risk.

Work completed by icare in relation to this Phase included:

- updating the charters for all material steering committees and prioritisation forums to ensure the role of risk was articulated;
- ensuring that Line 2 Risk was represented at all material steering committees and prioritisation forums; and
- updating the material steering committee charter template to document the role of risk.

Based on our assessment of the Closure Pack we concluded that the Definition of Done for the relevant Milestone has been met.

4.2.27. Assessment of Initiative 2.24 Embed Phase

The Embed Phase of Initiative 2.24 requires icare to have all material steering committees and prioritisation forums operating for more than two quarters with an embedded Line 2 Risk presence.

Work completed by icare in relation to this Phase included operating material steering committees and prioritisation forums for more than two quarters with a Line 2 Risk presence.

Based on our assessment of the Closure Pack we concluded that the Definition of Done for the relevant Milestone has been met.

4.3. Assessment of Procurement Uplift Initiatives

4.3.1. Assessment of Initiative 3.6 Design Phase

The Design Phase of Initiative 3.6 requires icare to design a new procurement BAU operating model.

Work completed by icare in relation to this Phase included:

- drafting and designing a new procurement BAU operating model which was discussed at the GET and approved by the Procurement team;
- conducting a Business Unit Town Hall to introduce the new operating model with feedback given and implemented; and
- the new operating model being approved by the Chief Financial Officer (**CFO**), CEO, and the Board.

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

- whether the Chief Procurement Officer (**CPO**) continues to report to the GE Operational Performance;
- which BAU team designed the new procurement operating model;
- how the design accounted for the significant procurement processes, required cultural changes, and how those changes will be embedded;
- whether the stated intentions of the new operating model were retained in the final model and approved by the Board;
- how the CPO will carry out their responsibility for significant procurement processes and embedding culture change within Procurement; and
- whether the cultural change aspect of this initiative and the recommendation has implications for the Risk Uplift and/or Culture & Accountability Streams that should be reflected in the dependencies.

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.

4.4. Assessment of Customer Uplift Initiatives

4.4.1. Assessment of Initiative 4.1 Design Phase

The Design Phase of Initiative 4.1 requires icare to:

- design and approve strategic customer measures to be embedded across all schemes;
- complete NI customer experience Return-to-Work driver model research;
- establish Customer Research Guidelines;
- refresh and communicate customer targets; and
- design an enterprise continuous improvement framework.

Work completed by icare in relation to this Phase included:

- endorsing the enterprise customer experience measures, following research conducted by an external party;
- conducting research to understand the relationship between customer experience and Return-to-Work outcomes;
- developing and endorsing the Enterprise Customer Research Guidelines;
- developing the customer experience measures (i.e., survey questions) to be used for each Scheme;
- approving customer targets to apply to each Scheme; and
- developing and endorsing the 'Listen, Learn, Act Guidelines'.

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

- mechanisms for endorsement of the customer experience measures and Enterprise Customer Research Guidelines;
- outcomes of the research into the Return-to-Work drivers; and
- how activities will contribute to meeting the requirements of GAC Recommendation 15.

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

4.4.2. Assessment of Initiative 4.2 Implement Phase

The Implement Phase of Initiative 4.2 requires icare to commence the transition of their customer experience measure (**NPS**) to Customer Satisfaction (**CSAT**), and to communicate the upcoming changes across icare operation teams and with Claim Service Providers (**CSPs**).

Work completed by icare in relation to this Phase included:

- incorporating a pilot of CSAT into the Customer Experience (**CXM**) program alongside NPS;
- developing a dashboard within the CXM program to provide the SLT with oversight of customer feedback;
- revising the customer experience targets for FY23;
- communicating the above changes to the broader organisation; and
- monitoring and reporting the new customer experience targets.

After reviewing the Closure Pack, Promontory requested and received further information on whether the change to CSAT was communicated to CSPs, agents and third parties.

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

4.5. Assessment of Culture and Accountability Initiatives

4.5.1. Assessment of Initiative 5.1 Implement Phase

The Implement Phase of Initiative 5.1 requires icare to rollout their updated cultural values and associated expected behaviours.

Work completed by icare in relation to this Phase included:

- cascading the refreshed purpose, vision and values top down through the organisation to ensure that staff understood the cultural changes icare was seeking to enable;
- developing and delivering values activation sessions to ensure that staff understood the new icare values and how to demonstrate the values in their work.

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

4.5.2. Assessment of Initiative 5.2 Implement Phase

The Implement Phase of Initiative 5.2 requires icare to:

- benchmark the leadership styles of members of the GET and SLT; and
- run the leadership development program developed in the Design Phase of this Initiative.

Work completed by icare in relation to this Phase included:

- implementing the leadership development program;
- the GET and SLT members completing a leadership feedback survey to assess and benchmark their respective leadership styles;
- integrating the leadership development program as part of the onboarding process for new GET and SLT members; and
- reporting the progress of the program via the Change Council and the Culture and Accountability Steering Committee.

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

- whether individual leadership feedback survey results would feed into the development plans of individual members of the GET and SLT; and
- how the key insights identified in the leadership feedback survey results are being utilised.

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

4.6. Assessment of Enterprise Sustainability Initiatives

4.6.1. Assessment of Initiative 6.1 Embed Phase

The Embed Phase of Initiative 6.1 requires icare to assess the effectiveness of the Capital Management Policies as part of BAU organisational performance activity.

Work completed by icare in relation to this Phase included:

- conducting the BAU business planning, budget, pricing and investment processes, including a Board workshop, in line with the updated Capital Management Policy;
- using the Funding Ratio and Insurance Ratio to assess and monitor financial sustainability;
- reporting on financial sustainability to the Board, Treasury, SIRA and to the public; and
- conducting an annual review of the Capital Management Policy.

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

- the process and outputs of the business planning and budget processes;
- how icare monitors compliance with the Capital Management Policy; and
- reporting to the Board and SIRA on financial sustainability.

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.

4.6.2. Assessment of Initiative 6.2 Design Phase

The Embed Phase of Initiative 6.2 requires icare to

- design a Benefits Realisation Framework and receive endorsement from the Enterprise Sustainability Working Group (**ESWG**) and BPC;
- design and build a new Finance and Benefits model and perform User Acceptance Testing; and
- design reporting dashboards and test with stakeholders.

Work completed by icare in relation to this Phase included:

- designing a Benefits Realisation Framework and supporting documents with input from the ESWG. The Framework was socialised with the GET and BPC;
- engaging an external provider to assist with the development of the Finance and Benefits model. The final version was delivered on 28 October 2022 and the CEO was briefed on the model on 11 October 2022; and
- designing dashboard prototypes to present to the BPC and GET to provide and integrate feedback into the design.

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

- the decision not to seek formal endorsement of the Benefits Realisation Framework by the BPC and ESWG; and
- the publishing of tracking measures publicly and to the Treasurer.

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.

4.6.3. Assessment of Initiative 6.3 Design Phase

The Design Phase of Initiative 6.3 requires icare to:

- approve and establish a recruitment governance and approval process;
- develop an expense savings program and receive approval from the GET and Board;
- select an external vendor complete a cost savings diagnostic; and
- approve the consolidated cost saving narrative.

Work completed by icare in relation to this Phase included:

- establishing the Recruitment Review Group to provide governance over the approval of recruitment activities across the group;
- holding consultations with the GET on the proposed cost savings measures and incorporate their feedback into the cost savings model;
- presenting savings targets for FY22 and FY23 to the GET and Board for approval; and
- engaging an external provider to identify further cost savings opportunities for the organisation.

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

- any discussions relating to the external review of the expense savings program; and
- whether the external provider report was shared with the GET and any further information on resulting actions.

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

4.7. Assessment of CSP Procurement and Provider Performance Initiatives

4.7.1. Assessment of Initiative N3.1 Design Phase

The Design Phase of NI Initiative 3.1 requires icare to:

- design the procurement process for the CSP Request for Proposal (**RFP**) and receive endorsement from the Board; and
- release the RFP to the market and draft and endorse an Evaluation Plan.

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Work completed by icare in relation to this Phase included:

- undertaking a selective tender across five suppliers from the NSW Procurement supplier list in July 2021;
- selecting an external provider and reaching an agreement for professional services on 5 October 2021;
- developing a strategy document to support the RFP process and receiving approval from the Board on 22 December 2021;
- releasing the CSP RFP to market on 23 February 2022 and closing the RFP on 14 April 2022. During this time, icare published RFP addendums in response to questions from participants and held briefing sessions; and
- developing an Evaluation Plan to define the key elements of the process to evaluate RFP responses. The plan received final endorsement on 13 April 2022.

Based on our assessment of the Closure Pack, we concluded that the Definitions of Done for the relevant Milestone 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 12 GAC Recommendations and three McDougall Recommendations. These Recommendations were assessed as complete and effective.

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

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

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

Table 5.1: Recommendations assessed as complete and effective.

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 7	1.7	21 April 2023
GAC 8	1.7	21 April 2023
GAC 22	2.19	31 March 2023
GAC 24	2.04	30 March 2023
GAC 29	2.2	30 March 2023
GAC 30	2.15	31 March 2023

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 34	2.21	28 March 2023
GAC 40	2.17	31 March 2023
GAC 44	2.14	29 March 2023
GAC 45	2.14	29 March 2023
GAC 54	2.23	30 March 2023
GAC 58	2.24	30 March 2023
McD 29	1.7	21 April 2023
McD 30	1.7	21 April 2023
McD 42	6.1	31 March 2023

5.1. Assessment of GAC Recommendations

5.1.1. Assessment of GAC Recommendation 7

The GAC Review recommended that icare adopt a more rigorous approach to managing Board actions, considering accountability, timeframes and monitoring.

To address this Recommendation icare has delivered the following outcomes:

- the Board and Committee Action Schedule process was updated to ensure actions are accurately recorded, discussed and monitored to completion;
- actions from the Board and Committees were captured in the Master Register, along with details of responsibility, due dates (original and revised), completion date, status and commentary; and
- the Master Register was used to draft the individual Action Schedules presented to the relevant committee (Board, Board Committees and the GET) for discussion at each meeting and monitoring to completion.

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

5.1.2. Assessment of GAC Recommendation 8

The GAC Review recommended that icare introduce a regular agenda item at Board meetings to receive reports on the regulator relationship and to ensure the voice of the regulator is understood and being addressed.

To address this Recommendation icare has delivered the following outcomes:

- the Board Governance Calendar was updated to require a Quarterly Regulatory Relationship Report to be provided to the Board, including results of KPIs;
- the Regulatory Relationship Report was provided to the Board each quarter, with discussion occurring on the state of the relationship between icare and SIRA;
- the Reports included observations on the state of the relationship and, from May 2022, quarterly KPI results in line with the requirements of the Regulatory Engagement Strategy;
- additional updates on regulatory engagement were provided to the Board via the CEO Report and the Quarterly CRO Report; and
- a survey was conducted to obtain SIRA's views on the levels of satisfaction with engagement, with opportunities for improvement identified.

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

5.1.3. Assessment of GAC Recommendation 22

The GAC Review recommended that icare further strengthen policies and procedures in relation to conflicts of interest and ensure this has been communicated and effectively implemented.

To address this Recommendation icare has delivered the following outcomes:

- Conflicts of Interest and Gifts and Benefits Policies were updated and strengthened, subject to annual review;
- policies are available on HUGO, along with detailed guidance and procedures;
- mandatory induction training and annual training were conducted for all staff, with high completion rates;
- annual all-staff Conflicts of Interest Attestations were conducted to confirm awareness of and compliance with the obligations, with high completion rates, and quarterly attestation for GEs and other high-risk roles; and
- quarterly reports on Conflicts of Interest were presented to the BRC, covering policy updates, tracking conflict of interest declarations, attestations and assurance activities.

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

5.1.4. Assessment of GAC Recommendation 24

The GAC Review recommended that icare update its risk management framework to reflect the attestation process and uplift the rigor to support the signing of the attestation.

To address this Recommendation icare has delivered the following outcomes:

- the attestation process has been uplifted and documented within the risk management framework;
- changes to the attestation process were communicated to relevant staff;
- artefacts to support the attestation process have been uplifted to provide more detailed rationale to how icare is meeting each element of the attestation; and
- greater rigor is applied to the attestation process through challenge by Line 2 Risk and the CEO.

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

5.1.5. Assessment of GAC Recommendation 29

The GAC Review recommended that icare install the GE Risk and Governance as a standing member of the GET with a direct reporting line to the CEO.

To address this Recommendation icare has delivered the following outcomes:

- the GE Risk and Governance was appointed a standing member of the GET;
- the GE Risk and Governance presents monthly risk deep dives to the GET on a range of risk and compliance related items;
- a direct reporting line has been established between the GE Risk and Governance and the CEO; and
- regular 1:1 meetings are held between the GE Risk and Governance and the CEO.

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

5.1.6. Assessment of GAC Recommendation 30

The GAC Review recommended that icare make the CRO accountable for management of the regulator relationship.

To address this Recommendation icare has delivered the following outcomes:

- the operating model for the Regulatory Affairs function was updated, with the GE Risk and Governance (formerly CRO) accountable for the regulator relationship;
- the Regulatory Engagement Strategy was developed by the Regulatory Affairs team and regular engagement activities occurred between icare and SIRA;
- the effectiveness of the regulatory relationship between icare and SIRA was regularly measured via Board-endorsed KPIs in line with the requirements of the Regulatory Engagement Strategy; and
- the Regulatory Relationship Report was provided to the Board each quarter, as required by the Board Governance Calendar.

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

5.1.7. Assessment of GAC Recommendation 34

The GAC Review recommended that icare add a risk rating to all incidents in the incident register and take action based on the rating and significance of the incident.

To address this Recommendation icare has delivered the following outcomes:

- the Incident and Issue Management and Reporting Policy was updated to introduce a risk rating system and requirements to rate incidents;
- all new incidents have been assigned risk ratings per the updated policy since April 2021, and all previously open incidents were assigned a rating by August 2021;
- monthly reporting on incidents is provided to the GET and Risk and Compliance Committee using the Risk and Compliance dashboards;
- Line 2 Risk and Compliance hold weekly meetings to review newly raised incidents in Risk Connect;
- Line 2 Risk Assurance has commenced review of incidents to assess the appropriateness of ratings, action plans and invalidation reasons; and
- the Incident and Issue Management and Reporting Policy and supporting guidance documents have been published on HUGO for all staff to access.

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

5.1.8. Assessment of GAC Recommendation 40

The GAC Review recommended that icare establish a significant matter committee to assist with reporting matters to the regulator, supported by a terms of reference and appropriate composition.

To address this Recommendation icare has delivered the following outcomes:

- the Incident and Issue Management and Reporting Policy was updated to require the establishment of the Incident Review Panel and to define the significant matters to be reported to SIRA or other regulators;
- Terms of Reference for the Incident Review Panel were developed. This outlines the membership of the IRP and requires that the Panel make recommendations to the GE Risk and Governance as to whether a matter is reportable to SIRA or other regulators; and
- the Incident Review Panel met 13 times to discuss potentially significant matters, with comprehensive discussion and notifications provided to SIRA or other regulators as required.

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

5.1.9. Assessment of GAC Recommendation 44

The GAC Review recommended that icare:

- coordinate and report to the BRC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes; and
- implement a system of feedback to help inform future behaviours and ensure lessons are learned.

To address this Recommendation icare has delivered the following outcomes:

- a Speak Up Hotline was established for employees to report matters of inappropriate conduct confidentially and anonymously;
- the BRC received reporting all reported wrongdoing matters to the BRC to ensure they had oversight of key themes, key trends and data points relating to Speak Up matters; and
- a mechanism to review and provide feedback on all reported matters was developed. This feedback was used to inform actions to improve the speak up process.

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

5.1.10. Assessment of GAC Recommendation 45

The GAC Review recommended that icare ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and there is effective communication in support of this.

To address this Recommendation icare has delivered the following outcomes:

- a Speak Up Hotline was established for employees to report matters of inappropriate conduct confidentially and anonymously;
- processes were established and documented to ensure that case managers reviewed all open reports in a timely matter;
- the Reporting Wrongdoing Policy was updated to align with icare's updated processes;
- a suite of documents were developed to support employee and management understanding of the Speak Up processes, available channels and roles and responsibilities;
- training was delivered to ensure that leaders understood their responsibilities in relation to the Speak Up processes;
- awareness activities relating to reporting wrongdoing were developed and delivered across the organisation; and
- the BRC and GET were provided oversight over all speak up matters through the quarterly Risk and Compliance reports.

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

5.1.11. Assessment of GAC Recommendation 54

The GAC Review recommended that icare update its Instrument of Delegations to consider the materiality of risks.

To address this Recommendation icare has delivered the following outcomes:

- the Instrument of Delegations was reviewed and updated to incorporate the requirements of GAC Recommendation 54;
- annual mandatory training was developed for staff on the use of delegations, with this training reinforcing the requirements of GAC Recommendation 54; and
- changes to the delegation process were communicated to staff.

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

5.1.12. Assessment of GAC Recommendation 58

The GAC review recommended that icare ensure Line 2 has a presence on material steering committees and prioritisation forums.

To address this Recommendation icare has delivered the following outcomes:

- Line 2 Risk representatives were embedded as standing members of each material steering committee and prioritisation forum;
- project governance policies and supporting documents were updated to reflect the requirement for Line 2 Risk to continue to have a presence on material steering committees and prioritisation forums; and
- processes were established to ensure that for projects where a material steering committee was required, that a Line 2 Risk representative would be included as standing member of the material steering committee for that project.

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

5.2. Assessment of McDougall Recommendations

5.2.1. Assessment of McDougall Recommendation 29

The McDougall Review recommended that the Boards of icare and SIRA receive regular reports on the icare-SIRA relationship, and that they continue to meet, without their respective management teams, to discuss the relationship.

To address this Recommendation icare has delivered the following outcomes:

- the Board Governance Calendar was updated to require a Quarterly Regulatory Relationship Report to be provided to the icare Board, and a bi-annual meeting between the Boards of SIRA and icare (exclusive of management attendees);
- the Regulatory Relationship Report was provided to the Board each quarter, with Board discussion occurring on the state of the relationship between icare and SIRA;
- the Reports included observations on the state of the relationship and quarterly KPI results in line with the requirements of the Regulatory Engagement Strategy; and
- bi-annual meetings between the Boards of SIRA and icare were held from September 2021 (without management present), with discussion occurring on the state of the relationship and proposed actions.

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

5.2.2. Assessment of McDougall Recommendation 30

The McDougall Review recommended that the Boards of icare and SIRA jointly report, formally and regularly, to their respective Ministers on the state of the relationship between the agencies.

To address this Recommendation icare has delivered the following outcomes:

- the Board Governance Calendar was updated to require a bi-annual meeting between the Boards of SIRA and icare (exclusive of management attendees) and that following this session, icare and the SIRA Board Chairs communicate formally and jointly to the relevant Ministers on the state of the relationship between icare and SIRA;
- bi-annual meetings between the Boards of SIRA and icare were held from September 2021 (without management present), with discussion including the state of the relationship and proposed actions; and
- following each bi-annual meeting, a joint icare and SIRA letter was sent to the relevant Portfolio Ministers, signed by both the icare and SIRA Board Chairs, providing a formal update on the state of the relationship.

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

5.2.3. Assessment of McDougall Recommendation 42

The McDougall Review recommended that icare consider the use of an Economic Funding Ratio for the purposes of assessing the NI's capital management needs and that icare should report publicly on the financial health of the NI scheme using the new measure.

To address this Recommendation icare has delivered the following outcomes:

- the Capital Management Policies (for both the NI and Lifetime Care schemes) were updated to require the use of an Economic Funding Ratio (i.e., Insurance Ratio) for assessing the capital management needs;
- the changes to the Capital Management Policies were cascaded to processes related to budgets, pricing and premium rates, investment strategies, financial condition reporting and assessment of long-term financial sustainability; and
- regular reporting on the financial health of the NI (including in relation to the Insurance Ratio) was provided to stakeholders.

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

Appendix A – Recommendation Mapping

GAC Recommendations

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

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

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#	Recommendation	Linked Initiatives
GAC 16	Review and update the Risk Management Framework to ensure there is a consistent approach to identifying, measuring and monitoring risks that reflects appetite. Consideration should be given to incorporating best practice guidance from other key regulators e.g. APRA, ASIC, and ensure the Risk Management Framework is rolled out and communicated.	2.01 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.	2.03 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.	2.01 Review and Refresh of Risk and Compliance Artefacts
GAC 19	Take action regarding the various financial risks that require improvement via better documentation, oversight and assurance, including medical cost payment, compliance and leakage and the integrity of operating cost allocation between schemes.	N1.1 Healthcare Dashboard and Reporting
GAC 20	Develop comprehensive compliance registers and implement procedures, controls and other mechanisms to ensure compliance and effective risk mitigation.	2.05 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.	2.01 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.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.02 Uplift of Risk System
GAC 24	Update the Risk Management Framework to reflect the TPP 20-08 attestation process and uplift the rigor and assurance to support the signing of this.	2.04 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.	2.01 Review and Refresh of Risk and Compliance Artefacts

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#	Recommendation	Linked Initiatives
GAC 26	Establish and implement a Line 1 risk committee to oversee risk and compliance in each business unit.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.06 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.	2.06 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.	2.06 Further Refinement 3 Lines of Defence
GAC 29	Install the CRO as a permanent, standing member of GET meetings with a direct reporting line to the CEO to ensure the voice of risk is heard.	2.20 CRO Membership of GET
GAC 30	The CRO to be made accountable for management of the regulator relationship.	2.15 CRO Accountability for Regulator Relationship
GAC 31	Internal Audit's reporting line to be changed from a dotted to a hard reporting line into the ARC and the ARC Charter to be amended to state that Internal Audit have unfettered access to that committee, to support its independence.	1.6 Committee Structure, membership and Charter Review
GAC 32	Internal Audit to strengthen record keeping in relation to investigations commenced due to ICAC referral or other relevant stakeholders. The ARC to improve its oversight of the closure of high rated actions arising from audit reports.	2.16 Internal Audit Records and Reporting
GAC 33	Expand the Incident Management Policy to describe the roles, responsibilities and accountabilities for: <ul style="list-style-type: none"> the effective identification and escalation of incidents; and the risk assessment and rating of incidents Also reconsider the roles, responsibilities and reporting of the Regulatory & Affinity Partners team in light of the 3LOD principles.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.09 Issue and Incident Management
GAC 34	Add a risk rating to all incidents in the incident register and take the necessary action required based on the rating and significance of the incident.	2.21 Incidents Risk Rating

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#	Recommendation	Linked Initiatives
GAC 35	Improve record-keeping over incidents and ensure appropriate monitoring and oversight over closure.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.09 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.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.09 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.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.09 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.	2.08 Remediation Framework
GAC 39	Improve Line 1 and Line 2 reporting on incident identification, management and closure and feed into consequence management as appropriate.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.02 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.	2.09 Issue and Incident Management
GAC 42	Improve coordination of complaints management to provide oversight / reduce duplication and ensure learnings from complaints are more routinely sought as feedback loops into design and execution.	4.3 Complaints Uplift 4.4 CRM Complaints Uplift
GAC 43	Update and implement policies and procedures in relation to wrongdoing to enable and better support 'speak-up'. Ensure reporting channels are in place to support the anonymity, safety from potential reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	2.01 Review and Refresh of Risk and Compliance Artefacts 2.14 Speak Up Hotline 5.8 Refreshed HR Policy Framework

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#	Recommendation	Linked Initiatives
GAC 44	Coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. Implement a system of feedback to help inform future behaviours and ensure lessons are learned.	2.14 Speak Up Hotline
GAC 45	Ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and that there is effective communication in support of this.	2.14 Speak Up Hotline
GAC 46	Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.	2.01 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.	2.01 Review and Refresh of Risk and Compliance Artefacts
GAC 49	Improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.	N3.1 NI Claims Management Procurement User focused systems and processes N3.2 CSP Provider Performance
GAC 50	Review the KPIs used to measure Scheme Agent performance. Ensure they adequately capture compliance with regulatory requirements and include leading measures as well as lagging measures focused on the injured worker.	N3.1 NI Claims Management Procurement N3.2 CSP Provider Performance
GAC 51	Identify and map the key obligations, risks and controls related to claims management and how roles and responsibilities are delineated between icare and the Scheme Agents.	N2.2 Obligations, Risks and Controls N3.1 NI Claims Management Procurement
GAC 52	Once obligations, risks and controls have been documented: <ul style="list-style-type: none"> document assurance roles and responsibilities in relation to Scheme Agents across the 3LoD; and significantly improve assurance activities by the 3LoD over Scheme Agents in accordance with a documented framework, supported by procedures, reporting and governance oversight. 	2.06 Further Refinement 3 Lines of Defence N2.2 Obligations, Risks and Controls N3.1 NI Claims Management Procurement

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#	Recommendation	Linked Initiatives
GAC 53	GET meetings to receive regular individual scheme and segment scorecards to ensure visibility and accountability of scheme performance.	1.1 Executive and Management Forums
GAC 54	Review and update icare's Instrument of Delegations to ensure it considers the materiality of risk in addition to project financials. Examples of this include risk to strategy, brand and reputational risk, operational risk (e.g. IT, cybersecurity, delivery) and customer (e.g., experience, outcomes, retention).	2.23 Instrument of Delegation
GAC 55	Document icare's approach to strategic planning and prioritisation of projects.	1.2 Decision making and prioritisation 1.4 Delivery and Prioritisation
GAC 56	Define and embed multi-dimensional criteria that considers customer outcomes, financial impacts, strategic alignment, risk appetite and alignment to icare's ethical Decision-Making Framework. This will allow independent evaluation of the feasibility of each project, as well as support trade-off decisions across projects.	1.4 Delivery and Prioritisation
GAC 57	Line 2 to establish a formalised 'risk in change' approach. This should consider the nature and types of change that can affect the risk environment and the need to assess icare's capacity, appetite, impact, complexity, interdependencies and dependencies as it relates as a result of change (including project change).	2.07 Risk in Change Framework
GAC 58	Ensure Line 2 risk capability has a continuing presence and is embedded as a standing member of material steering committees and in prioritisation forums.	2.24 Line 2 Risk presence on material steering committees
GAC 59	Clarify and operationalise accountabilities for risk management within program roles and improve the management and oversight of risk in project decision-making and delivery.	1.4 Delivery and Prioritisation
GAC 60	GET to bring a stronger risk management and governance lens to decision-making on the magnitude and complexity of change across multiple programs of work.	1.4 Delivery and Prioritisation
GAC 61	Further embed the key elements of the Program Management Handbook and ensure key project principles (e.g., post implementation reviews, benefits realisations, risk assessment) are adhered to and with sufficient quality/depth or documentation so that lessons can be learned for future projects.	1.4 Delivery and Prioritisation

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

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

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

McDougall Recommendations¹⁰

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

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

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

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#	Recommendation	Linked Initiatives
McD 14	<p>icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up.</p> <p>icare should ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.</p>	<p>2.01 Review and Refresh of Risk and Compliance Artefacts</p> <p>2.14 Speak Up Hotline</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 15	<p>icare's management should coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes.</p> <p>icare's management should implement a system of feedback to help inform future behaviours and ensure lessons are learned.</p>	<p>2.01 Review and Refresh of Risk and Compliance Artefacts</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 16	<p>icare should ensure that management takes action efficiently and effectively on all formal and informal reports of wrongdoing and other complaints, and that there is effective communication in support of this process</p>	<p>2.01 Review and Refresh of Risk and Compliance Artefacts</p> <p>5.8 Refreshed HR Policy Framework</p>
McD 17	<p>icare's Board should take responsibility for ongoing oversight of icare's cultural change program.</p> <p>icare should prepare and publish a plan for cultural change which addresses, at minimum, the key risk factors of inattention to process, focus on transformation at the expense of process and resistance to oversight. In doing so, the plan should take into account recommendations and qualifications 70 to 76 in the GAC Review Recommendations.</p> <p>icare should report annually to the Treasurer and publicly on its progress in executing that plan.</p>	<p>5.1 Culture</p> <p>5.9 Culture Measurement</p>
McD 19	<p>The Board of icare should include one or more members who possess extensive public sector experience and workers compensation insurance experience.</p>	<p>1.5 Board Composition</p>
McD 20	<p>icare should recruit people with specialist qualifications to join Board Committees, where this is necessary to ease the workload of committee members or to make up for any shortfall in expertise in any area by Board members.</p>	<p>1.5 Board Composition</p>
McD 21	<p>The ARC should be split into a separate Audit Committee and a separate Risk Committee.</p>	<p>1.6 Committee Structure, membership and Charter Review</p>

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

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



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