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

Fifth Quarterly Update

28 February 2023

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

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

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

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

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

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Contents

Abbreviations & Definitions

ARC	Audit and Risk 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
CSAT	A measure used to track customer satisfaction
CSP	Claims Service Provider
Definitions of Done	The tasks which need to occur for a Milestone to be Completed
DigiTech	The technology division within icare
EI	Enterprise Improvement
EI Plan	Enterprise Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
EI Sub-Program	Enterprise Improvement Program
EML	Employers Mutual NSW Limited
Fifth Quarterly Update	Our fifth update dated 28 February 2023 on icare's progress in addressing the Recommendations of the Reviews
Final Establishment Report	Our second report dated 28 February 2022, which provides a final description of how icare has set up the Improvement Program
First Quarterly Update	Our first update dated 28 February 2022, which provides a summary of icare's progress in addressing the Recommendations of the Reviews
Fourth Quarterly Update or Last Update	Our fourth update dated 30 November 2022 on 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

GAC Review	PwC's Independent Review of icare's governance, accountability and culture
GE	Group Executive
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
Initiative	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
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 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
Recommendations	The McDougall Recommendations and GAC Recommendations

Reporting Date	31 January 2023
Reporting Period	The period from 1 November 2022 to 31 January 2023
Reports	The McDougall Report and GAC Report
Reviews	The McDougall Review and GAC Review
SBI	Statement of Business Intent
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
SME	Subject Matter Expert
Sub-Programs	The EI Sub-Program and NII Sub-Program
Third Quarterly Update	Our third update dated 31 August 2022 on icare's progress in addressing the Recommendations of the Reviews

Executive Summary

This is Promontory's Fifth Quarterly Update, which sets out our independent assurance over icare's Improvement Program. This update covers our observations on icare's progress on the Improvement Program during the period from 1 November 2022 to 31 January 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 (**NII**) Sub-Program, which aims to address recommendations that apply to the Workers Compensation Nominal Insurer Scheme.

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

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

Progress on Implementation

During the Reporting Period icare continued to progress the execution of the Improvement Program. As at 31 January 2023:

- icare had commenced or completed work on the Design Phase for all Initiatives;

- icare had commenced or completed work on the Implement Phase for three-quarters of the Initiatives; and

- icare had commenced or completed work on the Embed Phase for over two-thirds of the Initiatives.

Once a Phase is finalised, evidence of completion is provided to Promontory in the form of a Closure Pack so that Promontory can assess whether icare has achieved the intended objective. Since the last update Promontory has assessed 20 Closure Packs as complete and effective. As at 31 January 2023 Promontory has assessed a total of 43 Closure Packs as complete and effective.

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

Figure 1: Phase Status Summary
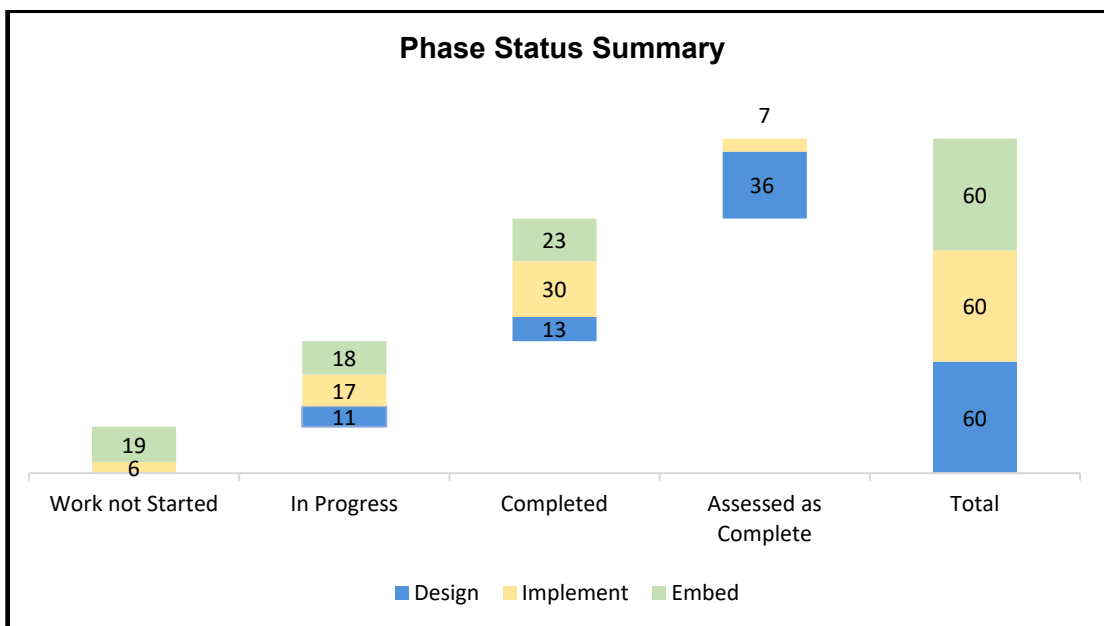
Program Development and Focus Areas

icare continues to make sound progress in the execution of its Improvement Program. The majority of the Initiatives within the EI Sub-Program are in the Embed Phase and the NII Sub-Program is progressing the Implement Phase of Initiatives.

During the Reporting Period icare achieved a number of key milestones of the Improvement Program. These are strong indicators of icare's ongoing commitment towards the effective execution of the Improvement Program and reforms to its operations and management of risk, including at the Board and senior executive levels. This ongoing support of the Program and attention to progress will remain critical as icare seeks to sustainably embed changes into the organisation.

We highlight three areas for focus in this update:

- Technology

- Governance

- Managing Change Fatigue

Technology

As observed in our Third and Fourth Quarterly Updates, the implementation of technology solutions during large-scale and complex transformation programs such as the Improvement Program often poses program risks. For icare, the careful management of technology solutions remains a crucial area of focus for the delivery of the Improvement Program, and we observed a considerable uplift in efforts in this area during the Reporting Period.

In our Last Update we noted that technology delivery challenges highlighted issues in the ways of working between icare's technology division, the Program and the business and that icare had sought to reflect on lessons learned from this experience. During the Reporting Period icare took several actions that should provide greater alignment and transparency over the delivery of the Improvement Program's technology solutions moving forward.

With a major technology release slated for March, it is imperative that icare continues to exhibit the heightened level of attention that we observed during the Reporting Period to effectively manage challenges that may emerge.

Governance

As in prior reporting periods, the Program's governance forums continue to effectively monitor program progress and facilitate robust discussion on the key decisions and issues facing the Program.

An indicator of the increasing maturity with which the forums oversee the Program is the heightened focus that is now given to understanding the impacts the Program will have on stakeholders both internal and external to icare. It is important that the Program continues to maintain close oversight of the broader impacts of the Program as it implements and embeds Initiatives in the coming period.

During the Reporting Period icare undertook a review of the Program's governance structures to ensure that they would remain fit-for-purpose given the changing needs of the Program in the year ahead. As a result, changes were made to improve the forums' ongoing effectiveness. icare should monitor the impact of these changes on the Program's oversight. This is important to ensure that governance forums still act as a gauge on how the Program is progressing and continue to manage the risks and challenges the Program faces.

Change Fatigue

Transformation projects such as the Improvement Program require a high degree of commitment from organisations to deliver a sustainable uplift in organisational performance. A challenge often encountered in programs of this nature is change fatigue, especially as programs move further into implement and embed phases across the business. The risk is that due to the breadth and complexity of transformation in an organisation, staff do not fully 'buy in' and as a result changes are made in a way that is not sustainable.

With significant Initiatives being implemented and embedded across the Program, icare should closely monitor the ability of the organisation to absorb planned changes. In this context, icare needs to proactively take steps to mitigate against the risk of change fatigue emerging, through mechanisms such as its internal communications activities.

While icare has established good momentum with the Program, the coming period is where change fatigue is likely to pose challenges. icare will need to ensure that it manages change fatigue where it appears so that the desired organisational change is delivered at a level of quality to address the form and substance of the Recommendations.

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, currently the NSW Minister for Finance.

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.[1] 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.[2] The GAC Report made a number of findings, which included a lack of discipline in delivering timely and quality outcomes to customers, and the need for significant improvement in icare's risk and compliance framework. The GAC Report contains 76 recommendations relevant to icare (**GAC Recommendations**).

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[1] The McDougall Report is available here.

[2] 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**). 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.[3]

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.[4]

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 as set out below:

- 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

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[3] 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.

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

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

The Milestones are classed as being in one of three Phases: 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.

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. [5] We also finalised our first update on icare's progress in addressing the Recommendations of the Reviews (**First Quarterly Update**) in conjunction with our Final Establishment Report.

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

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

For the purposes of this Update, we have considered developments that occurred from 1 November 2022 to 31 January 2023 (**Reporting Period**). The status of icare's progress against the Recommendations is reported as at 31 January 2023 (**Reporting Date**).

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; and

- Chapter 4 provides details about Promontory's assessment of completed Phases within Initiatives.

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

2. Focus Areas

During the Reporting Period icare continued to make important progress in the execution of the Improvement Program. The majority of the Initiatives within the EI Sub-Program have now moved into the Embed Phase and the NII Sub-Program is 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 20 Phases assessed as complete and effective during the Reporting Period.

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

- finalisation of Claims Service Provider (**CSP**) contracts for the NI Scheme following a competitive tender process;

- addressing recommendations made by the external review of the technology requirements for the delivery of the new Claims Model; and

- making significant progress in the transition to the new Claims Model, including the first technology release in March 2023.

These are significant indicators of icare's ongoing commitment to the effective execution of the Improvement Program and reforms to its operations and management of risk.

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

2.1. Technology

As observed in our Third[6] and Fourth Quarterly Updates, the implementation of technology solutions during large-scale and complex transformation programs such as the Improvement Program often poses program risks. For icare, the considered management of technology solutions remains a crucial area of focus for the delivery of the Improvement Program, and we observed considerable efforts in this area during the Reporting Period. With a major technology release slated for March, it is imperative that icare continues to make significant efforts to address challenges as they arise.

In our Last Update we noted that technology delivery challenges had highlighted issues in the ways of working between icare's technology division (**DigiTech**), the Program and the business, and that icare had sought to reflect on lessons learned from this experience to ensure better alignment in the future. Following this reflection, icare took the following actions:

- streamlined decision-making structures within technology delivery and removed unnecessary layers of escalation for non-material decisions;

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[6] Our Third Update on the Program dated 31 August 2022.

- provided clarity to technology and program stakeholders on their roles and responsibilities in relation to technology related initiatives; and

- improved the visibility of progress in the delivery of technology through improved reporting.

These actions should provide greater alignment and transparency over the delivery of the Improvement Program's technology solutions moving forward.

From a technology perspective, the coming period will likely be the most challenging for the Program with the first of many significant technology solutions scheduled to be released, including the first system enablers for transition to the new Claims Model. These system changes are a dependency for some Initiatives within the NII Sub-Program. As the go-live for the delivery of the March release draws near, icare will need to ensure that it has the necessary resources, capability and an adequate contingency plan in place to mitigate any challenges with go-live that may be experienced.

These plans and other pre-emptive measures are intended to reduce the risks associated with the delivery of the March release. To this point, the Program's governance forums have considered how best to minimise any potential negative impacts to CSPs and icare's customers during the transition to the new Claims Model. Lessons learned from the delivery of previous technology programs have informed the approach to implementation, with icare allowing for an extended period of 'hyper care' to support the rollout of the March release.

To date, icare has made good progress in developing mitigating actions for the technology delivery challenges that were raised in our previous updates. Given the complexities associated with the technology solutions that are still to be delivered, icare must continue to exhibit the heightened level of attention that we observed during the Reporting Period with respect to any challenges that emerge.

In the coming period Promontory will continue to closely monitor delivery of the Program's technology solutions and how icare is progressing towards achieving effective and timely completion.

2.2. Governance

As we have done in past periods, Promontory observed a range of Program governance forums during the Reporting Period, including:

- Sub-Program Executive Steering Committees;

- Sub-Program Management Meetings; and

- Stream governance forums.

Promontory observed that these forums continue to effectively monitor program progress and facilitate robust discussion on the key decisions and issues facing the Program. There was evidence of constructive challenge within various governance forums with respect to Program risks, with an improvement in how actions were documented, monitored and addressed.

An indicator of the increasing maturity with which these forums oversee the Program is the heightened focus that is now given to understanding the impacts the Program will have on stakeholders both internal and external to icare. Promontory expects to see the Program's governance forums continue to maintain active oversight of the broader impacts of the Program as it implements and embeds Initiatives in the coming period.

In our Last Update we noted that icare should reflect on how the Program's governance forums have operated to date and whether they were supporting appropriate oversight of Program developments and outcomes. During the Reporting Period icare undertook a review of the Program's governance structures to assess their effectiveness. As a result, changes were made to improve the forums' ongoing effectiveness and to ensure that they would remain fit-for-purpose given the changing needs of the Program in the year ahead. Examples of changes that have been made include:

- reducing the number of forum attendees;

- moving from a monthly to bi-monthly frequency for some Stream governance forums; and

- combining Stream governance forums (e.g. Risk Uplift and Governance).

icare should monitor the impact of these changes on the Program's oversight, in particular the changes made to cadence of Stream governance forums. More broadly, given the importance of effective oversight as the Program evolves, icare should continue to consider how governance arrangements:

- provide clear direction and guidance to staff on how to achieve the Recommendations and how success will be measured:

- make decisions which remove roadblocks to the Program's completion and ensure timely delivery of the Improvement Program;

- provide strategic oversight and robust risk management; and

- identify best practices, areas for improvement and lessons learned that can be applied during the delivery of the Improvement Program.

During the Reporting Period we observed the Program's governance forums, particularly those associated with the NII Sub-Program, place greater emphasis on the impact of the Program on icare's external stakeholders. For example, discussions at these forums considered the impacts that potential decisions would have on stakeholders, such as impacts on the ability to train CSPs if dates were moved for key milestones. This is a positive development, as greater demands will be placed on external stakeholders as the NII Sub-Program moves through implementation and embedment. The oversight of these forums to ensure that the desired outcomes are being achieved for all of icare's stakeholders will be critical.

In coming reporting periods, we will continue to monitor the effectiveness of governance forums to gauge how the Program is progressing and managing the risks and challenges it faces. Given the changes that have been made we will pay careful consideration to whether:

- governance forums have the right attendees in place to facilitate discussion of relevant program matters; and

- the level of challenge around program status, risks, issues and delivery is appropriate.

2.3. Managing Change Fatigue

Transformation projects such as the Improvement Program require a high degree of commitment from organisations to deliver a sustainable uplift in organisational performance. A challenge often encountered in programs of this nature is change fatigue, the risk that due to the breadth and complexity of transformation in an organisation, staff fail to 'buy in' and as a result changes are made in a way that is not sustainable.

The successful implementation of these programs relies on staff commitment throughout the program's duration to deliver the desired outcomes so that changes 'stick' once the program is delivered. It is important for icare to proactively monitor for any risk of staff adopting a "tick the box" mentality due to change fatigue and the competing demands on their time, which can arise as large programs move into the embed stage where changes must be integrated into daily practices. To mitigate against this risk, icare should maintain clear messaging about the benefits the Program is seeking to achieve and ensure that staff have the necessary support and capability to deliver these outcomes.

In the coming reporting period, with significant Initiatives being implemented and embedded across the Program, icare should closely monitor the ability of the organisation to absorb the planned changes. In particular, it is important that icare maintains a close watch on certain indicators of change fatigue, such as:

- staff turnover and leave;

- results from regular staff engagement surveys; and

- whether changes appear to have been adopted to merely 'tick the box' to address relevant Recommendations rather than address both the form and spirit of the relevant Recommendation.

In addition, the Program should also proactively take steps to mitigate against the risk of change fatigue emerging. Several features of the Program that are in place that should mitigate the risk of change fatigue include:

- escalating capacity constraints through to governance forums;

- highlighting Program achievements and upcoming changes in communications; and

- reviewing and updating the approach to change management within the Program.

During the Reporting Period, icare developed a new, agile approach to change management that involves delivering change through sprints. This is intended to facilitate a more manageable and controlled pace and package of change. To support this approach icare is developing a 'single view of change' which will provide a comprehensive view of changes happening within the organisation and highlight the impact of these changes on stakeholders. It is important that icare, following the implementation of this approach, leverages this information to ensure that change is well-planned, coordinated and communicated to reduce the risk of change fatigue among employees.

Program communications continue to have a focus on communicating the Program's desired outcomes and highlighting changes that are forthcoming. As parts of the Program move into the Embed Phase, clear and succinct communication of the reasons behind the changes that are being delivered will be critical to supporting staff understanding and buy-in. While we have observed focus on ensuring that Program communications identify upcoming changes and how they align with icare's vision, values and purpose, icare could consider strengthening messaging around the 'bigger picture' outcomes, such as the need to improve risk management and accountability, that the Program is seeking to achieve. This is particularly important in a values-based organisation such as icare. Continuing to communicate personalised examples of how the Program has improved day-to-day processes for staff and led to the 'bigger picture' outcomes sought by the Program can reinforce the need to 'buy in' to the Program and demonstrate to staff the tangible benefits that are being delivered.

While icare has established good momentum with the Program, the coming period is where change fatigue is likely to pose challenges. icare will need to ensure that it manages change fatigue where it appears so that the desired organisational change is delivered at a level of quality to address the form and substance of the Recommendations.

3. Program Progress

As at the Reporting Date, the Program comprises 60 Initiatives within Promontory's scope of coverage. This is a decrease from the 64 Initiatives reported in our Last Update. Three of the Initiatives that have been removed are linked to individual Recommendations, have a separate plan on a page and continue to be addressed by icare through separate assurance processes and reports, but are no longer subject to Promontory assurance. The following is some detail on these changes:

- assurance over Initiative 2.18, addressing McDougall Recommendation 13, is being provided by a third party;

- assurance over Initiative 5.10, addressing McDougall Recommendation 18, is being provided by a third party; and

- Initiative N6.1, addressing McDougall Recommendation 2, is being delivered in another program within icare.

The fourth Initiative, N4.2, was removed as the work to be delivered under this Initiative was no longer required to address the relevant McDougall Recommendation.

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

- all Initiatives had commenced or completed work on the Design Phase with over half of these assessed by Promontory as complete and effective;

- over three-quarters of the Initiatives had commenced or completed work on the Implement Phase; and

- over two-thirds of the Initiatives had commenced or completed work on the Embed Phase.

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	Work Not Started	Work in Progress	Work Completed	Assessed as Complete	Total
Design	0	11	13	36	**60**
Implement	6	17	30	7	**60**
Embed	19	18	23	0	**60**
Total	**25**	**46**	**66**	**43**	**180**

During the Reporting Period considerable progress was made in the number of Phases assessed with 20 assessed as complete and effective. Further detail on our assessments appears in Chapter 4.

The remainder of this Chapter summarises, in tabular form, the status of the Initiatives that address the Recommendations, commencing with the Initiatives that 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	●	●	◕

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

3.1.2. Risk Uplift

Stream	Initiative	Design	Implement	Embed
2. Risk Uplift	**2.01** 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	●	●	◑
	2.12 Conduct Risk Framework	●	◑	○
	2.14 Speak Up Hotline	●	●	◕
	2.15 CRO Accountability for Regulator Relationship	◕	◕	◕
	2.16 Internal Audit Records and Reporting	●	◕	◕
	2.17 Significant Matter Committee	●	◕	◕
	2.19 Conflicts and Personal Interest	●	◕	◕
	2.20 CRO Membership of GET	●	●	◕

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

3.1.3. Procurement Uplift

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

3.1.4. Customer Uplift

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

3.1.5. Culture & Accountability

Stream	Initiative	Design	Implement	Embed
5. Culture and Accountability	**5.1** Culture	●	◔	◐
	5.2 Leadership	●	◔	◐

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

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. P2	**P2** 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	◑	◑	○

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:

- 16 Design Phases; and

- four Implement 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 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. This involves reviewing all Milestones under each of the Design, Implement or Embed Phases within an Initiative.

In assessing whether an Initiative Phase is complete, we look for evidence that the specific tasks described under the Milestones and Definitions of Done[7] have been carried out. We also look for evidence that the completed activity has contributed to achieving the Target State of the relevant Stream.

Table 4.1 provides a list of the Phases that were 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	**1.2**	Implement	25 January 2023
Governance	**1.3**	Design	13 January 2023
Governance	**1.5**	Design	3 November 2022
Governance	**1.6**	Design	13 January 2023
Risk Uplift	**2.04**	Implement	23 January 2023
Risk Uplift	**2.09**	Design	11 November 2022
Risk Uplift	**2.11**	Implement	25 January 2023
Risk Uplift	**2.12**	Design	9 December 2022

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

Stream	Initiative	Phase	Phase Closure Date
Risk Uplift	**2.16**	Design	15 December 2022
Risk Uplift	**2.19**	Design	20 January 2023
Risk Uplift	**2.20**	Design	4 November 2022
Risk Uplift	**2.20**	Implement	27 January 2023
Risk Uplift	**2.21**	Design	11 November 2022
Risk Uplift	**2.22**	Design	17 January 2023
Risk Uplift	**2.23**	Design	22 December 2022
Risk Uplift	**2.24**	Design	23 January 2023
Procurement Uplift	**3.4**	Design	4 November 2022
Culture and Accountability	**5.1**	Design	16 December 2022
Culture and Accountability	**5.8**	Design	23 January 2023
Professional Standards and Capability	**N5.1**	Design	25 January 2023

4.1. Assessment of Governance Initiatives

4.1.1. Assessment of Initiative 1.2 Implement Phase

The Implement Phase of Initiative 1.2 requires icare to:

- implement and complete a full strategic planning cycle in accordance with the documented approach;

- have the Statement of Business Intent (**SBI**) reviewed and approved by the Board; and

- submit the SBI to the Treasury, Treasurer and/or the relevant portfolio minister.

Work completed by icare in relation to this Phase included:

- developing the long-term strategic direction and operating model for icare;

- developing Scheme Strategic Plans;

- undertaking budget planning; and

- including the updated Enterprise Strategy and Business Planning in the SBI.

After reviewing the Closure Pack for this Phase, Promontory requested and received further information on matters including the approvals received to satisfy the Definition of Done.

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

In finalising our assessment, we foreshadowed that our assessment of the Embed Phase for this Initiative will consider how the Strategic Planning Process has been updated to capture any process improvements or clarification.

4.1.2. Assessment of Initiative 1.3 Design Phase

The Design Phase of Initiative 1.3 requires icare to revise the Stakeholder Accountability Framework to include clarity on roles, engagement with oversight organisations, regulators and customers.

Work completed by icare in relation to this Phase included:

- developing a Stakeholder Engagement Strategy;

- developing a Stakeholder Accountability Map;

- developing a Stakeholder Working Group Terms of Reference document; and

- developing Stakeholder Information Management Tools.

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

- the governance processes for the documents developed as part of the Definitions of Done; and

- the development of any additional supporting documentation.

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 Implement and Embed Phases for this Initiative will consider how the Accountability Map has been updated to reflect individual roles and responsibilities which are defined and approved by the Group Executive Team (**GET**).

4.1.3. Assessment of Initiative 1.5 Design Phase

The Design Phase of Initiative 1.5 requires icare to:

- update the process for assessing the Board's skills and capabilities;

- appoint new Board members;

- uplift the induction plan;

- design ongoing development and training plans for the Board; and

- design a Board Succession Plan.

Work completed by icare in relation to this Phase included:

- developing a Board Skills Matrix;

- uplifting the Board Skills Matrix and Competencies Process;

- appointing four new Non-Executive Directors;

- developing a Board Induction Program, Board Development and Training Plan, and Board Succession Plan; and

- amending relevant charters to require increased diversity in skillset and capability.

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

- approvals for the documents developed and uplifted; and

- how icare had satisfied the requirements of GAC Recommendation 1.

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 Implement and Embed Phases for this Initiative will consider how the tone from the top is influenced by the introduction of new training materials and induction processes for the Board.

4.1.4. Assessment of Initiative 1.6 Design Phase

The Design Phase of Initiative 1.6 requires icare to:

- review the structure and composition of icare's committees and put forward recommendations for change;

- design new committee structures for Board approval;

- split the Audit and Risk Committee (**ARC**) into a separate Audit Committee and Risk Committee; and

- update committee charters and governance calendars.

Work completed by icare in relation to this Phase included:

- reviewing the Board's committee structures and making recommendations to the Board;

- designing new committee structures including the split of the ARC into two separate Committees, the Audit Committee and Risk Committee;

- updating committee charters and relevant governance documents to reflect changes made; and

- developing the Board Governance Process.

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

- how the requirements of GAC Recommendation 63 had been satisfied; and

- additional information on how the Board Charter satisfied the requirements of GAC Recommendation 1.

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 Implement and Embed Phases for this Initiative will assess the further development of the Accountability Framework, including its cascade across the organisation. We will also consider how Recommendation GAC 63 is addressed through this Initiative as well as Initiative 5.4.

4.2.   Assessment of Risk Uplift Initiatives

4.2.1. Assessment of Initiative 2.04 Implement Phase

The Implement Phase of Initiative 2.04 requires icare to:

- communicate changes to the Risk Management Attestation Process to Line 1 Business Unit Risk teams; and

- have the GET complete the Risk Attestation with approval received from the Board.

Work completed by icare in relation to this Phase included:

- providing information to relevant staff on the changes made to the Attestation Process and the timelines for its completion;

- receiving endorsement from the GET and approval from the Board for the Risk Management Attestations; and

- publishing the Attestations in icare's FY22 Annual Report.

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

4.2.2. Assessment of Initiative 2.09 Design Phase

The Design Phase of Initiative 2.09 requires icare to:

- design improvements to issue and incident management processes; and

- update policies and artefacts relating to issue and incident management processes with approval from the ARC and Board.

Work completed by icare in relation to this Phase included:

- combining policies relating to issue and incident management into an Incident and Issue Management and Reporting Policy;

- receiving approval for the Policy from the ARC and Board; and

- uploading the Policy onto icare's internal intranet (**HUGO**).

After reviewing the Closure Pack, Promontory requested and received further information on matters relating to roles and responsibilities for the Policy.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement Phase for this Initiative will consider whether roles and responsibilities within the Policy have been updated.

4.2.3. Assessment of Initiative 2.11 Implement Phase

The Implement Phase of Initiative 2.11 requires icare to implement the Customer Advocate Model.

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

- attending and providing regular reports to a range of forums, including the Board, GET and Customer Committee;

- establishing internal and external stakeholder relationships;

- developing, or contributing to the development of, a range of customer-focused initiatives; and

- providing internal and external communications.

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

4.2.4. Assessment of Initiative 2.12 Design Phase

The Design Phase of Initiative 2.12 requires icare to design a conduct risk approach.

Work completed by icare in relation to this Phase included:

- engaging an external provider to provide advice on developing the conduct risk approach; and

- gaining approval for the design of the conduct risk approach from the GET.

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

- how icare had satisfied elements of the Definition of Done; and

- how icare had addressed the requirements of GAC Recommendation 23.

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

4.2.5. Assessment of Initiative 2.16 Design Phase

The Design Phase of Initiative 2.16 requires icare to:

- design improvements for record keeping of investigations which commenced due to referral by the Independent Commission Against Corruption (**ICAC**) or other relevant stakeholders; and

- improve the Board Audit Committee's visibility on the closure of high rated actions arising from audit reports.

Work completed by icare in relation to this Phase included:

- creating a Conduct and Integrity team to investigate potential fraud or corruption matters;

- enhancing the record keeping and investigation process of matters referred for investigation;

- amending the Audit Committee Charter to encompass the duty to review audit findings and related recommendations; and

- including the closure of high-rated Internal Audit findings as an agenda item for the Board Audit Committee.

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

- the access, use and reporting of documents developed to address the Definition of Done; and

- plans for communication and training.

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

4.2.6. Assessment of Initiative 2.19 Design Phase

The Design Phase of Initiative 2.19 requires icare to develop the Conflicts and Personal Interest Policies and Procedures to ensure alignment with NSW government requirements.

Work completed by icare in relation to this Phase included:

- uplifting the Conflicts of Interest Policy; and

- reviewing the Gifts and Benefits Policy.

After reviewing the Closure Pack, Promontory requested and received further information on matters including whether McDougall Recommendations 10 and 11 apply to 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.

In finalising our assessment, we foreshadowed that our assessment of the Implement and Embed Phases for this Initiative will assess whether the communication, training and awareness activities under this Initiative will contribute to meeting McDougall Recommendation 11 in relation to probity education.

4.2.7. Assessment of Initiative 2.20 Design Phase

The Design Phase of Initiative 2.20 requires icare to:

- develop a new operating model for the Chief Risk Officer (or equivalent), with the Chief Risk Officer (or equivalent) to have a direct reporting line to the Chief Executive Officer (**CEO**) and to be made a standing member of the GET; and

- receive approval from the CEO for the new operating model.

Work completed by icare in relation to this Phase included:

- revising icare's operating model to establish a direct reporting relationship between the Group Executive (**GE**) Risk and Governance and the CEO;

- updating the GET's Charter to include the GE Risk and Governance as a standing member; and

- receiving approval from the CEO for these changes.

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

4.2.8. Assessment of Initiative 2.20 Implement Phase

The Implement Phase of Initiative 2.20 requires icare to:

- recruit and onboard a GE Risk and Governance; and

- ensure that the voice is risk is heard via the regular attendance of the GE Risk and Governance at GET meetings.

Work completed by icare in relation to this Phase included:

- recruiting and onboarding the GE Risk and Governance; and

- designating the GE Risk and Governance as a standing member of GET meetings.

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

4.2.9. Assessment of Initiative 2.21 Design Phase

The Design Phase of Initiative 2.21 requires icare to update the Incident Management Policy to ensure that all incidents are rated and to clearly define the actions required to remediate incidents.

Work completed by icare in relation to this Phase included:

- updating the Incident and Issue Management and Reporting Policy and receiving endorsement from the ARC and approval from the Board;

- introducing an Incident Rating Matrix into the Policy, which defines the criteria and dimensions for rating incidents; and

- assigning responsibility to the Risk and Compliance team for providing reporting to the GET and reviewing incidents in Risk Connect.

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

- clarity on the role of Risk and Compliance for medium-rated incidents; and

- the processes in place to escalate incidents which were not actioned within the defined timeframes.

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 had been met.

4.2.10. Assessment of Initiative 2.22 Design Phase

The Design Phase of Initiative 2.22 requires icare to establish an Outsourcing Committee and design and approve the Outsourcing Committee Charter.

Work completed by icare in relation to this Phase included:

- updating the Material Outsourcing Policy to introduce the Outsourcing Committee as a management committee responsible for ensuring material outsourcing arrangements are identified and managed in line with the requirements of the Material Outsourcing Policy;

- establishing the Outsourcing Committee following Board approval of the updated Material Outsourcing Policy; and

- developing a formal Outsourcing Committee Charter which was approved by the Outsourcing Committee.

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

- how icare had satisfied the requirements of GAC Recommendation 47; and

- linkage of GAC Recommendation 48 to the 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.

In finalising our assessment, we foreshadowed that our assessment of the Implement Phase for this Initiative will consider evidence of the review of existing material outsourcing contracts against the updated Policy.

4.2.11. Assessment of Initiative 2.23 Design Phase

The Design Phase of Initiative 2.23 requires icare to review and update its Instrument of Delegation to reflect the materiality of risk in addition to project financials.

Work completed by icare in relation to this Phase included updating the Instrument of Delegation to consider the materiality of project risk.

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

- how icare had addressed the requirements of GAC Recommendation 54; and

- the approval process for the Delegations Policy and Instrument.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement Phase for this Initiative will consider whether icare has documented the key controls to monitor the delegate in the exercise of delegated powers.

4.2.12. Assessment of Initiative 2.24 Design Phase

The Design Phase of Initiative 2.24 requires icare to ensure that Line 2 Risk has a presence on all material steering committees and prioritisation forums.

Work completed by icare in relation to this Phase included:

- identifying all material steering committees and prioritisation forums;

- updating the charters of all material steering committees and prioritisation forums to ensure that Line 2 was represented; and

- developing a process to identify committees and forums that require Line 2 representation.

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

- how the materiality of projects was assessed; and

- where the requirement to have Line 2's presence on relevant forums and committees was documented.

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

4.3. Assessment of Procurement Uplift Initiatives

4.3.1. Assessment of Initiative 3.4 Design Phase

The Design Phase of Initiative 3.4 requires icare to develop a whole of icare Procurement Capability Development Plan.

Work completed by icare in relation to this Phase included developing a Procurement Capability Development Plan and Procurement Training Strategy, applicable to both Procurement and non-Procurement staff.

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

- timelines relating to the mapping of training requirements to roles;

- embedment plans, including ownership and reporting requirements; and

- additional detail on how the probity requirements of McDougall Recommendation 11 would be met.

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 had been met.

In finalising our assessment, we foreshadowed that our assessment of the Implement Phase for this Initiative will consider evidence of the educational material on probity.

We also foreshadowed that our assessment of the Embed Phase for this Initiative will consider how the responsibilities of the Procurement Steering Committee would be transitioned to business as usual.

4.4. Assessment of Culture and Accountability Initiatives

4.4.1. Assessment of Initiative 5.1 Design Phase

The Design Phase of Initiative 5.1 requires icare to refresh its purpose, vision and values and design a culture plan.

Work completed by icare in relation to this Phase included:

- refreshing its purpose, vision and values;

- engaging an external provider to assess its current culture and inform on levers required to support a transition in culture;

- designing a Culture Plan;

- designing a quarterly senior leadership team forum to provide a channel for sharing key culture and business updates; and

- establishing the Employee Culture and Engagement council to provide input on culture and engagement.

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

- the development and approval of the purpose, vision and values; and

- how icare had addressed the requirements of GAC Recommendation 71 and McDougall Recommendation 17.

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 5.8 Design Phase

The Design Phase of Initiative 5.8 requires icare to:

- review Human Resources (**HR**) policies to ensure alignment with icare's refreshed organisational values and the critical few behaviours;

- review processes to align with policy changes; and

- update the reviewed HR policies to ensure alignment and receive approval for these updates from relevant stakeholders.

Work completed by icare in relation to this Phase included:

- identifying six HR policies which required uplift to ensure alignment with icare's refreshed organisational values and the critical few behaviours;

- updating processes to align with the changes to the HR policies; and

- revising and gaining approval for the six HR policies.

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

- the process for reviewing and updating the six identified HR policies; and

- the approvals received from GET and Board for the six identified HR policies.

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

4.5. Assessment of Professional Standards and Capability Initiatives

4.5.1. Assessment of Initiative N5.1 Design Phase

The Design Phase of Initiative N5.1 requires icare to develop a Professional Standards Framework and complete an initial consultation with the Personal Injury Education Foundation (**PIEF**) to scope items addressing accreditation pathing and assessment methodologies.

Work completed by icare in relation to this Phase included:

- engaging a third-party provider to develop the Professional Standards Framework;

- establishing working groups with CSPs to facilitate collaboration between icare, the CSPs and the third-party provider in developing the Framework and provide feedback on the development of the Framework;

- developing and gaining approval for the Framework; and

- commencing discussions with the PIEF to develop the approach to accreditation and assessment methodologies.

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

- the review and approval of the Professional Standards Framework by the GET;

- the inclusion of the accreditation pathing and assessment methodologies within the Framework; and

- the process for updating the Framework.

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

Appendix A – Recommendation Mapping

GAC Recommendations

#	Recommendation	Linked Initiatives
GAC 1	The board should continue providing a clear tone from the top on icare's role as a NSW public agency with adherence to the standards expected of such an agency, including by tracking regulatory requirements, requiring management reporting on compliance, and engaging with regulatory bodies to build positive working relations that cascade through icare.	**1.5** Board Composition, **1.6** Committee Structure, membership and Charter Review
GAC 2	The board to: ● strengthen and refine the board skills matrix including mapping skills and capabilities at the committee level; ● review the composition of board committees and ensure that there are adequate skills and experience aligned to the remit and purpose of the committee; and ● develop strategies for addressing any ongoing skills gaps, such as through the appointment of external advisers, board development and future succession planning.	**1.5** Board Composition
GAC 3	Consult further with NSW Treasury to set up a separate risk committee or risk sub-committee to provide adequate focus and time to manage the risk issues facing icare. Once established; review the role and remit of the Governance Committee to ensure clarity.	**1.6** Committee Structure, membership and Charter Review
GAC 4	Update the charter for the ARC (or separate Audit and Risk committees) to include the requirement to form a view on icare's risk culture and to assess the adequacy of icare's Risk Management Framework (both its design and effective implementation).	**1.6** Committee Structure, membership and Charter Review **2.10** Develop a Risk Maturity Index
GAC 5	Customer Innovation and Technology Committee to increase the time it spends on the voice of the customer and customer outcomes.	**1.6** Committee Structure, membership and Charter Review **4.5** Customer Governance@icare
GAC 6	Enhance management reporting, most notably in the areas of customer outcomes, non-financial risk, root cause analysis, regulator engagement, management of material issues and remediation monitoring and scheme-based dashboards.	**1.8** Uplift quality of Board and Committee papers and reporting **4.5** Customer Governance@icare

#	Recommendation	Linked Initiatives
GAC 7	Adopt a more rigorous approach to actions arising, including naming accountable persons, setting a time for delivery of actions and ensuring effective monitoring completion.	**1.7** Board and Committee Actions schedule process
GAC 8	icare board to introduce a regular agenda item at board meetings to receive reports on the regulator relationship and ensure the voice of the regulator is understood and being addressed.	**1.7** Board and Committee Actions schedule process
GAC 9	Update the Board Charter to reflect the requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act. Governance processes should: • consider at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; and • table correspondence received from the Treasurer requesting information from the board on the activities of icare.	**1.6** Committee Structure, membership and Charter Review
GAC 10	icare GET to set a clear tone from the top on the importance of the role of risk management and the role of SIRA as the regulator, by role-modelling expected behaviours and attitudes.	**1.1** Executive and Management Forums
GAC 11	GET meetings to be governed by established terms of reference with mapped collective accountabilities to ensure that material decisions are made with appropriate GET oversight.	**1.1** Executive and Management Forums
GAC 12	Challenge behaviours of making decisions "outside the room" and ensure GET brings its full capability and diversity of experience to the issues brought before it.	**1.1** Executive and Management Forums
GAC 13	GET governance to ensure that decisions, risks and issues are discussed and decided at the right levels of the organisation using timely and relevant data and reporting.	**1.1** Executive and Management Forums
GAC 14	Establish a financial risk management sub-committee and a non-financial risk management sub-committee with all GET members as standing members; committee meetings to be of a length to allow for sufficient agenda time to discuss, manage and oversee icare risks and issues.	**1.1** Executive and Management Forums
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

#	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 **2.12** Conduct Risk Framework
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

#	Recommendation	Linked Initiatives
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
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: ● 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

#	Recommendation	Linked Initiatives
GAC 34	Add a risk rating to all incidents in the incident register and take the necessary action required based on the rating and significance of the incident.	**2.21** Incidents Risk Rating
GAC 35	Improve record-keeping over incidents and ensure appropriate monitoring and oversight over closure.	**2.01** 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'.	**2.01** Review and Refresh of Risk and Compliance Artefacts

#	Recommendation	Linked Initiatives
	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.	**2.14** Speak Up Hotline **5.8** Refreshed HR Policy Framework
GAC 44	Coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. Implement a system of feedback to help inform future behaviours and ensure lessons are learned.	**2.14** Speak Up Hotline
GAC 45	Ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and that there is effective communication in support of this.	**2.14** Speak Up Hotline
GAC 46	Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.	**2.01** 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

#	Recommendation	Linked Initiatives
GAC 52	Once obligations, risks and controls have been documented: • document assurance roles and responsibilities in relation to Scheme Agents across the 3LoD; and • significantly improve assurance activities by the 3LoD over Scheme Agents in accordance with a documented framework, supported by procedures, reporting and governance oversight.	**2.06** Further Refinement 3 Lines of Defence **N2.2** Obligations, Risks and Controls **N3.1** NI Claims Management Procurement
GAC 53	GET meetings to receive regular individual scheme and segment scorecards to ensure visibility and accountability of scheme performance.	**1.1** Executive and Management Forums
GAC 54	Review and update icare's Instrument of Delegations to ensure it considers the materiality of risk in addition to project financials. Examples of this include risk to strategy, brand and reputational risk, operational risk (e.g. IT, cybersecurity, delivery) and customer (e.g. experience, outcomes, retention).	**2.23** Instrument of Delegation
GAC 55	Document icare's approach to strategic planning and prioritisation of projects.	**1.2** Decision making and prioritisation **1.4** Delivery and Prioritisation
GAC 56	Define and embed multi-dimensional criteria that considers customer outcomes, financial impacts, strategic alignment, risk appetite and alignment to icare's ethical Decision-Making Framework. This will allow independent evaluation of the feasibility of each project, as well as support trade-off decisions across projects.	**1.4** Delivery and Prioritisation
GAC 57	Line 2 to establish a formalised 'risk in change' approach. This should consider the nature and types of change that can affect the risk environment and the need to assess icare's capacity, appetite, impact, complexity, interdependencies and dependencies as it relates as a result of change (including project change).	**2.07** 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

#	Recommendation	Linked Initiatives
GAC 61	Further embed the key elements of the Program Management Handbook and ensure key project principles (e.g. post implementation reviews, benefits realisations, risk assessment) are adhered to and with sufficient quality/depth or documentation so that lessons can be learned for future projects.	**1.4** Delivery and Prioritisation
GAC 62	Adopt a better practice accountability framework that provides clarity on standards, holds people to account with strict board and GET governance and oversight, cascades accountabilities through the organisation, and effectively applies consequence management. Ensure these accountabilities are documented, communicated and that consideration is given to leveraging practices and requirements set by other regulators.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework **5.5** Alignment of People Experiences - Capability Framework
GAC 63	Amend the People and Remuneration Committee's charter to include a role to oversee the setting-up of an effective accountability framework for icare complementing a new consequence management framework, and including the cascade of this through the organisation.	**1.6** Committee Structure, membership and Charter Review **5.4** Refreshed Remuneration Framework
GAC 64	Improve role descriptions of the GET and their teams to ensure that accountabilities for scheme agents, risk and other matters are clearly captured and then cascaded through the organisation. Ensure there is a process of regular review.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework **5.5** Alignment of People Experiences - Capability Framework
GAC 65	As part of the better practice framework, develop an accountability map for icare as a whole, referencing how accountabilities come together from individual schemes to ensure there are no gaps or overlaps.	**5.3** Refreshed Performance Management Framework
GAC 66	Define and document a Consequence Management Policy and/or approach that considers other levers besides financial consequences.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework
GAC 67	Continue to reinforce balancing of performance measurement with reward through increased risk assessment monitoring, guidance over the inclusion of customer and risk metrics in individual performance goals, and enhanced leadership capability in managing performance.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework

#	Recommendation	Linked Initiatives
GAC 68	icare to implement a regime imposing individual accountability on the CEO, CRO and GET executives to engage with SIRA in an open, constructive and cooperative way.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework
GAC 69	Develop a formal stakeholder accountability framework and develop and communicate to employees clear expectations on how icare must engage with its stakeholders in a positive, open and constructive way.	**1.3** Stakeholder Accountability Strategy
GAC 70	icare should translate its strategic priorities into cultural aspirations and make them tangible for individuals across the organisation.	**5.1** Culture **5.2** Leadership **5.5** Alignment of People Experiences - Capability Framework
GAC 71	Create a greater understanding of the expectations for all icare employees with respect to governance and accountability, and align these to processes, policies and tools set around incident management, issue management and risk management. This supplements recommendations made in Chapter 5. Risk management & compliance, Chapter 6. Issues identification, escalation & resolution, and Chapter 9. Accountability.	**5.1** Culture **5.2** Leadership **5.4** Refreshed Remuneration Framework **5.5** Alignment of People Experiences - Capability Framework **5.8** Refreshed HR Policy Framework
GAC 72	Build and promote further learning and feedback mechanisms and both project and team levels both formally and informally. This supplements recommendations made in Chapter 6. Issues identification, escalation & resolution.	**1.4** Delivery and Prioritisation **5.1** Culture **5.2** Leadership **5.9** Culture Measurement
GAC 73	Build leadership (GET, Chiefs and Senior Leadership Team) capability around effective risk, governance and accountability practices, but also in how they role model and communicate change to their teams as a collective. This supplements recommendations made in Chapter 4. Senior leadership oversight, and Chapter 5. Risk management & compliance.	**5.1** Culture **5.2** Leadership **5.5** Alignment of People Experiences - Capability Framework

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

McDougall Recommendations[8]

#	Recommendation	Linked Initiatives
McD 1	icare should continue its investment in skills and professional development through the Personal Injury Education Foundation or other education resources, in conjunction with the wider insurance industry, to build on icare's and Employers Mutual NSW Limited's (**EML**) current commitments to improving claims management capabilities.	**N5.1** Develop the icare Professional Standards Framework Culture **N5.2** Deliver the Capability Strategy and Career Pathways **N5.3** Deliver the Professional Standards Framework
McD 3	If icare intends to seek market tenders for claims management, it should review the timing for doing so (so as to avoid exacerbating EML's staff turnover problems), and its competitive strategy, and should prioritise stability and performance outcomes.	**N3.1** NI Claims Management Procurement User focused systems and processes **N4.1** New CSP Onboarding CXM Evolution **N4.3** Guidewire Claims Transfer Complaints Uplift **N4.4** Policy Transfers CRM Complaints Uplift **N5.2** Deliver the Capability Strategy and Career Pathways Leadership
McD 4	icare should reconsider whether the 12 month contract duration of its current Service Provider Agreement with EML is appropriate, or whether the duration should be extended to 24 months to allow EML sufficient time to implement the changes in claims management process and other innovations that it has agreed with icare.	**N3.1** NI Claims Management Procurement
McD 5	icare should affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management with detailed timelines for achievement.	**N1.1** Healthcare Dashboard and Reporting **N5.3** Deliver the Professional Standards Framework
McD 6	icare should: • retain the Customer Advocate role for a further period of 12 months; • strengthen its internal capacity to assess and understand customer views and needs, with a view	**2.11** Implement the Customer Advocate Role

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

#	Recommendation	Linked Initiatives
	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.	
McD 9	icare should appoint a Chief Procurement Officer, who will be responsible for the significant procurement process and cultural changes that are required, and to ensure their successful and sustainable permeation throughout the organisation.	**3.6** CPO Appointment
McD 10	icare in its own right should be bound to a procurement and probity framework equal to or better than other government agencies, and should have in place robust procurement processes. These processes should align with the existing procurement obligations of government agencies and be consistent with the guidance provided by RSM.	**3.1** User focused systems and processes **3.3** Transparency and Policy
McD 11	Icare should establish a regular education program to demonstrate to staff how governance systems help improve performance and achieve goals, and ensure that staff understand the expected behaviours and requirements to which they must adhere under icare's policies and procedures and applicable NSW Government policies and guidelines. Probity and procurement education should follow the guidance provided by RSM.	**3.4** Capability
McD 12	For icare employees with authority to carry out procurement across the Business Units, a more tailored education program should be developed and delivered on an annual basis, in line with the guidance provided by SRSM.	**3.4** Capability
McD 14	icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up. icare should ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.14** Speak Up Hotline **5.8** Refreshed HR Policy Framework

#	Recommendation	Linked Initiatives
McD 15	icare's management should coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. icare's management should implement a system of feedback to help inform future behaviours and ensure lessons are learned.	**2.01** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 16	icare should ensure that management takes action efficiently and effectively on all formal and informal reports of wrongdoing and other complaints, and that there is effective communication in support of this process	**2.01** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 17	icare's Board should take responsibility for ongoing oversight of icare's cultural change program. icare should prepare and publish a plan for cultural change which addresses, at minimum, the key risk factors of inattention to process, focus on transformation at the expense of process and resistance to oversight. In doing so, the plan should take into account recommendations and qualifications 70 to 76 in the GAC Review Recommendations. icare should report annually to the Treasurer and publicly on its progress in executing that plan.	**5.1** Culture **5.9** Culture Measurement
McD 19	The Board of icare should include one or more members who possess extensive public sector experience and workers compensation insurance experience.	**1.5** Board Composition
McD 20	icare should recruit people with specialist qualifications to join Board Committees, where this is necessary to ease the workload of committee members or to make up for any shortfall in expertise in any area by Board members.	**1.5** Board Composition
McD 21	The ARC should be split into a separate Audit Committee and a separate Risk Committee.	**1.6** Committee Structure, membership and Charter Review
McD 23	The present Board of icare, in consultation with the Treasurer and if necessary after taking independent external advice, should develop a succession plan for the Board which will facilitate the staggering of terms and will include a program specifically designed to allow the transmission of corporate experience from a retiring to a new director.	**1.5** Board Composition

#	Recommendation	Linked Initiatives
McD 24	icare's executive leadership should consider the observations and recommendations of the GAC Review with specific focus on: • improving information flows both to the GET and to the Board; and • ensuring icare and the GET apply best practice risk identification and mitigation practices consistently across the whole of icare's organisation.	**1.1** Executive and Management Forums
McD 25	icare should continue the approach adopted in its 2019-20 annual report of providing detailed reporting on executive remuneration, including performance payments.	**5.4** Refreshed Remuneration Framework
McD 26	icare's Board, on the advice of the PRC, should give careful consideration to the design of remuneration and incentive structures to ensure that they are aligned to achieving the statutory objectives of the schemes that icare manages.	**5.4** Refreshed Remuneration Framework
McD 27	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
McD 31	icare should update its board charter to include a requirement to report regularly to the NSW Treasurer in accordance with s6(3) of the State Insurance and Care Governance Act 2015. Governance processes should: • require the Board to consider, at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; • require the Board to table correspondence sent to or received from the Treasurer in relation to the activities of icare; and	**1.6** Committee Structure, membership and Charter Review

#	Recommendation	Linked Initiatives
	• require the Board to include a report of correspondence and other communications with the Treasurer in the minutes of its meetings.	
McD 32	icare should develop and report against a new set of tracking measures that compares achievement of benefits against 2020-21 as the new baseline. This should include all relevant indicators, to ensure that it shows accurately improvements (or declines) in all the targeted financial and outcome benefits. icare should publish those reports both publicly and to the Treasurer at least annually.	**6.2** Benefits Realisation Framework
McD 33	icare should report in detail to the Treasurer on implementation of the recommendations of this Report (in so far as they are directed at icare) and should report on that publicly at least annually.	**P2** Treasury Reporting
McD 42	icare should consider the explicit use of an Economic Funding Ratio for the purposes of assessing the NI's capital management needs including the assessment of premium rates, and planning for the NI's long term financial sustainability. icare should report publicly on the financial health of the NI scheme using the new measure(s), at least annually.	**6.1** Capital Management Policies (NI and LTCS)

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