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

Tenth Quarterly Update

31 May 2024

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

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

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

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

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

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

Contents

Abbreviations & Definitions

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

Abbreviation	Definition
GE	Group Executive
GE Risk and Governance	Group Executive Risk and Governance, formerly CRO
GET	Group Executive Team
GM	General Manager
HBCF	Home Building Compensation Fund
HCP Hub	Healthcare Practitioner Hub
HR	Human Resources
ICAC	Independent Commission Against Corruption
icare	Insurance and Care NSW
Improvement Program	icare's program of work to, among other things, address the McDougall Recommendations and GAC Recommendations
Initiatives	High-level remedial activities to be undertaken within the Streams
Interim Establishment Report	Our first report dated 6 December 2021, which provides an initial description of how icare has set up the Improvement Program
KPI	Key Performance Indicator
LTCS	Lifetime Care and Support
McDougall Recommendations	The 31 recommendations made in the McDougall Report that are relevant to icare
McDougall Report	The report delivered at the conclusion of the McDougall Review
McDougall Review	Statutory review of icare and the State Insurance and Care Governance Act
Milestones	The specific actions that icare will complete within the Initiatives
NI Scheme	Workers Compensation Nominal Insurer Scheme
NII	Nominal Insurer Improvement
NII Plan	Nominal Insurer Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
NII Sub-Program	Nominal Insurer Improvement Sub-Program
Ninth Quarterly Update or Last Update	Our ninth update dated 29 February 2024 on icare's progress in addressing the Recommendations of the Reviews
NSW	New South Wales
OR&C	Obligations, Risks and Controls
P&C	People and Culture
Phase or Initiative Phase	High-level collection of activities within an Initiative. Each Initiative has Design, Implement and Embed phases
PIEF	Personal Injury Education Foundation
PIR	Post-Implementation Review
Plans	The EI Plan and the NII Plan

Abbreviation	Definition
PRC	Board People and Remuneration Committee
Program	The Improvement Program
Promontory or we	Promontory Australia, a business unit of IBM Consulting
PSF	Professional Standards Framework
Recommendations	The McDougall Recommendations and GAC Recommendations
Reporting Date	30 April 2024
Reporting Period	The period from 1 February 2024 to 30 April 2024
Reviews	The McDougall Review and GAC Review
RFP	Request for Proposal
RTW	Return to Work
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
Streams	Streams of work, which are thematic areas of work icare is completing to address the Recommendations
Sub-Programs	The EI Sub-Program and NII Sub-Program
Target State	A description of how icare intends to operate once the gaps and weaknesses are adequately addressed
Tenth Quarterly Update or Update	Our tenth update dated 31 May 2024 on icare's progress in addressing the Recommendations of the Reviews

Executive Summary

This is Promontory's Tenth Quarterly Update, which sets out our independent assurance over icare's Improvement Program. This update sets out our observations on icare's activities and progress on the Improvement Program during the period from 1 February 2024 to 30 April 2024 (the **Reporting Period**).

Program Progress and Outcomes

icare continues to make significant progress towards completing the Improvement Program. As at 30 April 2024 (the **Reporting Date**) the Program had delivered 182 Initiative Phase Closure Packs and 89 Recommendations to Promontory that have been assessed as complete and effective. Only six Initiatives and 18 Recommendations remained to be assessed.

The efforts to deliver the Program on schedule and the implementation of changes to icare's operations are achievements that icare can be proud of.

During the Reporting Period, substantial strides were made across several Streams, resulting in the completion of all activities in the five Streams of the Nominal Insurer Improvement (**NII**) Sub-Program. In the Enterprise Improvement (**EI**) Sub-Program, only the Embed activities in the Customer Uplift and Risk Uplift Streams remain ongoing. This Reporting Period also marked the beginning of Promontory's assessment of the mechanisms icare has in place to ensure the sustainability of Stream outcomes.

In our Last Update we provided our assessment of the Stream outcomes for the Governance and Procurement Streams of the EI Sub-Program. During this Reporting Period, Promontory concluded its assurance over all Initiatives within an additional seven Streams across the Program - two within the EI Sub-Program and five within the NII Sub-Program. We provide details about these Streams in this Update.

Culture and Accountability Stream Outcomes

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

Outcomes of the Culture and Accountability Stream include greater clarity on icare's values, capabilities, and expected behaviours, as well as clearer accountabilities at senior levels and throughout the organisation. Additionally, the Stream has established stronger links between performance and remuneration, with consequences for underperformance and recognition for positive behaviours.

These outcomes have led to improved leader capability, with leaders better equipped to role model desired behaviours and drive cultural change. As a result, icare's culture has improved, with increased engagement levels. In addition, Board oversight of accountabilities, remuneration outcomes, and cultural improvements has strengthened, ensuring greater transparency and accountability within icare.

Enterprise Sustainability Stream Outcomes

The Enterprise Sustainability Stream within the EI Sub-Program addressed Recommendations relating to capital management, benefits realisation, expense management and cost allocation to the Schemes.

Outcomes of this Stream have included an improved approach to capital management and oversight of financial sustainability. Additionally, there is greater integrity of cost allocation to Schemes, consistent tracking and management of benefits realisation performance, and greater transparency on financial sustainability and expense savings.

Return to Work Performance Stream Outcomes

The work undertaken by icare under the Return to Work (**RTW**) Performance Stream within the NII Sub-Program addressed healthcare reporting and monitoring. Notable outcomes include improvements in the analysis of medical spend to identify outlier healthcare provider performance and behaviours, and enhanced reporting on insights and actions. The governance and management of healthcare providers has also been strengthened to reduce both medical spend and leakage.

Claims Model Stream Outcomes

The Claims Model Stream of the NII Sub-Program included work to implement an assurance framework to guide assurance activities over the Claims Service Providers (**CSPs**) across the 3 Lines of Defence (**3LoD**).

This Stream has clarified the roles and responsibilities of CSPs and icare's 3LoD regarding claims management obligations. Additionally, icare has established a structured framework that ensures appropriate assurance over both the claims management lifecycle and the CSP oversight processes.

CSP Procurement and Provider Performance Stream Outcomes

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

icare now has a diverse panel of CSPs for the NI Scheme, including generalist and specialist providers, with the aim to deliver better outcomes to injured workers and employers through increased competition and greater employer choice. Through the initiatives implemented under the new claims model, icare has strengthened its oversight of CSP performance. There is improved monitoring and management of CSP performance against a wider range of performance measures.

There is greater clarity on roles and responsibilities between CSPs and icare in relation to claims management and greater public transparency of CSP performance to support employer choice of CSPs.

CSP Transition Stream Outcomes

The CSP Transition Stream of the NII Sub-Program aimed to transition icare from a single CSP model to a model with a panel of CSPs, to introduce competitive tension and improve performance outcomes across the Workers Compensation Scheme.

The work undertaken by icare within this Stream has contributed to the successful onboarding of six CSPs to the new Workers Compensation claims model. The intention is to introduce competitive tension which is expected to enhance performance outcomes across the Scheme. In addition, this work has enabled the orderly transfer of claims and policies to CSPs, and ensured a smooth transition to the new claims model with minimal disruption to service delivery.

Professional Standards and Capability Stream Outcomes

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

This Stream has enhanced the structures necessary to support uplifts in the capability of icare's and CSPs' claims management teams. There is now an industry-developed standardised framework which defines the required capability and knowledge for these teams. Additionally, the establishment of clearly defined career pathways, supported by an enhanced learning suite and industry-recognised standardised competency assessments, and a formal accreditation path for icare's claims team, should position icare to achieve improvements in claims service delivery.

Progress on Implementation

As at 30 April 2024:

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

- 100% of the Initiatives had commenced or completed work on the Implement Phase, with 98% assessed by Promontory as complete and effective;

- 100% of Initiatives had commenced or completed work on the Embed Phase, with 90% assessed by Promontory as complete and effective; and

- 83% (89 of 107) of the Recommendations have been assessed by Promontory as complete and effective.

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

Figure 1: Initiative Phase status summary as at 30 April 2024

Phase Status Summary
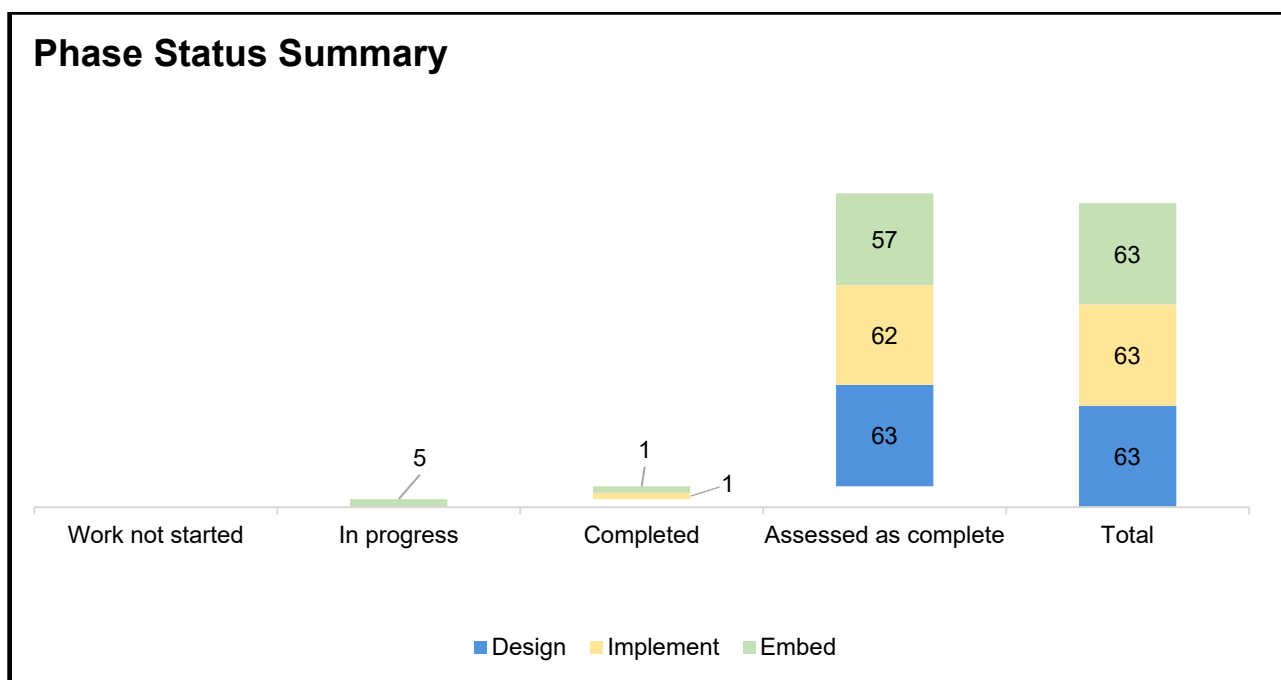
Delivery Risks

With limited time left until the Program's scheduled closure, there are certain risks and challenges facing icare, particularly with respect to the further work required in two remaining Initiatives within the Risk Uplift Stream and the three remaining Initiatives within the Customer Uplift Stream.

In the Risk Uplift Stream, icare has advanced its controls assurance activities, completing a significant volume of control self-assessments over key risks and obligations. Line 2 assurance activities over the quality of these control self-assessments has also advanced. This process has revealed control deficiencies and highlighted the need for further refinement of the obligations register. Although encountering such issues can be experienced by organisations undertaking this type of activity for the first time, it is important that icare establish robust action plans to address the identified issues.

With respect to the Customer Uplift Stream, notable progress has been made in driving the shifts in behaviour necessary to embed the complaints management processes and in deploying the Customer Relationship Management (**CRM**) Complaints Module. Nonetheless, there remains a risk that the work relating to the uptake of the CRM Complaints Module and complaints management processes by CSPs will not be fully embedded by the scheduled closure of the Program on 30 June 2024.

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

Notwithstanding the progress made over the Reporting Period towards completing the Program, icare and Promontory have identified 10 Recommendations which are at risk of not closing by the scheduled closure of the Program. Three relate to work yet to be delivered in the Risk Uplift Stream, four relate to the Customer Uplift Stream, two relate to the Enterprise Sustainability Stream and one relates to the Claims Model Stream. icare is currently considering the approach to assurance over these 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.

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

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

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

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

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

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

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

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[2] The McDougall Report is available here.

[3] The GAC Report is available here.

1.2. The Improvement Program

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

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

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

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

- driving an accountable culture.

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

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

- the NII Sub-Program, which aims to address the Recommendations of the Reviews that apply to the NI Scheme.[4]

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

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

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

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

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

The Initiatives are divided into three phases (**Phase** or **Initiative Phase**): Design, Implement or Embed. The Design Phase involves designing an approach to address the Initiative's outcomes, the

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

Implement Phase involves the initial roll-out or launch of that approach, and the Embed Phase involves achieving demonstrated operational effectiveness of the approach. Each of the Milestones are classed as being in one of those three Phases.

1.3. Promontory's Role

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

- monitoring the status and progress of the Program;

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

- providing quarterly updates which report on our findings.

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

We finalised our first two reports in relation to the Program on 6 December 2021 (**Interim Establishment Report**) and 28 February 2022 (**Final Establishment Report**). These reports provide a summary of how icare set up the Program, including the EI and NII Plans, 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 Tenth update (**Tenth Quarterly Update** or **Update**) on icare's progress addressing the Recommendations of the Reviews. Similar to our last update (**Ninth Quarterly Update** or **Last Update**), it highlights key challenges to the successful execution of the Program and summarises icare's progress in addressing the Recommendations of the Reviews.

This Update focusses on developments that occurred from 1 February 2024 to 30 April 2024. The status of icare's progress against the Recommendations is reported as of 30 April 2024.

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

1.4. Report Structure

The remainder of this report is structured as follows:

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

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

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

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

- Chapter 6 provides details about Promontory's Sustainability assessments completed for closed Streams during the Reporting Period.

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

2. Progress and Outcomes

icare continues to make substantial progress towards completing the Improvement Program, with significant effort committed to the work of the Sub-Programs. icare has completed all activities in the five Streams of the NII Sub-Program while, in the EI Sub-Program, Embed activities in the Customer Uplift and Risk Uplift Streams remain open.

During the Reporting Period, Promontory commenced our assessments of the mechanisms icare has in place to ensure the sustainability of Stream outcomes. We provide further information on this in Chapter 6 of this Update.

2.1. Delivery Risks

With only two months remaining until the Program's scheduled closure, Promontory continues to closely monitor areas at risk of not being delivered. During the Reporting Period, 10 Recommendations were identified by icare and Promontory as being at risk of not closing by the scheduled closure of the Program on 30 June 2024. Three relate to work yet to be delivered in the Risk Uplift Stream, four relate to the Customer Uplift Stream, two relate to the Enterprise Sustainability Stream and one relates to the Claims Model Stream. icare is currently considering the approach it will take to assurance over these Recommendations.

Regarding two remaining Initiatives within the Risk Uplift Stream and the three remaining Initiatives within the Customer Uplift Stream, there is a risk that embedment will not be achieved by 30 June 2024. icare has continued to focus on execution for these Initiatives, including, where necessary, taking specific actions to address these delivery risks.

Embedment of Risk Profiles, Obligations Register and Supporting Processes

During the Reporting Period, we engaged in regular discussions with the Group Executive (**GE**) Risk and Governance, General Manager (**GM**) Strategic Delivery and Operations and GM Risk and Compliance on icare's progress in completing two remaining Risk Uplift Initiatives (Development of Enterprise and Business Unit Risk Profiles, and Development of icare Enterprise Obligations Register) and the quality at which these are being delivered.

icare has made substantial progress in completing work which relates to the Development of Business Unit Risk Profiles Initiative, addressing a number of the issues raised in our Last Update. A significant volume of control self-assessments over key risks and obligations have been completed across icare. Line 2 assurance activities over the quality of these control self-assessments have also advanced, with opportunities for process improvements being communicated to Line 1.

icare's progress towards completing the control self-assessments is commendable. However, the findings from this work have revealed deficiencies in controls across the organisation, such as in the documentation and effectiveness of controls for key risks and obligations. While this outcome is at times experienced by organisations undertaking this type of activity for the first time, it also emphasises that icare's risk maturity journey through the Program will continue as these activities become further entrenched into BAU practices. It is important that icare establish robust action plans

for the remediation of identified issues, prioritised according to icare's risk appetite and materiality of gaps identified.

Regarding the Development of icare's Enterprise Obligations Register Initiative, we understand that further refinement of the obligations register is required to ensure that obligations align with the relevant business units' risks and controls. As this work is currently underway, it is important that icare ensure that there is a clear mapping to corresponding risks and controls, and validation of the updated obligations register by the relevant obligation owners.

It remains important for icare to continue to progress both the action plans for addressing control deficiencies and the refinement of the obligations register. Effective management of these efforts is essential to sustain the maturity uplift of the risk management framework beyond the life of the Program. Promontory will continue to monitor progress against the action plans to address identified deficiencies in the control environment and to assess the completeness of the relevant activities.

<u>Complaints Management</u>

A number of activities remain to be embedded in the Customer Uplift Stream, relating to complaints management uplift and customer governance. During the Reporting Period, Promontory observed an increase in business ownership and accountability of the processes and reporting in relation to these activities. icare has made significant progress in driving the shifts in behaviour necessary to embed the processes and uplifts required through the relevant Initiatives.

There has been substantial progress in deploying the complaints management system, with all major technical components now in place. icare has supported CSPs in implementing the CRM Complaints Module, resulting in better alignment with the established principles, processes, and frameworks for managing complaints.

There remains a risk that the work relating to the uptake of the CRM Complaints Module and complaints management processes by CSPs is not fully embedded by the closure of the Program. The CRM Complaints Module is not yet being consistently used by CSPs to capture all complaints received by frontline staff. While CSPs are actively training staff to address this issue, the short timeframe until the end of the Program creates a significant risk that this work, and full embedment of the complaints management framework, will not be achieved by the end of June.

It is critical to the effectiveness of any complaints management system that all complaints are accurately and promptly recorded and actions to resolve them are tracked. Promontory emphasises that it is important that icare maintains focus on implementing the CRM Complaints Module, and also on ensuring that embedment activities (including positive shifts in complaints behaviour) are successfully completed so that all complaints are recorded in the CRM Complaints Module.

2.2. Stream Outcomes

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

In our last report we provided our assessment of Stream outcomes for the Governance and Procurement Streams of the EI Sub-Program. During this Reporting Period, Promontory concluded its assurance over all Initiatives in an additional seven Streams across the Program - two within the EI Sub-Program and five within the NII Sub-Program. The following sections outline the key achievements that have been delivered under each of these Streams.

We note that Stream closure is not dependent on the assessment of all Recommendations related to that Stream as complete and effective. Rather, Stream closure represents the conclusion of assurance over all relevant Stream Initiatives.[6]

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

The Culture and Accountability Stream within the EI Sub-Program addressed Recommendations from the Reviews relating to accountability, performance management, remuneration, values and culture. There were 22 Recommendations (15 GAC Recommendations and seven McDougall Recommendations) that this Stream needed to address.

Accountability and Performance Management

The GAC Review found poor cascading of accountabilities throughout icare and a failure to build strong links between individual accountabilities, key performance indicators (**KPIs**) and performance targets, incentive design and consequence management. Individual accountabilities were not clearly understood, and there were gaps in collective accountabilities.

The GAC Review identified a need for an accountability framework, aligned with best practices in the financial services industry, to provide clarity on standards, hold people to account with Board and Group Executive Team (**GET**) oversight, cascade accountabilities through icare and apply consequence management. The accountability framework would be overseen by the Board's People and Remuneration Committee (**PRC**) and be supported by improved role descriptions for the GET and their teams to clearly capture accountabilities, including GET accountabilities to engage with SIRA in an open and constructive way. Additionally, the Review identified that an icare-wide accountability map would identify and resolve any gaps or overlaps in accountabilities across the organisation.

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[6] Recommendations may relate to requirements that go beyond the Stream requirements, and many Recommendations are being addressed by more than one Stream. In this context, our assessment of Recommendations is independent of the completion of our assurance of the Streams.

The GAC Review also emphasised the importance of redesigning the performance management framework to set clear expectations and hold people to account, balancing performance assessment (including in relation to risk) with reward. Additionally, it noted the importance of incorporating non-financial consequences into the consequence management approach, for example, further training, written warnings or termination.

In relation to accountability, the McDougall Review underscored the importance of transparency in reporting on executive remuneration. It recommended maintaining the current practice of detailing this information in icare's annual report. Additionally, the Review suggested that the Board should review the design of the remuneration and incentive structures to ensure that they are aligned to achieving the statutory objectives of the Schemes.

To respond to these findings, key activities undertaken by icare included:

- developing a core Capability Framework to clarify expectations of required capabilities and behaviours, integrated into role descriptions and people practices throughout the employee lifecycle;

- refreshing the Performance Management Framework and Policy, with formal assessment against performance goals (including goals related to risk management, leadership and stakeholder management), the core Capability Framework, and behavioural expectations;

- refreshing the Remuneration Framework and Policy, with clearer alignment between remuneration and performance, the removal of performance incentives from all reward arrangements and continued reporting of executive remuneration;

- developing the Consequence Guideline to outline potential financial and non-financial consequences for breaches of accountability, risk management responsibilities and behavioural expectations, as well as recognising positive behaviours;

- establishing an Accountability Framework, with PRC oversight, including an Accountability Map, and refined role descriptions;

- developing an 'On-the-Spot' recognition program to reward positive outcomes and behaviours;

- improving IT systems to facilitate performance management and assessment; and

- refreshing HR policies, including to clarify roles and responsibilities.

Culture

The GAC Review recognised that icare's culture presents a mix of both strengths and challenges and identified five cultural traits across icare that underpin several of the findings and observations throughout the Review. The GAC Recommendations on culture focused on fostering behavioural shifts that will improve governance and accountability. The GAC Review stressed that cultural change requires a dedicated program with purposeful action, clear allocation of responsibilities and follow-through to drive cultural change.

To initiate this transformation, it was recommended that icare translate its strategic priorities into cultural aspirations and make them tangible for everyone at icare. Further, icare should also create a greater understanding of the expectations for all icare employees with respect to governance and accountability. This includes expectations in relation to incident management, issue management and risk management aligned with relevant processes, policies and tools.

The GAC Review highlighted icare's need to build and promote learning and feedback mechanisms, and to build leader capability around effective risk, governance and accountability practices. This included how leaders must role model and communicate change to their teams. It further noted that icare needs to identify and embed the 'critical few' behaviours required to drive effective governance and accountability practices, including constructive challenge, speaking up, listening to other areas of expertise, learning and responding, but also to further embed collaborative partnering.

Recognising that evolving icare's culture will be a multi-year journey, the GAC Review highlighted the necessity of not only developing a plan for behavioural change, but also implementing a measurement framework to monitor the effectiveness and impact of this work. This framework will help to provide insight into the performance drivers and provide guidance for course-correction when future issues arise.

The McDougall Review also considered icare's culture, focusing on the need for icare's Board to take responsibility for ongoing oversight of the cultural change program. It noted the need for icare to develop a plan for cultural change, in line with the GAC Recommendations, and to maintain transparency by reporting on progress to the Treasurer and the public. Additionally, the McDougall Review recommended that an independent review of icare's culture be conducted after two years to assess the progress of the implemented cultural transformation improvements.

Key activities delivered across the Culture and Accountability Stream which address these Recommendations[7] included:

- refreshing icare's purpose, vision and values, cascading these values across the organisation and aligning people processes with the new values;

- regularly measuring culture and engagement, with communication of results across icare and reporting to the Board (through the PRC), Treasurer and the public on progress;

- establishing a Listening Strategy to gather feedback on culture progress to inform continuous improvement activities;

- responding to culture and engagement survey findings by developing action plans;

- developing Leadership Expectations and an Inspire Leadership Development Program to improve leadership capabilities;

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[7] Note that the GAC and McDougall Recommendations were only partly addressed by this Stream, along with Initiatives in other Streams.

- conducting 360-degree assessment of individual senior leadership styles, with identified improvements captured in development plans; and

- an independent party conducting a review to assess the progress of cultural change across icare.

As part of our assessment of icare's culture and accountability we engaged with key stakeholders as follows:

- GE People and Culture to discuss outcomes from the improved performance, accountability and remuneration frameworks, and cultural progress and the application of the Listening Strategy;

- GM Culture and Capability to discuss the uplift in leader capabilities and culture action planning;

- GM Employee Experience to discuss the outcomes from remuneration reviews and the application of consequences; and

- senior leaders across a number of business units to better understand their experience in embedding new performance, accountability, capability and remuneration frameworks, and planning for cultural improvements.

<u>Outcomes</u>

The Culture and Accountability Stream has achieved several key outcomes. These include greater clarity on icare's values, capabilities, and expected behaviours, as well as clearer accountabilities at senior levels and throughout the organisation. Additionally, the work completed within this Stream has established stronger links between performance and remuneration, with consequences for underperformance and recognition for positive behaviours.

The outcomes have also led to improved leader capability, with leaders better equipped to role model desired behaviours and drive cultural change. As a result, icare's culture has improved, with increased engagement levels. In addition, there is now improved Board oversight of accountabilities, remuneration outcomes, and cultural improvements, ensuring greater transparency and accountability within icare.

As at the Reporting Date, of the 22 Recommendations that relate to the Culture and Accountability Stream, 18 have been closed as complete and effective. The remaining four Recommendations are under assessment and are expected to close by 30 June 2024.

2.2.2. EI Sub-Program - Enterprise Sustainability Stream Outcomes

The Enterprise Sustainability Stream within the EI Sub-Program addressed Recommendations from the Reviews relating to capital management, benefits realisation, expense management and cost allocation to the Schemes. There was one GAC Recommendation and four McDougall Recommendations that this Stream needed to address.

The McDougall Review identified the need for improved capital management planning, including adopting the use of an Economic Funding Ratio (or Insurance Ratio) with annual public reporting on the financial health of the NI Scheme.

At the time of the McDougall Review, icare had commenced a review of costs, seeking significant annual savings. The Review recommended that icare commission an external review of the results of the expense savings program. It was to report publicly on these results, with annual public reporting on its transformation expenditure and benefits being delivered. The McDougall Review also highlighted the need for accurate assessment and tracking of benefits (financial and outcomes) to determine achievements against icare's FY21 baseline, with reporting to the public and the Treasurer.

In addition, the GAC Review highlighted that icare should improve its documentation and processes around the allocation of costs between the Schemes.

Key activities delivered across the Enterprise Sustainability Stream which address these Recommendations included:

- updating capital management policies and processes to require the use of the Insurance Ratio, with improved reporting on the Scheme's financial sustainability including to the Board, Treasury and the public;

- redesigning and documenting the process for costs to be allocated to the Schemes, with oversight from the GET and the Board as part of the Budget cycle, as well as external assurance;

- an external party undertaking a review of the icare's expense savings program, with results publicly reported; and

- developing a Benefits Realisation Management Framework (**BRMF**), with integration into the Project Management Framework, and tools to facilitate standardised tracking and reporting on financial and non-financial benefits.

Outcomes

The work undertaken by icare in this Stream has achieved several key outcomes, including an improved approach to capital management and oversight of financial sustainability. Additionally, there is greater integrity of cost allocation to Schemes, consistent tracking and management of benefits realisation performance, and greater transparency on financial sustainability and expense savings.

As at the Reporting Date, of the five Recommendations that relate to the Enterprise Sustainability Stream, three have been closed as complete and effective. The remaining two Recommendations relating to this Stream remain open and are at risk of non-closure by 30 June 2024. These Recommendations relate to the public reporting of transformation expenditure and benefits.

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

The RTW Performance Stream within the NII Sub-Program aimed to improve RTW performance and outcomes, refine claims management practices and governance, and uplift medical and treatment management. While the Stream included eight Initiatives, only one of those Initiatives was in scope for our assurance as it related to addressing Recommendations from the Reviews. The Initiative within our scope addressed healthcare reporting and monitoring and related to one GAC Recommendation and one McDougall Recommendation.

The GAC Review identified that one of the factors contributing to the decline in the NI Scheme's funding position was that there had been an increase in medical costs paid out per injured worker, due to increases in the number and cost of medical treatments. Improvement was needed in the documentation, oversight and assurance of financial risk related to medical cost payment, compliance and leakage.

The McDougall Review also highlighted challenges in relation to data quality, skills and capacity, and ongoing financial sustainability of the NI Scheme that required icare's focus.[8]

Key activities delivered across the RTW Performance Stream which address these Recommendations included:

- developing a suite of Healthcare Dashboards covering Healthcare Spend, Healthcare Leakage, Healthcare Utilisation, Healthcare Outcomes and a summary Dashboard, along with supporting training and guidance;

- expanding the Medical Office's capability and capacity to analyse and report on actionable insights derived from the Healthcare Dashboards (such as outlier healthcare provider behaviours and outcomes);

- uplifting reporting on insights and actions; and

- establishing the Healthcare Practitioner Hub (**HCP Hub**) to meet monthly to discuss insights and actions.

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

- the Medical Office team for a walkthrough of the Dashboards, and to gain an understanding of actions taken in response to Dashboard insights; and

- attendance at the HCP Hub as observers to better understand the nature and level of discussion.

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[8] Note that this Recommendation was only partly addressed by this Stream, along with Initiatives in other Streams.

<u>Outcomes</u>

The work undertaken by icare under this Initiative has achieved several key outcomes. This includes improvements in the analysis of medical spend to identify outlier healthcare provider performance and behaviours, and enhanced reporting on insights and actions. It has uplifted the governance and management of healthcare providers to reduce both medical spend and leakage.

As at the Reporting Date, of the two Recommendations that relate to the RTW Performance Stream, one Recommendation has been closed as complete and effective. The remaining Recommendation remains under assessment and is expected to be closed before 30 June 2024.

2.2.4. NII Sub-Program Claims Model Stream Outcomes

The Claims Model Stream of the NII Sub-Program was designed to develop and implement a new claims model strategy and assurance framework to guide assurance activities over the CSPs across the 3LoD. While this Stream included two Initiatives, only one of those Initiatives was in scope for our assurance as it related to addressing Recommendations from the Reviews. The Initiative in our scope addressed uplift in assurance activities over the CSPs and related to two GAC Recommendations.

At the time of the GAC Review, icare's monitoring and supervision over the CSPs was found to be insufficiently defined and documented. In particular, the GAC Review highlighted the need for obligations, risks, and controls related to CSP claims management to be identified and documented, with clear delineation between the roles and responsibilities of icare and the CSPs.

The GAC Review also identified that, once the obligations, risks and controls were documented, the roles and responsibilities in relation to assurance over CSPs and claims management needed to be clarified and documented across the 3LoD. Additionally, the GAC Review recommended that assurance activities across the 3LoD required significant improvement in accordance with a documented framework, supported by procedures, reporting and governance oversight.

Key activities delivered across the Claims Model Stream which address these Recommendations included:

- identifying and mapping the relevant obligations, risks and controls relating to the claims management lifecycle in an Obligations, Risks and Controls (**OR&C**) mapping document across the CSPs and icare's 3LoD; and

- establishing the 3LoD Claims Management Assurance Framework to set out the assurance activities over the claims management lifecycle, including the delineation of responsibilities across the icare's 3LoD and the CSPs for monitoring, reporting and performing assurance.

As part of our assessment of this Initiative we engaged with Line 1 Risk of the Workers Compensation business unit, Line 2 Risk, and Line 3 Internal Audit to gain an understanding of improvements to icare's approach to assurance over CSPs.

Outcomes

The work undertaken by icare under this Initiative has improved the clarity of the relevant roles and responsibilities of CSPs and icare's 3LoD regarding claims management obligations. It has delivered a structured framework which enables icare to provide appropriate assurance over both the claims management lifecycle and the CSP oversight processes.

As at the Reporting Date, of the two Recommendations that relate to the Claims Model Stream, one Recommendation has been closed as complete and effective. The remaining Recommendation remains open and is at risk of non-closure by 30 June 2024. The Recommendation relates to the assurance framework and the need to significantly improve assurance activities.

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

The CSP Procurement and Provider Performance Stream within the NII Sub-Program addressed Recommendations from the Reviews relating to establishing contracts with CSPs and managing CSP performance. There were four GAC Recommendations and two McDougall Recommendations that this Stream needed to address.

At the time of the Reviews, icare was reviewing its claims service model to include more service providers and increase competition. icare was planning a competitive market engagement for provider arrangements.

The McDougall Review highlighted that consideration needed to be given to the timing for this market tender, icare's competitive strategy and the prioritisation of stability and performance outcomes. It also highlighted that icare should consider the contract extension for the incumbent CSP.

The GAC Review noted that CSP contracts set out performance standards (including KPIs) against which the performance of the CSPs would be monitored by icare. However, the GAC Review highlighted that further work was required in relation to these KPIs to ensure sufficient leading indicators, and KPIs relating to regulatory compliance and customer service. A need for improved governance over CSP adherence to internal icare policies was also noted.

The GAC Review also identified the need for better documentation of the roles and responsibilities in relation to oversight of CSP claims management, including assurance roles and responsibilities.

Key activities delivered across the CSP Procurement and Provider Performance Stream which address these Recommendations[9] included:

- designing and conducting a procurement process through a Request for Proposal (**RFP**) and providing an extension to the incumbent CSP's contract, considering timing to prioritise market stability and claims performance;

- appointing six CSPs, with new contracts effective 1 January 2023;

- including standardised terms in the new contracts relating to performance measures, compliance with policies, performance governance, and roles and responsibilities between icare and the CSPs (including in relation to assurance);

- developing a CSP Meetings and Governance Framework and operationalising these seven forums between icare and CSPs to support the approach to performance management of CSPs;

- developing a Contract Scorecard Dashboard to allow icare and CSPs to monitor, analyse and report on performance, including contractual KPIs;

- uplifting reporting for internal purposes and to support performance meetings with CSPs; and

- publishing CSP performance data on its website.

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

- Head of CSP Partnering and Performance and Head of Insights Analytics and Reporting to discuss the Governance Framework, Contract Scorecard (including a live demonstration) and activities to monitor CSP performance;

- CSP representatives to discuss the effectiveness of the Governance Framework, supporting performance, and interactions with icare on performance monitoring;

- observed the Portfolio and Performance meetings for two CSPs to better understand the interactions between icare and the CSPs in relation to managing performance; and

- observed a new internal forum designed to improve cross-collaboration across the forums.

<u>Outcomes</u>

The work undertaken by icare under this Stream has achieved several outcomes. icare now has a diverse panel of CSPs for the NI Scheme, including generalist and specialist providers, with the aim to deliver better outcomes to injured workers and employers through increased competition and greater employer choice. There is also improved monitoring and management of CSP performance

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[9] Note that the GAC and McDougall Recommendations were only partly addressed by this Stream, along with Initiatives in other Streams.

against a wider range of measures, with uplifted reporting and monthly meetings to discuss actions to address identified areas of under-performance.

In addition, there is greater clarity on roles and responsibilities between CSPs and icare in relation to claims management and greater public transparency of CSP performance to support employer choice of CSPs.

As at the Reporting Date, of the six Recommendations that relate to the CSP Procurement and Provider Performance Stream, three have been closed as complete and effective. The remaining three Recommendations remain open. Of these, two remain under assessment and are expected to close before 30 June 2024. The final Recommendation is at risk of non-closure by 30 June 2024. The Recommendation relates to the assurance framework and the need to significantly improve assurance activities.

2.2.6. NII Sub-Program - CSP Transition Stream Outcomes

The CSP Transition Stream of the NII Sub-Program aimed to transition icare from a single CSP model to a model with multiple CSPs to introduce competitive tension and increase performance outcomes across the Workers Compensation Scheme. There was one McDougall Recommendation that this Stream needed to address.

As noted in the CSP Procurement and Provider Performance Stream Outcomes, at the time of the Reviews, icare was reviewing its claims service model to include more service providers and increase competition and was planning a competitive market engagement for provider arrangements.

The McDougall Review highlighted that consideration needed to be given to the timing for this market tender, icare's competitive strategy and the prioritisation of stability and performance outcomes. It also highlighted that icare should consider the contract extension for the incumbent CSP.

The work across the CSP Transition Stream was broader than this Recommendation and sought to ensure that the CSPs that had been procured would be onboarded to the new claims model in a way that minimised disruption to key stakeholders.

Key activities delivered across the CSP Transition Stream which address this Recommendation included:

- conducting scenario modelling and planning to facilitate the transition to the new claims model and support the onboarding of new CSPs;

- successfully integrating CSPs into the new claims model platform through a carefully phased transition and onboarding process designed to maintain stability and enhance the performance of claims management services;

- developing a comprehensive end-to-end claims and policy transfer process at scale to facilitate market reallocation across CSPs and to support employer choice of CSP; and

- transferring claims and policies in line with agreed schedules in a manner that was tailored to each CSP's capacity and to support agreed market allocation among CSPs.

Outcomes

The work undertaken by icare under this Stream has contributed to the successful onboarding of six CSPs to the new Workers Compensation claims model. This is intended to create competitive tension and is expected to enhance performance outcomes across the Scheme. In addition, this work has enabled the effective transfer of claims and policies to CSPs, and ensured a smooth transition to the new claims model with minimal disruption to service delivery.

As at the Reporting Date, the one Recommendation that relates to the CSP Transition Stream has been closed as complete and effective.

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

The Professional Standards and Capability Stream of the NII Sub-Program was designed to enhance the skills and professional standards of frontline staff managing Workers Compensation claims. There were three McDougall Recommendations that this Stream needed to address.

The McDougall Review recognised the importance of skill, training, capability and qualifications to ensure good outcomes and noted that icare had given insufficient consideration to career development and role attractiveness. It noted that icare had introduced actions aimed at improving the skills of case management staff. However, ongoing investment in skills and professional development through the Personal Injury Education Foundation (**PIEF**) or other education resources, in conjunction with the wider insurance industry, was required in order to build on icare's current commitments to improving claims management capabilities.

The McDougall Review also highlighted that icare should affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management, and that consideration needed to be given to the timing for any market tenders for claims management, icare's competitive strategy and the prioritisation of stability and performance outcomes.[10]

Key activities delivered across the Professional Standards and Capability Stream which address these Recommendations included:

- engaging PIEF as the external education provider to help deliver standardised assessment methodology and develop an accreditation pathway;

- developing a Professional Standards Framework (**PSF**) to set out the capability requirements for claims management teams, in consultation with CSPs and PIEF;

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[10] Note that these Recommendations were only partly addressed by this Stream, along with Initiatives in other Streams.

- developing a Capability Strategy that details how the PSF will be implemented across icare's employee lifecycle and introducing a career pathing model and defining Career Pathways;

- uplifting the learning material available to icare claims staff, and working with CSPs as they uplift their learning material;

- developing standardised assessment criteria and tools to ensure consistent assessment against PSF competencies; and

- engaging and consulting with the PIEF and the wider insurance industry to uplift claims management capabilities across the Workers Compensation Scheme.

As part of our assessment of this Stream we engaged with the following key stakeholders:

- the PSF capability leaders and representatives from PIEF to understand the interactions between icare and the PIEF;

- the Operational Manager ICT and PSF capability leaders to understand how the elements of the Capability Strategy had been operationalised;

- the PSF capability leaders to discuss the processes for maintaining icare's learning suites;

- representatives from two CSPs to better understand how they were embedding the PSF and their interactions with icare; and

- we observed the Learning Governance Forum to understand assessment calibration activities.

<u>Outcomes</u>

The work undertaken by icare under this Stream has enhanced the structures necessary to support uplifts in the capability of icare's and CSPs' claims management teams. A key outcome is an industry-developed standardised framework which defines the required capability and knowledge for these teams. Additionally, the establishment of clearly defined career pathways, supported by an enhanced learning suite and industry-recognised standardised competency assessments, and a formal accreditation pathway for icare's claims team should position icare to achieve improvements in claims service delivery.

As at the Reporting Date, of the three Recommendations that relate to the Professional Standards and Capability Stream two have been closed as complete and effective. The remaining Recommendation remains under assessment and is expected to be closed by 30 June 2024.

3. Program Progress

During the Reporting Period, icare continued to progress the execution of the Program. As at the Reporting Date of 30 April 2024:

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

- 100% of the Initiatives had commenced or completed work on the Implement Phase, with 98% assessed by Promontory as complete and effective; and

- 100% of the Initiatives had commenced or completed work on the Embed Phase, with 90% assessed by Promontory as complete and effective.

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

Table 3.1: Initiative Phase Status as at 30 April 2024

Phase	Yet to commence	Work in progress	Work completed	Assessed as complete	Total
Design	0	0	0	63	**63**
Implement	0	0	1	62	**63**
Embed	0	5	1	57	**63**
Total	**0**	**5**	**2**	**182**	**189**

icare continued to make significant progress in the closure of Recommendations during the Reporting Period with an additional 25 Recommendations assessed as complete and effective. Approximately 83% (89 out of the total 107) of the Recommendations have been assessed as complete and effective as at the Reporting Date. The established operating rhythm for providing Closure Packs[11] was also maintained. As at the Reporting Date we have assessed a total of 182 Initiative Phase Closure Packs as complete and effective. icare reached a key milestone during this Reporting Period with the closure of Sustainability Assessments for three Streams. Further detail on our assessments of the Initiatives, Recommendations and Stream Sustainability is provided in Chapters 4, 5 and 6 respectively.

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[11] A Closure Pack is a pack of documents provided by icare to Promontory for assessment, that includes a description of the actions icare has undertaken as part of a Phase and supporting evidence that demonstrates the effectiveness of those actions.

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

Table 3.2: Reporting Scale

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

For Initiative Phases that have not been assessed, Promontory reports 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[12]

3.1.1. Governance

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

3.1.2. Risk Uplift

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

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

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

3.1.3. Procurement Uplift

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

3.1.4. Customer Uplift

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

3.1.5. Culture and Accountability

Stream	Initiative	Design	Implement	Embed
5. Culture and Accountability	**5.1** Culture	●	●	●
	5.2 Leadership	●	●	●
	5.3 Refreshed Performance Management Framework	●	●	●
	5.4 Refreshed Remuneration Framework	●	●	●
	5.5 Alignment of People Experiences - Capability Framework	●	●	●
	5.8 Refreshed HR Policy Framework	●	●	●
	5.9 Culture Measurement	●	●	●
	5.10 icare Culture Review	●	●	●

3.1.6. Enterprise Sustainability

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

3.1.7. Treasury Reporting

Stream	Initiative	Design	Implement	Embed
P2. Treasury Reporting	Treasury Reporting	●	●	●

3.2.   Nominal Insurer Improvement Program[13]

3.2.1. Return to Work Performance

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

3.2.2. Claims Model

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

3.2.3. CSP Procurement and Provider Performance

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

3.2.4. Claims Service Provider Transition

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

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

3.2.5. Professional Standards and Capability

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

3.2.6. EML Audit

Stream	Initiative	Design	Implement	Embed
P1. EML Audit	EML Audit	●	●	●

4.   Initiative Phase Assessments

During the Reporting Period, Promontory completed its assessment of 23 Phases. This included the assessment of:

- three Design Phases;

- six Implement Phases; and

- 14 Embed Phases.

These Phases were assessed as complete and effective.

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

During our assessment process, we evaluate whether a Phase is complete by examining the evidence of completed tasks described in the Milestones and Definitions of Done.[14] Additionally, we verify that the completed activities have contributed to achieving the Target State of the relevant Stream. This evaluation process ensures that the Phase has been successfully executed in line with the intended objectives and outcomes.

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

Table 4.1: Phases Assessed as complete and effective during the Reporting Period

Stream	Initiative	Phase	Phase Closure Date
EI Sub-Program			
Risk Uplift	**2.18**	Design	24 April 2024
Risk Uplift	**2.18**	Implement	24 April 2024
Customer Uplift	**4.3**	Implement	11 April 2024
Culture and Accountability	**5.3**	Embed	10 April 2024
Culture and Accountability	**5.4**	Embed	4 April 2024
Culture and Accountability	**5.5**	Embed	4 April 2024

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

Stream	Initiative	Phase	Phase Closure Date
Culture and Accountability	**5.8**	Embed	4 April 2024
Enterprise Sustainability	**6.5**	Embed	28 March 2024
Enterprise Sustainability	**6.6**	Implement	18 March 2024
Enterprise Sustainability	**6.6**	Embed	4 April 2024
NII Sub-Program			
Return to Work Performance	**N1.1**	Embed	21 February 2024
Claims Model	**N2.2**	Embed	13 March 2024
CSP Procurement and Provider Performance	**N3.2**	Implement	5 March 2024
CSP Procurement and Provider Performance	**N3.2**	Embed	24 April 2024
CSP Transition	**N4.3**	Embed	13 February 2024
Professional Standards and Capability	**N5.2**	Embed	25 March 2024
Professional Standards and Capability	**N5.3**	Embed	11 April 2024
Program			
Internal Audit Report on EML	**P1**	Design	29 February 2024
Internal Audit Report on EML	**P1**	Implement	5 April 2024
Internal Audit Report on EML	**P1**	Embed	11 April 2024
Treasury Reporting	**P2**	Design	20 February 2024
Treasury Reporting	**P2**	Implement	20 February 2024
Treasury Reporting	**P2**	Embed	18 March 2024

4.1. Assessment of Risk Uplift Initiatives

4.1.1. Assessment of Initiative 2.18 Design Phase

The Design Phase of Initiative 2.18 requires icare to engage an independent party[15] to conduct a probity and procurement review with confirmed scope and timeframes.

Work completed by icare in relation to this Phase included:

- engaging with Promontory to undertake the independent review of the operation and implementation of the new probity and procurement policies; and

- developing a project roadmap outlining scope and timeframes in collaboration with Promontory.

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

4.1.2. Assessment of Initiative 2.18 Implement Phase

The Implement Phase of Initiative 2.18 requires:

- the independent party to conduct a review and report on the operationalisation and implementation of the probity and procurement policies; and

- icare to formally respond to the draft report conclusions.

Work completed by icare in relation to this Phase included:

- reviewing the draft report received from Promontory; and

- providing a response to the draft report documenting feedback on identified findings.

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

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

4.2. Assessment of Customer Uplift Initiatives

4.2.1. Assessment of Initiative 4.3 Implement Phase

The Implement Phase of Initiative 4.3 requires icare to implement the Complaints Framework and Policy along with its three components 'Readiness for Complaints', 'Responding to Complaints' and 'Learning from Complaints'.

Work completed by icare in relation to this Phase included:

- developing, publishing, and communicating the Complaints Framework and Policy (addressing the three components above) and supporting guidelines, principles, and procedures;

- conducting complaints maturity assessments across the Schemes and developing change plans to respond to findings from the assessments;

- delivering training sessions and learning modules to enhance employee understanding of the complaints framework and management approach;

- implementing coordinated and consistent complaints data capture and reporting, supported by the CRM Complaints Module;

- establishing enterprise-wide operational routines for continuous improvement; and

- strengthening quality assurance by designing complaint controls along with effectiveness testing processes.

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

- monitoring of training completion and follow-up of non-attendance; and

- completion of Implement Phase change plans of all teams managing complaints.

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

4.3. Assessment of Culture and Accountability Initiatives

4.3.1. Assessment of Initiative 5.3 Embed Phase

The Embed Phase of Initiative 5.3 requires icare to:

- produce and deploy toolkits, guidelines, and policy updates for the refreshed Performance Management Framework;

- review the Performance Management Framework for its alignment with enterprise strategy; and

- embed refreshed Performance Management Framework into people practices.

Work completed by icare in relation to this Phase included:

- refining the Performance Management Framework artefacts in preparation for the FY24 mid-year performance conversation;

- incorporating an annual review of GET role accountabilities into business operating rhythms;

- conducting pulse surveys and ongoing revisions to the Performance Management Framework;

- embedding the Performance Management Framework into icare's annual calendar of key people activities; and

- conducting reviews and enhancements to ensure alignment with performance goals.

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

- the update of artefacts supporting FY24 mid-year performance conversations;

- retention and ongoing update of the Accountability Map;

- the review cycle of the Performance Policy;

- the upcoming review of goal setting and capabilities performance for the Chief Executive Officer (**CEO**) and GET;

- measurement of Performance Management Framework efficacy; and

- testing of the application of the Consequence Guideline.

Promontory conducted the following additional activities to support our assessment:

- met with icare representatives from HBCF, Internal Audit, Workers Compensation, and the Chief Procurement Officer (**CPO**) to discuss the enhancements to the performance management experience and system;

- met with GE People and Culture (**P&C**) to discuss the enhancements to the Performance Management Framework and the ongoing status of the Accountability Map; and

- met with the GM Employee Experience to discuss the application of the Consequence Guideline.

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

4.3.2. Assessment of Initiative 5.4 Embed Phase

The Embed Phase of Initiative 5.4 requires icare to:

- review people practices and processes in relation to Remuneration Framework; and

- articulate the Remuneration Framework compliance and efficacy review schedule.

Work completed by icare in relation to this Phase included:

- conducting benchmarking and the PRC and Board reviewing and endorsing remuneration outcomes;

- implementing the change plan to establish the On-the-Spot recognition program; and

- publishing the Remuneration and Reward Framework Guide to outline compliance and efficacy review activities.

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

- reviews of people practices and processes for both employees and people leaders;

- continuous iteration of the performance experience to enhance accountability, transparency, and capability;

- activities conducted in relation to the annual review of people practices and processes; and

- the delivery of the Remuneration Framework compliance and efficacy assessment report to Board.

Promontory conducted the following additional activities to support our assessment:

- met with icare representatives including from HBCF, Internal Audit, Workers Compensation, and the CPO to discuss the application of the Remuneration Framework; and

- met with GE P&C to discuss the enhancements to the Remuneration Framework.

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

4.3.3. Assessment of Initiative 5.5 Embed Phase

The Embed Phase of Initiative 5.5 requires icare to review the effectiveness of the Capability Framework.

Work completed by icare in relation to this Phase included:

- developing the core Capability Framework Evaluation Strategy with key measures for assessing employee experience;

- scheduling the process for the annual evaluation of the core Capability Framework;

- conducting ongoing assessment of employee experience in relation to the core Capability Framework; and

- integrating the core Capability Framework into the Performance Management Framework.

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

- approval and ownership of the core Capability Framework Evaluation Strategy;

- findings from a recent review of the core Capability Framework; and

- delivery of the core Capability Masterclass.

Promontory conducted the following additional activities to support our assessment:

- met with icare representatives including from HBCF, Internal Audit, Workers Compensation, and the CPO to discuss the application of the core Capability Framework; and

- met with GE P&C to discuss the integration of the core Capability Framework into the Performance Management Framework.

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

4.3.4. Assessment of Initiative 5.8 Embed Phase

The Embed Phase of Initiative 5.8 requires icare to deploy the embedment plan for People and Culture (**P&C**) policies and embed employee awareness activities.

Work completed by icare in relation to this Phase included:

- updating key P&C policies to align with cultural and operational expectations;

- supporting policy rollout with communications and training initiatives;

- developing a P&C Policy Change Checklist to outline requirements and awareness activities to be conducted when updating P&C policies.

Promontory also met with the GE P&C to discuss how the Policy Change Checklist has facilitated comprehensive policy review, incorporating training, communication, and consultation.

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

4.4. Assessment of Enterprise Sustainability Initiatives

4.4.1. Assessment of Initiative 6.5 Embed Phase

The Embed Phase of Initiative 6.5 requires icare to finalise the report on the expense savings review, present it to the icare Board, and publicly release the results from the report.

Work completed by icare in relation to this Phase included:

- an external vendor providing the final report of the expense savings review to icare; and

- the final report being circulated to the icare Board, with a summary of the results included within icare's annual report and more detailed findings published on icare's website.

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

4.4.2. Assessment of Initiative 6.6 Implement Phase

The Implement Phase of Initiative 6.6 requires icare to implement the expense allocation process for direct, indirect and enterprise projects, as well as an operating cost allocation sign-off process.

Work completed by icare in relation to this Phase included:

- updating expense allocation percentage splits;

- developing and communicating the approach for allocating capital and operational expenditure for enterprise and BAU project costs;

- the GMs, the GET and the Board approving the cost allocation in FY22; and

- undertaking an annual external audit on the operating cost allocation.

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

- the finalisation and implementation of the process for capturing operating expenditure and capital expenditure;

- clarification on the percentage splits applied for cost allocation; and

- additional details of the annual audit process.

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

4.4.3. Assessment of Initiative 6.6 Embed Phase

The Embed Phase of Initiative 6.6 requires icare to embed the expense allocation process and formal sign-off process into the budget cycle.

Work completed by icare in relation to this Phase included:

- continuing the operation of the expense allocation process with minor refinements;

- remediating the issues regarding cost allocation identified in the FY20 and FY21 audits;

- the GET endorsing the annual budget including cost allocations for four consecutive half-yearly cycles; and

- the Board approving the annual and half-yearly budget including cost allocations for four consecutive half-yearly cycles.

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

- outcomes and issues identified in the annual external audit of icare related to cost allocation and confirmation of the resolution of the identified issues; and

- the role of the GMs in reviewing and approving allocation percentages.

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 Return to Work Performance Initiatives

4.5.1. Assessment of Initiative N1.1 Embed Phase

The Embed Phase of Initiative N1.1 requires icare to embed the Healthcare Dashboard.

Work completed by icare in relation to this Phase included:

- stakeholders using the Healthcare Dashboards for analysis on healthcare spend, leakage, utilisation, and outcomes;

- expanding the Medical Office's capability and capacity to analyse and report on actionable insights;

- developing a framework and governance approach to healthcare practitioner management;

- uplifting reporting on insights and actions; and

- establishing the HCP Hub to meet monthly to discuss insights and actions.

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

- reporting developed based on Dashboard insights;

- actions taken in response to identified healthcare practitioner performance and behaviours; and

- discussion of Healthcare Dashboard insights with CSPs.

Promontory conducted the following additional activities to support our assessment:

- met with the Chief Medical Officer and Senior Medical Officer to view confidential reports and discuss actions taken in response to Dashboard insights;

- conducted a walkthrough of the Dashboards to better understand the insights generated; and

- observed a meeting of the HCP Hub.

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

4.6. Assessment of Claims Model Initiatives

4.6.1. Assessment of Initiative N2.2 Embed Phase

The Embed Phase of Initiative N2.2 requires icare to complete a review of the OR&C mapping and 3LoD Claims Management Assurance Framework.

Work completed by icare in relation to this Phase included:

- conducting control testing over the claims management controls linked to risks and obligations in line with the control assurance plan;

- drafting a control assurance report to summarise outcomes of testing and developing management action plans for any issues identified; and

- developing a draft assurance timeline to outline the assurance activities to be undertaken between FY24 and FY26.

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

- how the outcomes of the review of the OR&C mapping had been incorporated into the control assurance plan;

- the results of control testing activities; and

- assurance conducted over CSP claims management control environments, reporting and monitoring of the outcomes of assurance activities, and escalation channels for issues identified.

Promontory conducted the following additional activities to support our assessment:

- met with Line 1 Risk to discuss its role in providing oversight and assurance over CSPs' control environments as they relate to claims management;

- met with the GM Strategic Delivery & Operation, Risk & Governance to discuss Line 2's role in providing assurance over icare's internal monitoring of CSPs and icare's internal controls which relate to claims management; and

- met with the Head of Audit Portfolio (Workers Compensation) to discuss Line 3's role in providing independent assurance over CSPs' claims management controls, icare's internal monitoring processes of CSPs and icare's internal controls which relate to claims management.

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

4.7. Assessment of CSP Procurement and Provider Performance

4.7.1. Assessment of Initiative N3.2 Implement Phase

The Implement Phase of Initiative N3.2 requires icare to implement the CSP performance framework and deploy defined reports into production.

Work completed by icare in relation to this Phase included:

- implementing the forums outlined in the CSP Governance Framework with meetings conducted between icare and the CSPs to discuss CSP performance;

- testing and deploying performance management reporting into production, including the Contract Scorecard, for use by icare and CSPs, supported by training; and

- publishing CSP performance data on icare's website.

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

4.7.2. Assessment of Initiative N3.2 Embed Phase

The Embed Phase of Initiative N3.2 requires icare to embed the CSP performance framework, use reporting to measure CSP performance and publish CSP data externally.

Work completed by icare in relation to this Phase included:

- leveraging the Contract Scorecard to produce detailed monthly reports on CSP performance to support governance forum discussions;

- operationalising all forums outlined in the CSP Governance Framework with regular meetings conducted between icare and the CSPs to discuss CSP performance and monitor actions to improve performance;

- reviewing the effectiveness of the CSP Governance Framework and addressing identified opportunities for improvement; and

- publishing CSP performance data on icare's website with quarterly updates.

Promontory conducted the following additional activities to support our assessment:

- met with a Head of CSP Partnering and Performance, and Head of Insights, Analytics and Reporting to discuss the CSP Governance Framework, planned improvements, and case study of actions taken in response to identified performance issues;

- conducted a walkthrough of the Contract Scorecard to better understand data flows and reports produced;

- observed two Portfolio and Performance meetings with CSPs;

- met with CSP representatives to discuss the effectiveness of the Governance Framework, information produced to support monthly meetings, and interactions with icare; and

- observed the internal icare cross-forum collaboration meeting.

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

4.8. Assessment of CSP Transition Initiatives

4.8.1. Assessment of Initiative N4.3 Embed Phase

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

- build and deliver the Guidewire claims transfer in line with the schedule, the RFP outcome, and policy transfer requirements; and

- hand over the transfer process to BAU according to the handover plan.

Work completed by icare in relation to this Phase included:

- consulting with CSP to develop a claims transfer schedule, and communicating that finalised schedule to CSPs through a working group to provide further support and guidance in connection with the transfer process;

- delivering claims transfers in accordance with the schedule, across four cohorts, and validating transfer results with CSPs;

- undertaking a period of hypercare after the transfers to identify and resolve any defects in the process; and

- developing and executing a handover plan to embed the claims transfer process into BAU, including drafting training materials, documenting the process, and building a dashboard to monitor claims transfers.

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

- actions taken to respond to quality assurance review findings and issues identified through the hypercare period;

- surveys of workers following completion of the claims transfer process; and

- the development of an approved market share timeline.

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.

4.9. Assessment of Professional Standards and Capability Initiatives

4.9.1. Assessment of Initiative N5.2 Embed Phase

The Embed Phase of Initiative N5.2 requires icare to endorse the Capability Strategy for operationalisation and provide the plan to CSPs for their review.

Work completed by icare in relation to this Phase included:

- the General Manager Culture and Capability endorsing the Professional Standards Capability Strategy;

- the Manager, Capability and Development Customer Policy and Design, Workers Compensation endorsing the Professional Standards Learning Library;

- sharing icare's approach to embedding the Capability Strategy with CSPs; and

- implementing the operational plan in line with icare's business planning cycle and the broader enterprise-wide P&C initiatives, including the use of several tools such as the Self-Reflection Assessment tool, the SMART Development Goal Library, the Learning Suite and the PSF Hub.

Promontory met with the Operational Manager ICT and Program Manager, Professional Standards and Capability to understand how the elements of the Capability Strategy had been operationalised.

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

4.9.2. Assessment of Initiative N5.3 Embed Phase

The Embed Phase of Initiative N5.2 requires icare to transition the PSF to BAU with supporting infrastructure.

Work completed by icare in relation to this Phase included:

- launching the PSF Hub for frontline claims staff within icare and providing CSPs with an overview of the PSF Hub and access to the detailed information contained within it;

- operationalising the icare and PIEF learning portal;

- commencing the use of the standardised assessment tools to perform competency assessments of icare and CSP staff against the PSF Competencies;

- icare and CSPs continuing to refine learning offerings;

- establishing monthly meetings between the Capability Team and the CSPs to monitor the progress of maturity plans, progress in assessing staff competency across the PSF and uplifts in their learning offerings; and

- initiating the Learning and Governance Forum to provide an avenue to align the schemes approach to conducting competency assessments, with attendance by both icare and CSP representatives.

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

- data available on the dashboards; and

- governance over the PSF.

Promontory conducted the following additional activities to support our assessment:

- met the PSF capability leaders and representatives from PIEF to understand the interaction between icare and the PIEF;

- met with icare's PSF capability leaders to discuss the processes for maintaining icare's learning suites;

- observed a Learning and Governance Forum to understand assessment calibration activities; and

- met with representatives from two CSPs to better understand how they were embedding the PSF and their interactions with icare.

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

4.10. Assessment of Program Initiatives

4.10.1. Assessment of Initiative P1 Design Phase

The Design Phase of Initiative P1 requires icare to document a management action plan to address issues identified in the Internal Audit report on an incumbent CSP.

Work completed by icare in relation to this Phase included:

- responding to the Internal Audit report on an incumbent CSP; and

- documenting a management action plan with agreed actions, owners, and timelines to support the key priorities outlined in the Internal Audit report.

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

4.10.2. Assessment of Initiative P1 Implement Phase

The Implement Phase of Initiative P1 requires icare to implement the management action plan.

Work completed by icare in relation to this Phase included:

- completing the action plan, including a high-rated audit finding; and

- reporting to the GET.

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

- completion of all actions related to the audit findings; and

- the completion status of the audit findings reported in the GET update.

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

4.10.3. Assessment of Initiative P1 Embed Phase

The Embed Phase of Initiative P1 requires icare to complete and operationalise change management activities and implement new controls.

Work completed by icare in relation to this Phase included:

- completing and implementing the actions corresponding to the management priorities;

- submitting management response to agreed actions to Internal Audit; and

- Internal Audit reviewing management responses, including verification testing of the new controls.

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

4.10.4. Assessment of Initiative P2 Design Phase

The Design Phase of Initiative P2 requires icare to engage with an external assurer to complete quarterly progress reports on recommendations.

Work completed by icare in relation to this Phase included:

- icare appointing Promontory as the external independent assurer of the Improvement Program to monitor and report on a quarterly basis on whether the activities within the Program adequately address the relevant GAC and McDougall Recommendations;

- Promontory providing the Interim Establishment Report in December 2021 and the First Quarterly Update in February 2022 to icare; and

- all Quarterly Updates being published on icare's website.

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

4.10.5. Assessment of Initiative P2 Implement Phase

The Implement Phase of Initiative P2 requires icare to:

- distribute the external assurer quarterly reports to key stakeholders, including Treasury; and

- action any additional requests for information from Treasury.

Work completed by icare in relation to this Phase included:

- publishing all Promontory's Quarterly Updates on icare's website and providing these reports to Treasury;

- responding to requests for additional information from stakeholders including Treasury;

- the Board receiving updates on the progress of the Improvement Program at each Board meeting, including from Promontory; and

- providing SIRA with updates on the Improvement Program in regular meetings.

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

4.10.6. Assessment of Initiative P2 Embed Phase

The Embed Phase of Initiative P2 requires icare to continue the quarterly reporting cadence of Improvement Program reports, with the reports provided to Treasury and made public.

Work completed by icare in relation to this Phase included:

- publishing all Promontory's Quarterly Updates on icare's website and providing these reports to Treasury; and

- organising additional briefings for Treasury, including with Promontory, to provide an update on progress of the Improvement Program.

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

5. Recommendation Assessments

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

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

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

- fostering an accountable culture.

During the Reporting Period, Promontory completed its assessment of 16 GAC Recommendations and nine McDougall Recommendations. These Recommendations were assessed as complete and effective, bringing the total number of Recommendations assessed as complete and effective by Promontory to 89 out of 107, with the Program scheduled for closure on 30 June 2024.

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

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

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

Table 5.1: Recommendations assessed as complete and effective during the Reporting Period

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 10	1.1	14 February 2024
GAC 19	N1.1 & 6.6	4 April 2024
GAC 51	N2.2 & N3.1	15 March 2024
GAC 62	5.3, 5.4 & 5.5	10 April 2024
GAC 63	1.6, 5.3 & 5.4	10 April 2024
GAC 64	5.3, 5.4 & 5.5	10 April 2024
GAC 65	5.3	10 April 2024

Recommendation	Linked Initiatives	Recommendation Closure Date
GAC 66	5.3	10 April 2024
GAC 67	5.3 & 5.4	10 April 2024
GAC 68	5.3 & 5.4	10 April 2024
GAC 70	5.1, 5.2 & 5.5	5 April 2024
GAC 71	5.1, 5.2, 5.4, 5.5 & 5.8	22 April 2024
GAC 72	1.4, 5.1, 5.2 & 5.9	6 February 2024
GAC 73	5.1, 5.2 & 5.5	5 April 2024
GAC 74	5.1, 5.2, 5.3, 5.4, 5.5	30 April 2024
GAC 75	5.1, 5.2, 5.5, 5.8 & 5.9	22 April 2024
McD 1	N5.1, N5.2 & N5.3	11 April 2024
McD 2	P1	24 April 2024
McD 3	N3.1, N4.1, N4.3, N4.4 & N5.2	5 April 2024
McD 14	2.1, 2.14 & 5.8	10 April 2024
McD 17	5.1, 5.2 & 5.9	2 February 2024
McD 25	5.4	5 April 2024
McD 26	5.4	5 April 2024
McD 27	6.5	28 March 2024
McD 33	P2	28 March 2024

5.1. Assessment of GAC Recommendations

5.1.1. Assessment of GAC Recommendation 10

The GAC Review recommended that icare's GET set a clear tone from the top on the importance of both risk management and the role of SIRA as the regulator, by role-modelling expected behaviours.

To address this Recommendation icare has delivered the following outcomes:

- three GET forums and four senior leadership team forums were established, which provide avenues for setting a clear tone from the top;

- monthly GET risk deep dives were introduced to include reporting on business unit risk profiles, regulatory engagement results and the Risk and Governance Dashboard, providing the opportunity to discuss and engage with risk-related matters; and

- a GET and GET Sub-Committee Review Process was established to provide an annual performance evaluation process, through which feedback can be provided on the tone set by the GET.

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

- the inclusion of mandatory risk management performance goals in annual performance reviews; and

- further examples of the GET role-modelling expected behaviours and attitudes.

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

5.1.2. Assessment of GAC Recommendation 19

The GAC Review recommended that icare take action regarding the various financial risks that require improvement via better documentation, oversight and assurance, including medical cost payment, compliance and leakage, and operating cost allocation.

To address this Recommendation icare has delivered the following outcomes:

- five Healthcare Dashboards were developed and embedded to support data analysis and identification of insights and actions on healthcare spend, utilisation, leakage, and outcomes;

- reporting and communication on insights and actions was uplifted, and a HCP Hub was established to regularly discuss and monitor provider behaviours and outcomes;

- the cost allocation process was redesigned and implemented, including a sign-off process; and

- external audits were conducted to provide assurance on the effectiveness of the redesigned cost allocation process.

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

5.1.3. Assessment of GAC Recommendation 51

The GAC Review recommended that icare 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.

To address this Recommendation icare has delivered the following outcomes:

- key controls across the claims management process were mapped across the 3LoD;

- an OR&C mapping document was developed, which includes claims risk management-related controls, risks and obligations owned by icare and the CSPs;

- a 3LoD Claims Management Assurance Framework was established to set out assurance activities over the claims lifecycle activities that occur across the 3LoD; and

- CSP contracts were finalised that set out agreed assurance roles and responsibilities between icare and the CSPs in respect of claims management tasks and functions.

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

5.1.4. Assessment of GAC Recommendation 62

The GAC Review recommended that icare adopt a better practice accountability framework, with clear standards, Board and GET governance, cascaded accountabilities and application of consequence management.

To address this Recommendation icare has delivered the following outcomes:

- the Performance Management Framework was updated, including a Policy, processes for formal performance assessment and management, and Consequence Guideline to guide the application of consequences;

- an Accountability Framework was established, including PRC oversight, an Accountability Map and improved role descriptions, supported by systems, training and guidance material;

- the Remuneration Framework was refreshed, including a Policy, and supporting training and guidance material; and

- the core Capability Framework was developed, outlining expected capabilities and behaviours, and integrating them into performance management processes.

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

5.1.5. Assessment of GAC Recommendation 63

The GAC Review recommended that icare amend the PRC Charter to include a role to oversee the establishment of an effective accountability framework, complementing the consequence management framework, and cascading this through the organisation.

To address this Recommendation icare has delivered the following outcomes:

- the PRC charter was updated to include the responsibility to oversee the development and implementation of an effective accountability framework for the GET;

- an Accountability Framework was established, including an Accountability Map, refreshed Performance Management Framework, improved role descriptions and Consequence Guideline;

- accountabilities are documented and cascaded across the organisation; and

- the PRC reviewed remuneration outcomes with links between performance and reward.

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

5.1.6. Assessment of GAC Recommendation 64

The GAC Review recommended that icare improve role descriptions of the GET and their teams to ensure that accountabilities are clearly captured and cascaded through the organisation.

To address this Recommendation icare has delivered the following outcomes:

- role descriptions were revised, and an enterprise-wide Accountability Map was established that details accountabilities for each GET role;

- individual performance goal plans were reviewed to include mandatory people leadership, risk management and stakeholder relationship goals, with performance against the goals having the potential to influence remuneration adjustments; and

- core capabilities have been mapped across icare and incorporated into the core Capability Framework and role descriptions.

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

5.1.7. Assessment of GAC Recommendation 65

The GAC Review recommended that icare develop an accountability map to outline how accountabilities come together from individual Schemes to ensure there are no gaps or overlaps.

To address this Recommendation icare has delivered the following outcomes:

- an Accountability Map has been developed and maintained to cover all of icare's operations and Schemes, setting out the accountabilities held by GET members and their teams; and

- further actions to support ongoing utility of the Accountability Map are being developed, such as refining role descriptions and Accountability Manuals.

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

5.1.8. Assessment of GAC Recommendation 66

The GAC Review recommended that icare define and document a consequence management policy and approach that considers levers other than financial consequences.

To address this Recommendation icare has delivered the following outcomes:

- the Consequence Guideline was developed to support identification of potential consequences for breaches of accountability, risk management responsibilities or behavioural expectations;

- the Consequence Guideline outlines a range of financial and non-financial consequences; and

- changes were implemented to support consequence management, including changes to the Remuneration Framework, and application of positive consequences via the On-the-Spot recognition program.

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

5.1.9. Assessment of GAC Recommendation 67

The GAC Review recommended that icare 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.

To address this Recommendation icare has delivered the following outcomes:

- the Performance Management and Remuneration Frameworks were updated to provide clearer links between assessment of performance and reward outcomes;

- guidance was issued on including risk and customer metrics in performance plans, with mandatory risk management goals to be included for all employees;

- leaders were provided training and guidance to uplift capability to manage performance and remuneration; and

- recognition programs were enhanced to reward positive performance.

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

5.1.10. Assessment of GAC Recommendation 68

The GAC Review recommended that icare implement a regime imposing individual accountability on the CEO, Chief Risk Officer (**CRO**) and GET members to engage with SIRA in an open, constructive and cooperative way.

To address this Recommendation icare has delivered the following outcomes:

- role descriptions were revised to include accountability for role modelling icare values and desired leadership styles, including an open, constructive, and accountable culture and collaboration with key stakeholders;

- an External Stakeholder Accountability Map was developed, which includes responsibilities related to the relationship with SIRA; and

- GET members' performance plans were required to include a mandatory stakeholder performance goal, requiring them to engage with and strengthen stakeholder relationships.

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

5.1.11. Assessment of GAC Recommendation 70

The GAC Review recommended that icare translate its strategic priorities into cultural aspirations and make them tangible for individuals across the organisation.

To address this Recommendation icare has delivered the following outcomes:

- icare's organisational purpose, vision, strategy, and values were revised, with the organisation's strategic priorities corresponding to values and behaviours;

- the revised strategy and values were communicated to team members alongside a cultural change plan;

- a culture measurement program was established to monitor icare's culture and identify trends;

- the Inspire Leadership Development Program was developed and delivered to strengthen senior leader capability and support the delivery of icare's strategy and cultural aspirations; and

- the core Capability Framework was developed, which aligns with icare's desired culture and values and includes expected behaviours, and was integrated into processes throughout the employee lifecycle.

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

5.1.12. Assessment of GAC Recommendation 71

The GAC Review recommended that icare create a greater understanding of expectations for all icare employees with respect to governance and accountability, and align these to processes, policies and tools.

To address this Recommendation icare has delivered the following outcomes:

- icare's organisational purpose, vision, strategy, and values were revised, with the organisation's strategic priorities corresponding to values and behaviours;

- the Inspire Leadership Development Program was developed and delivered to strengthen senior leader capability and support the delivery of icare's strategy and cultural aspirations;

- the core Capability Framework was developed, which aligns with icare's desired culture and values and includes expected behaviours, and was integrated into processes throughout the employee lifecycle;

- an enhanced Remuneration Framework and Policy was implemented to establish clearer links between remuneration outcomes and performance, risk, and consequence management; and

- the Code of Conduct and Ethics, Work Health and Safety, Respectful Behaviour, Grievance Handling, Misconduct and Performance Management Policies were refreshed in line with the Policy Governance Framework.

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

5.1.13. Assessment of GAC Recommendation 72

The GAC Review recommended that icare build and promote further learning and feedback mechanisms for projects and teams, both formally and informally.

To address this Recommendation icare has delivered the following outcomes:

- the Project Management Framework was updated to require post-implementation reviews, including to capture lessons learned;

- the Inspire Leadership Development Program was developed and delivered to strengthen senior leader capability for learning and feedback, supported by individual assessment and coaching;

- a suite of culture and engagement surveys were conducted, with action plans developed to address learnings; and

- the Listening Strategy involving an integrated Listen, Learn and Act approach, was developed to further develop icare's culture.

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

5.1.14. Assessment of GAC Recommendation 73

The GAC Review recommended that icare build leadership capability around effective risk, governance and accountability practices, as well as role modelling and change communication.

To address this Recommendation icare has delivered the following outcomes:

- icare's organisational purpose, vision, and values were revised to include accountability for leaders in owning and delivering cultural change and specific risk behaviours for all staff;

- action plans for each business unit were developed to support an enterprise-wide cultural change plan, with leaders accountable for their execution;

- the Inspire Leadership Development Program was developed and delivered to strengthen senior leader capability and support the delivery of icare's strategy and cultural aspirations, and included expectations around lifting team performance, developing positive risk and governance behaviours, and role-modelling; and

- the new values were incorporated into the core Capability Framework, which has been integrated into the employee lifecycle, role descriptions and performance reviews.

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

5.1.15. Assessment of GAC Recommendation 74

The GAC Review recommended that icare enhance its performance management system, to clarify individual expectations, hold people to account, and confirm the supporting KPIs, scorecards, charters, accountability frameworks as cascaded across the organisation.

To address this Recommendation icare has delivered the following outcomes:

- icare's purpose, vision and values were refreshed to set behavioural expectations and cascaded across the organisation;

- Leadership Expectations and the Inspire Leadership Development Program were developed to uplift senior leader capability to communicate and role model expectations;

- a core Capability Framework was developed to clarify expectations of required capabilities and behaviours, with integration into role descriptions and people practices;

- the Performance Management Framework was refreshed to require assessment against performance goals, scorecards, values and the core Capability Framework;

- an Accountability Framework was established, with PRC oversight as set out in the Charter, including an Accountability Map, and refined role descriptions;

- the Remuneration Framework was updated to provide clearer links between assessment of performance, and reward and remuneration outcomes; and

- clarity on expectations was provided through performance and accountability artefacts cascaded through the organisation.

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

5.1.16. Assessment of GAC Recommendation 75

The GAC Review recommended that icare identify and embed critical behaviours to drive effective governance and accountability practices.

To address this Recommendation icare has delivered the following outcomes:

- icare's organisational purpose, vision, strategy, and values were revised, including values concerning accountability, transparency, and collaboration;

- the revised values were communicated to team members through 'values activation sessions' and People Leader Forums;

- a culture measurement program was established to monitor icare's culture and identify trends;

- the Code of Conduct and Ethics was refreshed to better reflect the roles and responsibilities of staff;

- the Inspire Leadership Development Program was developed and delivered to strengthen senior leader capability and support the delivery of icare's strategy and cultural aspirations; and

- the core Capability Framework was developed, which aligns with icare's desired culture and values and includes expected behaviours, and was integrated into processes throughout the employee lifecycle.

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

5.2. Assessment of McDougall Recommendations

5.2.1. Assessment of McDougall Recommendation 1

The McDougall Review recommended that icare continue its investment in skills and professional development through the PIEF or other education resources, in conjunction with the wider insurance industry, to build on current commitments to improving claims management capabilities.

To address this Recommendation icare has delivered the following outcomes:

- the PSF was developed to set out the practices, skills, knowledge and behaviours expected of the claims management teams and provide standards to support the building and maintenance of professional capability;

- the Capability Strategy was developed and implemented, which sets out how the PSF will be embedded across the employee lifecycle;

- Career Pathways were defined for icare employees for the four functional roles within the PSF;

- the PIEF was engaged as the external education provider to deliver standardised assessment methodology, competency tools and accreditation pathing towards the Certificate IV in Personal Injury Management for icare employees;

- a gap analysis was conducted of icare's learning offerings against the PSF competencies and standards, with available learning material refined;

- detailed and standardised assessment criteria were developed to ensure consistent assessment against PSF competencies, with standardised tools developed by icare to support assessment practices; and

- icare has continued to engage and consult with PIEF and the wider insurance industry to uplift claims management capabilities across the Workers Compensation Scheme.

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

5.2.2. Assessment of McDougall Recommendation 2

The McDougall Review recommended that icare examine the Internal Audit report on an incumbent CSP from a major risk perspective to identify actions, timelines and responsibilities for overcoming identified shortcomings.

To address this Recommendation icare has delivered the following outcomes:

- the Internal Audit Report on the incumbent CSP identified five key priorities and supporting agreed actions, owners, and timelines; and

- all agreed actions were completed, with review by Internal Audit.

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

5.2.3. Assessment of McDougall Recommendation 3

The McDougall Review recommended that if icare intends to seek market tenders for claims management, it should review the timing for doing so (so as to avoid exacerbating staff turnover problems), and its competitive strategy, and should prioritise stability and performance outcomes.

To address this Recommendation icare has delivered the following outcomes:

- various industry bodies and CSPs were engaged to plan the timing of the RFP process for CSPs, with the timing aiming to prioritise market stability and claims performance;

- the contract for an incumbent CSP was extended for an additional 12 months in an effort to avoid exacerbating staff turnover issues;

- the new Claims Model was developed to increase performance of Workers Compensation through its designed focus on competitive tension;

- the stability and performance of the CSPs' claims management services was prioritised through a phased transition and onboarding process of the CSPs to the Claims Model;

- training was developed and rolled out for all CSPs to support successful transition to the new Claims Model;

- CSPs were onboarded considering CSP capacity and capability in an effort to prioritise stability and minimise disruption; and

- a claims transfer and policy transfer process were developed and executed to enable bulk transfer of claims and policies between CSPs under the new Claims Model.

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

5.2.4. Assessment of McDougall Recommendation 14

The McDougall Review recommended that icare:

- update and implement policies and procedures in relation to wrongdoing to enable and better support employees to speak-up;

- ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process; and

- communicated changes to all staff.

To address this Recommendation icare has delivered the following outcomes:

- the Reporting Wrongdoing Policy was updated to articulate the importance of speaking up and the protections provided to employees that do;

- the Speak Up Hotline was established for employees to report matters of inappropriate conduct confidentially and anonymously;

- a suite of documents was developed to support employee and management understanding of the Speak Up processes, available channels and roles and responsibilities;

- training for people leaders was rolled out to ensure that they understood their responsibilities in relation to the Speak Up processes, with awareness activities for all employees on reporting wrongdoing; and

- the Grievance Handling and Managing Misconduct Policies were updated to align with the processes in the Reporting Wrongdoing Policy, with communication of changes to all employees.

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

5.2.5. Assessment of McDougall Recommendation 17

The McDougall Review recommended that:

- icare's Board take responsibility for ongoing oversight of icare's cultural change program;

- icare publish a plan for cultural change addressing inattention to process, resistance to oversight and the GAC Review recommendations; and

- icare report annually to the Treasurer and publicly on its progress.

To address this Recommendation icare has delivered the following outcomes:

- icare's values were refreshed and an Enterprise Culture Plan developed and updated annually;

- a suite of culture and engagement surveys were conducted over the period from 2021 to 2023, with action plans developed to address learnings;

- regular reporting was provided to the Board and PRC on findings, actions, and culture progress;

- reporting was provided publicly and to the Treasurer; and

- the Listening Strategy, including reporting to the Board, was developed to further develop icare's culture.

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

5.2.6. Assessment of McDougall Recommendation 25

The McDougall Review recommended that icare continue reporting on executive remuneration, including performance payouts, in its annual report.

To address this Recommendation icare has delivered the following outcomes:

- the annual reports for the financial years since 2019-20 have included detailed reporting on executive remuneration, including performance payments where available.

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

5.2.7. Assessment of McDougall Recommendation 26

The McDougall Review recommended that icare consider the design of remuneration and incentive structures, with PRC oversight, to ensure they align to achieving the statutory objectives of the Schemes icare manages.

To address this Recommendation icare has delivered the following outcomes:

- the Remuneration Framework was reviewed to remove the Annual Performance Payment incentive program and remuneration packages were adjusted to ensure they remain competitive;

- the changes to remuneration were endorsed by the PRC and approved by the Board; and

- organisational outcomes, including relevant statutory objectives, are cascaded to GEs through performance scorecards, role descriptions and performance goals, supported by a revised Performance Framework.

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

5.2.8. Assessment of McDougall Recommendation 27

The McDougall Review recommended that the icare Board commission an external review of the results of the expense savings program after two years with a summary of the results made public.

To address this Recommendation icare has delivered the following outcomes:

- an external vendor was commissioned to undertake a review of the Expense Savings program, with the final report provided to icare; and

- the Expense Savings Review report was circulated to the Board, with a summary of the results included within icare's annual report, and more detailed findings published on icare's website.

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

5.2.9. Assessment of McDougall Recommendation 33

The McDougall Review recommended that icare report in detail to the Treasurer on implementation of the recommendations of the McDougall Report (in so far as they are directed at icare) and report publicly at least annually.

To address this Recommendation icare has delivered the following outcomes:

- Promontory's Quarterly Updates on the Improvement Program were provided to icare and published on icare's website, highlighting the progress of icare's implementation of the Recommendations from the GAC and McDougall Reviews;

- the Treasury was provided with copies of Promontory's Quarterly Updates; and

- additional briefings to Treasury have been organised, including with Promontory, to provide an update on progress of the Improvement Program and implementation of the GAC and McDougall Recommendations.

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

6.   Sustainability Assessments

During the Reporting Period, Promontory completed Sustainability Assessments of three Streams (Governance, Procurement Uplift and RTW Performance). These Streams have been assessed as having mechanisms in place to ensure that outcomes achieved by these Streams are embedded and sustained.

To support our assessment, icare provides Promontory with a Sustainability Closure Pack. During our assessment process, we consider whether practical and reasonable mechanisms are in place for a particular Stream to support the maintenance of the Stream Target State on an ongoing basis. Mechanisms may include frameworks, policies, processes or systems and should be accompanied by clear accountability, established governance routines to ensure ongoing review of the mechanisms, and regular reporting on activities and outcomes.

We also consider whether these mechanisms have been designed with due consideration of the relevant Recommendations. This evaluation process ensures that there are robust mechanisms in place to sustain the intended outcomes of the Recommendations after the Program's closure.

In addition to detailing the mechanisms in place to sustain Stream outcomes, icare provides the outcome measures for the Stream as part of the Stream Sustainability Closure Pack. icare notes the outcome measures will be monitored and reported as part of BAU practices. The Closure Pack includes the BAU measures, results and targets, owners, established measurement cadence, and monitoring and reporting activities. These BAU measures are in addition to outcome measures in the Enterprise and Scheme Scorecards reported at the Enterprise level.

Table 6.1 provides a list of the sustainability assessments that were assessed during the Reporting Period as having appropriate mechanisms in place. Summaries of our sustainability assessment of these Streams are provided below.

Table 6.1: Sustainability assessments during the Reporting Period

Stream	Sustainability Closure Date
EI Sub-Program	
Governance	13 March 2024
Procurement Uplift	13 March 2024
NII Sub-Program	
Return to Work Performance	12 April 2024

6.1. Sustainability Assessment of the EI Governance Stream

The Governance Stream within the EI Sub-Program addressed Board governance and reporting, senior leader oversight and decision-making, project management, and stakeholder accountability.

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

- Board governance – Charters for the Board and each Committee, governance processes including in relation to Board skills and succession planning, and calendars outlining meeting and training requirements;

- Senior leader oversight – Charters for executive committees with review processes;

- Project management – Frameworks to support business planning, project prioritisation and management; and

- Stakeholder accountability – Frameworks to support effective stakeholder management.

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

A summary of the Governance Stream outcomes can be found in Section 2.2.1 of our Ninth Quarterly Update.

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

6.2. Sustainability Assessment of the EI Procurement Uplift Stream

The Procurement Uplift Stream of the EI Sub-Program was designed to realign icare's procurement practices with the whole of government procurement objectives and for Procurement to be a trusted function that supports icare in the delivery of its strategic objectives.

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

- Procurement Policies, processes and planning documents;

- Capability frameworks; and

- IT systems to support procurement processes.

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

A summary of the Procurement Uplift Stream outcomes can be found in Section 2.2.2 of our Ninth Quarterly Update.

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

6.3. Sustainability Assessment of the NI Return to Work Performance Stream

One Initiative from the RTW Performance Stream was in scope for our assurance and related to healthcare reporting and monitoring.

The key sustainability mechanisms for maintaining the Target State in relation to the Healthcare Reporting Initiative include the following Frameworks, Policies, Processes or Systems:

- Healthcare Dashboards and supporting processes;

- Processes for healthcare provider governance; and

- Frameworks and Charters for governance forums.

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

A summary of the RTW Performance Stream outcomes can be found in Section 2.2.3 of this Report.

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

Appendix A – Recommendation Mapping

GAC Recommendations

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

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

#	Recommendation	Linked Initiatives
GAC 15	Enhance customer outcome reporting provided to the GET by incorporating broader leading and lagging metrics on an individual scheme basis to complement NPS reporting.	**1.1** Executive and Management Forums **4.1** CXM Evolution **4.2** Transitioning to CSAT **4.5** Customer Governance@icare
GAC 16	Review and update the Risk Management Framework to ensure there is a consistent approach to identifying, measuring and monitoring risks that reflects appetite. Consideration should be given to incorporating best practice guidance from other key regulators e.g., APRA, ASIC, and ensure the Risk Management Framework is rolled out and communicated.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 17	icare to create, strengthen and update risk profiles for each business unit using a bottom-up approach and roll out procedures, controls and other mechanisms to support implementation and operating effectiveness.	**2.3** Enterprise & Business Unit Risk Profiles
GAC 18	In relation to the Risk Appetite Statement, review and refine metrics to reflect the key risks and tolerance levels relevant to a business of icare's nature and complexity and ensure tolerances reflect the appetite of icare's refreshed board.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 19	Take action regarding the various financial risks that require improvement via better documentation, oversight and assurance, including medical cost payment, compliance and leakage and the integrity of operating cost allocation between schemes.	**6.6** Cost Allocation **N1.1** Healthcare Dashboard and Reporting
GAC 20	Develop comprehensive compliance registers and implement procedures, controls and other mechanisms to ensure compliance and effective risk mitigation.	**2.5** Enterprise Obligations Register
GAC 21	Strengthen the non-financial risk framework and operationalise this through the development and implementation of policies, procedures, leveraging external better practice.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 22	Further strengthen policies and procedures in relation to conflicts and personal interest and ensure this has communicated and effectively implemented.	**2.19** Conflicts and Personal Interest
GAC 23	Significantly strengthen the reporting of operational risk, compliance risk and conduct risk to enable consistent oversight of emerging risks, thematic control weaknesses, issues identified through internal audit, conduct risk and incident root causes and trends.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.2** Uplift of Risk System

#	Recommendation	Linked Initiatives
GAC 24	Update the Risk Management Framework to reflect the TPP 20-08 attestation process and uplift the rigor and assurance to support the signing of this.	**2.4** Risk Management Attestation Uplift
GAC 25	Enhance and roll out education and awareness activities to lift employees' understanding of icare's and individuals' risk and compliance obligations, the management of risk, key operational risk processes, systems and tools, incidents management and relevant consequences for non-compliance.	**2.1** Review and Refresh of Risk and Compliance Artefacts
GAC 26	Establish and implement a Line 1 risk committee to oversee risk and compliance in each business unit.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.6** Further Refinement 3 Lines of Defence
GAC 27	Build the capability and resourcing of Line 1 (including the Assurance and Quality team), by equipping and enabling people with greater risk awareness, an understanding of icare's frameworks and to encourage their use. Review the reporting line of the Assurance and Quality team.	**2.6** Further Refinement 3 Lines of Defence
GAC 28	Provide sufficient resources for Line 2 to design and communicate the Risk Management Framework to employees to build awareness and understanding of their role in risk.	**2.6** Further Refinement 3 Lines of Defence
GAC 29	Install the CRO as a permanent, standing member of GET meetings with a direct reporting line to the CEO to ensure the voice of risk is heard.	**2.20** CRO Membership of GET
GAC 30	The CRO to be made accountable for management of the regulator relationship.	**2.15** CRO Accountability for Regulator Relationship
GAC 31	Internal Audit's reporting line to be changed from a dotted to a hard reporting line into the ARC and the ARC Charter to be amended to state that Internal Audit have unfettered access to that committee, to support its independence.	**1.6** Committee Structure, membership and Charter Review
GAC 32	Internal Audit to strengthen record keeping in relation to investigations commenced due to ICAC referral or other relevant stakeholders. The ARC to improve its oversight of the closure of high rated actions arising from audit reports.	**2.16** Internal Audit Records and Reporting
GAC 33	Expand the Incident Management Policy to describe the roles, responsibilities and accountabilities for: • the effective identification and escalation of incidents; and • the risk assessment and rating of incidents Also reconsider the roles, responsibilities and reporting of the Regulatory & Affinity Partners team in light of the 3LOD principles.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.9** Issue and Incident Management

#	Recommendation	Linked Initiatives
GAC 34	Add a risk rating to all incidents in the incident register and take the necessary action required based on the rating and significance of the incident.	**2.21** Incidents Risk Rating
GAC 35	Improve record-keeping over incidents and ensure appropriate monitoring and oversight over closure.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.9** Issue and Incident Management
GAC 36	Improve awareness and training of icare employees on the importance of escalating incidents in a timely way. Update the Incident Management Policy to better define both an incident and governance roles, to support effective escalation and response actions including remediation.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.9** Issue and Incident Management
GAC 37	Extend the Incidents Management Policy to incorporate root causes analyses of material or high rated incidents by Line 2, 3 or an independent reviewer (where relevant) to bring an objective and unbiased approach to identifying root causes.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.9** Issue and Incident Management
GAC 38	Define and document a remediation framework which sets the guiding principles, roles, responsibilities and accountabilities for when and how a remediation program should be established and the governance required to oversee remediation activities.	**2.8** Remediation Framework
GAC 39	Improve Line 1 and Line 2 reporting on incident identification, management and closure and feed into consequence management as appropriate.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.2** Uplift of Risk System
GAC 40	Establish a significant matter committee to assist with expediting decision-making regarding what should be reported. This should be supported by a terms of reference and appropriate composition.	**2.17** Significant Matter Committee
GAC 41	Uplift employee awareness of icare's commitment to report significant matters to the regulator SIRA within five days.	**2.9** Issue and Incident Management
GAC 42	Improve coordination of complaints management to provide oversight / reduce duplication and ensure learnings from complaints are more routinely sought as feedback loops into design and execution.	**4.3** Complaints Uplift **4.4** CRM Complaints Uplift

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

#	Recommendation	Linked Initiatives
GAC 52	Once obligations, risks and controls have been documented: ● document assurance roles and responsibilities in relation to Scheme Agents across the 3LoD; and ● significantly improve assurance activities by the 3LoD over Scheme Agents in accordance with a documented framework, supported by procedures, reporting and governance oversight.	**2.6** Further Refinement 3 Lines of Defence **N2.2** Obligations, Risks and Controls **N3.1** NI Claims Management Procurement
GAC 53	GET meetings to receive regular individual scheme and segment scorecards to ensure visibility and accountability of scheme performance.	**1.1** Executive and Management Forums
GAC 54	Review and update icare's Instrument of Delegations to ensure it considers the materiality of risk in addition to project financials. Examples of this include risk to strategy, brand and reputational risk, operational risk (e.g., IT, cybersecurity, delivery) and customer (e.g., experience, outcomes, retention).	**2.23** Instrument of Delegation
GAC 55	Document icare's approach to strategic planning and prioritisation of projects.	**1.2** Decision making and prioritisation **1.4** Delivery and Prioritisation
GAC 56	Define and embed multi-dimensional criteria that considers customer outcomes, financial impacts, strategic alignment, risk appetite and alignment to icare's ethical Decision-Making Framework. This will allow independent evaluation of the feasibility of each project, as well as support trade-off decisions across projects.	**1.4** Delivery and Prioritisation
GAC 57	Line 2 to establish a formalised 'risk in change' approach. This should consider the nature and types of change that can affect the risk environment and the need to assess icare's capacity, appetite, impact, complexity, interdependencies and dependencies as it relates as a result of change (including project change).	**2.7** Risk in Change Framework
GAC 58	Ensure Line 2 risk capability has a continuing presence and is embedded as a standing member of material steering committees and in prioritisation forums.	**2.24** Line 2 Risk presence on material steering committees
GAC 59	Clarify and operationalise accountabilities for risk management within program roles and improve the management and oversight of risk in project decision-making and delivery.	**1.4** Delivery and Prioritisation
GAC 60	GET to bring a stronger risk management and governance lens to decision-making on the magnitude and complexity of change across multiple programs of work.	**1.4** Delivery and Prioritisation

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

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

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

McDougall Recommendations[16]

#	Recommendation	Linked Initiatives
McD 1	icare should continue its investment in skills and professional development through the Personal Injury Education Foundation or other education resources, in conjunction with the wider insurance industry, to build on icare's and Employers Mutual NSW Limited's (**EML**) current commitments to improving claims management capabilities.	**N5.1** Develop the icare Professional Standards Framework Culture **N5.2** Deliver the Capability Strategy and Career Pathways **N5.3** Deliver the Professional Standards Framework
McD 2	icare should examine the Internal Audit Report on EML from a major risk perspective to identify actions, timelines and responsibilities for overcoming whatever shortcomings may be identified in the report.	**P1** EML Audit
McD 3	If icare intends to seek market tenders for claims management, it should review the timing for doing so (so as to avoid exacerbating EML's staff turnover problems), and its competitive strategy, and should prioritise stability and performance outcomes.	**N3.1** NI Claims Management Procurement User focused systems and processes **N4.1** New CSP Onboarding CXM Evolution **N4.3** Guidewire Claims Transfer Complaints Uplift **N4.4** Policy Transfers CRM Complaints Uplift **N5.2** Deliver the Capability Strategy and Career Pathways Leadership
McD 4	icare should reconsider whether the 12-month contract duration of its current Service Provider Agreement with EML is appropriate, or whether the duration should be extended to 24 months to allow EML sufficient time to implement the changes in claims management process and other innovations that it has agreed with icare.	**N3.1** NI Claims Management Procurement
McD 5	icare should affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management with detailed timelines for achievement.	**N1.1** Healthcare Dashboard and Reporting **N5.3** Deliver the Professional Standards Framework

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

#	Recommendation	Linked Initiatives
McD 6	icare should: • retain the Customer Advocate role for a further period of 12 months; • strengthen its internal capacity to assess and understand customer views and needs, with a view to ensuring that that internal capacity is able to provide the services and insights currently provided by the Customer Advocate; and • thereafter, remove the Customer Advocate role in light of existing internal capability to support business change projects.	**2.11** Implement the Customer Advocate Role
McD 9	icare should appoint a Chief Procurement Officer, who will be responsible for the significant procurement process and cultural changes that are required, and to ensure their successful and sustainable permeation throughout the organisation.	**3.6** CPO Appointment
McD 10	icare in its own right should be bound to a procurement and probity framework equal to or better than other government agencies and should have in place robust procurement processes. These processes should align with the existing procurement obligations of government agencies and be consistent with the guidance provided by RSM.	**3.1** User focused systems and processes **3.3** Transparency and Policy
McD 11	Icare should establish a regular education program to demonstrate to staff how governance systems help improve performance and achieve goals and ensure that staff understand the expected behaviours and requirements to which they must adhere under icare's policies and procedures and applicable NSW Government policies and guidelines. Probity and procurement education should follow the guidance provided by RSM.	**3.4** Capability
McD 12	For icare employees with authority to carry out procurement across the Business Units, a more tailored education program should be developed and delivered on an annual basis, in line with the guidance provided by SRSM.	**3.4** Capability

#	Recommendation	Linked Initiatives
McD 13[17]	After one year from the date of this Report, icare should undertake an independent review of the operation and implementation of the new probity and procurement policies.	**2.18** Probity and Procurement Review
McD 14	icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up. icare should ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	**2.1** Review and Refresh of Risk and Compliance Artefacts **2.14** Speak Up Hotline **5.8** Refreshed HR Policy Framework
McD 15	icare's management should coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. icare's management should implement a system of feedback to help inform future behaviours and ensure lessons are learned.	**2.1** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 16	icare should ensure that management takes action efficiently and effectively on all formal and informal reports of wrongdoing and other complaints, and that there is effective communication in support of this process	**2.1** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 17	icare's Board should take responsibility for ongoing oversight of icare's cultural change program. icare should prepare and publish a plan for cultural change which addresses, at minimum, the key risk factors of inattention to process, focus on transformation at the expense of process and resistance to oversight. In doing so, the plan should take into account recommendations and qualifications 70 to 76 in the GAC Review Recommendations. icare should report annually to the Treasurer and publicly on its progress in executing that plan.	**5.1** Culture **5.9** Culture Measurement

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

#	Recommendation	Linked Initiatives
McD 18[18]	There should be a further review of icare's culture by June 2023. That review should be conducted, as was the CGA Review, by an independent third party. It should address, among other topics, the progress of implementation of planned improvements to icare's cultural practices and shifts in its underlying culture.	**5.10** icare Culture Review
McD 19	The Board of icare should include one or more members who possess extensive public sector experience and workers compensation insurance experience.	**1.5** Board Composition
McD 20	icare should recruit people with specialist qualifications to join Board Committees, where this is necessary to ease the workload of committee members or to make up for any shortfall in expertise in any area by Board members.	**1.5** Board Composition
McD 21	The ARC should be split into a separate Audit Committee and a separate Risk Committee.	**1.6** Committee Structure, membership and Charter Review
McD 23	The present Board of icare, in consultation with the Treasurer and if necessary after taking independent external advice, should develop a succession plan for the Board which will facilitate the staggering of terms and will include a program specifically designed to allow the transmission of corporate experience from a retiring to a new director.	**1.5** Board Composition
McD 24	icare's executive leadership should consider the observations and recommendations of the GAC Review with specific focus on: • 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

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

#	Recommendation	Linked Initiatives
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[19]	icare's Board should commission an external review of the results of the extant expense savings program after two years and a summary of the results should be made public.	**6.5** Expense Saving Review
McD 28	icare should report publicly and in detail each year on its transformation expenditure and on the benefits that icare says it is producing.	**6.2** Benefits Realisation Framework
McD 29	The Boards of icare and SIRA should ensure that they receive regular reports on the relationship from their respective agencies, and that they continue to meet, without their respective management teams, to identify and discuss any continuing or new issues in the relationship.	**1.7** Board and Committee Actions schedule process
McD 30	The Boards of icare and SIRA should jointly report, formally and regularly, to their respective Ministers on the state of the relationship between the agencies.	**1.7** Board and Committee Actions schedule process
McD 31	icare should update its board charter to include a requirement to report regularly to the NSW Treasurer in accordance with s6(3) of the State Insurance and Care Governance Act 2015. Governance processes should: • require the Board to consider, at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; • require the Board to table correspondence sent to or received from the Treasurer in relation to the activities of icare; and • require the Board to include a report of correspondence and other communications with the Treasurer in the minutes of its meetings.	**1.6** Committee Structure, membership and Charter Review

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

#	Recommendation	Linked Initiatives
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)