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

Fourth Quarterly Update

30 November 2022

PROMONTORY
IBM Consulting

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 fourth quarterly update on the progress of the Improvement Program.

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

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

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Contents

Abbreviations & Definitions

ARC	Audit and Risk Committee
CEO	Chief Executive Officer
Closure Pack	A pack of documents provided to Promontory for assessment, that includes a description of the actions icare has undertaken as part of a Phase and evidence that demonstrates the effectiveness of those actions
CPO	Chief Procurement Officer
CRM	Customer relationship management software and technology, that is used to manage how a company interacts and does business with its customers
CRO	Chief Risk Officer
CSAT	A measure used to track customer satisfaction
CSPs	Claims Service Providers
DigiTech	The technology division within icare
EI Plan	Enterprise Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
EI Sub-Program	Enterprise Improvement Program
EML	Employers Mutual NSW Limited
Final Establishment Report	Our second report dated 28 February 2022, which provides a final description of how icare has set up the Improvement Program
First Quarterly Update	Our first update dated 28 February 2022, which provides a summary of icare's progress in addressing the Recommendations of the Reviews
Fourth Quarterly Update or Update	Our fourth update dated 30 November 2022 on icare's progress in addressing the Recommendations of the Reviews
GAC	Governance, Accountability and Culture
GAC Recommendations	The 76 recommendations made in the GAC Report that are relevant to icare
GAC Report	The report delivered at the conclusion of the GAC Review
GAC Review	PwC's Independent Review of icare's governance, accountability and culture
GET	Group Executive Team
icare	Insurance and Care NSW
Improvement Program	icare's program of work to, among other things, address the McDougall Recommendations and GAC Recommendations
Initiative	High-level remedial activities to be undertaken within the Streams
Interim Establishment Report	Our first report dated 6 December 2021, which provides an initial description of how icare has set up the Improvement Program

LDP	Leadership Development Program
McDougall Recommendations	The 31 recommendations made in the McDougall Report that are relevant to icare
McDougall Report	The report delivered at the conclusion of the McDougall Review
McDougall Review	Statutory review of icare and the State Insurance and Care Governance Act 2015
Milestones	The specific actions that icare will complete within the Initiatives
NII Plan	Nominal Insurer Improvement Plan, which outlines the remediation actions that will be taken to address the relevant Recommendations
NI Scheme	Workers Compensation Nominal Insurer Scheme
NII Sub-Program	Nominal Insurer Improvement Program
NPS	Net Promoter Score
NSW	New South Wales
Phase or Initiative Phase	High-level collection of activities within an Initiative. Each Initiative has Design, Implement and Embed phases.
Plans	The EI Plan and the NII Plan
Program	The Improvement Program
Promontory or we	Promontory Australia, a business unit of IBM Consulting
RAID Register	Risks, Assumptions, Issues and Dependencies Register
Recommendations	The McDougall Recommendations and GAC Recommendations
Reform PMO	The Reform Program Management Office
Reporting Date	31 October 2022
Reporting Period	The period from 1 August 2022 to 31 October 2022
Reports	The McDougall Report and GAC Report
Reviews	The McDougall Review and GAC Review
Scheme Agents	Outsourced service providers
SICG Act	State Insurance and Care Governance Act 2015
SIRA	State Insurance Regulatory Authority
SME	Subject Matter Expert
Streams	Thematic areas of work that icare is completing to address the Recommendations
Sub-Programs	The EI Sub-Program and NII Sub-Program
Third Quarterly Update or Last Update	Our third update dated 31 August 2022 on icare's progress in addressing the Recommendations of the Reviews

Executive Summary

This is Promontory's Fourth Quarterly Update, which sets out our independent assurance over icare's Improvement Program. This update covers our observations on icare's progress on the Improvement Program during the period from 1 August 2022 to 31 October 2022.

Background

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

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

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

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

The Improvement Program consists of two main sub-programs:

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

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

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

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

Progress on Implementation

The 107 recommendations made by the reviews are being addressed by 64 Initiatives across the Improvement Program.

During the Reporting Period icare continued to progress the execution of the Improvement Program. As at 31 October 2022:

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

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

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

Once a Phase is finalised, evidence of completion is provided to Promontory in the form of a Closure Pack so that Promontory can assess whether icare has achieved the intended objective. Since the last update Promontory has assessed 21 Closure Packs as complete and effective. As at 31 October 2022 Promontory has assessed a total of 23 Closure Packs as complete and effective.

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

Figure 1: Phase Status Summary
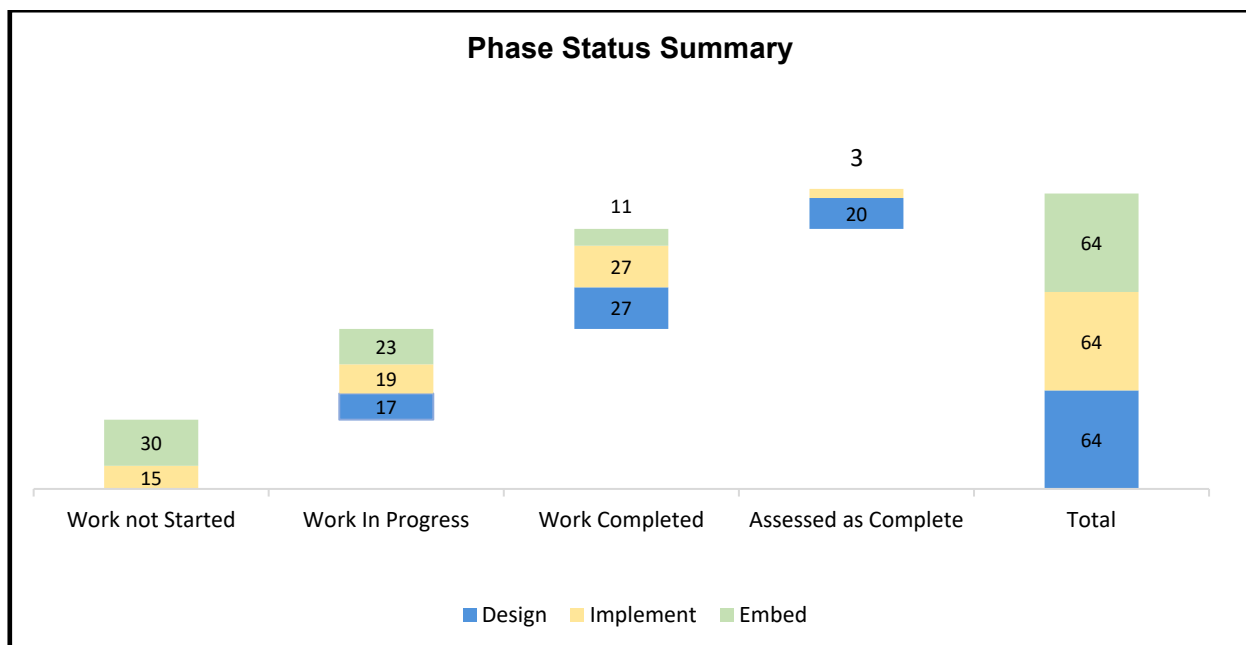
Program Development and Focus Areas

Since our last update icare has continued to make important progress in the execution of its Improvement Program, with several Streams completing work on the Implement and Embed Phases of Initiatives.

Program governance forums continued to operate as significant venues for tracking program progress and provided opportunities for challenge. icare has also undertaken a range of actions to address focus areas and risks identified in previous updates.

While this is positive progress, there are significant challenges and risks in the implementation of a long-term organisation-wide program of this nature. Many of the challenges that were identified in previous updates remain and are likely in some cases to persist. These challenges will require careful attention and management. We highlight five areas for focus in this update:

- Technology

- Resourcing

- A focus on Outcomes and addressing the Recommendations

- Dependencies Management

- Governance Forums

Technology

Technology uplift is typically a significant challenge in programs of this nature, and it is apparent that this is the major challenge for icare's Improvement Program at this stage. This challenge was felt most acutely by the Nominal Insurer Improvement Sub-Program during the Reporting Period with the overall risk rating of the Sub-Program moving from 'Amber' to 'Red', partly as a result of technology challenges. While some technology challenges have also been identified within the Enterprise Improvement Sub-Program, these challenges did not have as material an impact on the Sub-Program during the Reporting Period. The Enterprise Improvement Sub-Program's overall risk rating was 'Amber' as at the end of October.

These technology challenges are frequently discussed at Program governance forums. Continued focus, discussion and active management of these risks at governance forums and through close program management will assist in the early identification and mitigation of technology challenges.

In the coming reporting period icare will need to continue to exercise vigilance over technology dependencies. The Program should build on the learnings from technology challenges it has experienced to date and draw on these lessons to not only identify such challenges earlier in the future, but to also ensure that the Program's other technology dependencies do not experience similar disruptions.

Resourcing

As in previous reporting periods, icare continues to manage the resourcing challenges faced by the Program. Mitigating actions developed in previous reporting periods, such as the contingency resource pool, are being used effectively to manage resourcing challenges faced by the Program. A number of key vacancies were also filled, leading to improvements in the overall status for several Streams.

Notwithstanding this progress, resourcing continues to be a challenge to Program delivery and is likely to remain so. As the Program moves into the Embed Phase and toward Recommendation closure, and greater attention is given to the sustainability of outcomes, it will be particularly important for the Program to consider whether icare will have the necessary internal capability and capacity post Program completion to sustain the uplifts that have been delivered.

A focus on Outcomes and addressing the Recommendations

Successful remediation programs are outcomes focused. They take actions that will fully address the root causes of the program's genesis and ensure that these actions are robust enough to endure the test of time.

We have observed a concerted effort from icare staff to challenge proposed Initiative approaches to ensure that they will achieve the form and the spirit of each of the Recommendations. This effort will be critical to ensuring that the Program does not focus on simply getting changes 'over the line' in its later stages, and that changes are made in a consistent and sustainable way to address the Recommendations.

We continue to encourage icare to reflect on how best to achieve the desired outcomes of the Program so that it can ensure the underlying intent of each of the Recommendations is met.

Dependencies Management

We have observed that icare has made progress in developing the Program's processes for managing dependencies, including addressing many of the key call-outs made in our previous updates. This has included the Program developing a governance approach for dependencies management and codifying how it manages dependencies into a formal framework.

In the coming period, icare will need to ensure that these processes are being used effectively and resulting in improvements to dependencies management. Dependencies management will continue to be critical to the successful completion of the Program.

Governance Forums

Notwithstanding the complexities of the Improvement Program, to date the Program's governance forums have proven to be an effective mechanism in ensuring that the Program remains on track, and that issues and challenges are discussed and addressed in a timely manner.

As several of the Program's governance forums have now been in place for a year, there is an opportunity for icare to reflect on how they have operated to date and whether they are achieving the outcomes intended when they were established.

1. Introduction

1.1. Background

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

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

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

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

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

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

The McDougall Review culminated in a report (**McDougall Report**) which was published on 30 April 2021.[1] The McDougall Report identified a number of findings which were attributed, in part, to icare's determination to effect speedy change, which gave rise to procedural and cultural defects that resulted in a disregard for practices and procedures. The McDougall Report made 31 recommendations relevant to icare (**McDougall Recommendations**).

The GAC Review resulted in a report (**GAC Report**) which was published on 1 March 2021.[2] The GAC Report made a number of findings, which included a lack of discipline in delivering timely and quality outcomes to customers, and the need for significant improvement in icare's risk and compliance framework. The GAC Report contains 76 recommendations relevant to icare (**GAC Recommendations**).

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[1] The McDougall Report is available here.

[2] The GAC Report is available here.

1.2.   The Improvement Program

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

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

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

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

- driving an accountable culture.

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

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

- the Nominal Insurer Improvement Sub-Program (**NII Sub-Program**), which aims to address the Recommendations of the Reviews that apply to the NI Scheme.[3]

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

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

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

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

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

The Milestones are classed as being in one of three Phases: Design, Implement or Embed. The Design Phase involves designing an approach to address the Initiative's outcomes, the Implement

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

Phase involves the initial roll-out or launch of that approach, and the Embed Phase involves achieving demonstrated operational effectiveness of the approach.

Further details on the Enterprise Improvement Plan (**EI Plan**) and the Nominal Insurer Improvement Plan (**NII Plan**) can be found in our Final Establishment Report.

1.3.   Promontory's Role

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

- monitoring the status and progress of the Program;

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

- providing quarterly updates which report on our findings.

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

We finalised our first two reports in relation to the Program on 6 December 2021 (**Interim Establishment Report**) and 28 February 2022 (**Final Establishment Report**). These reports provide a summary of how icare set up the Program and detail our role in providing independent assurance over it. [4] 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 fourth update (**Fourth Quarterly Update** or **Update**) on icare's progress addressing the Recommendations of the Reviews. Similar to our last update (**Third Quarterly Update** or **Last Update**), it highlights key challenges to the successful execution of the Program and summarises icare's progress in addressing the Recommendations of the Reviews.

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

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

1.4.   Report Structure

The remainder of this report is structured as follows:

- Chapter 2 sets out our observations on how the Program is progressing, aspects of program management, and the areas on which icare should focus moving forward;

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

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

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

2. Focus Areas

During the Reporting Period icare continued to make important progress in the execution of the Improvement Program, with several Streams completing work on the Implement and Embed Phases of Initiatives. Work on the completion, delivery and assessment of Closure Packs (**Closure Packs**) increased, with 18 Design Phases and three Implement Phases assessed as complete and effective during the Reporting Period.

As in prior reporting periods, we continued to observe Program governance forums. We observed that icare's leadership has continued to have a strong focus on the Improvement Program. Overall, governance forums continued to provide effective governance over the Program, although we have identified some areas for improvement. Our observations on these forums are detailed in section 2.4 below.

During the Reporting Period icare undertook a range of actions to address focus areas identified in previous updates including:

- taking actions to mitigate resourcing challenges;

- changing the organisational structure for the EI Sub-Program's change and communications team to better align it with business-as-usual activities and to ensure business leaders own and drive change within their teams;

- establishing a framework for managing Program dependencies; and

- finalising multiple Stream success measures.

While this is positive progress, there are significant challenges and risks in the implementation of a long-term organisation-wide program of this nature. Many of the challenges that were identified in previous updates remain and are likely in some cases to persist. These challenges will require careful attention and management. In particular, the Program continues to experience challenges with resourcing and technology solutions.

We provide more detail on these areas of focus below.

2.1. Technology

Technology uplift is typically a significant challenge in programs of this nature, and it is apparent that this is the major challenge for icare's Improvement Program at this stage. We noted in our Third Quarterly Update that challenges in the delivery of technology solutions were becoming an increasing area of risk for several Streams within the Program, and this remains the case, with the impact felt most acutely by Streams with significant technology dependencies. icare is aware of these risks and must continue to take the necessary actions to ensure that quality technology solutions are delivered in a timely manner.

Technology delivery challenges were most significant in the NII Sub-Program during the Reporting Period and were partly responsible for the overall risk rating of the Sub-Program moving from 'Amber' to 'Red'. These challenges highlighted issues in the ways of working between icare's technology division (**DigiTech**), the Program and the business, with stakeholders acknowledging these challenges during the course of delivering the Claims Model Stream.

Pleasingly, the Program has sought to reflect on lessons learned from this experience and has taken steps to ensure better alignment in the future between DigiTech and the Program. icare has engaged an external party with technology expertise to provide a review of the technology requirements, including the proposed delivery schedule, for the launch of the new Claims Model. The review will also provide feedback on interactions and ways of working between the Program, DigiTech and the business.

During the Reporting Period technology challenges were frequently discussed at Program governance forums. While further observations on governance forums are detailed in section 2.4, with respect to technology we note the following:

- discussions have been action focused, with paths forward and next steps identified to ensure the delivery of quality technology solutions; and

- there is appropriate consideration being given to how best deliver quality work and ensure better outcomes for all stakeholders.

Continued focus, discussion and challenge of these risks at governance forums and through close program management will assist in the early identification and mitigation of technology issues. In this context, we understand that icare is reviewing DigiTech's representation at governance forums. Currently DigiTech is represented at NII Sub–Program governance forums, and this review will seek to ensure that DigiTech is represented at all relevant Program governance forums. DigiTech's presence at a wider number of governance forums should ensure clearer alignment on both its requirements and those of the Program and add further perspective to any technology related discussions that arise at these forums.

The roadmaps for the Sub-Program's technology requirements, the timelines for the deployment of technological solutions for tech-dependent activities that were referred to in our Last Update are yet to be finalised. The finalisation of these roadmaps is critical to providing icare with a clear and defined way forward to meet the Program's technology requirements and address emerging risks in a timely manner.

The technology solutions required to be delivered as part of the Improvement Program are both complex and significant in volume. In the coming reporting period icare will need to continue to exercise vigilance over technology dependencies and the working relationship between DigiTech, the Program and the business. The Program should build on the learnings from technology challenges it has experienced to date and draw on these lessons to not only identify such challenges earlier in the future, but to also ensure that other technology dependencies do not experience similar disruptions.

2.2. Resourcing

During the Reporting Period icare continued to manage resourcing challenges faced by the Program. Mitigating actions taken by icare during the Reporting Period included recruitment for key roles, use of contingency resource pools and reducing recruitment timelines.

Over the course of the Reporting Period progress was made in addressing resourcing gaps. Notably icare filled the following key roles:

- project managers to support the delivery of Initiatives within the NII and EI Sub-Programs;

- Line 1 risk and compliance resources required to achieve the 3 Lines of Defence Initiative; and

- technical writers to support the completion of Closure Packs.

This led to positive movements in the status reporting of several Streams within the Program.

As noted in our Last Update, icare has established a contingency resource pool, referred to as the 'bench', to address resource gaps. During the Reporting Period the bench was utilised by both Sub-Programs. Feedback from stakeholders indicated that the bench is effective in alleviating some resource pressures, particularly for support positions such as program managers and change managers.

Notwithstanding this progress, resourcing continues to remain a challenge to the delivery of the Program and is likely to remain so, given the tight external market for risk, compliance and technology professionals. Challenges we observed relating to resourcing during the Reporting Period included:

- **Subject Matter Expert capacity** - Several Streams within the Program were challenged by insufficient Subject Matter Expert (**SME**) capacity. To address this challenge, icare took actions to recruit SME roles and backfill positions within the organisation. icare will need to continue to monitor SME capacity to ensure there is sufficient capacity to successfully support the Program.

- **The loss of corporate knowledge** – Staff attrition is a reality for all businesses, particularly those that are undergoing as significant a change program as icare. As staff depart there is a risk that the corporate knowledge they carry is lost. During the Reporting Period this risk was acknowledged by icare staff on several occasions as key resources left the Program. To mitigate this risk, a process has been developed which requires departing staff to complete an 'offboarding pack' prior to their departure. An effective knowledge transfer process will be an important mitigant to minimising the loss of corporate knowledge and disruption to the Program as staff depart.

- **Use of external resources** – Similar to staff attrition, the use of external resources is a feature of programs of this nature which require dynamic resourcing and SME input. While the use of external resources is not a risk in itself, it does elevate the likelihood that icare may not have

the necessary capability internally to embed and sustain changes once they have been designed and implemented. icare should ensure that where it engages external resources that it facilitates a comprehensive handover of operational knowledge to allow for the continued use of systems and processes after the departure of external resources.

- **Tight labour market conditions** – icare continues to experience a tight market for several roles it is seeking. To partially address this challenge icare has changed recruitment processes to reduce timelines.

To date icare has acted to mitigate the resourcing challenges the Program has faced. As the Program moves towards Embed and Recommendation closure, and greater thought is given to the sustainability of outcomes, it will be particularly important for the Program to consider whether icare will have the necessary internal capability and capacity post Program completion to sustain the uplifts that have been delivered.

2.3. A focus on Outcomes and addressing the Recommendations

Successful remediation programs are outcomes focused. They take actions that will fully address the root causes of the program's genesis and ensure that these actions are robust enough to endure the test of time. icare's success in achieving the desired outcomes of the Program will be determined by how effectively it addresses each of the Recommendations.

During the Reporting Period we observed a concerted effort from icare staff to challenge proposed Initiative approaches to ensure that they would achieve both the form and the spirit of each of the Recommendations. For example, changes were made to Stream plans on a page to ensure the intent of relevant Recommendations was captured. This effort will be critical to ensuring that the Program does not focus on simply getting changes 'over the line' in its later stages, but that changes are made in a consistent and sustainable way to address the Recommendations.

In this context, it is important that icare focuses on ensuring that its approach to individual Initiatives is sufficiently comprehensive to achieve intended outcomes. As part of our assessment of some Initiatives we have queried instances where icare's approach may have involved a narrower focus. We continue to encourage icare to reflect on how best to achieve the outcomes it is aiming for so that it can ensure the underlying intent of each of the Recommendations is met. We will continue to closely monitor this issue in the coming periods.

2.4. Other Focus Areas

Dependencies Management

Although dependencies still remain a challenge for the Program icare made good progress during the Reporting Period in developing its approach to dependencies management, including addressing many of the key call-outs made in our previous updates.

During the Reporting Period the Program established a meeting cadence for dependencies management discussions, with a variety of meetings occurring at multiple levels of the Program.

The Risks, Assumptions, Issues and Dependencies Registers (**RAID Registers**) for both Sub-Programs have continued to evolve with additional detail added to allow icare staff to identify dependencies that sit outside of the Program and to link dependencies to risks. icare must ensure that the RAID Registers are both complete and accurate to support effective oversight of the Sub-Programs and decision making at governance forums.

icare also plans to codify the changes to their dependencies management approach into a Dependency Framework. The draft Framework contains information on the classification, lifecycle, mapping and reporting of dependencies across the Program, and when implemented should help to ensure a consistent approach to dependency management is adopted across the Program.

The Master Schedulers onboarded in the prior reporting period are now active across the Sub-Programs and attend regular meetings with Project Managers to integrate dependencies into the schedules. Master Schedules have now been developed for both the EI and NII Sub-Programs, and for each of the EI Sub-Program Streams.

A development during this Reporting Period is the increasing maturity of dependencies management within the NII Sub-Program, largely being driven by the NI Design, Change and Interlock forum. This forum has proven to be an effective meeting for the discussion of dependencies between Initiatives, the Sub-Programs and other projects. Forum participants have noted that their understanding of program dependencies and key risks has been substantially enhanced as a result of this forum, with action-orientated discussion taking place to address dependencies. While we note that the NI Design, Change and Interlock forum is likely to evolve as the NII Sub-Program moves from the Design Phase to Implement, icare should continue to ensure that this forum, or a suitable replacement, serves to discuss dependencies within the Sub-Program.

As noted above icare has now developed the program infrastructure to effectively manage dependencies. In the coming periods, it will need to ensure that this infrastructure is being used effectively and that it is resulting in improvements to dependencies management.

Governance Forums

During the Reporting Period we continued to observe Program governance forums to assist our understanding of how the Program's project disciplines are working in practice and gain additional context on how the Program is addressing each of the Recommendations.

Given that several of these governance forums have now been in place for a year there is an opportunity for icare to reflect on how they have operated to date and whether they are achieving the outcomes intended when they were established. This work has commenced, with senior leaders requesting that the operation of governance forums and the nature of decisions that need to be raised and endorsed be reviewed.

From our attendance at these forums, we make the following comments about positive developments we have observed:

- **Addressing the Recommendations** – As noted in section 2.3 a theme we have observed throughout the governance forums, particularly at the more senior forums such as the Sub-Program Executive Steering Committees, is an emphasis on ensuring that icare is meeting the spirit of each of the Recommendations. As we note in section 2.3, this focus will assist in ensuring that each of the Recommendations are addressed in full and the changes that are made will stand the test of time.

- **Prioritising quality over timeliness** – Forum participants have consistently challenged approaches where it appeared that there was an inappropriate compromise being struck between achieving original timelines and compromising on the quality of the delivery, implementation and embedment of an Initiative. It is important to the success of the Program that icare ensures that the commitment to timely delivery is not undertaken at the expense of the quality of outcomes. This will ensure that Initiatives are delivered in a manner that will support sustainable change.

- **Tone from the top** – At governance forums we have observed icare's Chief Executive Officer (**CEO**) exhibit a clear tone from the top on the importance of fulfilling the intent of the Program and on challenging approaches that may lead to sub-optimal outcomes for icare's stakeholders. As the Program moves through implementation and embedment, and likely tackles some of its more difficult and complex components, a clear tone from the top will reinforce to staff the importance of successfully delivering the remainder of the Program. We encourage other senior leaders to display a similar tone and challenge at governance forums they attend.

While we note these significant positive developments, we have also observed areas for potential further improvement, in particular:

- **Providing greater time for challenge and discussion** – An observation we made over the Reporting Period is the insufficient time allocated for extended challenge and discussion of key items at some governance forums. By contrast, we observed significant amounts of time allocated in some instances to more procedural elements of program governance. icare should consider how to use the time available to governance forums so that there is fulsome discussion and challenge of issues that are occurring at the Stream level, and if necessary allocate more time to governance forums, particularly as the Program moves through the Implement and Embed Phases. Allocating sufficient time will give governance forums the opportunity to address issues and to establish action plans with clear accountabilities.

- **Reporting of challenges and risks** – We observed instances where the progress reporting at governance forums appeared to emphasise the achievements during the relevant period without providing similar levels of information about the challenges and risks that were subsequently discussed at the governance forum. For example, Initiatives were reported as being 'on track', despite subsequent verbal updates noting that a change request would be

required to extend the due date for the Initiative due to insufficient resourcing. While we note the inherent difficulties and limitations of progress reporting, the Program should endeavour to include such risks in the reporting provided prior to governance forums, rather than by verbal update, so that issues can be identified, raised and discussed as appropriate.

- **Reducing coverage overlaps** – We have observed that many of the Program's governance forums, particularly in the EI Sub-Program, have significant overlaps in coverage with each other, with issues and updates repeatedly raised and discussed. icare should consider how its governance forums are conducted so that decisions and oversight are provided at the right levels of the Program and time is spent most efficiently in each forum.

3.   Program Progress

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

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

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

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

As at the Reporting Date the Improvement Program consisted of 64 Initiatives that were within Promontory's scope of coverage. This is a decrease from the 65 Initiatives reported in our Last Update. This is a result of changes that were made following the completion of a review by the Culture and Accountability Stream. This review resulted in the removal of two Initiatives that were no longer required as the relevant Recommendations were being addressed through other Initiatives, and the addition of an Initiative to specifically address a McDougall Recommendation. The net result of these changes was a reduction in the number of Initiatives by one.

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

Table 3.1: Initiative Phase Status

Phase	Work Not Started	Work in Progress	Work Completed	Assessed as Complete	Total
Design	0	17	27	20	64
Implement	15	19	27	3	64
Embed	30	23	11	0	64
Total	45	59	65	23	192

During the Reporting Period considerable progress was made in the number of Phases assessed with 21 assessed as complete and effective during the Reporting Period. Further details on our assessments appears in Chapter 4.

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

Table 3.2: Reporting Scale

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

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

3.1. Enterprise Improvement Program

3.1.1. Governance

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

3.1.2. Risk Uplift

Stream	Initiative	Design	Implement	Embed
2. Risk Uplift	**2.01** Review and Refresh of Risk and Compliance Artefacts	●	◕	◑
	2.02 Uplift of Risk System	●	◕	◑
	2.03 Enterprise & Business Unit Risk Profiles	●	◕	◑
	2.04 Risk Management Attestation Uplift	●	◕	◑
	2.05 Enterprise Obligations Register	●	◕	◑
	2.06 Further Refinement 3 Lines of Defence	●	◑	○
	2.07 Risk in Change Framework	◔	◑	○
	2.08 Remediation Framework	●	◕	◑
	2.09 Issue and Incident Management	◕	◕	◑
	2.10 Develop a Risk Maturity Index	●	◕	◕
	2.11 Implement the Customer Advocate Role	●	◕	◑
	2.12 Conduct Risk Framework	◕	◑	○
	2.14 Speak Up Hotline	●	●	◕
	2.15 CRO Accountability for Regulator Relationship	◕	◕	◕
	2.16 Internal Audit Records and Reporting	◔	◑	○
	2.17 Significant Matter Committee	●	◕	◕
	2.18 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 & Accountability

Stream	Initiative	Design	Implement	Embed
5. Culture & 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	◐	○	○

	Initiative	Design	Implement	Embed
	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	◔	◐	○
	6.3 Expense Management	◔	◐	○

3.1.7. P2 Treasury Reporting

Stream	Initiative	Design	Implement	Embed
7. P2	**P2** Treasury Reporting	◔	◐	○

3.2. Nominal Insurer Improvement Program

3.2.1. Return to Work Performance

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

3.2.2. Claims Model

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

3.2.3. CSP Procurement & Provider Performance

Stream	Initiative	Design	Implement	Embed
3. CSP Procurement	**N3.1** NI Claims Management Procurement	◔	◐	◐

and Provider Performance	**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	◑	○	○
	N4.2 CSP Disengagement	◑	○	○
	N4.3 Guidewire Claims Transfer	◑	○	○
	N4.4 Policy Transfers	◑	○	○

3.2.5. Professional Standards and Capability

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

3.2.6. EML Audit

Stream	Initiative	Design	Implement	Embed
6. EML Audit	**N6.1** Internal Audit Report on EML	◑	◑	○

4. Initiative Phase Assessments

During the Reporting Period, Promontory completed its assessment of:

- 18 Design Phases; and

- three Implement Phases.

These Phases were assessed as complete and effective.

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

In assessing whether an Initiative Phase is complete, we look for evidence that the specific tasks described under the Milestones and Definitions of Done[5] have been carried out. We also look for evidence that the completed activity has contributed to achieving the Target State of the relevant Stream.

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

Table 4.1: Phases Assessed as Complete

Stream	Initiative	Phase	Phase Closure Date
Governance	**1.2**	Design	5 August 2022
Governance	**1.4**	Design	8 September 2022
Governance	**1.7**	Design	4 August 2022
Governance	**1.7**	Implement	30 September 2022
Risk Uplift	**2.01**	Design	21 October 2022
Risk Uplift	**2.02**	Design	15 September 2022
Risk Uplift	**2.03**	Design	14 September 2022
Risk Uplift	**2.04**	Design	2 September 2022

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

Risk Uplift	**2.05**	Design	16 September 2022
Risk Uplift	**2.06**	Design	12 October 2022
Risk Uplift	**2.08**	Design	26 August 2022
Risk Uplift	**2.10**	Design	2 September 2022
Risk Uplift	**2.11**	Design	15 August 2022
Risk Uplift	**2.14**	Implement	19 September 2022
Risk Uplift	**2.17**	Design	13 October 2022
Procurement Uplift	**3.1**	Design	13 October 2022
Procurement Uplift	**3.3**	Design	27 October 2022
Customer Uplift	**4.2**	Design	25 August 2022
Culture and Accountability	**5.2**	Design	7 September 2022
Culture and Accountability	**5.9**	Design	26 August 2022
Enterprise Sustainability	**6.1**	Implement	5 August 2022

4.1. Assessment of Governance Initiatives

4.1.1. Assessment of Initiative 1.2 Design Phase

The Design Phase of Initiative 1.2 requires icare to;

- document the strategic planning and prioritisation process; and

- ensure that guardrails for decisions are clear (including risk guardrails) and decisions are documented appropriately.

Work completed by icare in relation to this Phase included developing an Enterprise Strategic and Business Planning Process which was approved by the Business Planning Committee.

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

- plans for communication and training on the new Process;

- the guardrails (including risk guardrails) and prioritisation criteria; and

- how prioritisation decisions are documented.

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

4.1.2. Assessment of Initiative 1.4 Design Phase

The Design Phase of Initiative 1.4 requires icare to uplift the Project Prioritisation Framework and the Project Management Framework to consider customer, financial and benefit outcomes as well as risk and change impacts to facilitate independent evaluation and trade off decisions.

Work completed by icare in relation to this Phase included:

- revising the Prioritisation Framework;

- developing a Project Management Framework;

- developing a RAID document; and

- uplifting the Post Implementation Review Process.

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

- the owner of the Prioritisation Framework;

- the process for reviewing and refreshing the Prioritisation Framework; and

- the plans to communicate and conduct training in relation to the Project Management Framework.

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

4.1.3. Assessment of Initiative 1.7 Design Phase

The Design Phase of Initiative 1.7 requires icare to:

- uplift the Board/Committee Actions Schedule Process;

- update the Board Charter;

- ensure regular discussions occur between the icare and SIRA Boards to discuss the regulator relationship; and

- design regular management updates for the Board on the regulator relationship.

Work completed by icare in relation to this Phase included:

- updating the Board/Committee Actions Schedule Process to ensure actions are accurately recorded, discussed and monitored to completion by the Group Executive Team (**GET**) and Board/Committees;

- updating the Board Charter to ensure effective engagement with SIRA and reporting to the Minister;

- updating the Board Governance Calendar to require a bi-annual joint meeting of icare and SIRA Boards, with a joint letter to be sent to the Minister; and

- designing a Quarterly Regulatory Report and CEO Report to update the Board on the regulatory relationship.

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

- the governance of the Actions Schedule Process;

- how the activities address relevant Recommendations; and

- the reporting provided to the Board on the regulatory relationship.

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

4.1.4. Assessment of Initiative 1.7 Implement Phase

The Implement Phase of Initiative 1.7 requires icare to:

- provide management updates to the Board on the regulator relationship;

- implement the Board/Committee Actions Schedule Process; and

- hold a discussion between the icare and SIRA Boards, without their respective management teams, to discuss the relationship.

Work completed by icare in relation to this Phase included:

- tabling the CEO Report and Quarterly Regulatory Relationship Report at the Board for discussion of the regulator relationship;

- consideration of Board/Committee Actions Schedule at the GET meeting; and

- the first bi-annual meeting between the Boards of SIRA and icare, with a joint letter sent to the Minister providing a summary of the state of the relationship.

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

In finalising our assessment, we foreshadowed that our assessment of the Embed Phase for this Initiative will consider the effectiveness of the Actions Schedule Process and whether KPIs on the regulatory relationship are included in the Quarterly Regulatory Relationship Report.

4.2.   Assessment of Risk Uplift Initiatives

4.2.1. Assessment of Initiative 2.01 Design Phase

The Design Phase of Initiative 2.01 requires icare to:

- review, refresh and approve the risk and compliance artefacts;

- communicate the updated risk and compliance artefacts to staff; and

- develop a Risk Assessment Template to ensure a consistent approach is applied in risk assessments.

Work completed by icare in relation to this Phase included:

- conducting several comprehensive deep dive reviews into the operational effectiveness of the risk and compliance artefacts;

- updating and approving the risk and compliance artefacts;

- communicating the updated risk and compliance artefacts to staff; and

- developing a Risk Assessment Template to be used by Business Units in their assessment of risks.

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

- the approval of the risk and compliance artefacts;

- content within the Outsourcing Policy and supporting policies and procedures; and

- the alignment of the Risk Assessment Template to the Risk Appetite Statement.

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

4.2.2. Assessment of Initiative 2.02 Design Phase

The Design Phase of Initiative 2.02 requires icare to design system changes to uplift icare's risk management system, Risk Connect.

Work completed by icare in relation to this Phase included:

- creating a business case to uplift Risk Connect and address both deficiencies and the recommendations;

- engaging an external provider to design the system changes in line with business requirements noted in the business case;

- receiving approval for the system design from the Group Executive Risk and Governance; and

- selecting an external provider to build the changes to Risk Connect.

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

- the data points to be collected in Risk Connect which will improve reporting capability;

- feedback received on the system design changes; and

- the plans for communication, training, and guidance on the new systems.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement and Embed Phases for this Initiative will consider any training to support the roll out of the new risk system and the systems reporting capabilities in relational to operational risk, compliance risk and conduct.

4.2.3. Assessment of Initiative 2.03 Design Phase

The Design Phase of Initiative 2.03 requires icare to develop the Enterprise Top Risk Profile and develop templates for business unit risk profiles.

Work completed by icare in relation to this Phase included:

- developing an Enterprise Top Risk Profile (with endorsement from the GET) that details icare's top risks to executing and achieving its strategy;

- developing a template for business unit risk profiles to ensure a consistent approach is applied in the documentation of business unit risk profiles;

- developing a detailed delivery plan for the review, implementation, and operationalisation of risk profiles for each Business Unit; and

- reviewing the existing business unit risk profiles to identify deficiencies and areas for improvement.

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

- stakeholder engagement and consultation in the development of the Enterprise Top Risk Profile;

- governance arrangements for the Enterprise Top Risk Profile;

- supporting processes relating to the Enterprise Top Risk Profile, including monitoring and reporting of action items; and

- the plan for the implementation and operationalisation of business unit risk profiles.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement and Embed Phases for this Initiative will consider any procedures, controls and other mechanisms to support the implementation and operational effectiveness of business unit risk profiles.

4.2.4. Assessment of Initiative 2.04 Design Phase

The Design Phase of Initiative 2.04 requires icare to:

- document its Risk Management Attestation Process with approval from the Group Executive Risk and Governance;

- use the risk management attestation to support the implementation and operationalisation of the Risk Management Framework; and

- define system data and reporting capabilities to support the Risk Management Attestation Process.

Work completed by icare in relation to this Phase included:

- developing an end-to-end process for the attestation process which clearly articulates the necessary steps and responsibilities of the process;

- designing a process that considers the implementation and operationalisation of the Risk Management Framework; and

- making available self-service reporting for Group Executives to support the attestations they make.

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

- how icare's approach addresses Group Executive signoffs where they may not have been in the role for the full financial year;

- updates to policies that support the attestation process; and

- the reporting available to Group Executives for attestation purposes.

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

4.2.5. Assessment of Initiative 2.05 Design Phase

The Design Phase of Initiative 2.05 requires icare to:

- identify its obligations and map these against its key controls and processes; and

- approve this mapping and upload it into Risk Connect.

Work completed by icare in relation to this Phase included:

- receiving Group Executive approvals for the obligations and controls mapped to their Business Unit;

- holding workshops with Business Units to provide information on the Obligations Control Register, including the approach to its design and the responsibilities of stakeholders; and

- uploading the Obligations Control Register into Risk Connect.

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

- how often the Obligations Control Register will be reviewed in Risk Connect;

- ownership of the Obligations Control Register;

- how icare identified its legislative and regulatory requirements; and

- how icare transferred the Obligations Control Register into Risk Connect.

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

4.2.6. Assessment of Initiative 2.06 Design Phase

The Design Phase of Initiative 2.06 requires icare to:

- design an uplifted operating model for Line 2 which includes appropriate capacity and capability; and

- incorporate new accountabilities into performance scorecards for employees.

Work completed by icare in relation to this Phase included:

- engaging an external provider to aid in the design of an uplifted operating model;

- presenting the updated operating model to the GET, Risk and Compliance Committee and Board for review and approval;

- updating supporting documentation, such as the Risk Management Policy and Risk Management Framework; and

- incorporating risk management objectives into staff performance scorecards across the organisation.

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

- the role of the external provider in the design of the operating model;

- the links between this Initiative and Initiative 5.3, in relation to the updates to performance scorecards; and

- the ongoing review of the Risk Management Framework and Risk Appetite Statement.

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

4.2.7. Assessment of Initiative 2.08 Design Phase

The Design Phase of Initiative 2.08 requires icare to design a Remediation Framework.

Work completed by icare in relation to this Phase included:

- engaging an external provider to consult with key stakeholders and design a Remediation Framework and supporting artefacts;

- establishing a working group of key stakeholders; and

- finalising the Remediation Framework, with endorsement from the GET.

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

- plans for communication and training on the new Remediation Framework;

- the approach to managing existing remediations;

- linkages to other icare frameworks and policies; and

- oversight and governance of the Remediation Framework.

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

4.2.8. Assessment of Initiative 2.10 Design Phase

The Design Phase of Initiative 2.10 requires icare to:

- update the Audit and Risk Committee's (**ARC**) roles and responsibilities to include a requirement to form a view on icare's risk culture and assess the adequacy of icare's Risk Management Framework; and

- develop a Risk Maturity Index.

Work completed by icare in relation to this Phase included:

- updating the ARC Charter to include the additional responsibility of forming a view of icare's risk culture and assessing the adequacy of the design and effectiveness of the Risk Management Framework; and

- engaging an external provider to design a Risk Maturity Index that could be used to assess icare's risk culture and the design and operational effectiveness of the Risk Management Framework.

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

- the development of the Risk Maturity Index;

- elements of the Risk Maturity Index such as management actions, metrics and indicators;

- linkage of the Risk Maturity Index to icare's broader Risk Management Framework;

- supporting processes and governance arrangements for the Risk Maturity Index; and

- plans for communication and training for users of the Risk Maturity Index.

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

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

- whether icare has considered and documented how the Risk Maturity Index fits into the broader Risk Management Framework;

- training and support to assist Line 2 in evaluating metrics within the Risk Maturity Index;

- actions to sustain the use and continuous improvement of the Risk Maturity Index; and

- the monitoring, reporting and escalation processes that sit alongside the Risk Maturity Index.

4.2.9. Assessment of Initiative 2.11 Design Phase

The Design Phase of Initiative 2.11 requires icare to:

- establish, recruit and appoint the role of the internal Customer Advocate; and

- develop the Customer Advocate Model, with clearly defined purpose and accountabilities including in relation to other customer functions at icare.

Work completed by icare in relation to this Phase included:

- piloting the Customer Advocate role and reviewing the arrangement in light of better practice in other industries;

- recruiting the Customer Advocate; and

- developing the Customer Advocate Model (with Board approval), refreshing the Customer Committee Charter, and developing a terms of reference to formally document the scope of the Customer Advocate function.

After reviewing the Closure Pack, Promontory requested and received further evidence regarding the consultation and approval 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.

4.2.10. Assessment of Initiative 2.14 Implement Phase

The Implement Phase of Initiative 2.14 requires icare to build and launch the Speak Up Hotline and implement the revised Reporting Wrongdoing Policy.

Work completed by icare in relation to this Phase included:

- developing a communications plan for the rollout of the Speak Up Hotline;

- engaging the external provider that manages the Speak Up Hotline to provide training to Hotline reviewers;

- developing a suite of supporting resources for the Speak Up Hotline and launching the Hotline; and

- establishing a monthly meeting to monitor, report and discuss all open Speak Up matters and the actions required to resolve them.

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

- management of the Speak Up Hotline;

- training provided to senior leadership in relation to fostering a Speak Up culture;

- endorsement and communication of supporting resources;

- mechanisms for monitoring and reporting on compliance with the Reporting Wrongdoing Policy and other supporting resources; and

- mechanisms for receiving feedback to help inform future behaviours and promote continuous improvement.

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

4.2.11. Assessment of Initiative 2.17 Design Phase

The Design Phase of Initiative 2.17 requires icare to establish an Incident Review Panel and define the terms of reference for this Panel.

Work completed by icare in relation to this Phase included:

- the Board approving the updated Incident and Issue Management and Reporting Policy;

- establishing the Incident Review Panel to determine whether a matter is a significant matter or a regulatory matter requiring reporting to SIRA or another regulator; and

- developing the terms of reference for the Panel to outline its membership and operation.

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

- the Panel's determination of matters to be reported to SIRA;

- the consideration and timeframes for referring potential matters to the Panel;

- reporting to regulators other than SIRA; and

- monitoring and reporting of relevant matters.

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.

4.3.   Assessment of Procurement Uplift Initiatives

4.3.1. Assessment of Initiative 3.1 Design Phase

The Design Phase of Initiative 3.1 requires icare to:

- align the Procurement Strategy and Service Model to icare's objectives; and

- create a detailed delivery plan to develop a procurement function that aligns with the requirements of NSW Government standards.

Work completed by icare in relation to this Phase included:

- establishing a Procurement Steering Committee;

- the Board approving a Strategic Procurement Plan, aligned to icare's Strategic Imperatives and NSW Government Procurement Objectives;

- developing a service model and business partnership strategy to support the Plan; and

- developing a detailed delivery plan for the Procurement Uplift Stream, including in relation to systems.

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

- stakeholder engagement in developing key artefacts;

- governance arrangements for the key artefacts;

- plans for communication, training and guidance on the new systems; and

- the consideration of probity elements.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement and Embed Phases for this Initiative will consider how the RSM guidance reference in McDougall Recommendation 10 will be addressed.

4.3.2. Assessment of Initiative 3.3 Design Phase

The Design Phase of Initiative 3.3 requires icare to review and approve its existing suite of procurement policies for alignment with NSW Government best practice and review its approach to contracts formed with the nominal insurer exemption.

Work completed by icare in relation to this Phase included:

- developing a Procurement Approvals Framework to provide guidance on procurement approvals and endorsements;

- updating and approving the Procurement Policy and Procurement Purchase-to-Pay Policy to align with the NSW Government Procurement Policy Framework; and

- reviewing all external contracts where the nominal insurer exemption was used.

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

- governance processes for the policies delivered as part of this Initiative; and

- the linkages between this Initiative and the probity element of McDougall Recommendation 10.

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

In finalising our assessment, we foreshadowed that our assessment of the Implement Phase for this Initiative will consider whether the supporting training, guidance and communications used are sufficient and take into account ongoing revisions to relevant policy documents.

4.4.   Assessment of Customer Uplift Initiatives

4.4.1. Assessment of Initiative 4.2 Design Phase

The Design Phase of Initiative 4.2 requires icare to:

- test the new strategic measure for 'customer satisfaction' (**CSAT**) via customer surveys across selected customer cohorts; and

- analyse CSAT performance against existing customer experience measures.

Work completed by icare in relation to this Phase included:

- engaging an external provider to assess potential customer experience metrics;

- transitioning from Net Promoter Score (**NPS**) to CSAT; and

- communicating the transition to CSAT to internal and external stakeholders.

After reviewing the Closure Pack, Promontory requested and received further information on matters regarding the communication of changes to external stakeholders.

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 Culture and Accountability Initiatives

4.5.1. Assessment of Initiative 5.2 Design Phase

The Design Phase of Initiative 5.2 requires icare to:

- select a vendor to design the Leadership Development Program (**LDP**); and

- have the LDP content and delivery schedule endorsed by the GET.

Work completed by icare in relation to this Phase included:

- selecting a vendor to design and develop the LDP; and

- receiving GET endorsement for the LDP content and delivery schedule.

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

- evidence of GET feedback on the design of the LDP; and

- the communications plan for the Inspire Program.

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.

4.5.2. Assessment of Initiative 5.9 Design Phase

The Design Phase of Initiative 5.9 requires icare to develop a culture measurement tool.

Work completed by icare in relation to this Phase included:

- selecting a culture assessment tool to establish a culture benchmark;

- developing an organisational culture survey approach; and

- receiving approval from the CEO for the survey approach.

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

- the decision to unlink GAC Recommendations 71, 73 and 74 from this Initiative, including the rationale and process taken;

- the consultation process for designing the culture survey; and

- the communications and implementation plan for the culture survey.

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

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

- how the culture survey results and insights will be shared;

- actions to drive cultural change in response to the survey results; and

- ongoing accountability for culture measurement within icare.

4.6. Assessment of Enterprise Sustainability Initiatives

4.6.1. Assessment of Initiative 6.1 Implement Phase

The Implement Phase of Initiative 6.1 requires icare to:

- communicate the capital management policies internally and externally;

- uplift capability of the capital management policies' application; and

- provide SIRA and Treasury with oversight of its financial management.

Work completed by icare in relation to this Phase included:

- publishing the capital management policies on icare's external website and communicating to Treasury and SIRA;

- holding roadshow sessions with General Managers to outline roles and responsibilities for reporting and decision making with respect to the capital management policies;

- including the insurance rationale as part of the internal management financial reporting; and

- providing an overview to SIRA and Treasury regarding how icare manages its long-term financial sustainability, covering the capital management policies.

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

Appendix A – Recommendation Mapping

GAC Recommendations

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

#	Recommendation	Linked Initiatives
GAC 7	Adopt a more rigorous approach to actions arising, including naming accountable persons, setting a time for delivery of actions and ensuring effective monitoring completion.	**1.7** Board and Committee Actions schedule process
GAC 8	icare board to introduce a regular agenda item at board meetings to receive reports on the regulator relationship and ensure the voice of the regulator is understood and being addressed.	**1.7** Board and Committee Actions schedule process
GAC 9	Update the Board Charter to reflect the requirement to regularly report to the NSW Treasurer in accordance with s6(3) of the SIGC Act. Governance processes should: • consider at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; and • table correspondence received from the Treasurer requesting information from the board on the activities of icare.	**1.6** Committee Structure, membership and Charter Review
GAC 10	icare GET to set a clear tone from the top on the importance of the role of risk management and the role of SIRA as the regulator, by role-modelling expected behaviours and attitudes.	**1.1** Executive and Management Forums
GAC 11	GET meetings to be governed by established terms of reference with mapped collective accountabilities to ensure that material decisions are made with appropriate GET oversight.	**1.1** Executive and Management Forums
GAC 12	Challenge behaviours of making decisions "outside the room" and ensure GET brings its full capability and diversity of experience to the issues brought before it.	**1.1** Executive and Management Forums
GAC 13	GET governance to ensure that decisions, risks and issues are discussed and decided at the right levels of the organisation using timely and relevant data and reporting.	**1.1** Executive and Management Forums
GAC 14	Establish a financial risk management sub-committee and a non-financial risk management sub-committee with all GET members as standing members; committee meetings to be of a length to allow for sufficient agenda time to discuss, manage and oversee icare risks and issues.	**1.1** Executive and Management Forums
GAC 15	Enhance customer outcome reporting provided to the GET by incorporating broader leading and lagging metrics on an individual scheme basis to complement NPS reporting.	**1.1** Executive and Management Forums **4.1** CXM Evolution **4.2** Transitioning to CSAT **4.5** Customer Governance@icare

#	Recommendation	Linked Initiatives
GAC 16	Review and update the Risk Management Framework to ensure there is a consistent approach to identifying, measuring and monitoring risks that reflects appetite. Consideration should be given to incorporating best practice guidance from other key regulators e.g. APRA, ASIC, and ensure the Risk Management Framework is rolled out and communicated.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 17	icare to create, strengthen and update risk profiles for each business unit using a bottom-up approach and roll out procedures, controls and other mechanisms to support implementation and operating effectiveness.	**2.03** Enterprise & Business Unit Risk Profiles
GAC 18	In relation to the Risk Appetite Statement, review and refine metrics to reflect the key risks and tolerance levels relevant to a business of icare's nature and complexity and ensure tolerances reflect the appetite of icare's refreshed board.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 19	Take action regarding the various financial risks that require improvement via better documentation, oversight and assurance, including medical cost payment, compliance and leakage and the integrity of operating cost allocation between schemes.	**N1.1** Healthcare Dashboard and Reporting
GAC 20	Develop comprehensive compliance registers and implement procedures, controls and other mechanisms to ensure compliance and effective risk mitigation.	**2.05** Enterprise Obligations Register
GAC 21	Strengthen the non-financial risk framework and operationalise this through the development and implementation of policies, procedures, leveraging external better practice.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 22	Further strengthen policies and procedures in relation to conflicts and personal interest and ensure this has communicated and effectively implemented.	**2.19** Conflicts and Personal Interest
GAC 23	Significantly strengthen the reporting of operational risk, compliance risk and conduct risk to enable consistent oversight of emerging risks, thematic control weaknesses, issues identified through internal audit, conduct risk and incident root causes and trends.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.02** Uplift of Risk System **2.12** Conduct Risk Framework
GAC 24	Update the Risk Management Framework to reflect the TPP 20-08 attestation process and uplift the rigour and assurance to support the signing of this.	**2.04** Risk Management Attestation Uplift

#	Recommendation	Linked Initiatives
GAC 25	Enhance and roll out education and awareness activities to lift employees' understanding of icare's and individuals' risk and compliance obligations, the management of risk, key operational risk processes, systems and tools, incidents management and relevant consequences for non-compliance.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 26	Establish and implement a Line 1 risk committee to oversee risk and compliance in each business unit.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.06** Further Refinement 3 Lines of Defence
GAC 27	Build the capability and resourcing of Line 1 (including the Assurance and Quality team), by equipping and enabling people with greater risk awareness, an understanding of icare's frameworks and to encourage their use. Review the reporting line of the Assurance and Quality team.	**2.06** Further Refinement 3 Lines of Defence
GAC 28	Provide sufficient resources for Line 2 to design and communicate the Risk Management Framework to employees to build awareness and understanding of their role in risk.	**2.06** Further Refinement 3 Lines of Defence
GAC 29	Install the CRO as a permanent, standing member of GET meetings with a direct reporting line to the CEO to ensure the voice of risk is heard.	**2.20** CRO Membership of GET
GAC 30	The CRO to be made accountable for management of the regulator relationship.	**2.15** CRO Accountability for Regulator Relationship
GAC 31	Internal Audit's reporting line to be changed from a dotted to a hard reporting line into the ARC and the ARC Charter to be amended to state that Internal Audit have unfettered access to that committee, to support its independence.	**1.6** Committee Structure, membership and Charter Review
GAC 32	Internal Audit to strengthen record keeping in relation to investigations commenced due to ICAC referral or other relevant stakeholders. The ARC to improve its oversight of the closure of high rated actions arising from audit reports.	**2.16** Internal Audit Records and Reporting
GAC 33	Expand the Incident Management Policy to describe the roles, responsibilities and accountabilities for: • the effective identification and escalation of incidents; and • the risk assessment and rating of incidents Also reconsider the roles, responsibilities and reporting of the Regulatory & Affinity Partners team in light of the 3LOD principles.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.09** Issue and Incident Management

#	Recommendation	Linked Initiatives
GAC 34	Add a risk rating to all incidents in the incident register and take the necessary action required based on the rating and significance of the incident.	**2.21** Incidents Risk Rating
GAC 35	Improve record-keeping over incidents and ensure appropriate monitoring and oversight over closure.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.09** Issue and Incident Management
GAC 36	Improve awareness and training of icare employees on the importance of escalating incidents in a timely way. Update the Incident Management Policy to better define both an incident and governance roles, to support effective escalation and response actions including remediation.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.09** Issue and Incident Management
GAC 37	Extend the Incidents Management Policy to incorporate root causes analyses of material or high rated incidents by Line 2, 3 or an independent reviewer (where relevant) to bring an objective and unbiased approach to identifying root causes.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.09** Issue and Incident Management
GAC 38	Define and document a remediation framework which sets the guiding principles, roles, responsibilities and accountabilities for when and how a remediation program should be established and the governance required to oversee remediation activities.	**2.08** Remediation Framework
GAC 39	Improve Line 1 and Line 2 reporting on incident identification, management and closure and feed into consequence management as appropriate.	**2.01** Review and Refresh of Risk and Compliance Artefacts **2.02** Uplift of Risk System
GAC 40	Establish a significant matter committee to assist with expediting decision-making regarding what should be reported. This should be supported by a terms of reference and appropriate composition.	**2.17** Significant Matter Committee
GAC 41	Uplift employee awareness of icare's commitment to report significant matters to the regulator SIRA within five days.	**2.09** Issue and Incident Management
GAC 42	Improve coordination of complaints management to provide oversight / reduce duplication and ensure learnings from complaints are more routinely sought as feedback loops into design and execution.	**4.3** Complaints Uplift **4.4** CRM Complaints Uplift
GAC 43	Update and implement policies and procedures in relation to wrongdoing to enable and better support 'speak-up'.	**2.01** Review and Refresh of Risk and Compliance Artefacts

#	Recommendation	Linked Initiatives
	Ensure reporting channels are in place to support the anonymity, safety from potential reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	**2.14** Speak Up Hotline **5.8** Refreshed HR Policy Framework
GAC 44	Coordinate and report to the ARC on the complete set of material grievance and wrongdoing issues to provide oversight and an understanding of systematic themes. Implement a system of feedback to help inform future behaviours and ensure lessons are learned.	**2.14** Speak Up Hotline
GAC 45	Ensure that management takes action efficiently and effectively in formal and informal matters of wrongdoing and other complaints and that there is effective communication in support of this.	**2.14** Speak Up Hotline
GAC 46	Strengthen and further embed the Outsourcing Policy and design the underpinning processes and procedures to fully operationalise and implement the updated Outsourcing Policy.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 47	Set up the proposed Outsourcing Committee with standing members of the GET and relevant executives involved in outsourcing, with a terms of reference providing a clear remit which considers the committee's interfaces with other committees and roles and includes the requirement to escalate material issues to the GET and ARC.	**2.22** Outsourcing Committee
GAC 48	Review existing key material outsourcing contracts against the revised Outsourcing Policy's requirements and update accordingly.	**2.01** Review and Refresh of Risk and Compliance Artefacts
GAC 49	Improve the governance over Scheme Agent adherence to relevant internal icare policies and ensure that Scheme Agents are performing to these standards.	**N3.1** NI Claims Management Procurement **N3.2** CSP Provider Performance
GAC 50	Review the KPIs used to measure Scheme Agent performance. Ensure they adequately capture compliance with regulatory requirements and include leading measures as well as lagging measures focused on the injured worker.	**N3.1** NI Claims Management Procurement **N3.2** CSP Provider Performance
GAC 51	Identify and map the key obligations, risks and controls related to claims management and how roles and responsibilities are delineated between icare and the Scheme Agents.	**N2.2** Obligations, Risks and Controls **N3.1** NI Claims Management Procurement
GAC 52	Once obligations, risks and controls have been documented: • document assurance roles and responsibilities in relation to Scheme Agents across the 3LoD; and	**2.06** Further Refinement 3 Lines of Defence

#	Recommendation	Linked Initiatives
	• significantly improve assurance activities by the 3LoD over Scheme Agents in accordance with a documented framework, supported by procedures, reporting and governance oversight.	**N2.2** Obligations, Risks and Controls **N3.1** NI Claims Management Procurement
GAC 53	GET meetings to receive regular individual scheme and segment scorecards to ensure visibility and accountability of scheme performance.	**1.1** Executive and Management Forums
GAC 54	Review and update icare's Instrument of Delegations to ensure it considers the materiality of risk in addition to project financials. Examples of this include risk to strategy, brand and reputational risk, operational risk (e.g. IT, cybersecurity, delivery) and customer (e.g. experience, outcomes, retention).	**2.23** Instrument of Delegation
GAC 55	Document icare's approach to strategic planning and prioritisation of projects.	**1.2** Decision making and prioritisation **1.4** Delivery and Prioritisation
GAC 56	Define and embed multi-dimensional criteria that considers customer outcomes, financial impacts, strategic alignment, risk appetite and alignment to icare's ethical Decision-Making Framework. This will allow independent evaluation of the feasibility of each project, as well as support trade-off decisions across projects.	**1.4** Delivery and Prioritisation
GAC 57	Line 2 to establish a formalised 'risk in change' approach. This should consider the nature and types of change that can affect the risk environment and the need to assess icare's capacity, appetite, impact, complexity, interdependencies and dependencies as it relates as a result of change (including project change).	**2.07** Risk in Change Framework
GAC 58	Ensure Line 2 risk capability has a continuing presence and is embedded as a standing member of material steering committees and in prioritisation forums.	**2.24** Line 2 Risk presence on material steering committees
GAC 59	Clarify and operationalise accountabilities for risk management within program roles and improve the management and oversight of risk in project decision-making and delivery.	**1.4** Delivery and Prioritisation
GAC 60	GET to bring a stronger risk management and governance lens to decision-making on the magnitude and complexity of change across multiple programs of work.	**1.4** Delivery and Prioritisation

#	Recommendation	Linked Initiatives
GAC 61	Further embed the key elements of the Program Management Handbook and ensure key project principles (e.g. post implementation reviews, benefits realisations, risk assessment) are adhered to and with sufficient quality/depth or documentation so that lessons can be learned for future projects.	**1.4** Delivery and Prioritisation
GAC 62	Adopt a better practice accountability framework that provides clarity on standards, holds people to account with strict board and GET governance and oversight, cascades accountabilities through the organisation, and effectively applies consequence management. Ensure these accountabilities are documented, communicated and that consideration is given to leveraging practices and requirements set by other regulators.	**5.3** Refreshed Performance Management Framework **5.4** Refreshed Remuneration Framework **5.5** Alignment of People Experiences - Capability Framework
GAC 63	Amend the People and Remuneration Committee's charter to include a role to oversee the setting-up of an effective accountability framework for icare complementing a new consequence management framework, and including the cascade of this through the organisation.	**1.6** Committee Structure, membership and Charter Review
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 at 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 **5.4** Refreshed Remuneration Framework **5.5** Alignment of People Experiences - Capability Framework

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

McDougall Recommendations[6]

#	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 **N5.2** Deliver the Capability Strategy and Career Pathways **N5.3** Deliver the Professional Standards Framework
McD 2	icare to examine the Internal Audit Report on EML from a major risk perspective to clearly identify actions, timelines and responsibilities for overcoming the shortcomings identified in the report.	**N6.1** Internal Audit Report on EML
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 **N4.1** New CSP Onboarding **N4.2** CSP Disengagement **N4.3** Guidewire Claims Transfer **N4.4** Policy Transfers **N5.2** Deliver the Capability Strategy and Career Pathways
McD 4	icare should reconsider whether the 12 month contract duration of its current Service Provider Agreement with EML is appropriate, or whether the duration should be extended to 24 months to allow EML sufficient time to implement the changes in claims management process and other innovations that it has agreed with icare.	**N3.1** NI Claims Management Procurement
McD 5	icare should affirm the three points of data quality, skills and capacity, and sustainability as essential priority work for management with detailed timelines for achievement.	**N1.1** Healthcare Dashboard and Reporting **N5.3** Deliver the Professional Standards Framework
McD 6	icare should: ● retain the Customer Advocate role for a further period of 12 months;	**2.11** Implement the Customer Advocate Role

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[6] Only the McDougall Recommendations which are subject to our independent assurance have been linked to the relevant Initiatives in the McDougall Recommendations Table.

#	Recommendation	Linked Initiatives
	• 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, if appropriate, remove the Customer Advocate roles in light of existing internal capability to support business change projects.	
McD 9	icare should appoint a Chief Procurement Officer, who will be responsible for the significant procurement process and cultural changes that are required, and to ensure their successful and sustainable permeation throughout the organisation.	**3.6** CPO Appointment
McD 10	icare in its own right should be bound to a procurement and probity framework equal to or better than other government agencies, and should have in place robust procurement processes. These processes should align with the existing procurement obligations of government agencies and be consistent with the guidance provided by RSM.	**3.1** User focused systems and processes **3.3** Transparency and Policy
McD 11	Icare should establish a regular education program to demonstrate to staff how governance systems help improve performance and achieve goals, and ensure that staff understand the expected behaviours and requirements to which they must adhere under icare's policies and procedures and applicable NSW Government policies and guidelines. Probity and procurement education should follow the guidance provided by RSM.	**3.4** Capability
McD 12	For icare employees with authority to carry out procurement across the Business Units, a more tailored education program should be developed and delivered on an annual basis, in line with the guidance provided by RSM.	**3.4** Capability
McD 13	After one year from the date of this Report, icare should undertake an independent review of the operation and implementation of the new probity and procurement policies.	**2.18** Probity and Procurement Review

#	Recommendation	Linked Initiatives
McD 14	icare should update and implement policies and procedures in relation to wrongdoing to enable and better support speak-up. icare should ensure that reporting channels are in place to support the anonymity, safety from reprisal and independence of the wrongdoing process. Any changes should be communicated to all staff.	**2.01** 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.	**2.01** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 16	icare should ensure that management takes action efficiently and effectively on all formal and informal reports of wrongdoing and other complaints, and that there is effective communication in support of this process	**2.01** Review and Refresh of Risk and Compliance Artefacts **5.8** Refreshed HR Policy Framework
McD 17	icare's Board should take responsibility for ongoing oversight of icare's cultural change program. icare should prepare and publish a plan for cultural change which addresses, at minimum, the key risk factors of inattention to process, focus on transformation at the expense of process and resistance to oversight. In doing so, the plan should take into account recommendations and qualifications 70 to 76 in the GAC Review Recommendations. icare should report annually to the Treasurer and publicly on its progress in executing that plan.	**5.1** Culture **5.2** Leadership **5.9** Culture Measurement
McD 18	There should be a further review of icare's culture by June 2023. That review should be conducted, as was the GAC 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

#	Recommendation	Linked Initiatives
McD 20	icare should recruit people with specialist qualifications to join Board Committees, where this is necessary to ease the workload of committee members or to make up for any shortfall in expertise in any area by Board members.	**1.5** Board Composition
McD 21	The ARC should be split into a separate Audit Committee and a separate Risk Committee.	**1.6** Committee Structure, membership and Charter Review
McD 23	The present Board of icare, in consultation with the Treasurer and if necessary after taking independent external advice, should develop a succession plan for the Board which will facilitate the staggering of terms and will include a program specifically designed to allow the transmission of corporate experience from a retiring to a new director.	**1.5** Board Composition
McD 24	icare's executive leadership should consider the observations and recommendations of the GAC Review with specific focus on: ● improving information flows both to the GET and to the Board; and ● ensuring icare and the GET apply best practice risk identification and mitigation practices consistently across the whole of icare's organisation.	**1.1** Executive and Management Forums
McD 25	icare should continue the approach adopted in its 2019-20 annual report of providing detailed reporting on executive remuneration, including performance payments.	**5.4** Refreshed Remuneration Framework
McD 26	icare's Board, on the advice of the PRC, should give careful consideration to the design of remuneration and incentive structures to ensure that they are aligned to achieving the statutory objectives of the schemes that icare manages.	**5.4** Refreshed Remuneration Framework
McD 27	icare's Board should commission an external review of the results of the extant expense savings program after two years and a summary of the results should be made public.	**6.3** Expense Management
McD 28	icare should report publicly and in detail each year on its transformation expenditure and on the benefits that icare says it is producing.	**6.2** Benefits Realisation Framework
McD 29	The Boards of icare and SIRA should ensure that they receive regular reports on the relationship from their respective agencies, and that they continue to meet, without their respective management teams, to identify and discuss any continuing or new issues in the relationship.	**1.7** Board and Committee Actions schedule process

#	Recommendation	Linked Initiatives
McD 30	The Boards of icare and SIRA should jointly report, formally and regularly, to their respective Ministers on the state of the relationship between the agencies.	**1.7** Board and Committee Actions schedule process
McD 31	icare should update its board charter to include a requirement to report regularly to the NSW Treasurer in accordance with s6(3) of the State Insurance and Care Governance Act 2015. Governance processes should: ● require the Board to consider, at regular intervals, whether it should inform the Treasurer of an issue because it is a material development in icare activities; ● require the Board to table correspondence sent to or received from the Treasurer in relation to the activities of icare; and ● require the Board to include a report of correspondence and other communications with the Treasurer in the minutes of its meetings.	**1.6** Committee Structure, membership and Charter Review
McD 32	icare should develop and report against a new set of tracking measures that compares achievement of benefits against 2020-21 as the new baseline. This should include all relevant indicators, to ensure that it shows accurately improvements (or declines) in all the targeted financial and outcome benefits. icare should publish those reports both publicly and to the Treasurer at least annually.	**6.2** Benefits Realisation Framework
McD 33	icare should report in detail to the Treasurer on implementation of the recommendations of this Report (in so far as they are directed at icare) and should report on that publicly at least annually.	**P2** Treasury Reporting
McD 42	icare should consider the explicit use of an Economic Funding Ratio for the purposes of assessing the NI's capital management needs including the assessment of premium rates, and planning for the NI's long term financial sustainability. icare should report publicly on the financial health of the NI scheme using the new measure(s), at least annually.	**6.1** Capital Management Policies (NI and LTCS)

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