



Appendix two – Status of 2016 recommendations

The table below lists the status of recommendations made in the 2016 Auditor-General's Reports to Parliament on the Premier and Cabinet cluster and Finance, Services and Innovation (including Insurance) cluster.

Recommendation	Current status
NSW Government agencies should:	
<ul style="list-style-type: none"> Have an IT risk register which aligns with the agency-wide risk register and assign risks to individual owners. Ensure their IT strategic plans address IT risks. Ensure, where applicable, that their SLAs sufficiently cover IT security risks and controls. Collaborate when formulating and reviewing IT risks. 	<p>Agencies continue to update IT risk registers and strategic plans to address IT risks.</p> <p>The ICT and Digital Leadership Group is responsible for overall ICT Strategy on behalf of the NSW Government and comprises members from all cluster agencies.</p> <p>Specific ICT working groups are established to enable information sharing and collaboration across NSW Government.</p>
<p>Submit their digital information security attestation to DFSI annually and this should be monitored by DFSI.</p>	<p>The Department of Finance, Services and Innovation prepares a summary report on attestation in agencies' annual reports for the ICT and Digital Leadership group, which is comprised of members from all clusters.</p> <p>However, we continue to note instances of agencies not attesting to compliance with the Digital Information Security Policy in their annual reports.</p> <p>Refer to section 3.3 of this report.</p>
Finance, Services and Innovation cluster agencies should:	
<p>Ensure all supporting documents for early close and year-end are ready by the due dates. All significant accounting issues should be resolved as part of the early close procedures.</p>	<p>Finance, Services and Innovation cluster agencies complied with the mandatory early close procedures set by NSW Treasury. However, we noted opportunities to improve other aspects of early close procedures.</p> <p>Refer to section 2.2 of this report.</p>
<p>Review the 2015–16 budget variances and identify opportunities to improve future year budgets.</p>	<p>Variances of more than five per cent between cluster agency original budgets and actual financial performance continue to be noted.</p> <p>Major budget variations and the reasons are disclosed in cluster agency financial statements, where their budget is presented to Parliament.</p>
The Rental Bond Board should:	
<p>Seek the necessary legislative or other mechanism to confirm its accounting treatment of rental bonds.</p>	<p>A review of the <i>Residential Tenancies Act 2010</i> was completed in mid-2016 with recommendations made to the Minister for Innovation and Better Regulation. We will continue to monitor the status of this matter, as any change in legislation may trigger a re-assessment of the accounting treatment.</p>

Recommendation	Current status
Insurance and Care NSW should:	
Address data quality issues impacting claims' valuations.	<p>Whist action has been taken during the year the actuaries of the Workers Compensation Nominal Insurer and NSW Self Insurance Corporation schemes identified areas where data quality could be further enhanced.</p> <p>Management advise enhancements will continue as data relating to section 39 claims are collected.</p> <p>Refer to section 2.1 of this report.</p>
Design appropriate measures to assess whether programs implemented after the 2012 reforms improve workers' return to work.	<p>Return to work is a key metric for the schemes and is measured across a number of dimensions. Monitoring of post 2012 experience is conducted on a regular basis, which is important from a performance, reserving and pricing perspective.</p> <p>Where individual initiatives were introduced after the 2012 reforms the performance is measured relative to the expectations set at the point the initiative was introduced. Pilot programs are run to evaluate initiatives, where possible.</p> <p>Insurance and Care NSW advised it is primarily concerned with each individual customer's outcome with quality and sustainability of the return to work being the focus.</p>
Design detailed measurable performance objectives for specific outcomes from its strategic plan and report on performance against these measures in its annual report.	<p>The 2016–17 annual report includes performance measures based on the strategic plan.</p>
The Workers Compensation Nominal Insurer and NSW Self-Insurance Corporation should:	
Monitor trends in Work Injury Damages to avoid increases in common law claims.	<p>Work injury damages claims experience is internally monitored quarterly for the Nominal Insurer. Work injury damages claims experience for NSW Self-Insurance Corporation was performed externally last year. Management advised internal monitoring will commence in the next quarter and onwards.</p> <p>Additionally, half yearly valuations are performed, which examine work injury damages experience and trends.</p>
Review premium rates annually for all insurance types to ensure long-term financial sustainability of the schemes.	<p>Premium rates for all service lines (and therefore schemes) are reviewed on an annual basis to help ensure long-term financial sustainability of the schemes.</p>
The Home Building Compensation Fund should:	
Perform a strategic review to address the gap between premiums and expected claims.	<p>Funding arrangements introduced during 2016–17 allow the Home Building Compensation Fund to apply to the Crown for reimbursement of unfunded realised losses from under-pricing of premiums.</p> <p>Refer to section 4.2 of this report.</p>

Recommendation

Current status

Premier and Cabinet cluster agencies should:

Implement further measures to improve the accuracy of budgets.

Variances of more than five per cent between cluster agency original budgets and actual financial performance continue to be noted.



Major budget variations and the reasons are disclosed in cluster agency financial statements, where their budget is presented to Parliament.



Fully addressed



Partially addressed



Not addressed