

NSW GOVERNMENT'S USE AND MANAGEMENT OF CONSULTING SERVICES INQUIRY

PUBLIC ACCOUNTABILITY AND WORKS COMMITTEE

SIRA - WEDNESDAY 16 AUGUST 2023

Supplementary questions and answers

Number	Question	Answer
1	As the Chief Executive, do you approve the published State Insurance Regulatory Authority financial accounts each year?	Following the endorsement of the SIRA Audit Risk Committee, the SIRA Chief Executive attests that the SIRA financial statements are prepared in accordance with the Australian Accounting Standards and the applicable requirements of the <i>Government Sector Finance Act 2018</i> , <i>Government Sector Finance Regulation 2018</i> and the NSW Treasurer's directions.
1a	Who audits those accounts?	Each year the Auditor General's delegate from the Audit Office of NSW audits the financial accounts of SIRA.
2	How were professional services and actuarial work coded in your accounts for financial years 2021-2022 and 2022-2023?	SIRA uses the Financial Reporting Council's definition of consultants in assessing whether coding is appropriate and the accounts present fairly. Professional services and actuarial work were coded to Other Operating Expenses as Contracted Services and Consultants (Actuarial Services) within the financial statements of SIRA.
2a	Has the State Insurance Regulatory Authority always accurately and correctly coded professional services under the professional services (fee for services) code?	Please refer to the answer to question 2
2b	Has the State Insurance Regulatory Authority always accurately and correctly coded actuarial services under the actuarial services code?	Please refer to the answer to question 2
3	Are your financial accounts over the last two years (since your appointment) in order and accurate?	The SIRA financial accounts for FY 2021-22 have been audited by the Audit Office of NSW, with an unqualified audit opinion provided. FY2022-23 financial statements are not finalised as yet and are subject to external audit.

4	Ernst and Young was the State Insurance Regulatory Authority's actuary in 2021/2022. What was the total amount that you paid Ernst and Young in actuarial services for the workers compensation scheme for that year?	<p>The amount is stated within SIRA's Annual Report and not within SIRA's audited financial statements.</p> <p>Of the \$185,000 incurred for actuarial services in FY2021/22, \$5,000 relates to work conducted by Ernst and Young for the Workers Compensation scheme. The remainder of the Workers Compensation scheme actuarial services were undertaken by Taylor Fry.</p> <p>This was incorrectly reported as all being undertaken by Ernst and Young.</p> <p>SIRA's Finance team has extra procedural steps to ensure this type of error does not recur.</p>
5	During the hearing, you explained there were consulting coding and reporting problems that you took on notice. The State Insurance Regulatory Authority annual report for 2021/2022 notes Ernst and Young's workers compensation expenditure as \$185,000. Is this correct?	No. Please refer to question 4.
5a	If the above amount is an error, why did you sign off this amount as the Chief Executive and consequently permit it to be published in your annual report and never corrected?	<p>The 2021/22 Annual report was signed off with the best information available at the time.</p> <p>A correction will be published in the SIRA FY2022/23 annual report.</p>
5b	Do you believe that allowing an error to go uncorrected is acceptable, good practice and in keeping with the standards that are expected of the office of a senior deputy secretary / chief executive officer of the New South Wales public service?	Please refer to question 5a.
6	During the hearing, you stated that the Chief Finance Officer led the recent Ernst and Young and Taylor Fry contract negotiations. Who did the Chief Finance Officer report to?	<p>The Department of Customer Service managed the contract negotiations with the SIRA Chief Financial Officer.</p> <p>The SIRA Chief Financial Officer reported to the SIRA Chief Executive</p>
6a	Did you instruct the Chief Finance Officer to cease further negotiations with Taylor Fry?	No

7	You told the hearing that a spend of \$1.7 million has been committed and approved by you and that you have signed off on a survey (the “FiftyFive5 Survey”) to question injured workers. Given that icare already surveys injured workers (across approximately 80% of the state of New South Wales and at numerous times throughout the duration of their claim), have you discussed the FiftyFive5 Survey with Richard Harding?	The research commissioned through FiftyFive5 is a rolling survey over multiple years, providing a whole-of-system customer view for claimants in both Workers Compensation and Compulsory Third-Party schemes.. Although icare has a high number of the claims in the workers compensation scheme, they do not have survey instruments that provide the claimant experience view at the scheme level across both personal injury schemes.
7a	What are Mr Harding’s views on the use of the FiftyFive5 Surveys, including whether they are a good use of funds?	SIRA has provided information to or held-sessions with insurers, including icare, to inform them of the research work that will be undertaken. icare wrote to SIRA on 11 September 2023 seeking further collaboration on the alignment of SIRA and icare surveys. icare did not raise concerns about use of funds.
7b	Are the FiftyFive5 Surveys unnecessarily duplicating the work of icare?	The surveys do not duplicate the work of icare. There is not a single set of consistent metrics across both personal injury schemes.
8	Did you take hundreds of your staff to the Hyatt this year and host an event coined “Innovation Forum day”?	SIRA continues to invest in developing the capability of its people in the most cost-effective way. This included a professional development workshop session in July 2023 for staff with responsibility for managing other staff and a small number of aspiring leaders. The “Innovation Forum” was added to the program to maximise the value of the venue for the day. Staff workshopped how to approach practical implementation of innovation frameworks into program development and scheme design. This involved developing potential initiatives to improve outcomes for injured people in SIRA’s regulated schemes. 205 SIRA staff attended the forum. No management consultants were involved, and no contingent labour attended. SIRA considered eight venues, which were assessed based on meeting requirements for value for money.

8a	How much did you spend to host this event? For example, what did it cost you in salaries, venue hire and hospitality for the day? Please provide an itemised hospitality spend for this event including how many consultants and contingent labour attended.	As SIRA operates from multiple locations, a central, accessible location was an important consideration. The total cost attributed to the Innovation Forum was \$18,952 (inc GST) of which \$10,500 was venue cost (including hospitality). No management consultants were involved, and no contingent labour attended.
9	What is the digital investment budget that you have signed off on for 2023-2024?	SIRA does not hold a dedicated digital investment budget.
9a	Please provide this Committee with the plan for this and the consultants and contingent hire to be engaged.	Individual project plans are finalised prior to the commencement of each project. Engagement of vendors and contingent labour will be progressed in line with NSW Government policy. SIRA does not plan to use management consultants. A combination of contingent labour and professional services vendors will be used to supplement SIRA's internal resources, as required