



STAFFORDSHIRE FIRE & RESCUE SERVICES

Insurance

Final Internal Audit Report: 1.25/26

19 June 2025



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AUDIT OUTCOME OVERVIEW

In line with our scope, included at Appendix B, the overview of our findings is detailed below.

Background

We have undertaken an Insurance review as part of the 2025/26 approved internal audit plan. The aim of our review was to consider the processes in place for governing the insurance provision at Staffordshire Fire and Rescue Services (the Service).

In April 2024, the Service commenced membership to the Fire and Rescue Indemnity Company (FRIC). This provided the service with protection for each agreed claim, up to to the retention limit. Since membership began, there have been 51 claims, with a total pay-out of £23,075. Claims are either directed to the FRIC via email, or where an FRIC incident report card is left at the scene of a motor accident, FRIC manage the claim directly. The specific terms and conditions of the Service's membership is outlined within the Certificate of Entry. Additionally, the role of FRIC in the insurance process is documented in the Insurance Strategy, as the responsibilities of key staff within the Service.

The benefits of the agreement were reported to the Service by FRIC on an annual basis, outlining the cost savings and other financial impacts experienced over the period. This included a reduction in insurance premiums, saving the Service £77,475. Principal Officers receive reports on the non-financial benefits of membership, including improved risk management. The Service Management Board receive reports on changes to the Insurance Process, providing strategic oversight. Performance updates relating to agreed insurance and risk management KPIs are discussed by the Board, and associated proposals are considered.

Conclusion:

Overall, our review concluded that the Insurance framework is well designed and operating effectively. An insurance Strategy document was found to have been in place which sets out the insurance claim process and staff roles and responsibilities. Testing on a sample of 20 insurance claims submitted through FRIC confirmed the claims had been processed in line with policy guidance and supporting documentation had been maintained on file. One area of improvement was noted in relation to updating the Insurance Strategy to reflect the recently implemented claims approval process via the Insurance Claim Log; this has resulted in the agreement of one 'low' priority management action.

Internal audit opinion:



Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Key Findings:**Insurance Strategy**

The Insurance Strategy had not been adjusted to reflect the recent alteration to the claims approval process. This involved the implementation of the internal Insurance Claim Log. **(Low)**

Roles and Responsibilities

Review confirmed that the Claims Responsibilities Flowchart outlined the approval limits of the Director of Finance, Strategic Risk Manager and Business Resilience Officer for the approval of claims of various sizes.

The job descriptions for the Strategic Risk Manager and Business Resilience Officer comprehensively documented their roles and responsibilities relating to the insurance process.

Contract

The Certificate of Entry outlined the Service's protections covered by FRIC. The contract was in date and had been approved by the Service Management Board of the protection period.

Training

Training is provided to Middle Managers outlined the Service's insurance arrangements, including the role of FRIC, as well as the requirements for staff to provide adequate information in a timely manner.

Insurance Claims

For a sample of 20 claims it was noted that an Initial Safety Notification or Driver Claim Form was produced in a timely manner after motor accidents, providing sufficient detail to the appropriate staff in the Service and FRIC. Claim notes documented the progress of each claim and staff involved.

Where necessary, CCTV or photographic evidence or repair invoices were retained. Claims were approved via the internal insurance claim log.

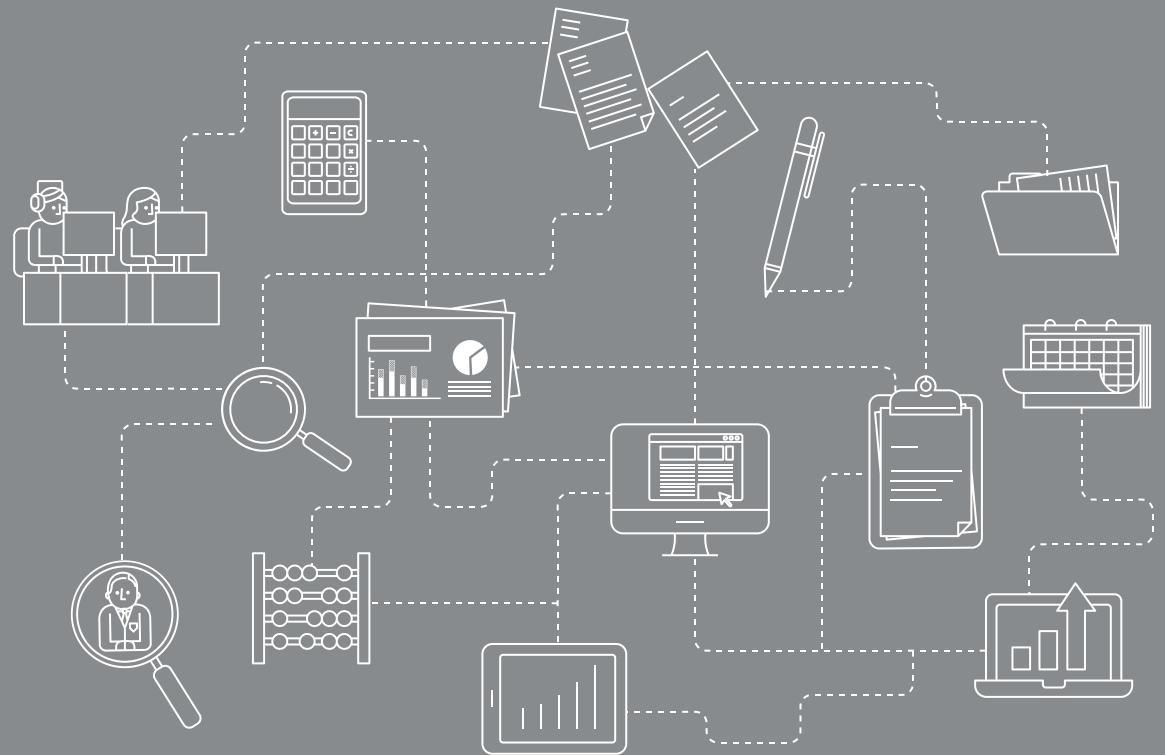
Governance and Reporting

Review of a sample of reports to the Service Management Board confirmed these outlined the impact of membership with FRIC as well as the Services targets for risk management and compliance with FRIC standards.

FRIC reported to Principal Officers on an annual basis on the financial benefits of membership. Non-financial and risk management improvements were also included.

Summary of Actions for Management

01



SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as*:

High
Immediate management attention is necessary.

Medium
Timely management attention is necessary.

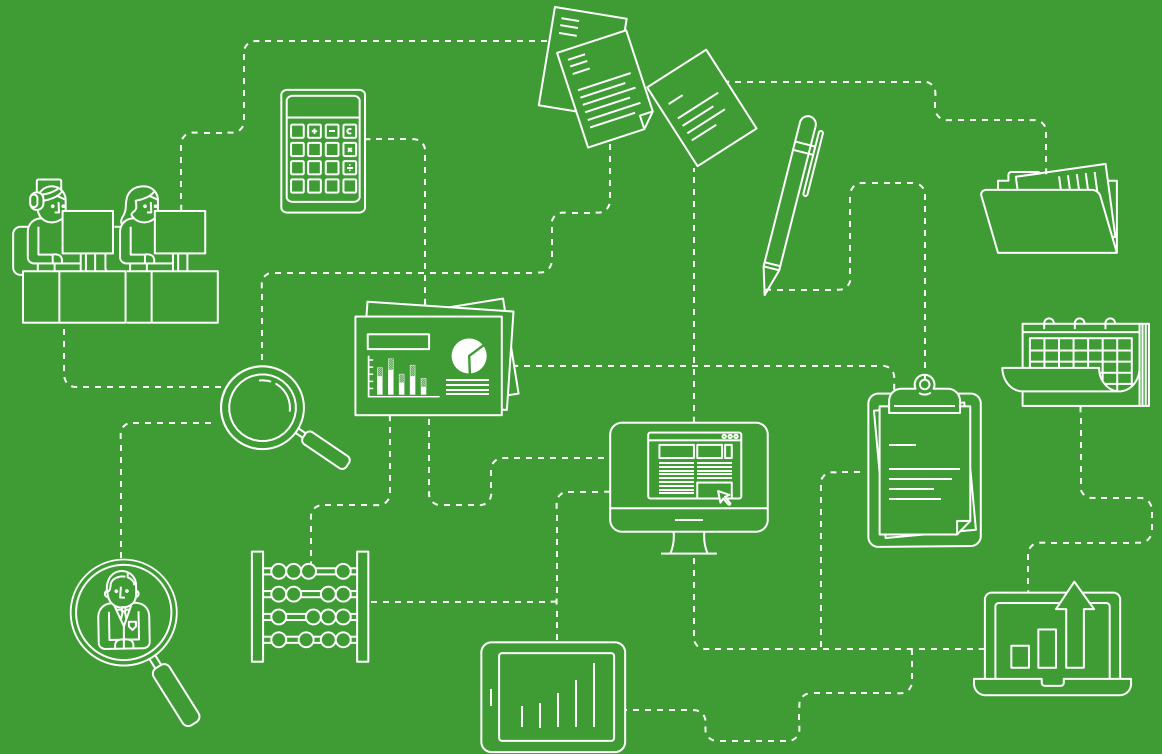
Low
There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	The Service will ensure the Insurance Strategy is updated to reflect any changes to its claims management process, including the documentation of claims approval.	Low	Strategic Risk Manager	30 June 2025

* Refer to Appendix A for more detail

Detailed Findings and Actions

02



DETAILED FINDINGS AND ACTIONS

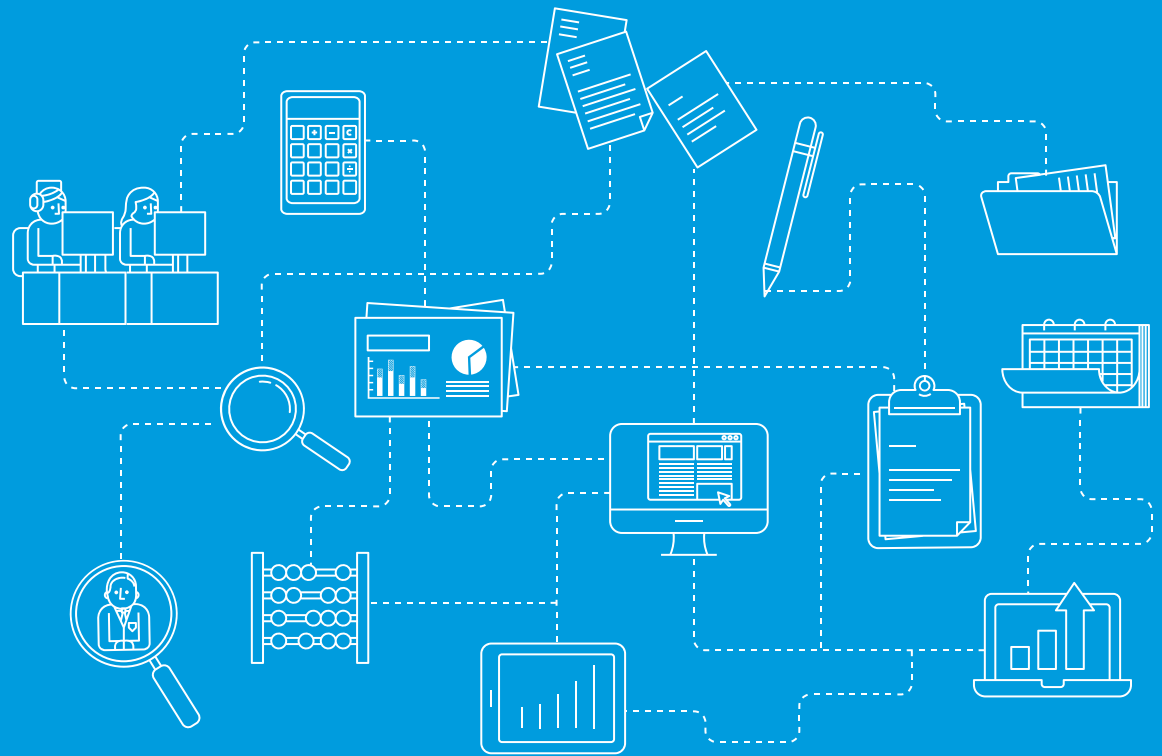
This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

Insurance Strategy

Control	The Service have an Insurance Strategy in place, outlining the approach taken for managing insurance claims and responsibilities of relevant staff. The Strategy is subject to regular review and approval and is easily accessible by relevant staff members.	Assessment:		
		Design		✓
		Compliance		×
Findings / Implications	We reviewed the Insurance Strategy and confirmed it comprehensively documented each stage stage of the insurance process. This included financial management, the role of the FRIC and reporting on claims. Furthermore, the Strategy set out the responsibilities of key staff in these processes, like the Strategic Risk Manager, Business Resilience Officer and Director of Finance in the management and approval of insurance claims of different values.			
	The first version of this strategy was approved in January 2025, by the Director of Finance. We confirmed the Insurance Strategy was available to staff via the intranet.			
	Our testing of the management of claims identified a recently implemented approval process, utilising an internal Insurance Claim Log. The Insurance Strategy should be updated to reflect the changes to the claim approval process.			
	If the Insurance Strategy is not maintained up to date, there is a risk of it containing outdated information resulting inconsistent working practices.			
Management Action 1	The Service will ensure the Insurance Strategy is updated to reflect any changes to its claims management process, including the documentation of claims approval.	Responsible Owner: Strategic Risk Manager	Date: 30 June 2025	Priority: Low

Appendices

03



APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Low

There is scope for enhancing control or improving efficiency.

Medium

Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.

High

Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Insurance	0 (6)	1 (6)	1	0	0
Total			1	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the objective

Objective of the risk under review

Following the move to the Fire Rescue and Indemnity Company Limited, this review will consider the systems and processes in place including member services, governance and performance metrics.

When planning the audit, the following were agreed:

Areas for consideration:

- The Service has an Insurance Strategy in place which sets out the approach taken for managing insurance claims.
- Roles and responsibilities have been defined and documented for managing insurance processes.
- A contract is in place which the Service's insurance provider which has been maintained up to date.
- Processes have been established to raise awareness across the Service how incidents and potential insurance claims should be reported by staff members.
- A sample of insurance claims will be selected and tested to ensure they have been processed in line with set policy and procedural guidance.
- Management and performance reporting is completed to provide operational and strategic oversight of the insurance function.

Limitations to the scope of the audit assignment:

- We will not comment on the outcome of individual insurance claims.
- We will not confirm that the Service is achieving Value for Money (VfM) with its current insurance provision.
- We will not confirm that all potential claims have been captured and processed by the Service.
- Testing will be completed on a sample basis.
- IT controls will not be considered as part of this audit.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- Our work will not provide an absolute assurance that material errors, loss or fraud do not exist.

Debrief held	9 June 2025
Draft report issued	16 June 2025
Responses received	19 June 2025
Final report issued	19 June 2025

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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