

DRAFT / INDICATIVE Desktop Reviews and Site Audits for Managing Fraud, Error and Non-compliance

Version 1 (Pre ITT) 27/3/25

1. The Supplier is required to conduct assure that Grant Recipients are following scheme policies, are fulfilling their obligations and have effective operational controls for counter fraud, error and non-compliance management.

5% of installation per annum mix of
desktop reviews and site audits

3% are desktop only. Involves reviewing/evaluating and assuring through data and documents available or obtained to ensure eligibility and compliance with scheme rules.

2% are site and associated desktop review. Involves reviewing/evaluating and assuring through physical/proxy site visits to assure that what we have paid for has been delivered and compliant with scheme rules.



2. Reviews must be split between pre, mid and post installation. There is scope for the Supplier in conversation and approval with the Buyer to adjust the split operationally, on a risk driven basis.

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Desktop and Site Audits – 5% of installation Per Annum

3. Checks should be distributed across the installation lifecycle in line with random and risk driven sampling, i.e. a proportion of checks should be undertaken pre-, during and post installation. Where an individual installation, project or
4. Some of these checks will only be relevant to WH:LG or WH:SHF as per scheme rules.
5. This is not an exhaustive list of desktop and site visit checks. There is scope for the supplier to discuss and agree with the buyer other innovative and efficient checks. Desktop review and Site visit checks can include but are not limited to:

Pillar of Risk	Desktop Review only (3% of installations per annum)	Site Visit in addition to a desktop review (2% of installations per annum)
Property	<ul style="list-style-type: none"> • Does the property exist? E.g. checking land registry, google maps etc. • Is the property eligible? E.g. <ul style="list-style-type: none"> ○ Commercial Vs Domestic, Private Vs Public Sector, Social housing Vs Private rented sector. ○ Property Vacant Vs occupied. ○ Is the property in an eligible geographical location (inside the GR's areas of responsibility). • Is there any evidence of manipulation of the EPC <ul style="list-style-type: none"> ○ Compare previous EPC Vs Current EPC for any anomalies. 	<ul style="list-style-type: none"> • Do the observed physical characteristics of the property match the desktop review evidence?

	<ul style="list-style-type: none"> Are the proposed measures relevant to the property type / characteristics, e.g. <ul style="list-style-type: none"> Check the footprint of the property aligns with the measures being installed. Loft installation for mid floor flats Ownership verification 	
Beneficiary	<ul style="list-style-type: none"> Confirm the eligibility of applicant/occupant, including reviewing what evidence/approach was used by GR to determine eligibility. [payslips, bank statements, Indices of multiple deprivation] Confirm the identity of the applicant/occupant, including reviewing what evidence/approach was used by GR to determine eligibility. [e.g. passport, utility bills] Confirm Benefits entitlement of applicant/occupant where relevant to funding award, including reviewing what evidence/approach was used by GR to determine eligibility. [DWP means tested benefits] Monitor for potential conflicts of interest, e.g. applicant/beneficiary has connection to GR, installer, retrofit assessor/co-ordinator, etc. 	<ul style="list-style-type: none"> Monitor for any indicators of wealth inconsistent with stated income/benefits status of applicant/occupant (relevant to the award of funding). Where relevant, confirm stated occupant is resident at the property. Monitor for any indicators of conflicts of interest or collusion involving the applicant/occupant Monitor for any indicators of coercion being applied to the occupant/applicant.
Measure	<ul style="list-style-type: none"> Has any of the proposed measures already been installed / funded <ul style="list-style-type: none"> Using tools such as the Energy Efficiency Installation Checker for previous measures 	<ul style="list-style-type: none"> Are the stated measures present at the property and does the installation of each appear to be complete?

	<ul style="list-style-type: none"> • Confirm that the stated measures align across the schedule of work/sap co-ordinators design and invoice. • Assess whether the proposed measure mix is valid for the scheme. • Determine whether the stated cost of each and all measures in is line with any scheme pricing guidance and/or cost averages/cost caps • Confirm the installation has been lodged appropriately with TrustMark/Microgeneration Certification Scheme. • Checking ineligible spend 	<ul style="list-style-type: none"> • Do the installed measures match the specification (make/model/rating) of those stated in the schedule of work/sap co-ordinators design and invoice? • Are there any visible snagging or health and safety issues. • Are there any other risk indicators relating to the standard of the work (that may need to be referred to a specialist for assessment)?
Installer	<ul style="list-style-type: none"> • Confirm the stated installer is registered with TrustMark/MCS as required • Checks on company/director, e.g. via Companies House • Conflicts of interest between installer, GR/homeowner/retrofit co-ordinators/assessors • If a red flag is raised against a particular installer, then to run further checks and analysis on the installer to see whether the anomaly is occurring across other Grant Recipients they are delivering for. 	<ul style="list-style-type: none"> • Are there any indications that the work was not carried out by the stated installer? • Are there any indications of unethical practices or practices non-compliant with scheme policy, e.g. requests for payment from occupant, proposals for collusion between occupant/homeowner and the installer/retrofit assessor/retrofit co-ordinator.
Administration and audit of spend	<ul style="list-style-type: none"> • Confirm spend is in line with the scheme rules 	

	<ul style="list-style-type: none">• Confirm payment has been made to the correct recipient and for the appropriate value, e.g. invoice matching, validation of bank account details• Ensure expenditure aligns with and is appropriate for the stated measures (cross reference with measures and property checks)	
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6. For planning purposes, it is anticipated that:

- a. **Desktop audits** are likely to require around [1-2hours] each. This could increase significantly depending on the complexity of the audit and any matters arising; equally it is expected that using automation and efficient processing by the Supplier, the duration of desktop audits can be reduced.
- b. **Site audits** are likely to require [1-2hours] on site per audit, excluding travelling time to and between audits. Duration of onsite time could increase significantly depending on the complexity of the audit and any matters arising. The Supplier may wish to consider the use of remote/virtual audits in some circumstances, to improve efficiency of certain types of audits and reducing travel time. Travelling time will be dependent on the geographical distribution Suppliers own field force and scheduling of onsite audits. The experience of professional required to complete these on-site audits should be proportionate to the requirements, e.g. someone competent to do a physical inspection of compliance with the eligibility criteria and be alert to other fraud/error indicators. This does not require a Chartered Surveyor but should be pitched more at the Energy Efficiency Advisor, or equivalent, level.

Analysis of spend data for anomalies and patterns

In line with *REQUIREMENT 2.8*, *The Supplier is required to examine financial and spend data for anomalies or patterns that may indicate fraud, error or non-compliance. These shall be conducted at least monthly and include selecting samples of a minimum of 5% of spend for each scheme, which should be increased to reflect where there is evidence or reasonable suspicion of increased risk. This should include a combination of risk-based and random selections. Note this is distinct from the reconciliation check Service Area 8 – Grant Spend Compliance and Forecasting. However, any discrepancies found through the reconciliation exercise for both schemes, must be referred to the **Supplier's** Fraud/Compliance team to triage and investigate.*

The below table sets out a comparison between the Fraud, error and non-compliance requirement with the Grant Service area 8 regarding reconciliation of spend and reporting.

	Fraud, error and non-compliance management activity	Grant Service Area 8 Activity
Timeline	(At least) Monthly	Quarterly
Checks could include:	Proactively consider data from a variety of sources to: <ul style="list-style-type: none"> Compare the cost of measures to averages across installations, installers and Grant Recipients to identify and investigate outliers Identify where pricing may be being inflated or manipulated to align with or exploit scheme policies. 	Typical Evidence could include: Invoices Payment certificates Timesheets Statement of work (PO, email evidence of work underway etc for accruals).
		These evidence checks are split into two categories: <ol style="list-style-type: none"> Evidence Check for Reported Expenditure is Substantiated with Evidence

		<p>b. Evidence Check For Reported Expenditure to Meet Scheme Eligibility Criteria</p> <p>The Supplier must select a sample size that makes up 20% of the value of transactions reported in the period from each Grant Recipient. This sample will be used to check that reported expenditure is substantiated with evidence.</p> <p>The Supplier must then select within this sample size, a sample that makes up 5% of the value transactions reported in the period from each Grant Recipient. This sample will be used to check that reported expenditure meets the scheme eligibility criteria.</p> <p>Substantiate the spend through evidence checking</p>
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