



Department for Energy Security & Net Zero

Annex A: Requirements and Capabilities

Review of Energy Performance Assessments	Capabilities Required
1. Using data and site audits to review the accuracy of Energy Performance assessments of properties treated for ECO4 (pre and post installation). Have technical capabilities to conduct site visit audits.	<ul style="list-style-type: none"> • Using data analysis to identify suspected fraud and error. • Conducting site visits to audit energy performance assessments, with field personnel who understand terminology and requirements of the RdSAP process. • Field personnel with a geographic spread. • Sufficient resources (no. of personnel). • Expertise in fraud management.
2. To (as far as possible) review the capabilities and limitations of accreditation bodies' oversight of energy performance assessments and assessors used in ECO4.	<ul style="list-style-type: none"> • Personnel who understand the scheme process and terminology of RdSAP and EPC ratings. • Expertise in fraud and error management. • Business analysis skills.
3. To review and determine the accuracy of using Energy Performance Reports (EPRs) compared to Energy Performance Certificates (EPCs) and to make recommendations for any improvements or changes.	<ul style="list-style-type: none"> • Personnel with understanding and knowledge of EPC rating and ECO scheme processes. • Expertise in fraud management. • Business analysis skills. • Fraud investigation capability.
4. Creating sampling methodologies and conducting sample selection for assurance and control testing work.	<ul style="list-style-type: none"> • Skills and resources to manage and conduct sampling. • Questionnaire design and analysis. • Analysing questionnaire responses. • Provide data analysis report on information gathered.
Review of scheme delivery participants, controllers and stakeholders	Capabilities required
5. For all scheme participants, evaluating the effectiveness of existing internal controls and processes. This includes testing the robustness of	<ul style="list-style-type: none"> • Provide an independent critique on processes • Implement an internal control assurance exercise.

controls, processes and split of scheme responsibilities.	<ul style="list-style-type: none"> • Ability to report findings along with prioritised recommendations for change, executive summary, etc. • Expertise in fraud and error management. • Business analysis skills.
6. For all scheme participants, identifying where ineffective manual processes are currently in place. Making recommendations on digital tools and technologies that could be leveraged to more effectively mitigate and manage fraud.	<ul style="list-style-type: none"> • Experience and skills in digital tools and technologies and using digital tools to improve accuracy/ efficiency.
7. For all scheme participants, where relevant, carrying out interviews with key stakeholders to gather insights and identify potential areas of further concern.	<ul style="list-style-type: none"> • Conduct interviews and start early communication with to build relationships and regular follow-up communication.
8. Evaluating the existence/effectiveness of current whistleblower mechanisms and suggesting any improvements to encourage reporting of suspected fraud.	<ul style="list-style-type: none"> • Experienced in providing counter fraud assurance.
Energy Company oversight and supply chain management	Capabilities required
9. To review and determine the accuracy of the supply chain fraud and error management processes and to make recommendations for improvements to controls, oversight and policy. This includes identifying any gaps in delivery partners or supply chain roles and capabilities and resolving lack of clarity over ownership of processes.	<ul style="list-style-type: none"> • Understand specific scheme risks and issues. • Collaborate with supply chain and experience in fraud and error management.
Reviewing policy design, DESNZ role and other factors	Capabilities required
10. Review and assess the ECO policy and delivery to identify and make practical recommendations for areas to enable reduction in fraud and error risk exposure. This may include reviewing ECO 'scoring' approaches which determine the level of award for installing certain measure combinations in certain household types.	<ul style="list-style-type: none"> • Team to have, gain and critique understanding of the EPC and RdSAP scoring and ECO eligibility and eligibility checking processes, strengths and weaknesses. • Policy analysis and recommendations.
11. Providing any recommendations for fraud awareness and prevention training to enhance future vigilance and inclusion of comprehensive fraud assessment in policy design.	<ul style="list-style-type: none"> • Experienced in analysing data to provide recommendations about fraud prevention relevant to this sector.

Scheme Administrator Assurance	Capabilities required
12. To review and determine the reliability of the scheme administrator assurance, oversight, processes and capabilities in relation to ECO 4.	<ul style="list-style-type: none"> • Understand specific scheme risks and issues. • Ability to engage and collaborate with scheme administrator to understand their capabilities.
13. To understand and assess the scheme administrator decision making framework and threshold for taking action on fraud.	<ul style="list-style-type: none"> • Experience and knowledge of fraud prevention.
14. To make recommendations for improvements to controls and oversight.	<ul style="list-style-type: none"> • Provide report with analysis and recommendations.
Quality Assurance bodies	Capabilities required
15. To review and determine the quality assurance bodies' Quality Assurance, auditing and oversight processes and capabilities and to make recommendations for improvements to controls, oversight and policy.	<ul style="list-style-type: none"> • Ability to engage and collaborate with quality assurance bodies to understand their assurance strategy.
Fraud products document review	Capabilities required
16. Carrying out a document review of fraud-related products. This may be across delivery partners, who may hold responsibility for some of these documents independently or in a joint function. This may include: <ul style="list-style-type: none"> - Governance framework - Initial Fraud Impact Assessment - Fraud risk appetite - Fraud gaps summary - Fraud Risk Assessments - Fraud action / response plans - Compliance strategy - Fraud strategy - Collaboration framework - Risk registers 	<ul style="list-style-type: none"> • Experienced in providing counter fraud assurance and preparing fraud management documents mentioned.
Overall fraud and error exposure assessment and recommendations	Capabilities required
17. Review, audit and analyse funding accuracy and eligibility to derive an assessment of types of fraud and error exposure as a % of spend and to make prioritised, actionable recommendations for improvement in specific error and fraud risk types and control capabilities.	<ul style="list-style-type: none"> • Skills and resources to conduct audits. • Fraud and error management expertise.

18. Comparing the schemes processes and controls against industry best practice and standards to identify gaps and areas for improvement.	<ul style="list-style-type: none"> • Knowledge of scheme process and industry.
19. Specific focus on the following fraud risk areas causing most concern for ECO4 will also be needed. This may include dedicated sections in the final report on how to mitigate these topics: <ul style="list-style-type: none"> - Property eligibility rules followed - Confirming support only goes to eligible households and that checks are sufficient regardless of the route taken to receive support, including LA Flex. - Manipulation of RdSAP/SAP assessments - Measures installed as per ECO4 rules & declared correctly - Confirming minimum requirements on insulation are met - Assessing accuracy and depth of data from project level through to DESNZ, quality assurance bodies, Scheme providers and scheme administrators - Reviewing strength of risk mitigation completed by all responsible parties 	<ul style="list-style-type: none"> • Knowledge and experience of fraud and error exposure assessment and recommendations.

Outputs

- 1) A comprehensive report detailing findings, root causes and actionable recommendations to strengthen fraud prevention and detection measures. There should be a consideration of findings, analysis and recommendations against each organisation/entity involved in the delivery and oversight of the scheme (so DESNZ, Regulators, Energy Companies, quality assurance bodies, Local Authorities, where they play a role in delivery and oversight of some projects, installers, and beneficiaries, for example. Recommendations to consider all relevant areas including processes, oversight, fiduciary and diligence controls, audit effectiveness, control gaps or weaknesses, culture and capability, etc). Analysis to include data, processes, documents and interviews and audits considered, and conclusions or hypotheses reached and tested.