

RISE

Retrofit information,
support & expertise

Fraud, Error and Non-compliance (FENC): what is it?

A quick guide for Grant Recipients

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FENC – what is it?

FENC stands for **Fraud, Error and NonCompliance**. These are issues that can affect how a project is delivered and may stop it from meeting its goals.

Definitions:

- **Fraud** is when someone deliberately lies or deceives others to benefit themselves or to cause a loss to someone else.
- **Error** is when money is used incorrectly **by mistake**. This could mean funds are put in the wrong place or not enough funds are allocated. Errors can happen in similar situations as fraud, but the key difference is that there is **no intent to deceive**.
- **Non-compliance** is when someone does not follow the rules or requirements that apply to the project, such as those in a contract, law, regulation, or internal policy. This can happen either on purpose or by accident.

Why FENC matters

Government funded programmes like the Warm Homes scheme can be more at risk of FENC because they are large and can be complex to deliver.

To reduce these risks, the Warm Homes programme has a dedicated FENC workstream. Its aim is to help grant recipients (GR) implement strong, practical controls, so that problems are prevented early, and any losses are kept to a minimum.

Who is involved in FENC activity?

We are working with **recognised fraud experts, Deloitte**, to support the delivery of the FENC workstream. This work is overseen by a dedicated FENC team within Turner & Townsend.

What does the FENC workstream involve?

All GRs have created a **Fraud Risk Assessment (FRA)** and a **Fraud Management Plan (FMP)**. These documents are important because they help you identify where fraud, error or non-compliance could occur in your project, and what controls you have in place to manage these risks.

The FRA and FMP form the **foundation** for all FENC activity across the project.

Regular reviews and updates

Your FRA and FMP are **living documents**. This means they should be reviewed and updated regularly to reflect what is happening during delivery.

As your project progresses:

- The risks you identified at the start may **change**
- New risks may **appear**
- Some controls may not be as effective as expected, and may need to be improved

Tip: Reviewing your FRA and FMP before your monthly meeting with your Delivery Support Manager (DSM) helps make sure the documents stay up to date and can support positive, solution focused conversations.

GR Assurance checks

Throughout the project, GRs will take part in both **risk based** and **random** assurance checks. These checks look at the key controls and processes used to manage your project.

The purpose of these checks is to:

- **Review** your current controls
- **Test** how well they work
- **Strengthen** your processes
- Share examples of **good practice** so you can learn from others

Each month, we will select **10–15 GRs** for checking. Over the course of the project, all GRs will be selected.

- If you have a **Grant Funding Agreement** with the Department, we will check your controls directly.
- If you are part of a **consortium**, your FENC controls will be reviewed through the consortium lead.

Your DSM will let you know when you've been selected and will explain the process. The Warm Homes team may review documents such as your FRA, FMP, policies and procedures, and may test specific controls (e.g. checks on resident or property eligibility).

Afterwards, we will send you a short report with our findings and recommendations.

GR Monitoring

We will also monitor the **management information** you submit through the Grant Recipient Portal / Grant Management System. This includes operational and financial information.

We look for:

- Recurring themes
- Emerging risks
- Areas where controls may not be working well

If we identify concerns, we may follow up through a desktop review, inspection or financial verification.

A&A Verification

The Department (DESNZ) requires us to check **5% of total Administration & Ancillary (A&A) spend** across the Scheme.

Each month, a sample of GRs will be selected using a risk-based approach.

Selected GRs will receive a **Request for Information (RFI)** from **DESNZ** to ensure personal data is handled securely.

You will be asked to provide:

- A breakdown of the most recent month's A&A spend.
- Evidence showing that the spend is accurate and meets Scheme rules.

These checks help confirm that A&A spending is **eligible** and reported correctly.

Capital Verification

We are also required to verify **5% of reported Capital spend**.

Each month, a sample of GRs will be selected using a risk based approach.

You will receive an RFI from a **Warm Homes email address** (ukdeloittewarmhomes@deloitte.co.uk), as the information requested typically does not include personal data.

The RFI will ask for either:

- A breakdown of that month's Capital spend with evidence, or
- Installation level documents to confirm the work meets Scheme requirements.

These checks ensure Capital spend is **accurate, evidenced based** and **eligible**.

Desktop reviews

During the delivery phase, we will carry out **desktop reviews** of around **5% of properties and installations**. These reviews look for FENC risks linked to the quality and completion of work and help deter poor quality or noncompliant activity.

Properties are selected using a mix of **random** and **risk based** sampling.

GRs will receive an RFI from **DESNZ** to ensure personal data is shared securely.

On-site inspections

We will also carry out **on-site inspections** on around **2% of properties**.

A qualified professional will visit the property and physically check the work to make sure it is compliant and free from FENC risks.

You will be informed by **email from DESNZ** if one of your properties has been selected.

GRs are expected to:

- Help arrange access.
- Liaise with residents and the inspector.
- Have a representative attend the inspection.

If no issues are found, the case is closed. If concerns are identified, the property may receive a second, more detailed inspection and DESNZ will be informed.

Investigations

The Warm Homes FENC team can help GRs who **do not have the experience or capacity** to carry out investigations themselves.

They can investigate suspected FENC and take appropriate steps afterwards, such as:

- Escalating the case
- Advising on control improvements
- Providing education and guidance

We can also review investigations carried out by GRs to ensure they are completed correctly and supported by evidence.

Support with Fraud, Error and Non-Compliance

We take a whole project approach to managing FENC risks. We want to support GRs to strengthen their controls and address challenges early.

If you are experiencing FENC related issues or want to talk through concerns:

- **Speak to your DSM**, who can connect you with the right experts.
- Look out for support opportunities in the **RISE newsletters**.
- Join a **GR Learning Community** to share experiences and learn from others.