



National Audit Office

NAO Whistleblowing Annual Report

1 April 2018 to 31 March 2019



This is our second annual report on whistleblowing disclosures we have received. In the period 1 April 2018 to 31 March 2019 inclusive the C&AG received 38 whistleblowing disclosures.

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.



The National Audit Office (NAO) helps Parliament hold government to account for the way it spends public money. It is independent of government and the civil service. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether government is delivering value for money on behalf of the public, concluding on whether resources have been used efficiently, effectively and with economy. The NAO identifies ways that government can make better use of public money to improve people's lives. It measures this impact annually. In 2018 the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.

Introduction

1 This is our second annual report on whistleblowing disclosures we have received. The Comptroller and Auditor General (C&AG) who leads the National Audit Office (NAO) is a prescribed person listed in the Public Interest Disclosure (prescribed persons) Order 2014, to whom external persons can make disclosures relating to “the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services”.

2 The Public Interest Disclosure Act 1998 (the Act) created a right to redress in the event of being dismissed or subjected to a detriment by one’s employer, or other responsible third party, because of ‘whistleblowing’ (making a disclosure in the public interest).

3 The Act was introduced in response to the major corporate failures of the 1980s and 1990s, where workers had known of the dangers that led to disaster but were unwilling or unable to warn of them effectively.

4 The Act aims to help prevent such disasters and corporate malpractice in general by encouraging workers with relevant information to come forward responsibly. The Act seeks to achieve this by offering a right to redress in the event of victimisation or dismissal if workers raise their concerns in the ways specified in the legislation.

The Comptroller and Auditor General (C&AG)

5 The C&AG, who leads the NAO, scrutinises public spending for Parliament to help the government in its drive to improve public services, nationally and locally. The C&AG has statutory authority to examine and report to Parliament on whether Departments and the bodies they fund have used their resources efficiently, effectively and with economy.

6 This is achieved by auditing the financial statements of all central government departments, agencies and other public bodies, and reporting the results to Parliament. Our other work comprises value-for-money studies, local audit, investigations, support to Parliament and international activities.

7 The C&AG uses his powers to:

- decide which value for money examinations to carry out;
- decide how to report results to Parliament; and
- use rights of access to documents and staff to get information and explanations.

You can read more about the C&AG and the NAO on our website.

8 The issues we focus on in our work are:

- securing an effective centre of government that facilitates the best use of public money;
- maintaining effective local services under financial constraint;
- improving the accuracy and effectiveness of high-volume services to the public;

- improving the effective delivery of major programmes and projects;
- improving outcomes from a diverse range of providers, with effective oversight and intervention; and
- strengthening influence and regulation to make markets work effectively.

Role of the C&AG with reference to the Act

9 The C&AG, is a prescribed person listed in the Public Interest Disclosure (prescribed persons) Order 2014, to whom external persons can make disclosures relating to “the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services”.

10 The Act does not require the C&AG to investigate every disclosure he receives; his decision whether to investigate is based upon various criteria designed to ensure the most effective use of the resources at his disposal in safeguarding the public interest.

Content of report

11 Since April 2017, all Prescribed Persons are required to report in writing annually on workers (whistleblowing) disclosures they have received.

12 The report must contain, without including any information in the report that would identify a worker who has made a disclosure of information, or an employer or other person in respect of whom a disclosure of information has been made:

- a** the number of workers’ disclosures received during the reporting period that the relevant prescribed person reasonably believes are:
 - qualifying disclosures within the meaning of section 43B of the Employment Rights Act 1996; and
 - which fall within the matters in respect of which that person is so prescribed.
- b** the number of those disclosures in relation to which the relevant prescribed person decided during the reporting period to take further action.
- c** a summary of:
 - the action that the relevant prescribed person has taken during the reporting period in respect of the workers’ disclosures; and
 - how workers’ disclosures have impacted on the relevant prescribed person’s ability to perform its functions and meet its objectives during the reporting period.
- d** an explanation of the functions and objectives of the relevant prescribed person.

Correspondence at the NAO

13 The C&AG and the NAO receive approximately 1,000 items of correspondence each year from Members of Parliament, members of the public and other organisations telling us about their experiences or concerns with public bodies. The NAO's objective when handling correspondence is to deliver timely, proportionate and high-quality responses; all correspondence received is logged so that those who communicate with us know that their concerns are taken seriously and handled appropriately.

14 Receiving, investigating and replying to correspondence is part of the NAO's core work. It is one of the direct contact points with MPs and the public and is a rich and invaluable source of intelligence with a key role to play in informing our audit work. For example, through the identification of individual or systemic issues that merit further investigation.

15 We receive around 1,000 pieces of correspondence each year, many of these raise concerns about public bodies, some of which are concerns raised by workers about their employer. These whistleblowing disclosures are detailed below.

Whistleblowing disclosures received from 1 April 2018 to 31 March 2019

16 In the period 1 April 2018 to 31 March 2019 inclusive the C&AG received 38 whistleblowing disclosures.

Outcomes

Response to disclosures	Number of disclosures	Summary of the action taken
Work performed by the National Audit Office	14	In these cases we investigated the concerns as part of our audit work or as a specific investigation.
Referred to alternative body	14	In these cases we referred the disclosure to other bodies that were better placed to investigate the concerns; these bodies included the relevant government Department, the Government Internal Audit Agency or a devolved authority.
Referred to local auditor	10	In these cases we referred the disclosure to the local auditor for the relevant local authority. The local auditor is a prescribed person where concerns relate to a local authority.

Examples of the type of work we carried out

17 We have not included any information in these examples which could lead to the identification of a whistleblower or the subject of the whistleblowing or compromise the confidentiality of an ongoing investigation.

- **Example 1:** We received a concern from an anonymous correspondent about procurement and contract management. We used information gathered in our year end audit to undertake analysis to establish if the concern raised warranted further enquiries. We identified that the internal audit team of the relevant arms' length body (ALB) had recently performed work which covered the complainant's concerns. We have monitored the ALB's response to this report through our ongoing engagement with internal audit and attendance at its Audit and Risk Assurance Committee (ARAC).
- **Example 2:** The whistleblower raised concerns about staff payroll arrangements and project delivery. We spoke with the Head of Internal Audit and the relevant project team at the Department. We used this information to inform our view of risk for the 2018-19 financial statement audit and wider understanding of these issues across government.
- **Example 3:** A whistleblower raised concerns about a number of HR matters, including the use of consultants and travel expenses; we contacted the whistleblower to discuss their concerns. This helped target our audit plan to focus our work accordingly, and to enhance the assurance obtained during our financial statements audit, particularly in respect of remuneration and employee reimbursements.
- **Example 4:** Protecting the confidentiality of a whistleblower is very important. Following a disclosure to us we considered the issues raised and how we would need to protect the confidentiality of the whistleblower. On this occasion we were not able to confirm with the Whistleblower whether they were content for us to contact the organisation about which the concerns had been raised. Therefore to protect their identify we planned to compare their concerns with other information we already held to develop a line of enquiry independent of the whistleblower.

Learning from disclosures

18 The National Audit Office carries out statutory audits on the financial statements of public bodies and examinations into the economy, efficiency and effectiveness with which government departments and many other public sector bodies have used their resources. We use the experience of people to inform our audits and take the issues raised with us into account as we conduct and plan our programme of work. The disclosures made to us provide insight into areas we may want to investigate and aid the C&AG's ability to perform his functions.

19 The more knowledge the NAO has the more effectively it can hold Government to account. Whistleblowers raise concerns which help us target our financial audit work, ensuring we are carrying out work on the areas where there is risk of misstatement or irregularity. It also allows us to identify issues which should be scrutinised through our value for money examinations or factual investigations. Concerns raised from whistleblowing allow us to ask specific questions of government departments and other public sector bodies which inform our knowledge of the issues facing government, aiding the C&AG's ability to perform his functions.

20 The Local Audit and Accountability Act 2014 (LAAA) gave the C&AG specific value-for-money powers in respect of certain local public bodies, including local authorities. While we cannot investigate individual local public bodies, such as individual local authorities, the LAAA allows the NAO to perform value-for-money work on groups of local public bodies. Whistleblowing disclosures therefore inform our planning and may trigger an examination across a group of local public bodies.

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