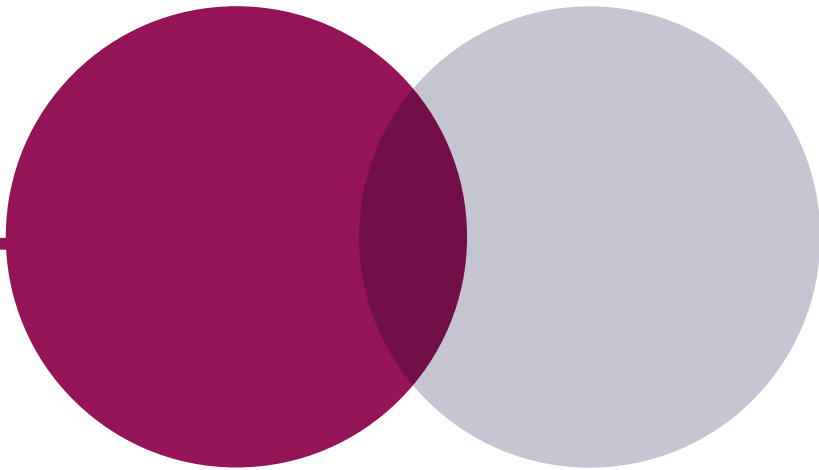




National Audit Office



# National Audit Office Whistleblowing Annual Report

1 April 2021 to 31 March 2022


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**REPORT**

by the  
National Audit Office

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**SEPTEMBER 2022**



**We are the UK's  
independent  
public spending  
watchdog.**

**We support Parliament  
in holding government  
to account and we  
help improve public  
services through our  
high-quality audits.**

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2021, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £874 million.

# National Audit Office Whistleblowing Annual Report

This is our fifth annual report on whistleblowing disclosures we have received. The Comptroller and Auditor General (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”. 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). 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. 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**

The C&AG, who leads the National Audit Office (NAO), scrutinises public spending for Parliament and is independent of government and the civil service. The NAO supports Parliament in holding government to account and helps improve public services through high-quality audits. Our other work comprises value-for-money studies, investigations, setting the Code of Practice for local public audit, and support to Parliament and international activities. We regularly share insights on important cross-cutting issues. You can read more about the C&AG and the NAO on our website and in our five-year strategy.

## **Role of the C&AG with reference to the Act**

The Public Interest Disclosure (Prescribed Persons) Order 2014 prescribes the C&AG as someone to whom people can make a protected disclosure relating to “the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services”. The whistleblowing legislation does not give the C&AG any additional powers nor does it require the C&AG to investigate every disclosure they receive; the decision whether to investigate is based on the matters raised and the C&AG’s remit and powers.

Whistleblowing disclosures should be directed to the most appropriate prescribed person. If the C&AG does not appear to be the most appropriate person then whistleblowers can refer to the list published by the Department for Business, Energy & Industrial Strategy (BEIS): [list of prescribed persons](#). This list is based on the [Public Interest Disclosure \(Prescribed Persons\) Order 2014](#).

## **Correspondence at the NAO**

Receiving, investigating and replying to correspondence is part of our core work. It is one of our direct contact points with members of Parliament and the public. It is a valuable source of information for our audit work. Correspondence helps us focus our questions to public bodies to probe concerns of interest to the public, for example through the identification of issues that merit further investigation. The C&AG and the NAO typically receive around 1,000 letters from the public and 100 letters from MPs each year raising concerns about 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. Within the roughly 1,000 items of correspondence we receive annually are concerns raised by workers about their employer. These whistleblowing disclosures are detailed in the table below.

## Whistleblowing disclosures received from 1 April 2021 to 31 March 2022

In the period 1 April 2021 to 31 March 2022 inclusive the C&AG received 38 whistleblowing disclosures.

Response to disclosures	Number of disclosures	Summary of the action taken
Work performed by the National Audit Office	21	In these cases, we investigated the concerns as part of our audit work or as a specific enquiry.
Referred to alternative body	9	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 and the Information Commissioner's Office.
Referred to local auditor	8	In these cases, we referred the disclosure to the appointed auditor for the relevant local authority. The local appointed auditor is a prescribed person where concerns relate to a local authority.

## Examples of the type of work we carried out

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 correspondence from a whistleblower concerned about how the pressure within a government department to speed up decisions was leading to mistakes which were impacting citizens. Our previous audit had found evidence supporting this assertion, but our correspondent alleged that it had worsened because the department had set unofficial productivity targets for staff so it could clear the backlog that arose during the COVID-19 pandemic. We undertook further work on the extent of the backlogs and highlighted them to Parliament to aid in its scrutiny of the department. We also used this information to help inform our future work programme including a study on the department's improvement plans.

This is an example of how information provided by whistleblowers can help to identify areas that may require greater scrutiny and help us to target our work.

- **Example 2:** A whistleblower raised concerns about a government department's grants recognition and payment activity, specifically regarding the way it managed the timing of recognition and payments to manipulate expenditure around year-end. We had recently audited the department's accounts and in response to these concerns we revisited the work performed in this area and conclusions reached. While we did identify misstatements at the time of the audit and reported them to those charged with governance, they were not indicative of manipulation of accounts. We have nevertheless used this intelligence in our following year's audit, where for grants awarded towards the year-end we scrutinised the available evidence for any indications of collusion between management and grant recipients, or any intention for early recognition of expenditure and payments in advance of need. We have assessed the evidence against expenditure recognition criteria and Managing Public Money guidance with respect to payments of grants. Our work did not identify instances of manipulation.

This is an example of how we used historic information gathered in our audit to respond to a whistleblower's concerns, and applied these concerns to the work performed as part of the following year's audit process.

- **Example 3:** We received correspondence from a whistleblower raising concerns about a public body's approach to safeguarding. We undertook enquiries aligned with our role and statutory remit as the external auditor. We met with the senior management team, reviewed relevant documents and made specific enquiries in relation to governance and operations. The public body explained it had introduced various improvements to its policies and procedures, staff training and reporting systems. We confirmed that we would follow up these developments or any related issues as we judge appropriate when conducting our annual audit. We also shared the outcome of our enquiries with the sponsor department. The sponsor department confirmed that its Internal Audit function was working with the body to ensure the relevant lessons are learned and that improvements are made.

This demonstrates how whistleblowers can highlight important issues in how a public body operates and, within our remit as the government's external auditor, we can influence public bodies to draw out the learning from a specific case and to implement wider improvements.

- **Example 4:** A whistleblower raised concerns about the way a local council was operating a market within its region. We considered the details they had brought to our attention before informing the whistleblower that the issues they had raised did not fall within our auditing responsibilities and remit. They had already contacted the relevant council's internal audit team. We explained that where the concerns relate to an individual local authority body, the external auditor for that council is the appropriate body to carry out an investigation to determine if the council is managing its business and utilising its resources appropriately. We provided them with the external auditor's information for that council and supplied them with the name and contact details of the person leading the team. Additionally, we advised them to contact the police about their concerns regarding criminal activity and fraud.

This is an example of how we consider each individual concern we receive but ensure we refer the disclosure to other bodies who are best placed to investigate the issues raised.

### **Learning from disclosures**

The NAO can carry out 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.

You will have read in our examples how the insight gained from whistleblowers enables us to target our audit work and make focused enquiries of government departments to not only investigate concerns but further our understanding of departmental procedures. This work can also lead to departments learning where they need to make improvements to their processes.