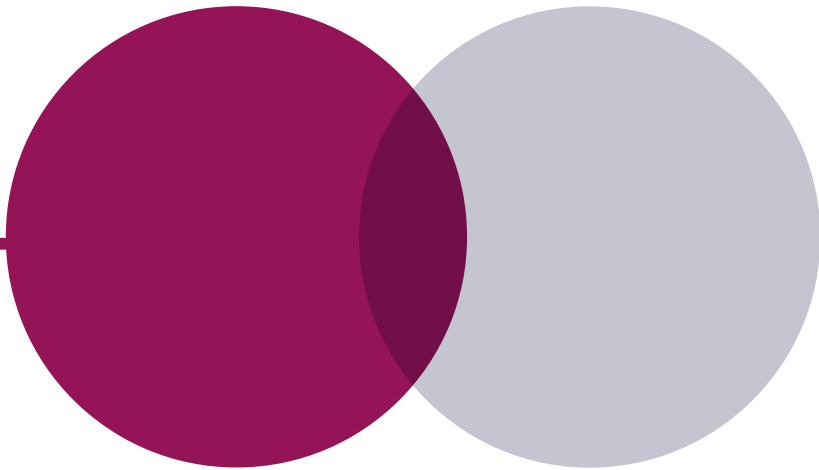




National Audit Office



National Audit Office Whistleblowing Annual Report

1 April 2022 to 31 March 2023

REPORT

by the
National Audit Office

SEPTEMBER 2023



**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 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.

National Audit Office Whistleblowing Annual Report

This is our sixth annual report on the whistleblowing disclosures we have received.

The Public Interest Disclosure Act 1998 (the Act) created a right to redress in the event of being dismissed or subjected to 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 financial collapse but were unwilling or unable to warn of them effectively. The Act aims to help prevent such events 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) is a prescribed person listed in the Public Interest Disclosure (Prescribed Persons) Order 2014, to whom external persons can make disclosures.

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 financial audits and examinations into the economy, efficiency and effectiveness with which specified public bodies have used their resources. We also set the Code of Practice for local public audit and undertake international audit and technical cooperation 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 specifies 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](#).

Correspondence at the NAO

Receiving, investigating and replying to correspondence is an important aspect of our 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 can help us target our questions to audited bodies and probe concerns of interest to the public in pursuance of our statutory remit.

The C&AG and the NAO typically receive around 1,000 letters from the public and 100 letters from MPs each year across a wide range of issues. The NAO’s objective when handling correspondence is to consider matters raised carefully in the context of our statutory remit and deliver timely, proportionate and high-quality responses. All correspondence received is logged and subject to formal processes designed to ensure that those who communicate with us can be confident 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 2022 to 31 March 2023

In the period 1 April 2022 to 31 March 2023 inclusive the C&AG received 48 whistleblowing disclosures.

Response to disclosures	Number of disclosures	Summary of the action taken
Work performed by the National Audit Office	22	In these cases, we followed-up the concerns as part of our audit work or as a specific enquiry.
No formal review undertaken	4	In these cases, there was insufficient evidence available to follow-up the matters raised.
Referred to alternative body	14	In these cases, we referred the disclosure to other bodies that were better placed to address the concerns; these bodies included relevant government departments and the Local Government & Social Care Ombudsman.
Referred to local auditor	8	In these cases, we referred the disclosure to the appointed auditor for the relevant local authority. The local auditor is a prescribed person where concerns relate to an individual local authority.

Examples of the type of work we carried out

We have provided anonymised examples below to illustrate the types of issues that were raised with us during the year.

- Example 1:** A whistleblower wrote to us about a public body's compliance with spending controls and procurement regulations and alleged fraudulent behaviour. They alleged that reports for the organisation's audit committee had been edited to conceal weak controls and give the impression that strong anti-fraud measures were in place. We discussed the whistleblower's concerns with them in detail and explained the actions we could take. We were mindful of the risks the whistleblower was taking by communicating with us and worked to ensure their identity was protected. We made specific inquiries with management and internal audit to further understand fraud governance arrangements and the extent of work performed around fraud risk assessment processes. We considered the body's assurance functions and examined any losses associated with the area of concern. We raised concerns for specific consideration by the audit committee by building on related matters we had reported to them previously. This resulted in the strengthening of links between the audit committee and the counter fraud function.

This is an example of a whistleblower providing valuable information to help us identify areas that required greater scrutiny to target our audit that helped strengthen the body's governance arrangements and protect value for money.

- **Example 2:** An anonymous whistleblower notified us their employer was misusing public funds to employ a consultant. The consultant held a temporary position. The body concerned described the role as a project position, overseeing transformation, and felt it should be classified as consultancy in nature under Cabinet Office regulations. We conducted an assessment to establish the body's compliance with the Cabinet Office regulations. We found the body was in breach of the regulations and asked it to seek retrospective ministerial approval to regularise the contract. Although we found no material irregularities concerning the misuse of public funds, we concluded that the body's procedures for engaging consultants represented poor value for money. In our recommendations, we asked the body to review its controls to ensure they were compliant with relevant frameworks.

This demonstrates how we used information provided by a whistleblower to check that a public body was utilising its resources effectively and efficiently, and to hold that body to account where it failed to meet the statutory standards.

- **Example 3:** We received an enquiry from a whistleblower about their local council. They claimed the council was responsible for asbestos breaches, misuse of public funds and letting false contracts. The external auditor of a local authority is appointed under the local audit framework established by the Local Audit and Accountability Act 2014 and the NAO has no remit to examine the activities of individual local councils. Having considered the matters raised in the context of our own remit and responsibilities, we informed the whistleblower of the extent of our role and how best to take forward their concerns directly with the council or via the appointed external auditor. We explained the external auditor would consider the issues raised in accordance with their statutory responsibilities. In addition, we confirmed that the whistleblower should contact the police if they had evidence or suspected fraud or other criminal activity.

We sent the whistleblower our guide 'Council accounts: A guide to your rights', which sets out individuals rights in relation to examining councils accounts and informed them about Protect, a charity that offers whistleblowers advice and support. We also identified other potential escalation routes such as the Health and Safety Executive, in respect of their asbestos concerns, and the Local Government & Social Care Ombudsman.

In this example, we performed relevant inquiries into the whistleblower's concerns before directing the whistleblower to the appropriate auditor for their Council and provided supplementary sources of information to help address their concerns.

- **Example 4:** A whistleblower contacted us alleging mismanagement. They alleged a public body was systematically replacing civil service roles with external consultants. We followed this up with the relevant body and our inquiries showed the increase in new employees was in response to additional resources needed to address the economic crisis. While our inquiries did not identify evidence of mismanagement in this instance, the information supplied by the whistleblower has helped inform cross-government work, looking at how public bodies are achieving headcount reductions, announced in the 2021 Spending Review.

Learning from disclosures

As illustrated by the above case studies we use the insights provided by whistleblowers to inform our statutory audit work. Such insights can inform and assist both the financial audit of annual accounts and our examinations into the economy, efficiency and effectiveness with which audited bodies have used their resources. In turn, this helps Parliament hold government to account and can drive valuable learning and improvement within public bodies.