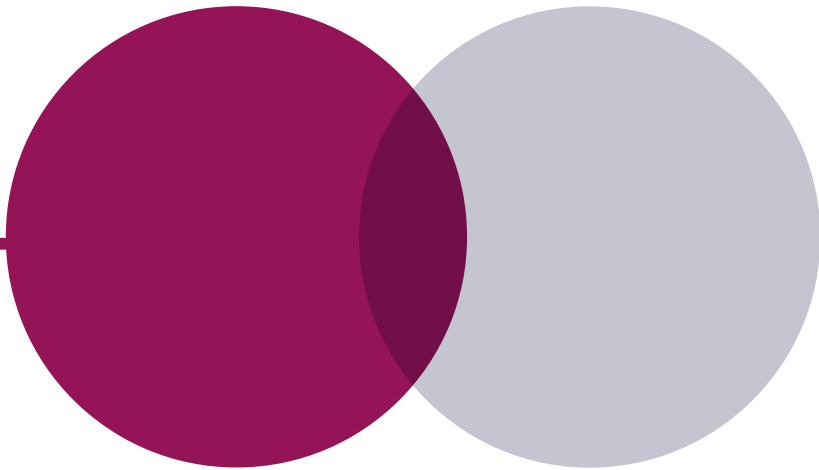




National Audit Office



National Audit Office Whistleblowing Annual Report

1 April 2023 to 31 March 2024

REPORT

by the
National Audit Office

OCTOBER 2024



**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 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.

National Audit Office Whistleblowing Annual Report

Introduction

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 resources and insights to help people who manage and govern public bodies improve public services. In 2023-24, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This is our seventh annual report on the whistleblowing disclosures we have received.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. 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 C&AG is a prescribed person listed in the [Public Interest Disclosure \(Prescribed Persons\) Order 2014](#), to whom external persons can make disclosures.

The Order 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, whistleblowers can refer to the list published by the Department for Business & Trade: Whistleblowing: [list of prescribed people and bodies](#).

Background

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, without fear of reprisal or victimisation. The Act seeks to achieve this by offering a right to redress or a remedy of the situation if workers raise their concerns in the ways specified in the legislation.

Correspondence at the NAO

Receiving 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, through which we often obtain valuable information that supports our audit work. Correspondence can help us target our questions to audited bodies and investigate important public concerns within our statutory role and 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. Some of the correspondence we receive is from whistleblowers who wish to raise various concerns about their employers. Details of these whistleblowing disclosures are shown in **Figure 1**.

Disclosures

In the period 1 April 2023 to 31 March 2024 inclusive, the C&AG received 103 whistleblowing disclosures. The C&AG as the relevant prescribed person dealt with 33 of the disclosures during the reporting period, and an explanation of how we handled the other disclosures is shown below.

Figure 1
1 April 2023 to 31 March 2024 inclusive

Number of disclosures	Summary of the action taken
33	<p>Work performed by the National Audit Office</p> <p>In these cases, we followed up the concerns as part of our audit work or a specific enquiry. We took substantive action with the 33 cases that fell within our statutory remit. The actions taken included:</p> <ul style="list-style-type: none"> • arranging a meeting with the whistleblower to discuss the issues raised in greater detail; • carrying out enquiries with the relevant public body; • making specific recommendations for improvements with the public body; • handling the concerns raised as part of our financial audit work; and • carrying out a targeted investigation after finding sufficient evidence to corroborate the whistleblower's disclosure.
43	<p>No formal review undertaken</p> <p>We carefully considered the concerns by making various enquiries with the whistleblowers and the public bodies involved to gather intelligence. Unfortunately, despite our efforts, there was insufficient evidence available to follow up the matters raised.</p>
11	<p>Referred to alternative body</p> <p>In these cases, we referred the disclosure to other bodies that were better placed to address the concerns. These included the Northern Ireland Audit Office, the Government Internal Audit Agency, Local Government & Social Care Ombudsman, Ofgem, Office for Students, and other relevant government departments.</p>
16	<p>Referred to local auditor</p> <p>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.</p>

Source: National Audit Office

Key findings

Whistleblowing disclosures have increased significantly in this period. We received 103 disclosures in 2023-24 compared to 48 in 2022-23, and 38 in 2021-22. We cannot be certain of the reason for this significant increase, but it may in part have been due to increased awareness of whistleblowing from the government's whistleblowing campaign in 2023 and our published report [Investigation into whistleblowing in the civil service](#) in December 2023. We are alert to the possibility that it could indicate an increase in the underlying incidence of malpractice.

The main channel used by whistleblowers to report disclosures was our online [web form](#) on the NAO website. We also received a small number of emails and calls to our dedicated telephone hotline 020 7798 7999.

Of the whistleblowing disclosures received in 2023-24:

- 60% were from people who were happy to disclose their identity;
- 56% related to central government;
- 16% concerned local government, and these were referred to the relevant external auditor of the local authority; and
- 10% related to higher education providers and energy suppliers.

The main reason whistleblowers contacted us was to raise concerns about the misuse of public funds.

- 36% of the disclosures raised concerns in relation to the misuse of public spending;
- 18% related to mismanagement; and
- 12% related to fraud.

Case Studies

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 and how we responded.

Example 1:

- Multiple complaints about a public body received from several whistleblowers.
- Allegations of racial discrimination based on management decisions, restructuring and recruitment.
- Concerns about inappropriate pay mechanisms and improper governance structures.

The whistleblowers provided specific examples to support their allegations. Although limited information was available, we investigated and used evidence gathered by the public body. They had made their own enquiries and shared details of the assessment. While we did not identify evidence of misconduct or wrongdoing, our investigation did raise concerns around inadequate record keeping and recruitment processes. We recommended that the public body make various improvements, and we are monitoring their progress to make sure the changes are effective.

Concerns raised by whistleblowers can be quite complex, but these disclosures helped us identify areas within a public body that required greater scrutiny, leading the organisation to agree to make changes and improve.

Example 2:

- Assertions about inefficient use of public spending on assets and the untimely updating of the assets register.
- Concerns relating to poor scoping of consultancy work and possible conflict of interest involving a third party.

We had obtained sufficient evidence through our routine financial audit work to form a judgement; therefore we carried out a targeted investigation without requesting additional information. We considered that a more detailed and direct enquiry could compromise the identity of the whistleblower. Our previous audit of the public body had identified weakness in their management processes and controls. While our investigation into the specific concerns raised by the whistleblower did not identify any new issues, we will continue to monitor the matters identified through our financial audit work. This is to ensure our previous recommendations are implemented.

Specific actions are not always taken from disclosures, but information provided by whistleblowing can be informative and help us remain alert to important issues we have already identified. Furthermore, protecting a whistleblower's identity is of utmost importance to us.

Example 3:

- Concerns about the misuse of public funds on projects that failed to demonstrate value for money.
- Lack of due regard to the risk areas and associated controls of projects.
- Third-party conflicts with suppliers and allegations that the incumbent suppliers were given a competitive advantage.
- Allegations of mismanagement and fraudulent behaviour.

We asked the public body for evidence to show that potential suppliers had been carefully vetted and fairly assessed. We challenged several elements of the public body's decision-making practices and requested additional supporting evidence to demonstrate their impartiality. The value for money of the projects was difficult to measure due to their innovative and risk-taking nature. Although we identified some risk factors around procurement consistent with the whistleblower's concerns, we could not definitively conclude that the public body intentionally sought to bias their incumbent suppliers.

Additionally, we did not identify any fraudulent behaviour or deliberate wrongdoing during our investigations. However, we recommended that the public body strengthens its governance processes and record keeping when selecting suppliers to demonstrate transparency in its commercial actions and decision making.

This shows how we carry out comprehensive investigations when we receive a whistleblower's disclosure. We look at a wide range of evidence and consider all their allegations.

Example 4:

- Several whistleblowers contacted us claiming intimidation, corruption and fraudulent activities.
- Allegations of misreporting and misrepresenting of an organisation in receipt of government financial support.
- Material breaches of the public body's obligations and various areas of non-compliance.

The whistleblowers were concerned that the internal auditors had found clear evidence of material misreporting but were instructed to keep it confidential. Furthermore, the supervisory regulator of the public body was in the process of investigating the issues raised. Therefore, we decided to refer the disclosures to the regulator to incorporate in their ongoing regulatory activities. In addition to this, we advised the regulator that we would monitor the situation and consider various aspects of the concerns raised by the whistleblowers as part of our financial audit work. These were the issues that fell within our statutory remit and scope. Although the regulator was primarily responsible for the regulatory activities, we asked them to share the outcome of their assessment.

This example shows that while we take steps to refer disclosures to whichever appropriate supervisory body is better placed to address a whistleblower's concerns, we also monitor and keep abreast of the situation.

Learning from disclosures

We use the insights provided by whistleblowers to support our statutory audit work. Such insights can inform and assist both the financial audit of annual accounts and our examinations into the economy, and how effectively public bodies use their resources. This helps Parliament hold government to account and can drive valuable learning and improvement within public bodies.

How to contact us to make a disclosure to the C&AG

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

Telephone: 020 7798 7999

Website: www.nao.org.uk/about-us/contact-us/