NAO

National Audit Office

Comptroller and Auditor General
Gareth Davies

Helping the nation spend wisely

Telephone +44 (0)20 7777 7777
Facsimile +44 (0)20 7798 7990
Email Gareth.Davies@nao.org.uk

Meg Hillier
Chair of the Committee of Public Accounts
House of Commons
London
SWIW OAA

Reference GF 1610/19
Date 6 November 2019

Dear Meg

MINISTRY OF JUSTICE LANGUAGE SERVICES

Thank you for the email from your office of 14th October which included concerns you had received on 5th September from Andrea Jenkyns' office. This email (**Annex 1**) set out allegations from one of her constituents, Ms Windle, around the provision of interpreter services managed by the Ministry of Justice through its contracts with thebigword and its subcontractor, Debonair Languages.

Debonaire Languages is now in liquidation and some individuals who provided language services have not been paid. Ms Windle alleges that the Directors misappropriated funds from their company through the issue of dividends to themselves leaving those who provided translation services unpaid, effectively stealing public money.

During August, as part of an on-going series of issues being raised with us about the provision of language services, Ms Windle sent to us her concerns over Debonair Languages. We have considered these matters and have recently written to Ms Windle (extract is attached at **Annex 2**). We established that the Ministry sub-contracts this work to a company called thebigword which, in turn, uses a number of contractors, including Debonair. We understand that the contracts contain no provision for there to be interventions should a particular contractor fail.

However, Debonair are now being considered by the Insolvency Service Practitioner and our letter to Ms Windle sets out the process should she and her colleagues wish to make further representation.

At this stage, although Ms Windle makes a number of allegations based on the issues as she sees them, there is insufficient evidence of fraud. Even if there were to be stronger indications of fraud, the National Audit Office would not be the authority to investigate these - there are more relevant agencies to take such allegations forward. Nevertheless, I hope our reply goes some way to help point Ms Windle to other parties who would be better able to investigate the detail of Debonair's situation and help make restitution through the insolvency process where it can.

Finally, and in respect of the last paragraph of Ms Windle's email, and following our previous correspondence with her, we continue to look at the Ministry's progress in addressing concerns over the performance of its contractual arrangements for the provision of language services. We are following up the recommendations that we have previously raised with the Ministry and will make further recommendations should this be appropriate. We will provide Ms Windle with a response to this aspect of our work once this work is completed, which we aim to be before the end of the year. Given this, and setting this request for a further investigation into these issues against other priorities, I am afraid that I am unable to undertake any further work within our current programme.

Yours,

Gareth

GARETH DAVIES

Annex 1

From: JOHNSON, Richard P <richardp.johnson@parliament.uk>
Sent: 05 September 2019 14:17
To: Public Accounts Committee <pubaccom@parliament.uk>
Subject: FAO; Rt Hon Meg Hillier Re; Zuzana Windle, 12 Peacock Green, Morley, LS27 8GY

Dear Ms Hillier,

Andrea Jenkyns MP has recently been contacted by a constituent, Zuzana Windle, of the above address with regards to theft in a major Government contract. Ms Windle has asked us to take this issue up with the Chair of the Public Accounts Committee, the Rt Hon Meg Hillier.

Ms Windle alleges that the misappropriation of hundreds of thousands of pounds of taxpayer money by Debonair Languages, one of the MOJ approved subcontractors of the Big Word, the agency which has a contract for the supply of interpreters to HMCTS. The Big Word contract is worth over 200 million pounds and both the MOJ and Ms Windle contends that the Big Word must be held accountable for the theft of the money and should take urgent steps to retrieve it.

Ms Windle stated that the Big Word operates on the basis of using several subcontractors with the MOJ's knowledge and approval. Ms Windle attaches below a response from Lord Keen of Elie to the questions asked by Baroness Coussins on the 17th January 2017, in which the MOJ representative refers to the subcontractors, including the allegedly fraudulent Debonair Languages **of** 2 Chorley Old Rd, Bolton BL1 3AA. Lord Keen also states that **"the big word are also responsible for carrying out audits to ensure subcontractor adherence to the contract service specification".** Ms Windle stated that The Big Word subcontracted thousands of HMCTS jobs to their main subcontractor, Debonair Languages. Although the interpreters were booked by Debonair Languages, they had to fill in a Big Word time sheet and, Ms Windle contends, they were de facto working for the Big Word even though they had been engaged by the subcontractor. Ms Windle contends that this arrangement was suspect to say the least and made an audit trail difficult. The court staff thought that the interpreters had been booked by the Big Word, and not a third party, because all the paperwork had the Big Word name and contact details on it. The MOJ paid the Big Word for the work carried out by the interpreters booked by Debonair Languages and the other subcontractors referred to by Lord Keen of Elie in his response to Baroness Coussins (attached below). The Big Word then paid Debonair Languages and Debonair Languages finally paid the interpreter. The exact nature of the relationship between the Big Word and their subcontractors is unclear, however, legal advice obtained in respect of this situation, Ms Windle contends, indicates that Debonair Languages were the Big Word's agents and consequently, the Big Word should be liable for the stolen money.

In August 2019, Debonair Languages suddenly went into administration owing hundreds of thousands of pounds to interpreters engaged by the subcontractor to carry out MOJ court jobs on behalf of the Big Word. Many interpreters have been left in serious financial difficulties because of, Ms Windle contends, Debonair Languages' fraudulent conduct. Some interpreters are owed £5000 for the work they carried out for HMCTS on behalf of the Big Word via Debonair Languages. Nobody wants to accept any accountability for the taxpayer money misappropriated by directors of Debonair Languages who paid themselves £139 000 in dividends from taxpayer money last year. Ms Windle contends that the Big Word subcontractor de facto stole the money paid by the MOJ to the Big Word for the interpreters' services, with the directors inflating their profits dishonestly at the taxpayers' and the workers' expense. Ms Windle contends that there can be no doubt that the MOJ's failure to discharge its due diligence duty to manage and monitor the contract, including the financial activities of rogue subcontractors, has enabled Debonair Languages to commit a fraud against the taxpayer. Debonair Languages filed unaudited accounts at Companies' House, which, Ms Windle says, show that last year the two directors, father and son with the surname of Manivannan, paid themselves £139 000 in dividends from taxpayer money.

Ms Windle alleges that before going into administration, Debonair Languages devised what can only be described as an elaborate scam trying to obtain large sums of money out of their registered linguists by deception at the time when they must have been aware of their financial difficulties. During July, Ms Windle and her colleagues were inundated with e-mails from "the Debonair family" and Paul Manivannan, a Debonair Languages Director, offering us a "once in a lifetime opportunity" to spend £25000 on a bogus "franchise". She has attached one further one below one such e-mail below for your attention.

The National Audit Office has been investigating the Big Word contract and its dubious modus operandi for the best part of a year and I am extremely disappointed and alarmed by the NAO's reluctance to tackle the theft of taxpayer money. Ms Windle would be obliged if the PAC instituted an urgent investigation into this appalling misuse of public money.

Annex 2 (extract)

From: CORBISHLEY, Steven (National Audit Office)
Sent: 31 October 2019 11:56
To: zuewindle@aol.com
Cc: Correspondence Team <enquiries@nao.org.uk>
Subject: Language Services

Dear Dr Windle,

Thank you for your email of 3rd September to our Correspondence Team……In this letter, I will respond to the issues you raised with us about Debonair Languages. I will then set out our progress on our wider review of the Ministry's oversight of the performance of its contractors for the provision of language services.

Following our exchange of emails on 8th and 9th August, you and others kindly sent to me concerns around Debonair Languages and its liquidation. In my absence on leave (I understand you rang my office on 19th August and my secretary mentioned this to you), my team reviewed this additional material to consider how we might proceed. I provided you with a brief progress report in our exchange of emails on 2nd and 3rd September following my return to the office.

With this information, we considered that the following would be areas for us to investigate:

- that the company has gone into Liquidation owing money to interpreters who had worked for it;
- whether the Ministry of Justice had completed adequate due-diligence work on the companies which were being used to provide services;
- whether the Company directors had mis-used schemes and taxpayers' funds in the directors' approach to its management of the company before it went into liquidation; and
- given the Comptroller and Auditor General (C&AG) discretion to decide what work he carries out what is the scope and remit for the National Audit Office to investigate further.

Before I discuss each of these points in turn, it may help if I first explain that the National Audit Office (NAO) and the Comptroller and Auditor General (C&AG), who is head of the NAO, are both independent of government. Our function is to audit and express an opinion on the accounts of government departments and other central government bodies and to carry out examinations into the economy, efficiency and effectiveness with which government departments and other public sector bodies have used their resources. However, while we can consider whether public money is spent economically, efficiently and effectively, the legislation defining our role does not permit us to question government policy objectives nor consider the merits of what public money is spent on.

We also consider whether any information received is indicative of a specific issue or wider thematic issues that merit further investigation. We use the discretion provided to the C&AG by statute to decide what action, if any, we consider appropriate to take consistent with our audit role and responsibilities.

We also consider whether there are other authorities who are better placed, or which have a statutory remit, to take any issues forward.

Your first point was around the fact that the company has ceased to trade while still owing money to some of its interpreters. As the company is now in voluntary liquidation, creditors will be required to go through the insolvency practitioner to register that they are owed money and to complete the necessary forms where relevant. Additional information setting out this process is on the website at https://www.gov.uk/register-creditor-bankruptcy.

We have made enquires with the Ministry of Justice to confirm whether they are required to cover any money that is owed to individuals under these arrangements. Under its contract with thebigword, the Ministry does not have an obligation to cover any amounts owed to individuals. As such, the Ministry is recommending that individuals seek recourse under the formal insolvency process.

Your second concern was whether the Ministry of Justice had completed adequate due-diligence work on the Company. The Ministry's contract is with thebigword which, in turn, contracts directly with Debonair Languages. As the contract is with thebigword, it would be thebigword rather than the Ministry who would have carried out any due-diligence work on any companies it is seeking to use before contracting with them. Our understanding is that thebigword had carried out a risk assessment ahead of using the company but this had not highlighted any risk that the company was at high risk of going into liquidation. Following recent events, the Ministry of Justice and thebigword are revisiting this process to see where improvements need to be made.

You highlighted the potential misappropriation of taxpayers' funds and inappropriate schemes by Debonair Languages's directors. We are aware from Companies House that Debonair Languages are currently in voluntary liquidation (https://beta.companieshouse.gov.uk/company/07069604/insolvency). This means that the process for reporting any concerns about wrongdoing from the company directors or misappropriation of funds now need to be reported to Insolvency Company Investigator who will contact the insolvency practitioner where appropriate. They, in turn, can inform the Insolvency Service if they think it is right to do so.

As Debonair Languages is now being investigated by the Insolvency Company Investigator, any wrongdoing by the directors falls within the remit of the insolvency process.

Having said this, we have taken these concerns very seriously and have discussed these issues with the Ministry and the Investigator. The Investigator has told us that it would consider evidence put to them. If you would like us to contact them with the evidence you and your colleagues have sent to me, please let me know. Alternatively, you can pass on these concerns directly. The following link provides more detail on the remit of the insolvency practitioner, including details of insolvent companies investigation: https://www.gov.uk/government/publications/reporting-misconduct-by-companies-directors-and-bankrupts-to-the-insolvency-service/reporting-misconduct-by-companies-directors-and-bankrupts-to-the-insolvency-service. This remit includes making a complaint to the Insolvency Service if there are reasonable grounds to suspect a live company of breaking the law, (e.g. as a result of fraud and scams) or other serious misconduct.