

Performance Auditing in the Public Sector: Reconceptualising the Task

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Abstract

Performance auditing (PA) is a prominent feature of public administration in many countries and is, today, often characterised through words such as efficiency, effectiveness and economy. The PA literature, however, considers a far wider variety of characteristics to be relevant and, therefore, a broader definition to be appropriate. This paper reviews the history of definitions of PA and concludes that it has thus far been defined in ways that lack clarity and leave definitional difficulties unresolved. The paper adopts a heuristic approach in examining elements making up past PA definitions and concludes that it is time to reconceptualise PA. Hence a new definitional framework for PA is proposed which rejects the so-called three Es construct and instead offers the five elements of independence, authorisation, discovery, synthesis and publication. This framework, it is argued, is stronger than any previous definitions, relevant to both the public and private sectors and also helpful in interpreting the place of many alternatives to PA such as investigative journalism, open book policies, whistleblower legislation and Gateway Reviews.

Introduction

This paper is primarily concerned with improving the performance of public sector organisations. In many countries, public sector organisations provide critical services such as healthcare, education, transport and criminal justice services. Their performance affects the quality and cost of the services. Inter-country comparisons have revealed that the quality of a nation's public institutions has a significant effect on national wellbeing.¹ In the present post-credit-crunch era, in which confidence in the welfare effects of markets has been dented, public institutions are being asked to play larger and more interventionist roles.

Within public sectors around the world, a select group of public sector oversight bodies are assigned the goal of improving aspects of public sector performance. This group includes supreme audit institutions (SAIs), parliamentary ombudspersons, anti-corruption commissions, public service commissions, some types of regulatory

agencies and some single-issue bodies such as transport commissions and health services commissions. Researchers in law, economics, public policy and accounting have shown an increasing interest in analysing the day-to-day activities of such public sector oversight bodies and measuring their impact on the performance of public sector organisations.

Performance auditing (PA) is a crucial aspect of the work of public sector oversight bodies. The International Congress of Supreme Audit Institutions (INCOSAI) has defined performance audit as an ‘audit which is concerned with the evaluation of economy, efficiency and effectiveness of public sector management’ (INCOSAI, 1986). The US Comptroller General (1994, cited by Brooks, 1996: 17) has offered the alternative definition of:

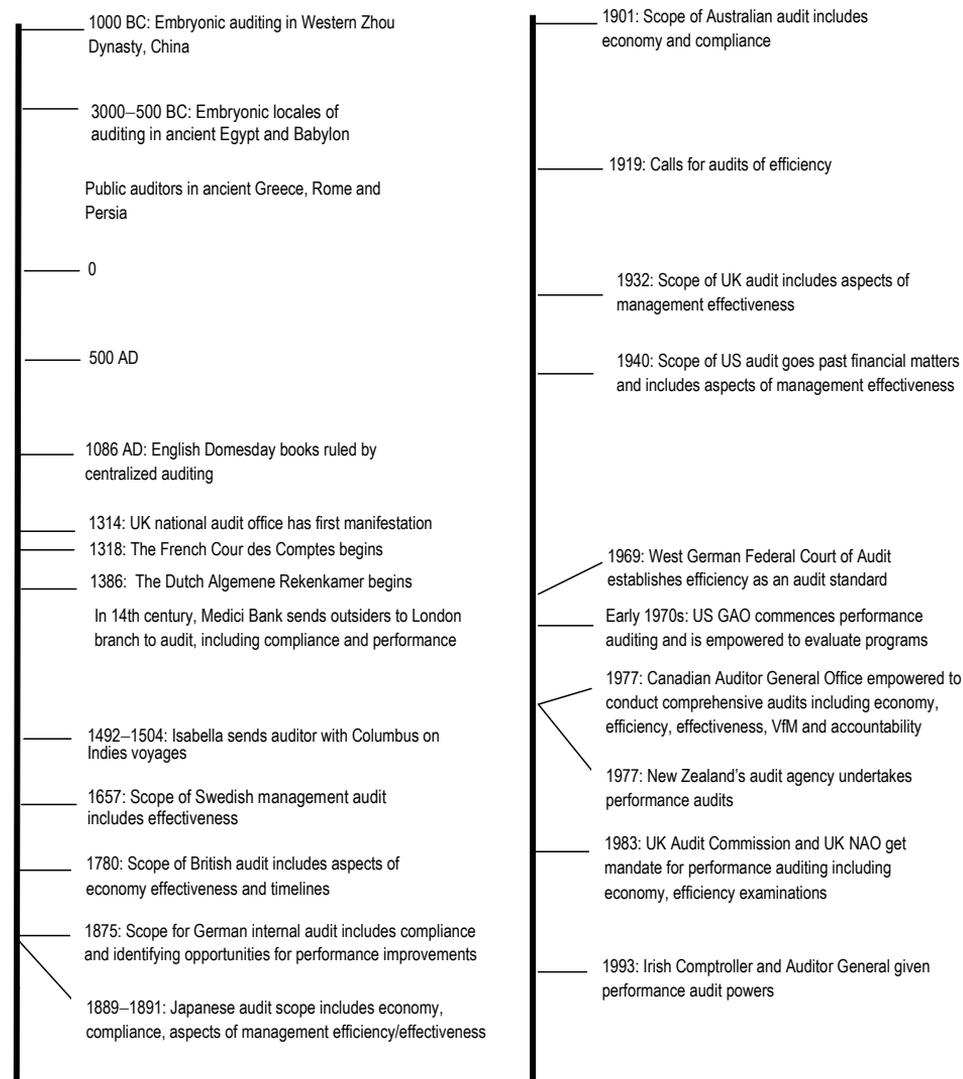
... an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.

PA is widely practiced throughout the world and it is common for an SAI to spend the majority of its time conducting performance audits.

Despite the widespread adoption of PA, the existence of a large body of performance audit research and apparently straightforward definitions provided by INCOSAI and the Comptroller General, PA is often said to be a vague concept that is difficult to define. Authors have claimed that the concept of PA is not well or widely understood (Barzelay, 1996), that its precise meaning is unresolved (Barzelay, 1997) and that its ‘nuts and bolts’ are hotly debated (Power, 2000: 112). Moreover, they note that the nature of PA is ambiguous (Lindeberg, 2007) or remains an open question (Keen, 1999), and that PA is a ‘continually unfolding drama’ (Guthrie & Parker, 1999: 329).

A lack of clarity about the nature and definition of PA is a barrier to progress in this field of research. The aim of this paper is to help resolve some of this confusion. Following this introduction, section two presents an overview of the history of PA. Section three reviews some of the key definitions of PA and then identifies the definitional elements that occur most often. Each of these recurring elements are then analysed with respect to their usefulness in defining PA. In section four of the paper, a new framework for defining PA is proposed based on the most robust definitional elements. The new framework employs tools from information economics and incentive theory. Using this framework, section five briefly considers the place of alternatives to PA, such as investigative journalism, open book policies, whistleblower legislation and Gateway Reviews, before reaching conclusions in section six.

Figure 1: Chronology of Some Claimed Performance Auditing Antecedents and Modern Developments



Source: Original figure.

History of Performance Auditing

Audit in the public sector, described by Pollitt and Summa (1999: 1) as ‘one of the oldest and most venerable state functions’, is as old as civilisation itself. Drawing on the statement of the Chinese delegation to the Second International Seminar of the Asian Organisation of Supreme Audit Institutions (Tokyo in 1985), Adams (1986)

observed that government auditing ‘appeared in an embryonic form in the Western Zhou Dynasty of China some 3000 years ago’ (p. 189). Ancient Greece, Rome and Persia also had public auditors², and Burrowes and Persson (2000) have identified ancient Egypt and Babylon as the ‘embryonic locales of auditing’ (p. 85). According to Bovens (2006), the Domesday Books, which in eleventh century England were the basis for taxation and royal governance, had by the twelfth century become part of ‘a highly centralized administrative kingship that was ruled through centralized auditing and semi-annual account-giving’ (p. 6). Two hundred years later, things were even more formal. The UK National Audit Office dates its first manifestation to 1314 (Pollitt & Summa, 1999: 1) while, on the Continent, ‘the French Cour des Comptes traces its origins back to 1318 [and] the Dutch Algemene Rekenkamer finds ancestors running back to 1386’ (Pollitt & Summa, 1999: 1). Isabella, Queen of Castile, sent an auditor with Columbus to ensure he accounted for the profits from his voyages to the Indies (Burrowes & Persson, 2000: 85).³

More pertinent to the present paper are the origins of PA in particular.⁴ There is ongoing debate about when and where PA was first undertaken. Authors have cited four separate periods as being the beginning of modern PA: the post-WWII era (Lonsdale, 2000), the 1950s (Shand & Anand, 1996: 58), the 1960s (Adams, 1986: 189) and the 1970s (Pollitt & Summa, 1999: 1). It has also been claimed that modern performance audit developments were merely the continuation or re-emergence of a longstanding practice (Dewar, 1985a; Hamburger, 1989; Burrowes & Persson, 2000; Flesher & Zarzeski, 2002).

Figure 1 shows a timeline of some key events in the evolution of PA. Whilst not complete, it nevertheless articulates the lengthy history of the arena, its colourful past and the multifaceted nature of the possible antecedents of PA.

Table 1 provides an overview of these antecedents as well as a chronology of the modern emergence of PA. Interestingly, as this table shows, the development of PA was a gradual process, the precise temporal origin of which is unclear. It also shows that Sweden, Japan, Germany, the US and Canada can all claim to have pioneered PA in the modern era.

Of course PA has also spread to places not mentioned in the table, such as other countries in the British Commonwealth (Lapsley & Pong, 2000) and Eastern Europe (Jones, 2008). A further element of interest is that not all SAIs (supreme audit institutions) in developed countries undertake performance audits. There does not appear to have been a modern tradition of PA at the national level in countries such as Denmark, Greece, Italy, South Korea or Spain (Barzelay, 1997).

Table 1: Antecedents and Modern Chronology of Performance Auditing

Date	Place	Author(s)	Event or context	Relevance
Middle Ages and beyond ⁵	UK	Chatfield (1977: 23-5); Flesher & Zarzeski (2002: 93)	English manorial estate accounting.	Origins of internal (operational) audit and modern concepts of accountability.
14 th & 15 th centuries	Italy (Florence, Genoa and Venice)	Santocki (1979: 2-3); Burrowes & Persson (2000: 85)	Medici Bank sent outsiders to audit the London branch 'with instructions to audit the books to ascertain whether the manager had made wise investments and operated within the scope of the policies established by the managing partners'.	Scope of audit task included compliance and performance.
1657	Sweden	Burrowes & Persson (2000: 90)	In September 1657 the Swedish Tar Company was issued with an audit report that included an opinion on the effectiveness of management.	Scope of management audit task included effectiveness.
18 th century	Sweden	Burrowes & Persson (2000: 90)	The advent of trading companies gave rise to audits of the administration of the directors as part of corporate governance.	Scope of audit task included aspects of directors' performance.
1780	Britain	Dewar (1985a: 11)	Commissioners for Auditing the Public Accounts were required to consider 'in what more expeditious and effectual and less expensive manner the services can in future be regulated and carried on for the benefit of the public'.	Scope of audits included aspects of economy, effectiveness and timeliness.
1827-30	US	Flesher, Samson & Previts (2003: 385)	The Baltimore and Ohio Railroad had an audit committee that sought to clarify and improve processes and address other operational and organisational issues.	Early example of internal management audit or operational audit.
1875	Germany	Flesher & Zarzeski (2002: 94)	Krupp Company audit manual: 'The auditors are to determine whether laws, contracts, policies and procedures have been properly observed and whether all business transactions were conducted in accordance with established policies and with success ... the auditors are to make suggestions for the improvement of existing facilities and procedures ...'	Scope of internal audit included compliance and identifying performance improvement opportunities.
1889	Japan	Yamamoto & Watanabe (1989: 201)	The Japanese Board of Audit (JBA) practiced performance audit in the Meiji era: 'JBA had examined not only the accuracy of accounts, and compliance with laws and budget, but also the substance of administration of budget'.	Scope of audits included compliance and aspects of efficiency and effectiveness.

Date	Place	Author(s)	Event or context	Relevance
1891	Japan	Yamamoto & Watanabe (1989: 201)	1891 JBA Guidelines for Field Investigation: 'Whether goods are unnecessary, not urgent, and luxurious or not? Whether operation, control, and method of purchase are appropriate? ... Auditor should examine the recruitment and management of human resources'.	Audit scope included economy in the acquisition of goods and in construction; and aspects of efficiency in administration and management.
1901	Australia	Guthrie & Parker (1999: 308); Funnell (2001: 159)	The fourth act to be passed by the federal parliament was the <i>Audit Act 1901</i> . The national auditor's mandate included commenting on waste and extravagance and reporting on breaches of law.	Scope of audit included economy and compliance.
1919	Australia	Guthrie & Parker (1999: 309)	After WWI, the Royal Commission on Public Expenditure of the Commonwealth of Australia with a View to Efficiency and Economy found 'there is a great, if not a greater, need for an auditor of economic efficiency, as for an auditor of accuracy and honesty'.	Call for audits of efficiency.
1921	Australia	Guthrie & Parker (1999: 309)	Amendments to the <i>Public Service Act</i> empowered the Public Service Board to scrutinize the efficiency of government departments.	Scope of public sector reviews included efficiency.
1932	UK	Burrowes & Persson (2000: 85), drawing on Rose (1944)	'The need to audit the stewardship of management, including directors, is heralded as being an output of the separation of ownership from control that characterises the modern corporation. The need for an audit of management was recognised in the UK as early as 1932.'	Scope of audit included aspects of management effectiveness.
c. 1940	US	Burrowes & Persson (2000); Paton & Littleton (1940)	Private sector management and corporate reports concerned 'the difference between costs (as efforts) and revenues (as accomplishments) for individual enterprises [which] reflects managerial effectiveness and is of particular significance to those who furnish the capital and take the ultimate responsibility' (Burrowes & Persson, 2000: 16). 'Corporation reports should rest upon the assumption that a fiduciary management is reporting to absentee investors who have no independent means of learning how their representatives are discharging their stewardship' (Paton & Littleton, 1940: 97).	Scope of management reports included aspects of management effectiveness. Recognition that owners required assurance beyond financial performance.

Date	Place	Author(s)	Event or context	Relevance
1947	Japan	Yamamoto & Watanabe (1989: 201)	The audit provisions under Japan's 1947 Law of the Board of Audit were 'almost the same as' the provisions under the Meiji era.	Audit scope included aspects of economy and efficiency.
1958	Australia (Victoria)	Glynn (1985: 120)	Section 48 of the <i>Audit Act 1958</i> enabled the Auditor-General to recommend methods for the better collection and payment of public monies and for more effective and economic auditing.	Audit scope included administrative and reporting systems.
1969	West Germany	Yamamoto & Watanabe (1989: 199)	Federal Court of Audit established efficiency as an audit standard.	Efficiency auditing.
1970	Sweden	Glynn (1985: 113); Burrowes & Persson (2000: 90); Yamamoto & Watanabe (1989: 199)	National Audit Bureau (Riksrevisionsverket) formally adopted PA, which shifted financial auditing from examining individual transactions to examining the structure of accounting systems.	Audit scope included matters other than financial matters, such as accounting systems.
Early 1970s	US	Yamamoto & Watanabe (1989: 199)	General Accounting Office commenced PA. Legislative Reorganization Act 1970 (and the later Congressional Budget and Impoundment Control Act 1974) empowered the office to evaluate programs.	Audit scope included matters other than financial matters, including program performance.
1972	US	Glynn (1985: 123); Flesher & Zarzeski, (2002: 96)	General Accounting Office published 'Standards for audit of government organisations, programs, activities and functions' which defined the objectives of auditing as reviewing: 'financial operations and compliance ... ; economy and efficiency of management practices; and the effectiveness of programmes in achieving a desired level of results'.	Auditing of the three Es.
1977	Canada	Yamamoto & Watanabe (1989: 199); Glynn (1985: 117)	Auditor General Act 1977 empowered the Office of the Auditor-General to undertake comprehensive audits encompassing aspects of economy, efficiency, effectiveness, value for money and accountability.	Broad-scope audits including the three Es.
1977	New Zealand	Glynn (1985: 120-1)	Public Finance Act 1977 provided for an independent national audit agency with authority to undertake performance audits.	Performance audit mandate.
1979	Australia	Adams (1986: 189)	<i>Audit Amendment Act 1979</i> amended the <i>Audit Act 1901</i> to give the Auditor-General a specific performance audit mandate.	Performance audit mandate.

Date	Place	Author(s)	Event or context	Relevance
1983	UK	Glynn (1985: 114-15); Yamamoto & Watanabe (1989: 199)	UK Audit Commission came into being with a mandate to conduct broad scope (performance) audits in local government. UK National Audit Office (NAO) assumed a mandate for PA under the National Audit Act 1983 which authorised 'economy, efficiency and effectiveness examinations'.	Performance audit mandates.

Source: Original table.

The Definitional Elements

There is an extensive PA literature making claims about its nature and definition. The authors have examined a sample of references, which they trust is broadly representative, in order to identify the constituting definitional elements of PA. The two definitions of PA which have already been presented provide a start here. The first definition, from INCOSAI, includes the elements *audit, evaluation, the three Es* and *public sector management*. The second definition, from the US Comptroller General, contains a number of additional elements, including the *objective and systematic* character of the method, *independence, providing information*, and the *purpose* of the audit, namely to improve accountability and facilitate decision-making toward corrective action.

From the sample of references, a set of around 15 recurring definitional elements can be identified. Table 2 shows that these elements have appeared in various statements about PA over the past 25 years. The table includes the current definitions of PA from the US Government Accountability Office (Generally Agreed Government Auditing Standards), the European Court of Auditors, the Canadian Auditor-General, the Australian Standard on Assurance Engagements and a popular textbook (Arens *et al.*, 2002).

Looking at these definitional elements is informative. A range of claims are made about PA, such as it is: 'distinctive to state audit' (Pollitt & Summa, 1999: 1); a 'New Public Management technique' (Everett, 2003: 78); 'not a type of audit' but evaluation (Barzelay, 1997: 237); 'like management consulting' (Arens *et al.*, 2002: 13); concerned with 'sound financial management' (ECA, 2009: 8); 'what auditors or audit institutions do' (Shand & Anand, 1996: 59); and not concerned with 'policy' (McGee, 2002: 38) or 'political debate' (Canadian Auditor-General, 2004: 15).

There is also a high degree of commonality across the various definitions. Elements such as audit, the three Es, independence and so on therefore appear to be the important building blocks for defining PA. If the goal is to construct a clear and robust definition of PA, however, the inclusion of some of the elements in such a definition is disputable. Indeed, many of the definitional elements may be problematic for a number of reasons: they may lack clear boundaries; they may rest on flimsy distinctions; or the concept being defined may straddle the element and its antonym such that the element cannot delimit or define the concept.

Table 2: Recurring Definitional Elements for Performance Auditing

Reference	Audit	SAIs	Three Es	Independence	Financial audit	Evaluation	Audit work style	Policy	Purpose	Reporting	Auditors	New Public Management	Objectivity vs subjectivity	Politics	Management consulting
Brooks (1996)	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-
Shand & Anand (1996)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Barzelay (1997)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Pollitt & Summa (1999)	✓	✓	✓	✓	✓	-	✓	-	✓	✓	✓	✓	-	✓	✓
McGee (2002)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Arens <i>et al.</i> (2002)	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	-	✓	-	✓
Everett (2003)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Office of the Auditor-General of Canada, Performance Audit Manual (2004)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-
Government Accountability Office, US Government Auditing Standards: GAO-07-731G (2007)	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	-	✓	✓	✓
Australian standard ASAE 3500 (2008)	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	-	✓	-	-
European Court of Auditors, Performance Audit Manual (2009)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	-	-

Source: Original table.

Table 3 summarises the problems with 12 of the elements in relation to the task of building a clear and robust definition of PA. The table identifies key studies that have convincingly problematised the definitional elements.

Each of these problematic elements deserves some discussion. The three Es of efficiency, economy and effectiveness remain a common basis when defining PA and, as Parker (1986) concludes, collectively form the ‘generally accepted conceptual definition’ of PA, being ‘the independent examination and evaluation of the economy and efficiency of an entity’s operations as well as the effectiveness of its programs’ (p. 7).⁶ The three Es are widely cited in practitioner manuals, standards and legislation for public audit offices⁷, have useful and appealing connotations in the sense of avoiding waste and extravagance, and are naturally relevant to good public administration.

However, there are some serious problems associated with the three Es being the basis for defining PA.

Table 3: Summary of Problems with 12 Performance Auditing Definitional Elements

Element	Problems	Discussion	Key references
Three Es	Not an essential element. Element itself is unclear.	PA need not involve all three Es, and often involves more than the three Es. The boundaries of the Es are contentious: the three are arguably not three but two, or one.	Flesher & Zarzeski (2002: 100); Glynn (1985: 114, 188); PAEC (1981: 37); Pollitt & Mul (1999: 103); Yamamoto & Watanabe (1989: 203)
New Public Management (NPM)	Not an essential element. Element is unclear.	NPM is an unclear concept. PA predated NPM. SAIs have not all bought into NPM and have differing views of NPM.	Barzelay (1996: 45); Glynn (1996: 125); Guthrie & Parker (1999: 327); Hood (1991: 3-4); Jacobs (1998: 357); Mulgan (2001: 27); Sloan (1996: 139)
Financial audit (FA)	Imperfect overlap with concept.	The boundaries between FA and PA are unclear. Efficiency and performance have long been goals of FA. Financial auditors may conduct investigations that resemble PA, while PA can encompass both financial and non-financial information and can include matters within the scope of <i>traditional</i> FA.	Barzelay (1996: 19, 21); Lindeberg (2007: 338); Parker (1986: 64); Vinten (1996: 76)
Evaluation	Imperfect overlap with concept.	The boundaries between PA and evaluation are unclear. PA and evaluation involve the same methodologies, both are holistic in scope and both have been defined with reference to the three Es. PA and evaluation are arguably parts of a continuum.	Lonsdale (2000: 80); Lindeberg (2007: 348-9); Freiberg (2008: 28); Parker (1986: 61)
Management consulting (MC)	Imperfect overlap with concept.	MC and PA methods overlap, and PA and MC can involve similar goals and similar relationships with the management of the organisation being audited or advised.	English (2007: 333); Hamburger (1989: 19); Pollitt (2003: 164)
Audit work style	Not an essential element. Element is unclear.	Work methods vary significantly across jurisdictions. <i>Rigorous</i> and <i>systematic</i> as descriptors are relative terms. Some performance audits may be evaluations that mimic the audit work process.	Barzelay (1996: 39); Barzelay (1997: 237); Funnell (1998: 454)
Policy	Antonym is not an essential element. Unclear boundaries between element and its antonym.	From the point of view of auditing, the line between critiquing the basis for a policy decision and critiquing the decision itself, and the line between a policy and how it is implemented, are very fine.	Barzelay (1997: 236); Sharkansky (1988: 77-8).

Element	Problems	Discussion	Key references
Politics	Antonym is not an essential element. Unclear boundaries between element and its antonym.	For the public auditor, the boundary between <i>political</i> and <i>apolitical</i> is unclear. Authorising public audit offices to undertake PA is a tactic of <i>depoliticisation</i> , transferring power to a new but no less political arena.	Flinders & Buller (2005: 16); Gomes (2000: 4); Henkel (1991: 122); Hopwood (1982: 44); Sutherland (2003: 210)
Objective vs subjective	Unclear boundaries between elements of duality. Concept straddles elements.	Claims of both objectivity and subjectivity are frequently made of PA. Judgement plays a large and explicit role in PA. PA relies on a mixture of analysis and intuition, which are part of a continuum.	Keen (1999: 520); Lindeberg (2007: 338)
Auditors	Not an essential element.	PA is conducted by auditors and non-auditors. Several professions lay claim to PA, including auditors, evaluators and management professionals. Professionals and para-professionals establish and maintain boundaries around PA for <i>turf</i> reasons.	Barzelay (1997: 236); Flesher & Zarzeski (2002: 103); Glynn (1985: 125); Lapsley & Pong (2000: 543); Parker (1986: 16); Sharkansky (1988: 77)
SAIs	Not an essential element.	Assigning the PA mandate to SAIs is a contingent fact; not all jurisdictions did so, and those that did might have allocated the function elsewhere. In some jurisdictions, the ombudsperson, public service commissions, efficiency units and single-issue bodies undertake evaluations and analyses that closely resemble PA.	Glynn (1985: 113); McPhee (2007: 4); Parker (1986: 25–6)
Purpose	Element is unclear. Problem of intentionality.	PA may adopt a range of different purposes. The distinction between the goals of <i>highlighting poor performance</i> and <i>helping improve performance</i> is unclear. More fundamentally, the purpose of an audit does not determine how it is conducted or received, or the impact it has.	Barzelay (1996: 40); Flesher & Zarzeski (2002: 95); Henkel (1991: 124); Moore & Gates (1986: 1); Yamamoto & Watanabe (1989: 202)

Source: Original table.

First, not all performance audits involve all three Es. For example, some have emphasised economy and efficiency but not effectiveness, while others have investigated the three Es in name only while actually focussing on compliance and procedures (Pollitt & Mul, 1999; Flesher & Zarzeski, 2002). Second, even if the three Es were to be regarded as a claim of territorial space for PA, it is incomplete. PAs can encompass more than the three Es, such as broader matters of public interest and accountability (Glynn, 1985), probity (ASAE 3500 s.16) and ethics and equity (Government Accountability Office, 2007). Third, the boundaries between economy, efficiency and effectiveness are blurred. Some have argued that efficiency includes economy because economy concerns the ratio of inputs to outputs (Yamamoto & Watanabe, 1989). If economy means anything beyond efficiency then, by definition, it

involves inefficiency (such as expenditure below the efficient level). Because inefficiency is waste, the attempt to define economy (the avoidance of waste) as falling outside efficiency creates a paradox.⁸ It can also be argued that efficiency includes effectiveness because allocative efficiency, as an economic concept, includes the notion that the right mixture of outputs is produced or, in other words, program outputs are effective.

New public management (NPM) or *managerialism* has often been cited as a distinguishing element of PA.⁹ Features of NPM include: explicit performance measures; greater emphasis on outputs, outcomes, customer service and value for money; horizontal institutional disaggregation and vertical separation of purchaser and provider; private sector management styles; and performance pay.¹⁰ This linkage, however, is contentious. NPM is itself considered a loose term that is ill-defined (Hood, 1991) as well as being a new label for old things. Public sector organisations around the world dealt with inputs, outputs and outcomes—the mainstays of NPM—long before they were labelled in this way, and the community had expectations of value for money long before this phrase was used (Dewar, 1985a). PA also predated NPM (Barzelay, 1996; Glynn, 1996). Moreover, not all public audit offices benefited from NPM. New Zealand's Treasury sidelined the Auditor-General on the grounds that the public accountability and constitutional functions of PA were 'less relevant' to the NPM reform program (Jacobs, 1998: 357).

After examining the relationship between PA and NPM, Sloan (1996) concluded that 'no SAI prompted [NPM]' and few SAIs had 'fully bought into its principles' (p. 139). While PA has been seen as a tool to improve accountability (Adams, 1986) or as part of a cluster of values with which to reinvent government and reform public sector management (Power, 1994; Pollitt *et al.*, 1999), its precise association with NPM has remained cloudy. Guthrie and Parker (1999) appositely described PA as a 'malleable masque ... a dramatic play in which the sponsors, actors and audience ... continually create and revise the execution of the drama' (p. 327).

Attempts have been made to define PA in relation to financial audit, either by way of analogy or contrast (Parker, 1986; Pollitt & Summa, 1996; Shand & Anand, 1996; Flesher & Zarzeski, 2002; McPhee, 2007). Such attempts are problematic for several reasons. PA, which has been characterised as 'the oddball in the auditing family' (Lindeberg, 2007: 338), has a highly flexible relationship with financial auditing. For example, a performance audit can be based primarily on the consideration of financial data and associated controls, or it can entirely eschew financial data and instead focus on social and environmental outcomes.¹¹ The diversity of possible relationships between PA and financial audits means defining PA in relation to financial auditing is unsafe.

Is PA simply evaluation, or is it perhaps a management consulting activity? With regard to the first part of this question, there is a voluminous literature on the similarities and differences between PA and evaluation (Davis, 1990; Brooks, 1996;

Chelimsky, 1996; Divorksi, 1996; Leeuw, 1996; Pollitt and Summa, 1996, 1997b; Wisler, 1996; Desautels, 1997; Power, 1999; Lindeberg, 2007). Despite the *hair-splitting* that characterises this literature, strong methodological overlaps exist between PA and evaluation (Lonsdale, 2000: 80; Lindeberg, 2007: 349) and PA and evaluation can be viewed as two parts of a broader continuum of review activities (GAO, 1978: 6; Pollitt, 1995: 136; Lindeberg, 2007: 348). In relation to management consulting, giving assistance and advice to public bodies to help them improve themselves has been seen as part of PA (Hamburger, 1989; Pollitt, 2003). However, while SAIs have provided advice and *good practice guides* in connection to their PA activities, there is ongoing controversy with regard to whether such management consulting style outputs are core to PA, or somehow at odds with its fundamentals. As an example of the latter view, English (2007) has raised concerns about the concomitant loss of independence when SAIs act like management consultants. On the basis of these considerations, evaluation and management consulting belong in the set of unsafe definitional elements.

Another claim is that PA shares with financial auditing a particular style of working that is characterised by a systematic approach and methodological rigour (Brooks, 1996; Chelimsky, 1996) though, confusingly, PA has also been criticised for lacking clear procedures (Barzelay, 1996; Funnell, 1998). Such opposing claims are problematic, not the least because terms like *systematic* and *rigour* are relative and highly context-dependent. Importantly for the present definitional purposes, Barzelay (1997) concluded that ‘the auditing work style should not be considered part of the central sense of the concept of a performance audit’ (p. 237).

And what of the political independence of PA? On this matter, observation suggests that as frequently as public sector performance auditors claim to be apolitical and to employ politically-neutral techniques, they are also accused of trespassing onto political territory. England’s eighteenth century Commissioners for Auditing the Public Accounts took care to avoid direct criticism of government policy and ‘pressing for remedies on which it was for others to decide’ (Dewar, 1985a: 11). Modern audit manuals and acts even attempt to ban auditors from commenting on the merits of government policy, and to limit PA to commenting on how successfully the policy was implemented.¹² According to McGee (2002), this limitation ‘whether enshrined in statute or not, is an essential element in the conventions under which Auditors-General work’ (p. 38). In reality, though, this restriction has several problems. It is always possible for an auditor to critique a particular policy by making reference to a higher-level government commitment or system-wide policy for example.¹³ The restriction to avoid criticism of government policy may affect the style of audit reports rather than the substance (Sharkansky, 1988). A further problem with defining PA in terms of the policy vs implementation split is that this distinction has greater currency in Westminster institutional settings than in other settings.¹⁴ Numerous studies cast doubt on the claimed apoliticality of PA (Hopwood, 1982; Henkel, 1991; Gomes, 2000). Using the conceptual framework developed by Flinders and Buller (2005), PA

can be seen as a ‘depoliticisation’ tactic that involves the transfer of power to a new, but no less political, arena (p. 16).

PA is often characterised as an *objective* style of review with connotations of predictability, rigor and independence (Glynn, 1985; Hamburger, 1989; Brooks, 1996). Just as common, though, is the accusation that PA is *subjective* with an insinuation that PA is synonymous with intuition, fickleness and partisanship (Parker, 1986; Barzelay, 1996; Lindeberg, 2007). Clearly, PA is perceived as displaying elements of both subjectivity and objectivity. Or as Keen (1999) noted, PA relies on quasi-rational cognitive processes with a mix of intuition and analysis varying from issue to issue.

Is the auditing profession itself a sensible definitional element? The 1970s and 1980s saw the profession experience significant change, which Burton and Fairfield (1982) termed ‘serious challenges to its social and economic position’ (p. 1). Central to this was an ‘increased emphasis on audits directed toward economy, efficiency and effectiveness’ (Staats, 1981: 1).¹⁵ One way auditors responded to the challenges was to expand into new areas of service such as PA (Burton & Fairfield, 1982; Lapsley & Pong, 2000). The standard set of accountancy and audit skills, however, left auditors ill-equipped¹⁶ and multi-disciplinary teams quickly emerged in PA (Glynn, 1985; Parker, 1986; Sharkansky, 1988). Despite such multi-disciplinarity, members of the auditing profession have been keen to stake a continuing claim to PA as a species of auditing (Barzelay, 1997). The contestability of such claims make them an unreliable basis for defining PA.

Many discussions of public sector PA characterise it as the exclusive domain of SAIs. But in reality, the domain is crowded and actively contested by various types of institutions. In Australia, for example, Victoria’s ombudsperson undertakes investigations that encompass resource allocation issues, while South Australia’s ombudsperson undertakes audits in name and substance. Other public sector oversight bodies with parliamentary authority, such as regulatory review and competition commissions, anti-corruption commissions, and civil service and public service commissions, are also sources of performance audit-style analyses, as are issue-specific and sector-specific review bodies in fields such as equal opportunity, purchasing, infrastructure and healthcare. Despite the apparently natural fit between SAIs and the PA function, the matching of these institutions with the function seems to have been a contingent fact of history. McPhee (2007: 4) notes that:

... it wasn’t a sure thing that the ANAO would be given the responsibility to undertake performance audits. Other candidates considered ... were the Public Service Board, the Treasury and a new agency (the Office of Policy Analysis and Administrative Management).

In some jurisdictions, things are in fact quite different. For example, in New South Wales the Premier’s Department has undertaken effectiveness reviews (Glynn, 1985; Parker, 1986) and the Public Service Board efficiency audits (Parker, 1986). This indicates the need to define PA without using SAIs as a defining element.

Finally, the *purpose* of PA has been a recurring definitional element in the literature (Glynn, 1985: 118; Moore & Gates, 1986: 1; Parker, 1986: 57; Yamamoto & Watanabe, 1989: 202; Henkel, 1991: 124; Barzelay, 1996: 40; Flesher & Zarzeski, 2002: 95). In particular, a distinction is made between the goals of *helping to improve performance* and *highlighting poor performance*. For several reasons, these goals are inseparable. Performance auditors may claim to be interested in working with auditees to improve performance, but the auditor who encounters fraud, systemic waste or significant underperformance has a responsibility to report them as such. Conversely, reporting underperformance can be a spur to performance improvement. The auditor cannot control what others make of an audit finding, so the element of *purpose* is not helpful in defining PA.

After considering these 15 definitional elements, it is concluded that 12 elements are problematic in a definition of PA. In other words, it is unhelpfully imprecise to claim that PA: must involve the three Es or involves the three Es to the exclusion of other things; is an aspect or artefact of NPM; is concerned with different matters to financial audit or involves non-financial information to the exclusion of financial information; differs from evaluation and management consulting or coincides with them; is not concerned with policy or politics; is objective and not subjective; is conducted by auditors and SAIs to the exclusion of other professionals and types of institution; and must have a particular purpose. If this is the case, however, what is the next move in the quest for an improved PA definition?

Building a New Definitional Framework for PA

Putting aside these 12 problematic elements, three elements remain with which to build a definition of PA: *audit*, *independence* and *reporting*. These elements contain distinctions that are more fundamental and less problematic than the other elements.

Taking the first two elements together, a basic ingredient of *independent audit* is the idea of *access*—of going inside an organisation, project or business unit and making discoveries. The auditor achieves access to information that would normally be barred to them, and which continues to be barred to other outsiders. This information can be in the form of documentation as well as tacit knowledge that can be recovered through interviews and discussions.¹⁷ To borrow a phrase from information economics, such discoveries affect the auditor's *information set*, such that the auditor's information set before being given access differs from the auditor's information set afterward.

Another basic ingredient of independent audit is that this access is *authorised*; it involves permission being granted. The auditor is not the source of his or her authority to audit. Rather, that authority is conferred from elsewhere. There are several possible types of authorised access. A company's head office might authorise an audit of a regional office or an outer management unit; the board or owner of the company might authorise an audit of top management; a parent company might authorise an audit of a subsidiary; a parliament might authorise an SAI to audit government agencies; or the parliament might authorise an independent regulator to audit private

firms in a particular industry. The authoriser might place limits on the access, such that the audit may only consider administration or the adequacy of systems.

The concept of authorisation is related to independence. If an auditor embarking on a performance audit of an organisation requires the permission of management to conduct the audit, the auditor is not independent. The auditor is reporting *to* management, not *on* management (Dewar, 1985b). If the auditor is beholden to management, the decisions of management enter the *incentive* or *decision function* of the auditor. This could be reflected in how the auditor approaches their role. For example, the auditor might *pull punches* in relation to an underperforming business unit.

As a minimum, independence requires that the auditor has the permission of a higher authoriser such as the organisation's board or owner, the government, the legislature or the judiciary. The auditor's incentive function would therefore be independent of the decisions of management. The highest level of independence would pertain where the permission is irrevocable with regard to the auditor's decisions to enter, form findings and conclusions, and publish a report. This level of independence requires a decision by the authoriser to bind its own hands with regard to directing and terminating the auditor.

Most discussions of PA involve some consideration of the performance auditor's method. Several aspects of method, as previously discussed, were found to be problematic, including the audit work style, claims of objectivity and aspects of scope. It must be acknowledged, however, that once the auditor discovers information, they will do something with at least some of the information. A robust definition of PA cannot depend on the auditor *analysing* the information discovered in the audit, as *analysis* is another unsafe building block. This is because PA may involve minimal or no analysis (eg., the disclosure of tabulated data) or it may involve extensive analysis. However, PA does involve some form of transformation of the information discovered, whether it be by analysing it, or selecting some information for reporting or tabulation, or otherwise using the information to form findings or express the information in a new form. In recognition of the breadth of what the auditor might do with the information discovered, the word *synthesis* is used hereafter to denote a fundamental aspect of PA.

The concept of *reporting* was identified as a recurring definitional element of PA in the literature. The auditor's findings and conclusions are expressed in some form of communication such as a management letter, an audit report, text on a website or an oral presentation. In principle, the findings and conclusions can be reported privately, such as to the auditee only or to a higher authority only, or they can be published. Recalling that the findings and conclusions are based on what would otherwise be private information, the publication of the auditor's findings and conclusions is important because it changes the status of at least some of the information that the auditor discovered, and it affects the information sets of the wider audience.

There are two ways that performance audits can affect the performance of an organisation. First, findings and conclusions can provide information that managers can use to make improvements and therefore have *information value*. Secondly, the findings and conclusions can be published, in which case they have *accountability value*. The possibility of publication affects managers' incentives and decisions because whether information is public or private is relevant to managers' choices about how to run their organisation¹⁸, and the prospect of being audited in a public way is itself a spur to performance. Publication also places a strong impetus on managers to engage with the audit findings and conclusions. Whether the results of a performance audit are published also affects accountability institutions such as parliaments, and the confidence of stakeholders such as shareholders and taxpayers.

In most jurisdictions, the importance placed on the accountability value of performance audits leads to the results being published rather than being provided confidentially to management, the board or the owners. Accordingly, for the remainder of this paper, publication of results is held to be a fundamental aspect of PA. The publication of some or all of the performance audit results distinguishes PA from several other activities that resemble PA in method, but that generate information value without accountability value.

As was already noted, publication is bound up with the performance auditor's independence. If the authoriser has the power to veto the findings and conclusions before publication, or to veto their publication, the auditor is not independent. The possibility of publication also affects whether authorisation is provided in the first place, and to what extent.

Table 4: Framework of Definitional Elements for PA

Element	Description	Relevance
Independence	The auditor is independent of the auditee. The auditor is an outsider vis a vis the audited organisation.	Auditor's incentives.
Authorisation	The auditor is authorised by an authority higher than the auditee to undertake the audit.	Auditor's incentives. Also, the authoriser may bind itself to not revoke the authorisation.
Discovery	The auditor enters the auditee organisation (physically or virtually) and achieves access to information that would otherwise be private.	Auditor's information sets and authorisation.
Synthesis	The auditor makes findings and reaches conclusions, which may or may not involve analysis. Some or all of the discovered information is expressed in a new way.	Auditor's authorisation. The scope of the findings and conclusions depends on the scope of authorisation.
Publication	Some or all of the auditor's findings and conclusions are published in some form. The public achieves access to synthesised information that would otherwise be private.	Relevant to the auditee's incentives, public information sets and the auditor's authorisation.

Source: Original table.

Five basic elements that are sufficiently clear and robust to be used for defining PA have now been identified. Three of the elements are constituting parts of the concept of audit: *authorisation*, *discovery* and *synthesis*. The other two elements are *independence* and *publication*. These five elements provide the basis of a new definitional framework for PA as outlined in Table 4.

In light of this new framework, a performance audit might be defined as:

An activity in which outsiders are authorised to discover, synthesise and publish information that would otherwise be confidential.

Discussion

To test this new approach to defining PA, it is now used to examine PA across the public and private sectors, and some alternatives to PA.

Public vs Private Sector Audit

A recurring issue in PA debates has been whether PA is primarily a public or private sector activity. There have been contradictory currents in the literature on this issue. A number of authors claim that PA is rare in the private sector or stress the special character of public sector PA (Yamamoto & Watanabe, 1989; Pollitt & Summa, 1999), while others have emphasised the commonalities between public and private sector PA. Burrowes and Persson (2000) claimed that Swedish management auditing ‘had its origins in the private sector not the public sector’ (p. 90) and quoted Parker’s (1986) finding ‘that VFM auditing and its counterparts in performance and management audits are being applied in both the public and private sectors’ (Burrowes & Persson, 2000: 89).¹⁹

The new definition of PA can contribute to this debate by clarifying which of the definitional elements are being referred to when it is claimed that PA is undertaken in the private sector. In the private sector, performance audit-style methods are adopted in operational and management auditing, and independence may be present (for example, the auditor may be engaged by a board or shareholders). However, in the private sector, the five elements of independence, authorisation, discovery, synthesis and publication are unlikely to be present *in concert* without direct governmental or judicial involvement. A company board, for example, is unlikely to permit publication of the results of an independent review of management without regard to the nature of the results, unless the board is required to do so for some external reason such as the action of a court or a regulator. Certainly, a private sector authoriser is unlikely to tie its own hands voluntarily for a period such that it cannot revoke, at will, the authorisation to publish.

The presence, in concert, of the five elements is a more durable distinction between public and private sector audit than recourse to some other indicator such as whether legislative authority or taxpayers’ money is involved. This is particularly the

case in the present era of regulatory capitalism and neoliberal reform, in which the distinction between the public and private sectors is especially blurred.

Alternatives to Performance Auditing

The new PA definitional framework can also be used to better understand alternatives to PA. Alternative sources of performance information may come in many shapes and sizes including Commissions of Inquiry, open book policies, freedom of information or whistleblower laws, Gateway Reviews, citizen engagement models, investigative journalism, and even leaks, industrial espionage or computer hackers. All of these activities have at least some of the character of a performance audit. But how close are they to being formally defined as PA?

PA, by definition, involves all five elements. Likewise, so too does a Commission of Inquiry that is formally authorised as an independent body to discover and synthesise and then to publish. But what of, say, open book policies, whereby a government might provide open access to information about its costs and procurement contracts that would otherwise be commercial in confidence? Such policies share with PA the elements of independence, authorisation, discovery and publication. And whilst information disclosed en masse through an open book policy might not be subject to synthesis or transformation in its release, it could nonetheless be subject to any kind of analysis after release and allow bounty hunters, community groups or anyone else to synthesise the disclosed information.²⁰ Accordingly, open book policies and PA could be expected to have similar impacts on the performance of organisations and the community's confidence in accountability.

Freedom of information (FOI) laws empower outsiders to discover information inside organisations and require those organisations to disclose a wide range of information that may otherwise be treated as confidential. While disclosures may be limited on the grounds of commerciality and the *public interest*, for example, the making of FOI disclosures can feature several of the elements in the PA definitional framework including authorisation, discovery and publication. Whistleblower legislation, on the other hand, creates limited rights for staff to make disclosures (that would otherwise be covered by confidentiality obligations) in cases of apparent fraud or other serious misconduct. With regard to the performance audit definition, disclosures by whistleblowers have limited authorisation but do not involve discovery by the discloser, as the discloser is already an insider. Depending on the context, whistleblower disclosures may be published through the medium of an ombudsperson or other oversight body that uses the disclosures to inform reports to parliament.

Gateway Reviews are now a popular mechanism of government in the UK and parts of Australia, particularly for major public sector infrastructure projects. Here, external review teams examine whether the projects exhibit good practice at a series of critical decision points or gates. Like PA, Gateway Reviews provide a useful

independent source of performance information to management. However, Gateway reports are not published and therefore have little or no accountability value.

Citizen engagement models are another instrument of independent performance review. In these models, citizens are inserted into oversight functions previously exercised by public sector oversight bodies such as the Comptroller and Auditor-General (Goetz & Jenkins, 2001). Popular audits of government performance based on documents obtained formally and informally from bureaucrats have been conducted to directly involve citizens in auditing development schemes through public hearings and other analytical tools.²¹ Such citizen engagement models can feature limited authorisation as well as independence, discovery, synthesis and publication.

Activities including investigative journalism, leaks to the media, industrial espionage and even computer hackers have some of the features in the PA definition but lack the authorisation element and cannot be regarded as PA. Some of these activities also lack the element of synthesising information. Table 5 compares PA with each of the other activities against the five definitional elements.

Table 5: Comparison Between Performance Auditing and Other Activities with Regard to the Five Elements

Activity	Independence (discoverer is an outsider)	Authorisation (discoverer is authorised)	Discovery (change in discoverer's information set)	Synthesis (information expressed in a new way)	Publication (change in public information set)
Performance auditing	✓	✓	✓	✓	✓
Commissions of inquiry	✓	✓	✓	✓	✓
Open book policies	✓	✓	✓	✗	✓
Freedom of Information laws	✓	✓	✓	✗	Sometimes
Whistleblower laws	✗	✓	✗	Sometimes	Sometimes
Gateway Reviews	✓	✓	✓	✓	✗
Advice to management	Sometimes	✓	Sometimes	✓	✗
Citizen engagement models	✓	Sometimes	✓	Sometimes	✓
Investigative journalism	✓	Sometimes	✓	✓	✓
Leaks	✗	✗	✗	✗	✓
Industrial espionage	✓	✗	✓	✗	✗
Computer hackers	✓	✗	✓	✗	Sometimes

Source: Original table.

Table 5 shows that PA has similarities with all of the alternatives on at least one dimension, and that it has a high degree of similarity with several of the alternatives. The conclusion that PA shares all five elements with commissions of inquiry, such as Royal Commissions, is consistent with the conclusion reached previously that PA should not be defined with regard to the type of institution undertaking the review.

Conclusions

While terms such as objectivity, evaluation, efficiency, effectiveness and economy have become well-known ways to define PA, this language has also led to imprecision. It is concluded that a robust definition of PA should not depend on: method (except in the very broad sense of *synthesis*); scope; purpose; the three Es; whether the audit is conducted by a particular institution or other; whether it has parliamentary authority; whether it is conducted by a professional accountant or auditor, or someone outside the accounting and auditing professions; whether it concerns politics, policy or the implementation of policy; whether it is objective or subjective; and how the findings are physically published. A wide range of methodologies, modes of practice and evaluation tools are all possible as part of the smorgasbord from which PA techniques may be drawn.

A definition which reconceptualises elements of PA was proposed in this paper. The new definition has five elements: independence, authorisation, discovery, synthesis and publication. This definition of PA rests on robust distinctions relating to information sets and incentives, and is sufficient to distinguish PA from a wide range of other activities. It may also have significant public policy implications. If the five features are fundamental to PA and its impact, governments and legislatures may be able to achieve the same impacts using different means or combinations of means that together have the same features. As the cost of computer memory and bandwidth fall (Burrowes & Persson, 2000: 86; Elliott, 1994: 108) it is possible that alternatives like open book policies could have a more significant impact at lower cost to the community than traditional audit arrangements. Citizen engagement and empowerment models, as well, may have much to offer the audit challenge in the current era of ravenous appetites for transparency and accountability.

Further policy-oriented research on the costs and benefits of PA and alternatives to PA would be valuable. The results of such research could be used to inform the design of performance audit programs, as well as FOI and whistleblower laws, open book policies and other transparency initiatives.

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Notes

- 1 See, for example, the work of Khalil, Ellaboudy and Denzau (2007) on economic growth.
- 2 For Persia see Hodge (2006) and Farazmand (1998); for Greece see Normanton (1966); for Rome see Burrowes and Persson (2000: 85).
- 3 See also Jurado-Sánchez (2002).
- 4 Important studies of the international history of performance auditing include Glynn (1985), Dewar (1985a), Parker (1986), Guthrie and Parker (1999), Yamamoto and Watanabe (1989), Shand and Anand (1996) and Burrowes and Persson (2000).
- 5 In addition to the examples in the table, Flesher and Zarzeski (2002) recognise what they believe to be the origin of performance auditing in the Bible parable of the master who entrusted talents to his three servants. Cashin (1965) and Grier (1934) also identified precursors from the ancient world, and Dewar (1985a) provided many other examples from English history.
- 6 Parker defined the three Es in the following way: Economy—the acquisition of human and material resources of appropriate quality and quantity at the lowest reasonable cost; Efficiency—the use of a given set of resources which maximises associated outputs at minimum total cost, or the use of minimum input resources for a predetermined level of output; and Effectiveness—the degree to which predetermined entity objectives for a particular activity or program are achieved.
- 7 The 2008 Australian Standard on 'Performance Engagements' (ASAE 3500), for example, defines the Es in a manner almost identical to Parker's definition.
- 8 This is why England's 18th Century Commissioners for Auditing the Accounts distinguished between 'oeconomy', which was desirable, and 'extreme parsimony', which was not (Dewar, 1985a: 11).
- 9 See, for example, authors such as Guthrie (1991), Parker and Guthrie (1993), Barzelay (1997), Pollitt and Summa (1997a), Olsen *et al.* (1998), Guthrie and Parker (1999), Gomes (2000), Lonsdale (2000), Power (2000), Everett (2003), Power (2003), Sutherland (2003), Hood and Peters (2004), English (2007), English and Skærbæk (2007) and Lapsley (2008).

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- 10 For discussions of the elements of NPM, see Hood (1991: 4-5), Pollitt (1995: 134) and Guthrie and Parker (1999: 305).
 - 11 One author has characterised financial audit as a subset of performance audit (Vinten, 1996: 76; and see also Burrowes & Persson, 2000: 89).
 - 12 See, for example, audit acts and performance audit manuals from the UK, Australia and Canada; and also Parker, 1986.
 - 13 Auditees and governments can play this game in reverse by claiming that how a policy is implemented is a matter of policy and therefore out of bounds.
 - 14 Barzelay (1997: 236) makes the point that those writing from within a regime of shared executive-legislative governance of the bureaucracy, like the US, tend to not build the distinction between policy and administration into the definition of PA.
 - 15 See also American Institute of Certified Public Accountants (1978) Commission on Auditors' Responsibilities, Report, Conclusions, and Recommendations. AICPA, New York, NY.
 - 16 See, for example, Adams (1986: 195); and McGee (2002: 37).
 - 17 The auditor might also seek to measure other characteristics of an organisation such as its culture.
 - 18 For example, public information is available to clients and competitors.
 - 19 The Australian Standard for performance engagements explicitly recognises that performance auditing transcends the public-private sector divide.
 - 20 For details of bounty hunter models and privatized enforcement see and Toma (1989), Frey (1994) and Braithwaite (2007). In this sense, performance auditing is vertically integrated (the same person discovers, synthesizes and publishes) whereas open book disclosures are not.
 - 21 One example of this has been the work of the Mazdoor Kisan Shakti Sangathan (MKSS) (Goetz & Jenkins, 2001). Here the local government act was changed to include local residents directly in auditing official development schemes. Goetz and Jenkins also describe other models of this type in India.