

Learning Lessons, Transplanting Policy:

The Wilson Committee and the Genesis of Efficiency Auditing

1.0 Introduction

The mutability of modern government auditing mandates is made plain by the unsettled language that describes them. Depending on their jurisdiction, auditors refer variously to efficiency auditing, effectiveness auditing, value for money auditing, comprehensive auditing or systems auditing.¹ A host of adjectives envelops this body of practice, indicative of a range of meaning and a body of auditing work that is unlike any other in its scope. Though attest auditing requires no specific identifiers, efficiency auditing requires a raft of them. However labeled, efficiency auditing has rapidly diffused across Anglo-America since the mid-1970s, increasingly seen as an important institutional feature of effective government.

This paper investigates the development of efficiency auditing within the Federal Government of Canada. The aim of this paper is to take the history of these developments seriously and to analyse the specific problematisation that led to reform of the Auditor General of Canada's mandate. While this paper examines events in one country this paper has broad applicability within government auditing research since it addresses mechanisms of policy change and the history of government auditing as a practice. It does so in the context of Foucault's theorization of governmentality as an ensemble of "institutions, procedures, analyses, reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex power" (Foucault, 2009, p. 108). Foucault's theorization of governmentality as well as

¹ We use efficiency auditing here in keeping with prior research. This one term is used for simplicity except where archival materials use alternate identifiers, in which case the language used in practice is preserved.

both ‘old’ and ‘new’ accounting history tell us that the details matter, and so this piece assembles the history of government auditing using the archives of what became to be known as the Wilson Committee, formally titled the *Independent Review Committee on the Auditor General of Canada* (Wilson, Bélanger, & Campbell, 1975). These important archives are newly available from Library and Archives Canada; they have not been studied before.²

Canada has been seen as a leader in the development of efficiency auditing (The Canadian Comprehensive Auditing Foundation (CCAF), 1987). It was among the first countries in the world to revise its legislative auditing mandate in the *Auditor General Act, 1977*. At this time government auditing was in motion in a range of jurisdictions resulting in a wave of legislation in the late 1970s and early 1980s; Australia, Canada, New Zealand, Sweden and the United Kingdom all reformed legislative auditing mandates in this period (Glynn, 1985). There is evidence that the Canadian experience was particularly influential in other English-speaking countries. Flesher and Zareski (2002, p. 101) concluded that outside the US the Canadian experience was “probably more influential than that of any other nation.”³ Similarly Parker noted that Australia and New Zealand drew heavily from Canadian experience and practices, placing little reliance on the United States (Parker, 1986). Thus, it has been argued the Wilson Committee sowed the seeds for Canada’s influence in other jurisdictions throughout the world.

We demonstrate that in fact the emergence of efficiency auditing was marked by a more fluid transnational interplay. We trace the international connections and interactions between

² Library and Archives Canada (LAC) is home to the Federal Government of Canada’s archives. The working papers of the Wilson Committee were largely marked as confidential and had not been publicly released. An information request was made by the authors to facilitate this research. The Committee’s archival materials were examined by LAC under the terms of the *Access to Information Act* and the *Privacy Act* in what is known as an ATIP review. The outcome of this review was that the Wilson Committee’s materials were no longer treated as confidential and were released for the purposes of this study.

³ Flesher and Zareski reviewed the development of value for money auditing within the then US General Accounting Office, noting that US experience had not been used “to any degree” by auditors in other English speaking countries.

key jurisdictions to demonstrate the circuits of knowledge underpinning the construction of efficiency auditing in Canada. The paper thus reveals the inter-connected complex of actors that came into contact to form and amplify a transnational community of practice. In Canada, the Wilson Report effectively served to legitimize an answer to emerging questions about public accountability. The report provided a compelling narrative portraying Canada as falling behind the rest of the world with respect to public accountability and monitoring.

The paper explores the way in which this auditing mandate was developed and draws together influences that shaped the eventual settlement of the problem of legislative auditing in law in Canada. The remainder of this work is organized as follows. The next section reviews three key theoretical frameworks: (i) Foucault's work on governmentality; (ii) research on the emergence of efficiency auditing; and (iii) research in international relations dealing with the notion of policy entrepreneurs. After an overview of the qualitative research method, the empirics of the paper consist of a critical evaluation of archival sources relating to the workings of the Wilson Committee. The final sections discuss key issues and implications and conclude the paper.

2.0 Theoretical Considerations

In addressing the "calculated management of life" (Foucault, 1981, p. 140), Foucault showed an awareness of technologies such as accounting that were both administrative and political (Hoskin, 2012; Mennicken & Miller, 2012). Though governmentality has been reduced to other forms, at its heart Foucault envisaged a fundamental rearrangement of power and knowledge in this context such that forms of knowledge, and especially knowledge of how to govern, came to be essential to the mechanics of government itself.

We argue that efficiency auditing has come to be seen as a body of knowledge and practice that exhibited administrative rationality and, claimed “the right to be taken into consideration by a government that must model its decisions on it” (Foucault, 2009, pp. 351). The exercise of efficiency auditing became necessary and productive for government to appear to be acting within the norms of how best to govern as they stood in the late twentieth century, these being informed by appeals to modern management technique. This then was an example of “governing best” as Foucault put it in his Security, Territory and Population lectures.⁴

It was in his later writing that Michel Foucault turned his attention to processes of government and to what he termed governmentality (Foucault, 1991). Foucault’s analysis was specific in that he analysed confluences of bodies of knowledge and practices in the field. Foucault was crucially interested in the exercise of power. In this, he drew attention to an increasing desire for knowledge of government to be scientific in its nature, so much so that it became seen to be indispensable for good government. This knowledge of government brought together knowledge and power, science and decision-making in a manner that became central to modern management of the process of governing. His focus then was very much on the mechanics of the exercise of power, in what has been termed the microphysics of power. His work has been taken forward by others who have broadened their analytical scope even further while maintaining this focus on mechanics. As Rose explains it, “the state now appears as simply one element – whose functionality is historically specific and contextually variable – in multiple

⁴ It is only relatively recently that Foucault’s lectures at the Collège de France have been available in an English translation (Foucault, 2008, 2009) There is evidence that this work should prompt reexamination of scholarship in management and accounting in light of this work (Hoskin, 2012). In this piece, we work with well-established work in governmentality using what have come to be seen as the leading sources in their original form. We also seek to incorporate certain elements of the Security, Territory and Population lectures.

circuits of power, connecting a diversity of authorities and forces, within a whole variety of complex assemblages” (Rose, 1999b, p. 5).

A recent thread in governmentality research has been the way that these complex assemblages affect changes policy and government. For Foucault, the study of the strategies of power was essential to the study of power. Aside from delineating “who those in charge are”, it was necessary to attend to “the strategies, the networks, the mechanisms, all those techniques by which a decision is accepted and by which that decision could not be but taken the way it was” (Foucault, 1988). Attentiveness to the strategies of power is integral to the understanding of how efficiency auditing came about and was enacted in specific legal form. The role of specific actors and interventions such as committees of experts, investigations and of reports is more fully explicated in later interpretations of Foucault’s work which have taken his overall concern with governmentality and given it specific operationalization (Mennicken & Miller, 2012; Miller & Rose, 2008).

Research on the Development of Efficiency Auditing

Although numerous scholars have lamented the paucity of research on government auditing (see, for example, Power, 2003), a small body of researchers have examined the development of efficiency auditing across various jurisdictions internationally. Table 1 summarises the geographic focus of this emerging body of research.

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Much of this work has documented the impact of key domestic political realities and rationalities on emerging efficiency auditing mandates and practices. Radcliffe’s earlier historical research focused on the development of efficiency auditing in one Canadian province,

Alberta (Radcliffe, 1998). Alberta was at the centre and all other events were considered essentially as they influenced the course of audit reform in that province, this being the subject of inquiry.⁵ Though the existence of the Wilson Committee was acknowledged this was solely based on the published report of the committee's work and the analysis lacked the archival sources underlying that project. This despite the fact that D. W. Rogers, the last Alberta Provincial Auditor and first Auditor General of Alberta, said that the committee's report.

Has in effect been used I think in every jurisdiction across the country that has been involved in the development of an Audit Act, because it really was the foundation of auditing in the public sector as we know it today. [...] In that report they mentioned, for the first time to my knowledge, value for money... (Rogers, undated).

Numerous researchers have documented turf battles and attempts by Executive governments to resist efficiency auditing in the UK (Bowerman et al., 2003), Australia (Funnell 1998, 2002) and New Zealand (Jacobs, 1998). Other important themes of this research include the careful balance required by efficiency auditors: Skærbæk (2009) addresses the role of the National Audit Office of Denmark; examining efficiency audits of military programmes he addresses the dual identities of auditors as 'modernizers' and as 'independent auditors' while Morin finds similar competing roles in her analysis of the French Cour des comptes.

Research in the area has consistently identified New Public Management impulses as important drivers of efficiency auditing adoption. While there is no doubt that efficiency

⁵ The paper sought to explicate processes of professional change and the expansion of professional knowledge and practice through case study of Alberta's reforms. Because of this, the piece devoted much attention to political rationalities specific to Alberta, many of which flowed from the development of Alberta as a province and the historic turnover from one longstanding government to a new regime which promised superior management of the province's affairs. Government auditing held special appeal in these circumstances. When the government of Alberta changed hands, the former Social Credit regime had been in power for 36 years. After taking power in 1971, the Progressive Conservatives have ruled Alberta ever since, a span of 41 years that is said to be the longest standing government in the history of the Commonwealth. Radcliffe (1998) devoted most analysis to Alberta's political rationalities, the political winds of change sweeping through that province and their implications for the genesis of efficiency auditing under such conditions.

auditing drew sustenance from the spatial expansion and social deepening of economic liberal definitions of social purpose and possessively individualist patterns of action and politics under the banner of New Public Management, such an account does little to elucidate the ways in which these ideas circulating and cross-pollinated across different jurisdictional boundaries. Thus while research has provided numerous insights into the rise of efficiency auditing within specific jurisdictions, these studies have been limited to particular historical and spatial boundaries, neglecting the broader transnational political dynamics involved.

Policy Entrepreneurship

While accounting research has typically cast governmentality projects as domestic concerns that belie the transnational character of some programs, research in the areas of public administration and political science has focused attention on how “knowledge about how policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting (Dolowitz & Marsh, 2000, p. 5), introducing a plethora of new labels including “lesson drawing (Rose, 1993), ‘policy band-wagoning’ (Ikenberry, 1990), ‘policy borrowing’ (Cox, 1999), ‘policy shopping’ (Freeman, 1999) and ‘policy pushing’ (Nedley, 1999).

The term political entrepreneur was first used and introduced into the political and social science vocabulary by Dahl (1961: 309) and has developed as an umbrella concept and a rallying point for research focusing on the individual as a key variable in the policy process. Under the broad label, researchers have studied the Prime Ministers (Mackenzie, 2004), the European Union (Laffan, 1997), Congressional staff (Walker, 1977), non-politicians (Roberts and King, 1996).

Mintrom (1997) notes that networking across jurisdictional boundaries is an important resource for policy entrepreneurs for three reasons. First, through these contacts, they learn more about the details of policy innovations, nascent and post-implementation, elsewhere. These details enhance the credibility of policy entrepreneurs by offering authoritative-sounding responses to questions or objections raised concerning a proposed policy innovation. Second, policy entrepreneurs may selectively draw upon experts from other states to give testimony, whether in person or in documentary form, on earlier experiences with the policy innovation. Third, networking across jurisdictional boundaries allows policy entrepreneurs to inform themselves about strategies for 'selling' a particular policy innovation.

In summary, the extant literature on efficiency auditing has clearly established the emergence of similar audit mandates across Anglo-America in the 1970s and 1980s, with profound and lasting effects on the nature of government auditing and public administration. Research is less clear, however, about the connections between these transnational developments and the mechanics underlying this convergence. Scholarly investigation of those who execute or implement global public policies has long been underdeveloped (Weiss, 1982), particularly in accounting. Our study is intended to provide a richer view of the history of efficiency auditing by unpacking the way in which the transnational relations and communications which we argue were mutually reinforcing and led to "effects of truth" (Foucault, 2005) in Canada and elsewhere.

3.0 Method

We present our work as critical and interpretive history, recognizing that there are other approaches we believe that a theoretical lens helps explicate accounting's present and future

through its past (Carnegie & Napier, 1996). While we are aware of the pitfalls of a narrative of progress we do not rule out the potential for efficiency auditing to be an improvement on what had gone before. In this we are aware that while stories of progress may be appropriate in narratives of limited scale, what is progress for some “may be degeneration for others” and what appears progressive at one point in time may not appear to be with benefit of hindsight (Napier, 2001). This is a particular concern when dealing with ideas and practices that were presented as offering modernization of management technique, as with efficiency auditing.

We do believe that the “problem of history” is in essence “explanation of change over time” (Napier, 2006; Stone, 1991) and we attend to this by reference to the available archival materials concerning the development of efficiency auditing in Canada. Though it is possible to take a postmodern historiography of time (Parker, 2004) we attend to the flow of events as they occurred in linear time, working to identify the various strands of narrative that in our view help explicate action. These are primary source materials and so there are elements of what Napier has termed the “discovery” and “contextualizing” elements of accounting history. In this sense discovery is the role of archival researchers who unearth the data that can then be the basis for theorizing. We reject the cruder stereotypes of ‘old’ and ‘new’ accounting history that found form in the early 1990s. We value the archive and work diligently with it but we seek to make sense of findings within the archive with benefit of theoretical insight. In this sense this research is old and new at one and the same time and self-consciously so.

As Fleischman and Tyson (2003) note archival research is an involved and demanding business. As they put it, “time and money are always of the essence for any archival research project” (Fleischman and Tyson, 2003, p. 33). Our own research was supported by major grant funding from the Social Science and Humanities Research Council (SSHRC) of Canada, which

financed travel to Library and Archives Canada and related activities. Fleischman advise that a substantial problem in business history is the relatively low survival rate of business records. We are fortunate in that Library and Archives Canada (LAC) has a full collection of materials from the Wilson Committee. While we cannot determine the full extent of its completeness, the archive is extensive as detailed in the catalogue extract presented in Figure X. We reviewed all boxes in the archive since a full descriptive record had yet to be developed by LAC for this material. This work is of necessity detail oriented and laborious but it yields much insight. By interrogating the records of the time we can see elements of the thinking of actors involved in the reform of government auditing in Canada, and we can see the products of their work.

4.0 The Appointment of the Wilson Committee

The Independent Committee for the Review of the Auditor General of Canada, since termed the Wilson Committee, was appointed by the Auditor General of Canada James J. Macdonell on October 30, 1973. The Committee's members were J.R.M Wilson F.C.A. a Past President of the Canadian Institute of Chartered Accountants as Chairman; Marcel Bélanger, C.A., also a Chartered Accountant and former Chairman and member of several Royal Commissions; and A. Lorne Campbell, QC, a past-President of the Canadian Bar Association (Macdonell, 1974). A year later, in describing the committee and its genesis to an audience of Deputy Ministers, Heads of Crown Corporations and other entities audited by the Office of the Auditor General, Macdonell described the scene as he arrived as the newly appointed Auditor General. As he put it:

At the time of my appointment I became aware that certain changes in legislation relating especially to relationships of the Auditor General with other governmental

organizations were under active consideration. After looking into this matter I came to the conclusion that an independent, authoritative and broadly based review of the scope, responsibilities, reporting procedures, and relationships of the Office of the Auditor General should be made ... This important study, the first of its kind to be undertaken since the Office of the Auditor General was created in 1878, is now well advanced and I am confident that the report of the Committee when it becomes available will be a landmark study both in Canada and internationally (Macdonell, 1974).

Here Macdonell is self-consciously describing the direction in which certain discussions and questions had been leading in the direction of change for the Office of the Auditor General. It was into this environment that he sought to insert more radical reform through the vehicle of the Independent Committee.⁶ This was from the start an intentional matter and the committee's work product was envisaged as establishing a program to address the mandate of an office which had been problematized and opened for review. What is interesting are how these processes unfolded and the importance of the individual to these processes as much as the intellectual arguments regarding auditing practice.

Macdonell appointed the Wilson Committee for legislative review; he did not wait for the committee's report before undertaking internal reorganization. A chartered accounting firm had begun a study of the organization of the Office of the Auditor General in 1971; this study had not been finished under Macdonell's predecessor (Macdonell, 1974). Macdonnell had the study completed and then undertook a series of reforms. Inter alia he created a new Executive Committee under the Chairmanship of the Auditor General; created new Director General positions in regard to Departmental Audits and Crown Corporations/International Audits; created a further Director General position for Professional Practices and Development, concerning the

⁶ Though termed the 'Independent Committee' to review the Office of the Auditor General the committee was as noted appointed by Macdonell himself. The extent of the independence of the committee could be queried, but in practice was not. The committee was largely accepted by all parties as having an independent role and function, all political parties participated in the Wilson Committee's review and there was no controversy in this regard.

application of accounting and auditing standards, and also professional development for staff; and established a new Director General post concerning government wide audits undertaken under the provisions of Section 62 of the *Financial Administration Act (FAA)* (James J. Macdonell, 1974). Section 62 of the *FAA* allowed the Auditor General broad powers to audit public funds if so directed by the Government of Canada.⁷ The new Director General was charged with these tasks and was to renew focus in this broad area of mandate.

With these moves, Macdonell had already begun a program of internal reforms that would make for an activist Office of the Auditor General with renewed professional ambition. The issue was however how to make these ambitions reality. Macdonell's revised organizational form is depicted in Figure 1, which appears in Macdonnell (1974). This renewed focus on professionalism and on nimble organizational forms was an outcropping of the governmentalisation of the state. These were elements of the tactics of government that allowed "continual redefinition" of what was in the state's domain, but also redefinition of what was in the auditor's domain as an agent of the state and locus of professional knowledge and expertise, a resource able to address the governmental problems of the state (Foucault, 2009, pp. 108-110). Reform of the Office of the Auditor General was to renew and revitalize this office such that it became one of the major forms of governance in the Canadian state (Foucault, 2009, p. 109-110), a position that it has retained to this day.

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⁷ Section 62 of the Financial Administration Act directed that the Auditor General shall "inquire into and report on any matter relating to the financial affairs of Canada or to public property and on any person or organization that has received financial aid from the Government of Canada or in respect of which financial aid from the Government of Canada is sought." 1966-67, c. 74, s. 11 Financial Administration Act, R.S. 1970, c. F-10 as amended by 1970-71, cc. 42, 55.

4.0 The Work of the Wilson Committee

The work undertaken by the Wilson Committee is reflected in the records of its working papers. Most of what the committee did would have produced a textual record. It is a matter of some interest then that the contents of the working papers and the final report do not correspond. These differences suggest that the committee's work involved more than analyzing relevant and appropriate audit practice. The final report of the committee comprises of ten chapters and three appendices. The chapters focus on matters specific to Canada, including for example specific powers of the Auditor General, interpretations of statute and the intent underlying the drafting of the Auditor General's mandate in law, and organizational issues such as the appointment of personnel. One part of the Committee's terms of reference had called for study of practice in "other professional and governmental auditing organizations" (Wilson et al., 1975, p. xvii). There is evidence in the report that the committee went beyond this modest reference; an Appendix to the report titled 'Government Auditing in other Countries' reviewed practice elsewhere. Nonetheless, a reading of the report would suggest that study of other countries was somewhat ancillary to the work of the committee and that Canadian practice was dominant. Yet, on review, the archives of the committee reveal very extensive and meticulous studies of international practice, this material comprising more than half of the entries in the working papers archive. This international study was in fact central to the work of the committee and informed its thinking in crucial ways. From an analytic standpoint, the problems of government were shared by legislative auditors in a variety of countries; these auditors came to see one another as peers with shared experience and problems. This shared experience was seen as especially strong between the major Westminster style democracies and members of the Commonwealth, with their shared style of government, history and practices.

The documents thus reveal extensive analysis of foreign practice, and show that the committee even went so far as to engage in field trips to other jurisdictions (notably the United States, United Kingdom and France) to learn of their extant practice first hand. The question arises as to the reasons for such extensive analysis of foreign practice and particularly the necessity for such field trips. In addition, Elmer Staats, the then Comptroller General of the United States, visited Ottawa at this time to engage with the Office of the Auditor General and its staff. What this circulation of ideas and practice means is that the report that framed the mandate of the Auditor General of Canada (and, by extension, of Auditors General in the Canadian provinces) represented in essence a distillation of governmental programs drawn from a variety of jurisdictions. These programs were accumulated, refined and melded into an eventual program of reform that, though it was designed for Canadian circumstances, was the product of many experiences and would go on to feed into reforms in other jurisdictions in a recursive way. Other experiences would shape the Canadian programme, and the Canadian programme would become the clearest exposition of a new and ambitious form of auditing, which came to be held up as a model. This model then fed back in an amplified form into the jurisdictions which had in part inspired its formation. The problems of governmentality meet complex and interwoven responses in the modern, inter-connected, globalized world. How these various experiences came to form the program of reform in Canada suggest that role of individual and the development of strategies to promote new ideas played a critical role in shaping this new audit programme.

Problems of the state and population were conceived of not just in a pan-Canadian context but as part of a broader reading of contemporary practice, this practice having been ascertained through elaborate and costly study. Just as notions of the state have definitions and histories (Foucault, 2009, p. 116), so do techniques of government and management (Foucault,

2009, pp. 31-32). The task then is to establish how these came together in specific forms to create administrative frameworks (Foucault, 2009, p. 104) that would govern practice and shape emergent problematics concerning the proper financial administration of governmental affairs. This accumulation of knowledge is consistent with a broader specification of the ends of government, “not just to govern, but to improve the conditions of the population, to increase its wealth, its longevity and its health” (Foucault, 2009, p. 105). The goal of the Wilson Committee was to improve the financial administration of Canada in all its forms.

In the following discussion, two important themes of the work of the Wilson Committee will be focused upon: the way that the committee interfaced with key actors and developments in other jurisdictions. These encounters formed the bulk of the Committee’s working papers and importantly shaped the resulting report.

4.1 *International Studies*

The Wilson Committee’s explorations of practice were grounded in study of other jurisdictions experiences. In addition to the aforementioned correspondence with peer offices around the world, and visits to the United States, the United Kingdom and France, the committee also met with other legislative auditors from Sweden, the Netherlands, West Germany, Israel, South Africa and Australia.⁸ These visits, and the accumulation of ideas and practices that resulted, gave the Wilson Committee a series of intellectual resources with which to work and an “interplay of notions” that could help map out the intellectual terrain, problematize and offer

⁸ For example the committee met with the Comptroller and Auditor General of South Africa, F.G. Barrie in Madrid during the International Congress of Supreme Audit Institutions held in May 1974, as well as the Australian Auditor General Donald R. Steele Craik (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974b).

solutions (see Foucault, 2008). The committee was exposed to the various political rationalities and programmes of government that had surrounded the development of government auditing in other jurisdictions. Rather than being something wholly new, the development of efficiency auditing in Canada can be seen as emergent in part from survey of experience in the leading jurisdictions to which the Wilson Committee turned for insight. Just as the relation between political rationalities and programmes is not one of derivation or determination but of *translation* (Miller & Rose, 2008, p. 61), similarly the coming together of programmes from diverse national experiences was a matter of their being translated through a particular Canadian lens and made viable for particular political rationalities and circumstances. It would end up with something influential and specific to Westminster style democracies, but the accumulated ideas and practices of other nations in effect followed the Wilson Committee in its travels and came home to influence the eventual shape of Canadian programme and its translation to the specific form of the *Auditor General Act, 1977*. How these accumulated ideas and practices shaped the Canadian programme points to the importance of policy entrepreneurs and the strategies they employed to promote their ideas.

The United Kingdom

The Wilson Committee's greatest accumulation of archival materials concerns the United Kingdom, and second after that is the United States. In a sense this is not surprising since both were leading exemplars; the United Kingdom through historic ties to Canada and similarity in governance, the United States by proximity and power.⁹ The Wilson Committee prepared

⁹ Note however that what might have been expected *prima facie* is not always correct. In the contemporary presentation of Canadian history by the Federal Government, Canada is a nation formed by three founding peoples:

extensive documentation on British audit practices and visited the UK between April 30 and May 3, 1974, the longest field visit that it made during its inquiries (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a). While in Britain, the committee visited the Office of the Comptroller and Auditor General; the Exchequer and Audit Department; Treasury; and the Civil Service Department.

A twenty-one page summary of findings from the UK visit was prepared (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a). In addition to notes from meetings, the committee studied lectures given by Sir David Pitblado, the then Comptroller and Auditor General, as well as papers prepared by the Exchequer and Audit department, the Treasury, reports of the Public Accounts Committee and Treasury minutes, and guidance sent by the Permanent Secretary of the Treasury to all new accounting officers concerning the responsibilities of their position (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a).

The summary of findings began discussion of the responsibilities of the Comptroller and Auditor General with the topic of value for money. As the summary put it:

A significant extension in the C&AG's scope has been achieved over the years through the reporting of cases where the Government has failed to achieve adequate value for its expenditures (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a, p. 7).

A series of four examples of value for money audits were identified and discussed. The first concerned delays in the move of a government department to new premises featuring problems in communication and delays in occupancy, despite the government being liable for

the English and French speakers together with the First Nations. In this context it might have been reasonable to believe that France would assume a prominent role as an example of legislative auditing. While it is true that the committee studied French practice and visited France to do so, these studies did not yield the same kind of impact as those in the U.S. and UK. French governmental practices did not translate as well to Canadian governmental problems.

rent. The second concerned subsidy payments to hill farmers which, rather than increasing the availability of livestock to market as intended, were being used to increase inventory. A review of National Health Service pricing agreements with drug manufacturers found excess profits on sales to government. Finally, an audit of the Concorde aircraft program found serious deficiency in economy and efficiency due to poor planning and cost estimation, and failure of the government to control changes and monitor the cost of changes. These individual cases were offered as evidence of the potentiality of government auditing to address matters of economy, efficiency and effectiveness, and they demonstrated moreover that at the time the UK Comptroller and Auditor General was already performing audits of this nature. Though these audits plainly addressed the implementation of government policy, the Committee's summary cited Sir David Pitblado as calling for caution in efficiency auditing:

Auditors cannot run the country [...] Parliament's role is not to doublethink the government, but to hold it accountable. [...] Accountability mechanisms should not interfere with the ability of the government to do its job (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a, p. 8, elipsis in original).

These findings illustrate the early importance of the role and networking activities of individuals in shaping the process. Policy entrepreneurs began to emerge as committee members not only started to learn more about the details of policy innovations, but they also started to draw upon experts, such as Sir David Pitblado and selectively draw upon specific instances which support such innovations.

Though the barrier between audit opinion and policy would subsequently prove at times porous (Radcliffe, 2008, 2012a, 2012b), at the earliest stages of the development of the mandate for the Auditor General of Canada leading jurisdictions were at one and the same time cautioning against auditors supplanting managers while encouraging revised audit mandates of ambitious scope. A note submitted by the UK Exchequer Audit Department to the 1972 meeting of

Commonwealth Auditors General was appended to the summary document as evidence of then current British thinking on the roles and functioning of government auditing. In this, it was specified that “in the light of UK practice” three different classes of audit activity could be distinguished. Of these only the first was what was termed “the basic financial audit” (UK Exchequer Audit Department, 1972). The remaining two, “operational audit” and “management audit” were more elaborate as the UK paper described them:

The second class may be described, as in the heading of this paper, as “operational audit”. Other descriptions applied to this type of audit are “value for money,” “appraisal,” “economy,” “performance,” or “efficiency.” The auditor examines the accounts from the viewpoint of the economy with which the operations of the department have been conducted, seeking to detect any cases of waste or extravagance (UK Exchequer Audit Department, 1972).

At its earliest stages, efficiency auditing was being delineated and boundaries for its practice were being explored and established. The professional enclosure of efficiency auditing was not yet fully formed (see Abbott, 1988; Kurunmäki & Miller, 2011), though there were emergent patterns. As an example, the UK Comptroller and Auditor General’s alert for “waste or extravagance” was strongly related to the experience of the Canadian Auditor General in reporting on non-productive payments (Wilson et al., 1975, p. 33) under the *FAA*. At the same time, practitioners were trying to establish what should or should not be termed “audit.”

Finally there is what is known as “management audit.” This has been defined as the systematic appraisal of the standards and techniques of management throughout the whole of an undertaking. It could cover utilization of personnel, career development, staff morale, whether planning is systematic or ad hoc, comparison of objectives with achievements, work standards, financial efficiency and performance, and whether full use is made of advisory services and consultants. It is perhaps unfortunate that the word “audit,” which commonly is related to the examination of accounts, has been applied to this much more extensive form of appraisal (UK Exchequer Audit Department, 1972, p. 1).

The UK visit had yielded insight into other matters including personnel and independence. Characteristics of the audit staff’s turnover, appointment and associated items

were discussed. Similarly the position of the Comptroller and Auditor General was addressed as “neither an office nor a servant of the House of Commons. He is independent of the House and his position is similar to that of a judge” (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a, p. 13). This quasi-judicial status set the Comptroller and Auditor General apart in a way that would foreshadow the great authority with which Canada’s Auditors General were able to intervene in debates concerning how to best govern (Foucault, 2009; Free & Radcliffe, 2009).

As it collected locally developed knowledges and their associated practices, the Wilson Committee moved to codify practice and formalize a new and influential auditing mandate in the form of law; in this way its report became an important body of knowledge and resource for the development of efficiency auditing. The activities of the Wilson Committee also begin to represent notions of policy entrepreneurship as networking across borders with various contacts would provide a critical resource to the commission. While the committee certainly gained much in terms details of policy innovations, the committee also accumulated information regarding the development of strategies to promote these ideas by connecting with experts to be used as authoritative sources which could enhance the commission’s credibility. It is these elements of accumulation and codification combined with a certain element of originality that led to the significance of the committee and its work for Canada and beyond. In these studies, the Wilson Committee accumulated more archival materials concerning the United Kingdom’s Comptroller and Auditor General than in regard to any other legislative auditor; to the Committee, the UK experience was a deeply significant exemplar of what government auditing could be. The American example would prove to be similarly influential.

The United States of America

The committee's studies of the practices of the United States General Accounting Office (GAO) were to similarly show new and emergent forms of audit inquiry but also a further expansion of networking across jurisdictional boundaries providing even further opportunities for policy entrepreneurship. There were multiple exchanges involving the Wilson Committee, the Office of the Auditor General of Canada and the GAO. The Wilson Committee met with Elmer Staats, the Comptroller General of the United States, and his staff at the Offices of the GAO in Washington, DC. in April, 1974 (Rayner, 1974a). During this visit, the Committee met with the Comptroller General and several Assistant Comptrollers General, as well as the General Counsel, and Directors for Procurement; Personnel; General Government; Resources and Economic Development; Manpower and Welfare; Financial and General Management Studies; and of the International division (General Accounting Office, 1974b).

J.J. Macdonell as Auditor General of Canada had earlier made a formal visit to the offices of the GAO in February, 1974 during which he met a range of GAO personnel (General Accounting Office, 1974a). Subsequently, Macdonnell hosted Staats for a visit to Ottawa in September, 1974 during which Staats addressed all of the Auditor General's staff and met extensively with the Office's Executive Committee (Office of the Auditor General of Canada, 1974).¹⁰

In writing to arrange the April 1974 visit, the Wilson Committee's Secretary M. H. Rayner provided E.H. Morse, Assistant Comptroller General of the United States, with the following summary of the committee's interests:

¹⁰ The combined duration of these visits in total was four days, of which two were formal meetings of the Committee in Washington, DC.

We [...] look forward with great interest to obtaining at first hand your views, and those of your colleagues, on auditing in government. I believe that Mr. Macdonell, when he spoke to you concerning our visit, indicated that we are particularly interested in the extension of the scope of your activities beyond financial auditing and in the role of the General Counsel of the GAO. Also, we are interested in the GAO's personnel management practices which greatly impressed Mr. Macdonell during his recent visit. (Rayner, 1974a)

These exchanges would expand the growing bodies of expertise that the commission could draw upon, further enhancing their credibility in articulating policy innovations,

The committee's April 1974 visit provided a detailed review of the GAO, its mandate and operations. The committee's observations in these areas were documented in extensive notes made by the Committee's Secretary, M. H. Rayner (Rayner, 1974b). These detailed the organization of the office and the composition of GAO's various branches as well as the nature of the work performed in regard to economy, efficiency and effectiveness:

Approximately 50% of the office's manpower is devoted to the audits of management, economy and efficiency, 35% to review of program effectiveness and 15% to providing legal services, monitoring elections, approving financial management systems and auditing government corporations. Over the next five years, Mr. Staats hopes to increase the percentage of manpower devoted to review of program effectiveness [...] (Rayner, 1974b, pp. 3-4).

Later Rayner went on to observe that efficiency and effectiveness was largely evaluated using ad hoc methods. This is important because a model of political rationalities, programmes of government and technologies requires the presence of all three for operationalization. The Wilson Committee worked with prevailing political rationalities and established a programme of audit reform for government but it did not find a ready source of technologies within the GAO to be imported by the Auditor General of Canada.¹¹ The committee endorsed an efficiency auditing

¹¹ Perceptions of this problem may be at the heart of Canada's seeming decision to go it alone in the development of audit technologies, disavowing the GAO's lengthy experience in audits of economy, efficiency and effectiveness

mandate nonetheless, the implicit stance being that just like they had observed for the GAO, the Office of the Auditor General of Canada would divine technologies on an improvised basis.

Discussion with directors of a number of the GAO auditing divisions revealed that there are no standard techniques used by the GAO in evaluating management efficiency and program effectiveness. Rather, the audit approach and techniques to be used are developed on an ad hoc basis to suit the requirements of each particular audit assignment (Rayner, 1974b, p. 4).

Though there appeared to be no standard audit guides, the members of the committee ascertained that this had been no barrier to the development of audits of economy, efficiency and effectiveness. The committee was able to selectively draw upon the earlier experiences of the GAO to support the credibility of their position. Rayner approvingly noted a long list of topics encompassed by the GAO's work. These demonstrations of the many applications of government auditing to the problems of governmentality (Foucault, 2009; Miller & Rose, 2008) were provided as evidence of the possible scope for government audit inquiry.

Examples of efficiency and effectiveness activity found by the committee included:

- Study of cost growth in major military weapons systems;
- Reviews of military preparedness;
- Studies of profits in defence industries;
- General review of the shipbuilding industry and its future role in the U.S. economy;
- Review of the acquisition of officers for the military, including an evaluation of military academy faculties and syllabi;
- Study of the feasibility of the U.S. maintaining an all-volunteer military force;

(Flesher & Zareski, 2002). Similarly the generation of audit technologies by the Auditor General of Canada and the longstanding historical ties between Commonwealth jurisdictions may both explain the seeming export of Canadian practices to other Westminster style democracies (Flesher & Zareski, 2002).

- Review of public service education and training programs;
- Evaluation of the U.S. government's policy of compensating public servants on a basis comparable with the private sector;
- Study of fringe benefits of public servants;
- Evaluation of research and development programs related to the U.S. government's water quality goals (cost of evaluation - \$1 million; elapsed time 1 ½ years; manpower investment 40 man years);
- Evaluation of whether social services programs are helping welfare recipients achieve self-support or reduced dependency;
- Evaluation of the implementation of the Highway Safety Improvement Program;
- Summary of European views on the dependency of the free world on Middle East oil;
- Review of wheat sales by Russia and weaknesses in the management of the Wheat Export Subsidy Program;
- Study of health facilities construction costs;
- Evaluation of the protection of consumers from potentially harmful shellfish;
- Review of the salvage of dead trees and the need for reforestation and timber stand improvement programs to help meet the demand for timber in the U.S.;
- Investigation of the timeliness of AMTRAK trains and the causes for delays (Rayner, 1974b, pp. 4-5).

The committee's study of the GAO was comprehensive and provided it with the single greatest example of audits of economy, efficiency and effectiveness in operation. While other jurisdictions such as the UK had begun elements of more comprehensive audits (albeit without changes in legislation), the GAO provided the example of a fully functioning legislative auditor for which audits of economy, efficiency and effectiveness were already a central part of mission. There would be no similarly ambitious lists of example of audits of expanded scope drawn from

the UK, Australia or France. The relative uniqueness of the GAO as it was seen and understood by the committee is important in understanding what happened next. Ideas for audit reform do not come from nowhere. They may be inflected by local circumstance and may involve an element of originality or modulation, but they are also shaped by what has gone before (Foucault, 2009, pp. 88-90). Ideas and regulations circulate and this space of circulation governs many facets of life, including the work of the professions (Foucault, 2009, pp. 325-326). These ideas and regulations provide important resources for policy entrepreneurs who bring them across jurisdictional boundaries and are able to promote them so that they gain prominence on government agendas.

The GAO visit was significant in other respects as well. Macdonnell had problematized his ability to hire staff for his office, and had highlighted matters of independence. In notes from the visit to the GAO, the committee reviewed the fifteen year non-renewable term of the Comptroller General of the United States, with independently established remuneration. The committee also noted that the U.S. Civil Service Commission had made two delegations of its authority to the GAO. First the GAO had been “permitted to maintain its own register of potential management auditor employees.” Second the GAO, “unlike any other Federal agency except perhaps for the Internal Revenue Service, has been delegated the authority to make direct hire appointments of accountants” (Rayner, 1974bAZ, p. 7). The committee also attended to the role of the GAO’s Office of the General Counsel, which it found offered opinions on inter alia the legality of expenditures; claims by, or against, the US government; answering to Congress on

the legality of actions of the Executive branch; and ruling on complaints from aggrieved contractors.¹²

Under Macdonnell, the role of the Office of the Auditor General of Canada had been problematized. Now as the Wilson Committee studied the role of peer offices in other jurisdictions, it drew on an array of programmatic and technological responses to the problems of mandate that had been exposed in Canada. These responses would flow together and inform the eventual governmental program of audit reform that shaped Canadian experience. This convergence of responses would provide critical to developing strategies to sell this policy innovation in Canada.

Australia

These themes continued in the Wilson Committee's studies of Australia. As J. J. Macdonell put it in writing to D.R.S. Steele Craik, then Auditor General for the Commonwealth of Australia:

Quite naturally the Committee is interested in the audit practices of other nations, particularly those such as Australia which have similar systems of government to Canada.

Macdonell went on to note that an Officer of the Canadian Embassy in Canberra had recently visited the Australian Auditor General's office, "to obtain up-to-date background information on your operations for use by the committee" (Macdonell, 1974).¹³ J.R.M. Wilson,

¹² The UK visit had also yielded insight into personnel and independence. Characteristics of the audit staff's turnover, appointment and similar were discussed. As indicated above the position of the Comptroller and Auditor General was addressed as, "neither an office nor a servant of the House of Commons. He is independent of the House and his position is similar to that of a judge."

¹³ The Committee made frequent recourse to Canadian diplomatic missions. The archives record the involvement of diplomats in seeking information in regard to, inter alia, the United Kingdom, the United States, France, Australia and South Africa.

as Chair of the Wilson Committee, was noted as wanting to meet with Steele Craik, “to obtain first hand your views on the audit function in government.” In this way, the committee took soundings, collected experiences and summed them together. The committee continued to expand its understanding of policy details and experts which would further enhance its credibility. The Australian experience was indicative of the complex atmosphere from which efficiency auditing emerged. In notes of the Committee’s meeting with Steele Craik during the conference of Legislative Auditors in 1974¹⁴, it is recorded that the Australian Attorney General had ruled “unofficially” that the Auditor General was restricted by the *Financial Administration Act* (which was the governing legislation for the Auditor General until 1977) to a regularity and compliance audit (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974b). There had been a more ambitious audit of the Department of Aboriginal Affairs. Amongst other findings that audit had found that the department presented “ample evidence of unorthodox and irregular practices” resulting in noncompliance with the Audit Act, and Treasury regulations and directions (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974d, p. 2). The department was charged with a failure to organize itself so as to control public expenditures, having inexperienced staff, and having failed to institute “proper financial controls” (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974d, p. 2).

The position of the Auditor General of Australia appeared to be equivocal on these matters however during the meeting with the committee in May, 1974.

Mr. Steele Craik indicated that the present mandate of the Auditor General was insufficient to conduct operational audits, and then expressed contradictory opinions at different times during the meeting as to the desirability of operational audits. At the

¹⁴ The International Congress of Supreme Audit Institutions held in Madrid during May 1974.

beginning of the meeting he said that it would be a good thing for someone to be commenting publicly on the inefficiency of government and that a case could be developed for some authority to report to Parliament on such matters; but later on stated that he agreed with Sir David Pitblado that the Public Service should not be exposed to public pillory as a result of operational audits (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974b, p. 1)

Notwithstanding this, the notes concluded discussion of operational auditing by noting of Mr. Steele Craik that “he would like the statutory right to perform operational audits without necessarily staking a claim on the whole field” (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974b, p. 2).¹⁵ Legislative auditors, Australia included, would subsequently lay broad claim to these new branches of audit inquiry, but at this time the claim that they made on this area was not secure. The remit of legislative auditors was moving in perceptible ways (Abbott, 1988) and with consequences that were not wholly clear to actors themselves. Despite evidence of initial hesitancy amongst some legislative auditors, they would in the main become enthusiastic promoters of expanded mandates for their offices. Indeed, in a matter of a few short months Australia appeared to come around to the developing program for efficiency auditing. In a letter to J.R.M. Wilson the Chair of the Wilson Committee, Steele Craik suggested the role of these discussions in furthering his thinking on these matters.

Mr. Rees [Assistant Auditor General] and I received much benefit from our discussions with you and Mr. Marcel Bélanger. I look forward to seeing in due course the results of your Committee’s deliberations. Your conclusions will be of great interest to my Office

¹⁵ In Canada and other jurisdictions, the availability and development of practices was synchronous with the development of programs. In Canada the Auditor General, J.J. Macdonell and his predecessor Maxwell Henderson had aggressively used their existing mandate in regard to nonproductive payments and the powers granted by Section 62 of the Financial Administration Act to challenge the Government of Canada’s management practices. Broadly contemporaneous to this, the UK’s Comptroller and Auditor General had seen, “a significant extension [...] in scope over the years” through reporting in areas in which adequate value for expenditures had not been received (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a, p. 7). Meanwhile the Auditor General of Australia had pioneered efficiency auditing in its review of the Department of Aboriginal Affairs (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974d, p. 2) even as the Committee found that Australian Auditor General D. R. Steele Craik expressed “contradictory opinions at different times” (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974b, p. 1) as to the desirability of such practices.

because I have, within the last few days, tendered submissions to a Royal Commission appointed to inquire into Australian Government Administration, recommending, among other things, a somewhat wider role for the Auditor General (Craik, 1974).

Following the report of the Royal Commission on Australian Government Administration in 1976 Australia would go on to amend the *Audit Act* in 1979, allowing the Auditor General to conduct efficiency audits of government departments and other government bodies. Matters of effectiveness were however reserved to the Prime Minister and Cabinet (Glynn, 1985).

South Africa

The Independent Review Committee met with F. G. Barrie the Comptroller and Auditor General of South Africa together with an assistant during the Madrid conference on May 14, 1974. The meeting produced a set of notes and the committee received an accompanying document detailing the operation of the South African office. The Comptroller and Auditor General was a former public servant and considered to be the senior public servant of the Republic. There was not as much here that would advance the Wilson Committee's cause. It was noted of the Comptroller and Auditor General that

While the C&AG has made comments on inefficiency and frivolous and wasteful expenditures, his audits are still mainly concerned with the regularity of financial transactions. Mr. Barrie believes that his scope of audit should be extended and he intends to seek legal approval for an extended scope when new legislation on his Department is prepared in the near future (Rayner, 1974c).

Recent remarks made by the Chairman of the South African Public Accounts Committee were cited. The Chairman approved of audits for due regard to economy and systems of control over expenditures. Any inquiry or "re-opening" of policy decisions should more appropriately be dealt with on the floor of the house. The Public Accounts Committee itself should "refrain from interference in methods of administration" unless it had good reasons to suspect "grave abuses in

the management of the public finance” (Rayner, 1974c). On this evidence South Africa had taken a more conservative course on audit mandates at this time.

France

Given the prime importance of French settlement in the formation of Canada it could reasonably be expected that the practices of the Government of France would be influential in shaping audit practices in Canada. There is evidence that this is true despite the substantial differences between the French Republic and Westminster style democracies such as Canada. The Committee visited the Cour des Comptes between 9-13 May 1974 (Rayner, 1974g). Again the committee found evidence of an evolving audit mandate, turning towards efficiency auditing:

The Court exercises two control functions in the financial administration of the French government. The first is the legal control of financial regularity and it is in performing this function that the Court plays a judicial role. Its second function is to provide broad control over public finance in France. Under 1967 legislation, the Court of Accounts is responsible for “satisfying itself as to the proper use of public money.” The Court interprets this legislation as permitting it to engage in management auditing, an area into which it has been expanding over many years” (Rayner, 1974g).

The committee met with representatives of the “Service” of the Inspection Générale des Finance which was attached to the Ministry of Finance and performed “broad-based reviews of French government administration” (Rayner, 1974g, p. 3). The Court of Accounts did not automatically receive copies of the Service’s reports. Representatives of the Service “were critical of the work methods of the Court of Accounts” (Rayner, 1974g, p. 3) noting that the Court was between one and two years behind actual events while the Service audited on a current basis. The Committee’s notes reveal that while French practices were studied carefully and were the subject of a field visit, little was found to materially advance the Committee’s understanding of the expanding scope of government auditing.

Other Nations

The foregoing represented the major elements of the Wilson Committee's international studies based on the archival materials that they generated. They did however review ten major industrialized countries, describing them as countries in which one individual was essentially responsible (UK, U.S., Australia, Austria, Israel and South Africa); an office which operates as a judicial body (France) and an office in which responsibility is assigned to several members of a board or council (Federal Republic of Germany, Netherlands and Sweden) (Wilson et al., 1975, pp. 129-155).

Nascent programs were complicated and in various stages of development. There is evidence however that the Wilson Committee's international review, and the exchanges associated with it, served to circulate ideas and practices, and to stabilize and solidify these elements such that they could travel back to Canada and be inserted into domestic political debates. The Committee would provide an "intellectual machinery" (Rose, 1999b, pp. 29-30) for a program of reform in government auditing. Crucially, this program was not a solely local phenomenon; instead in its international studies the Wilson Committee had brought together many experiences, forging connections between them. Efficiency auditing must be understood in terms of these connections, international and domestic, and in terms of the "surfaces, networks and circuits" around which it flowed (Rose, 1999b, pp. 29-30). It is these connections and the related networking across jurisdictional boundaries which proved to be critical elements in developing strategies to gain sufficient credibility and support for the policy innovation of efficiency auditing. It became possible to draw not just upon a single jurisdiction but to selectively draw upon the commonalities between jurisdictions.

5.0 The Wilson Committee Report: An Assembly of Rationalities and Programs

The Wilson Committee report was tendered in March, 1975. It would serve to stabilize and solidify knowledge and became the foundation of the subsequent *Auditor General Act, 1977*. The report was clearly an example of the programmatic, being the product of a committee of inquiry that was guided by expertise (Rose & Miller, 1992, p. 181). The focus of this piece has been more on the process and networking across jurisdictional boundaries by which the committee assembled diverse elements of the programmatic, on the accumulating sense of potential for government auditing, and on how programs were formed with and met by political rationalities. It begins to uncover how knowledge about government policies and ideas move from one political setting to another as these programs and rationalities were ultimately given specific form in the body of the committee's report. The report is notable for its clear endorsement of efficiency auditing. As the report noted, the Auditor General had "for some years now been interested in assessing value for money in terms of economy and efficiency" (Wilson et al., 1975), but that his authority to do so had been questioned. The committee presented these developments as part of an evolution in the Audit Office and in auditing as a practice (Wilson et al., 1975, pp. 18-23). It noted that public submissions had in general supported the idea of the Auditor General having a goal to control waste (even though the term 'waste' was not used in the *Financial Administration Act*) along with a variety of other characteristics including prevention of inefficiency, protection of finances, to act as a "conscience of government", to act as the staff of the Opposition and to evaluate expenditure including advising the public on the performance of government programs (Wilson et al., 1975, pp. 21-22). The committee saw these submissions as "by no means synonymous", and some as being "not very realistic", however these provided a

further index of the rising aspirations that had become attached to government auditing at this time (Wilson et al., 1975, p. 21).

The Wilson committee was keen to draw a distinction between the strictures imposed by the law (namely the *Financial Administration Act*) and established norms of practice; “The Auditor General’s role is defined not only by the letter of the law, but also by tradition and convention” (Wilson et al., 1975, p. 21). The Committee noted that the Auditor General had for some years been engaged in assessing value for money in terms of economy and efficiency, “though not always under that designation; most frequently he has identified and reported on so-called non-productive payments” (Wilson et al., 1975, p. 33). The committee took on criticisms of the Auditor General’s right to report on such matters:

The right of the Auditor General to report on this aspect of government expenditures has been challenged, even in recent years. For example, it has been suggested that the intent of the present legislation is to restrict him to reporting on regularity alone, without regard to whether the money was spent economically or efficiently. This narrow interpretation seems inconsistent with our understanding of Parliament’s intention when it appropriates funds for a particular purpose. In making such an appropriation, it surely imposes a trust on the administration not only to use the funds for the specified purposes but, as a trustee, to spend the money prudently – that is, with a view to economy and efficiency. In other words, the administration is expected to ensure that value for money will be obtained.

Given this apparently unarguable fact, it must be the intent of the present legislation that the Auditor General take due account of economy and efficiency in conducting his examination of expenditures. Since some confusion has arisen on this point in the past, it would be desirable that the new legislation provide specific authority for him to report cases where, in his opinion, value for money has not been obtained through the Government’s expenditure of public funds (Wilson et al., 1975, p. 33).

Along with this the committee, while noting difficulties in auditing for effectiveness, endorsed this branch of government auditing as well, arguing that it was “an integral part of the value for money concept” (Wilson et al., 1975, p. 35). It is notable that by the phrase “intent of the present legislation” the committee presented a footnote providing the basis on which it made these assertions,

The clause in question is included in Section 58 of the Financial Administration Act and reads as follows: “The Auditor General... shall ascertain whether in his opinion ... (c) money has been expended for the purposes for which it was appropriated by Parliament, and the expenditures have been made as authorized.” (Wilson et al., 1975, p. 33)

On one level this represents quite a logical leap; the committee reads a mandate in the *Financial Administration Act* that funds should have been expended for the purposes intended and authorized, and interprets this as meaning that “Parliament’s intention” must have been that value for money audits should be conducted. But based on the materials that the committee had been immersed in, and the waves of expert opinion that they represented, it is easy to understand how for the Wilson Committee the need for value for money auditing became obvious, and the solution they arrived at “could not be but taken the way it was” (Foucault, 1988). To them, value for money auditing had self-evidently become a program that “claims the right to be taken into consideration by a government that must model its decisions on it” (Foucault, 2009, pp. 350-351). This was true whether or not the leading politicians of the day were wholly comfortable with this program and its ramifications. The *Auditor General Act, 1977* would go on to provide the Auditor General of Canada with a value for money auditing mandate based on the work of the Wilson Committee. The committee recommended a mandate that the Auditor General be required to report on any cases where he had observed that:

Money has been expended other than for purposes for which it was appropriated by Parliament or value for money has not been obtained for any expenditure or expenditures (Wilson et al., 1975, p. 36).

The Act would give life to this mandate by calling for the Auditor General to report on cases in which “money has been expended without due regard to economy or efficiency”. The findings of the Wilson Committee were codified and directly provided the basis for law.

6.0 Discussion

The governmentality approach allows us to look at how policy networks or patterns of intermediation are constructed and bound together: it directs our attention to the shared discourses, norms and rationalities that political actors can mobilise to bind others into their networks. The Wilson Committee is a good example of the heterogeneous resources that governments routinely use to govern across the state/non-state divide and how such resources are mobilized through networking across jurisdictional boundaries. The Committee comprised experts from leading private sector accounting firms and in drafting memos, organizing hearings, orchestrating visits and third-party communications, it intersected with a wide range of political elites and financial administration experts both domestically and across the globe. These intersections established networks which were critical resources for policy entrepreneurs to become informed about details of policy innovations providing them with authoritative sounding responses to questions, to draw upon experts and documentary and evidence and to inform themselves of strategies to sell the policy innovation of efficient auditing.

Transnational policy communities of experts and professional that share their expertise and information and form common patterns of understanding regarding policy through interaction are an important force for change in accounting regulation. The Wilson Committee effectively provided a range of essential services necessary for the emergence of efficiency auditing in Canada including:

1. inculcating awareness of experience in different domains; and
2. acting as a resource bank of information where experts utilized their intellectual and scholarly base to provide expertise and 'informed' judgements.

Networks represent a soft, informal and gradual mode for the international diffusion and dissemination of ideas and policy paradigms. Networks enable actors to operate beyond their domestic context and networks are the means by which organisations individually and in coalition can project their ideas into policy thinking across states and within global or regional fora. When there is an aspiration for transfer, active participation in policy networks provides one mechanism to achieve this end. Through networks, participants can build alliances, share discourses and construct consensual knowledge. From this basis, policy entrepreneurs can work to shape the terms of debate, networking with members of a policy making community, crafting arguments and 'brokering' their ideas to potential political supporters and patrons. When networks include the active participation and involvement of decision-makers they have the potential to influence policy. Moreover, the interaction of official decision-makers (politicians and bureaucrats) with relevant stake-holders and experts, helps to reinforce the credibility and legitimacy of network participants in the formulation and implementation of policy. Networks can also be viewed as a mode of governance whereby the patterns of linkages and interaction as a whole should be taken as the unit of analysis, rather than simply analysing actors within networks.

We argue that the very presence of this inquiries and communications served to cement and accelerate initiatives that were somewhat nascent elsewhere in type of mutually reinforcing echo chamber. Foucault focuses on discourses as constructing knowledge and power. From this perspective, a major characteristic of discourses is their ability to map out what can be said, thought and done about different aspects of life - discourses generate "effects of truth." And by normalising or naturalising specific ways of thinking and doing things, often with a claim to scientific or other expertise, discourses produce "effects of power" and actors, relations and

worldviews are constructed and to different extents internalised. Thus, in the field of governance, when "authorities" diffuse particular techniques of governance - e.g. NPM - they produce "effects of power." Importantly, the effects may be produced at a significant geographical and institutional distance from the "centre" of diffusion.

Developments across the globe certainly provided a strong current of supporting ideas to be used as resources by policy entrepreneurs in articulating efficiency auditing as a policy innovation onto the government agenda and promoting strategies to present these innovations within the Canadian environment. The Wilson Report pointed to ample global evidence of 'best practice': auditors general in the United States and Britain were revealed to be reporting to parliament on the effectiveness of government spending in carrying out parliament's intentions before the turn of the century. The report provides a long-list of examples from Australia, Sweden, the Netherlands, France etc. to emphatically illustrate that government auditing offices had become increasingly entwined in management and operational auditing. In the United States in particular, efficiency auditing had come to be seen as a means of "governing best" (Foucault, 2008, p. 2) and so became prominent in then current thinking of how to appropriately manage government's affairs. The Wilson Committee's international studies thus represent a conscious assembly of programs from a variety of jurisdictions, which were shared by legislative auditors who saw themselves as facing common problems of governmentality. The influence of the committee was reciprocal: the Wilson Committee brought combined experience from other jurisdictions but in those places the arrival of an international committee visiting from Canada to examine efficiency auditing would itself have had significance in raising the profile of these issues and engaging the brightest minds in an office to look at the practice of efficiency auditing and its potential. Thus, as the committee worked, it generated knowledge that would become

indispensable for good government (Foucault, 2009, pp. 350-351) and its work became a resource for Canada and for other jurisdictions, feeding back into the countries whose experiences the committee had explored (Flesher and Zareski, 2002). It became a true policy entrepreneur, supporting the convergence of efficiency auditing across jurisdictions.

It is important to note that other Commonwealth Auditors General did not see themselves as facing legal encumbrances in the expansion of their mandate but found complexities in defining their professional enclosure nonetheless. In a note appended to the Exchequer Department paper (UK Exchequer Audit Department, 1972), Sir David Pitblado offered the following comments,

Mr. Macdonell mentioned management auditing to the Canadian PAC [Public Accounts Committee] on October 30. At the Commonwealth meeting in 1972 most Auditors General took the line that there was no legislative barrier to their going as far into the areas of operational or management accounting as is necessary for their duties. But this to some extent begs the question: there are difficulties of definition. While our legislation is not restrictive, C&AGs have considered the many aspects of management accounting not the business of E&A [Exchequer and Audit] Like internal audit they are a tool of or aid to higher management (UK Exchequer Audit Department, 1972).

This observation comes in a context in which, again, it was observed quite simply that “a significant extension in the C&AG’s scope has been achieved over the years” not by legislation but by the practice of “the reporting of cases where the Government has failed to achieve adequate value for its expenditures” (Independent Committee for the Review of the Office of the Auditor General of Canada, 1974a, p. 7). Following suit, the Wilson Report concluded that “the Auditor General's role is defined not only by the letter of the law, but also by tradition and convention” (Wilson et al., 1975, p. 19). In this way, practice led the way induced by the capillary action of an infilling of lacunae in the rationality of the state; legal form followed.

In his work, Foucault highlights that power works through multiple, diffuse and interactive discourses. A dense web of intersecting, multifarious objects, concepts and subject

positions make possible specific ‘truths’ and their automatic and almost mechanical acceptance. Fairclough’s (1992) concept of intertextuality highlights the importance of the relations between texts circulating within a specific field. The Wilson Committee acted as a key hub for the legitimization of a new technology, drawing on multiple international domains and a myriad of reinforcing subject positions, simultaneously legitimizing efficiency auditing and marginalizing alternative viewpoints. As a policy entrepreneur it successfully promoted policy innovations of efficiency auditing by informing itself of details of efficiency auditing, drawing selectively upon experts and documentary evidence and developing strategies to sell efficiency auditing. The Wilson Report was manifestly present in the *Auditor General Act 1977*. Most importantly, mirroring the precise language of the Wilson Report, section 7 empowered the Auditor-General to call Parliament's attention to any instance where “(d) money has been expended without due regard to economy or efficiency; or (e) satisfactory procedures have not been established to measure and report the effectiveness of programs.” In keeping with some of reservations expressed by domestic politicians with respect to effectiveness, this section limits the Auditor General’s role on effectiveness to reporting on instances where satisfactory procedures are not in place to demonstrate it. Thus, the Wilson Report and the *Auditor General Act 1977* can be seen as chains of texts related to each other, thus creating a more or less coherent corpus of discourse.

Two years after the Wilson Report was published, it was described by the then Auditor-General, James Macdonnell as the “Magna Carta of the [Auditor-General] office” (Hansard, 1977, p. 7197). Of course, the most important practical outcome was a new, distinct *Auditor General Act* enacted in 1977 created to authorize the state auditor to report where value for money had not been obtained. In the 1978 Auditor General Annual Report, Macdonnell seized

on the new mandate to conduct to conduct 35 separate studies in 23 departments, concluding that:

There is...widespread lack of due regard for economy and efficiency in the operations of the government, and inadequate attention to determining whether programs costing many millions of dollars are accomplishing what Parliament intended (Macdonnell, 1980).

This Wilson Report laid the foundation for a wave of change across the provinces. In its aftermath, all ten provincial governments passed new legislation or amendments to existing acts that allow for the introduction of an efficiency audit mandate (Manitoba and British Columbia in 1979, Prince Edward Island, Ontario and Alberta in 1980, New Brunswick in 1981, Saskatchewan in 1983, Quebec in 1985, Newfoundland and Labrador in 1991 and Nova Scotia in 2008).

7.0 Conclusion

From the mid-1970s onwards, efficiency auditing quickly became accepted as a type of professionally conducted after-the-fact review activity in government throughout OECD countries, particularly those Whitehall-Westminster government traditions. This article provides an account and analysis of the various routes, conduits and relationships that were instrumental in the advent of efficiency auditing in the Federal sphere in Canada. The study shows that governance lies both within and beyond the state, residing in complex alignments of many different actors. It illustrates how the connections between these transnational developments and the mechanics underlying this convergence can be understood as the activities of policy entrepreneurship in learning about details of policy innovations to enhance credibility, selectively drawing upon experts and evidence and becoming informed of strategies to sell policy innovations. This policy entrepreneurship was reinforced as the committee visited a

variety of jurisdictions. The Wilson Committee's working papers provide a window into then private elements of practice and demonstrate substantial cooperation among legislative auditors internationally. This was especially prominent in the case of Commonwealth countries with which the Wilson Committee identified as having a common history and "similar systems of government to Canada" (Macdonell, 1974). But this shared sense of purpose was also apparent in exchanges with the U.S. General Accounting Office. The Committee, and the then Auditor General, had substantial engagement with the GAO, with reciprocal visits between the Office of the Auditor General and the GAO and a separate visit by the Committee itself in a continuing exchange. From these and other actions the Wilson Committee immersed itself in an international "realm of designs" (Miller & Rose, 2008, p. 181) and would blend these in configuring specific practices of government auditing in Canada in ways that were thought desirable (Rose & Miller, 1992, p. 181).

The authorship of the Auditor General Act can therefore only be seen as diffuse, being a product of a gathering and distillation of practices occurring across a range of international jurisdictions. This article is suggestive of several lines of future research. Given the active transnational communication and cross-fertilization of ideas within the Wilson Committee, further comparative international research is called for. Efficiency auditing is now firmly entrenched through Anglo-America in a variety of guises and contexts. Moreover, the relationship between governmentality and globalization has become a growing focus of research (Larner & Walters, 2004), and the connections between modes of auditing and accounting practice and regulation throughout the globe require further attention. Researchers in accounting have largely neglected major government sponsored reviews (such as) as agents of change in government accounting and accounting regulation. This work has examined formerly private

papers of an influential commission of inquiry. Further research could tie this to public debates and examine both the public and private discourses that came to surround this enterprise. A corollary to all of this is to explore how the aspirations of the 1970s for efficiency auditing were given life in Canada and beyond.

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Table 1: Prior research addressing efficiency auditing

Institution	Jurisdiction	Prior Research
National Audit Office of Denmark	Denmark	Skærbæk (2009)
Australian Audit Office	Australia	Adams (1986); Funnell (1998); Guthrie and Parker (1999)
General Audit Office	United States	Trodden (1996)
Office of the Auditor General of Alberta	Alberta, Canada	Radcliffe (1998, 1999); Gendron, Cooper and Townley (2001)
Office of the Auditor General of Canada	Canada	Sutherland (1980); Free, Radcliffe and White (2012)
National Audit Office	Britain	Roberts and Pollitt (1994)
The Office of the Auditor-General of New Zealand	New Zealand	Jacobs (1998)
Supreme Audit Institution	Sweden	Sandberg and Larsson (1996)

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Figure 1: Office of the Auditor General of Canada: Plan of Organization March, 1974

