

Understanding Australian federal public sector accounting developments in their context

Author:

Guthrie, James

Publication Date:

1994

DOI:

<https://doi.org/10.26190/unsworks/8550>

License:

<https://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Link to license to see what you are allowed to do with this resource.

Downloaded from <http://hdl.handle.net/1959.4/63014> in <https://unsworks.unsw.edu.au> on 2024-04-26

**Understanding Australian Federal Public Sector Accounting
Developments in Their Context**

**A Dissertation in Fulfilment of Requirements for the Degree of Doctor of
Philosophy**

by

James Guthrie

February 1994

**School of Accounting
The University of New South Wales**

Certification

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to any substantial extent has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment is made in the text.

James Guthrie

Understanding Australian Federal Public Sector Accounting Developments in Their Context

Abstract

This thesis presents an historical analysis of several developments in Australian public sector accounting (APSA). In the early 1990s these developments have been hailed as 'world best practice'. Not only accounting, but many organising, administrative and other technologies have also experienced radical developments. In the Australian public sector, a 'performance' oriented environment has become preferred to an 'input' oriented way of administering public sector activities.

This shift in orientation has affected, and is affected by, the changing nature of public sector accounting. The traditional view of accounting as a neutral, rational, technical activity, divorced from its context did not stand up to critical examination. A 'contextual' perspective was offered, in which accounting is seen as interacting with its various social, institutional and organisational contexts.

Three case studies using Porter's historical approach were used to explore aspects of the contextualisation of public sector accounting : an institutional context (Ch.3); an organisational context (Ch.4); and a specific technological focus (Ch.5).

A key observation made from these was that many factors were involved in shaping APSA developments over the past 40 years. However, in the past two decades one contextual factor stands out, that being the public sector reforms known as 'managerialism' and its focus on 'performance'. The impact of this factor on APSA developments is the focus of the last Chapter.

Preface and Acknowledgment

It has been six years since the conception of this project. I specifically would like to thank several fellow academics who have been supportive of my research endeavours. Lee Parker has provided valuable insights as to crafting a piece of academic work and also was willing to join me in editing the Accounting, Auditing and Accountability Journal. This has provided me with a means to work on my craft and at the same time to make a contribution to the academic community.

I thank Michael Pusey for his encouragement and for leading by example when it comes to pursuing unorthodox ideas and critical avenues for research. As well, I thank all those anonymous reviewers of various journals where I have published. These comments have been very helpful and influenced later directions in my work on this thesis. Other individuals who have been helpful and supportive include: Peter Booth, Jane Broadbent, David Cooper, Rob Gray, Richard Laughlin, Cheryl Lehman and Tony Tinker.

Also, many thanks to Anthony Hopwood, whose dedication and hard work created and has maintained Accounting, Organizations and Society, the presence of which has established space for alternative research and has also provided encouragement to those willing to pursue the current unorthodox.

I would like to thank Fiona Unsworth for doing the Figures and Tables.

Finally, thanks to my family members, my children, Fiona, Jamie, and Laura, who have had to put up with my Ph.d blues and to Dianne for being so supportive when I most needed it.

Table Of Contents

	PAGE NO.
Certification	i
Abstract	ii
Preface and Acknowledgment.....	iii
Table of Contents	iv
 Chapter 1. Introduction and Background.....	 1
1.1 Introduction.....	1
1.2 A Brief Review of Aspects of Accounting Research	3
1.3 Research Site: Australian Federal System of Government.....	6
1.4 Methodology and Time-Frame	8
1.5 The Case Studies	9
1.6 The Remainder of the Thesis.....	10
 Chapter 2 Literature Review and Methodological Overview	 11
2.1 Introduction.....	11
2.2 Public Sector 'Contextual' Accounting Literature.....	11
2.3 Contextual Factors Identified	11
2.4 Historical Explanation and Porter's Processual Approach	14
2.5 Qualities and Limitations.....	19
2.6 Summary	21
 Chapter 3 Case 1: An Institutional Focus on Public Sector Accounting	
Developments (1950-92)	22
3.1 Introduction.....	22
3.2 The Federal Government Accounting System.....	22
3.2.1 Background.....	22
3.2.2 The 'institutional circle of control'	24

3.2.3 Features of the Federal government accounting system	27
3.3 Developments in Public Sector Accounting (1950-92).....	29
3.3.1 Period A: APSA developments from the 1950s to the early 1970s	29
3.3.2 Period B: The RCAGA (1976) event and APSA developments	34
3.3.3 Period C: APSA developments from 1977 to 1991	44
3.3.4 Period D: APSA in 1992	52
3.4 Implications and Summary	60

Chapter 4 Case 2: An Organisational Focus: JCPA Activities and Public Sector

Accounting Developments (1952-91)	63
4.1 Introduction	63
4.2 Prior Research	64
4.2.1 A technical perspective	64
4.2.2 A contextual perspective.....	66
4.3 JCPA Reporting Data (1952-91).....	66
4.3.1 Data collection method.....	66
4.3.2 Results	70
4.4 JCPA Activities.....	86
4.4.1 A contextual approach.....	86
4.4.2 Interpretation of JCPA activities	88
4.4.2.A: The 're-establishment' of the JCPA (1952-60).....	88
4.4.2.B: Emergence of routines with a focus on 'administrative efficiency' (1960-69).....	92
4.4.2.C: Routine investigations as Parliament's 'efficiency auditors' (1970-83).....	94
4.4.2.D: JCPA activity cast in terms of 'performance' (1983-91)	96
4.4.3 Elements of change.....	98

4.5 Implications and Summary	100
Chapter 5 Case 3: An Accounting Technology Focus: The Emergence, Demise and Re-emergence of the ANAO Performance Auditing	103
5.1 Introduction.....	103
5.2 Prior Research	104
5.3 Developments of ANAO Performance Auditing	106
5.3.1 Period A: Antecedent conditions : before the RCAGA.....	106
5.3.2 Period B: The RCAGA to the efficiency audit changes (1975-79).....	108
5.3.2 Period C: The first efficiency audit reports and the rise and fall of ANAO performance auditing (1980-88).....	116
5.3.4 Period D: The JCPA inquiry and beyond (1989-92).....	126
5.4 Identifying Elements of Change.....	129
5.5 Implications and Conclusion.....	132
Chapter 6 Summary and Conclusions.....	135
6.1 Introduction.....	135
6.2 Findings of the Case Studies.....	135
6.3 Managerialism Key Characteristics	139
6.4 Conclusions	142
6.5 Limitations	143a
6.6 Future Research Directions	143c
References.....	144
 Appendix A: Acronyms for the study.....	 157
Appendix B: The JCPA Survey Instrument.....	158

Appendix C: List of Reports Presented by the Public Accounts Committee: (1952-91).....	161
Appendix D: Detailed Description of the JCPA Report Classification.....	175
Appendix E: List of ANAO Efficiency Audit Reports (1980-92).....	179

List of Tables and Figures

Table 3.1 Summary of APSA developments since the RCAGA	47
Table 3.2 APS reforms 1992	53
Table 3.3 Summary of the changing characteristics of APSA	54
Table 3.4 Summary of 'institutional circle of control' developments.....	56
Table 3.5 Summary of the changing nature of parliamentary 'oversight'.....	60
Table 4.1 Number of reports per Committee (1952-91)	71
Table 4.2 Type of JCPA report (1952-91)	74
Table 4.3 Sources of JCPA inquiries (1952-91)	78
Table 4.4 Classification of main focus - JCPA Reports (1952-91)	81
Table 5.1 Performance audit report foci within each A-G period.....	120
Table 5.2 Chronology of ANAO performance audit terminology.....	122
Figure 1.1 Australian parliamentary institutional system.....	7
Figure 3.1 The 'institutional circle of control'	26
Figure 4.1 Frequency of JCPA Reports (1952-91)	72
Figure 4.2 JCPA Reports by Type (1952-91).....	76
Figure 4.3 Relative weighting of official source of JCPA reports (1952-91)	79
Figure 4.4 Relative patterning of main focus of JCPA reports (1952-91).....	83
Figure 4.5 Timing of Treasury response to JCPA reports (1952-91).....	85
Figure 5.1 Number of efficiency audits and foci	118

Chapter 1. Introduction and Background

1.1 Introduction

This thesis presents a historical analysis of several developments in the Australian public sector¹ accounting (APSA).² In the early 1990s, recent APSA (and other) developments have been hailed as 'world best practice' (McDonald, 1990; OECD, 1993), and other nation states are reported to be exploring the possibility of implementing similar changes.

Accounting 'technologies' being promoted and 'technical practices' being instigated include: forward estimates and budgetary process in a program performance style; development of the financial management improvement program; creation of calculation systems for identification of 'true costs' for 'user charges'; requirement for performance indicators and information; annual reporting to include 'accrual' financial statements; creation of whole of government reporting; and mandatory evaluation and performance auditing.³

In this thesis the term 'technologies' does not refer to concrete apparatus, but to the words, symbols and systematic knowledge used to describe accounting. Accounting (and other) 'technologies' are the explanations, symbols and specific characteristics of a particular

¹ The term Australian Public Sector (APS) refers to activities undertaken in the public sector (both budget and non- budget organisations). Rather than attempt to describe all of the structural and procedural changes that have occurred at federal and state levels of government, this project confines itself largely to the federal sphere of government.

² The term Australian public sector accounting (APSA) in this project includes five divisions: budgeting and estimates, financial management, expenditure and performance measurement, accountability and reporting, review and auditing. These divisions are not pre-given, they are an historical construct (this will be argued in detail in Chapter 3).

Also, the definition of public sector accounting adopted here excludes the production of information based on the System of National Accounts (SNA) developed by the United Nations. Also excluded are other national account statistics developed internationally by bodies such as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) and locally by national statistics bodies, such as the Treasury and the Commonwealth Statistician.

³ These technologies are not the preserve of accountants and accounting only. For instance, annual reporting has an accounting component. However, an examination of the catalogue of annual reporting requirements reveals several that are clearly not accountancy based. Such technologies as the Financial Management Improvement Program, annual reports and performance auditing contain components from other disciplines and can be practiced by non-accountants.

accounting (and other) practice (e.g. the disciplinary aspects).⁴ 'Technical practices' refers to the specific technical rules, procedures, formats and content of accounting within a specific site. In this project the focus is on accounting 'technologies', rather than actual 'technical practices' within an individual site.

The changes⁵ to accounting being promoted (and in some cases enacted), when combined, are in the eyes of several reformers capable of transforming APSA (e.g. McPhee, 1993; Allan, 1994). These could have consequences⁶ in, for instance, resource allocation and budgetary decisions, as well as management and reporting requirements for departments and the central government. As will be indicated in the body of this thesis a 'contemporary' accounting consisting of 'objective achievement', 'efficiency', 'effectiveness', and 'performance' is supplementing a 'modern' public sector accounting,⁷ which was based on 'appropriation control' and 'expenditure compliance'. Many other organisation, management and other technologies have also experienced radical developments. As will be explored in

⁴ For MacKenzie and Wajeman (1985:3-4) 'technologies' are defined as:

The word 'technology' has at least three different levels of meaning. At the most basic level, 'technology' refers to sets of physical objects.... But few authors are content with such a narrow 'hardware' definition of technology. An object such as a car or vacuum cleaner is only a technology, rather than an arbitrary lump of matter, because it forms part of a set of human activities.... So 'technology' refers to what people know as well as what they do.... Technological things are meaningless without the 'know-how' to use them, repair them, design them and make them.... [therefore] 'technology' is systematic knowledge of the practical arts.

⁵ Contemporary discourse rarely differentiates between the meanings of 'change', 'reform' and 'development'. In this project 'change' is when the basic fabric of technologies, groups, institutions or society is challenged, and there is a notable and observable effect to the underlying structures of these and the social conditions holding them together. 'Reform' is thought of as ritual and rhetorical illusions of institutions (and other groupings) adapting to social conditions without changing the underlying structures.

'Development' is when reforms are promoted and some aspects of the status quo may be reshaped. The current activity emerges from its past. The current configuration is not thought of as a teleological process, but as an emergent process. A current configuration is linked to the past by intended, and unintended outcomes.

⁶ Identification of the consequences of proposed reforms is not a focus of this project. The importance of accounting numbers and practices in the life of a government cannot be overstated. Accounting numbers could be used for resource allocation decisions, management reporting of performance, and judging accountability for probity, compliance and performance.

⁷ As will be argued in detail in Chapter 3, APSA can be conceptualised as consisting of a 'modern' form and in recent years a 'contemporary' form has developed.

Ch. 6, a managerial 'performance' approach has become preferred to a traditional 'appropriation' approach, as a way of administering public sector activities.

In trying to understand changes to APSA, it is important to note that for any 'technology' there are several stages to its implementation into a 'technical practice'. Even then 'technical practice' may not equate with the original aims espoused in the promotion of the technology (Hopwood, 1984). At least five elements are identified in this process: espoused aims; official position and policy statements; legislative changes or regulations; managerial policies within an organisation; work level technical practices. The first three elements are within the focus of this thesis. Examination of the other two elements involves different research strategies and access to a different type of evidence. Also, because of thesis research constraints, it would be impossible to include all elements within one thesis. It is proposed in the following Chapters to explore the following research problem: identify and explain the development of APSA 'technologies' over the past four decades.

Next, a brief summary of aspects of accounting research will be offered, for the purpose of locating the rest of the thesis.

1.2 A Brief Review of Aspects of Accounting Research

Traditionally, much of accounting's literature had a technical focus and ignored contextual aspects completely. A seminal paper by Burchell et al. (1980) highlighted that accounting was implicated in social and organisational practice. They suggested that accounting should not be thought of just as an organisational phenomenon. Inter-organisational forces (e.g. institutional, professional, political, and economic) have shaped and been shaped by accounting.

Burchell et al. (1980:23) went on to argue for the investigation of accounting in its context:

There is, we think, a real need for more historical studies of the

development of accounting. Just how has accounting come to function as we know it? What social issues and agents have been involved with its emergence and development? How has it become intertwined with other aspects of social life? And what consequences might it be seen as having had?

Since this call for more contextualisation of accounting within the research endeavour, an 'alternative' perspective has grown.⁸ Several significant common features within this perspective have emerged: first, an interest in accounting as a social process; secondly, a view that accounting is both a constructor of reality and itself reflective of reality; and thirdly, the use of more wide ranging disciplines (e.g. sociology, political science), than the traditional disciplines (e.g. behavioural sciences, economics) in the study of accounting.

As will be indicated in the review of the literature (in Ch.2), public sector accounting is increasingly coming to be appreciated and studied in the various contexts in which it operates. Rather than looking at the procedures of accounting in technical isolation, more and more attention has been given to investigating how the form that accounting takes, and the ways in which it functions, are influenced and influence the wider functioning of organisations and the institutional and social settings in which it is located.

However, to date a majority of contributions to the public sector accounting literature have been within the traditional technical perspective (see Lapsley, 1988 and Broadbent and Guthrie, 1992 literature surveys). The technical perspective concentrates on the setting of rules for practice and the creation, maintenance or change of accounting practice. 'Accounting' is typically associated with the various techniques that accountants use. The techniques could be concerned with such tasks as maintaining records of financial events, calculating costs of services or products, appraising various alternative finance decisions, preparing estimates of future expenditure and the preparation of annual financial statements,

⁸ Burchell et al. (1980) advocacy of an 'alternative' approach spawned a growth area within the accounting literature (e.g. Tinker, 1980; Tinker, Merino and Neimark, 1982; Hopwood, 1983; Laughlin, 1987; Hines, 1989; Dillard, 1991). These general calls for a study of accounting in its context underline the importance of contextual factors in accounting thought and practice.

and the auditing of them, and so on.

Some authors (e.g. Levy, 1972; PSB, 1985) have linked public sector accounting to 'technical rules'. For these authors, amendments to legislation, regulation or rules created by standard setting bodies are necessary for accounting change. The premise is that the 'rules' will be used and that actual practices will be uniform. Indeed, for these authors, accounting is a technical activity that is practiced in a form specified by 'rules'. Also, there are other authors (e.g. Carpenter, 1990) who concentrate on a specific accounting technology. Usually they promote its definition, calculation aspects, or method of recording. Phrases these authors rely upon include 'first principles', Generally Accepted Accounting Principles (GAAP), or 'conceptual framework'. These authors emphasise an internal logic that suggests that each technique can be constructed from 'first principles' and they assume that the system in totality will be in balance.

Other authors promote public sector accounting by the attribution of 'usefulness for'. Accounting is constructed in the light of how accounting 'should be' useful for 'decisions' (Sutcliffe, 1985), 'control' (Chubb, 1952; Glynn 1987). This literature can be further broken down into compounded concepts such as 'expenditure control' (Chubb, 1952); 'financial control' (Glynn, 1987); 'decision usefulness' (Sutcliffe, 1985); or for 'public accountability' (Normanton, 1966; Birkett, 1985; 1988a; 1988b).

The emphasis here is on an external logic which suggests that the general system is better served by an accounting which can provide an attribute - for example, information for 'decision making'. Accounting reform is usually promoted in terms of 'better' organisational decision making or performance measurement. In general, the above authors perceive public sector accounting as if it is an essentially technical subject, replete with neutral rules of rational calculation and disconnected from the wider social context (Hopwood and Tomkins, 1984).

With this approach, changes to accounting systems are seen as being progressive, and reforms to accounting practices are based on the notion of teleological trajectory (Hopwood, 1987:208). Changes in practice are therefore seen as being manifestations of functional progress and system improvements. Hence, the technical properties of accounting ensure that it does not serve any one interest. When 'properly' practiced, accounting provides accurate, verifiable, comparative information which can be used to clarify issues and resolve conflict on the basis of principles such as rationality, objectivity, and equity, and without resort to favour or power (Hopwood, 1984).

To decry the technical school is not to imply that technical accounting is not of value, but rather to emphasise that it is only one facet of accounting inquiry.

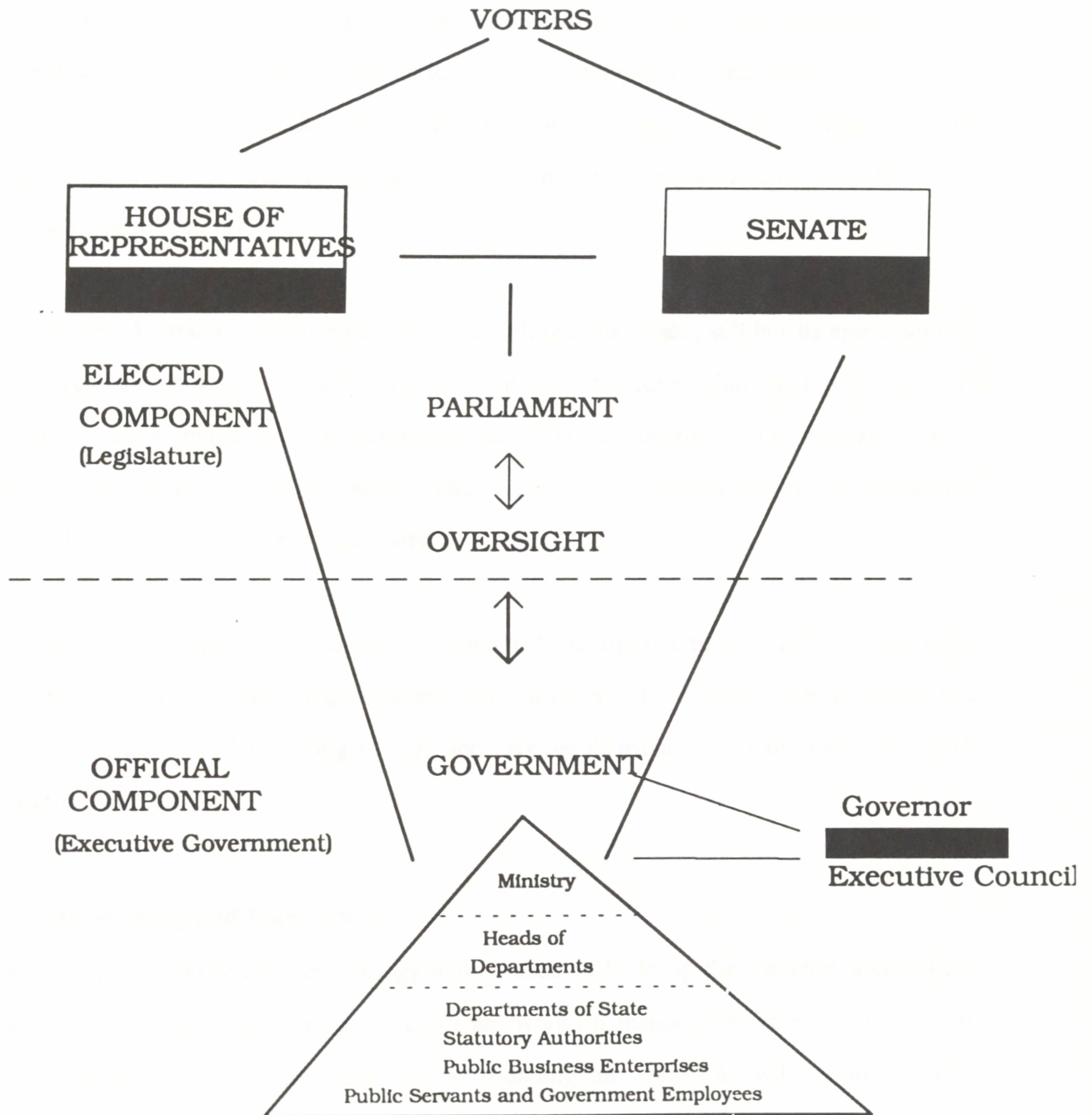
The final parts of this Chapter will focus on three more important choices that have been made. The first choice concerns the research site; the second concerns methodology and the time- frame selected; and the third concerns the selection of the three cases.

1.3 Research Site: Australian Federal System of Government

Australia is divided into three main tiers of government: federal, state and local. Both the federal and state levels of government have a parliamentary system of government known as 'responsible government' (i.e. a system of government in which all levels of authority are theoretically answerable to the voters). This is known as the Westminster⁹ system and the Australian model is illustrated in Figure 1.1, below.

⁹ The characteristics of the Westminster system of parliamentary government are: a sovereign bicameral legislature in which the lower house has final authority; government by a cabinet which is drawn from the Parliament and is responsible to it; and, beyond the parliamentary sphere, a constitutional monarch as the ceremonial head of state, distinct from the effective head of government, the Prime Minister; the rule of law and judicial independence; a career public service impartially serving the government of the day (Penguin, 1988:352-3).

Figure 1.1 Australian parliamentary institutional system



There are differences in parliamentary institutional models between England and Australia, and within Australia, and other models, such as the U.S. presidential system (see Hardman, 1982; Lucy, 1993; Jaensch, 1992; Reid and Forrest, 1989).

A political party gains office in the Australian Federal Parliament by controlling a majority of seats in the House of Representatives. The system's main features, but not the general rules associated with it (e.g. conventions and practices), are contained in the Commonwealth of Australia Constitution. The Constitution is the supreme law of the Commonwealth and it divides government activity into three areas: the Parliament (which makes the laws); the executive government (which administers these laws); and the courts (which interpret them).

A uniquely Australian federal system has evolved, but this system still has its antecedents in the Westminster system of government. The statutes, conventions and practices have evolved with a central tenet: the executive should be accountable to the legislature in the raising and spending of public money. This is expressed in the convention of parliament's 'oversight' of the government's accounts.

To narrow the scope of this project, the national (Federal) government has been selected as the focus. This is the largest government in Australia and has considerable influence over the states, because of its taxing powers and revenue distribution functions (Spann, 1984; Wanna et al., 1992).

1.4 Methodology and Time-Frame

Porter's (1981) historical methodology will be used to build up the narrative and analysis within the case studies. Porter provides a framework for mapping the emergent conditions, assimilation and subsequent actualities surrounding an event. As will be explained in Chapter 2, this can be done by way of focusing on several elements: individual; groups; institutions; concepts; forces; and universals.

The time frame examined is from the early 1950s until 1992. This was to allow for a processual view of change to be developed (see Chapter 2), within the constraints set for

this thesis.

1.5 The Case Studies

In undertaking a contextual study of APSA developments several focus levels (i.e. supra, macro, industry, and micro) can be used. The first level is the supra, the 'public sector' as a whole. The second level is the macro, which refers to institutional arrangements, for instance, the relationship between Parliament and the government, and the accounting forged by this relationship. The third level is that of industry. This can refer to a specific type of activity, such as health, education, police, defence, and an accounting for this activity. The fourth, micro, level refers to an individual organisational unit of activity and the accounting within that workplace. As was identified in previous literature reviews (Lapsley, 1988; Broadbent and Guthrie, 1992) significant gaps exist at all levels, especially levels one and two. The three case studies used for the empirical study focus only on levels one and two and more specifically, an institutional context (Ch.3); an organisational context (Ch.4); and technology (Ch.5).

The research problem (as indicated above) was to explain the development of APSA 'technologies' and to explore the contextualisation of these developments. This is attempted in the first case study (Ch.3) by mapping the antecedents, and the developments, in accounting within a parliamentary institutional context. As will be shown, a technical explanation would be limiting in its understanding of how these developments occurred.

The second case explores a public account committee's (PAC) activities (Ch.4). This committee is in theory a key parliamentary unit, where public sector accountings' past, present and future configurations (e.g. technologies, practices, organisational and institutional arrangements) can be examined and debated.

Wildavsky (1988:107) states that there is a dearth of closely observed and theoretically

informed studies of governmental agencies. He argues that to understand accounting developments, organisations in which change may be promoted, and executed, should be analysed (p.109):

If accounting is how government knows itself, looking into this house of mirrors tells us that the first steps towards making government understand itself have hardly been taken.

With few limited exceptions (e.g. Mosher, 1984; Walker, 1986) the literature pays scant regard to the role, function and activity of those organisations concerned with public accounts (i.e. Treasury, Department of Finance, Auditor-General, Public Accounts Committee). Furthermore, as will be highlighted in Chapter 4, the technical literature on PACs has tended to isolate discussion from the wider context in which these organisations operate.

The third case (Ch.5) examines the development of one accounting technology, performance auditing within the Australian National Audit Office (ANAO). The detailed contextual explanation in this case will highlight the development path of performance auditing via several elements, individual, group, institutional, and forces.

1.6 The Remainder of the Thesis

The remainder of the thesis is divided into five more Chapters. A brief literature review and the methodological basis for the thesis is presented in Chapter 2. The results and interpretation of the three case studies are presented in the next three chapters (Ch.3; Ch4; Ch5). The last chapter (6) provides a summary and an analysis of the impact of 'managerialism' on APSA developments.

Chapter 2 Literature Review and Methodological Overview

2.1 Introduction

The overall aims of this chapter are twofold. The first aim is to review briefly aspects of the public sector 'contextual' literature. The second is to outline the major methodological approach used to address the research problem identified in Chapter 1.

2.2 Public Sector 'Contextual' Accounting Literature

As was indicated in Chapter 1, the 'traditional' public sector accounting literature can view practice as a neutral, rational, technical activity, divorced from social and organisational contexts. The 'traditional' view constructs accounting as either being about principles, a technique of neutral rules for rational calculation, or as being instrumental in nature. In approaching accounting via this perspective, accounting developments could be explained by examining changes in the 'rules', or the specificity of a particular 'new' accounting technique, or changes in the instrumental nature of accounting (e.g. 'decision making', 'control', 'accountability').

However, the Broadbent and Guthrie (1992) review of 'alternative' public sector accounting research found a body of work which viewed accounting as a social phenomenon, interacting with its various social and organisational contexts. In this perspective, accounting developments are affected by and affect the organisational and social contexts. Such classification highlights the differences between an emphasis on accounting as a technical activity, and accounting as a social phenomenon constituted through contextual factors.

2.3 Contextual Factors Identified

However, the Broadbent and Guthrie (1992) survey was limited in that they did not highlight the various 'contextual factors' that might be involved in accounting developments. The following brief review focuses only on the connection between

external contextual factors and public sector accounting developments.¹⁰

In a UK context, Cochrane (1993) argued that changes to local government accounting are the result of the rise of financial professionals. Whilst Gray and Jenkins (1993) argue changing 'codes of accountability' have impacted on management and accounting technologies. Humphrey, Miller and Scapens (1993) identify the nature and impact of the 'neo-liberal' agenda on public sector accounting developments as an important contextual factor. Miller (1992), and Rose and Miller (1992), argue that this agenda has led to a shift in the rationalities and practices of Western processes of government, which have impacted on UK public sector accounting developments.

Ezzamel and Willmott (1993) identified the shift in public sector 'governance structures', tied to 'market principles' as being an enabling force for changes in UK public sector accounting. In the New Zealand context it has been argued that 'public choice' and 'agency transaction cost' economics have been instrumental in public sector accounting reforms (Ball, 1992; Boston, 1991).

In the UK context several authors (see Humphrey, 1991; Humphrey and Scapens, 1990; Russell and Sherer, 1990; 1991) argue that the rise of the 'accountable management' philosophy and associated technologies have been central to change in the management and accounting of public sector organisations. In New Zealand, the rise of a 'new public sector management' has also impacted on public sector accounting developments (Gilling, 1994; Pallot, 1994).

The above authors have identified several external contextual factors (e.g. the rise of

¹⁰ The focus for this review is only on external factors that could influence accounting developments. Also only on one aspect of the two way interaction that is context on accounting. Of course, many authors recognise the impact of accounting on context. Many of the studies reviewed have highlighted the two-way interaction between changing social conditions produced by specific accountings and the development of accounting under changing social conditions.

'financial professionals', the 'neo- liberal' agenda, 'economic' philosophies, and 'accountable management') that have impacted on public sector accounting. This brief literature review has revealed the lack of research within an Australian context. These authors do not place an emphasis on change to accounting practice; rather, the focus is on the factors that set accounting developments in motion.

However, in trying to understand accounting developments in a wider context, there is a need to map actual events, to understand how accounting came to be and what it might become. Rather than just theorising about these developments, actual empirical events need to be explored to discover the linkages and forces that have mobilised accounting change. Hopwood et al. (1990:102) states that:

Accounting has just not evolved. Over time it has been subject to more radical transformations. No general principles, be they overt or hidden from view, have guided its development. Accounting has responded in a more positive way to external as well as internal pressures and circumstances, internalizing into itself residues of events and disruptions in the contexts in which it operates.

Such a view of accounting requires that particular attention needs to be given to the economic, social and political environments in which it operates.

These theoretical observations and the review of the external contextual literature above, have provided several insights into the processes associated with accounting developments, which can be sought in the wider political and economic programs.

In summarising this review, this thesis is supportive of Broadbent and Guthrie's (1992) observation that there are several common characteristics associated with 'alternative' research into the public sector. First, the research accepts the importance of the contextual factors in shaping accounting, albeit to different degrees. Secondly, much of the work is empirically rich, reflecting studies of actual events at various levels. Finally, the focus of this literature is that it seeks to question and understand the processes

associated with accounting developments.

Now that the features and several gaps in this research have been identified, an important question can be posed and answered: How is the contextual examination to be conducted? This is as important as identifying a research problem. One's perspective is framed by the concepts, beliefs and standards in which any analysis is embedded; they form a web in and through which the factual and normative worlds inform one another.

2.4 Historical Explanation and Porter's Processual Approach

Porter's (1981) processual approach is used to provide structure to both the descriptive and analytic parts of the case studies. His theory explains the dual nature of interpretational history (Previts et al., 1990a; 1990b). He argues for the inclusion of certain compositional principles and decisions within the body of the narrative, the inclusion of which raises the narrative above the 'story' level of fiction to the level of explanatory narrative.

For historians concerned with explanatory (as opposed to narrative) research, he has provided a theory. His focus is upon 'time' and 'events'; however he rejects the notion of historical events as objects whose cause and effect are to be elucidated in some deterministic manner. Instead, Porter views events as forms of a temporal process that can provide emergent explanations of the conditions that spawned them.¹¹ Thus, for Porter, the narrative and interpretative approaches are intertwined and mutually contributing.

The historical analysis undertaken in the three case studies is based upon Porter's analytical framework. This focuses both the researchers' and readers' attention upon crucial levels of analysis (e.g. individuals, institutions) that assist in delving through

¹¹ Porter (1981) highlights 'contrasts' between past and present, and between different interpretations. The title of Porter's book, The Emergence of the Past, highlights the connection between the present and the past.

layers of evidence in search of interpretation. No claim is being made that the Porter theory is absolutely unique or superior to other methodological approaches put forward in the literature of historiography. Rather, it has been adopted as a potentially fruitful mode of inquiry for the complex subject matter being investigated.

Porter's processual view identifies several stages in the development process. First, each event has antecedent conditions that contains actualities and possibilities. Second, each event's progress is characterised by assimilation, by which the past emerges into the present by the process of symbolic transformation. Third, metamorphosis occurs with the 'passing on' of aspects of an event into actual future configurations.

There are several features of the Porter framework. The first feature is that it provides a descriptive and analytical phase in historical explanation. It is descriptive in the provision of subsequent events and actions around an event (Porter, 1981:86). It is analytical in that it allows for a focus on the patterning of an event's emergence. This distinction between the descriptive and analytical phase is important. Porter's processual view highlights the following steps. The first is sequential analysis to serve as an heuristic device for establishing emergent features of an event. This is done by establishing expectations and potential of key events (e.g. passing of legislation). The second step is to examine subsequent events to determine significance (retrodiction) and to determine the constituted elements for analysis. The third step is to analyse those significant elements at each level to highlight contrasts. It is via the analysis of contrasts that patterns of significant contextual factors can be established.

Porter (1981:86) explains:

One may identify these patterns and compare them with each other or with the patterns of other events. Obviously, the patterns represented by different individuals or groups will stand in contrast to one another.

The second feature is a focus upon 'actuality' as recorded in historical documents and understandings. Porter (1981:87) stresses that the historian's task is to explain how the pattern of elements displayed by the final form of the event emerged from the indeterminate conditions displayed by its antecedent world.

The third feature concerns the elements in the abstract hierarchy of an event. The work of the process historian is to be able to identify the patterning at various levels of abstraction, identify important contrasts, conflicts and suppressed ideas and indicate how an event may resolve tensions and contrasts.

Porter's (1981) process approach to historical explanation has two levels of abstraction. The first level is that of an event. The second level of abstraction is that of the elements that go to make up an event's process. There are six elements for analysing an event: individuals; groups; institutions; concepts; forces or fields; and universals. These are a hierarchy of elements based upon the level of abstraction. As one moves up the hierarchy, the identification and agreement about different aspects of each element becomes more complex. Also, as one moves up the hierarchy (e.g. forces and universals), the ability of the historian to 'proof' the observation becomes more difficult.

Concerning an event, this is defined with respect to duration, geographical dimensions and its future. Retrodiction, explaining an event's emergence from its past, is a critical step in Porter's interpretation of the historical process. An event is defined as a temporal process, constituting a definite pattern of empirical relationships with respect to its antecedents (p.84).

For Porter (p.84) empirical relationships are:

The antecedent world is presented as a set of conditional data, each with a subjective intensity derived from its own formative experience. These data and feelings are assimilated as elements in the emerging pattern of the novel

event. They undergo transformation and integration to a degree consistent with the event's organisational complexity. The final, integrated pattern represents a decision by the event to be what it is and not anything else; a decision implying a range of alternatives that were not realised on this occasion.

The aspects of elements that make up the final form of an event are not physical properties. Rather, they are the patterns of experience brought into focus by individuals, groups and institutions (p.86). Future significance can only be determined by an examination of actual future events.

To understand the emergence of an event, it is necessary to perceive its constituted elements as being in part derived from experiences in the antecedent world. At this first level of abstraction, the event is the objective form, which overrides the web of particular relationships within the hierarchy. For instance, the enactment of the 1979 Audit Act changes, to provide a mandate to the Auditor-General to undertake efficiency auditing, is an event. However, the web of relationships that brought the legislation into being involved a process going back many years and involved the interaction of various individuals, groups, institutions, concepts and forces.

Concerning the elements that make up an event, the first element is that of the individual. This involves the experiences of individuals within an event's configuration. Examination of individual perceptions tends to highlight contrasts and contradictions between what actually happened, and what was envisaged originally.

The second element is the group. Group dynamics replace individual understandings of events. Historians working at this level could be expected to survey several groups (e.g. accountants, a political party, a public account committee or audit office) allowing for a more comprehensive explanation. Different groups' viewpoints are linked to other elements, therefore constructing a multi-perspective description for this element in the event's configuration.

An institution is a group which becomes permanent enough, or is linked to such accepted characteristics or symbols as to be called an institution (e.g. the institution of parliament; the accounting profession). This is the third element in the hierarchy. Relationships between institutional and group elements must be worked out on a relative scale appropriate to a particular examination. Dominant institutional views during the duration of an event can be reflected in prevailing dominant concepts.

The fourth element is concepts. At the higher levels of the hierarchy the elements are more abstract. Concepts are the ideas, principles and doctrines displayed during an event. They can be connected to each other in a variety of patterns. These patterns may be articulated by an institution (p.92), but the full complex meaning of a particular concept cannot be gauged by a particular event, but only across time. Porter also categorises compounded concepts (e.g. 'parliamentary control', 'internal control') which are able to move people to act and to make sense of their experiences in the everyday world. A concept can possess varied definitions and can have a variety of meanings (e.g. 'public accountability') at the institutional, group and individual levels. At a certain point of time a dominant view can be established at the level of concepts. For instance, the Department of Finance's definitions of 'public accountability' may be considered to be a dominant construction.

The fifth element is the field of inquiry, such as economic, political, religious, physical or physiological. There also exist sub-fields within, or between, each of the fields mentioned above (pp.94-5). Many historical accounts are based upon an interaction between two or more fields for interpretation of an event.

Interpretation of an event configuration will highlight the importance of each field's reliance upon key concepts. These will be subject to disputes between historians, based on which field or sub-fields they favour over another, a priori. Which field is favoured

will bring out different aspects. For instance, economic historians may use economics as the basis on which all events are studied. The use of the economic field as a focus of relationships in an event merely brings out the economic aspects of the elements at the lower levels of the hierarchy (p.94). For instance, in an analysis of 'performance auditing' there would be different interpretations of the 'significant' concepts and patterns between, say, the fields of economics, accounting, public administration, political sociology or political science. The historian's selection of key fields will influence the interpretation that is made of elements constituting events being analysed. Thus an historian operating predominantly from an economic history field of inquiry may produce different interpretations of an event to those of an historian operating from a primarily sociological field.

The last level is universals. Such terms as 'justice', 'democracy', and 'equity' belong to this level (p.95). The notion of universals has meaning only in terms of how it is represented in an actual historical event. Porter suggests that historians may wish to elucidate a contrast between certain universals, such as the tension between 'equality' and 'justice', or between 'freedom' and 'order'. In such cases, one compares the configurations brought into focus at this level of abstraction by each universal, noting how each highlights or subordinates elements at the lower levels in the hierarchy of a particular event. Each actual event determines one meaning of the contrast; a sequence of events would reveal its regular and irregular features (p.96).

2.5 Qualities and Limitations

Before the case studies are presented, several of the qualities and limitations of the methodology to be employed will be outlined. The case studies represent only one step in the exploration of the development of public sector accounting in Australia. However, several qualifications are necessary with respect to the findings of the studies.

There are three generic qualities of this type of research. The first quality is that it

captures contextual factors which emerged during the investigation. The historical case method employed includes a description of context, which tries to portray the interplay of different elements. The second quality is that the approach allows for description and analysis of situations in a qualitative 'story like' fashion. The third quality is that this approach facilitates longitudinal analysis with a view of social reality as dynamic. This provides a focus on process and elements in their entirety, rather than on parts abstracted from their context.

However, there are several general limitations associated with this approach to research. The first general limitation is the complexity of historical processes and reliance on 'available materials'. Certain parts of the historical process are more visible (that is, recorded and accessible), while other parts of history are less visible (e.g. individual A-G's motivation for selecting certain concepts in the construction of performance auditing technology). Important factors may be ignored, because they were never recorded in publishable form. Certain debates may have taken place, but because of reasons of redundancy, or sensitivity, or other factors, these were never published.

The second limitation concerns the small number of case studies undertaken and the possibility of generalising from these. By focusing on only one institutional context (Ch.3), one organisational focus (Ch.4) and only one technology (Ch.5) the general applicability of each case's findings is uncertain. The third limitation involves the integration of the micro elements (e.g. individual actions, group processes) with the more macro- elements (e.g. institutional, forces and concepts) in Porter's framework.

The longitudinal case studies attempted below should firstly be viewed as an interpretative piece of work, and secondly as an analytical one. In exploring the complexity of the processes involved in public sector accounting developments, several factors and events could have been missed or misinterpreted.

2.6 Summary

The brief literature review uncovered several contextual factors (identified by various authors) that have had a marked effect on public sector accounting developments. Also it discovered the lack of detailed research within an Australian context.

Three historical case studies will be used to provide both description and analysis of aspects of APSA developments via various of Porter's elements. His approach to narrative and interpretational explanation allows greater insights into a situation of apparent change and fluctuation over time, given the theory's focus on processes.

Chapter 3 Case 1: An Institutional Focus on Public Sector Accounting Developments (1950-92)

3.1 Introduction

This case study examines public sector accounting developments in the Australian Federal government over the period 1950 to 1992, within an institutional context. Porter's (1981) processual approach has been used to decide the four periods. The first is antecedent conditions, which is period A (the emergence of public sector accounting and parliamentary 'oversight' from the 1950s to the early 1970s). The second is assimilation, which is when a major event has an impact on the past and creates new conditions of possibility, this was period B (the RCAGA 1974 to 1976). From there the case moves on to the process of symbolic transformation, when the emergent actualities and possibilities come together, this is period C (developments from 1977 to 1991). The fourth characteristic is metamorphosis, with the passing on of aspects of the past into the current configurations; this is period D (public sector accounting in 1992).

The Chapter is divided into three further sections. Section 3.2 briefly outlines the Federal governments accounting system. The next section is divided into the four periods identified above. In Section 3.4, the key findings are outlined and a summary provided.

3.2 The Federal Government Accounting System

3.2.1 Background

The origins of the Australian system of government can be traced back to at least the Middle Ages in England, when a council was regularly summoned to advise the King. Parliament became divided into the hereditary House of Lords and the House of Commons, representing the towns and counties. Parliamentary deliberations often resulted in the King providing statutes of law, and, most importantly, in the granting of money (raised by taxes on the people) to meet the costs of the King's government.

Disputes between the King and his household (the executive) eventually resulted in power passing from the monarch to parliament.

The relationship between the House of Representatives and the Senate, Parliament and the Executive, and from there the ministers, heads of departments, and other public servants, appears simple (see Figure 1.1). However, in reality there is a complex set of relationships between the institutions of government (Spann, 1984:58).

As was argued in Chapter 1, a uniquely Australian Federal system has evolved (Jaensch, 1986; 1992; Lucy, 1993), which has its antecedents in the Westminster system of government. The statutes, conventions and practices have evolved with a central tenet: the executive should be accountable to the legislature for all that is done in raising and spending public money.

In the technical literature (e.g. Chubb, 1952; Normanton, 1966; Nicholls, 1991) there is considerable discussion concerning the development of parliamentary 'oversight' and the means available to Parliament to fulfil this role. Parliament's financial power is to impose taxes and to authorise the amount that is to be spent by the executive government. The purpose and amounts are specified in the budget estimates and the authority to spend is called an Appropriation Act. It was not until the passage of the Exchequer and Audit Act, 1866 in England, when the Comptroller and Auditor-General (C&AG) were required to form an opinion on the purposes of money spent, that parliament insisted that its directions be observed (Normanton, 1966:1).

From the mid-18th century onwards, the UK House of Commons increasingly asserted the right to examine the financial details of government administration. The 1866 Act contained provisions that, it was claimed, would extend parliament's capacity to oversee and review how money was spent. These included the requirement to establish a uniform system of accounts across all departments and to establish the basis for a system of

external audit under the direct control of parliament.

The clashes and accommodations that revolved around financial administration in no way resembled an exercise in technical, disinterested design. Chubb (1952) recounts in some detail how, in the course of these developments, there were protracted contests among players in a variety of institutional locations, viz. parliament, executive cabinet, the exchequer, the defence forces, and other departments (also see, Funnell, 1990).

In 19th century England a series of legislative and administrative changes were enacted. Two significant organisations were established, a parliamentary public accounts committee and the independent office of the Comptroller and Auditor-General (Chubb, 1952:22). These developments led to the 'institutional circle of control' for parliamentary 'oversight' of the executive accounts (Normanton, 1966; Chubb, 1952). This was the institutional relationship between parliament, executive, treasury, auditor-general and the public accounts committee. These arrangements were transmitted into other Westminster parliamentary systems, such as that of the colony of New South Wales, and later the Australian Commonwealth government (Davies, 1958; Nicholls, 1991). In summary, the Australian system of government was based on the Westminster system of parliamentary 'oversight' of the executive government accounts (which itself developed over several hundreds of years).

3.2.2 The 'institutional circle of control'

As was argued in Chapter one, a technical explanation of public sector accounting would have focused on the traditional financial, management and auditing division. However, in the contextual analysis the approach adopted involves the examination of accounting within a Westminster institutional setting. From this perspective, a 'financial cycle' in government (see Chubb, 1952; Normanton, 1966; Finance, 1992) emerges. In the financial cycle there are five divisions: estimates and budgeting; financial management; expenditure and performance measurement; accountability and annual reporting; review

and auditing.¹²

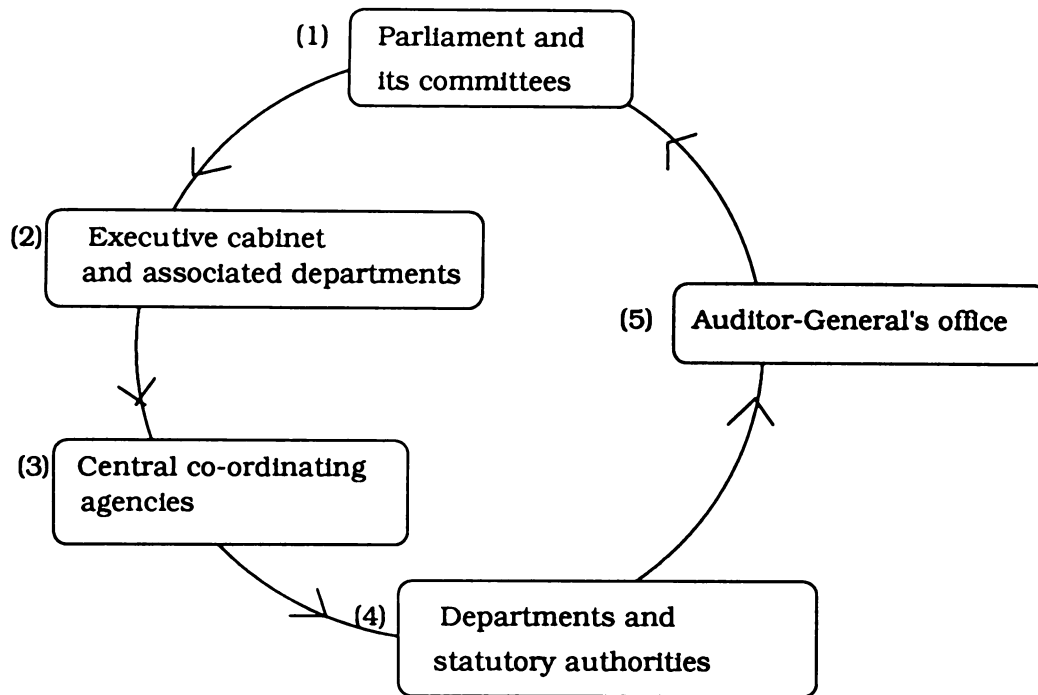
These divisions are not pre-given; they are in fact an historical construct. As was argued above, in the Westminster system of government certain relationships have evolved between the crown and parliament, and the parliament and the executive, based on who is to control taxation revenue and expenditure. These relationships and the legal financial requirements have evolved into an 'institutional circle of control'.

A public sector accounting has been formed, in part, by these institutional relationships. This conceptualisation of public sector accounting divisions and institutional arrangements for the life of a parliament provides an heuristic device for our analysis in this Chapter. As mentioned above, an important element is Parliamentary 'oversight'¹³ which concerns the relationship between parliament and the executive government (Jay and Mathews, 1968; Marriott, 1975; Reid and Forrest, 1989; Robson, 1975). Part of this relationship is the power (e.g. in the constitution, conventions and practices) which parliament has over the executive government accounts and other matters.

¹² Other categorisation schemes may minimise or cover aspects of accounting within the public sector. For instance, the traditional division by the categories of financial, management and auditing are not sufficient to capture the complexity and variety of technologies and technical practices within the public sector. The importance of budgeting, estimates and appropriation may be marginalised, as well as the historically derived reliance on 'cash' accounting as the basis for many of these accounts.

¹³ The use of the terms parliamentary 'oversight' and 'control' appear to be interchangeable in the literature. This is how they will be used here.

Figure 3.1 The 'institutional circle of control'



The institutional relationships that make up the 'institutional circle of control' are shown diagrammatically in Figure 3.1 and involve five components: parliament and its committees; executive cabinet and associated departments; central co-ordinating agencies; departments and statutory authorities; and the Auditor-General's Office.¹⁴

The literature recognises that parliament can exercise 'oversight' by three broad categories of means (e.g. Jay and Mathews, 1968; McAuston, 1990; Reid and Forrest, 1989). The first category comprises accounting information systems and documents (e.g. financial management, annual reporting) that the executive provides to parliament. Parliamentary committees (e.g. Public Accounts Committee) form the second category. Independent organisations (e.g. Auditor-General's Office) who act for, or on behalf of,

¹⁴ No simple summary, whether in words, figures or diagrams, can faithfully represent the complexity of relations between the organisational forms of government. The purpose of this figure is to present a broad picture of the relationships, noting that it will require substantial extra work before a more solid, definite pattern and analysis could be presented, showing the complexity of arrangements and changes.

the parliament are the third category.

3.2.3 Features of the Federal government accounting system

The three categories for parliamentary 'oversight' identified in the proceeding paragraphs are now explored in more detail. The first category concerns the executive government requiring the approval of parliament for its annual expenditure plans (estimates and annual budget). Parliament also oversees tax revenue raising; reviews the estimates and appropriation processes; and reviews the financial accounts of the executive government.

In Australia, this consists of a series of steps at the federal level (Degeling et al, 1988; Jay and Mathews, 1968; Finance, 1992):¹⁵

- * the Executive determines its revenues and expenditure for the coming year;
- * the Executive presents annual estimates to Parliament;
- * Parliament votes the appropriations under nominated heads;
- * supply is made available to departments in accordance with parliamentary appropriations;
- * departments are required to keep cash accounts using a uniform system of accounts, the form of which is determined by the Department of Finance in collaboration with the Auditor-General;
- * the Department of Finance reports on periodic receipts and expenditure (and other matters) via 'Finance Statements' and departments issue annual reports of

¹⁵ This representation of the steps oversimplifies the complexity of the processes by not including other aspects of the public sector (e.g. non-budget organisations, statutory authorities).

their activities;

- * the reports are subjected to independent annual external audit by the Auditor-General to ensure that expenditure was undertaken in accordance with parliamentary appropriations, and that annual reports are in conformity with statutory and other requirements; and
- * the Auditor-General reports his or her findings to Parliament, and matters raised in those reports can be investigated by Parliamentary Committees.

The second category concerns parliamentary committees (select, standing, joint) which oversee executive administration or other matters. Parliament can scrutinise the executive and bureaucracy through various parliamentary committees (Marsh, 1991; 1992; Spann, 1984; Uhr, 1991). These include:

- (a) Estimates, which examine annual budget estimates for departments;
- (b) Public Accounts, which examine the accounts and audit reports;
- (c) Public Works, which examine capital works proposal and budget;
- (d) Scrutiny of Bills, which examine draft legislation;
- (e) Subordinate Legislative, which examine regulations made by departments;
and
- (f) Others, which examine departmental matters.

The third category concerns independent organisations who act for, or on behalf of, the

parliament. Parliament has given powers to the Auditor-General (A-G) to conduct regularity audits and, as will be shown, more recently, efficiency audits.

In summary, parliament has several means available for the 'oversight' of the executive government accounts - these include the requirement for executive government to receive approval for finance bills, scrutiny by parliamentary committees, and the powers of independent organisations to audit. Collectively, these means (in theory) provide parliament with 'oversight' over the executive government accounts of the day.

The next section of this Chapter presents the four periods of analysis which were derived using Porter's approach.

3.3 Developments in Public Sector Accounting (1950-92)

3.3.1 Period A: APSA developments from the 1950s to the early 1970s

The first period concerns the antecedent conditions and a starting point for the analysis is the early 1950s. Here a 'modern' public sector accounting for the Federal government had evolved from the British parliamentary traditions. These practices had arisen from contests between parliament and the executive over the 'control of the public purse' (Campbell, 1954; Degeling et al., 1988).

The following lists the type of information systems and financial documents that were presented to the Parliament in the early 1950s by the executive government (JCPA, 1954, R13; Jay and Mathews, 1968; Levy, 1972):

- * a budget speech, which was accompanied by explanatory statements;
- * the budget papers presented to the Parliament with the budget speech;

- * the estimates of receipts and expenditure for the financial year that are presented to the Parliament with the budget speech;
- * the additional estimates and expenditure which were presented during the financial year to provide for increasing expenditure on ordinary and capital works votes over the original estimates, and any expenditure on new committees;
- * the supplementary estimates of expenditures which were presented after the end of the financial year in terms of Section 38A of the Audit Act;
- * the appropriation bills which were:
 - the supply bills authorising votes for expenditure pending the passage of the appropriation bill.
 - the appropriation bills for works and services authorising the votes in the estimates.
 - the appropriation bill authorising the votes in any additional estimates.
 - the supplementary appropriation bill and supplementary appropriation (works and services bill) authorising the votes in any supplementary estimates;
- * Treasury financial statement which was accompanied by the Auditor-General's report.

In analysing this period, three normative concepts are identified which underlie the legislative 'control' of the public purse: 'appropriation'; 'consolidated fund'; and 'cash

accounting' (see Campbell, 1954; Jay, 1955; Levy, 1972). The first concept was 'appropriation' and in the Federal financial legislative framework, legislative appropriation must precede expenditure. Authority is normally given on an annual basis, so that governments can be questioned each year when they come back for more funds. Some appropriations are made on a continuous basis, including those of a statutory nature (Supply Acts, Advances to the Minister of Finance, Loans Acts, Special Appropriations).

The second concept was the 'consolidated fund'. Receipts and expenditure of government were channeled through a single fund, so that control over appropriation could be maintained. Funds are appropriated for specific purposes and accounted for on a fund system. For instance, departments may be required to account for receipts and payments of public moneys against budgeted or appropriated amounts for each statutory fund. This is known as fund accounting and the reporting of information in this way is often referred to as compliance reporting (Finance, 1992:1).

The third concept was 'cash accounting'. Traditionally, the parliament has required the use of a cash basis to grant authority and for the executive to report accounting information (although often not a pure cash system) (Nicholls, 1991). It has been recognised that this approach is not relevant to all commercial activities within statutory authorities and government trading enterprises. For instance, The Postmaster-General's department first prepared commercial accounts in the form of a profit and loss account and balance sheet in 1913 and continued to use this form (Standish, 1968). As a result, government accounting procedures differed in important respects from business accounting practices (Jay and Mathews, 1968:39-46; 185-203), though several government business enterprises had a more commercial approach.

In summary, during this period there was a continuance of a 'modern' public sector accounting which had its origins in the Westminster system of government. Concerning the five accounting divisions the following is a summary of what was in place in this period

(see, JCPA, 1954, R13; Jay and Mathews, 1968).¹⁶ The first division, estimates and budgeting, was characterised by a yearly forward estimates summary and budget papers with detailed line items. Concerning the second division, financial management, as indicated above, the dominance of cash and fund accounting is noted and the focus was on inputs. For expenditure and performance measurement, the emphasis was on appropriations vs. expenditure, and performance was measured by matching appropriated receipts against expenditure. Finally, for review and audit, the emphasis was on regulatory auditing.

The second category was Parliamentary committees and machinery of government arrangements. At the beginning of this period there were several parliamentary committees (see Reid and Forrest, 1989) and several other parliamentary committees were (re)established during this period; for instance, the public accounts committee was re-established in 1951.¹⁷ Reid (1966) argued that this committee tried to assert 'real control of the public purse' and up until the late 1950s it promoted several changes to the timing, form and design of financial documents (see Chapter 4 for details).

The executive and its associated departments have historically been the principal guardians of political philosophy or policies of the government. From the dominant elected party the prime minister and other ministers are selected to form the cabinet. During this period, the Executive Government was dominated by the party system (Emv and Hughes, 1991:361; Lucy, 1993).

Concerning the central co-ordinating agencies of Treasury and the Public Service Board

¹⁶ Of course during this period there was debate and changes to specific aspects of the financial documents. The purpose of the current summary is to characterise the general features of government accounting. For more specific details about changes and debates see, Jay and Mathews (1968).

¹⁷ Its origins can be traced back to the establishment in 1861 of a UK committee of public accounts to exercise scrutiny of the accounts of the government (Reid, 1966:1). A Commonwealth PAC was established in 1913. In 1932, the PAC was suspended as an economy measure (Degeling et al., 1988) and was re-activated in 1951 (also see Chapter 4 for a detailed history of the JCPA).

(PSB), traditionally, the Treasury's role¹⁸ had been to regulate and co-ordinate the economic and financial aspects of government. By the 1950s, Treasury was becoming an important source of general economic policy advice and this function was to expand during the 1950s and 1960s (Whitwell, 1986:6-7), and this suppressed in some ways its traditional role as the government's bookkeeper. The PSB had responsibilities under its Act for the staffing function, management and improved methods of work, and reporting on 'efficiency and economy' matters for many parts of the Commonwealth public service (Spann, 1984).¹⁹

At the start of this period there were 22 departments, many of them created after the war (Spann, 1975:107). The creation of departments did not require specific legal enactment, and during this period several were established, abolished, subdivided or reorganised. Employment within the departments grew from 47,043 in 1939 to 229,380 in 1970. Each department usually had a minister responsible and was required to produce a public annual report (by no means was this always produced) (Spann, 1975:97).

Concerning statutory authorities, the Commonwealth government made little use of these before the post-war period. It was during the 1940s and 1950s that the commonwealth made use of such bodies (Spann, 1975). The only common feature of these bodies was that they were created by special statute.

The main function of the A-G office²⁰ up to the early 1950s was regulatory auditing

¹⁸ Treasury's 'role' has been referred to by a variety of labels. These labels in part reflect varied emphasis of the different responsibilities of that organisational form known as Treasury. For instance, Treasury has been referred to (Whitwell, 1986; Weller and Cutt, 1976) as that area of government administration associated with : 'financial control', 'expenditure control', 'financial co-ordination', 'treasury control'. The RCAGA referred to its role as 'financial administration'.

¹⁹ From the 1920s, there was an emphasis in the PSB on 'efficiency and economy'. These were important responsibilities and a strong inspector system operated within the PSB until the late 1960s (Spann, 1984:290).

²⁰ In 1901, the Audit Act established a legislative basis for the financial management of Commonwealth moneys and a legislative basis for the audit of related accounts. The Act was the fourth to be passed by the first Federal parliament and came into operation on 1 January 1902. The Office of

(Bland, 1946; Campbell, 1954). Its role was to criticise, make suggestions and draw attention to any breaches of the law or regulation (e.g. illegal or irregular activities, or non-compliance with financial directives and appropriations). During this period the A-G increased the scope of his investigations to include audit of internal controls and other matters (see Chapter 5 for more details).

In summary, this period can be characterised as having a 'modern' public sector accounting system with an array of documents and institutional arrangements with antecedents in a traditional Westminster system of 'parliamentary oversight' of the executive accounts. The emphasis was on appropriation processes and cash accounting. The dominant machinery of government organisations were the executive government and central co-ordinating agencies, whilst the A-G was involved mainly in regulatory auditing.

3.3.2 Period B: The RCAGA (1976) event and APSA developments

A critical event in understanding developments to the APSA was the inquiry into public administration by the Royal Commission into Australian Government Administration (RCAGA).²¹ Public administrative inquiries are significant events because a central concern is often with change to various aspects of the public sector. These reports contain snapshots, or images, of past, present and future institutional arrangements, administrative processes, and various (management and accounting) technologies. During such events, there is questioning of the past and present, also recommendations for a different configuration of public sector accounting documents, processes and institutional

the A-G can be traced to the Exchequer and Audit Act of 1866, which established a financial system involving the preparation of a more or less comprehensive plan; the authorisation of that plan by the legislature; the carrying out of the plan; rendering of the accounting to the legislature at the end of the fiscal period; and the verification of expenditure (Chubb, 1952; Normanton, 1966).

The Office of the Auditor-General has undergone various name changes in its history. These include: before 1980, A-G Office; 1980 until 1990, Australian Audit Office (AAO); after 1990, Australian National Audit Office (ANAO) (see Chapter 5 for more details).

²¹ The RCAGA offers a window into key issues of the times and debates about alternative formulations. These were determined by analysing the terms of reference, evidence to, reported proceedings of, and published public reports of the Royal Commission. All of these were accessible in document form.

arrangements.²²

The Commission was started in 1974 and reported in 1976. The RCAGA terms of reference included the examination of: parliamentary scrutiny and control of administration; adequacy of machinery available to access the relevance and economy of existing programs in meeting government objectives; and the functions of the Public Service Board, Auditor-General and Treasury (Hazelhurst and Nethercote, 1977).

The Commission's focus was on the complexity of administering a modern national government and its co-ordination of machinery of government arrangements, administrative processes and technologies (Coombs, 1977). The RCAGA discussion of 'problems' in the public sector resembled the key questions posed by Crozier et al. (1975) in Governability of Modern Democracies these were: size, financing and efficiency of the public sector. These concerns were not uniquely Australian and had been posed for various national governments and state bureaucracies in Western Europe, North America, and Japan (Pusey, 1991: 161-2).

In orienting its audience towards recommendations for major transformations in the way in which the public sector should be organised, managed and accounted for, the report provided detailed criticisms of past and (then) current practices.²³ The main criticisms were concerned with the 'inefficient use of resources' and problems within the

²² Acceptance of formal recommendations is not the only measure of how successful the inquiry was. Because the Commission saw action and debate as important, one of its main themes was 'the process is the product' (process in terms of new discourses and different solutions and problems being raised: this process was not necessarily in the public gaze, but within the bureaucracy). The normative context for actions and reforms which followed during the next two decades could be said to have its intellectual roots in this event.

²³ The enormity of the review task should not be underestimated. The actual Report (RCAGA, 1976a) was nearly 500 pages long and contained over 300 recommendations. Four Appendices were also published (RCAGA, 1976b, A1,2,3,4), which contained summaries of consultants' papers, extracts of submissions and other material. In the course of the inquiry the commission received over 750 written submissions. Formal public hearings of matters raised in written submissions were also held. There were over 3200 pages of evidence from public hearings.

administration (for more detail see RCAGA, 1976a:17-22).

Recommendations associated with the structure, functioning and composition of the public sector bureaucracies were accompanied by a vision of management practice. The form of management envisaged by the RCAGA was the idea of 'accountable management' (Self, 1978). Other nations had also followed this 'vision', for instance Britain's Plowden (1961) report on control of public expenditure; Canada's Glassco (1962) report on Government administration; and Britain's Fulton (1968) report on the structure, recruitment and management of the civil service.²⁴ The RCAGA (1976a, esp. Ch 3.) followed on from these reports and recommended a system of 'accountable management'.

As defined by the Fulton Report (1968:149), 'accountable management' was:

the means of holding individuals and units responsible for performance measured as objectively as possible. Its achievement depends upon identifying or establishing accountable units within government departments - units where outputs can be measured against costs or other criteria, and where individuals can be held personally responsible for their performance.

'Accountable management' as proposed by the Fulton report was about holding individuals and units responsible for performance. It required the identification of those parts of the organisation that form convenient groupings (or centres) to which costs can be precisely allocated as the responsibility of the person in charge. Such accountable units were to be organised into separate 'commands', which would correspond to the 'budget centres' that had been developed in industrial organisations. Ideas and techniques of business management and management accounting were central to the concept of 'accountable management'. Attention to management processes was via specific codification and measurement of tasks and responsibilities. Also there was to be the clear identification of

²⁴ See Brown and Steel (1973), Chapman (1968), Chester (1968), Fulton (1968), Gunn (1968), Wettenhall (1978) for more details about the origins and use of the idea of 'accountable management'.

inputs and outputs of a unit.²⁵

The managerial philosophy followed by the RCAGA in its pure theoretical form is one which assumes that objectives can be given and are operationalised, that the measurement of inputs and outputs can be obtained and that relevant performance indicators can be found for all public sector activities. It is assumed that information produced will be relevant to decision making, and that it will assist decision makers in making 'rational decisions'. Also that an accountability relationship exists and that financial information and audit play a key role in its discharge.²⁶

The RCAGA identified a number of accounting technologies that could provide part of the technical 'solutions' for the pursuit of 'accountable management'. The five accounting divisions are now discussed below.

²⁵ This was described in the Fulton Report (1968:153) as follows :-

Wherever measures of achievement can be established in quantitative or financial terms and individuals held responsible for output and costs, accountable units should be set up ... need for management accounting techniques and cost data.

Johnson (1983:174) refers to the period 1960 to the late 1970s in Britain as the management movement in government period. The dominant view was that management should be held responsible for performance and that power for management decision making should be decentralised centre to departments and within departments to responsibility units. Responsibility units were linked to the idea of Management By Objectives (MBO). To keep department managers up to date the following was suggested: employment of outside consultants; establishment of management services unit; increase emphasis on long term planning; and separation of policy advice from management process. Chapman (1968:448) describes this as the remoulding of civil servants into business managers.

²⁶ The key features of the Commission's scheme (RCAGA, 1976a: S3.2.12) for 'accountable management' included the following features:

- a. the objectives to which work is to be directed and the priorities attached to them are to be stated clearly;
- b. decision makers at all levels have scope to act entrepreneurially;
- c. officers are able to identify themselves with the objectives to which their personal efforts are directed, and with the ways in which these objectives have been determined and the related work organisation;
- d. staff involved are appropriately recruited, trained, organised and promoted;
- e. managers at all levels have access to both the information upon which their actions should properly depend, and to the appropriate expertise in managerial and related techniques;
- f. performance at all levels is regularly assessed and those responsible are held accountable for it in ways which ensure that the assessment bears upon their rewards, standing and future.

Forward estimates and budgeting

A major change suggested to the 'modern' APSA was that the annual forward estimates and budgets were to be on a program basis. Treasury was to revise the annual Appropriations to allow for a presentation that would reflect programs (R311,(i)).²⁷ This was stated as allowing for the combination of parliamentary 'oversight' with administrative flexibility. Even though Cutt (RCAGA, 1976b, A4) argued for a program budgeting approach, this was not taken up in the recommendations.²⁸ The actual form and content of the budget appeared not to be a concern of the RCAGA, but the process of formulating the budget was.

Also the Commission envisaged the development of a detailed forward estimates process. Recommendations included the promotion of revamped and new forward planning and estimates. A forward estimates process was to be established, to form part of an enhanced planning information system envisaged for ministers and their departments (R2; S3.3.6). This was to be linked with an annual budgetary process for short-term considerations (R310; S11.2.2 ff). A major feature of these changes was the setting of plans and objectives within the budget and estimates documents and processes.

Financial management

There was little attention in the report's recommendations and general discussion to financial management, except in terms of making departmental heads designated 'accounting officers' responsible for financial management (R47,48; S4.5.6). The RCAGA recommended (R6) that there should be several joint studies of financial administration by

²⁷ Such bracketed references refer to the RCAGA (1976a) report; (A) Appendix; (para.) paragraph; (S) section; (R) recommendation number; and (p) page number, where so identified.

²⁸ The RCAGA (1976b, A4) contains a selection of relevant material to this discussion. This material includes part of the Treasury submission (paper 1), criticism of the Treasury role (paper 2) and extracts from a consultant's report on Treasury control (paper 5). See also Appendix 1.C on program budgeting in RCAGA (1976b, A4).

Treasury and various departments concerning 'efficient resource usage'.

Expenditure and performance measurement

Another change suggested was that departments and governments were to specify performance targets and establish a 'factual system' for calculation of costs. For instance, there was to be reviews of organisational and manpower efficiency matters. These reviews were to be based on uniform, factual and statistical information in prescribed form, so as to promote the use of objective and measurable criteria and avoid reports becoming propagandist (p.49). Of interest was the suggestion that the A-G should undertake these reviews and should establish standards of performance (R6; R7).

Accountability and annual reporting

There were several recommendations concerning accountability and annual reports of departments and statutory authorities, with an emphasis on the requirements of 'effective parliamentary scrutiny' (R58; S5.1.9). It was also recommended that standards and guidelines for departments annual reports (R23,24,25; S4.3.25-27) should be established.

Information required in the annual report was to include details of significant developments, financial information, staffing numbers and composition, and forward estimates. It was argued that this information was required to ensure that departmental decision makers at all levels had access to information on which to base management decisions (R12, R13; S3.8.1; S10.7). There was some allusion to accountable management, performance and review information for central decision making (para.3.8.3). Recommendations concerning information requirements for these were sketchy.

Review and auditing

The report recommended that the A-G should be freed from the detailed traditional regularity audit, therefore allowing the A-G to undertake audits of efficiency (R23-25;

S4.3.25-27; S312-318; para.11.4.5-13). The Commission recommended that regular reviews of efficiency in terms of financial, organisational and personnel management should be carried out by departments themselves, as well as by the A-G, thereby promoting both internal and external efficiency reviews. These reviews were to form the basis for action to improve efficiency, by heads of departments, ministers, and parliament. Also, the A-G efficiency audit reports were to be presented to a proposed new parliamentary committee on administrative efficiency (R4-9; S3.6.2, 15-17, 20, 23).

In summary, in the name of 'accountable management' the following changes to the 'modern' APSA were envisaged: first, a setting of plans and objectives within the budget and estimates documents and processes; secondly, an identification of the need for surveys of financial management issues and identification of 'true costs'; thirdly, the specification of performance targets and provision of information on resource usage for local or central decision making; finally, promotion of internal and external efficiency reviews. However, the RCAGA did not specify guidelines or standards for these accounting technologies. This was to be left up to the central agencies of Treasury and PSB.

The second category of parliamentary committees and machinery of government arrangements will now be used to analyse the RCAGA 'vision'. The first four components of the 'institutional financial circle' will be outlined in terms of the RCAGA 'vision', the last (the A-G), will be examined later.

Parliament and its committees

In line with the Commission's 'vision' of 'accountable management', ministerial responsibility was to be reduced and departmental heads responsibility increased. Parliamentary 'oversight' was to be 'boosted' by a more active parliamentary committee system (R59, R60; S5.1.14 to 5.1.25). The Commission reviewed most parliamentary committees and proposed changes in their composition, powers, duties and relationship with other committees. For instance, a new committee was to replace the JCPA and was

to examine 'efficiency of administration' and 'performance' matters.²⁹

The RCAGA 'vision' was that parliament and its committees were to increase surveillance over the executive government's 'administrative efficiency', replacing an emphasis on 'control of the public purse'.

Executive cabinet and associated departments

The RCAGA report recommended that a separate department of Prime Minister and Cabinet (PM&C) be established for the co-ordination of policy and programs (S11.5). The 'vision' was that responsibility for the management of government was now to be with Treasury and the PSB. Policy was to be the domain of the Department of PM&C. A separation of 'policy' from 'management' was envisaged, with PM&C being the centre for policy making.

Central co-ordinating agencies

At the time of the Commission, Treasury³⁰ was thought of as the manager of the economy, program administrator, budget preparer and policy evaluator (Weller and Cutt, 1976). This was a significant change from its original 'bookkeeping' function.

Three significant changes to the Treasury structure and functions were recommended. The first change was the separation of the economic policy function from that of financial control (S11.3.15). However, this did not go so far as to recommend a new Department of

²⁹ See RCAGA (1976a, R8) about a new committee which would take over the powers of the JCPA and the A-G would report on his new duties to this body. There was an interesting contradiction in terms of the argument in the report concerning Caiden's proposal to establish a new OPAAM department. This was not accepted. The argument used was that the commission did not want to set up a new institution (S3.6.5).

³⁰ The RCAGA recorded the responsibilities of Treasury as (RCAGA 1976a, R4:97):

- * presentation of the annual federal budget;
- * presentation of taxation and borrowing proposals;
- * administration of tax laws and public debt borrowing;
- * monetary, banking and foreign exchange matters;
- * administration of the Audit Act; and
- * reporting to parliament on financial matters.

Finance.³¹ The second change concerned financial controls. These were to be viewed in terms of forward estimates and program budgeting (R311; S11.3.21) and linked to the Commission's vision of 'accountable management'. The third change was that Treasury (and PSB) should provide education and guidance on financial, organisational and staffing matters. This required the development of standards for financial and organisational matters (S3.7.2). The 'vision' for Treasury was that it was now to act as an instrument of change, rather than just of 'control' (R10,11; S3.7.3; 3.11.3; 3.11.6) and was to be central to implementing the management changes envisaged by the RCAGA.

At this time the PSB's responsibilities included personnel administration, training and work methods, management audits, and policy advice. Several significant changes to responsibilities of the PSB were recommended (R325-334). The 'vision' involved the PSB co-ordinating four responsibilities: control of staff numbers; control of salary and related costs; development of personnel capacity; and the supervision of organisational efficiency.

The RCAGA recommended that Section 17 efficiency reviews be removed from the PSB and relocated in the AAO (S11.6.47). This was because of the PSB's reluctance to monitor the performance of departments and agencies (S3.6.7) and its poor performance with regard to efficiency matters (Spann, 1984:308). The Commission recommended that the PSB should promote efficiency through training and the provision of management consultants (R327; S11.6.20). In summary, the RCAGA vision was that the central co-ordinating agencies (i.e. Treasury and PSB) were to have a more defined role in the management of government and were important to the implementing of many of the main RCAGA recommendations.

Departments and statutory authorities

The fourth component consists of departments and statutory authorities. The RCAGA

³¹ This happened later on, when, in 1978, the Treasury was split up and a new department formed, the Department of Finance.

'vision' was for decision making to be decentralised to the department level and beyond (responsibility centres). This involved the following:

- i) department heads to be responsible for management of programs (R3; S3.4.7) (S9.1.2, S11.3, S11.6, re co-ordination and control).
- ii) establishment of a senior executive service of which participants would become senior managers in the administration (R234-240; par. 9.5.4).
- iii) department heads to be held responsible for efficient and economic administration (R14; S4.2.8-9).
- iv) department heads to be appointed accounting officers to emphasise their primary responsibility for financial management (R14, 48; S4.5.6).

Also, managers were to be involved in the formulation and review of objectives and administrative guidelines within departments (R95-96; S7.2.11-13).

Statutory authorities and commercial authorities were to be placed under an obligation to report to parliament through a minister (R37, R38; S4.4.32) and the A-G and various parliamentary committees should review the conduct of such bodies (R39,40; S4.4.33).

The RCAGA 'vision' for the Auditor-General's (A-G) Office included the introduction of efficiency audits (S11.4). The A-G was to be given appropriate extended powers and resources to conduct such audits (R23-25; S4.3.25-27; R312-318; S11.4.5-13). The RCAGA 'vision' was that the A-G would review objectives and performance measurement as criteria for judgments about 'administrative efficiency'.

In summary, 'accountable management' was to be operationalised via the following

changes to the 'institutional circle of control'. First, parliament and its committees were seen as a means for increasing 'oversight' over the executive government's 'administrative efficiency'. Second, the cabinet and its departments were to be developed as the strategic centre of government policy making and objective setting. The third was that the co-ordinating agencies (Treasury and the PSB) were to have more defined roles and were to be central agencies for implementing many of the RCAGA report's recommendations. Fourth, managers in departments and statutory authorities were to be given more responsibility and were to be held to account for their 'performance'. The fifth finding is that the A-G was to review 'administrative efficiency' by way of an 'efficiency audit'.

In conclusion, the RCAGA was a major event that impacted on past configurations and created new conditions of possibility for, in Porter's terms, 'assimilation'. The next decade and half was a period of development where the emergent actualities and possibilities came together, as the philosophy of 'accountable management' began to transform the APS, and aspects of its accounting.

3.3.3 Period C: APSA developments from 1977 to 1991

In Porter's terms, Period C can be categorised as one of 'symbolic transformation', where the possibilities within the RCAGA 'vision' and other actualities come together in reshaping the APSA. Following on from the RCAGA period, a major public sector administrative transformation occurred in the Australian federal government during the next decade and half (Emy and Hughes, 1991; Halligan, 1988; Halligan and Power, 1992; McInnes, 1990; Painter, 1987; Power, 1990; Wanna et al, 1992)³² and as will be shown, within this various APSA developments occurred. To provide a flavour of the processes involved, a brief sketch of administrative reviews and governmental reforms during this

³² During this period there were public inquiries and changes not only at the federal level, but also in various states and territories within Australia (see Guthrie, 1989 for more details). Painter (1987) indicates that we have to go back to the decades around the turn of the century to find a comparable era of change. From that time on there was a period of relative stability until the early 1970s, but since then there have been several major administrative reviews and reports and changes to public administration.

period is undertaken below.

At the time of the RCAGA report (1976a), the new Fraser government appointed Sir Henry Bland, whose subsequent report (Bland, 1976) concentrated on 'waste' and 'inefficiencies' in the APS. The result was a reduction in public service staff numbers. In 1981, the government reviewed various Commonwealth functions and was labelled, in the popular media, the razor gang, because of its wide slashes at public sector expenditure and staff numbers (Spann, 1984).

A national Labor government was elected in 1983, on a platform of reform to government administration (Australia, 1983). On assuming office, it established a task force in late 1983 and during 1984 white papers on budget reform (Australia, 1984a) and public service reform (Australia, 1984b) were issued. These recommended a range of administrative reforms in three key areas. The first area was the process of decision making associated with budget priorities by the government itself. The second area was the information base and processes for public and parliamentary scrutiny of the budget and of the subsequent implementation of budgeted programs. The third area was financial and program management reform in government agencies. Many of these ideas flowed directly from the RCAGA recommendations.

By the mid 1980s, a 'results oriented' framework was being promoted. This included the Financial Management Improvement Program (FMIP) in which departments and agencies were required to develop performance measurement of both 'efficiency' and 'effectiveness'. These were to be reported to parliament in the budget explanatory notes, annual reports, and corporate plans.

A major change to the machinery of Federal Government was introduced in July 1987 (the Administrative Arrangements Act, 1987). At that time the number of departments was reduced from 28 to 18. These were organised into 16 Cabinet portfolios. This followed the

Block (1987) efficiency scrutiny. It was a move towards a 'portfolio approach' to management in the public sector. During this period the government took steps to reform statutory authorities (SA) and public business enterprises (PBEs). Several guidelines and policy statements were issued on these reforms (Australia, 1987).

Along with these reforms were several developments in APSA (see Codd, 1991; Finance, 1992; Forster and Wanna, 1990; Guthrie, Parker and Shand, 1990; MAB- MIAC, 1991a; 1991b; 1991c; 1993; McPhee, 1993; Taylor, 1990; Weller, 1991). Many of these developments are listed in Table 3.1.

Table 3.1 Summary of APSA developments since the RCAGA

i)	Forward estimates and budgetary processes	<ul style="list-style-type: none"> • budget estimates in program format; • forward estimates of outlays, on a three forward years basis; • increased expenditure review processes, linked to focus on cost recovery and evaluation of programs; • changes to appropriation and special appropriation procedures; and • program performance statements.
ii)	Financial management	<ul style="list-style-type: none"> • introduction of the financial management improvement program; • certain receipts generated within departments can be retained; • greater emphasis on asset management; and • introduction of accrual information for identifying 'true costs' and 'user charges'.
iii)	Expenditure and performance measurement	<ul style="list-style-type: none"> • expenditure statements in program format; • requirement for performance indicators for certain government entities; and • introduction of capital accounting and depreciation.
iv)	Accountability and annual reporting	<ul style="list-style-type: none"> • whole of government reporting; • financial statement guidelines, required a program statement, supplementary financial information, disclosure of fixed assets; • explanatory notes and performance statements; • various annual reporting regulations and guidelines outlining the form and content for Departments, SA and PBEs; • Dept. of Finance annual reports trial accrual accounts and the requirement that all departments will adopt an 'accrual method' for financial reporting.
v)	Review and auditing	<ul style="list-style-type: none"> • compulsory evaluation of government programs; • efficiency scrutiny (both internally and externally); and • efficiency and performance audits.

In more detail, during this period forward estimates and budgetary processes were required on a program format, as was the requirement to produce program performance statements (Australia, 1984a; Holmes, 1990; Keating, 1990; Koon, 1992; Wanna and Coaldrake, 1988). Second, the Financial Management Improvement Program (FMIP) was considered to be central to the administrative and financial management reform process (Australia, 1984a; Barrett, 1988; 1991; McDonald, 1990). Third, expenditure and performance measurement was now required in an accrual form and performance indicators were constructed (Carpenter, 1990; O'Faircheallaigh and Ryan, 1992). Fourth, for annual reporting and accountability there was the introduction of whole of government financial reports and more emphasis on the annual report (Augment, 1991). Finally, mandatory evaluation was introduced and the ANAO was given powers to undertake efficiency audits (O'Faircheallaigh and Ryan, 1992; Taylor, 1990).

To flesh out more details three sketches will be undertaken: first, Financial Management Improvement Program (FMIP); second, annual reporting; and third, public sector auditing.³³

Financial management improvement program

The first technology to be analysed is the Financial Management Improvement Program (FMIP). In 1984, a report by the consultants W.D. Scott and a subsequent government report on the financial management improvement program (APSB and Finance, 1984) set out details concerning financial management reforms.

Beginning in October 1985, Program Management and Budgeting (PMB) was introduced in a staged manner under the umbrella of the FMIP. The adoption of PMB throughout the Commonwealth Public Service was completed in the 1988-89 Budget (Holmes, 1990). By then, Barrett (1991) argues, the objective-setting and program structure dimensions of

³³ These three sketches of developments to specific accounting technologies are undertaken to highlight the varied development path of each technology.

PMB were substantially in place, as ministers and departments were asked to prepare evaluation plans since 1987.

The program's stated intention was to assist government agencies to manage for results and, in so doing, to use resources as 'efficiently' as possible (Australia, 1984a). The concepts embedded in the FMIP were linked to the major elements of the accountable management. However, there was a significant change in the character of Finance's discourse concerning FMIP during this period: it moved from an 'efficient' management discourse, to one of savings and streamlining budgetary processes, and then to the promotion of several themes associated with 'managerialism'.³⁴ Recently, the stated 'central principles' now underpinning the FMIP include: devolution of control from central agencies to within departments; increase in managerial flexibility ('letting the managers manage' and 'making them manage'); the user-pays principle; public accountability; effective performance measurement; risk management; and results orientation (see, HRSCFPA, 1990). In theory, the emphasis in financial management was a change from inputs, appropriation and compliance matters, to a greater emphasis on outputs, performance measurement, and management against clearly defined objectives.

Annual reporting

The 1983 Guidelines for the financial statements of commonwealth undertakings (Australia, 1983) set the standard for the financial statements of Commonwealth statutory authorities and departmental undertakings that was envisaged by the RCAGA. Since then, various bodies have paid considerable attention to enhancing the timing and content of public sector annual reports (Milazzo, 1992).

There have been two main streams to these developments in annual reporting mechanisms.

³⁴ During this period the term 'managerialism' replaced 'accountable management' in the official and academic literature. However, both terms have common features and 'managerialism' is a modern way of referring to 'accountable management'.

First, the introduction of the requirement that financial statements be produced and audited. Second, there is a requirement for 'other' information to be included in the annual reports. For instance, the guidelines for departmental annual reporting (SSCFPA, 1989) provided that the following should be included: industrial democracy plans; equal employment opportunity plans; reporting on compliance with guidelines for official conduct of Commonwealth public servants; freedom of information reporting; financial reporting standards; and social justice reporting (on aspects of programs' equity, equality, access and participation).

In this period, the increasing emphasis on annual reports has supplemented the traditional reporting in Treasury financial statements and expenditure statements by individual units to Finance. Traditionally the emphasis was on cash budgets, probity matters, compliance with appropriations and expenditure control. Now the annual reporting emphasis was concerned with 'objective achievement', 'efficiency measurement', 'output and outcome performance', and 'performance information and indicators'. For instance, the JCPA (1989, R298:21) indicated that annual reports should provide: achievement of objectives; results achieved and progress towards achievement; and resources used. The emphasis was on 'output performance' (i.e. achievement of objectives), through financial and non-financial performance indicators. To be held 'accountable' for performance against clearly defined objectives is a key feature of the transformed annual reporting mechanisms and a key principle of 'managerialism'.

Public sector auditing

There have been significant changes to the formulation of public sector auditing. It has developed from being the provision of an independent and professional assurance that government resources have been managed in accordance with the law (appropriations), to a current expectation that the public sector audit also includes formation of opinions on a range of management matters, including 'value for money', 'efficiency', 'effectiveness' and 'performance' of various governmental units.

The pressures for change have created an environment where the expectation is that at least 50 per cent of public sector auditing resources should be spent on 'performance auditing' (JCPA, R290, 1988) (see Ch.5 for a detailed analysis of this event).

Institutional arrangements

Concerning institutional arrangements, there was a drastic increase in the number of parliamentary committees and the range of their activities, during this period (Aldens, 1991; Marsh, 1992; Reid and Forrest, 1989; Uhr, 1991). For instance, until 1987 the Senate Standing Committee of Finance and Public Administration (SSCFPA) focused only on SA and PBE matters. In 1987, the committee gained a standing instruction to inquire into the central administration of government. Since then, this committee has produced various reports on aspects of administration. For instance, the senior executive service; the Commonwealth Ombudsman; presentation of departmental explanatory notes; program management budgeting; and the estimates process (SSCFPA, 1992).

Also during this period, new centres of power have supplemented the old. Cabinet and its associated departments took over policy matters from the PSB and Treasury. New organisational departments, such as Finance, emerged and asserted a significant influence on the management and finance of the APS. Treasury was split in two in 1977, when a Finance portfolio was created in December of that year. The Finance department was responsible for financial management and expenditure control (previously handled by Treasury) and later dealt with management and efficiency matters (previously handled by the PSB). Since the split, Treasury has been responsible for economic, fiscal and monetary policy. The financial control, budgetary processes, and administration of accounting and audit acts were removed from Treasury and given to Finance. Since 1976, considerable executive attention has been paid to the devolution of management responsibility for PBEs. There has also been considerable devolution and change in responsibilities in the departments (Codd, 1991).

On the basis of the RCAGA efficiency audit recommendations, the Government established a Working Party of Officials on Efficiency Audits (WPOEA) in 1977 to examine its implementation. From this stemmed the Audit Amendment Act in 1979, which incorporated an official mandate for the A-G to conduct efficiency audits.

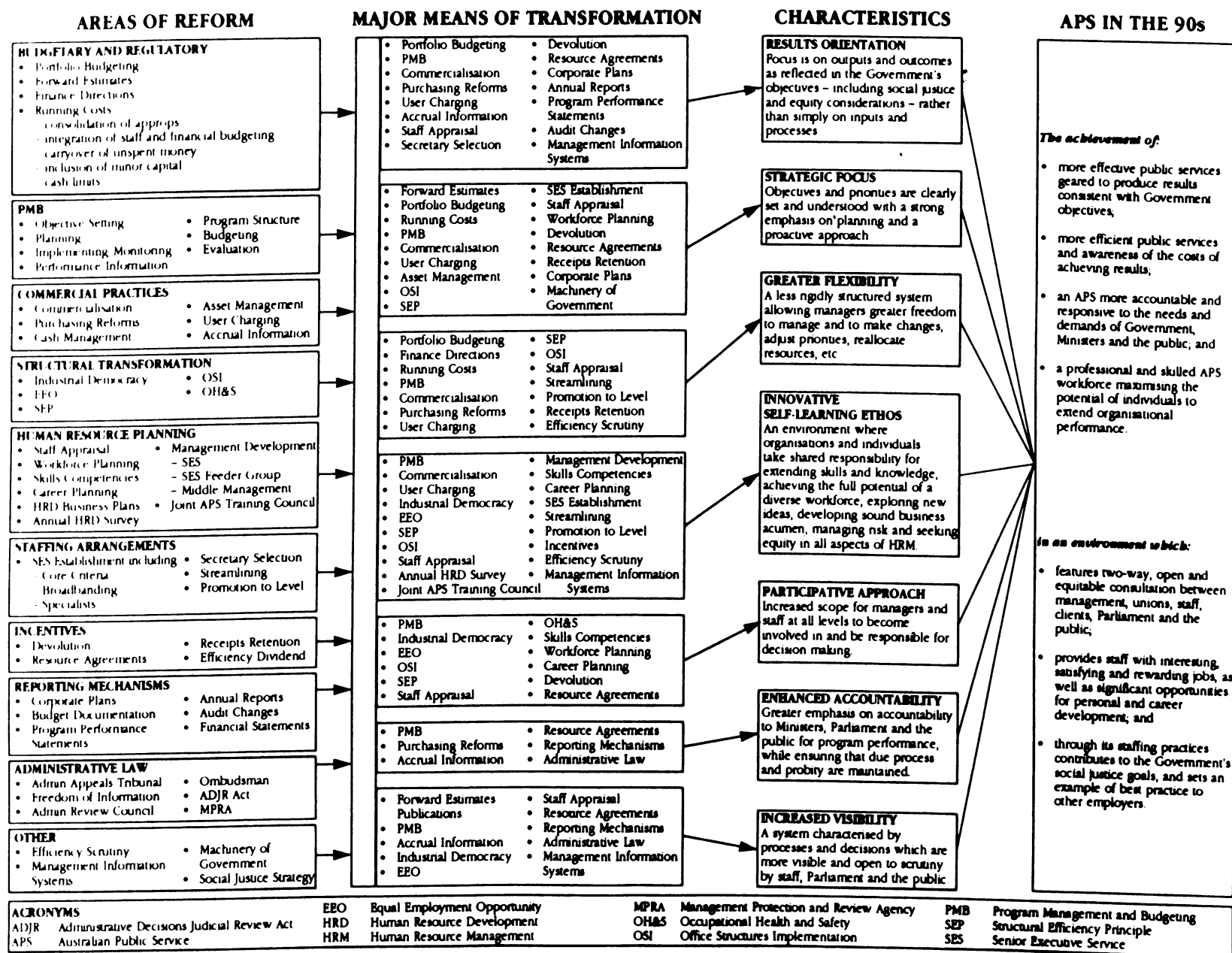
The next section draws together the discussion concerning developments across the three periods.

3.3.4 Period D: APSA in 1992

In Porter's processual approach his fourth characteristic is a 'metamorphosis', which is a passing on of aspects of the past into the current configurations. The 1992 situation is captured by Finance's representation (Finance, 1992) and is shown diagrammatically in Table 3.2.³⁵

³⁵Finance's (1992) representations are nothing more than that. There is little published research as to what developments have been in practice.

Table 3.2 APS reforms 1992



This table provides an insight into the government's reform strategy pursued from about 1983 until now, as well as listing the many technologies associated with the reforms, also the reformers dominant themes are also listed. Nearly 50 technologies have been promoted during this period from a variety of disciplines (e.g. accounting, economics, finance, industrial relations, law and public administration). The following discussion concentrates on the linkages between the RCAGA and the Finance's 1992 representation of the reform package.

Table 3.3 Summary of the changing characteristics of APSA

	Stage A 1950s	Stage B 70s/80s	Stage C 1992
Estimates and budgeting	<ul style="list-style-type: none"> • annual • line items 	<ul style="list-style-type: none"> • forward program • objectives 	<ul style="list-style-type: none"> • program and performance
Financial management	<ul style="list-style-type: none"> • cash and fund • inputs 	<ul style="list-style-type: none"> • cash and fund • efficient resource usage 	<ul style="list-style-type: none"> • accrual information • 'true costs' and 'user charges'
Expenditure and performance measurement	<ul style="list-style-type: none"> • appropriated receipts vs. expenditure 	<ul style="list-style-type: none"> • 'true costs' • performance targets 	<ul style="list-style-type: none"> • performance indicators • performance against objectives
Accountability and annual reports	<ul style="list-style-type: none"> • treasury financial statements 	<ul style="list-style-type: none"> • standards • individual annual reports 	<ul style="list-style-type: none"> • detailed annual reports (dept. and whole of govt.) • accrual financial statements
Review and auditing	<ul style="list-style-type: none"> • regularity 	<ul style="list-style-type: none"> • efficiency 	<ul style="list-style-type: none"> • performance

The RCAGA 'vision' for accounting was to make substantial changes to the 'modern' APSA. Table 3.3 provides a summary of the discussion so far concerning the various

APSA categories. As was indicated above, during the period under review many of these suggested reforms have been taken up by various governments.

The RCAGA 'vision' for institutional arrangements has also been taken up by various governments. The following Table 3.4 provides a summary of the analysis concerning parliament and machinery-of- government matters. This is followed by a brief discussion of each of the components of the 'institutional circle of control'.

Table 3.4: Summary of 'institutional circle of control' developments

	<u>STAGE A</u> 1950s	<u>STAGE B</u> 70s/80s	<u>STAGE C</u> 1992
1. Parliament and its committees	<ul style="list-style-type: none"> • focus on 'control' of the public purse 	<ul style="list-style-type: none"> • greater number • increase surveillance over executive govt. • focus on "administrative efficiency" 	✕ ✕ ?
2. Executive and associated depts.	<ul style="list-style-type: none"> • cabinet centre for policy making 	<ul style="list-style-type: none"> • centre for policy making and setting of objectives 	✕
3. Central co-ordinating agencies	<ul style="list-style-type: none"> • dominant Treasury and PSB 	<ul style="list-style-type: none"> • defined roles for 'management' of govt. • central to implementing changes 	✕ ✕
4. Dept. and statutory authorities	<ul style="list-style-type: none"> • minister responsible 	<ul style="list-style-type: none"> • managers more responsible • managers to be held to account 	✕ ✕ ✕
5. Office A-G	<ul style="list-style-type: none"> • compliance focus • regularity audits 	<ul style="list-style-type: none"> • focus on efficiency matters • responsible for setting standards of 'performance measurement' 	✕ ?

✕ achieved ? not achieved

Parliament and its committees

The RCAGA envisaged a stronger parliamentary committee system which would increase surveillance over the executive government. During the period there was a significant increase in the number of parliamentary committees (Finance, 1992:21). However, their effectiveness has been questioned, especially when it comes to 'oversight' of 'performance' (Aldens, 1991; Marsh, 1992).

The recommendation to establish a committee to examine the efficiency of management has not been followed through. However, functions of various other committees have evolved to include examining the 'efficiency of administration' (i.e. the SSCFPA). Also, the five estimates committees established in 1970 have yet to focus on program results and performance indicators (SSCFPA, 1991), even though this was recommended in the RCAGA report. The effective functioning of the estimates committees has also been questioned (Uhr, 1991; SSCFPA, 1991), to the point where commentators question the need for them to exist in their present form (Marsh, 1992).

The JCPA has reshaped its activities. The RCAGA recommended that it be disbanded. However, in practice, it has not been limited to examining the Commonwealth accounts, 'oversight' has been variously interpreted to include 'administrative efficiency' and 'performance' (see, Chapter 4 for more details).

Executive cabinet and associated departments

The RCAGA recommended that Cabinet was to develop into a strategic centre for government policy making. A separate department of Prime Minister and Cabinet (PM&C) was established to advise the Prime Minister, Cabinet and government on policy formulation and decision making. This has strengthened the power of the Executive Cabinet. PM&C now oversees the setting of objectives for government and policy co-ordination (Wanna et al., 1992), while the administration, implementation and review of government management have become the preserve of central co-ordinating agencies.

Central co-ordinating agencies

The RCAGA envisaged that the two central co-ordinating agencies (Treasury and PSB) would implement many of the RCAGA recommendations. The PSB has now been dissolved and its functions taken over by a variety of other agencies. Since its establishment, the Finance department has become pro-active in implementing management and financial reforms within the APS. The corporate mission of Finance was to serve Australia by 'promoting value for money in the management of the Commonwealth public sector through quality, advice and service to clients' (Finance, 1992:57). Finance has been central in changing the machinery of government, administrative processes, management and accounting technologies within the APS (Pusey, 1991).

Treasury is now concerned mainly with economic matters and provides advice on and administers structural, budgetary, monetary and taxation policies, as well as international economic relationships, commonwealth/state financial relationships and economic policy.

Departments and statutory authorities

The RCAGA envisaged that managers in departments and statutory authorities would be given more responsibility. In PBEs, devolution of management responsibility has occurred. Also, secretaries of each department in the 1990s are now responsible for financial management, departmental financial reporting and controls within each department. They are also responsible for preparing the department's estimates of receipts and expenditure, preparing financial statements, and 'efficiently' and 'effectively' managing the resources allocated to the department by Parliament (Finance, 1992).

The role of managers has changed significantly since the RCAGA. Department managers are now expected to deliver 'program outcomes as quickly, as efficiently and as effectively as possible, to achieve results, and to do so within the legal framework which encompasses the manager's activities' (Finance, 1992:44). New accountability regimes are

being introduced which place emphasis on the managers being 'held to account' (MAB, 1993).

Auditor-General's Office

The RCAGA envisaged that the A-G would focus on efficiency matters and be responsible for standards of performance measurement. Since then, the A-G's office has significantly changed its character. Recent ANAO corporate goals were stated as including an improvement in the economy, efficiency, effectiveness and accountability of the Commonwealth public sector by comprehensive auditing (Finance, 1992:25).

The A-G has now supplanted the traditional concerns of financial appropriation, probity, and compliance, with the concerns of 'economy', 'efficiency', 'effectiveness', and 'accountability' of administration of public sector entities and the performance of their managers. This change in emphasis is in spite of the RCAGA warning that 'effectiveness' is a political category and therefore unsuited to the duties of 'compliance' or 'due financial process' review bodies, such as the A-G (RCAGA, 1976a: 202). The Commission stated that there was a place within public administration for effectiveness reviews and that place is the Department of the Prime Minister and Cabinet. The ANAO still has not assumed the mantle of providing independent standards for performance monitoring, reporting and auditing, as was envisaged by the RCAGA report.

The final level of summary concerns the changing nature of parliamentary 'oversight' during the period from a focus on the 'control of the public purse' to oversight of 'performance'. This is summarised over in Table 3.5

Table 3.5 Summary of the changing nature of parliamentary 'oversight'

	<u>Stage A</u> (1950s)	<u>Stage B</u> (70s/80s)	<u>Stage C</u> (1992)
Parliamentary 'oversight' concept	'public purse'	'administrative efficiency'	'performance'

In conclusion, the above analysis strongly indicates that changes in the machinery of government in the APS have followed the 'vision' laid down within the RCAGA report. However, neither Parliament nor the A-G have embraced performance review or performance standard setting as was outlined in the RCAGA 'vision'.

3.4 Implications and Summary

This Chapter has considered the direction of public sector accounting developments over the past 40 years. Through the consideration of common elements, a patterning of changes to the machinery of government and various technologies has emerged. Porter's processual view indicates the importance of 'antecedent' conditions. In this case study, 'modern' public sector accounting and several concepts were identified (e.g. appropriation, consolidated fund and cash accounting). In many respects these are still operating. What has changed is that another 'overlay' has emerged.

The 'overlay' has involved the creation of program and performance reporting. The introduction of FMIP, program performance statements, performance auditing and other technologies has meant a casting of parliamentary 'oversight' in terms of public sector 'performance' rather than 'control'. For instance, in the period reviewed budget papers have changed, not only in the volume of information (compare Australia, 1960; 1984b; 1988), but in also the provision of portfolio estimates by programs. Portfolio explanatory notes, have now been replaced by program performance statements for the Senate estimates committees. For annual reporting, the guidelines and regulations now require a vast

amount of extra performance information, as well as accrual financial statements.

Also, these reports have only recently been institutionalised into parliamentary 'oversight' by the requirement that they be referred to a Standing Committee. Public sector auditing has also changed with the introduction of efficiency auditing, which in practice has evolved into performance auditing (i.e. examining not only 'economy' and 'efficiency', but also 'effectiveness').

The analysis above indicates the increase in the number and range of activities that parliamentary committees have been involved in. However, there is little research evidence available to indicate whether these committees are actually using the performance information for 'oversight' purposes (Aldens, 1991; Marsh, 1992; HRSCFPA, 1992). The study of the antecedent and emerging character of the Auditor-General's activities indicates that this office is now concerned with reviewing 'objective achievement' and 'performance'. The study has shed some light on the specific problem of explaining developments in public sector accounting technologies over the last 40 years.

Public sector accounting has been transformed from a 'modern' to a 'contemporary' state. The major difference is the overlay of 'performance' for the public sector. Traditional concerns for appropriation control, consolidated fund and cash accounting are still embedded within institutional, organisational and informational system arrangements. However, in the last two decades there have been various reforms which have introduced a 'program' and 'performance' focus to public sector accounting. In the 1990s, a 'contemporary' public sector accounting is developing, where accruals, profit or loss and financial position statements, performance indicators and performance auditing are gaining in standing. It is still too early to indicate how this new 'overlay' has impacted, and will impact, on the public sector. Its impact on parliamentary 'oversight' (as practiced) is still a contentious issue and requires further investigation.

More importantly, the above analysis indicates that there are both continuities (aspects of appropriation, fund and cash accounting) and discontinuities (focus on program, performance, objectives, outputs) associated with the construction of APSA during the past 40 years. The construction of public sector accounting is not pregiven, but is an historical construct. The importance of the relationship between the parliament and the executive to the 'oversight' of the government's accounts is a key issue. However, the evaluation the changes in terms of an amended executive accountability to parliament is outside the scope of this case study, but it is an important issue that warrants further attention.

Chapter 4 Case 2: An Organisational Focus: JCPA Activities and Public Sector Accounting Developments (1952-91)

4.1 Introduction

Public accounts committees (PACs) can be a focus for public sector accounting's past, present and future (e.g. technologies, practices, organisational and institutional arrangements) to be examined (or ignored) and debated, and for proposed change to be suggested. The Parliament of the Commonwealth of Australia, Joint Committee of Public Accounts (JCPA), is one such PAC.

However, public accounts committees are not the only organisational unit of activity in which public sector accounting change can be debated and played out.³⁶ Other arenas can be identified in which the adequacy of accounting practices in government is debated. These include other Parliamentary committees, central agencies of government, professional bodies (such as those of the accounting profession) and other bodies such as Chamber of Commerce and academic institutions. This chapter reports on an extensive examination of activities of only one of these arenas, the JCPA during the period 1952-91.

The following section briefly reviews both the technical and contextual literature concerned with PAC activities. Section 4.3 outlines the data collection methods used and reports the results. Section 4.4 interprets the data by four distinct periods. The last section (4.5) considers implications and provides a summary.

³⁶ Wildavsky (1988:108) points out that there is no longer a monopoly on advice. In the U.S. there are now a variety of legislative institutions, think tanks, consulting firms, universities, and other governments. These organisations acquire a phalanx of advisors who create, debate and constitute accounting development.

4.2 Prior Research

4.2.1 A technical perspective

Various authors have described the role and function of PACs. In the Australian literature (Campbell, 1954; Cleaver, 1965; Adams, 1986; PSB, 1985; Finance, 1992) and British literature (Chubb, 1952; Normanton, 1966; Peake, 1948; Sheldon, 1984; NAO, 1984) PACs have had the role of parliamentary 'oversight' over the accounts of the executive government attributed to them. Academic research has been limited.³⁷

Within the technical perspective, therefore, PACs are perceived as parliament's instrument of financial scrutiny over the executive, an 'oversight' role. Members of the committee are drawn from both sides of the parliament. Its proceedings are essentially judicial in character and the contents of its reports are tabled in parliament. The construction of a parliamentary 'oversight' over government accounts in this perspective can involve several concepts. The PAC:

- * must be independent from Executive control;
- * must have the co-operation of Treasury and work closely with the Auditor-General;
- * must focus on questions of oversight and criticism of past activity, but not become involved in questions of policy;
- * must be independent from ministerial interference;
- * must act as a non-party political committee for reviewing the financial affairs of the government of the day; and

³⁷ For instance, academic research involving this mode of analysis can be found in Flegmann (1980) and Coleby (1987). Flegmann (1980) covers the history and development of the United Kingdom Committee of Public Accounts (UK CPA). Her work explores many issues such as composition, meetings, reporting, openness, impact, administration, and scope of inquiries. In accounting related matters this work is limited. Coleby's (1987) case study of the New South Wales Parliamentary Accounts Committee (NSWPAC) overviews the functions and activities of that committee against the backdrop of JCPA and UK CPA activities. Her research provided a detailed case study of various inquiries, which focused on performance review mechanisms.

* requires some professional expertise from the members of Parliament who are elected to it and the staff who administer its affairs.

In theory, these six concepts are the basic requirements for the committee to act independently of executive interference.

However, an examination of the literature indicates that 'financial aspects' of government accounts can include a variety of concerns. For instance, in the British literature, Chubb (1952) sees the PAC function as 'control of the public expenditure'; Normanton's (1966) regards the UK CPA as seeking out 'waste and extravagance' and assessing financial transactions according to a criteria of 'efficiency'; Flegmann (1980) puts it as 'financial management'; Sheldon (1985) casts its concern as being about 'efficient use of resources' and obtaining 'value for money' from government's financial dealings.

In the Australian literature 'financial aspects' have also been differently perceived by various authors. For example, a NSW government accounting manual sees it as better supervision of the 'financial business' (NSWPAC, 1951); Campbell (1954), as making suggestions for the 'better conduct' of the public business; Cleaver (1965), as dealing with 'efficiency' matters; Adams (1986) sees the JCPA as assisting Parliament to undertake detailed evaluation of the 'efficiency of program administration'. In recent times, the Commonwealth handbook on financial matters has stated that the JCPA was established to exercise a particular facet of 'financial control' (PSB, 1985) and was a means of achieving executive 'accountability to the Parliament' (Finance, 1992).

In summary, to envisage a PAC concerned only with the 'oversight' of the 'financial aspects' of the government's accounts is to ignore the different interpretations placed on these socially constructed concepts.

4.2.2 A contextual perspective

The above perspective on PAC activity, and hence the pressures on public sector accounting, appear to have a one-dimensional view of the process of social production. That is, it recognises the connection between accounting and organising, but does not see it as a two-way process. More particularly, it does not consider how accounting may be affected by wider context processes. It is proposed to do this by the method as outlined in this Chapter.

4.3 JCPA Reporting Data (1952-91)

4.3.1 Data collection method

The empirical examination focus will be JCPA reports as tabled in Parliament. A survey instrument was developed (see Appendix B) and used to establish the patterning of items for each report. These observations were then collated and analysed for patterning over the period. For any one JCPA report the patterning of items is complex and situational.³⁸ But as the analysis moved to a wider time-frame (e.g. 10, 20 and 40 years) significant patterns emerged. These help to explain the activities of the JCPA and to identify certain processes associated with APSA developments.

³⁸ A brief static analysis follows of the JCPA report on the Department of Works (R5, 1953). The outcomes emerged from a patterning of elements such as: individual (Chairman Bland); groups (public servants, private architects); institutions and their arrangements (Department of Works, PSB, Treasury, Parliament committee system); concepts (loss of control of commercial undertakings, control of expenditure); forces (economic period of national development, economic crisis); and universals (parliamentary control).

Subsequent events are critical, as these enable the historian to identify key elements in the antecedent period which need closer examination. For instance, the Treasury Minute (R16, 1954) of the above report proposed changes to the Audit Act and Treasury Regulations. Also, executive government policy initiatives concerning the maintenance of stores and PSB arrangements concerning private contract work were announced. Only some of the specific concerns of the JCPA were given prominence in the solutions offered by the executive. These concerns may have consequence in the future: by the issuing of new regulations; increased standing given to stores control; and access to public sector architectural work, by private architects. This static analysis of one JCPA report indicates the complex patterning of elements that could constitute the processes associated with one inquiry and its subsequent report.

A major methodological issue was: what level of analysis to focus on? For instance, moving through Porter's levels, an examination could involve emphasis on individual perceptions (cf. Chairman Bland or Davis); or groups (e.g. accountants, political parties, staff members); or organisational forms (e.g. AAO); or institutional arrangements (e.g. Parliament and the Executive, central agencies); or dominant concepts (e.g. parliamentary oversight, executive accountability) or forces (e.g. political, economic, social); and finally, universals (e.g. justice, equality), as being explanatory factors.

For this study two levels of analysis were used. The first level was an examination of individual chairmen's perceptions of the 'role' of the JCPA. The second level was aspects of institutional arrangements (e.g. 'established routines'; 'independence from the executive'; 'relationship with treasury').

Two steps were taken empirically to determine the activities of the JCPA and the resultant focus on public sector accounting over the period. The first step was to use Porter's historical approach to identify two elements and 'unpack' key observable variables. The second step was to 'repack' these observable variables by an interpretative historical analysis.

In terms of step one, the JCPA official 'role' was to examine the accounts of the Commonwealth government. Its official duties include "to examine the accounts" and comment on "the form of the public accounts or the method of keeping them, or in the mode of receipt, control, issue or payment of the public money", and to "examine matters raised in Auditor-General's reports".³⁹

³⁹ The terms of reference for the JCPA are laid down in Section 8(1) of the Public Accounts Committee Act 1951.

a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the

The JCPA has had a continuous existence since 1952. Between then and 1991 there were 17 JCPA Committees. These Committees have produced over 310 reports, a majority being findings of inquiries. These reports are public documents which were presented to Parliament.

Content analysis was used to establish robust categories to capture the following three variables: official source; type of report; and the report's main focus. What follows outlines each of these variables and the numbers (0) correspond to the section in the survey instrument.

Field (1) is a number assigned to the JCPA report (see Appendix C for a list of the reports), while (2) is the title of the report and (3) concerns the year in which the report was tabled. Field (4) is the committee number. Each JCPA is established after a new parliamentary term begins. The identification of committee chairmen is in field (5) and is by the surname of the various chairmen. Each committee must have a chairman; however, if the chairman's

Audit Act 1901;

aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which the act applies;

ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;

b) to report to both Houses of the Parliament, with such comments as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances that the attention of the Parliament should be directed;

c) to report to both Houses of Parliament any alterations which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and

d) to inquire into any questions in connection with the public accounts which is referred to it by either House of Parliament, and to report to that House on that question, and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of that Parliament.

promoted, or demoted, or loses his seat in Parliament, then a new chairman must be appointed. There were eight main chairmen, and also a brief period of instability when there were several short term chairmen (1973-75).

The 'official source' (6) represents what the committee indicates as its source of inquiry. This was recorded using six categories, derived from the JCPA terms of reference. The official source was usually stated in the introduction, or somewhere in the body of the report, or in a published review of JCPA activities. The six categories used are: (OS1) from established routines in relation to the examination of receipts and payments; (OS2) from the Auditor-General's general report; (OS3) from the Auditor-General's efficiency audit report; (OS4) initiated by the JCPA; (OS5) from parliamentary standing reference; (OS6) from Minister or Government; and other, which refers to JCPA reports such as Finance Minutes and the annual report of the Committee.

Field (7) is concerned with reports classification (RC). Ten categories were established to identify the type of JCPA report (detailed illustrations of these are provided in Appendix D). These were: RC1 Annual expenditure from advance and estimates review (Consolidated Revenue Fund); RC2 Follow up of Auditor-General's general reports; RC3 Reviews of Auditor-General's efficiency audit reports; RC4 Form and content of financial documents; RC5 Audit act and Treasury regulations; RC6 General unit reviews; RC7 Specific items of unit's activities; RC8 Specific items throughout the public sector; RC9 Treasury (Finance) minutes on committees' reports; and RC10 PAC Indices of reports, annual reports and other reports.

Field (8) is concerned with the main focus of an inquiry. A committee's activities are divided into six categories (i.e. probity; accounting procedures within a unit; systems-wide accounting procedures; organisational matters; effectiveness of outcomes; and policy

advice). These categories are mutually exclusive. The main focus categories were derived from Stewart's (1984) five-stepped ladder of accountability, and (after sample testing) to six categories (the extra category was 'accounting procedures within a unit').

The timing of Finance Minutes (FM) was recorded in field (9). The mechanism for the presentation to parliament of the government's response to a Committee's report is known as the Treasury Minute (later Finance Minute). When the JCPA tables a report in Parliament, the Treasury Department (later Finance Department) co-ordinates a response. When a response is considered satisfactory by the JCPA, it then tables the Treasury minute in Parliament. The minute usually consists of an epitome of findings and recommendations from the JCPA report and Treasury's response. The response rate (as measured in months) is used as a measure of the standing of the JCPA and its relationship with Treasury and the Government.

Once the reports were read and coded, then the data was graphed and presented in tables and figures. Description and analysis of the data are presented in the sections which follow.

4.3.2 Results

The data set consisted of JCPA published reports. Information concerning number, title, chairmanship, official source of inquiry, type of report, and main focus was collected. The data was then analysed for Committee to Committee variation. A 40 year historical record of the activities of the JCPA and its interest in public sector accounting was constructed.

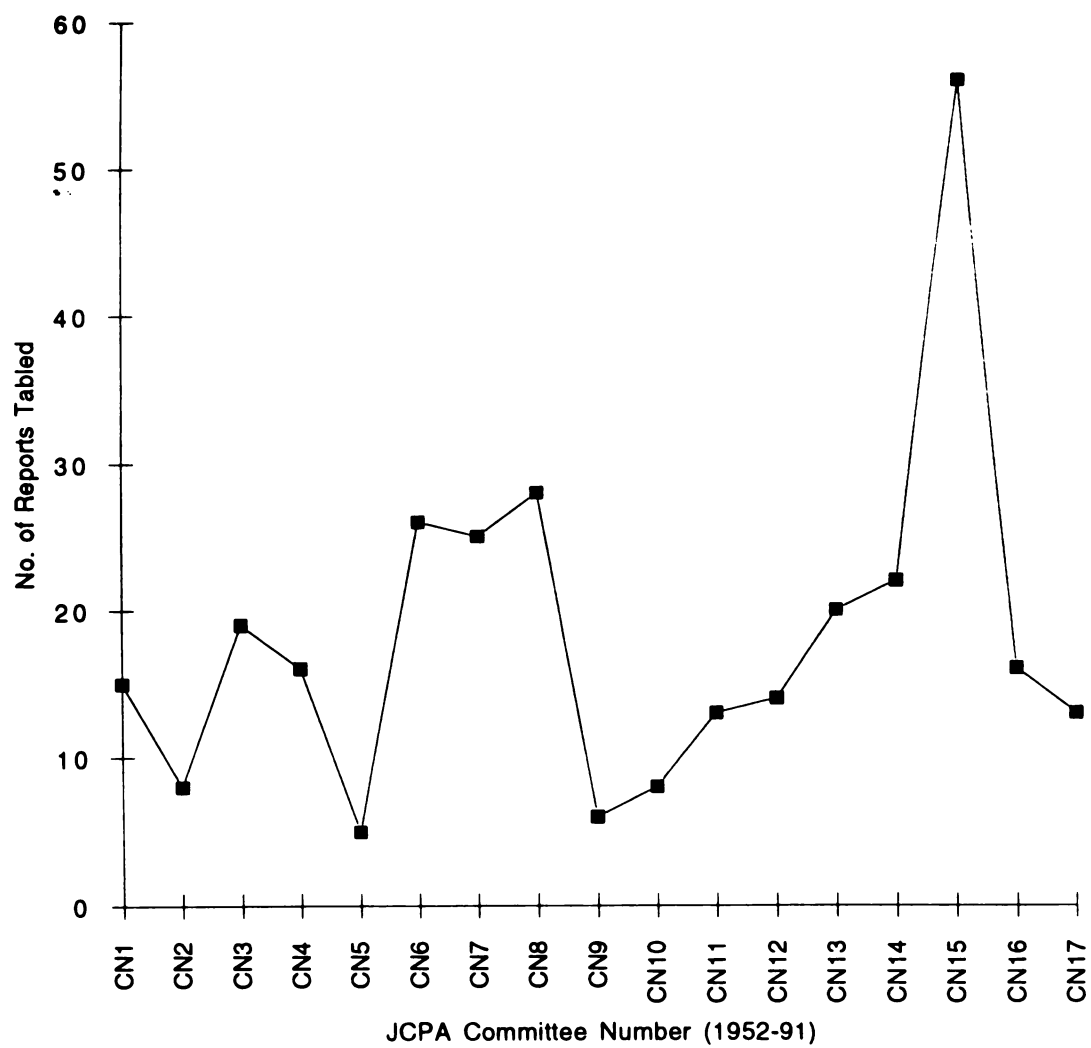
Table 4.1 Number of reports per Committee (1952-91)

<i>JCPA Committee</i>		<i>Type of Report</i>			
		<i>Total</i>	<i>RC1-RC8</i>	<i>RC9*</i>	<i>RC10**</i>
CN1	First Committee (1952-4)	15	14	1	0
CN2	Second Committee (1954-6)	8	6	2	0
CN3	Third Committee (1956-9)	19	17	0	2
CN4	Fourth Committee (1959-62)	16	13	2	1
CN5	Fifth Committee (1962-4)	5	4	0	1
CN6	Sixth Committee (1964-7)	26	18	6	2
CN7	Seventh Committee (1967-9)	25	15	8	2
CN8	Eighth Committee (1969-73)	28	14	13	1
CN9	Ninth Committee (1973-4)	6	4	2	0
CN10	Tenth Committee (1974-5)	8	5	2	1
CN11	Eleventh Committee (1976-8)	13	8	5	0
CN12	Twelfth Committee (1978-80)	14	10	3	1
CN13	Thirteenth Committee (1980-3)	20	15	3	2
CN14	Fourteenth Committee (1983-5)	22	7	14	1
CN15	Fifteenth Committee (1985-7)	56	28	24	4
CN16	Sixteenth Committee (1987-90)	16	12	1	3
CN17	Seventeenth Committee (1990-1)	13	8	3	2
Total:		310	198	89	23
*RC9 Treasury Minute Reports					
**RC10 JCPA Annual and Other Reports					

As shown in Table 4.1 a total of 310 reports were tabled by the 17 JCPA Committees. This was made up of 198 inquiry reports (RC1- RC8), 89 Finance Minutes (RC9)⁴⁰ and 23 other reports (RC10).

⁴⁰ This fluctuation in number of reports can be explained by various factors, including: the length of Parliament, Finance Minutes practices; increase in activities; and other factors. With regard to changing practices concerning Treasury Minutes practices: in the early committees several Treasury Minutes were presented in one report or even inserted at the back of an inquiry report. In recent years each Finance Minute has been given the status of a JCPA report, even if it was only a few pages in length.

Figure 4.1 Frequency of JCPA Reports (1952-91)



The frequency of JCPA reporting over the period is graphically illustrated in Figure 4.1, which charts the tabling of reports for each committee. There is a history of growth, then decline, growth, and recently decline in the number of reports produced. There is a significant change in reporting patterns over time, rather than a constant progression.

Type of reports

Between 1953 and 1991 there were 198 inquiry reports.

Table 4.2 Type of JCPA report (1952-91)

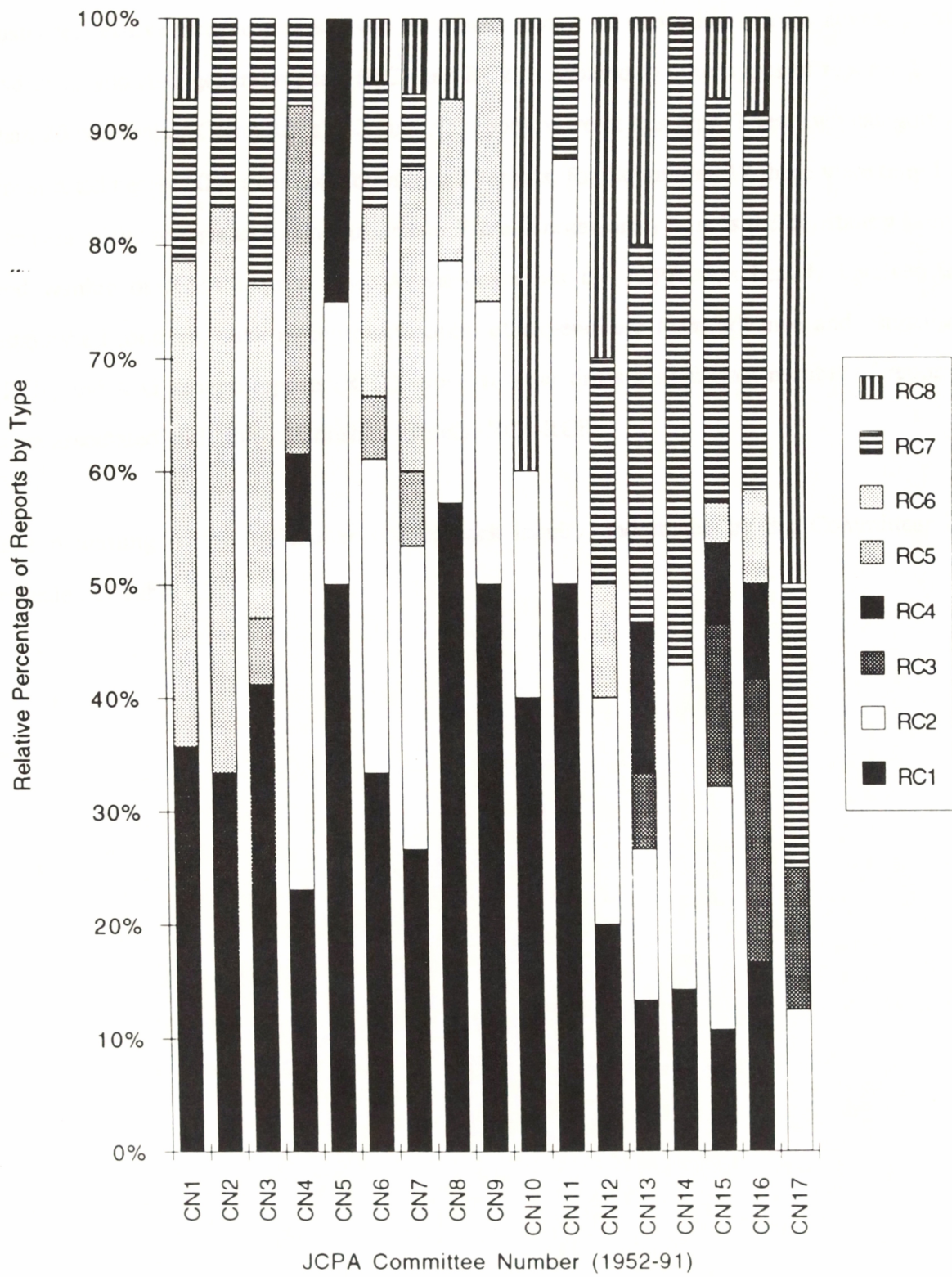
<i>JCPA C'tee No.</i>		<i>Type of Report</i>								<i>Total</i>
		<i>RC1</i>	<i>RC2</i>	<i>RC3</i>	<i>RC4</i>	<i>RC5</i>	<i>RC6</i>	<i>RC7</i>	<i>RC8</i>	
CN1	First Committee (1952-4)	3	0	0	2	0	6	2	1	14
CN2	Second Committee (1954-6)	1	0	0	1	0	3	1	0	6
CN3	Third Committee (1956-9)	4	0	0	3	1	5	4	0	17
CN4	Fourth Committee (1959-62)	3	4	0	1	4	0	1	0	13
CN5	Fifth Committee (1962-4)	2	1	0	1	0	0	0	0	4
CN6	Sixth Committee (1964-7)	6	5	0	0	1	3	2	1	18
CN7	Seventh Committee (1967-9)	4	4	0	0	1	4	1	1	15
CN8	Eighth Committee (1969-73)	8	3	0	0	0	2	0	1	14
CN9	Ninth Committee (1973-4)	2	1	0	0	0	1	0	0	4
CN10	Tenth Committee (1974-5)	2	1	0	0	0	0	0	2	5
CN11	Eleventh Committee (1976-8)	4	3	0	0	0	0	1	0	8
CN12	Twelfth Committee (1978-80)	2	2	0	0	0	1	2	3	10
CN13	Thirteenth Committee (1980-3)	2	2	1	2	0	0	5	3	15
CN14	Fourteenth Committee (1983-5)	1	2	0	0	0	0	4	0	7
CN15	Fifteenth Committee (1985-7)	3	6	4	2	0	1	10	2	28
CN16	Sixteenth Committee (1987-90)	2	0	3	1	0	1	4	1	12
CN17	Seventeenth Committee (1990-1)	0	1	1	0	0	0	2	4	8
Total:		49	35	9	13	7	27	39	19	198
RC1	Annual expenditure from advance and estimates review (consolidated revenue)									
RC2	Follow-up of Auditor-General's general reports									
RC3	Follow-up of Auditor-General's efficiency audit reports									
RC4	Form and content of financial documents									
RC5	Audit act and Treasury regulations									
RC6	General unit reviews									
RC7	Specific items of unit activities									
RC8	Specific items throughout the public sector									

Table 4.2 Type of JCPA report (1952-91)

As shown in Table 4.2 these inquiries cover all eight categories used to identify the report type. The table indicates a variable patterning of inquiries, with the only continuity from 1953 being the review of expenditure from advances (RC1). The JCPA inquiries of the A-G's general reports (RC2) did not start until 1960, and A-G's efficiency audit reports (RC3) did not start until 1980. Specific patterning of inquiries about form and content of financial documents (RC4) and the Audit Act and Treasury regulations (RC5) indicate that early Committees (C1-C4) undertook the bulk of these inquiries. Concerning general unit reviews (RC6), these were also popular with early Committees (C1- C3).

Specific items of unit activities (RC7) were also popular among early Committees (C1-C3) and the later Committees (C12-C15) (this was a period of peak activity for this type of inquiry). In between the early and later Committees, few inquiries of this type were undertaken. Finally, specific items throughout the public sector (RC8), appear to have gained favour only in later Committees.

Figure 4.2 JCPA Reports by Type (1952-91)



The patterning of different types of reports is illuminated in Figure 4.2, which is a stacked bar graph of relative frequency of reports for the period. This figure highlights the fluctuating nature of the types of inquiries that consecutive Committees conducted. For instance, relative emphasis was given to annual review of expenditure from advance and estimates and A-G general reports (RC1 and RC2) compared to other types of reports. Less than 20 per cent of Committees 1, 2, and 3's reports were of this type. These two categories constituted nearly 60 per cent of Committee 5 reports, for Committee 17 these were only 10 per cent of the reports tabled in Parliament. What is noteworthy here is the constant waxing and waning of JCPA inquiry type. At various times the JCPA was heavily involved in established routines, such as the examination of expenditure from advance and estimates (RC1) and A-G general reports (RC2), while at other times a significant number of reports were associated with non- established matters (RC4-RC8).

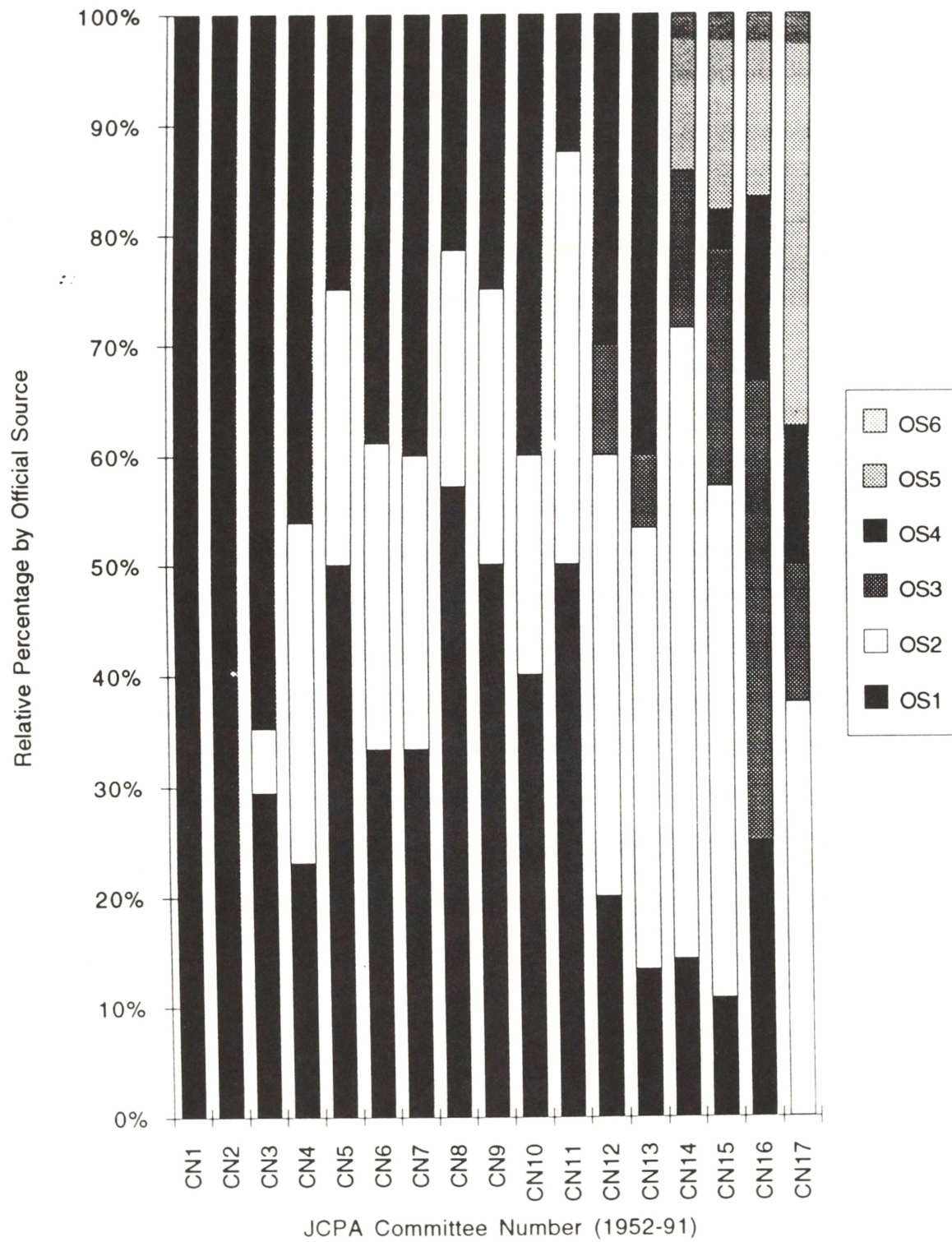
The patterning of the 'official' source of each inquiry undertaken by the Committees is revealed in Table 4.3.

Table 4.3 Sources of JCPA inquiries (1952-91)

<i>JCPA Committee</i>		<i>Total No. of Inquiries</i>	Official Source					
			<i>OS1</i>	<i>OS2</i>	<i>OS3</i>	<i>OS4</i>	<i>OS5</i>	<i>OS6</i>
CN1	First Committee (1952-4)	14	3	0	0	11	0	0
CN2	Second Committee (1954-6)	6	1	0	0	5	0	0
CN3	Third Committee (1956-9)	17	5	1	0	11	0	0
CN4	Fourth Committee (1959-62)	13	3	4	0	6	0	0
CN5	Fifth Committee (1962-4)	4	2	1	0	1	0	0
CN6	Sixth Committee (1964-7)	18	6	5	0	7	0	0
CN7	Seventh Committee (1967-9)	15	5	4	0	6	0	0
CN8	Eighth Committee (1969-73)	14	8	3	0	3	0	0
CN9	Ninth Committee (1973-4)	4	2	1	0	1	0	0
CN10	Tenth Committee (1974-5)	5	2	1	0	2	0	0
CN11	Eleventh Committee (1976-8)	8	4	3	0	1	0	0
CN12	Twelfth Committee (1978-80)	10	2	4	1	3	0	0
CN13	Thirteenth Committee (1980-3)	15	2	6	1	6	0	0
CN14	Fourteenth Committee (1983-5)	7	1	4	1	0	1	0
CN15	Fifteenth Committee (1985-7)	28	3	13	6	1	5	0
CN16	Sixteenth Committee (1987-90)	12	3	0	5	2	2	0
CN17	Seventeenth Committee (1990-1)	8	0	3	1	1	3	0
Total:		198	52	53	15	67	11	0
OS1	from established routines in relation to the examination of receipts and payments							
OS2	from Auditor-General's general reports							
OS3	from Auditor-General's efficiency audit reports							
OS4	initiated by the JCPA							
OS5	from Parliamentary standing reference							
OS6	from Minister or Government							

The findings outlined in Table 4.3 indicate fluctuating official sources of inquiry. Unlike the first stage of JCPA's activity (see Degeling et al., 1988), no inquiries were at the direction of a minister or government (OS6). However, there was a parliamentary standing reference (OS5) to the JCPA in 1984 and 11 reports resulted from this.

Figure 4.3 Relative weighting of official source of JCPA reports (1952-91)



The relative weighting of official source within a Committee's period of office is shown in Figure 4.3. From a dominance in early years, inquiries initiated by the JCPA (OS4) have fluctuated until recently, when there have been relatively few self-initiated inquiries. Since the requirement that the JCPA reviews efficiency audit reports, there have been 16 inquiries and subsequent reports on efficiency audits (OS3).

Over time an increasing number of JCPA reports can be sourced to established routines. The dominance of these in later years indicates that the JCPA has become increasingly reluctant to initiate its own 'official' inquiries (OS4). Until recently Parliament did not avail itself of section 8 (1)d of the Act which states that:

to inquire into any questions in connection with the public accounts which is referred to it by either House of Parliament, and to report to the House on that question.

It was only in the last decade that the JCPA has had matters referred to it under this section.

This reliance of the JCPA on established routines (OS1, OS2, OS3) is in sharp contrast to the first series of JCPA (1914-32) activities. Degeling et al. (1988) reported that of the 48 inquiries during the first series of the JCPA, 27 were at the JCPA's own initiative and 21 were at the direction of ministers. As highlighted by the above Figure 4.3, the influence of the A-G reports has grown substantially until now, when it constitutes nearly 50 per cent of all inquiries.

Major focus

As demonstrated in Table 4.4, the Committee's activities are classified into six categories (via probity, intra-organisational accounting procedures, systems-wide accounting procedures, organisational design, effectiveness of outcomes, and policy advice).

Table 4.4 Classification of main focus - JCPA Reports (1952-91)

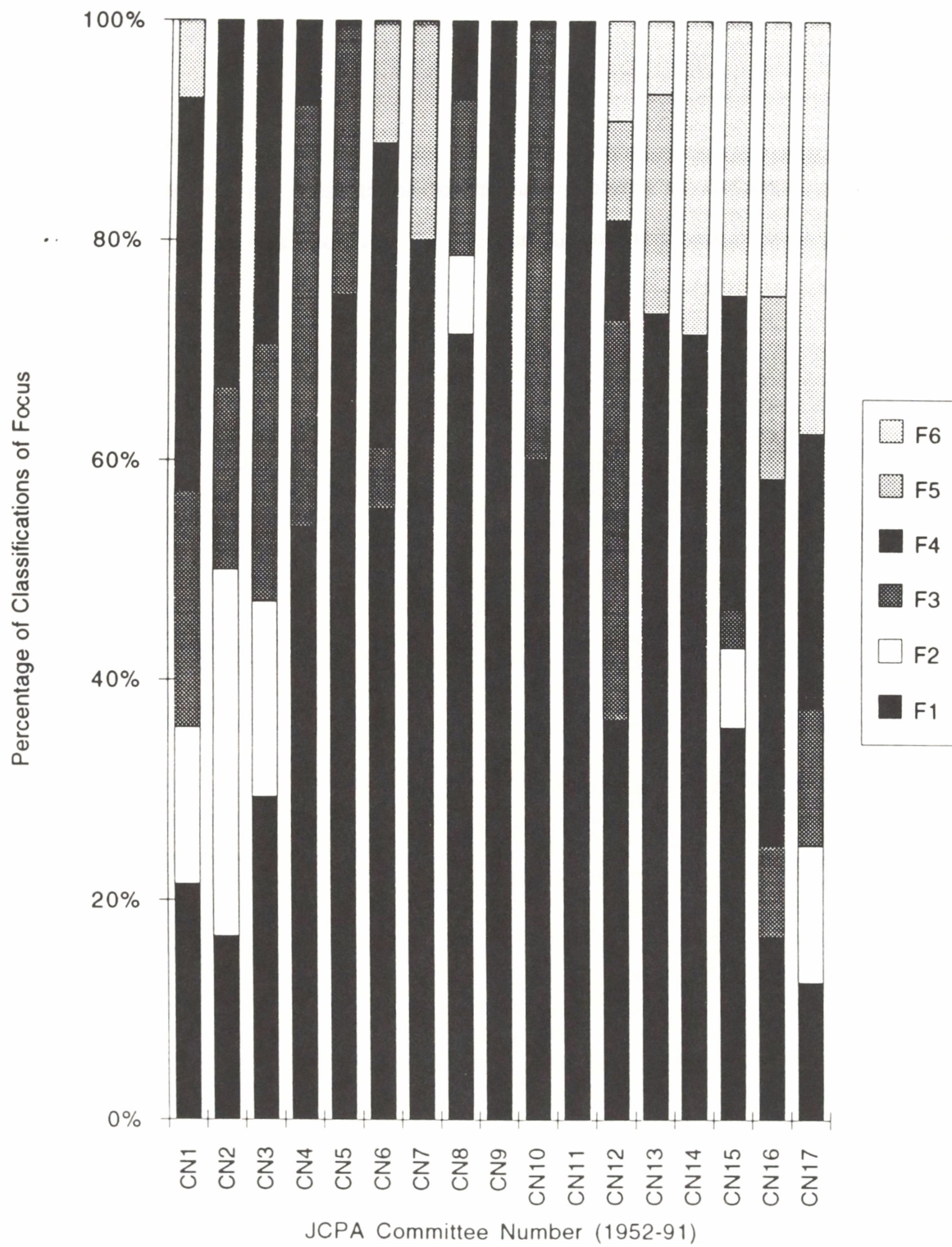
<i>JCPA C'tee No.</i>		<i>Focus</i>						<i>Total</i>
		<i>F1</i>	<i>F2</i>	<i>F3</i>	<i>F4</i>	<i>F5</i>	<i>F6</i>	
CN1	First Committee (1952-4)	3	2	3	5	0	1	14
CN2	Second Committee (1954-6)	1	2	1	2	0	0	6
CN3	Third Committee (1956-9)	5	3	4	5	0	0	17
CN4	Fourth Committee (1959-62)	7	0	5	1	0	0	13
CN5	Fifth Committee (1962-4)	3	0	1	0	0	0	4
CN6	Sixth Committee (1964-7)	10	0	1	5	2	0	18
CN7	Seventh Committee (1967-9)	8	0	0	4	3	0	15
CN8	Eighth Committee (1969-73)	10	1	2	1	0	0	14
CN9	Ninth Committee (1973-4)	2	0	0	1	0	0	3
CN10	Tenth Committee (1974-5)	3	0	2	0	0	0	5
CN11	Eleventh Committee (1976-8)	7	0	0	1	0	0	8
CN12	Twelfth Committee (1978-80)	4	0	4	1	1	1	11
CN13	Thirteenth Committee (1980-3)	6	0	0	5	3	1	15
CN14	Fourteenth Committee (1983-5)	3	0	0	2	0	2	7
CN15	Fifteenth Committee (1985-7)	10	2	1	8	0	7	28
CN16	Sixteenth Committee (1987-90)	2	0	1	4	2	3	12
CN17	Seventeenth Committee (1990-1)	1	1	1	2	0	3	8
Total:		85	11	26	47	11	18	198
F1	Probity							
F2	Intra-organisational accounting procedures							
F3	System wide accounting procedures							
F4	Organisational design							
F5	Effectiveness of outcomes							
F6	Policy advice							

A significant proportion of the JCPA's activities were focused on probity matters (F1). As expected, an interest in accounting concerns is in part demonstrated by the large number of

reports on probity issues (85). In the period under consideration, all Committees had at least one report dealing with probity issues, for instance, Comm. 1 examined estimates (R1, 1953) and variations in appropriation (R2, 1953). Other probity reports came to the Committee's attention through the actions of the A-G, via his reports (e.g. R300, 1989).

Of the remaining 113 reports, 29 focused on policy issues [either the provision of policy advice (F6) or the effectiveness of existing outcomes (F5)], 47 related to organisational matters (F4), 26 looked at systems-wide accounting procedures (F3), and the remaining 11 were concerned with intra-organisational accounting procedures (F2). Over 50 per cent of the JCPA's work focused on 'accounting' matters as defined (F1, F2, F3), which suggests that for Committee members at least 'oversight' was constructed as including 'accounting'. However, this begs the question as to how 'accounting' matters were linked to these and the other activities of the various Committees. The other reports focused on organisational, staffing, outcomes and policy matters.

Figure 4.4 Relative patterning of main focus of JCPA reports (1952-91)



Relative patterning of the focus categories is illustrated in Figure 4.4. The significant amount of attention the JCPA has given to probity matters has already been noted. The attention given to the review of estimates was considerable in the early Committees. This was removed from the committees concerns when parliamentary Estimates Committees were established in 1976.

Finance minutes

The mechanism for the presentation to Parliament of the Government's response to the Committee's reports was known as the Treasury minute and now is known as the Finance minute.

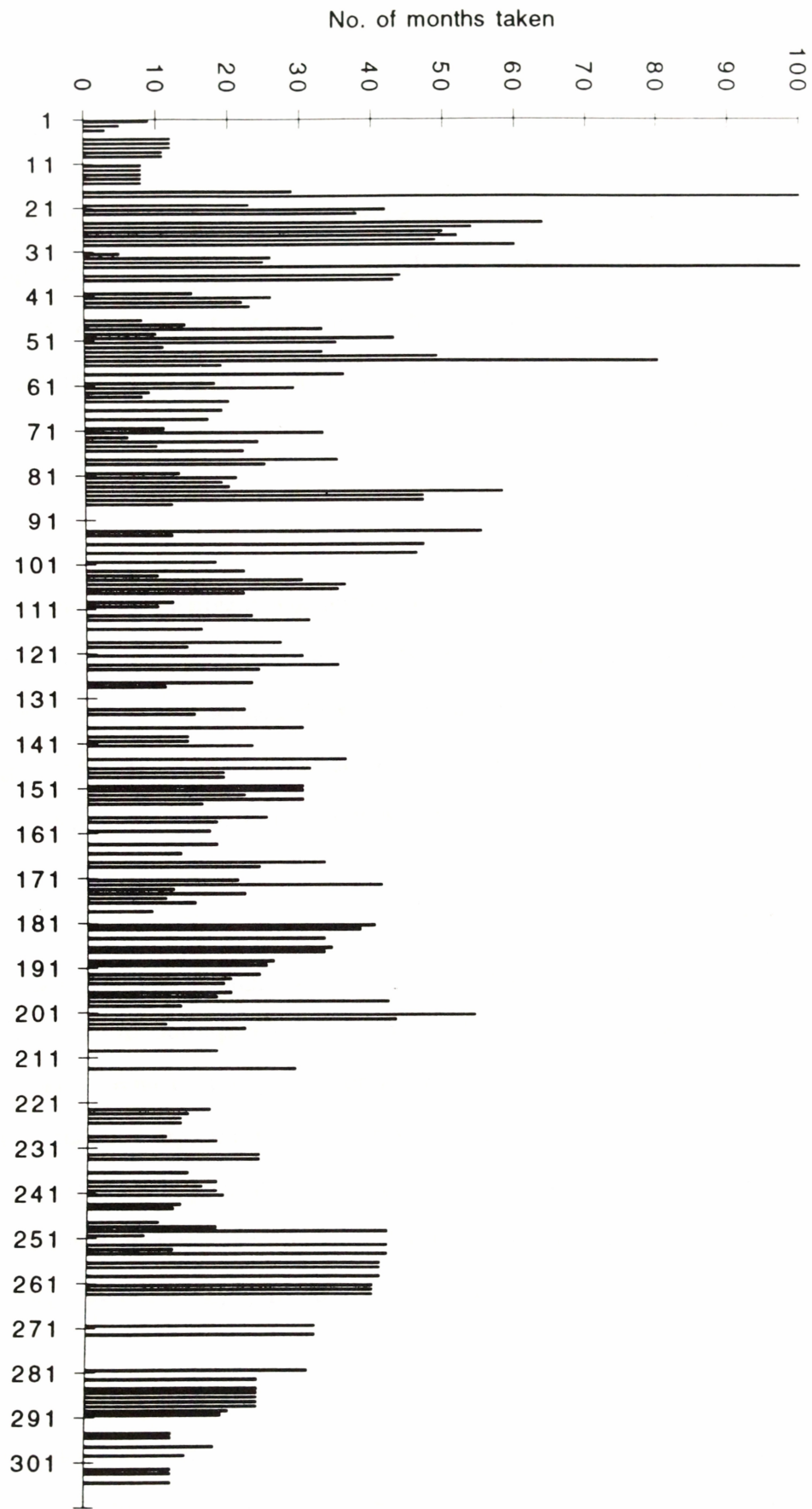


Figure 4.5 Timing of Treasury response to JCPA reports (1952-91)

The response rate (as measured in months) is used as a measure of the standing of the JCPA, which captures the relationship of the Committee with Treasury and the government of the day. An examination of Figure 4.5 indicates that the quickest response was three months (R3, 1953) and the longest 168 months (R18, 1954).

Three observations can be made about the patterning of JCPA inquiries. First, the JCPA asserted itself as an independent parliamentary committee, rather than a committee which acted at the direction of the Executive (or Minister) as happened in the first series of JCPA (see Degeling et al., 1988). Second, the JCPA did focus on the form, content and accuracy of financial information, especially in early committees. Third, in later years many of the inquiries were routinely established in that the JCPA regularly undertook examinations of receipts and expenditure (OS1), A-G's general reports (OS2), and A-G efficiency audit reports (OS3).

As indicated above, the patterning indicates that in recent times the JCPA has relied on established routines rather than initiation of inquiries by itself, a Minister, or Parliament. However, the reporting of data above only provides a partial view as to the various activities pursued by the JCPA, and, more specifically, 'accounting' related matters. The next section explores the JCPA activities in more depth by a detailed contextual approach.

4.4 JCPA Activities

4.4.1 A contextual approach

Several influences have been identified that provide a more contextual picture of the mechanisms and forces at work in, and outside the JCPA. Two of Porter's elements (i.e. individual and institutional) are used to explore the JCPA activities. At the individual level an analysis of the PAC 'role' is undertaken. At the institutional level of analysis three aspects

are analysed: (1) the 'established routines' of the JCPA; (2) the JCPA's 'independence from the executive'; (3) the JCPA's 'relationship with treasury'.

The first element, individual perceptions of the 'role' of the JCPA, is how the JCPA agenda (and hence 'role') for investigation, method of inquiry, and actual reporting was determined and enacted. Topics that are seen as being the proper concerns of a JCPA activity change over time. The word 'agenda' means more than a committee's meeting papers - a committee has a range of matters with which it can be concerned (e.g. form and content of financial statements); conversely, it has a range of matters which are officially seen as being beyond the 'role' of the committee (e.g. policy evaluation).

When 'role' is used in this way, the analysis explores beyond the technical aspects to make sense of the full range of the committee's activities. Technical writings about PACs suggest that legislation is the driving force which focuses the concerns of PAC activities. The formal character of the organisation refers to legislation and parliamentary standing orders which cover the 'official' constitution, operations, powers and reporting obligations of such a body. The formal terms of reference of the JCPA have remained largely unchanged since its inception in 1913. But how these 'official' terms of reference have been interpreted and used in practice have changed over time. As the empirical evidence indicates, what was conventionally cast as the formal 'role' of the JCPA has been neither pre-given nor fixed. There have been periods where changes have occurred in operations, re-interpretation of its powers, and reporting practices, which may not have been accompanied by changes to the legislation or standing orders.

The second element, 'institutionalisation' processes, is an arena in which action takes place and actors operate. As the PAC has evolved, and activities have been undertaken by staff and politicians, routines become established, interaction patterned, rules for conduct

negotiated, and activity structured by the participants. The JCPA as an arena of activity allows ideas to be communicated, power to be exercised, and action to be sanctioned. The institutionalisation process is about the JCPA relationship with Treasury/Finance and the ANAO, and resultant 'outcomes'. These two organisations, by their actions (or inaction), provide the opportunity for the JCPA to exercise different review powers and can therefore produce different outcomes.

4.4.2 Interpretation of JCPA activities

In presenting the contextual analysis of JCPA activities, four time periods (A-D) emerged and are used.

4.4.2.A: The 're-establishment' of the JCPA (1952-60)

The first period (1952-60) is characterised as the attempt to re-operationalise the JCPA after its demise in 1932. At the individual level of analysis the focus is on chairman Bland (1952-60). Professor Bland was appointed as the first Chairman when the JCPA was re-established in 1952. During his chairmanship there were several inquiries into the financial documents of government presented to parliament. Bland identified the committees 'role' as (R30, 1957:par. 6):

As for the Committee's role as a fact-finding body. Your Committee once again wish to reiterate our insistence that that is our function. We have no executive authority. We cannot give orders, nor do we desire such power. Our function is to scrutinize the activities, and more particularly the financial and accounting activities of departments. In so doing we exercise on behalf of the Parliament certain of its functions of financial control. Attempts to retain a firm grasp on the purse-strings of the crown have ever been a feature of parliamentary government of the British kind.

Bland's perception of the JCPA's 'role' was to focus on financial and accounting activities, within a parliamentary framework of 'financial control'.

This 'role' was operationalised by the various JCPA inquiries into the form and content of financial documents presented to Parliament.⁴¹ The first Committee took up where the disbanded JCPA committee (1932) had left off, by examining the public accounts.

A key patterning during this period was the major focus on accounting related matters (RC4). For instance, a debate which concerned the estimates process as to whether cash, or, alternatively, income and expenditure estimates, should be used. Noting that cash practice was established by the legal requirement to present the cash estimates to Parliament, the committee agreed with an Institute of Chartered Accountants in Australia (ICAA) statement (ICAA, 20 August 1953: para.9) concerning commercial accounting:

It is our view that the idea of matching costs against incomes is desirable, but somewhat theoretical in relation to the Government accounts as a whole, but we consider it should be applied to all forms of Government business undertakings so that Parliament and people can know the true results of such operations (R18, 1954:11).

Having accepted this conclusion from the Institute, the JCPA went on to recommend a

⁴¹ During this period the JCPA inquired and reported on the following financial documents:

- * Procedures on the supply and appropriations bills (R8, 1953).
- * Form and content of financial documents - progress report (R13, 1954).
- * The budget, estimates of receipts and expenditure appropriations (R18, 1954).
- * Advance to Treasury and supplementary estimates (R31, 1957).
- * The trust fund (R34, 1957).
- * The finance statement (R40, 1958).
- * Form of estimates (R49, 1960).

Another inquiry that was started, The Budget (financial documents) (R62, 1963) and reported on by the next Committee (C4).

variation to the cash estimates, which included accruing certain expense items in the cash estimates. Many of the inquiries reports on financial documents included sections on 'best' overseas practice of the time. For instance, the US Hoover Commission recommendations for accrual accounting of government accounts was noted in this report.

The various committees also examined aspects of the Audit Act and Treasury Regulations (RC5). Not until the early 1980s was this breadth of examination of financial documents again considered important by the JCPA.⁴²

At the institutional level of analysis the three aspects ('established routines'; 'independence from the executive'; 'relationship with treasury') will now be explored. The first aspect, the Committee agenda, was not structured by routine inquiries from other sources. For advances and estimates (RC1) the emphasis here was on how estimates were calculated, how special abnormal emergency appropriations were given, the role of the Treasury, and administrative arrangements for these receipts and disbursements. During this period the JCPA did not undertake a formal review of an A-G's general report (RC2). Bland saw the role of the A-G as "to certify the accuracy of accounts" (R4, 1953) and believed that examination of A-G reports was not part of the routine activity of the JCPA. What is noteworthy here is that the original UK CPA was established in 1866 specifically for the purpose of supporting an independent audit function (Normanton, 1966). Towards the end of Bland's chairmanship the first A-G report (OS2) was examined in 1959. Since then there has been annual, or more frequent, examination of A-G reports and it has become part of the established routine.

Late in the 1950s there was a concerted effort to update the powers of the A-G and to

⁴² The publication of the Financial Administration Handbook (R191, 1981) and discussion paper on the Form and Standard of Financial Statements (R199, 1982) in the early 1980s put financial documents back on to the JCPA agenda. However, these later reports were not the result of an inquiry, but were discussion papers.

strengthen its relationship with Parliament, via the JCPA. The A-G annual report for 1957-58 (A-G, 1958:100) stated that annual reports (of the A-G) over the past six years had mentioned the need for a comprehensive review of the Audit Act - but this had not been achieved. It was not until 1962 that changes to the Audit Act were made. Chairman Davis stated that the 'first duty' of the committee was to examine all the A-G's reports.

With respect to the second aspect ('independence from the executive') to be explored in more detail, the JCPA during this period was fiercely independent from executive direction. Within several years of the new Committee being granted parliamentary authority, Bland and the committee (R21, 1954) were at loggerheads with the executive government. For instance, the JCPA refused to take direction from the Government concerning an investigation into the Australian Aluminium Production Commission. In later undertaking such an investigation, the committee declared that unless directed under section 8d of the Act, it was responsible for deciding on matters for inquiries to consider.

As to the third aspect ('relationship with treasury'), the Treasury response rates highlight the deterioration in relations between the Committee and the Executive during this period. The quickest response was three months (R3, 1953) and the longest 168 months (R18, 1954). These are the lowest and highest for the whole period of investigation.

In summary, during Bland's chairmanship, the 'role' of the JCPA was construed to be 'financial control', and involved various inquiries into the form and content of financial documents presented to parliament and accounting issues for government business entities. The committee was perceived as independent from both executive direction and established institutional routines. Of the 25 reports from late 1954 to the end of Bland's term, only a few had a Treasury minute tabled. The rest were tabled after Bland ceased to be a force on the JCPA. An examination of the issues associated with the two reports (R18, 1954; and R21,

1955) indicates that Bland had distanced himself from the Government of the day in at least two ways. The first way was by asserting the committee's independence, and the second by asserting its right to suggest changes to the Government accounts. The committee also distanced itself from those responsible for accounting practices of the time - Treasury.

4.4.2.B: Emergence of routines with a focus on 'administrative efficiency' (1960-69)

During the second period various committees were chaired by Davis (1960-64) and then Cleaver (1964-69). This period is characterised as the emergence of routines (especially review of A-G reports), and its 'role' was cast in terms of the review of 'administrative efficiency'.

At the individual level of analysis the focus is on the two chairmen, Davis and Cleaver. Under Davis the committee concentrated on A-G reports (RC3) and expenditure from advances (RC1). The actual number of reports dropped to the lowest level for any committee (see Figure 4.1 above). During Cleaver's period (C6, C7) the JCPA increased its activities (i.e. number of reports and inquiries) and conducted several wide-ranging investigations and it now operated in the field of efficiency audit.⁴³

⁴³ Cleaver (R89, 1966:6) redefined the JCPA 'role' as now operating "...in the field of efficiency audit, which means that officers will have to answer questions not only dealing with the keeping of accounts and votes of departments, but wider matters."

Cleaver (R89, 1966:6) went on to state that:

The most effective check on administration is to have an outsider looking in. The PAC is just that. It is an outsider; an outside representative of the community at large that looks in on an organisation created by the Government to promote the community's welfare.

At the institutional level of analysis the three aspects ('established routines'; 'independence from the Executive'; 'relationship with Treasury') will now be discussed. First, under Davis the JCPA agenda items were structured by more routine reviews: over 50 per cent of inquiries during this period were sourced from OS1 and OS2. The annual examination of the A-G's general report was also routinised during this period. These gained significance as an agenda setting device only after Bland had lost his position on the JCPA. The committee's first inquiry based on an A-G annual report was in 1960 (R50, 1960).⁴⁴ Also, Cleaver noted (R114, 1969) that the JCPA had each year examined the expenditure performance of departments against their estimates, mainly with a view to testing their 'administrative efficiency' of operations.

Secondly, concerning 'independence from the executive' the evidence indicates a softening in the JCPA's relationship with the executive. Thirdly, concerning 'relationships with the treasury', there were still significant delays in Treasury minutes (RC9), even though there was an improvement from the late 1950s. Early on in the life of the Sixth Committee, Cleaver (1964:49) noted these delays in TMs and established a six-monthly review with

⁴⁴ Davis justified this in the following terms (R50, 1960:1):

While it was the practice of the first three Committees to consider each report of the Auditor-General, none had undertaken an inquiry based on these reports alone, the follow-up of items being made in the course of other inquiries. On our appointment in 1959 your Committee reviewed the situation. Noting that the main work of the Public Accounts Committee of the British House of Commons was concerned with the reports to the Comptroller and the Auditor-General and conscious of the specific reference to the report of the Auditor-General in the present Act* we considered whether the interests of the Parliament, your Committee and the Auditor-General would be better served if we commenced a new series of annual inquiries which would deal specifically with matters raised in the Report of the Auditor-General. (*Note that in the 1913 Act there was no reference to the Report of the Auditor-General)

This report noted that the main work of the UK CPA was based on the C&AG reports and the Commonwealth Public Accounts Committee (1951) Act had included specific reference to the A-G reports. It was argued that the interests of Parliament would be better served by the introduction of a JCPA annual inquiry, which would deal specifically with matters raised in reports. This was welcomed by the A-G, as a way of following up his reported findings (AG, 1960:105).

Treasury officials to examine this problem. Cleaver stated that the committee would not condone any inordinate delay in the submission of a Treasury minute (R114, 1969:5).

In summary, during this period, the JCPA 'role' was reconstructed during this period and become concerned with 'administrative efficiency', rather than 'financial control'. This recasting of the 'role' of the committee was reflected in the demise of an interest in the executive governments financial documents. Except for the release of The Budget (financial documents) (R62, 1963) no other inquiry was specifically concerned with accounting matters (RC4). Also, agenda setting was structured by the emergence of routine investigation sourced from outside the committee (especially the A-G reports), and relationships with the executive government and Treasury improved.

4.4.2.C: Routine investigations as Parliament's 'efficiency auditors' (1970-83)

This period is characterised by the routine establishment of 'probity' concerns and, later, by the re-emergence of 'administrative efficiency' concerns. At the individual level of analysis the focus is on two distinct sub-periods - various chairmen (1970-75); and the Connolly period (1976-83).

The first sub-period was characterised as a period of instability. The Committee's 'role' during the period was redefined in terms of routine 'probity' inquiries, except for several general inquiries (e.g. R128, 1971). When Connolly was chairman (C11, C12, C13) there was a major shift in the 'role' of the committee. The JCPA presented itself as the 'Parliament's auditor', both in the traditional area of regulatory audits, and also as an 'efficiency auditor' of administration. The PAC Act was amended in 1979 to provide the JCPA with powers to examine statutory authorities and A-G's efficiency audits. Another amendment in 1983 increased the committee size by five, and provided for other responsibilities including reviewing the Audit Act; approval of guidelines for annual

reporting; and approval of commercial auditors to certain statutory authorities.

At the institutional level of analysis the three aspects will now be discussed. First, the 'established routines' of the JCPA: early on there was a decrease in the number of inquiries and an increasing reliance on the established routines of estimates and A-G reports. Both of these then constituted over 70 per cent of all inquiries between 1970-75. Then there was a considerable change in the patterning of 'established routines' involving expenditure and A-G general reports. Two major developments occurred after 1975: the first was the establishment of a Parliamentary Expenditure Review Committee for reviewing the estimates (R160, 1976); the second development was the formal referral of all efficiency audit reports to the JCPA in 1979. The amendment of the Audit Act (1901) in 1979 provided formal authority to the A-G to conduct efficiency audits and required the Parliament to examine these. There has been considerable debates as to which parliamentary committee should review these reports (see Ch.5 for more details). The practice was for the House of Representatives to refer these reports to the JCPA. Within a few years, the JCPA had asserted that its terms of reference made this procedure unnecessary, thereby wresting control over part of its agenda for action. The overall implication of the above observation is that, over time, the JCPA has been increasingly influenced in its sources of inquiry by A-G reports. In contrast to the increasing use of A-G reports as an official source of inquiries, the JCPA has been less inclined to initiate inquiries itself.

Secondly, the JCPA's 'independence from the executive' was tested during this period. The first example of an executive government referring a matter to the JCPA is found here. Thirdly, the Finance minute response rates improved slightly; however there were also unacceptable delays in the Finance minutes (R200, 1982:10).

In summary, this period started with the JCPA being interested only in routine probity

matters. However, its 'role' changed as it emerged as Parliament's 'efficiency auditor'. This meant during this period, annual reporting for PBEs, departmental annual reporting and oversight of efficiency audits gained in standing.⁴⁵ Its focus also changed as other parliamentary committees were established and its Act was changed to include several new responsibilities.

4.4.2.D: JCPA activity cast in terms of 'performance' (1983-91)

This period (1983-91) is characterised as the recasting of PAC activity. As will unfold in the following paragraphs, the JCPA went through a turbulent period of activity and what emerged was a strong interest in the 'performance' of the executive government and various units of government activities.

At the individual level of analysis the focus is on the various chairmen (Georges, Tickner, Punch). In the previous period the 'role' of the JCPA was redefined as Parliament's 'efficiency auditor'. Early in this period, the JCPA became interested in 'administrative policy' and 'effectiveness' matters. This is reflected in the number of RC6 and RC7 reports, when compared with inquiry reports (see Figure 4.2). By the middle of this period, the committee's 'role' was being cast as parliamentary oversight of 'performance'.⁴⁶

⁴⁵ Concerning an 'accounting focus', apart from reporting on a review of Internal Audit (R139, 1972), there appeared to be little interest in accounting matters. However, there was the development of discussion papers. For instance, The Financial Administration Handbook (R191, 1981). In its foreword, Connolly states that "this publication continues the Committee's philosophy of bringing wider notice to financial and managerial issues in the public sector". However, this handbook was only a reprinting of legislation, regulations and directives associated with Federal financial matters. Another development was the discussion paper, The Form and Content of Financial Statements of Commonwealth Undertakings (R199, 1982). This followed the issuance of an exposure draft report, seminars, questionnaires, and various forms of consulting with accountants and others. This marked a considerable difference in the committee's approach to accounting matters. Rather than inquiry and recommendations, it was now involved in research and instigating wider public debates.

⁴⁶ For instance, chairman Tickner (R298, 1989:vii) stated that:

Fundamental to the PAC report on the reform of the Australian Audit Office, however, is the supremacy of Parliament over the Executive Government....There has been in recent decades an erosion of the power of Parliament and this erosion has occurred under governments of all political

At the institutional level of analysis the three aspects will now be analysed. First, the established routines of the JCPA were now responsible for many of the committee's inquiries (see Figure 4.3 above). The A-G now released two general reports a year, creating extra work for the JCPA. During this period at least seven A-G efficiency audit reports were also examined. Considerable committee effort was spent on reviewing, commenting on and making recommendations on efficiency auditing matters. There were very few committee initiated inquiries.

The second aspect is the JCPA's 'independence from the executive'. The duties of the committee now included responsibility for guidelines on the format and content of annual reports; oversight of primary industries, statutory and marketing authorities; overseeing commercial auditors to these bodies; and the review of major ADP acquisition proposals by the government.

There was an increasing workload for the JCPA because of executive government direction. The Minister of Finance moved in 1984 that the JCPA should examine, and report on, all major proposed purchases of ADP facilities. The first such inquiry was on the proposed computer acquisition for the Repatriation General Hospital (R294, 1986) and involved a recommendation to Cabinet for approval of funds. This reference was criticised later by the committee "...it is not comfortable with its involvement in the executive decision making process of government through this standing reference" (R281, 1987:40). The JCPA tried, unsuccessfully, to have this directive evoked in 1987.

The third is the JCPA's relationship with Treasury. Early during this period there was a

persuasion. The PAC has in its report on the Audit Office sought to again assert that supremacy of Parliament and the vital principle of public accountability.

significant improvement in response rates for Finance Minutes (RC9). However, there was still at least a two-year delay between committee reports and government responses. At the end of this period there were no outstanding finance minutes.

In summary, the 'role' of the JCPA was construed to be about reviewing 'performance', which involved various inquiries into audit and annual reporting. Two such developments are noted. The first is that during this period the Committee presented its report on the reform of the Australian Audit Office (R296, 1989). This was a far reaching inquiry into the ANAO. The second was the committee's substantial interest in annual reporting (R304, 1989; R309, 1991). The Committee's view was "that the annual report lies at the heart of accountability and is one of the most important vehicles for effective Parliamentary scrutiny" (R311: 1991, 9). The committee was perceived as hampered in its independence from executive direction because of the workload associated with ADP purchases. The committee relationship with Treasury improved as all outstanding FM were tabled.

4.4.3 Elements of change

The varied inquiries and reports mentioned above reflect both a narrowing and expansion of the JCPA's 'role', targeted departments and technologies, and movement in relationships with other parliamentary committees and the various executive governments. These changes have not been tied to or unduly restricted by existing legislation or administrative procedures. They appear to have reflected a confluence of influences including individual chairmen's views; changes in group configurations; and institutional influences.

Individual influences

At the level of individual chairmen, changes have reflected the impact of attitudes and agendas of different chairmen (and possibly committee members). From the previous analysis, it was found that Bland focused on financial documents and 'financial control' of the

executive government, while other chairmen focused on 'administrative efficiency' of specific departments, and others only on 'probity' matters from routine investigations. In later years the 'role' of the committee was cast as 'parliamentary auditor' of 'performance'. These differences in viewpoint impacted on the operations of the JCPA, as well as on institutional arrangements.

Group changes

Changes in the activities explored by the JCPA have been intrinsically linked to the influence of other groups within and outside to Parliament. For instance, the decrease in probity reviews associated with expenditure statements was attributed to the formation of a Parliamentary Estimates Committee. Also, not all A-G efficiency audits passed before the scrutiny of the JCPA; other parliamentary committees have reviewed these reports. The establishment of a routine relationship between the A-G and the JCPA in the early 1960s led to less JCPA initiated inquiries and a greater reliance on the A-G general reports as sources for inquiry.

Institutional influences

The influence of individual JCPA chairmen, or that of various groups, while pronounced in our detailed analysis has not been the only force for change. JCPA activity must be viewed in the context of institutional interest and influences.

In a formal sense a JCPA inquiry can arise from a reference by a Minister, Treasurer or Parliament, or the JCPA can initiate an inquiry of its own. The JCPA has the legislative power to consider matters that it believes Parliament's attention should be drawn to and it can also select matters raised in A-Gs' general and efficiency audit reports. It was found that recently an increasing number of inquiries can be sourced to established routines, rather than being committee initiated.

Concerns which are securely established on the agenda of the JCPA are institutionalised, in that there are organisational structures and procedures which presume their continuing importance. The official JCPA legislation required that the A-G annual reports be examined. As indicated above, it was not until 1959 that this examination established itself formally on the JCPA agenda. From that date until now, the JCPA has held inquiries and subsequently published reports on selected matters from the A-G's annual reports. Also, participants in an efficiency audit, both auditee and auditor, know that items will be aired in public; that the report will be reviewed by a parliamentary committee; and that reports will be freely available - therefore this process, in part, will shape the form and content of the report.

However, this does not explain how the JCPA deals with differing concerns. For instance, the promotion of one of the following concerns: internal control; probity of expenditure; fraud; proper record keeping; application of ADP technologies; conformity to standards and regulation; efficiency matters; management matters and performance reporting. Therefore certain items stay in focus, because of institutional arrangements and institutionalised processes.

In addition, the executive's relationship with the committee can be viewed as one of varying closeness. Several inquiries produced an executive response within several months, and the majority within 18 months; however, there are other reports for which FMs were not forthcoming for several years.

4.5 Implications and Summary

This chapter has revealed several contextual factors involved in structuring JCPA activities over the past 40 years. Given the observations of the last four decades, it is not likely that

the prospect of change and fluctuation in the JCPA's 'role' and construction of Parliamentary 'oversight' can be predicted or explicitly tied down by any technical definition. Rather, the attributes of JCPA activities are an emergent phenomenon; that is an integral part of its institutional surroundings which inevitably change as contextual circumstances change.

It was found that at a point in time, many or several concerns have been given some attention by a JCPA, but only a few are given standing by constant exposure in the selection of topics for review and inquiry, and in the written recommendations and reports produced. There was no shortage of matters which the JCPA can select to examine, and these therefore command attention.⁴⁷ Outside the confines of the A-G's report the JCPA has a range of departments, statutory authorities, government companies and departmental commercial undertakings from which to select issues for examination. There is also a diversity of accounting issues from which to select (e.g. control of assets, deprecation accounting, form and content of financial statements, proper costing, fraud detection and reporting, audit responsibilities, performance reporting).

The case study illustrated how, in practice, in the name of the JCPA activity the concerns of the committee were varied, and not limited to its mandate of examining and commenting on the government accounts. The study has suggested that at a point of time a multitude of factors can lead to the promotion of accounting developments. By observing the long-term activities and processes associated with the JCPA, some patterning over time was revealed. The over-arching conclusion is that no one element was found to dominate the structuring of JCPA activities. This observation was borne out by the analysis of JCPA activities over the forty years.

⁴⁷ There are literally hundreds of items on which a JCPA could focus within a term of Government. For instance, in the ANAO 1986-87 annual report (AAO, 1987) there were over 200 references included, of which the A-G considered 117 were critical (Hill, 1988). Of these the JCPA selected 10 items to examine in depth.

However, in the most current period (1983-91) analysed, it was found that the JCPA emerged as a reviewer of 'performance' and this involved various accounting technologies (e.g. annual reporting and performance auditing). This study raised several further important issues that merit investigation before the history and possible future directions of JCPA activities and government accounts can be understood.

Chapter 5 Case 3: An Accounting Technology Focus: The Emergence, Demise and Re-emergence of the ANAO Performance Auditing

5.1 Introduction

This case study examines the development of the technology of performance auditing⁴⁸ within one research site, the Australian National Audit Office (ANAO).⁴⁹ In this Chapter, Porter's (1981) framework provides a structure for the conceptualisation, articulation and collection of empirical evidence about aspects of the context in which performance auditing was conceived, born, fought over, practised and nearly passed away. The period chosen for the analysis was from the early 1970s to 1992.⁵⁰

Evidence for the study is based on available parliamentary documents (e.g. the legislation, parliamentary debates and committee reports, Finance minutes), ANAO documents (e.g. ANAO efficiency audit reports, internal and external documents and official speeches), as well as professional and academic literature. Four periods are used (before the RCAGA; RCAGA to 1979; the first efficiency audits until 1988; the JCPA inquiry until 1992) for the analysis which follows. The analysis focuses on three levels (individual, institutional, concepts and forces) in an attempt to throw light on our understanding of the factors involved in performance auditing developments.

The following section reviews aspects of the performance auditing literature. The

⁴⁸ Performance auditing is used in this paper to refer to that type of activity that embraces part or all of value for money, efficiency, effectiveness, operational, and comprehensive auditing.

⁴⁹ Recently, the Federal auditing office was renamed the Australian National Audit Office (ANAO) in 1989, other names such as Australian Audit Office (AAO) have been used in the past. For ease of reference the ANAO nomenclature will be used. However, for referencing, the name in use at the time will be used.

⁵⁰ The period chosen for analysis was from the early 1970s to 1992. This period covers the emergence, acceptance into legislation, and various mouldings of a 'performance auditing' technology and experimentation with its practice.

balance of the paper is organised as follows: in Section 5.3, four time periods are explored; in Section 5.4 several elements are identified which have mediated the development path of performance auditing; and the last section provides a summary to this chapter.

5.2 Prior Research

Chapter one identified a body of work which views accounting as a social phenomenon and which is malleable in different contexts. Within this body of work is that of a group of researchers who have focused on performance auditing developments within one site, the ANAO. A general feature of this work is that it suggests public sector auditing is not be considered as a technical phenomenon, isolated from its context, but rather that it reflects and affects the context in which it is located (Parker, 1986; Hatherly and Parker, 1988; Hamburger, 1989; English and Guthrie, 1991; Parker and Guthrie, 1991). Various commentators have also remarked upon the importance of the ANAO as a world leader in the development and practices of performance auditing (JCPA, 1989, R289; INTOSAI, 1986; 1989).

This literature can be classified into four dimensions (a) reporting practices; (b) individual A-G's influence; (c) institutional arrangements and definitions; and (d) specific events. On the first dimension, Hatherly and Parker (1988) undertook a case study of selected performance audit reports produced by A-Gs in two states (SA and Victoria) and the Commonwealth of Australia. They found differing approaches for the concepts employed, differing reporting content and format. There were several difficulties with this study including selection criteria and judgment of success (Hamburger, 1993).

On the second dimension, Hamburger's (1989) study focused on the effect of each individual A-G upon performance auditing within the ANAO, where he found that it underwent periods of significant change in both focus and implementation. This change

was characterised as a contested process involving auditors, the agencies they audit and the parliament they report to. Such basic questions as why, what and how performance should be audited and by whom were contested. Hamburger argued that successive individual As-G had a large personal influence on the development of performance auditing in the ANAO. While Hamburger's study suggests a powerful influence for individual As-G, this factor should not be over-emphasised at the expense of other potential contextual influences.

A static comparison of the institutional arrangements and definitions is the third dimension. An example of this is the Guthrie (1989) study of the New South Wales and Commonwealth approaches to internal and external review mechanisms. He found considerable differences in relation to techniques, institutional arrangements and proposed identity of the reviewers. Another study by Parker and Guthrie (1991) of the ANAO performance audit mandate distinguished between *de jure* mandate and *de facto* practices. They contended that official documents, formal pronouncements and legislative clauses do not in themselves identify the 'realities' of organisational practice. They concluded that any examination of the official definitive literature would be limiting and is often divorced from actual practices and other literature. A recent study by Guthrie and Fung (1994) of all efficiency audit reports until June 1992, extended this analysis by examining the audit foci within those reports.

On the fourth dimension, there have been several attempts to examine the processes involved in the emergence and effect of specific events (e.g. public inquiries, major changes in audit legislation). English and Guthrie's (1991) study of the JCPA inquiry into the ANAO and later parliamentary, executive and sundry responses indicated a variety of forces which shaped performance auditing within the ANAO. Such an in-depth analysis was limited by its narrow time frame.

The above studies indicate that, while identifiable patterns of audit arrangements can be

established for a particular point in time, audit definitions and practices, and organisational and institutional arrangements have shifted over time. Therefore, performance auditing is being increasingly appreciated and studied in the various contexts in which it operates.

The research literature concerning the ANAO performance auditing developments has identified various contextual determinants that may influence its nature and form. The way in which it is defined, the degree to which it is linked to regularity auditing, and its breadth of scope, all show signs of being related to aspects of its context. What is missing from this contextual auditing research literature is a detailed longitudinal study. This chapter offers such a study of one organisation across a significant time-frame and explores the development of performance auditing at various levels. It significantly differs from previous research in that it uses Porter's framework to provide structure to the 20-year history through several levels of analysis (i.e. individual, institutional, concepts and forces).

5.3 Developments of ANAO Performance Auditing

5.3.1 Period A: Antecedent conditions : before the RCAGA

With the formation of the Australian federal system of government in 1901, the fourth Act passed by the new Parliament was *The Audit Act 1901*. It prescribed the A-G's statutory obligations which included the audit of the public accounts. During the period from 1901 to the early 1970s there was little change in audit scope. For the first six decades, only minor amendments were made to the Audit Act. These amendments allowed for less than 100 per cent vouching of transactions, introduction of systems based auditing and mechanisms to strengthen independence. The audit emphasis and official mandate during this period were focused on regulatory auditing.

From its origin in 1901, the ANAO mandate included the examining, criticising and

making suggestions on the keeping of public accounts (including commenting on waste and extravagance) and drawing attention to any breaches of regulations or law (e.g. irregular or illegal activities, or non-compliance with financial directives). According to the ANAO, it was not until the early 1970s that it practiced 'project audits' under Section 54 of the Act (see, A-G evidence to RCAGA, 1976b; Kimball, 1977), and that these were concerned with efficiency matters (Adams, 1986; AAO, 1980:4-5). Section 54 was re-interpreted as providing the A-G with the power to comment on efficiency matters. The A-G interpretation of Section 54 in the early 1970s provided him with the means to examine efficiency matters. This is the starting point for the following detailed analysis.

This move towards efficiency auditing did not happen in isolation from the general public sector environment of the time. At the beginning of the 1970s, several general mandates for external efficiency reviews existed within legislation. The Public Service Board (PSB) had powers to undertake efficiency scrutinies that dated back to the 1921 changes to the PSB Act.⁵¹ The economic crisis that followed the conclusion of World War One led to the establishment of the last Royal Commission to investigate efficiency in the Australian government administration before the RCAGA. This commission produced The Report of the Royal Commission on Public Expenditure of the Commonwealth of Australia with a View to Efficiency and Economy (RCPECA, 1919:85) and found that "...there is a great, if not a greater, need for an auditor of economic efficiency, as for an auditor of accuracy and honesty."

⁵¹ This original mandate of the PSB for efficiency reviews was in Section 17 (S17) of the PSB Act. Briefly, the board was charged with four broad duties. The first duty was to devise a means for effecting economies and promoting efficiency in the management and workings of departments. The second was to examine the business of each department and ascertain whether any inefficiency or lack of economy existed. The third was to exercise critical oversight of activities and the methods of conducting business in each department. The fourth duty was the maintenance of a comprehensive and continuous system of measuring and checking the economical and efficient working of each department. Also to institute standard practice and uniform instructions for carrying out recurrent work.

The Board's responsibility embraced only a portion of Australian government organisation, namely the activities of the departments of state and comparable bodies. It did not cover those organisations not embraced by the Public Service Act. No other body oversaw the organisations that fell outside the Act and therefore a considerable part of the public sector was not subjected to this type of efficiency review.

In summary, up to the early 1970s efficiency reviews were undertaken mainly by the PSB and these were known as Section 17 reviews. The audit office had limited itself to regularity auditing, however, the introduction of project audits in the early 1970s changed this. Thus the notion of efficiency scrutiny in the early 1970s was a re-emergence of an issue that had been percolating through the Federal public administration for a considerable period of time.

5.3.2 Period B: The RCAGA to the efficiency audit changes (1975-79)

During this period there was intense debate about what and how performance auditing should be conceived and practiced. The following analysis of this period starts with the RCAGA and then proceeds at three levels. The first level is an examination of debates about what the efficiency audit mandate should be, the second is an examination of debates about institutional arrangement for efficiency audit. The third level identifies concepts and forces at work during this period.

The RCAGA was established in 1974 and one of its deliberations concerned the function of public sector auditing. It recommended that the A-G be given powers to conduct 'efficiency audits' (RCAGA, 1976a, Section 11.4). Contained in evidence to the RCAGA were a variety of options, definitions and proposals concerning efficiency auditing. There were similar, varied or opposite positions on efficiency audit mandates and institutional arrangements. However, the RCAGA's recommended the establishment of an efficiency audit function within the A-G's office. The new Liberal Party government established a Working Party of Officials on Efficiency Audits (WPOEA, 1977) to examine the possible implementation of this efficiency audit recommendation. Finally, in 1979 amendments were made to the Audit Act, incorporating an official mandate for the A-G to undertake efficiency auditing.

The first level of analysis concerns an examination of various constructions of the official mandate. Significant groups identified include the RCAGA, WPOEA, the ANAO, and

Parliament and the Executive. There are two aspects to examining the RCAGA and an official mandate: the first concerns various evidence presented to the RCAGA, while the second concerns its recommendations.

As was stated above, there was a variety of options, definitions and proposals provided in evidence to the commission. This is captured in the report, published working papers and the appendix to the RCAGA report, and also in various submissions released by interest groups, for instance the Cutt and Caiden submissions, background material prepared by the RCAGA staff, various AAO submissions, Australian Society of Accountants submission; and the report of the Joint Review of Audit Legislation by Treasury and A-G's office (October 1975) provided similar, varied or opposite positions on the construction of an efficiency auditing mandate (see RCAGA, 1976a; 1976b).

Another example was the interim (and the only) report of the Joint Review of Audit Legislation by Treasury and Auditor General's Office (October, 1975) which stated:

To conclude, it is clear that 'efficiency' and 'audit' are not precise terms meaning different things to different people: the word "audit" in particular may mean a review carried out by persons other than auditors... the Auditor General is already working in the efficiency audit field to some extent: any doubts he may have about his strict rights to do so have not inhibited him from drawing attention to the wasteful use of money and other resources and inefficiencies in collecting revenue (RCAGA, 1976b, V4:168).

The second aspect concerns recommendations of the RCAGA.⁵² The RCAGA concern

⁵² The commission's final position on the scope of efficiency audits was:

The Scope of Efficiency Audits

11.4.2 Views about the scope and purpose of audits vary widely, but there is an increasing tendency to see them as being more comprehensive in range and influence. One of the broadest descriptions of the audit function is that sponsored by the United States General Accounting Office which identifies three elements, types or stages of auditing as follows:

- (a) Financial Compliance; this form of audit determines whether financial operations are

was for the construction of an efficiency auditing mandate that emphasised waste, whether of money, manpower or other resources, and concentrated on 'economy' and 'value for money'. However, the RCAGA report's distinction between effectiveness and efficiency was obscure, and there is a contradiction between the definition it implies and the one used later in the report (see Cutt, 1977: 277; 1978; RCAGA, 1976b: S3.1.4, for their definitions of the concepts of efficiency, effectiveness and economy).

An important catalyst for transforming the RCAGA recommendation into legislative changes was the Working Party of Officials on Efficiency Auditing (WPOEA). It was established in 1977 and reported in the same year. Responding to its charter to examine and report on the implementation of a system of regular efficiency audits, the working party mainly followed the RCAGA recommendations. The WPOEA drew on the US

conducted with propriety, whether financial reports are presented fairly and whether the agent subject to audit has complied with the applicable laws and regulations;

(b) Economy and Efficiency; this determines whether an agency is managing or utilising its resources (personnel, property, space and so forth) in an economical and efficient manner, and seeks to reveal the causes of any efficiencies or uneconomical practices, including inadequacies in management information systems, administrative procedures, or organisational structures;

(c) Program Results; this determines whether the desired results or benefits are being achieved, whether the objectives established by the legislature or other authorising body are being met, and whether the agency has considered alternatives which might yield desired results at a lower cost.

11.4.3 The Auditor General's present functions are confined largely to the first of these three elements. It will be apparent from chapter 3, which deals with the achievement of efficiency, that the Commission contemplates that the Auditor General should have power to audit their efficiency of Departments and Agencies in the use of financial, manpower and other resources and so to comprehend the second group of the elements listed above. This audit will be directed to any aspect of the organisation or department or agency concerned which suggests a wasteful use of money, manpower, or other resources.

11.4.4 It will not be easy to draw the line between studies directed to the assessment of efficiency in these matters, and those determining how far the desired results or benefits contemplated in any program under review are in fact being achieved. Even in principle, there may be some overlap. Results or benefits contemplated will generally be a complex, and sometimes competitive, set of objectives derived in varying degree from differing personal and political motivations. The assessment of success in achieving the objectives will therefore involve judgment not merely about financial and administrative competence but also about political considerations with which, in theory at least, the Auditor General should not be involved. It is because of this component and the relevance of such assessments to the forward estimates and the formulation of new policies that the commission suggests that the primary responsibility for ensuring the assessment of program effectiveness should be with the Department of Prime Minister and Cabinet. (see paragraph 11.5.20) (RCAGA, 1976a: 375-6).

Government Accounting Office's (GAO) description of efficiency and economy, and noted the difficulty in establishing boundaries between efficiency and effectiveness reviews (see WPOEA, 1977: paras.32; 37-9).

The WPOEA stated that the external auditor would have to proceed cautiously if his or her independence and objectivity were not to be prejudiced by judgments that take him or her into political or subjective areas (WPOEA, 1977:14-5). The working party drew attention to difficulties that could be experienced in practice, in separating issues of 'administrative efficiency' from those of 'program effectiveness' (para. 39). It noted that the evaluation of the effectiveness of government policies has always been a province of the government itself, aided by its administration, and subject always to the questioning and judgment of the Parliament (p.18). The government accepted the WPOEA recommendations, and the 1979 Audit Amendment Act ensued. During this period, the ANAO responded to the various criticisms, pressures, and ideas. It was shaping its own perspective of what was, and should be, the efficiency auditing mandate.

The ANAO was not a neutral observer during this period. Its senior officials were active participants in committees, wider public debates and the production of efficiency auditing literature. Indeed, by the time the legislation gave explicit efficiency audit powers to the ANAO, it had already established an efficiency audit division. Nevertheless, both within and external to the ANAO there was considerable debate as to which concepts should be included and excluded from efficiency audit technology. As early as 1976, the A-G (Craik) denied that the ANAO would review effectiveness. He based his claim on the original RCAGA interpretation of effectiveness as involving reviews of policy. His views were at odds with those employed to run the efficiency audit division. Jones (the first Assistant A-G in charge of the division) implied that efficiency audits should be about moving from a simple exposure of waste, to a merging with program and policy review functions.

Jones (1978:11-12) stated that:

thus policy and program review would be concerned with government goals and instruments to meet these goals, efficiency would assess how economically resources were used in applying these instruments in the form of programs or activities.

He goes on to note:

it would not be surprising if efficiency audits at times touched on matters to do with program effectiveness.

and that:

Efficiency may be regarded as occupying the centre of the spectrum bounded at the 'upper' or strategic level by what is termed 'effectiveness', which is a measure not always quantifiable, of how closely government objectives are being achieved and at the 'lower' or transaction level by compliance, which is essentially concerned with the administration of funds.

However, he was criticised for this view by his own colleagues within the ANAO. Other more senior officials of the ANAO were not as all-embracing in their definition of efficiency auditing. For instance, A-G Craik specifically set out his boundaries between efficiency and effectiveness reviews (Craik, 1979:3):

Effectiveness reviews are concerned with government goals and instruments to meet those goals, efficiency audits with how economically resources are used in applying those instruments in the form of programs or activities, and financial audits with whether adequate controls are applied to individual transactions generated by those programs and activities.

Thus, even at the outset, the ANAO efficiency audit mandate was contested from within its own office.

The next significant group identified was parliament and the executive government. The 'official' mandate was included in the Audit Act Amendments (1979). These changes were considered to be the most significant ever made to the original 1901 Audit Act (Hamburger, 1989). These amendments gave formal authority to the ANAO to undertake efficiency audits. Section 2 (4) defines efficiency audits in the following way:

(a) An examination of the functions performed by and the operations carried on by a body or person for the purposes of forming an opinion concerning the extent which those operations are being carried on in an economical and efficient manner, and;

(b) An examination of the procedures that are followed by the person or persons for reviewing operations carried by the body or person, an evaluation of the adequacy of those procedures to enable the body or person to accept the extent to which those operations are being carried on in an economical and efficient manner.

The Act does not mention 'effectiveness'. Tabling speeches in both Houses of Parliament and other specific parliamentary speeches on the changes to the Act do not mention 'administration efficiency' and 'effectiveness'. The official mandate limited the A-G to scrutiny of 'efficiency', while operative practice extended that mandate to include 'effectiveness' (Parker and Guthrie, 1991; Guthrie and Fung, 1994).

In summary, the above analysis of mandate debates (by various groups) highlights the complex development path of ANAO performance auditing technology during the 1970s. The RCAGA was indeed a pivotal event in the development of efficiency auditing because it reflected antecedent conditions within the APS (such as the PSB efficiency review mandate) and sponsored debates about the future nature and appropriateness of it.

The second level of analysis concerns an examination of institutional arrangements. The RCAGA report stated that the auditing of efficiency of public sector managers should rest with the A-G (RCAGA, 1976a:S11.4). Indeed, the PSB was reluctant to continue with this function, and others had commented that since the 1920s it had not performed well on efficiency matters (Spann, 1984:308). The report suggested the removal of Section 17 efficiency reviews from the PSB and their relocation within the expanded audit mandate of the A-G (RCAGA, 1976a:S11.6.47).

Various groups reported upon the question of which organisation was to undertake efficiency audits (e.g. RCAGA, WPOEA, the legislative drafting group, and JCPA). All accepted the RCAGA recommendation that the ANAO should be given the mandate to undertake audits.

There were various alternative organisations to choose from. For instance, Guthrie (1989) illustrates the plethora of internally initiated efficiency reviews within the APS. These included management reviews, establishment section reviews, expanded scope internal audit, external consultations on special assignments and joint management reviews. Externally initiated reviews included the PSB, the Ministers' policy group, as well as scrutiny by various parliamentary committees and inquiries. Therefore, various organisational forms (and hence various disciplinary approaches) were available to the RCAGA (e.g. ANAO with auditing disciplinary knowledge; PSB with organisational and human resource knowledge; Department of Prime Minister and Cabinet with policy and public administration knowledge).

Three factors stand out. First, there were various disciplinary rationalities available to undertake efficiency audits. Second, organisational choice provides standing and legitimacy to a specific rationality (e.g. ANAO and auditing discipline). The third factor was the debate over where efficiency audit should be located and which institution should carry it out.

The third level of analysis is concerned with forces and concepts at work during this period. Before the 1970s, public sector auditing had been predominantly concerned with regularity auditing. With the rise of performance auditing, it shifted focus to become more concerned with 'economy', 'efficiency' and 'effectiveness' matters. There was a general belief that performance auditing should address whether the desired results or benefits were being achieved, whether the objectives established by legislature or other authorising bodies were being met, and whether the agency had considered alternatives

which might yield desired results at a lower cost.

Chapter 3 traced the development of the idea of 'accountable management'. The rise of performance auditing can, in part, be attributed to the development and power of this idea on public administration during the period. For instance, the RCAGA (1976a, Chapter 3) recommended that:

If ... departmental managers are to be given a clearer responsibility for their managerial functions and greater freedom and discretion to perform them it will be more important that the quality of their performance should be subject to critical review.

Therefore performance auditing was given the mission by which the executive government and Parliament were to review the 'performance' of departments and managers.

Four observations can be made concerning performance auditing developments during the period (1975-79). The first observation is that efficiency auditing was promoted in a period of concern about wasteful use of money and other resources, and inefficiencies in collecting revenue within the APS. To those who were concerned about these issues, this technology was attractive as a potential remedy. Thus the move to legislative changes may have been propelled by these forces and concepts.

Second, various interpretations of 'efficiency', 'audit' and 'review' were circulating. Indeed, the vague and general construction of the efficiency audit technology was also reflected in the legislation. The ambiguity of the concept and the power of its mission may have helped its passage into legislation and practice.

The third observation concerns the various actors and organisations who were competing to construct 'efficiency auditing'. The actual change to legislation that occurred did not

clarify, or indeed end the debate about the ANAO efficiency auditing mandate. The final observation is that key issues for the future configuration of significant events were the 'efficiency' and 'effectiveness' divide, and whether an audit of 'administrative effectiveness' was ever intended to be included in the official mandate.

5.3.2 Period C: The first efficiency audit reports and the rise and fall of ANAO performance auditing (1980-88)

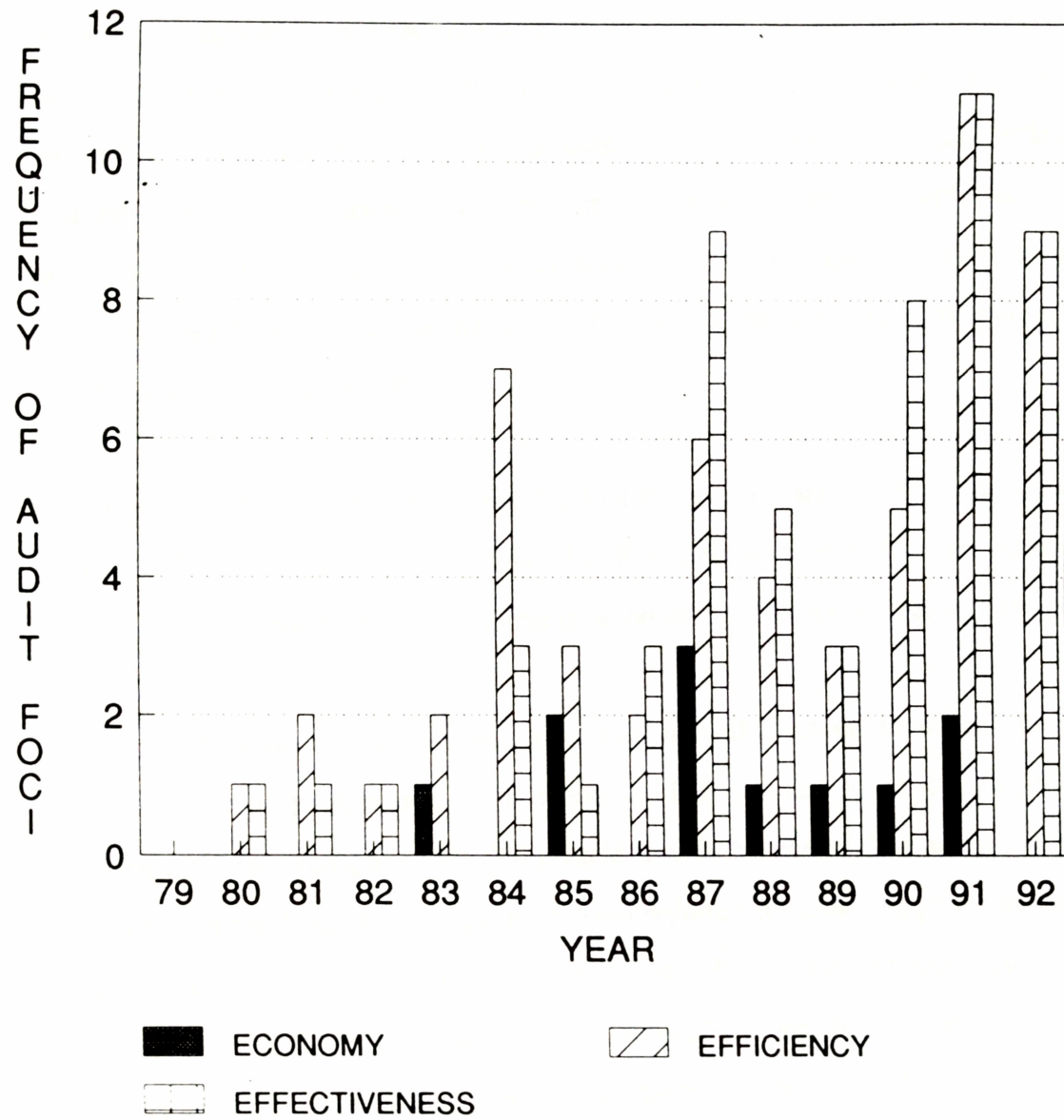
The third period is characterised by the rise and fall of performance audit reporting. During this period there was intense debate as to how the ANAO should construct and practice performance auditing. Fifty-two efficiency audit reports were completed and there were several parliamentary reviews of reports and process. The nomenclature that described this technology also changed and included such terms as project, efficiency, comprehensive and performance audits.

By the end of this period, the ANAO had restricted performance audits to government departments only (rather than other Commonwealth organisations such as public sector business enterprises and statutory authorities) and had significantly reduced the resources expended on this form of auditing. The reduction of resourcing and changing of priorities within the ANAO meant the relegation of performance auditing at the end of this period. However, a cursory examination of the ANAO and other official, academic and professional literature of that time shows varied debate about the technological basis and the malleability and mix of the concepts being employed.

The practice of performance auditing ebbed and flowed during the period. It is arguable that it was characterised by great expectations at the outset, followed by a period of slow development and external criticism. The ANAO was experiencing difficulties in trying to practice performance auditing, and this created tensions, disputes and amended arrangements.

The first level of analysis focuses upon practices and debates concerning what should be, was, or could be, performance auditing. Guthrie and Fung (1994) identified efficiency audit reports audit foci in the period (1980-1992), and their results are shown in Figure 5.1.

Figure 5.1 Number of efficiency audits and foci



During the period, a total of 91 efficiency audit reports were tabled, with an average of seven reports being published per year. The characteristics of this period were a pattern of a slow start, substantial growth, and then significant decline to 1988/89.

The second element was the 'objectives' and 'matter' of audit. In terms of the annual 'economy', 'efficiency' and 'effectiveness' audit foci, Figure 5.1 also shows that economy was assessed only in seven years (1983, 1985, 1987-91), with an average of fewer than two efficiency audits conducted in each of these years. On the contrary, both 'efficiency' and 'effectiveness' were assessed in every year, except in 1983 when no efficiency audits were found to have focused on 'effectiveness'. Finally, note that while there was a tendency from 1980 onwards to focus on 'efficiency' rather than on 'effectiveness', the reverse has occurred since 1986.

In the period 1980 to 1988 there was the first report, and another fifty one (51) (see Appendix E) completed by late 1988. As illustrated in Figure 5.1, the number of efficiency audit reports tabled in parliament varied during this, and subsequent periods.

The second audit mandate aspect concerns individual A-G influence upon the interpretations of performance audit mandate. Three A-G's terms (Craig 1972-80; Brigden 1981-84; Monaghan 1985-88) coincided with this period. The analysis proceeds by examining briefly Guthrie's and Fung (1994) reported frequency of performance audit reports foci tabled during each A-G's term of office. Two efficiency audits were conducted in Craig's last two years (1980-81) in office after efficiency audits became a statutory mandate in 1979. This was followed by Brigden's (1981- 84) and Monaghan's (1985-87) periods, in which 19 and 29 audit reports respectively were tabled in Parliament.

The A-G's and their corresponding performance audit foci are shown in Table 5.1.⁵³

⁵³ Each A-G could have focused on more than one performance aspect, and hence the aggregate of the

Table 5.1 Performance audit report foci within each A-G period¹

A-G PERIOD	REPORT FOCI		
	ECONOMY	EFFICIENCY	EFFECTIVENESS
Craik (72-80)	0	2	2
Bridgen (81-84)	1	11	4
Monaghan (85-88)	6	14	17
Taylor (88-92)	4	29	32
-----	-----	-----	-----
Total	11	56	55

This table indicates that audits focusing on 'economy' were not conducted by Craik and received only a little attention from the other three A-Gs. Also, there was a substantial increase in the number of efficiency and effectiveness foci each time an A-G was replaced. This was most significant during Taylor's period, where foci on efficiency came to twenty-nine (29), and on effectiveness thirty two (32). Also noteworthy is that Brigden's period was the only time when 'efficiency' was the focus, rather than 'effectiveness'.

A-G Craik (1972-80)

A-G Craik oversaw the RCAGA period, the WPOEA process and the legislative changes in 1979. Craik expressed a strong interest in the US GAO program. Hamburger (1989:10) found that Craik distinguished between policy, administration and efficiency. However, Assistant A-G Jones took a broader view (i.e. 'administrative effectiveness') than Craik or the RCAGA had envisaged (i.e. 'efficiency' was the exposure of waste and inefficiencies). Fifty per cent of reports during his term had an effectiveness focus. There

¹total of individual aspects focused on would not be equal to the total number of efficiency audit reports (91) tabled during the period.

was tension between A-G Craik and Jones, with Jones retiring in a contentious manner in 1981.

A-G Brigden (1981-84)

A-G Brigden replaced Craik in February 1981. The new A-G was an accountant, who was previously employed in the Australian Tax Office. During the Brigden years there was a narrowing of the scope of performance auditing (Jacobs, 1990:3). At that time 12 out of 16 reports focused specifically upon 'economy' and 'efficiency', while only four reports had an 'effectiveness' focus. Also, there was considerable conflict within the ANAO about the construction of technology and technical practice. Project audits replaced performance audits (Hamburger, 1989). Several of the projects started before 1981 were now either completed or abandoned.

A-G Monaghan (1985-88)

When A-G Monaghan replaced Brigden in 1985, one of his first acts was to reverse many of Brigden's changes. Project audits, for example, were converted back to performance audits. Table 5.1 indicates that nearly 50 per cent of performance audit had an effectiveness focus. The implicit increase in ANAO commitment to performance audits was reinforced by a significant increase in public statements of support for this function by Monaghan and his senior officers. Indeed, they embarked on a vigorous program of publicity for the ANAO's activities (via annual reports, selected addresses, ANAO gazetted standards, and an updated ANAO audit manual). However, this was a period during which performance auditing appeared to fall from grace with the government and parliament (Hamburger, 1989). Thus Monaghan and his officials were fighting a rearguard action to maintain their legitimacy in this area (Parker and Guthrie, 1993). It is therefore arguable that the identity and personal influence of the A-G has had a significant impact on changes in the ANAO approach to performance auditing during this period.

The terminology used by the ANAO as reflected in various official ANAO pronouncements was in a constant state of flux during this period (see Table 5.2). Not only did the nomenclature change between terms (e.g. project; efficiency; performance), but the construction of the technology varied (i.e. the concepts, symbols and systematic knowledge used) within the official statements, audit manuals and speeches of this period.

Table 5.2 Chronology of ANAO performance audit terminology

1970's	Section 54 project audits
1979	Efficiency audits
1982	Project audits
1985	Comprehensive audits (efficiency and project)
1986	Comprehensive audits (performance, project and efficiency)
1987	Performance audits (economy, efficiency and effectiveness)
1989	Performance audits (project, efficiency)
1991	Comprehensive audits (regularity and performance)
1991/92	Performance audits (project performance, efficiency)

Early in the 1970s, the ANAO introduced 'project audits' (AAO, 1980; Kimball, 1977). Efficiency auditing replaced project audits in the ANAO audit manual in 1979 (AAO, 1980) after the 1979 Audit Act amendment defined efficiency audits as (Section 2 [4]

"...an examination of the functions and procedures to form an opinion whether operations are being carried on in an economical and efficient manner".

As shown earlier, during Brigden's term as A-G (1981-84) project audits replaced efficiency audits. During his successor's (Monaghan's) period, both project and efficiency audits were subsumed within the term 'comprehensive audits'. During Monaghan's term of office, project, efficiency and comprehensive audits were grouped under the umbrella term 'performance auditing'.

In 1987, the ANAO gazetted its auditing standards (AAO, 1987). By this time it had defined its performance auditing mandate as including economy, efficiency and effectiveness of management of departments and other Commonwealth bodies. Thus, the audit mandate established in the gazetted standards now included performance auditing, redefined as including the evaluation of effectiveness of management.

'Performance auditing' was introduced into the language and practice of the ANAO in 1987. A significant event marking the emergence of 'performance auditing' was the International Organisation of Supreme Audit Institution's (INTOSAI) 12th international conference, held in Sydney in 1986. The ANAO statements concerning performance auditing were defined in terms which were virtually a direct quote from that conference (see INTOSAI, 1986).

From this overview of developments during the 1979-88 period, it is evident that the technology of performance auditing (and concepts attached) has changed quite markedly. With the enactment of *The Audit Amendment Act (1979)*, 'project audits', introduced in the early 1970s, were replaced by 'efficiency audits'. Additionally, according to various ANAO annual reports, 'economy' and 'project' audits were grouped under the term 'comprehensive audit' in 1985. In 1987, 'economy' and 'efficiency', and 'effectiveness', were grouped under 'performance' audits.

As will be shown in the next section, 'performance audit' was cast in 1989 to incorporate 'efficiency' and 'project' audits (ANAO, 1990) and in 1992 'performance audit' was cast to include 'efficiency' and 'project performance' audits (ANAO, 1992). In summary, there was a change in the nomenclature for this technology (i.e. project, efficiency, comprehensive, and performance audits). The ANAO experienced varied twists and turns in defining the mandate and composition of the audit technology. This created tensions, disputes and new arrangements.

At the level institutional arrangements, during this period, the assumed wisdom was that the ANAO organisation should undertake performance auditing. The institutional analysis concentrates on the links to parliament (and hence 'oversight' and political processes). This analysis is undertaken via two aspects: the first is parliamentary reviews of performance audit reports; the second, parliamentary reviews of the processes associated with performance auditing.

The 1979 legislation established a requirement that every efficiency audit report should be reviewed by a parliamentary committee. The two parliamentary committees most involved in this process were the House of Representatives Select Committee on Expenditure (HRSCE) (later known as the Finance and Public Administration Committee) and the Joint Committee of Parliamentary Public Accounts (JCPA). Individual performance audit reports could be reviewed by one or more committees, and there was no direction within the legislation as to which committee was to review what report.

Since 1979 several reports have been seriously criticised by parliamentary committees. Some criticisms levelled by these committees include debatable auditor interpretation of Commonwealth government powers; extravagant auditor estimates of potential savings from recommendations; and questions concerning figures used by the ANAO in its

reports. Questions as to whether the ANAO was exceeding its mandate, particularly in commenting on weakness in departmental processes such as evaluation and policy advice, were also asked.

For illustrative purposes, one of the first parliamentary reviews was of the Commonwealth Administration of Nursing Home programs by the HR Expenditure Review Committee (HRSCE, 1982). This committee commented on audit mandate and the distinction between reviews of the 'effectiveness of programs' and 'efficiency matters'. This report (1982:14) then argued that the extension of its mandate into reviews of the effectiveness of programs was not the role envisaged by the Parliament or the Government in the debate on *The Audit Amendment Act, 1979*. (See Australian Parliamentary Debates, Australian House of Representatives, Hansard, 12 September and 25 October 1978:824-827, 2295-2317; and Australian Senate, Hansard, 1 March 1979:429-442 for support of this position.)

The Committee stated that (HRSCE, 1982:par.77):

reviews of program effectiveness are different from the consideration of policy matters that arise from an examination of how specific processes, methods, or activities can be made more efficient or economical. A review of program effectiveness or results determines whether the desired results or benefits are being achieved, whether the objectives established by the legislator or other authorised body are met, and whether the agency has considered alternatives which might yield desired results at lower cost (actually GAO, 1974)... . It appears to us that reviews of the effectiveness of programs are a separate and particular type of policy analysis.

The report then argued that two disadvantages were involved in extending efficiency audits into 'effectiveness' matters. First was the danger of the A-G compromising his independence. The second was that the minister in charge of the auditee department would be held effectively accountable to the A-G, rather than correctly to the parliament. Thus in the early days of ANAO efficiency audit practice there were concerns expressed

by parliamentary representatives that the ANAO had overstepped its mark in interpreting its efficiency audit mandate.

However, later, this same committee, operating under a different government and with different members, put forward a strong argument for performance audits to become more involved in policy.⁵⁴

In summary, at a point of time and across time, there are various issues, focuses, and a variety of solutions offered for parliamentary committees, as to what they consider to be important issues associated with performance auditing practices. Expectations were high among parliamentarians during the early 1980s that efficiency audits would be a strong instrument for 'oversight' over the APS. However, as the following subsections indicate, there was constant criticism, review and change during this period.

Once again, the 1980-88 period of performance auditing presents a picture of change and fluctuation in both conceptual debate and auditing application. Performance auditing technology parameters appear to have been influenced both by individual A-G's, who wielded considerable influence in terms of conceptual and practicing directions and related changes, and by the performance audit mandate debate which spread wider into parliamentary committees.

5.3.4 Period D: The JCPA inquiry and beyond (1989-92)

The fourth period (1989-92) is identified as a period of critical review which saw the re-

⁵⁴ For instance, an HRSCE (1984) report stated that:

While definitions of efficiency and effectiveness may vary, the Committee considers that the efficiency audit report is a very useful document in terms of accessing the administrative efficiency of the Department of Immigration and Ethnic Affairs in its control of prohibited immigration, but does not fully address the question of effectiveness. There is very little analysis of effectiveness of the practices in meeting the Department's objectives, nor do any of the report's recommendations suggest that perhaps the objectives can be met more effectively by using other means.

emergence of performance auditing. The following analysis concerns two major aspects: first, the JCPA inquiry, report and government responses, and second, ANAO pronouncements from the time of the JCPA Inquiry until 1992.

The JCPA inquiry was the first parliamentary inquiry into the Commonwealth external audit functions since Federation. This inquiry investigated whether the ANAO had kept pace with developments in the various Australian states and territories, and in comparable countries (JCPA, 1989, R296). The report recommended the maintenance of the performance auditing function in the ANAO, arguing that the RCAGA justification was still valid (JCPA, 1989, R296:130). However, it was critical of the lack of resources devoted to performance auditing by the ANAO.

Concerning mandate, the report recommended that the A-G give priority comment on auditees' evaluation plans, without commenting on the merits or otherwise of governmental policy. Also to be included in future legislation was a requirement that the A-G must report whether satisfactory procedures had been established to measure and report on the effectiveness of programs (see JCPA, 1989, R296: par.11.93).

The Executive government responded to the JCPA report via the Minister for Finance (Walsh, 1989).⁵⁵ This response disagreed with the recommendations on the independence of the A-G, the amount of financial resources available to the ANAO, and the scope of ANAO mandate (English and Guthrie, 1991). The Executive did agree to an immediate expansion of performance auditing, but argued that this should be funded from internal productivity improvements and a small amount of additional Government funding per year. The JCPA inquiry served as a catalyst for the further rejuvenation and definition of performance auditing in the Australian Federal public sector.

⁵⁵ The ministerial statement response to the JCPA report (Walsh, 1st November, 1989, Senate) covered only certain matters. Other responses have been made in respect of mandate and statutory authority status.

A-G Taylor (1988-92)

During this period there was an increase in the number of performance audit reports tabled with an 'effectiveness' focus (see Figure 5.1 above). A-G Taylor replaced Monaghan in 1988. Since then there has been further re-interpretation of the performance audit mandate. During Taylor's term, performance audits have focused upon effectiveness matters; there has also been a substantial increase in the number of efficiency audits.

In addition, there has been a notable change in staffing. Not only accountants and auditors have been recruited for this work, but increased numbers of efficiency analysts have also been recruited. One of the few survivors of the 1978 efficiency audit division of the ANAO, Jacobs, was promoted to Deputy A-G. In the early 1990s the ANAO is once again starting out in terms of defining, resourcing and staffing performance auditing. A reshaping of the *de facto* mandate has also been taking place with a notable swing back to a stronger emphasis on effectiveness and policy issues. For example, Jacobs (1990:1) has redefined performance auditing as now including:

- * the concurrence of program objects in practice with those of government or organisational policy - for questions of administrative effectiveness;
- * the measurement of inputs and outputs - for questions of simple efficiency; and
- * the performance measures used in the organisation to determine whether the program appears to meet program objectives.

Thus the performance auditing development path has taken another twist. Indeed, several of Jacobs's (1990) statements virtually mirrored the original views promulgated by Jones (1978). Hamburger (1990) asks "...is history repeating itself" in terms of the late 1970s debate about mandate (see Glynn, 1987; Guthrie, 1989; Parker and Guthrie, 1991).

Concerning institutional arrangements, the JCPA findings that the ANAO should continue with performance auditing has not been challenged directly. However, other review mechanisms have been promoted within the APS. The move by the executive government to increase internal and external evaluation has influenced the shape of ANAO performance auditing (Jacobs, 1990).

In summary, for the period under review, both the appointment of A-G Taylor and the JCPA report provided a higher profile and greater prospects for performance auditing. Once again there appears to have been a confluence of both individual and institutional forces in the ongoing changes in performance auditing.

5.4 Identifying Elements of Change

The foregoing narrative analysis of changes in performance auditing technology in the APS reveals this phenomenon to be influenced by contextual factors. The various observed levels of change and influence do not support the more traditional notion of performance auditing as a given, defined technology. Its nature, occurrence, explication and impact emerge from the complex interaction of institutional and individuals' agendas. Indeed, for the period from the early 1970s to 1992 examined in this chapter, performance auditing has experienced significant changes in conceptual definition, levels of support and direction of efforts.

Performance auditing has undergone successive changes in labeling, including project, efficiency, comprehensive and performance audit. The ANAO mandate to operate in this area has been defined and redefined, interpreted and re-interpreted. The legislative mandate did not change. However, at the same time it has experienced *de-facto* changes, which have been reflected in actual work carried out in its name (Parker and Guthrie, 1991). In more recent times, a reshaped performance audit has taken on the notions of forming an audit opinion on program objectives and management performance.

A specified technology for performance auditing as applied in the Australian public sector remains unachieved. It has been the subject of continuous debate throughout the 20 year period examined. Various parties have been all too eager to declare what limits they feel should appropriately be placed on the conceptual scope of this technology. Agreement or sufficiently specific official pronouncements have not materialised. The potential malleability of the concepts employed was enhanced by the generality of legislated audit scope pronouncements.

In accordance with Porter's framework for historical analysis, the following sub-sections summarise various elements that have been identified as having an impact on the development path of performance auditing.

At the level of the individual, changes have reflected the impacts of the attitudes and agendas of different individual A-G's (and, at times, their deputies). These differences in viewpoint have impacted on performance audit concepts and practice, as well as on organisational arrangements, internal and external (RCAGA and other working parties) to the ANAO.

Changes in performance audit have been intrinsically related to changes in the organisational level of performance auditing (akin to Porter's notion of groups). Efficiency auditing began its life in the ANAO as a separate section which was subsequently disbanded, and the work carried on by various parties spread throughout other sections of the ANAO. Recently, the ANAO has established efficiency audit groups within sections. Originally, staffing for this function was multi-disciplinary, but as a result of a contest between efficiency analysts and accountants within the ANAO (Hamburger, 1989), accountants were in the ascendancy from about 1982 onwards. In 1992 there was an active recruitment campaign to attract both accountants and other professionals, such as efficiency analysts. With Jacobs's promotion to Deputy A-G, there was a swing back

to efficiency analysts.

The influence of A-Gs as individuals, and the influence of various groups within the ANAO, while pronounced, must also be viewed in the context of institutional interests and influences. The interest of parliament in performance auditing has variously waxed and waned, and have more recently revived. This varying level of interest and concern by parliament has largely been reflected in the number of reports. These reports are from parliamentary committees' review of individual efficiency audit reports, or of the general performance auditing process itself. In addition, the executive has shown concern to retain funding control and hence, to a degree, operational control, over the activities of the A-G. This makes the executive a continuing powerful player in the institutional forces that have shaped, and will continue to shape, performance auditing.

Indeed, there emerged a contest for the control of the performance auditing function between the ANAO, the executive and the parliament (English and Guthrie, 1991). The ANAO, arguably, has seen itself as a pioneer of this practice in the APS. It has maintained its own self-perception of technical leadership, autonomy and authority to conduct this broader scoped audit. The Parliament has fluctuated in its enthusiasm for this type of investigation. However, it has not abandoned the traditional Westminster system of government, whereby the A-G reports his findings direct to parliament. The executive of government is concerned with retaining control, not only over levels of government expenditure and policy directions, but also over the performance review process. Its retention of financial control over resources provided to the ANAO has the potential to directly influence the amount and direction of performance audit work undertaken, and also to retain executive input into the performance review process.

Performance audit developments can be related to several significant forces that can be identified as operating during the period of the study. During this period the rise of 'managerialism' philosophy and its associated values have greatly affected the promotion

and changing character of accounting technology. This has sponsored greater recourse to performance measurement systems and a resulting emphasis on goal setting, performance measurement and evaluation - often via accounting and auditing technologies (Parker and Guthrie, 1990).

Various elements (individual, group, institutional, forces and concepts) have been identified as influencing (in varying degrees) the development path of performance auditing. The rise of performance auditing and the ongoing debates about its nature and form have therefore been fundamentally conditioned by the wider context. The malleability of concept and application has been permitted by the generalised specifications of the audit technology in Australian Federal legislation. This has allowed revision and redirection to occur in response to the varying levels of interest in and influence of the related issues by concerned parties such as Government, Parliament, auditors, and the ANAO itself.

Related issues associated with performance auditing include questions such as: the role of the Auditor-General; the authority of department heads in performance review; the scope of performance auditing; the relationship between A-Gs and other performance review technologies; the relative roles of co-ordinating departments in those reviews; and the relations between government and parliament in monitoring bureaucratic performance. An understanding of performance auditing processes and practices cannot be separated from the related contextual issues, which in part shape, and are shaped by, the practice of performance auditing.

5.5 Implications and Conclusion

Several major events during the past 20 years of the ANAO performance auditing function have been considered. Through consideration of common elements across these events, it becomes apparent that the events themselves merely represent focal points for

recognising the impact of antecedent conditions. The process is ongoing, and indeed it is possible to envisage the manner in which recent changes will be reflected in performance auditing in years to come. It is an emergent phenomenon that is an integral part of its political, economic and institutional surroundings, which inevitably change as circumstances change.

Briefly, several findings of this study are that, first, there was a degree of tension in the various definitions of 'performance auditing', supporting the proposition that performance auditing technology is malleable in its construction. Secondly, there has been considerable debate over the implementation of performance auditing, with various alternative constructions as to what, how, why and by whom, performance auditing should be conducted. The last finding is that the forces for change to ANAO performance auditing are linked to wider public administrative changes in the Commonwealth public sector. These changes and their characteristics are grouped together in the concept known as 'managerialism'.

This study raises further important issues that merit investigation before the history and possible future directions of performance auditing in the public sector can be fully understood. These include the question of why 'performance' and 'output' measurement became a focus of attention in the post- 1970s Australian federal public sector and not previously. Furthermore, there remains the question as to why the public, the parliament and the executive have shown such an interest in, and have competed for influence or control over, performance auditing and its associated concepts of 'economy', 'efficiency' and 'effectiveness'. Indeed it remains an unresolved issue as to whether public sector auditors are merely reacting to the contemporary forces of 'efficiency' and 'performance', or whether they do potentially offer technologies and technical practices that are capable of changing public sector administration for the 'better'.

These issues and those already raised in this Chapter are open to further investigation

and debate. They offer the prospect of other interpretations that will undoubtedly contribute to the further unveiling of the development path of performance auditing and the factors involved in its development.

Chapter 6 Summary and Conclusions

6.1 Introduction

To understand the development of APSA (over the 40 year period) it was necessary to examine the context in which these developments took place. A traditional technical explanation, it has been argued, is limited, and therefore a contextual explanation was required. Public sector accounting in this thesis has not been conceived as concerned with technical practices, as, rather, the focus has been on technological aspects.

Three case studies have been used to explore contextual factors involved in the development of APSA, and the focus was on: an institutional context (Ch.3); an organisational context (Ch.4); and a specific accounting technological focus (Ch.5). The empirical basis of the case studies was an historical explanation put forward by Porter (1981). Briefly, the next section summarises the findings of the three studies.

6.2 Findings of the Case Studies

Chapter 3 considered the direction of public sector accounting developments over the past 40 years within an institutional context. Through the consideration of common elements, a patterning of changes to the machinery of government and various APSA technologies emerged.

This case mapped the antecedents, the developments and current accountings within the 'institutional circle of control'. Four periods were derived using Porter's approach. The first was period A (the emergence of public sector accounting developments from the 1950s to the early 1970s). The second was period B (the RCAGA from 1974 to 1976). The third was period C (developments from 1977 to 1991) and the final one was period D (public sector accountings in 1992).

A major observation was that there was continuity throughout this period, as the

concrete conditions (e.g. appropriations accounting systems, parliamentary institutional arrangements) were passed on. However, there were also discontinuities to be observed, as new conditions (e.g. 'performance' emphasis) were created which affected the institutional, organisational, and technological aspects of accounting.

A key event identified was the RCAGA report in 1976 which impacted on past configurations and created new possibility for APSA. A motivating force identified was the promotion of 'accountable management'. In the next decade and a half the various 'possibilities' within the RCAGA 'vision' came together and in the process have helped to reshape APSA.

The major finding of the examination was that APSAs have changed from a 'modern' to a 'contemporary' state, the major difference being the overlay of 'performance'. Traditional concerns for appropriation control, consolidated fund and cash accounting are still embedded within institutional, organisational and accounting arrangements. However, in the last two decades there have been various reforms in the name of 'managerialism' which have introduced a 'performance' focus to public sector accounting. In the 1990s, a 'contemporary' public sector accounting has developed, where financial management, accruals, profit or loss and financial position statements, performance indicators and performance auditing are all gaining in standing.

The second case explored JCPAs' activities in the period 1951-91 (CH.4). This committee was identified as a key parliamentary unit where public sector accountings past, present and future configurations (e.g. technologies, practices, organisational and institutional arrangements) could be examined and debated, and proposed changes suggested.

A traditional technical explanation would have limited the examination to perceiving the JCPA as parliaments instrument for securing scrutiny over the governments accounts.

However, the contextual perspective offered an insight into the various organisational and institutional processes involved in the JCPA since 1952. Between then and 1991 there were 17 JCPA Committees and 310 reports. These reports were examined for three variables: official source; type of report; and the report's main focus. The data was then analysed for Committee to Committee variation. A 40 year historical record of the activities of the JCPA and its interest in public sector accounting was constructed.

Four separate roles of the JCPA in the period were identified (i.e. parliamentary control and oversight, 1952-59; examiner of administrative efficiency, 1960-69; efficiency auditor, 1970-83; performance reviewer, 1983-91). The analysis of the reports observed both a narrowing, and an expansion, of the 'role', and changes in relationships with other parliamentary committees and executive governments. These changes were not tied to, or unduly restricted by, legislation or administrative procedures. The changes appear to have reflected a confluence of contextual influences including: individual chairmen's views; changes in group configurations; institutional influences; and movement in various forces and concepts.

The study suggests that at a given point of time a multitude of factors can lead to the JCPA promoting accounting developments. By unfolding the long-term activities and processes associated with the JCPA, some patterning over time was revealed. The ultimate explanation is that no one element was found to dominate the structuring of JCPA activities. In fact it was found that JCPA activities were not limited to examination of the governments accounts. This observation was borne out by the analysis of each JCPA report's main focus. However, it was observed that in the most recent period (1983-91) the JCPA emerged as a reviewer of 'performance' and it was involved in promoting various accounting technologies (e.g. detailed annual reports, performance estimates, and performance auditing).

The third case examined the development path of one accounting technology -

performance auditing in the ANAO (Ch.5). A 'traditional' technical perspective would have limited an examination to defining its technical practice. However, the contextual perspective offered in this case highlighted the development path (emergence, demise, and re-emergence) of performance auditing and several elements associated with this, from the early 1970s to 1992.

In this case, four distinct periods emerged (i.e. before the RCAGA in 1976; RCAGA to 1979; the first efficiency audits in 1980 to 1988; the JCPA inquiry report in 1989 up until 1992). The analysis was restricted to only three levels (i.e. individual, institutional, forces and concepts) in an attempt to throw light on our understanding of the contextual factors involved in ANAO performance auditing developments. Several findings emerged from this processual history. First, there was a degree of tension in the various definitions of 'performance auditing', supporting the proposition that performance auditing technology is malleable in its construction.

Secondly, there was considerable debate over the implementation of performance auditing, with various alternative constructions of what performance auditing is and how it should be conducted. Thirdly, forces for change to ANAO performance auditing were linked to wider public administrative changes in the Federal public sector. These changes and their characteristics are grouped together in the reforms known as 'managerialism'.

A key observation that could be made from the three case studies is that an indeterminate array of factors may have been involved in shaping APSA developments over the past 40 years. Porter (1991:115-6) argues that at the lower level of abstraction (i.e. individual, groups, institutions) there is a greater impression of change. However, at the higher level of abstraction (i.e. forces, fields, universals) there is considerable continuity, but this is necessarily less particular.

The narrative explanation next moves to a higher level in Porter's framework. This is

done in the following section where the focus of analysis is on fields. In the most recent two decades one contextual factor stands out in the analysis, and that is the public sector reforms known as 'managerialism'.

6.3 Managerialism Key Characteristics

Caiden (1991:224) states that 'managerialism' in the public sector is the adoption of theories and practices developed in the private sector. During the past two decades both Liberal and Labor governments have looked towards business consultants and multinational corporations' experts in business and accounting methods to investigate and develop strategic plans for change to public administration (Halligan and O'Grady, 1985; Caiden, 1991; Weller et al., 1993). A new class of young technocrats advanced in power and influence within the senior executive service (Pusey, 1991). Also business managers were brought into the higher echelons of the public bureaucracy for policy and managerial direction. These managers, and the central agency reformers, have attempted to redesign and restructure the machinery of government more on the lines of 'best' business practices. Public administrators have had to become managers skilled in scientific management, speaking management language, practicing management skills, thinking managerial concepts, and working according to management concepts (e.g. cost cutting, performance measures, management by objectives, strategic management).

The following central features of 'managerialism' are distilled from a variety of sources (see Caiden, 1993; Finance, 1992; Guthrie and Parker, 1990; Pollitt, 1990; Weller and Lewis, 1989; Weller et al., 1993).

Weller and Lewis (1989:1) in relating 'managerialism' to departments indicated that it included the following set of concepts:

the development of departmental mission statements and objectives, the publication of corporate plans, the introduction of schemes for decentralisation, devolution of responsibility and risk management, and the development of

performance indicators for systematic measurement and evaluation.

The management technologies being promoted for use in the public sector can be said to consist of (at least): corporate planning; defining centres of responsibility; the establishment of a Senior Executive Service tied to performance agreements; greater use of consultants; and reliance on commercialisation, corporatisation and privatisation. In the jargon of government reforms, these developments are called 'business-like', 'commercial' or simply 'good management'.

Five key principles can be established for these reforms. First, clear consistent objectives need to be stated in corporate plans and performance agreements. Second, management needs to be given greater autonomy through delegation of ministerial authority, by devolving managerial authority to lower levels of the organisation, and through management training. Third, performance requires evaluation through the development of performance indicators at the organisational and individual levels. Fourth, behaviour is to be changed by rewards and sanctions, for instance the Senior Executive Service performance agreements. And fifth, commercial authorities should be provided with competitive neutrality and managers should be allowed to manage without political interference.

These managerialist reforms and the structures and technologies being promoted have not been without critics (see Yeatman, 1987; Yeatman and Bryson, 1987; Painter, 1987; Weller and Lewis, 1989; Parker and Guthrie, 1993). For instance, Weller and Lewis (1989:1-16) identify several concerns with these reforms. According to their survey, governments have found it difficult to state their objectives. Corporate management requires a congruence between programs and structures: attempts to introduce corporate management tended to cut across traditional power relations and management patterns. Moreover, cultural problems in implementing the different methods tended to cut across traditional ways of doing things. Corporate management required changes in employment

policies so that equity and equal opportunity would be equated with efficiency and effectiveness. There was greater emphasis on 'management' and the Senior Executive Service. For corporate management to succeed in the public sector, there was a need to establish 'performance indicators' which inevitably depend on judgments of the 'performance' of an individual, unit, program or organisation. At a higher level, corporate management represented a clash between principles of risk management and entrepreneurship, and the traditional notion of ministerial accountability with its political objectives. Finally, corporate management probably requires an organisational stability which is impossible in a politically charged environment with constant changes to ministers' portfolios and subsequent departmental reshuffles.

The next section examines the possible impacts of the managerial reforms on the machinery of government arrangements.

Executive cabinet and associated departments

Cabinet becomes like a business board taking on policy and global management decisions, it is supported by cabinet committees, particularly the priorities, planning and strategy committees. It is responsible for the corporate plan of the government as a whole. Its associated departments (in collaboration with appropriate ministers) can hire and fire chief executives of government bodies and agencies based on annual performance agreements.

Central co-ordinating agencies

Some of these, like the Public Service Board, are reduced or abolished, and replaced with monitoring mechanism that allow operating agencies to take control of personnel through standardised guidelines and procedures. Other central agencies, such as Finance, have increased in standing as they relocate public resources via efficiency dividends, assets management, staffing controls and economic forecasting. Also, in the case of Finance, technologies such as program budgeting, forward planning, performance

indicators and evaluation, with the emphasis being on economy, productivity, efficiency and effectiveness, have been promoted.

Departments and statutory authorities

Organisational heads enter into annual performance contracts which set out targets and objectives. There is a process of amalgamation and rationalisation of bodies and structures, which includes decentralisation and a tendency to flatten hierarchies with a view to reducing paper work, eliminating over-regulation and simplifying operations. This has involved using risk management technologies, customer service, delegation of responsibility and the general adoption of a more businesslike attitude.

This last characteristic has been labelled 'commercialisation' and involves the following: product definition; user charges; carry over funds; PBEs being expected to pay their own way and make an adequate returns on capital; the reduction of non-economic activities and the receipt of consolidated funds for community service obligations; Departments and other operating entities being expected to operate along commercial lines, contract out and adopt business management and accounting technologies.

6.4 Conclusions

In conclusion, in the above I have argued that there is a close link between these managerialist reforms and accounting developments. Broadly, 'managerialism' is about the adoption of private sector concepts and practices in the public sector. This has, meant for the APS, a shift from input controls and compliance with rules to a reliance on quantifiable output measures and performance targets; devolution of management responsibility coupled with the development of new monitoring mechanisms; the disaggregation of large bureaucratic structures; an emphasis on contracts; a general preference for monetary incentives rather than traditional non-monetary incentives such as ethics, ethos, and public service; and a stress on cost-cutting, efficiency and cutback

management and the technologies associated with these (Caiden, 1991; Pollitt, 1990).

Therefore these 'managerialist' reforms have impacted on, and influenced, APSA developments. During the past decade and half the accounting developments included a move towards more 'business' accounting within the APS. This included the movement towards accrual form over cash accounting, and change in the orientation of financial reporting from input based measures to output and outcome measures, together with an emphasis on 'performance' measurement in financial terms, as well as efficiency auditing. This has already been labelled a 'contemporary' APSA the nature of which is that it possesses a 'performance' oriented accounting approach, that is, a 'performance' approach which concentrates on outputs and outcomes, rather than on resource inputs and control within parliamentary appropriations.

6.5 Limitations

The case studies presented in this thesis represent an important step in the exploration of the development of public sector accounting in Australia. However, several general qualifications are necessary with respect to the findings of these studies. The following discussion outlines several of the general limitations associated with this type of work (see, Chapter 2.5 and within each case study for discussion on specific limitations).

Two general limitations have been identified, which will be dealt with in this section. The first concerns Porter's processual approach and its use in the case studies of only certain elements and not others. In particular, the elements of "field of inquiry" and "universals" are excluded or given minor treatment. The second general limitation is the lack of exploration of "other" theoretical explanations.

In more detail, the first general limitation is the exclusion of, or minor treatment of, several of the elements in Porter's framework. The case studies are historical in character and Porter's processual approach was used. This allowed for the building up of the emergent conditions, transformation and subsequent consequences surrounding an event. That is, the approach allowed for the contextualisation of the above case studies.

The emphasis here was on interpretation, criticism and method, rather than history as a descriptive narrative form. In an interpretational analysis the historian tries to identify and explain patterns of development, and attempts to proceed from a determination (what happened) to a contingency (how it happened) basis. Facts and events are selected and organised through a judgmental process. In interpretational history, the types of questions posed are concerned with contextualising and uncovering processes at work (eg, social, organisational and political influences).

As with narrative history, there are limitations associated with an interpretational historical analysis. For instance, the historian's assessment of contextual factors that influence an event. This is not based on statistical causality or a physical relationship, but on subjective judgments of the plausibility of that explanation.

In the three case studies not all six elements in the framework (ie, individuals; groups; institutions; concepts; forces or fields; and universals) were used in all or individual case studies. Depending on the level of focus judged to be appropriate in each case study, the relevant element was then selected. Porter does not attempt to explain how all six elements can be integrated, especially the integration of the extremes of the hierarchy of events, that is the micro elements (eg, individuals) with the macro elements (eg, universals). A significant gap therefore appears in the explanation, as only one "field of inquiry" variable was used to explain the changes (ie, "managerialism"). Also, the wider element of "universal" was not used in the analysis.

This leads directly to the second major limitation, concerning the lack of other explanations for public sector accounting developments. The case studies as presented are empirically rich, highlighting a complex array of contextual factors within the specific research sites, but this method leads to problems of generalisation. The explanation used in this Chapter was one of “managerialism”, however, as indicated in the literature review in Chapter 2, other contextual factors such as the rise of the financial profession, the neo-liberal agenda, rational economic philosophies and accountable management have been used by other authors to help explain “Why did a ‘new’ public sector accounting develop, what is its significance, and what are the forces producing it?”

6.6 Future Research Directions

This thesis indicates that there is a growing body of work, even though small at this point of time, which is exploring the issue of public sector accounting developments from a contextual perspective. The discussion in this final section will focus on four areas for future research directions.

The first area is concerned with the under-researching of other sites within Australia. Within the three cases presented above, other research sites were identified for a similar type of analysis. The type of analysis in Chapter 3 could be applied to public sector accounting developments in other sites, such as the various State and Territory governments, as well as local government in Australia. In Chapter 4, it was pointed out that there are several other important

organisational arenas in which public sector accounting developments are debated, pursued and contested (eg, other Parliamentary committees, central agencies of government, professional accounting). These other arenas could be subjected to a similar analysis to that undertaken in Chapter 4.

In Chapter 5, the development of one technology within the ANAO was examined from a contextual viewpoint: performance auditing. Future research could examine the development of performance auditing within other sites, such as the various State and Territory governments. Future research could also be undertaken into the various other accounting technologies associated with the institutional financial cycle (eg, financial management, budgeting, performance measurement and reporting, annual reports, evaluation and other forms of review). In many of these technologies little attention has been paid to contextualisation of their development. These gaps leave considerable opportunities for new research initiatives into different sites, and into other public sector accounting technologies.

The second potential research area follows on directly from the second major limitation identified above, that is, the lack of investigation into other explanatory variables that might help our understanding of the forces at work in producing the developments identified in Chapter 3 and the other two case studies. To date there have been, within an Australian context, few attempts at theorising the observed changes in public sector accounting.

The third research area concerns the consequences of these developments. The effects of the developments (identified above) are still uncharted terrain. Not only is there a need for field studies of specific developments within organisations, but exploration is also required of the impacts of the developments on individuals, groups and institutional relationships. Therefore, a major question that still remains unexplored is “What consequences have been observed and how can these changing public sector accountings be theorised?”

The fourth area concerns the lack of international comparative studies. Many of the studies identified in this thesis have been mainly nationally focused, but many of the public sector accounting developments are international in nature. There is a need for hitherto unavailable critical analysis of experiences with public sector accounting developments from an international perspective (eg, by regions, by type of Parliamentary system). If national researchers are finding flaws in the logic which informs the conception of the developments, or in the implementation in particular countries or contexts, it follows that these flaws might be replicated internationally. There is a paucity of research literature on these international developments and a major deficiency in the availability of theories capable of explaining such developments and/or informing of future developments in practice. It seems sensible, therefore, to call for a move towards international comparative research.

References

- Adams, N., (1986), "Efficiency Auditing in the Australian Audit Office", *Australian Journal of Public Administration*, XLV, pp. 189-200.
- Aldens, M., (1991), "The Growth of Parliamentary Committees of the House of Representatives and Joint Committees", *Legislative Studies*, 61, 1, pp. 6-8.
- Allan, P., (1994), "New Directions in State Financial Management in New South Wales, Australia", in Buschor, E. and Schedler, K., (eds.), *Perspectives on Performance Measurement and Public Sector Accounting*, Paul Haupt Pub., Berne.
- Augment, S., (1991), "Annual Reporting by Commonwealth Departments and Statutory Authorities - the Cornerstone of Executive Accountability to the Parliament", *Legislative Studies*, 61, 1, pp. 16-23.
- Australia, (1960), *Budget Statements 1959/60*, Government Publishing Service, Canberra.
- Australia, (1983), *Reforming the Australian Public Service, A Statement of the Government's Intentions*, December, Australian Government Publishing Service (AGPS), Canberra.
- Australia, (1984a), *Budget Reform*, AGPS, Canberra.
- Australia, (1984b), *Budget Statements 1984/85*, AGPS, Canberra.
- Australia, (1987), *Policy Guidelines for Commonwealth Statutory Authorities and Government Business Enterprises*, AGPS, Canberra.
- Australia, (1988), *Budget Statements 1988/89*, AGPS, Canberra.
- Australian Audit Office (AAO), (1980), *AAO Manual: Commonwealth Government Auditing*, Commonwealth Government Printer, Canberra.
- AAO, (1984), *AAO Efficiency Auditing Manual*, AGPS, Canberra.
- AAO, (1987), *Australian Audit Office Standards*, Commonwealth of Australia Gazette, AGPS, Canberra.
- Australian National Audit Office (ANAO), (1989), *Response to JCPA*, AGPS, Canberra.
- ANAO, (1992), *The Auditor-General Annual Report of the Australian National Audit Office 1991-92*, AGPS, Canberra.
- ANAO, (various), *Efficiency Audit Reports*, AGPS, Canberra.

Australian Parliamentary Debates (APD), (various years), *Senate and House of Representatives Debates*, AGPS, Canberra.

Australian Public Service Board (APSB) and Finance, (1984), *Financial Management Improvement Program: A Diagnostic Study*, AGPS, Canberra.

Australian Senate Estimates Committee (ASEC), (1990), *Annual Report*, Dept. of the Senate, Canberra.

Ball, I., (1992), "The New Approach: Financial Management Reform", *The Accountants Journal*, 71, 5, pp.17-21.

Barrett, P., (1988), "Emerging Management and Budgetary Issues, a View from the Centre", *Canberra Bulletin of Public Administration*, 54, pp. 52-8.

Barrett, P., (1991), "Improving Asset Management - The Commonwealth Approach", *Canberra Bulletin of Public Administration*, 65, pp. 73-9.

Birkett, W.P., (1985), "Public Accountability in Transition", University of New South Wales, unpublished working paper, Sydney.

Birkett, W.P., (1988a), "Accountability for Government Funding of Community Organizations", University of New South Wales, unpublished working paper, Sydney.

Birkett, W.P., (1988b), "Concepts of Accountability", University of New South Wales, School of Accounting Working Paper No. 83, Sydney.

Bland, F.A., (1946), *Budget Control*, 4th ed., Angus and Robertson, Sydney.

Block, D., (1987), *Report by Efficiency Scrutiny Unit on Proposed Successor Arrangements to the Public Service Board*, AGPS, Canberra.

Boston, J., Martin, J., Pallot, J. and Walsh, P., (eds.), (1991), *Reshaping the State: New Zealand's Bureaucratic Revolution*, Oxford University Press, Auckland.

Boston, J., (1991), "The Theoretical Underpinnings of Public Sector Restructuring in New Zealand", in Boston et al. (eds.), pp.1-26.

Broadbent, J. and Guthrie, J., (1992), "Change in the Public Sector: a Review of Recent Alternative Accounting Research", *Accounting, Auditing and Accountability Journal*, 5, 2, pp. 3-31.

Brown, R.G. and Steel, D.R., (1973), *The Administrative Process in Britain*, Methuen, London.

Burchell, S., Chubb, C., Hopwood, A., Hughes, J. and Nahapiet, J., (1980), "The Roles of Accounting in Organisations and Society", *Accounting, Organizations and Society*, 5, 1, pp. 5-27.

- Caiden, G.E., (1991), *Administrative Reform Comes of Age*, de Gruyter, New York.
- Campbell, W.J., (1954), *Australian Public Finance*, Law Book Co. of Australasia, Sydney.
- Carpenter, G., (1990), "Accrual Accounting - Issues and Policy Implications for Departments and Non-Business Government Entities", in Guthrie, J., Parker, L.D. and Shand, D. (eds.), pp. 222-34.
- Chapman, R., (1968), "The Fulton Report: A Summary", *Public Administration*, pp.443-51.
- Chester, D., (1968), "The Report of the Fulton Committee on the Civil Service", *Public Administration*, pp. 295-310.
- Chubb, B., (1952), *The Control of Public Expenditure: Financial Committees of the House of Commons*, Clarendon Press, Oxford.
- Cleaver, R., (1965), "The Australian Public Accounts Committee - Its Past and Current Programme", *Public Administration*, pp. 344-50.
- Cochrane, A., (1993), "From Financial Control to Strategic Management: The Changing Focus of Accountability in British Local Government", *Accounting Auditing and Accountability Journal*, 6, 3, pp.30-51.
- Codd, M., (1988), "Recent Changes in Machinery of Government", *Canberra Bulletin of Public Administration*, 54, pp.25-30.
- Codd, M., (1991), "Federal Public Sector Management Reform Recent History and Current Priorities", in Public Service Commission's Occasional Papers, No. 11, Canberra.
- Colbey, H., (1987), "Parliament and Public Sector Performance : A Case Study of The New South Wales Public Accounts Committee", unpublished Masters Project, Sydney University.
- Coombs, H., (1977), "The Commission Report and the Future Bureaucracy" in Hazelhurst and Nethercote (eds.), pp. 49-57.
- Committee of Public Accounts (The House of Commons), (various) *Reports*, Her Majesty's Stationery Office, London.
- Craik, D.R., (1979), "Efficiency Audits in Government", Australian Society of Accountants National Congress, Perth.
- Crozier, M., Huntington, S. and Watanuki, J., (1975), *The Crisis of Democracy - report on the governability on democracies in Trilateral Countries*, New York University Press, New York.
- Crisp, L.F., (1978), *Australian National Government*, 4th edn., Longman Cheshire,

Melbourne.

Cutt, J., (1977), "Accountability, Efficiency and the Royal Commission on Australian Government Administration", *Australian Journal of Public Administration*, XXXVI, pp. 333-49.

Cutt, J., (1978), "Accountability and Efficiency", in Smith R.F. and Weller, P. (eds.), pp. 219-35.

Davies, A.F., (1958), *Australian Democracy: An Introduction to the Political System*, Longman Green, London.

Degeling, P., Guthrie, J. and Anderson, J., (1988), "Accounting for Public Accounts", Proceedings of the Second Interdisciplinary Conference on Accounting, University of Manchester, Manchester.

Dillard, J., (1991), "Accounting as a Critical Social Science", *Accounting, Auditing and Accountability Journal*, 4, 1, pp. 8-28.

Emy, H. and Hughes, O., (1991), *Australian Politics: Realities in Conflict*, Macmillan, South Melbourne.

English, L. and Guthrie, J., (1991), "Public Sector Auditing: A Case in Contested Accountability Regimes", *Australian Journal of Public Administration*, 50, 3, pp. 348-60.

Ezzamel, M. and Willmott, H., (1993), "Corporate Governance and Financial Accountability - Recent Reforms in the UK Public Sector", *Accounting Auditing and Accountability Journal*, 6, 3, pp. 109-32.

Finance (Dept.), (1992), *Commonwealth Financial Management Handbook*, AGPS, Canberra.

Flegmann, V., (1980), *Called to Account: The Public Accounts Committee of the House of Commons 1965-1978*, Gower Publishing Co., London.

Forster, J., and Wanna, J., (eds.), (1990), *Budgetary Management and Control: the public sector in Australasia*, Macmillan, South Melbourne.

Fowles, T., (1993), "Changing Notions of Accountability - A Social Policy View", *Accounting Auditing and Accountability Journal*, 6, 3, pp. 97-108.

Fulton Report, (1968), *The Civil Service : Report of the Committee on the Civil Service*, Cmnd 3638, HMSO, London.

Funnell, W., (1990), "Pathological Responses to Accounting Controls - The British Commissariat in The Crimea 1854-1856", *Critical Perspectives on Accounting*, 1, 4, pp. 319-36.

Gilling, D., (1994), "The New Zealand Public Sector Accounting Revolution", in

Buschor and Schedler (eds.), pp.197-218.

Glassco, (1962), *Report of Royal Commission on Government Organizations (Canada)*, 5 Vols, Govt. Printer, Ottawa.

Glynn, J., (1987), *Public Sector Financial Control and Accounting*, Basil Blackwell, London.

Gray, A., and Jenkins, W., (1986), "Accountable Management in British Central Government: Some Reflections on the Financial Management Initiative", *Financial Accountability and Management*, 2, 3, pp. 171-86.

Gray, A. and Jenkins, W., (1993), "Codes of Accountability in the New Public Sector", *Accounting Auditing and Accountability Journal*, 6, 3, pp. 52-67.

Gunn, L., (1968), "The Fulton Report and its Background", *Public Administration*, pp. 311-27.

Guthrie, J., (1989), "The Contested Nature of Performance Auditing in Australia", *The International Journal of Public Sector Management*, 2, 3, pp. 56-66.

Guthrie, J., (1994), "Australian Public Sector Accounting: transformations and managerialism", *Accounting Research Journal*, (forthcoming).

Guthrie, J., and Fung, T., (1994), "Efficiency Auditing By the Australian National Audit Office: an examination of praxis", unpublished School of Accounting UNSW working paper.

Guthrie, J, Parker, L.D. and Shand, D. (eds.), (1990), *The Public Sector: Contemporary Readings in Accounting and Auditing*, Harcourt Brace Jovanovich, Sydney.

Halligan, J., (1988), "The Australian Public Service Reform Program", in Wettenhall, R. and Nethercote, J., (eds.), *Hawke's Second Government*, Canberra CAE, Canberra.

Halligan, J., and O'Grady, M., (1985), "Public Sector Reform : Exploring the Victorian Experience", *Australian Journal of Public Administration*, 44, 1, March, pp. 34-45.

Halligan, J. and Power, J., (1992), *Political Management in the 1990s*, Oxford University Press, Melbourne.

Hamburger, P., (1989), "Efficiency Auditing by the Australian Audit Office: Reform and Reaction under Three Auditors-General", *Accounting Auditing and Accountability Journal*, 2, 3, pp. 3-21.

Hamburger, P., (1990), "Challenges in Efficiency Auditing", Address to Centre for Research on Federal Government Relations, Seminar on Decision-making in Government, Australian National University, Canberra (15-16 February).

Hamburger, P., (1993), "New Management and Accountability Requirements", in

Guthrie, J., (ed.), *Australian Public Service: Pathways to Change in the 1990s*, IIR Pty. Ltd., Sydney, pp.36- 43.

Hardman, D., (1982), "Models of Government Accounting", *Accounting and Finance*, 22, pp. 23-40.

Hatherly, D. and Parker, L., (1988), "Performance Auditing Outcomes: A Comparative Study", *Financial Accountability and Management*, 4, 1, pp. 21-41.

Hazelhurst, C., and Nethercote, J., (eds), (1977), *Reforming Australian Government : the Coombs Report and Beyond*, ANU, Canberra.

Hines, R., (1989), "The Sociopolitical Paradigm in Financial Accounting Research", *Accounting, Auditing and Accountability Journal*, 2, 1, pp. 52-76.

Holmes, M., (1990), "Recent Developments in Program Management", in Guthrie, J., Parker, L., and Shand, D. (eds.), pp. 39-51.

Hopwood, A., (1983), "On Trying to Study Accounting in the Contexts in which it Operates", *Accounting, Organizations and Society*, 8, 2/3, pp. 287-305.

Hopwood, A., (1984), "Accounting and the Pursuit of Efficiency", in Hopwood, A.G. and Tomkins, C. (eds.), pp. 167-87.

Hopwood, A., (1987), "The Archaeology of Accounting Systems", *Accounting, Organizations and Society*, 12, 3, pp. 207-34.

Hopwood, A. and Tomkins, C., (1984), *Issues in Public Sector Accounting*, Philip Allen, London.

Hopwood, A., Page, M. and Turley, S., (1990), *Understanding Accounting in a Changing Environment*, Prentice Hall International, Hertfordshire.

House of Representatives Standing Committee on Finance and Public Administration (HRSCFPA), (1990), *Not Dollars Alone - Review of the Financial Management Improvement Program*, AGPS, Canberra.

House of Representatives Select Committee on Expenditure (HRSCE), (1982), *Review of the Auditor-General Efficiency Audit Report*, AGPS, Canberra.

HRSCE, (1984), *Report on the Efficiency Audit of Department of Immigration and Ethnic Affairs Control of Prohibited Immigration*, AGPS, Canberra.

Humphrey, C., (1991) "Accountable Management in the Public Sector", in Ashton, D.J., Hopper, T.M. and Scapens, R.W. (eds.), *Issues in Management Accounting*, Prentice Hall, Hemel Hempstead, pp. 169-92.

Humphrey, C. and Scapens, R., (1990), "Whatever Happened to the Liontainers? An Examination of Accounting Change in the Public Sector", paper to the Workshop on

Changing Notions of Accountability, University of Manchester.

Humphrey, C., Miller, P. and Scapens, R., (1993), "Accounting, Accountability and the "New" UK Public Sector", (special issue of), *Accounting Auditing and Accountability Journal*, 6, 3.

Interdepartmental Committee to Review Efficiency Audits (ICREA), (1983), Report, AGPS, Canberra.

International Organisation of Supreme Audit Institutions (INTOSAI), (1986), *Conference Proceedings*, INTOSAI, Sydney.

INTOSAI, (1989), *Auditing Standards*, INTOSAI, West Berlin.

Jacobs, M., (1990), "Program Evaluation Challenges and Efficiency Audits", address to Centre for Research on Federal Financial Relations, seminar on Decision-Making in Government, Australian National University, Canberra, 15-16 February, 1990.

Jaensch, D., (1986), *Getting our Houses in Order*, Penguin Books, Melbourne.

Jaensch, D., (1992), *The Politics of Australia*, Macmillan, South Melbourne.

Jay, R., (1955), "The Financial Accounts of the Commonwealth Government", *Australian Accountant*, XXV, 8, pp. 337-44.

Jay, W. and Mathews, R., (eds.), (1968), *Government Accounting in Australia*, F. W. Cheshire, Melbourne.

Joint Committee of Public Accounts (JCPA) (The Parliament of the Commonwealth of Australia), (Various), Reports, AGPS, Canberra.

Johnson, N., (1983), "Management in Government", in Earl, M. (ed.), *Perspectives on Management*, Oxford, Oxford University Press.

Jones, J., (1978), "Operational and Efficiency Auditing", *RAIPA Newsletter*, 2, pp. 11-5.

Keating, M., (1990), "The Process of Commonwealth Budgetary Control", in Forster, J. and Wanna, J., (eds.), pp. 1-16.

Kimball, B., (1977), "The Report of the Working Party on Efficiency Audits", *RAIPA Newsletter*, 4, pp. 3-5.

Knight, K., and Wiltshire, K., (1977), *Formulating Government Budgets - Aspects of Australian and North American Experience*, Uni. of Queensland Press, St Lucia.

Koon, A., (1992), "Accounting for Results: Portfolio Explanatory Notes Become Program Performance Statements", *Australian Journal of Public Administration*, 51, 1, pp. 27-34.

Lapsley, I., (1988), "Research in Public Sector Accounting : An Appraisal", *Accounting, Auditing and Accountability Journal*, 1, 1, pp. 21-33.

Laughlin, R., (1987), "Accounting Systems in Organizational Contexts: A Case for Critical Theory", *Accounting, Organizations and Society*, 12, 5, pp. 479-502.

Levy, V., (1972), *Public Financial Administration*, Law Book Co., Sydney.

Lucy, R., (1993), *The Australian Form of Government: models in dispute*, Macmillan, South Melbourne.

MAB-MIAC, (1991a), *Improving Asset Management in the Public Sector*, No. 1, AGPS, Canberra.

MAB-MIAC, (1991b), *Devolution and Regional Offices*, No. 2, AGPS, Canberra.

MAB-MIAC, (1991c), *Budgetary Flexibility: Carry over Provisions Between Financial Periods*, No. 3, AGPS, Canberra.

MAB-MIAC, (1993), *The Australian Public Sector Reformed : an evaluation of a decade of management reforms*, June, AGPS, Canberra.

MacKenzie, D. and Wajeman, J., (eds), (1985), *The Social Shaping of Technology*, Open University Press, Philadelphia.

Mathews, R. and Jay, W., (1972), *Federal Finance : Intergovernmental Financial Relations in Australia Since Federation*, Thomas Nelson, Melbourne.

Marriott, J., (1975), *English Political Institutions*, (4th ed.), Greenwood Press, Connecticut.

Marsh, I., (1991), "The Committee System of the UK House of Commons: Recent Developments and Their Implications for Australia", *Papers on Parliament*, No. 11, AGPS, Canberra.

Marsh, I., (1992), "Parliamentary Oversight of Public Service Performance", unpublished report for MAB-MIAC Task Force on Management Improvement, October 1992.

Mayston, D. (1993), "Principals, Agents and the Economics of Accountability in the New Public Sector", *Accounting Auditing and Accountability Journal*, 6, 3, pp. 68-96.

McAuston, P., (1990), "Parliamentary Control of the Administrative Process", *Parliamentary Affairs*, pp. 412-20.

McDonald, P., (1990), "Results-Oriented Management: Australian Public Sector Financial Management, Accounting and Budgetary Reform in the 1980s", in Premchand, A. (ed.), *Government Financial Management*, IMF, Washington DC, pp. 191-216.

McInnes, M., (1990), "Public Sector Reform Under the Hawke Government: Reconstruction or Deconstruction?", *Australian Quarterly*, (Winter), pp. 108-24.

McPhee, I., (1993), "Developments and Priorities in Commonwealth Government Accounting", in Guthrie, J., (ed.), *Australian Public Service: Pathways to Change in the 1990s*, IIR Pty. Ltd., Sydney, pp. 84-9.

Miller, P., (1992), "Accounting and Objectivity - The Invention of Calculating Selves and Calculable Spaces", *Annals of Scholarship*, 9, 1/2, pp.61-86.

Milazzo, C., (1992), "Annual Reports: Impediments to their Effective Use as Instruments of Accountability", *Australian Journal of Public Administration*, 51, 1, pp. 35-41.

Mosher, F., (1984), *A Tale of Two Agencies: a comparative analysis of the General Accounting Office and The Office of Management and Budget*, Louisiana State University Press, Baton Rouge, USA.

National Audit Office (NAO), (1984), "Audit Profile - United Kingdom", *International Journal of Government Auditing*, April, pp. 23-4.

New South Wales (NSW), (1951), *Manual of Governmental Accounts*, Government Printer, Sydney.

Nicholls, D., (1991), *Managing State Finance*, NSW Treasury, Sydney.

Normanton, E., (1966), *The Accountability and Audit of Governments*, Manchester University Press, Manchester.

Normanton, E., (1975), "Public Accountability and Audit : a reconnaissance in public policy and private interests", in Hague, D., MacKenzie, W. and Barker, D., (eds.), Public and Private Interests, London, Macmillan.

OECD, (1993), *Public Management Developments - survey 1993*, Paris, OECD.

O'Faircheallaigh, C. and Ryan, B., (1992), *Program Evaluation and Performance Monitoring*, Macmillan, Melbourne.

Painter, M., (1987), *Steering the Modern State*, Sydney University Press, Sydney.

Pallott, J., (1994), "Specifying and Monitoring Government Performance in New Zealand : An Evaluation of Progress to Date", in Buschor and Schedler (eds.), pp. 219-40.

Parker, L., (1986), *Value for Money Auditing: Conceptual Development and Operational Issues*, Australian Accounting Research Foundation (AARF), Auditing Discussion Paper No.1, AARF, Melbourne.

Parker, L. and Guthrie, J., (1990), "Public Sector Accounting and the Challenge of Managerialism", in Forster, J. and Wanna, J., (eds.), pp. 117-29.

Parker, L. and Guthrie, J., (1991), "Performance Auditing: The Jurisdiction of the Australian Auditor General - De jure or De facto?", *Financial Accountability and Management*, 7, 2, pp. 107-16.

Parker, L. and Guthrie, J., (1993), "The Australian Public Sector in the 1990s: new accountability regimes in motion", *Journal of International Accounting, Auditing and Taxation*, 2, 1, pp. 57-79.

Peake, O., (1948), "Parliamentary Control of Government Expenditure", *Public Administration (London)*, pp. 77-84.

Penguin, (1988), *Dictionary of Australian Politics*, Penguin Books, Melbourne.

Plowden Report, (1961), *Control of Public Expenditure Report of a Group on the Control of Public Expenditure*, (cmdn, 1432), HMSO, London.

Pollitt, C., (1990), *Managerialism and the Public Services: The Anglo-American Experience*, Basil Blackwell, Oxford.

Porter, D.H., (1981), *The Emergence of the Past*, University of Chicago Press, Chicago.

Power, J. (ed.), (1990), *Public Administration in Australia : A Watershed*, Hale and Iremonger, Sydney.

Previts, G., Parker, L.D. and Goffman, E., (1990a), "Accounting History: Definition and Relevance", *Abacus*, 26, 1, pp. 1-13.

Previts, G., Parker, L.D., and Goffman, E., (1990b), "An Accounting Historiography : Subject Matter and Methodology", *Abacus*, 26, 2, pp. 136-58.

Public Service Board (PSB), (1985), *Financial Administration Handbook*, AGPS, Canberra.

Pusey, M., (1991), *Economic Rationalism in Canberra: a nation- building state changes its mind*, Cambridge University Press, Melbourne.

Reid, D., (1968), "The Parliamentary Joint Committee of Public Accounts", in Jay, W. and Mathews, R. (eds), pp.151-63.

Reid, G., (1966), *The Politics of Financial Control: The Role of the House of Commons*, Hutchinson & Co. Ltd., London.

Reid, G.S., and Forrest, M., (1989), *Australia's Commonwealth Parliament 1901-1988*, Melbourne University Press, Melbourne.

Robson, W. (ed.), (1975), *The Civil Service in Britain and France*, Greenwood Press, Connecticut.

Rose, N. and Miller, P., (1992), "Political Power Beyond the State - Problematics of Government", *British Journal of Sociology*, 43, 2, pp.173-205.

Royal Commission on Australian Government Administration (RCAGA), (1976a), *Report*, AGPS, Canberra.

RCAGA, (1976b), *Vol. 1, 2, 3, 4*, AGPS, Canberra.

Royal Commission on Public Expenditure of The Commonwealth of Australia (RCPECA), (1919), *A View to Efficiency and Economy*, Canberra.

Russell, P. and Sherer, M., (1990), "Financial Delegation in the Public Sector : Towards Old Managerialism", paper presented to the Department of Economics and Management Sciences Seminar, University of Keele, November 1990.

Russell, P. and Sherer, M., (1991), "Further Discourse on the 'Thatcherisation' of the UK: Illustrations of New Accounting(s) and Control(s) in the State Sector", Proceedings of the Third Interdisciplinary Perspectives on Accounting Conference, University of Manchester.

Self, P., (1978), "The Coombs Commission an Overview", in Smith, R. and P. Weller (eds.), pp. 310-33.

Senate Standing Committee on Finance and Public Administration (SSCFPA), (1989), *The Timeliness and Quality of Annual Reports*, AGPS, Canberra.

SSCFPA, (1991), *Report on Estimates Process*, AGPS, Canberra.

SSCFPA, (1992), *Annual Report 1991-92*, AGPS, Canberra.

Senate Legislative and General Purpose Standing Committees (SLGPSC), (1991), *The First 20 Years 1970-1990*, Dept. of the Senate, Canberra.

Sheldon, R., (1985), "Controlling the Cost of Government", *Second International Financial Management Conference Proceedings*, CIPFA, London.

Smith, L. and Weller, P., (eds.), (1978), *Public Service Inquiries in Australia*, University of Queensland Press, St Lucia.

Spann, R., (1971), "What Can be Said for the Coombs Commission", in Hazelhurst and Nethercote (eds.), pp. 58-64.

Spann, R.N., (1975), *Public Administration in Australia*, Government Printer, Sydney.

Spann, R.N., (1979), *Government Administration in Australia*, Allen and Unwin, Sydney.

Spann, R.N., (1984), *Government Administration in Australia*, Allen and Unwin, Sydney.

Standish, P., (1968), "Financial Accounting and Reporting in the Australian Post Office", in Jay and Mathews (eds), pp. 110-28.

Stewart, J. D., (1984), "The Role of Information in Public Accountability", in Hopwood, A. and Tomkins, C. (eds.), pp.15-34.

Sutcliffe, P., (1985), *Financial Reporting in the Public Sector - A Framework for Analysis and Identification of Issues*, AARF, Melbourne.

Taylor, J., (1990), "Audit Control and Management of Budgetary Processes: The New Role of the Auditor-General", in Forster, J. and Wanna, J., (eds.), pp. 172-82.

Tinker, A., (1980), "Towards a Political Economy of Accounting: An Empirical Illustration of the Cambridge Controversies", *Accounting, Organizations and Society*, 5, 1, pp. 147-60.

Tinker A., Merino, B. and Neimark, M., (1982), "The Normative Origins of Positive Theories Ideology and Accounting Thought", *Accounting, Organizations and Society*, 7, 2, pp. 167-200.

Treasury and Audit Office (TAO), (1975), *Joint Review of Audit Legislation*, AGPS, Canberra.

Walker, W., (1986), *Changing Organizational Culture - Strategy, Structure and Professionalism in the US General Accounting Office*, University of Tennessee Press, Knoxville, USA.

Walsh, P., (1989), "Ministerial Statement - Government Response to JCPA Report 296 Reform of the Australian Audit Office", Senate Hansard, November.

Wanna, J. and Coaldrake, P., (1988), "The Budgetary Process", in Halligan, B. (ed.), *Comparative State Policies*, Longman Cheshire, Melbourne.

Wanna, J., O'Faircheallaigh, C. and Weller, P., (1992), *Public Sector Management in Australia*, Macmillan, South Melbourne.

Weller, P., (1991), "Financial Management Reforms in Government: a comparative perspective", *Canberra Bulletin of Public Administration*, November, pp. 9-17.

Weller, P. and Cutt, J., (1976), *Treasury Control in Australia: A Case Study in Bureaucratic Politics*, Ian Novak pub., Sydney.

Weller, P. and Lewis, C., (1989), "Corporate Management - background and dilemmas", in Davis, G., Weller, P. and Lewis, C. (eds.), *Corporate Management in Australian Government*, Macmillan, South Melbourne, pp.1-13

Wettenhall, R., (1978), "A Brief History of Public Sector Inquiries", in Smith and Weller (eds.), pp.14-33.

Whitwell, G., (1986), The Treasury Line, Allen and Unwin, Sydney.

Wildavsky, A., (1988), "Understanding Organizational Change - OMB and GAO - A Review", *Accounting, Organizations and Society*, 13, 1, 107-9.

Working Party of Officials on Efficiency Audits (WPOEA), (1977), *Report of Working Party of Officials on Efficiency Audits*, AGPS, Canberra.

Uhr, J., (1991), "Evaluating Senate Committees", *Legislative Studies*, 5, 2, Summer, pp. 84-95.

Yeatman, A., (1987), "The Concept of Public Management and the Australian State in the 1980s", *Australian Journal of Public Administration*, 46, 4, pp. 339-53.

Yeatman, A., and Bryson, L., (1987), "The New Iron Age? Experiences of Managerial Reform", *Flinders Studies in Policy and Administration*, No. 3, Flinders University of South Australia, Bedford Park.

Appendix A: Acronyms for the study

A-G	Auditor-General
ANAO	Australian National Audit Office
HRSCE	House of Representatives Select Committee on Expenditure
ICREA	Interdepartmental Committee to Review Efficiency Audits
INTOSAI	International Organisation of Supreme Audit Institutions
JCPA	Joint Committee of Public Accounts
PAC	Public Accounts Committee
PSB	Public Service Board
RCAGA	Royal Commission on Australian Government Administration
US GAO	United States General Accounting Office
WPOEA	Working Party of Officials on Efficiency Audits

Appendix B: The JCPA Survey Instrument

This document outlines the survey instrument used for data collection and summary of patterning.

LEVEL

ITEM AND DETAILS

The following are selected items which have been collected and recorded from the JCPA reports (Second Series). (1952-1991).

A. EVENT

An event is a JCPA Inquiry and its subsequent report.

1. no. ---

2. title -----

3. year -----

4. Committee number

CN1	First Committee	(1952-1954).
CN2	Second Committee	(1954-1956).
CN3	Third Committee	(1956-1959).
CN4	Fourth Committee	(1959-1962).
CN5	Fifth Committee	(1962-1964).
CN6	Sixth Committee	(1964-1967).
CN7	Seventh Committee	(1967-1969).
CN8	Eighth Committee	(1969-1973).
CN9	Ninth Committee	(1973-1974).
CN10	Tenth Committee	(1974-1975).
CN11	Eleventh Committee	(1976-1978).
CN12	Twelfth Committee	(1978-1980).
CN13	Thirteenth Committee	(1980-1983).
CN14	Fourteenth Committee	(1983-1985).
CN15	Fifteenth Committee	(1985-1987).
CN16	Sixteenth Committee	(1987-1989).
CN17	Seventeenth Committee	(1989-1991).

5. Committee chairman

CC1	Bland	1952-1960
CC2	Davis	1960-1964
CC3	Cleaver	1964-1969
CC4	Dobie	1969-1973
CC5	ALP (various).	1973-1975

CC6	Connolly	1976-1983
CC7	Georges	1983-1987
CC8	Tickner	1987-1989
CC9	Punch	1989-1991

6. Official source for each inquiry

OS1 from established routines in relation to the examination of receipts and payments

OS2 from Auditor-General's General Report

OS3 from Auditor-General's Efficiency Audit Report

OS4 initiated by the JCPA

OS5 from Parliamentary Standing Reference

OS6 from Minister or Government

OS8 Finance Minutes and JCPA annual reports, etc.

7. Type of report

Ten categories have been established to identify the type of JCPA report. They are:

RC1 Annual expenditure from advance and estimates review (consolidated revenue)

RC2 Follow up of Auditor-General's General reports

RC3 Follow up of Auditor-General's Efficiency Audit reports

RC4 Form and content of financial documents

RC5 Audit Act and Treasury regulations

RC6 General unit reviews

RC7 Specific items of unit activities

RC8 Specific items throughout the public sector

RC9 Treasury (Finance) minutes on committee's reports

RC10 JCPA Indices of reports, annual reports and other reports

8. Main focus of an inquiry

- F1 Probity
- F2 Intra-organisational accounting procedures
- F3 System wide accounting procedures
- F4 Organisational matters
- F5 Effectiveness of outcomes
- F6 Policy advice

9. Future significance

This subsection focuses upon how the reports were dealt with by the Executive, in the form of Finance Minutes. The timing of responses was recorded.

TR1 Original JCPA report presentation date

TR2 Treasury minute report presentation date

Appendix C: List of Reports Presented by the Public Accounts Committee: (1952-91)

1. **Supplementary Estimates 1951-52 (1953).**
2. **Variations in Annual Appropriations under Audit Act (1953).**
3. **Administrative Arrangements (1953).**
4. **Department of National Development (1953).**
5. **Department of External Affairs (1953).**
6. **Department of External Affairs (1953).**
7. **Administration of Sales Tax (1953).**
8. **Parliamentary Procedure on the Supply and Appropriation Bills (1953).**
9. **'Stephan' Prefabricated Buildings (1953).**
10. **Department of National Development: Further Report (1953).**
11. **Joint Coal Board: Plant and Equipment (1954).**
12. **Postmaster-General's Department (1954).**
13. **The Form and Content of the Financial Documents Presented to the Parliament: Progress Report (1954).**
14. **Supplementary Minutes (1954).**
15. **Repatriation Department (1954).**
16. **Treasury Minutes (1954).**
17. **Miscellaneous Inquiries (1954).**
18. **The Form and Content of the Financial Documents Presented to the Parliament - Part 1 - The Budget Speech; the Estimates of Receipts and Expenditure and the Appropriation Bills (1954).**
19. **Treasury Minute (1955).**
20. **Supplementary Estimates (1955).**
21. **Australian Aluminium Production Commission - Part I (1955).**
22. **Australian Aluminium Production Commission - Part II (1955).**

23. Department of Civil Aviation: Progress Report (1955).
24. Department of Civil Aviation (1956).
25. Supplementary Estimates (1956).
26. Commonwealth Office of Education (1956).
27. Department of the Interior (1957).
28. Supplementary Estimates (1956).
29. The Defence Service and the Estimates (1956).
30. Epitome of the Reports of the 1st Committee (1957).
31. Advance to the Treasurer: Presentation of Supplementary Estimates (1957).
32. Department of Health: Canberra Abattoir (1957).
33. Expenditure from Advance (1957).
34. The Trust Fund (1957).
35. The Northern Territory Administration: Interim Report (1957).
36. The Northern Territory Administration - Part I (1958).
37. The Northern Territory Administration - Part II (1958).
38. Index to Report (1958).
39. Project 590 - St Mary's (1958).
40. The Finance Statement (1958).
41. Expenditure from Advance (1958).
42. Treasury Regulation 52 (1958).
43. Expenditure from Advance (1959).
44. Treasury Minutes (1959).
45. Index to Reports (1959).
46. Outstanding Claims (1960).

47. **Broadcasting and Television Services - Underspending of Capital Works and Service Division - No.58, Item I (1960).**
48. **Treasury Regulation 52 (Second Report) (1960).**
49. **Form of Estimates - Miscellaneous Services (1960).**
50. **The Reports of the Auditor-General - Financial Year 1958-59 (1960).**
51. **Expenditure from Advance (1960).**
52. **The Reports of the Auditor-General - Financial Year 1958-59.**
53. **The Reports of the Auditor-General - Financial Year 1959-60.**
54. **Form of the Estimates (1961).**
55. **Form of the Estimates (1961).**
56. **Expenditure from Advance (1961).**
57. **Treasury Minutes (1961).**
58. **The Reports of the Auditor-General - Financial Year 1960-61 (1961).**
59. **Index to Reports (1962).**
60. **Expenditure from Advance (1962).**
61. **The Reports of the Auditor-General - Financial Year 1961-62 (1963).**
62. **The Budget (Financial Documents) (1963).**
63. **Expenditure from Advance to the Treasurer (1963).**
64. **Expenditure from Consolidated Revenue Fund for the year 1962-63 (1964).**
65. **Treasury Minutes (1964).**
66. **The Reports of the Auditor-General - Financial Year 1962-63 (1964).**
67. **Treasury Minutes (1964).**
68. **Expenditure from Advance to the Treasurer (1964).**
69. **Index to the 1st to 68th Reports of the Committee (1965).**
70. **The Reports of the Auditor-General - Financial Year 1963-64 (1965).**

71. The Northern Territory Administration (1965).
72. Treasury Minutes (1965).
73. The Department of Social Services (1965).
74. Expenditure from Advance to the Treasurer (1965).
75. Expenditure from the Consolidated Revenue Fund for the year 1964-65 (1965).
76. Treasury Minute (1965).
77. Treasury Regulation 53 (1965).
78. The Report of the Auditor-General - Financial year 1964-65 (1966).
79. Treasury Minutes (1966).
80. Department of Customs and Excise - Excise Control Procedures (1966).
81. The Supplementary Report of the Auditor-General - Financial Year 1964-65 (The Canberra Community Hospital) (1966).
82. Expenditure from the Advance to the Treasurer (1966).
83. The National Capital Development Commission (1966).
84. Expenditure from the Consolidated Revenue Fund for the year 1965-66 (1966).
85. Automatic Data Processing (1966).
86. Automatic Data Processing (The Bureau of Census and Statistics Network) (1966).
87. The Report of the Auditor-General - Financial Year 1965-66 (1966).
88. Treasury Minute (1966).
89. The Sixth Committee (1966).
90. Treasury Minute (1967).
91. Treasury Minutes (1967).
92. Index to the 1st to 89th Reports of the Committee (1967).
93. Expenditure from the Advance to the Treasurer (1967).
94. Department of Immigration (1967).

95. Treasury Minutes (1968).
96. Expenditure from the Consolidated Revenue Fund for the year 1966-67 (1968).
97. Treasury Minute (1968).
98. The Report of the Auditor-General - Financial Year 1966-67 (1968).
99. Treasury Minutes (1968).
100. Expenditure from the Advance to the Treasurer (Appropriation Acts 1967-68) (1968).
101. Treasury Minutes (1968).
102. Expenditure from the Consolidated Revenue Fund for the year 1967-68 (Appropriation Acts 1967-68) (1968).
103. Financial Regulations (1968).
104. Commonwealth Serum Laboratories Commission (1969).
105. The Report of the Auditor-General - Financial Year 1967-68 (1969).
106. Commonwealth Fire Board (1969).
107. Subscriber Trunk Dialing Telephone Facilities (STD) (1969).
108. Treasury Minute on the 34th Report - The Trust Fund (1969).
109. The Supplementary Report of the Auditor-General - Financial Year 1967-68 (1969).
110. The Australian Broadcasting Commission (1969).
111. Treasury Minutes (1969).
112. Commonwealth Advertising (1969).
113. The Report of the Auditor-General - Financial Year 1968-69 (1969).
114. The Seventh Committee (1969).
115. Expenditure from Advance to the Treasurer (Appropriation Acts 1968-69) (1970).
116. Treasury Minutes (1970).

117. Treasury Minutes (1970).
118. Expenditure from the Consolidated Revenue Fund for the 1968-69 (Appropriation Acts 1968-69).
119. The Supplementary Report of the Auditor-General - Financial Year 1968-69 (1970).
120. Treasury Minute (1970).
121. The Department of Shipping and Transport (1970).
122. Treasury Minutes (1970).
123. Expenditure from Advance to the Treasurer (Appropriation Acts 1969-70) (1970).
124. Expenditure from the Consolidated Revenue Fund for the year 1969-70 (Appropriation Acts 1969-70) (1970).
125. Index - 1st to 114th Reports of the Committee (1971).
126. Treasury Minute (1971).
127. The Report of the Auditor-General - Financial Year 1969-70 (1971).
128. The Australian Tourist Commission (1971).
129. Treasury Minute (1971).
130. Treasury Minute (1971).
131. Treasury Minute (1971).
132. Treasury Minute (1971).
133. Expenditure from Advance to the Treasurer (Appropriation Acts 1970-71) (1971).
134. Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1970-71) (1971).
135. Treasury Minutes (1972).
136. Treasury Minutes (1972).
137. The Report of the Auditor-General - Financial Year 1970-71 (1972).

138. Treasury Minutes (1972).
139. Internal Audit (1972).
140. Expenditure from the Advance to the Treasurer (Appropriation Acts 1971-72) (1972).
141. Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1971-72) (1972).
142. Treasury Minute (1972).
143. Treasury Minutes (1972).
144. Department of Education and Science (1973).
145. Treasury Minutes (1973).
146. The Report of the Auditor-General - Financial Year 1971- 72 (1973).
147. Expenditure from the Advance to the Treasurer (Appropriation Acts (1972-73) (1973).
148. Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1972-73) (1973).
149. Treasury Minutes (1974).
150. The Report of the Auditor-General - Financial Year 1972-3 (1974).
151. Payment of Accounts (1974).
152. Expenditure from the Advance to the Treasurer (Appropriation Acts 1973-74) (1974).
153. Delays in Occupancy of Leased Premises (1975).
154. Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1973-74) (1975).
155. Index 1st to 142nd Reports (1975).
156. Treasury Minutes (1975).
157. The Report of the Auditor-General - Financial Year 1973- 74 (1976).
158. Expenditure from the Advance to the Treasurer (Appropriation Acts 1974-75) (1976).

159. Treasury Minutes (1976).
160. Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1974-75) (1976).
161. Treasury Minutes (1976).
162. Inquiry into the Financial Administration of the Department of Aboriginal Affairs (1977).
163. Expenditure from the Advance to the Treasurer (Appropriation Acts 1975-76) (1977).
164. Treasury Minutes (1977).
165. The Report of the Auditor-General - Financial Year 1974- 75 (1977).
166. Finance Minutes (1977).
167. The Report of the Auditor-General - Financial Year 1975- 76 (1977).
168. Expenditure from the Advance to the Treasurer (Appropriation Acts 1976-77) (1977).
169. Finance Minute (1978).
170. Finance Minutes (1978).
171. The Report of the Auditor-General - Financial Year 1976- 77 (1978).
172. Financing and Administration of Property owned or leased Overseas by the Commonwealth Government (1978).
173. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1977-78) (1978).
174. Use of ADP in the Commonwealth Public Sector (1978).
175. Use of ADP in the Commonwealth Public Sector - the MANDATA Project (1979).
176. The Report of the Auditor-General Financial Year 1977-78 (1979).
177. Finance Minute (1979).
178. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1978-79) (1979).
179. Annual Report 1979 (1980).

180. Finance Minutes (1980).
181. Canberra Commercial Development Authority (1980).
182. Pharmaceutical Benefits Scheme - Chemists Remuneration (1980).
183. Finance Minutes (1980).
184. Internal Audit in the Australian Public Service - A Discussion Paper (1981).
185. Finance Minute (1981).
186. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1979-80) (1981).
187. Reports of the Auditor-General - Financial Year 1978-79 (1981).
188. Annual Report 1980-81 (1981).
189. Airport Fire Tenders (1981).
190. Inquiry into Petroleum Royalties and Excise (1981).
191. Commonwealth Government Financial Administration - A Handbook (1981).
192. Collection and Dissemination of Statistics - A Discussion Paper (1981).
193. Reports of the Auditor-General 1979-80 and March 1981 (1982).
194. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1980-81) (1982).
195. Finance Minute (1982).
196. The Australian War Memorial Conservation and Curatorial Functions (1982).
197. Coal Export Duty (1982).
198. Department of Industry and Commerce - Government Aircraft Factories (1982).
199. The Form and Standard of Financial Statements for Commonwealth Undertakings - A Discussion Paper (1982).
200. Annual Report 1981-82 (1982).
201. Efficiency Audit - Administration of Bilateral Aid (1982).
202. The Selection and Development of Senior Managers in the Commonwealth Public Service (1982).

203. Medical Fraud and Overservicing - Progress Report (1982).
204. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1981-82
205. Finance Minute (1983).
206. Finance Minute (1983).
207. Finance Minute (1983).
208. Finance Minute (1983).
209. Reports of the Auditor-General - 1980-81 (1983).
210. Finance Minute on Report 199 - The Form and Standards for Financial Statements for Financial Statements for Commonwealth Undertakings - A Discussion paper (1983).
211. Finance Minute (1983).
212. Finance Minute (1983).
213. Income Maintenance Programs; Volume 1 - A Discussion Paper Volume 2 - Program Description (1983).
214. Finance Minute (1983).
215. Finance Minute (1983).
216. Joint Committee of Public Accounts - Annual Report 1982- 83 (1983).
217. Finance Minute (1983).
218. Finance Minute (1983).
219. Finance Minute (1983).
220. Finance Minute (1983).
221. Finance Minute (1983).
222. Report of the Auditor-General - March 1982 (1983).
223. HMAS Tobruk (1984).
224. Excise and Deferred Customs Duties (1984).

- 225. Stratplan - Department of Social Security ADP Re- equipment Program (1984).
- 226. Report of Activities July 1983 - December 1984 (1985).
- 227. Finance Minute (1985).
- 228. Expenditure from the Advance to the Minister for Finance (Appropriation Acts (1982-83) (1983).
- 229. Reports of the Auditor-General - 1981-82 and September 1982 (1985).
- 230. Finance Minute (1985).
- 231. Finance Minute (1985).
- 232. Report of the Auditor-General - May 1983 (1983).
- 233. Reports of the Auditor-General 1982-83 and September 1983 (1985).
- 234. Finance Minute (1985).
- 235. Finance Minute (1985).
- 236. Medical Fraud and Overservicing - Pathology (1985).
- 237. Finance Minute (1985).
- 238. Public Hospitals in the Australian Capital Territory (1985).
- 239. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1983-84).
- 240. Report of the Auditor-General March 1984 (1987).
- 241. Report of the Auditor-General - 1983-84 and September 1984 (1985).
- 242. Finance Minute (1985).
- 243. Review of Defence Project Management (1986).
Volume 1 Report
Volume 2 Project Analysis
- 244. Munitions Production Trust Account (1986).
- 245. Finance Minute (1986).
- 246. Finance Minute (1986).

247. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1984-85) (1986).
248. Report of the Auditor-General - April 1985 (1986).
249. Proposed Computer Acquisition for Repatriation General Hospitals (1986).
250. Australia Post - An Audit Discontinued (1986).
251. Finance Minute (1986).
252. JOB SEEKER - Computer Acquisition by the Department of Employment and Industrial Relations (1986).
253. Proposed Computer Acquisition by the Australian Audit Office (1986).
254. Project DESINE - Department of Defence Computer Proposal (1986).
255. Report of Activities - January 1985 to June 1986 (1987).
256. Forward Obligation of Government Expenditure (1986).
257. Review of Efficiency Audit - Quarantine Services (1986).
258. Finance Minute (1986).
259. Department of Community Services Computer Acquisition (1986).
260. Finance Minute (1986).
261. Review of Efficiency Audit - ACTION (1986).
262. Departmental Annual Report - Guidelines (1986).
263. Aspects of Defence Equipment Support Vol. 1 (1986).
* Vol. 2 Technical Documentation (1987).
264. Public Accounts Committee and the Senate (1987).
265. Finance Minute on Report 232 Report of the Auditor- General - May 1983 (1987).
266. Finance Minute (1987).
267. Finance Minute (1987).
268. Finance Minute (1987).

269. Finance Minute (1987).
270. Implementation of the Offsets Program (1987).
271. Finance Minute (1987).
272. Administration of the Commonwealth's Property Function (1987).
273. Finance Minute (1987).
274. Finance Minute (1987).
275. Finance Minute (1987).
276. Finance Minute (1987).
277. Four Efficiency Audits (1987).
278. No report allocated
279. Finance Minute (1987).
280. Defence Science and Technology Organisation - Task Cost Management (1987).
281. Report of Activities July 1986 - June 1987 (1987).
282. Review of Efficiency Audit (1987).
283. Finance Minute (1987).
284. Stratplan - Department of Social Security ADP (1987).
285. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1985-86) (1987).
286. Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1985-86) (1987).
287. Australian Taxation Office Computer System Re-equipment and Redevelopment (1987).
288. Review of Efficiency Audit (1987).
289. Advance to the Minister for Finance (1988).
290. A Better Deal for our Veterans (1988).
291. Revised Procedures for Reports of the Joint Committee of Public Accounts (1988).

- 292. Public Accounts Committee and Sittings of the Senate (1988).
- 293. Reports of Activities 1987-88 (1988).
- 294. Five Efficiency Audits (1988).
- 295. Therapeutic Goods (1988).
- 296. The Auditor-General: Ally of the People and Parliament - Reform of the Australian Audit Office (1988).
- 297. Management of the Antarctic Division (1989).
- 298. Report of Activities July 1988 - June 1989 (1989).
- 299. Compliance with Guidelines for the Preparation of Departmental Annual Reports (1989).
- 300. Reports of the Auditor-General - March 1988, Sept 1988 and April 1989 (1989).
- 301. Finance Minutes (1989).
- 302. Engagement of External Consultants by Commonwealth Departments (1989).
- 303. Review of Efficiency Audits (1989).
- 304. Guidelines for Departmental Annual Reports (1989).
- 305. Review of Finance Minute on Report 270 - 'Implementation of the Offsets Program' (1989).
- 306. Finance Minutes (1990).
- 307. Activities 1989-90 (1990).
- 308. The Parliamentary Information Systems Office (PISO) 'Unofficial Account' (1991).
- 309. Annual Reporting Guidelines for Statutory Authorities (1991).
- 310. Business Migration Program (1991).

Appendix D Detailed Description of the JCPA Report Classification

The eight categories are now briefly described:

RC1 Annual expenditure from advance and estimates review (Consolidated Revenue Fund).

An annual examination of expenditure was carried out until 1977, when the Expenditure Committee took over this duty. This type of inquiry focused on expenditure from Consolidated Revenue. Committees tended to examine general principles of estimation, specific items of expenditure, variation and errors. An example of this is, Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1974-75). (R160, 1976).

The review of expenditure met from the advance to the Treasurer has been constantly examined. These advances were for urgent and unforeseen circumstances. These inquiries were a parliamentary check on the Treasury allocation of this money. An example of this type of JCPA report is, Expenditure from the Advance to Minister of Finance (Appropriation Acts 1978-79). (R178, 1979).

RC2 Follow up of Auditor-General's general reports

General audits undertaken during the year by the AG were traditional compliance and financial audits. The first official JCPA inquiry and report based on the AG's general report was undertaken in 1960 (R50, 1960). This type of inquiry has been established on a yearly routine basis since then. The inquiry has involved examination of certain specific items within the AG's report. An example is, The Report of the Auditor-General - Financial Year 1973-74 (R157, 1976).

JCPA inquiries may stem directly or indirectly from the AG's reports. A Committee, after reviewing the reports, may decide to inquire further into a specific matter mentioned in a

report, or may choose to broaden the perspective of an inquiry to cover a wider area for investigation in a unit of government activity or a similar function in several units. These inquiries may lead in turn to examination of other matters that the Committee decides warrant further investigation. The inquiries reported under RC2 deal only with specific items from an AG annual report, general items are covered within the other categories.

RC3 Reviews of Auditor-General's efficiency audit reports

Since 1979, it has been a statutory duty of the JCPA to examine efficiency audit reports. This was when the AG was given 'formal' authority to conduct efficiency audits. The first examination was in 1982 (R201, 1982). When reviewing an efficiency audit, a Committee can examine the comments in the AG's report, as well as the manner in which the efficiency audit was carried out (R281, 1987:14). An illustration of this was the report, Review of Efficiency Audit - Quarantine Services (R257, 1986).

RC4 Form and content of financial documents

This category concerns inquiries which dealt with the form and content of financial reports presented to Parliament. For example, The Financial Statement Report (R40, 1958).

RC5 Audit act and Treasury regulations

Here the inquiry must have been concerned with the legislation and regulation related to the financial system of the Commonwealth Government. For example, the report entitled Treasury Regulation 52 (R42, 1958) dealt with tendering and contracting. Another illustration was the report Outstanding Claims (R46, 1960), which dealt with whether the form of accounts and financial practices of the Commonwealth could be altered without first consulting the JCPA.

RC6 General unit reviews

This category concerned specific examination of a unit's (e.g. department, statutory authority) activity. This involved a general examination of the constituted parts of a unit

(e.g. organisational design, staffing, information systems, financial, control, and general management matters). An illustration of this is, The Repatriation Department (R15, 1954) report which examined the administration of pensions, of departmental management, and of medical treatment. It did not examine all the administrative activities, but was wide enough to be included here, rather than as a specific item of review (RC7), which is the next category.

RC7 Specific items of unit's activities

This category was concerned with a specific item within a unit. For example, organisational design, staffing, information systems, or management matters. An example was the inquiry and report entitled Department of Customs and Excise - Excise Control Procedures (R80, 1966). The scope of this inquiry was to review the excise control procedures within the Department.

RC8 Specific items throughout the public sector

These inquiries examine an issue across several units or across the public sector as a whole, excluding specific form and content of financial statement matters (see RC4 above). For example, The Use of ADP in the Commonwealth Public Service (R174, 1978). This inquiry dealt with the purchase, specifications and application of ADP throughout the Commonwealth public service.

The other two non-inquiry types of reports (RC9 and RC10). are now discussed.

RC9 Treasury (Finance) minutes on committee's reports

A procedure by which the Government responds to the JCPA reported finding was established in 1952. A Treasury (since 1978, Finance) Minute was the formal mechanism for the presentation of the Government's response. Finance co-ordinates the preparation of the Government response to a JCPA report. When this is forthcoming, the JCPA may ask for clarification or for more information before it agrees to tabling it. For instance,

Finance Minutes (R185, 1981).

RC10 PAC Indices of reports, annual reports and other reports

This category includes indices of reports, annual reports and sundry reports. An example, Report of Activities - June 1986-June 1987 (R281, 1987) which lists membership, scope of inquiries, outstanding and published inquiries, and other matters. Also included is PAC indices of reports published up to the early 1980s, as well as specific papers concerning 'important issues' (not arising from an inquiry). For instance, Internal Audit in the Australian Public Sector - A Discussion Paper (R184, 1981).

Appendix E: List of ANAO Efficiency Audit Reports (1980-92)

Efficiency Audits carried out under Division 2 of Part VI of the Audit Act 1901

1	Department of Administrative Services: - Australian Property Function	17 April 1980
2	Commonwealth Administration of Nursing Homes Program	13 February 1981
3	ADAB: - Administration of Australia's Bilateral Overseas Aid Program	28 October 1981
4	Department of Business and Consumer Affairs: - the collection of Excise Duties and Deferred Customs Duties	11 March 1982
5	Capital Territory Health Commission: - Administration of public hospitals	3 May 1983
6	Department of Defence: - the management of the Main Battle Tank Report of the Auditor-General upon audits, examination and inspections under the Audit and other Acts, May 1983, p.181	3 May 1983
7	Department of Employment and Industrial Relations: - Special Youth Employment Training Program Report of the Auditor-General upon the Financial Statements prepared by the Minister for Finance for year ended 30 June 1983, p.13	11 October 1983
8	Department of Aviation: - the installation and maintenance of airway facilities	27 June 1984
9	Department of Immigration and Ethnic Affairs: - control of prohibited immigration	27 June 1984
10	Department of Social Security: - administration of Widows' Pension and Supporting Parents' Benefits	27 June 1984
11	Australian Taxation Office: - collection of Sales Tax	27 June 1984
12	Administration of the Disability Pension and Service Pension Schemes by the Repatriation Commission and the Department of Veterans' Affairs	27 June 1984

13	Control over manpower and property by the Overseas Telecommunications Commission (Aust): Report of the Auditor-General upon audits, examinations and inspections under the Acts	4 September 1984
14	Export Development Grants Board: - administration of the Export Market Development Grants Act:- Report of the Auditor-General upon audits, examinations and 1974 inspections under the Audit and other Acts	4 September 1984
15	Administration of the Offsets Policy	4 October 1984
16	Observation program of the Bureau of Meteorology: Report of the Auditor-General upon the Financial Statements prepared by the Minister for Finance for the year ended 30 June 1984	4 October 1984
17	Administration of the Australian Industry Participation Program in relation to Overseas Procurement	4 October 1984
18	Controls over Processing of Income Tax Assessments	December 1984
19	Processing and Assessment of Income Tax Returns	December 1984
20	Checking of dividends and interest disclosed in Income Tax Returns	7 December 1984
21	Processing of Income Tax Instalment Declarations	December 1984
22	Administration of Quarantine Services	26 November 1985
23	Australian Wool Corporation Property Operations	26 November 1985
24	Department of Territories: - ACT Internal Omnibus Network (ACTION)	26 November 1985
25	Department of Housing and Construction: - construction project management - The National Acoustics Laboratory and Ultrasonics Institute - The Defence force Academy	28 November 1985
26	Defence Science and Technology Organisation: - task cost management	9 March 1986

27	Australian Taxation Office: - External sources of information - Disclosure of diesel fuel rebates - Partnership and trust distribution - Late lodgement penalties: Report of the Auditor-General upon audits, examinations and inspections under the Acts, March 1986	19 March 1986
28	Department of Primary Industry: - administration of meat inspection services - by the Export Inspection Service	5 June 1986
29	Australian Taxation Office: - unrepresented group certificates	21 August 1986
30	Commonwealth Schools Commission: - administration of capital grants to non-government schools	23 September 1986
31	Australian Taxation Office: - Prescribed Payments System	25 September 1986
32	Department of Defence: - Principal Item Stock Control and Entitlement System	18 November 1986
33	Australian Telecommunications Commission: - vehicle fleet management	31 March 1987
34	Department of Housing and Construction: - repairs and maintenance of Commonwealth assets	7 May 1987
35	Parliament House Construction Authority: - construction project management	2 June 1987
36	Australian Customs Service: - Licensing and administration of customs agents	3 June 1987
37	Department of Employment and Industrial Relations: - Community Employment Program	3 June 1987
38	Department of Resource and Energy: - off-shore petroleum royalties and excise	4 June 1987
39	Department of Defence: - Army mapping	4 June 1987
40	Australian Government Publishing Service	18 November 1987

41	Australian Taxation Office: - international profit shifting	26 November 1987
42	Australian Taxation Office: - taxpayers in un-incorporated business	4 December 1987
43	Department of Defence: - RAAF explosive ordnance	4 December 1987
44	Australian National Railways Commission: - Commission traffic	24 March 1988
45	Department of Defence: - safety principles for explosives	18 April 1988
46	Australian Postal Commission: - administration of philatelic services	24 May 1988
47	Department of Community Services and Health: - Home and Community Care Program	24 May 1988
48	Department of Social Security: - review of continuing entitlement to unemployment benefits	1 November 1988
49	Department of the Arts, Sport, the Environment, Tourism and Territories: - ACT Administration: - building control	29 November 1988
50	Department of Transport and Communications: Commonwealth Road Funding Programs - The National Highway	13 April 1989
51	Department of Industry, Technology and Commerce: Industry Research and Development Board: - taxation concession and grants for industry research and development schemes	10 May 1989
52	The Auditor-General Audit Report No.22 1989-90: - National broadcasting transmitting facilities	29 November 1989
53	The Auditor-General Audit Report No.24 1989-90: Department of Employment, Education and Training: - administration of the Austudy program	12 December 1989
54	The Auditor-General Audit Report No.26 1989-90: Department of Community Services and Health: - Medicare Benefits Scheme	8 December 1989

55	The Auditor-General Audit Report No.33 1989-90: Department of Defence: - Squirrel training helicopters - utilisation and maintenance	21 May 1990
56	The Auditor-General Audit Report No.3 1990-91: Department of Defence: - Australia's Army Reserve	24 August 1990
57	The Auditor-General Audit Report No.6 1990-91: Survey of Internal Audit in the Commonwealth Public Sector	19 September 1990
58	The Auditor-General Audit Report No.8 1990-91: Department of Social Security - payment of pensions overseas	5 October 1990
59	The Auditor-General Audit Report No.10 1990-91: Australian Bureau of Statistics - Data collection for the Consumer Price Index	2 November 1990
60	The Auditor-General Audit Report No.13 1990-91: Australian International Development Assistance Bureau - aid to Papua New Guinea	29 November 1990
61	The Auditor-General Audit Report No.16 1990-91: Department of Veterans' Affairs - treatment services control	13 December 1990
62	The Auditor-General Audit Report No.18 1990-91: Specific Purpose Payments to and through the States and Northern Territory	12 December 1990
63	The Auditor-General Audit Report No.21 1990-91: Department of Administrative Services - Australian Government Analytical Laboratories	8 April 1991
64	The Auditor-General Audit Report No.23 1990-91: Implementation of Program Evaluation - Stage 1	12 April 1991
65	The Auditor-General Audit Report No.25 1990-91: Australian Federal Police - efficiency and effectiveness of fraud investigations	6 May 1991
66	The Auditor-General Audit Report No.27 1990-91: Australian Customs Service - Diesel Fuel Rebate Scheme	16 May 1991
67	The Auditor-General Audit Report No.26 1989-90: Department of Community Services and Health: - Medicare Benefits Scheme	8 December 1989

68	The Auditor-General Audit Report No.33 1989-90: Department of Defence: - Squirrel training helicopters - utilisation and maintenance	21 May 1990
69	The Auditor-General Audit Report No.3 1990-91: Department of Defence: - Australia's Army Reserve	24 August 1990
70	The Auditor-General Audit Report No.6 1990-91: Survey of Internal Audit in the Commonwealth Public Sector	19 September 1990
71	The Auditor- General Audit Report No.8 1990-91: Department of Social Security - payment of pension overseas	5 October 1990
72	The Auditor-General Audit Report No.10 1990-91: Australian Bureau of Statistics - Data collection for the Consumer Price Index	2 November 1990
73	The Auditor-General Audit Report No.13 1990-91: Australian International Development Assistance Bureau - aid to Papua New Guinea	29 November 1990
74	The Auditor-General Audit Report No.16 1990-91: Department of Veterans' Affairs - treatment services control	13 December 1990
75	The Auditor-General Audit Report No.18 1990-91: Specific Purpose Payments to and through the States and Northern Territory	12 December 1990
76	The Auditor-General Audit Report No.21 1990-91: Department of Administrative Services - Australian Government Analytical Laboratories	8 April 1991
77	The Auditor- General Audit Report No.23 1990-91: Implementation of Program Evaluation - Stage 1	12 April 1991
78	The Auditor-General Audit Report No.25 1990-91: Australian Federal Police - efficiency and effectiveness of fraud investigations	6 May 1991
79	The Auditor-General Audit Report No.27 1990-91: Australian Customs Service - Diesel Fuel Rebate Scheme	16 May 1991
80	The Auditor-General Audit Report No.28 1990-91: Department of Administrative Services - Estate Management	5 June 1991
81	The Auditor-General Audit Report No.29 1990-91: Department of Employment, Education and Training - JOBTRAIN	14 June 1991

- | | | |
|----|---|-------------------|
| 82 | The Auditor-General Audit Report No.30 1990-91:
Department of Social Security
- Age Pension Sub-program - Income and Assets Testing
- Real Estate | 14 June 1991 |
| 83 | The Auditor-General Audit Report No.32 1990-91:
Department of Community Services and Health
- Administration of the Medicare Benefits Schedule | 20 June 1991 |
| 84 | The Auditor-General Audit Report No.5 1991-92:
Department of Social Security
Family Allowance Supplement
- Income and Assets Testing | 16 August 1992 |
| 85 | The Auditor-General Audit Report No.8 1991-92:
The Commonwealth Scientific and Industrial
Research Organisation
- External Funds Generation | 11 September 1992 |
| 86 | The Auditor-General Audit Report No.11 1991-92:
Department of Immigration, Local Government
and Ethnic Affairs
The Migration Program - Concessional Family
and Independent Entrant Migration | 12 November 1992 |
| 87 | The Auditor-General Audit Report No.13 1991-92:
Evaluation in Preparation of the Budget | 27 November 1992 |
| 88 | The Auditor-General Audit Report No.15 1991-92:
Department of Defence
- Procedures for Dealing with
Fraud in the Commonwealth | 10 December 1992 |
| 89 | The Auditor-General Audit Report No. 18 1991-92:
Department of Defence
- Management of Australian purchases under the
United States Foreign Military Sales (FMS) | 26 February 1992 |
| 90 | The Auditor-General Audit Report No.26 1991-92:
Program Evaluation in the Departments of
Social Security and Primary Industries and Energy | 28 April 1992 |
| 91 | The Auditor-General Audit Report No.33 1991-2:
Australian Taxation Office
Administration of Fringe Benefits Tax | 7 May 1992 |
| 92 | The Auditor-General Audit Report No.35 1991:92:
Department of Primary Industries and Energy
Australian quarantine Inspection Service
- Quarantine Division | 7 May 1992 |

93	The Auditor-General Audit Report No.37 1991-92: Management of Central Office Training in Selected Departments	26 May 1992
94	The Auditor-General Audit Report No.38 1991-92: Department of Defence Management of Army Training Areas	3 June 1992
95	The Auditor-General Audit Report No.40 1991-92: Department of Social Security Systems for the Detection of Overpayments and the Investigation of Fraud	19 June 1992
96	The Auditor-General Audit Report No.45 1991-92: Department of Veterans' Affairs Outsourcing - The Management of Redundancy Arrangements	23 June 1992
97	The Auditor-General Audit Report No.47 1991-92: Energy Management of Commonwealth Buildings	24 June 1992
98	The Auditor-General Audit Report No.48 1991-92: Australian Institute of Marine Science External funds generation	24 June 1992
99	The Auditor-General Audit Report No.49 1991-92: Department of administrative Services Management of Sydney Central construction project	24 June 1992
100	The Auditor-General Audit Report No.49A 1991-92: Department of Administrative Services Management of Sydney Central construction project Supplementary volume	24 June 1992
101	The Auditor-General Audit Report No.50 1991-92: Internal Audit in Selected Commonwealth Organisations	24 June 1992
102	The Auditor-General Audit Report No.52 1991-92: Department of Immigration, Local Government and Ethnic Affairs information Technology Management	25 June 1992