Knowing efficiency: the enactment of efficiency in efficiency auditing

Vaughan S. Radcliffe*

Department of Accountancy, Weatherhead School of Management, Case Western Reserve University, Cleveland, OH 44106, USA

Abstract

This paper reports an ethnographic study of the activities of auditors in the field as they work to fulfil an efficiency auditing mandate; it analyses how auditors report on efficiency in practice. Miller and Rose’s work on governmentality (Miller, P., & Rose, N. (1990). Governing economic life. Economy and Society, 1–31; Rose, N., & Miller, P. (1992). Political power beyond the state: problematics of government. British Journal of Sociology, 173–205) is developed as it applies to the technologies that Miller and Rose identify as providing the means to realise programmes such as efficiency auditing. The study explores the operationalisation of efficiency auditing through analysis of three audits as they were conducted in the field. It is argued that in the absence of detailed rules or standards practitioners themselves developed an agreed upon knowledge and sensibility that allowed them to make efficiency auditing tractable. The paper explicates these normative guides and discusses the consequences of an apparently socially constructed form of efficiency in guiding auditing practice.

#1999 Elsevier Science Ltd. All rights reserved.

Keywords: Auditing; Efficiency; Practice; Governmentality; Ethnography; Canada

1. Introduction

Efficiency auditing is a remarkably heroic enterprise. Auditors charged with its execution are called to investigate a wide array of government practice, develop classification schemes that allow the categorisation of activities as efficient or inefficient, and then publicly report their findings. These projects would be easier if efficiency were a more tangible concept, but as Hopwood notes, this is not the case.

Just what is efficiency? At best it is a concept that can be subject to a wide variety of interpretations. Although it is possible to change the world in the name of efficiency, there are very real problems in relating the generality of the concept to the specific organizational procedures, let alone the specific consequences in organizations, that can flow from its articulation and use. Of course that is a very positive factor in political discourse (Hopwood, 1988a, p. 6).

Efficiency’s very ambiguity clearly has been helpful in its insertion into public affairs. While consensus might not emerge around a more precisely
stated objective, the idea of efficiency seems to offer a useful ambiguity that allows the formation of broad political coalitions. The alternative, after all, has less rhetorical appeal: who wants to argue for inefficiency (McSweeney & Sherer, 1990)?

The potential for efficiency to be asserted as a dominant value in political debate has been dramatically exploited in recent years and has been accompanied by a broad deployment of accountability in the management of government affairs, as has been noted in the literature (Broadbent & Guthrie, 1992). Indeed, there is an under-researched drama to accountability’s interventions in these arenas (Gambling, 1987). The reports of government auditors are presented with a detachment and formality long associated with Weber’s (1964, 1970) characterisation of the modern bureaucratic form. As in many such environments, in the Office of the Auditor General of Alberta (the empirical focus of the field research reported here) all correspondence was to be addressed to “The Auditor General”, signifying the authority of the Office. This Weberian approach continues in the language of audit reports, throughout which Auditors General write in the first person, even though they themselves may have had little direct involvement in conducting particular audit work (e.g. Office of the Auditor General of Alberta, 1994). Though the vocabularies expertise and other mechanics by which efficiency is ascertained in an audit setting are little understood, the gravitas that has been attached to such efforts is considerable.

This paper presents an ethnographic account of how efficiency auditing is carried out in practice. It follows earlier historical work that analysed the broad political rationalities and administrative programmes that jointly promoted efficiency in one specific jurisdiction, the Province of Alberta, Canada (Radcliffe, 1998). Essentially the paper moves on from the study of the conditions of possibility that allowed for efficiency auditing, and analyses the operationalisation of that same efficiency auditing mandate in the field. It examines how auditors came, among themselves, to “know” what was or was not efficient. In pursuing this analysis, the paper ultimately addresses aspects of the effective operation of the concept of efficiency in the social world. Although grounded in the particular setting of audit inquiry, I would argue that elements of the social interpretation of efficiency that this study finds to be integral to auditors’ interpretations of what is or is not efficient, are common to other invocations of the idea of efficiency. This suggests, as Hopwood argues above, that efficiency may by no means be an agreed upon, absolute concept.

To examine the operationalisation of efficiency auditing the paper draws on archival materials concerning agreed upon standards, audit procedures, etc., and combines these with detailed ethnographic study of three efficiency auditing projects. These audits, which were later the subject of published findings from the Auditor General of Alberta (Office of the Auditor General of Alberta, 1994), provide an opportunity to match a specific auditing mandate with an understanding of the means by which that mandate is addressed in practice.

The remainder of the paper is organised as follows. A brief discussion of the codified knowledge regarding efficiency auditing in professional standards, manuals and the like reveals that this knowledge is far from complete; therefore, fieldwork was conducted to understand how auditors approach efficiency auditing in practice. Discussion of approaches to ethnography, and its use here precedes an account of the three audits that were studied in the field. The paper concludes with observations of the nature of efficiency as enacted in the audit process, and suggestions for further research and practice.

2. Approach

In previous work (Radcliffe, 1998) it was argued that to understand the development of efficiency auditing or other professional projects it is important to appreciate the process by which programmes for change become meshed with the concerns of a
broader socio-political framework, and with specific claims to professional expertise. This analysis followed Miller and Rose’s (1990) and Rose and Miller’s (1992) Foucauldian inspired suggestion that these problematisations be explored in terms of an interaction between broadly stated political rationalities, such as a general sentiment that government should be efficient, and specific programmes for action, such as the government reports, bills and subsequent legislation which map out specific mandates.

Political debates of both broad and local focus combined in the Province of Alberta to provide a climate in which efficiency auditing was especially appealing (Radcliffe, 1998). The study pointed to a broad array of influences on audit reform. Heightened interest in the management of public affairs, experiences in other governments, and some modernist hubris led to an eagerness in reforming management structures. This was exacerbated in a Province whose administration had arguably stagnated under a long standing government. In addition to this, the development of new centres of managerial expertise within government challenged Albertan auditors’ then pre-eminence as management experts overseeing Alberta’s financial affairs.

This previous work follows the general concerns of the “new accounting history” (Miller, Hopper & Laughlin, 1991) in that it maps out the debates, social environment and professional claims that surround a given event. What it does not do is provide an understanding of how accountants, in working with mandates such as those regarding efficiency auditing, actually go about their work, or how they fabricate and sustain their practices.

The more critically oriented literature has tended to shy away from professional practice as it is worked out in accountants’ everyday lives (Hopwood, 1994). It has instead focused on specific moments of institutional and regulatory change (e.g. Burchell, Clubb & Hopwood, 1985; Hoskin & Macve, 1988; Loft, 1986; Preston, Cooper, Scarborough & Chilton, 1994). In contrast, the empirical focus of this inquiry becomes the agreed upon knowledge with which accountants attempt to fulfil the auditing task. Following Miller and Rose’s exposition of governmentality (Miller & Rose, 1990; Rose & Miller, 1992) the rationalities and practices that underpinned audit activity and allowed efficiency auditing to be conducted are of particular interest here. Because of this concern the following account focuses on a number of recurrent themes in efficiency auditing, drawn from field observations and the kinds of ongoing theoretical and personal observations that are intrinsic to ethnographic research (Sacks, 1992; Spradley, 1979). Archival material is examined in later sections, and this is followed with a discussion of the findings of my fieldwork, in which I argue that efficiency auditing was a socially grounded practice. I elaborate this argument through detailed review of agreed upon values amongst auditors concerning effectiveness and accountability, which for them were two central criterion in representing their work to themselves and to others, and in evaluating the significance and value of a particular audit project. Before entering into the empirics of this study, I discuss the significance of fieldwork in light of the

---

2Although this paper does not explicitly deal with historical matters, I would suggest that the research interest of efficiency auditing has increased with the seeming transference to the broader audit function of the ideas and practices first associated with efficiency audit. Moves by the American Institute of Certified Public Accountants (AICPA) and other bodies to enhance the audit product beyond the level of financial statement attestation have been made in the hope of creating a broader “scope of service”, and raising the perceived value of auditors’ professional services in the market place (Elliott, 1994). Announcements from major firms that they have challenged and reviewed all aspects of the traditional attest audit point to a similar expansion of the auditing task (Hopwood, 1998). These developments can be seen as spreading the kinds of ideas and practices on which efficiency auditors have relied.

3This clear focus on practices stands in contrast to the majority of studies drawing from the “new accounting research” and other veins (Miller et al., 1991; Morgan & Willmott, 1993) which have primarily focused on the programmatic. As Miller and O’Leary put it in their leading work, “we have placed greatest emphasis on what we might call programmatic discourses as opposed to accounting as it was conducted in particular firms” (Miller & O’Leary, 1987, p. 240). Similarly, Miller and Rose’s work on governmentality has most to say on generally stated political rationalities and least on the specific technologies used in the field.
Foucauldian perspective which inspired this overall project.\(^4\)

Although archival work is well represented in critical auditing, fieldwork has not been an especially prevalent feature of this literature. More conventional North American research has involved some limited field surveys in auditing (e.g., Cushing & Loebbecke, 1986). Recent critical work has explored aspects of attest auditing; for example, Pentland (1993) reports a study of two attest audits; other work attends to the auditing work of the US Internal Revenue Service (Pentland & Carlile, 1996), and the interpretation of audit working papers (Van Maanen & Pentland, 1994). Power (1991) offers an early example of ethnography. Ethnography has not, however, been a dominant feature in the new accounting research as a whole.\(^5\) The kinds of broadly theorised ethnographies that Jönsson and Macintosh (1997) envisage have not often been developed in the literature. There is no doubt that such studies present particular challenges, as Morgan and Willmott observe,

empirically based studies are rather the exception than the rule. Considering the demands they make, their scarcity is not difficult to understand. Getting to grips with very challenging forms of social theory and conducting empirical research and mobilizing the theory to direct and reinterpret the empirics is, to say the least, an extremely taxing process—and one that is not readily reconciled with increasing pressures to publish

---

\(^4\)To re-iterate, this piece flows directly from earlier work concerning the general political rationalities and more specific programmes that Miller and Rose present as grounding technologies such as those studied here (Miller & Rose, 1990; Rose & Miller, 1992). In keeping with the inter-relatedness of these features of governmentality, this study of audit technologies is best read in the context of the earlier study of the rationalities and programmes (Radcliffe, 1998).

\(^5\)Jönsson and Macintosh (1997) document some notable exceptions, including Preston’s (1986) early ethnographic work. There has of late been increased interest in this area; recent examples of fieldwork in more general research includes work by Barrett et al. (1998); Coffey (1993, 1994); Dirsmith and Covaleski (1985a,b, 1997); Grey (1994) and Hanlon (1994).

---

The tenure culture that dominates North America especially discourages fieldwork, given its time consuming empirical and theoretical involvements, and the complexity of mediating the dense social structures in which accountancy operates (Jönsson, 1998, pp. 432–433). Yet there are special insights that fieldwork provides. I turn to fieldwork partly because the available documentary evidence provides an empirically limited account of efficiency auditing, and partly because of theoretical issues regarding the analysis of technologies. Miller and Rose’s (1990; Rose & Miller, 1992) work points to the importance of technologies but tends not to map out the operationalisation and implications of these procedures. Indeed, the detailed practices of accounting have emerged as a focus for inquiry, to the extent that attempts have been made to generate new theories of the development of practices (Hoskin, 1994). Here, I turn to fieldwork\(^6\) as an additional means of mapping out what it is that efficiency auditors do. In this sense the study fits broadly within what Jönsson and Macintosh (1997) refer to as the ethnomethodological genre of ethnographic work. As they describe it,

Ethnomethodologists are more interested in describing what actors are doing socially than with what they are thinking (interactionists) or how they are communicating (cognitive anthropologists). They are interested in understanding how actors jointly define the character of an event and how they sustain (or change) these meanings. So they try to capture the ways in which actors achieve commitment, trust or whatever is “going on” in the social interaction under study. The aim is to discover the situated rationality of

---

\(^6\)Although ethnography has primarily involved field research, it is not synonymous with such an approach. It is possible to perform ethnographic analysis focused on written texts. For example, Livingston uses texts to analyse the ethnomethodological foundations of mathematical proofs (Livingston, 1985). His later work similarly uses texts to analyse the act of reading (Livingston, 1995).
actors’ mundane, everyday social practices in order to describe the sense-assembly equipment they use to construct and to sustain their daily procedures, practices and stocks of social knowledge (Jönsson & Macintosh, 1997, p. 373).

In essence the focus becomes the generation of meaning among actors, as evidenced through communication amongst them. As Jönsson argues, social facts are continually constructed through social interaction, and this is observable in the field (Jönsson, 1998, pp. 431–433). Though Jönsson’s particular interest lies in management accounting, his call to “relate management accounting research to managerial work”, together with the observation that managers work with words (Jönsson, 1998, p. 411), could equally have been made of auditors and the work of auditing.

More generally, fieldwork has increasingly been read in narrative terms; Van Maanen (1988) coined the term “tales of the field” and reflected on variations in ethnographic research:

Ethnographies are portraits of diversity in an increasingly homogenous world. They display the intricate ways individuals and groups understand, accommodate and resist a presumably shared order. These portraits may emerge from global contrasts among nations, societies, native histories, subsistence patterns, religions, language groups and the like. Or they may develop from the more intimate contrasts of gender, age, community, occupation or organisation within a society (Van Maanen, 1988, pp. xiii–xiv).

In the face of post-structuralist analysis (Sarup, 1989) the legitimacy of qualitative research and of such concepts as “validity,” “reliability”, etc. was questioned. A variety of authors have responded with an interpretive re-theorisation of these issues, in response to earlier more positivist constructions (Hammersley, 1992; Hammersley & Atkinson, 1983; Kohler Riessman, 1993; Lather, 1993; Mishler, 1990). The kinds of local understandings that Van Maanen envisages have taken the place of earlier “holistic” efforts to study entire cultures (e.g. Reichard, 1939). As Van Maanen suggests, “more intimate contrasts” have occurred as ethnographies have come to deal with specific problems, and attend to local concerns, particular forms of organisation and the like (Denzin & Lincoln, 1994; Lather, 1993). Similarly, this paper presents a localised study of efficiency auditing that fits with Van Maanen’s latter characterisation.

In this study both field and archival research are deployed to establish the bounds of particular bodies of knowledge and practice. This may be seen as unusual in the context of Foucauldian work as it has been seen in the accounting literature, and in the context of work which precedes this present piece (Radcliffe, 1998). More generally, Foucault has been noted for his focus on written texts in uncovering systems of thought. As he himself put it, “treasures lie dormant in documents” [Foucault, quoted in (Bernauer, 1988)]. Many of Foucault’s studies, such as the history of punishment in the eighteenth and nineteenth centuries, or the development of sexuality in ancient Greece or Rome, could only be studied through reference to documents or other artifacts. But for more current questions the thoughts and ideas that he sought to trace could equally be found in regularities of discourse in contemporary statements. Foucault saw the rules of discursive formations as being embodied just as much in the most recent as in the most original statement of an idea (Gutting, 1989). His central concern was not texts themselves, but rather the thoughts that were recorded in them. This becomes clearer in some of his last published work:

(Thought,) understood in this way, is not, then, to be sought only in theoretical formulations such as those of philosophy or science; it can and must be analysed in every manner of speaking, doing, or behaving in which the individual appears and acts as a subject of learning, as ethical or juridical subject, as subject conscious of himself and others. […] The study of forms of experience can thus proceed from an analysis of ‘practices”—discursive or not—as long as one qualifies that word to mean the different systems of
action insofar as they are inhabited by thought as I have characterized it here (Foucault, 1984, pp. 334–335).

In his belief that speech, action and behaviour provide windows into discourse in the field, Foucault’s later work reveals an empirical interest that goes beyond documents, and allows for fieldwork similarly concerned with the meeting of thought and practice. Similarly Miller and Rose suggest diverse conjunctions of thought and practice as the foundations of the technological, including:

- techniques of notation, computation and calculation; procedures of examination and assessment; the invention of devices such as surveys and presentational forms such as tables; the standardisation of systems for training and the inculcation of habits; the inauguration of professional specialisms and vocabularies; building design and architectural forms... (Miller & Rose, 1990, p. 8).

The effects of such confluences are of special importance in understanding the technologies by which accountants in general, and auditors in particular, accomplish their work. Organizational sensemaking is an inevitable component in guiding the audit task (Weick, 1995). This study examines aspects of this sensemaking process, and uses field observation of auditors’ communications as a means of exploring thoughts and practices in terms of their role in the social construction of audit technologies (cf. Jönsson, 1998).

At this point, analysis turns to the kinds of programmatic (Miller & Rose, 1990) documented knowledge that is formally held out as the basis for professional action: standards, manuals and the like. The significance of such documents should not be underestimated; the notion of professionalism in accounting has increasingly been equated with the standardisation and regulation of professional conduct (Hopwood, 1998; Preston et al., 1994). Standards, manuals, etc., are useful in establishing both the professional claim and the body of knowledge with which auditors claim to work; this provides a starting point in understanding how efficiency audits are conducted.

2.1. Archival knowledge

In Canada, the Public Sector Accounting and Auditing Board7 of the Canadian Institute of Chartered Accountants (CICA) has developed a series of Statements to guide government auditing. An initial reading of these materials is suggestive of similarity between attest auditing and efficiency auditing mandates; indeed, the standards are couched in language familiar from an attest auditing environment. For example, PSAAC’s guidance on standards of conduct and other ethical matters is essentially a cross reference to the ethics section of the CICA Handbook (see PSAAC, 1985b, s. 04). In their analysis of efficiency auditing, early audit guidelines carry on this transference of more familiar professional knowledge, and suggest an untroubled extension of traditional professional roles (PSAAC, 1985a). However, as the Institutes’ work on these materials progresses, an uncertain note enters into these descriptions:

The amount of discretion that an auditor has in establishing the objectives and scope of a value for money audit varies. Some value-for-money audit mandates, such as those of legislative auditors, provide only general direction about objectives and scope. In such cases, auditors must establish the audit objectives and scope for particular value-for-money audits (PSAAC, 1990).

It is a common argument of modern social and literary theory that the meaning of a text must inevitably be constructed by the reader (Boland, 1989; Latour & Bastide, 1986; Manninen, 1993; Silverman, 1993). Such an observation may not be immediately remarkable, but what is of interest here is the way that these standards are presented with noticeable equivocation, and with unusual acknowledgement of the way in which their underlying meaning must be worked through in the field. The standard setters themselves seem to recognise that while routine attest auditing might

7 Until recently known as the Public Sector Accounting and Auditing Committee, or PSAAC.
be reduced to a series of checklists and sampling programmes, efficiency auditors must first grapple with the most basic matters, audit objective and scope. Auditor’s mandates vary by jurisdiction, complicating the audit task. The breadth of potential assignments in which efficiency must be uncovered leads to a more situated understanding of the structuring of the audit task. In the absence of the more detailed accounting and auditing principles that apply in the private sector (PSAAC, 1985b), efficiency auditing emerges as a more hermeneutical process, in which theory provides little guide, and meaning must instead inevitably be worked out in the field (Boland, 1989). This is recognised both in the text of the guidelines and, implicitly, in their late arrival; though audit guidelines were not published until 1990, efficiency audits had been conducted since the late 1970s.

Professional documentation attempts a basic definition of economy, efficiency, and effectiveness, suggesting, for example, that economy is satisfied by acquiring resources of the appropriate quantity and quality at the lowest cost (PSAAC, 1988). Later material alludes to complexity in suggesting that although the auditor should remain at the centre of the audit process, efficiency auditing may call for auditors to seek advice from experts in a variety of professional fields, including engineering, statistics, human resource management and economics (PSAAC, 1988).

In maintaining the centrality of the auditor in efficiency auditing the standards do more than establish a general approach to such work. They picture these audits as a natural part of the auditor’s domain—as work which is clearly theirs. It is these kinds of discreet, seemingly unremarkable statements that collectively build a discursive field. The depiction of accountants as being at the centre of the audit process is in this sense an example of the working through of competing claims to expertise, and a more general approach in which forms of policy, action and behaviour are evaluated systematically (Gordon, 1991). Expert status is especially fragile in an environment in which, as even the standard setters acknowledge, “there is no body of generally accepted criteria” to guide audit planning (PSAAC, 1988). The standards instead suggest that auditors turn to a variety of sources, including legislation, policy statements, bodies of statistics, and prior audit experience.

Though the standards offer a general window into considerations affecting the audit process, they provide little insight into how an auditor might form an opinion on the broad array of activities which modern government involves. The internal manuals of government auditors begin to offer a more specific guide.

2.1.1. Manuals

In Alberta, the Office of the Auditor General has developed its own audit manual (Office of the Auditor General of Alberta, 1991). Though normally considered private, it has been made available for analysis here. As with auditing standards, the manual exhibits significant gaps in describing audit technologies. Repeated reference is made to the need for interpretation and judgment in the field. In reviewing this material it becomes important to appreciate that the manual’s author is immersed in the practitioner knowledge that anchors efficiency auditing as it is practiced in the Office. This tacit knowledge is later explored in field study of the kinds of ideas, knowledge and local cultural contexts that facilitate action (Boland, 1989). Overall, the manual provides a start in investigating how auditors operationalise their mandate, since it maps out certain of the auditors’ interpretive schemes (Boland, 1993).

The manual starts with an overview of the economy, effectiveness and value for money mandates that the Office collectively refers to as “systems” auditing. In practice in the Office of the Auditor General of Alberta, these concerns were addressed simultaneously, and auditors seemed to be unconcerned with differences between the ideas of efficiency, effectiveness and value for money. Rather than depending upon a detailed definition of efficiency or any other criterion, auditors preferred to talk about the vaguer notion of “systems” auditing (Office of the Auditor General of Alberta, 1991), principally because it seemed to allow them to conduct their work while eluding definition of its underlying principles.

The Office’s initial experience had been that client entities questioned auditors’ categorisations of what was and was not efficient on the basis of the
auditors' own definitions. Such questioning stood to undermine the legitimacy of the efficiency auditing project. In the face of this resistance, auditors began using the undefined notion of "systems" auditing, a diffuse term drawn from the Office's governing legislation (Auditor General Act, 1977). The absence of a definition of this term meant that guiding concepts underlying audit work could no longer be questioned in their own terms, and hence intellectual threats to the legitimacy of the auditors' expanded mandate were circumvented.

Interestingly, the statute's reference to systems was itself a product of political resistance to the notion of efficiency auditing and of auditors' expertise in such areas. Ministerial concerns in this regard were assuaged by certain of their colleagues, themselves chartered accountants, who in cabinet discussions offered the view that accountants were qualified to judge "management systems" (Radcliffe, 1998). The acceptance of the loosely specified concept of systems auditing is a further illustration of the productive role of ambiguity in the expansion of professional jurisdiction (Abbott, 1988; Hopwood, 1998; McSweeney & Sherer, 1990). In practice this usage successfully evaded the problems of defining efficiency to external constituencies (chiefly client entities), while auditors agreed among themselves that it left them free to conduct their audits for economy, effectiveness, efficiency and other matters as they wished. While noting the problematic nature of these terms, auditors' expanded mandates are referred to here either as efficiency or systems auditing, in keeping with professional usage and the seeming simultaneous consideration of these concerns in the field.

As discussed above, at the time it was passed some Ministers had expressly understood Alberta's governing legislation as providing a limited efficiency auditing mandate. As one Minister put it in framing the Auditor General Act, they had been especially concerned to avoid "the question of management auditing or value accounting or value for money spent—all those phrases having a similar connotation" (Alberta Hansard, 1977, p. 1694). By contrast the audit manual suggests that auditors have pursued a broad approach to their mission of improving the financial administration of the province,

Improving financial administration does not mean limiting the scope of systems audits to financial systems. Most management control and information systems impact financial administration, including accountability, and are therefore subject to audit (Office of the Auditor General of Alberta, 1991, s. 10.1).

While politicians had sought to limit the auditors' gaze, the auditors' own interpretations of their mandate defeated this aim. The intentions of certain of the Act's authors were circumvented, and the scope of the auditing enterprise widened, by this kind of expert re-interpretation of legislative authority.

The manual describes the audit process in terms of a series of stages. The audit is first defined in terms of issues, significant aspects of an entity's operations which if not managed well could jeopardise the success of the entity or programme (Office of the Auditor General of Alberta, 1991, s. 20.1). In a way that presages auditors' focus on particular conceptions of the tractability and "effectiveness" of their work, audit issues are understood to follow from these, as those issues likely to result in reportable audit findings and associated recommendations for improvement (Office of the Auditor General of Alberta, 1991, s. 20.2).

Systems auditing is presented as a selective process; only those issues which seem likely to result in reportable audit findings and suggestions for improvement are pursued. Under the Auditor General Act, 1977, the Auditor General chooses the areas of investigation, both for regular annual reports, and for any special reports that he/she deems necessary. To qualify as an audit issue a

--

8At this point I italicise certain key terms from the Audit Manual to stress their special meaning.

9See discussion regarding "effectiveness" and the tractability of efficiency auditing below, in material regarding fieldwork.

10The only element of direction allowed is a request from government that the Auditor General investigate specific issues; the Auditor General may choose not to pursue such requests, although this refusal would be difficult to make in the face of a request from the highest levels of government (Radcliffe, 1997).
matter must relate to issues important to management success, must be likely to produce reportable findings, and must be matched with specific audit criteria against which auditors may compare management’s handling of the issue.

Auditor interpretations such as these effectively blur distinctions between “systems” and “operations” even though politicians developing the Act had hoped that such matters would be separated. Instead, the manual suggests that “a system is rarely the audit issue. More often the issue is the management concern that the system is designed to address” (Office of the Auditor General of Alberta, 1991, s. 20.4), a view which opens the way to policy concerns. In this sense, auditors establish broader management concerns as audit issues, an approach which directs auditing away from mechanics and towards wider social objectives.

The concept of significance becomes important in understanding the focus of efficiency audits as they have developed in the Canadian context. Distinct from the concept of materiality in financial statements, significance is a term embodied in legislation and in government practice (PSAAC 1988). Significance includes a concern with financial magnitude, but encompasses far more. The audit manual suggests consideration of an issue’s importance to government policy; its potential economic, social or environmental impact; inadequate managerial action on previous audit issues; interest expressed in the matters by the Legislature, government or public; and the impact of a centralised function, which might extend throughout government (Office of the Auditor General of Alberta, 1991, s. 20.4). Importantly, the significance of an issue is influenced by a far greater range of concerns than the monies immediately involved. In defining significance, auditors make it quite plain that in the efficiency auditing arena an item may become significant because of political interest, whether through questions in the Legislature, news stories or other means. This written acknowledgment of the role of the political in framing questions of accountability is confirmed and elaborated in field analysis, which is addressed later.

The manual makes it quite clear that it is auditors’ ideas of what should be critical to management, rather than management’s ideas, that should prevail in defining audit issues. This effectively places auditors in a super-ordinate position in defining the scope both of management and auditing activity (Office of the Auditor General of Alberta, 1991, s. 20.4). Audit criteria are themselves the product of a variety of exposures, including auditors’ training and consequent outlook on best management practice, professional standards, similar prior audits, and more general management knowledge [as the audit manual notes, “the Office library and commercial bookstores contain many books on contemporary management theory and style” (Office of the Auditor General of Alberta, 1991, s. 20.5)].

The manual’s diagrammatic representation of the audit process (Fig. 1) attempts to show a formal audit process, with discrete steps, standards of evidence, and objectives. In this light, initial knowledge of business is collected as a series of facts, held to be beyond reasonable doubt. When compared with agreed upon audit criteria these facts result in findings, which after a process of selection are seen as being verified, developed, and finally published as audit recommendations.

This formal representation is at odds with the manual’s other observations of the audit process.

---

11For example, in one audit that was followed in the field, the "system" concerned performance measurement systems designed to redeploy resources to those hospitals that were seen as more efficient. The management issues that were involved went far beyond this system, however, to include overall government policy in the financing of health care and of government services in general.

12Financial magnitude is the usual interpretation of materiality in an attest audit. This is formally stated as an item of information, or an aggregate of items, which if they were omitted or misstated would influence or change a decision (CICA, 1991, s. 1000 para. 17). Amounts over a cut off point, e.g. 0.5–2% of total revenues, might be termed material and worth further investigation; amounts under this point would be termed “inmaterial.”

13Others have noted the superior position often ascribed to management and to managerial knowledge; managers are routinely presented as having the expertise, vision and power to control the social world (Macintyre, 1985). The interpretation of “systems” auditing seen in the manual instead places auditors in a super-ordinate position, above management and other groups, as auditors form opinions regarding management behaviour.
In formulating initial knowledge of the client entity’s business, the manual suggests team meetings to “brainstorm”, interviews with client management, and the investigation of “hunches”. In moments such as these the manual’s depiction of auditing suggests an underlying tension. These statements provide the important insight that such activity is seen as a legitimate method of audit inquiry, and that it may provide the foundations for later work. Yet though the informal knowledge gathered in the initial stages of an audit may find formal expression as audit issues, memoranda, etc., the manual does not indicate the kinds of knowledge or norms that inform “brainstorming”, “hunches” and other preliminary analysis.

In such cases when the manual fails to map out the roles of potential sources of information, modes of analysis, or the kinds of qualitative environmental information to which the manual refers, the reader is assumed to be party to common practitioner knowledge. While the manual details certain mechanics of an audit, such as entry and exit conferences, the preparation and approval of management letters and other practices drawn from attest auditing, it leaves less formalised practices and practitioners’ tacit knowledge to be worked through in the field. Having exhausted archival knowledge, I now turn to fieldwork as a means to explore the situated rationality of auditors’ everyday practices in performing efficiency audit work (Jönsson & Macintosh, 1997).

2.2. Fieldwork

The mechanics of a technology rely both on the practices that are involved (e.g. auditing tests and procedures) and the ideas and knowledge which underlie these practices, such as conceptions of what is or is not efficient, or of which techniques are appropriate. My exploration of these issues was facilitated through research access with the Office of the Auditor General of Alberta gained in a process of negotiation which followed their chance exposure to a conference paper which I
had presented. It was agreed that I could follow a number of audits. The audits were all in the health area, partly because senior members of the Office felt that some of their most advanced work was being done in this field. I found a focus on one area helpful since I had to develop specialised knowledge in only one area of government activity. My initial plan was to focus on two audits, one routine, the other less so, in an attempt to use these as counterpoints to each other, drawing out differences between them and so testing the boundaries of systems audit as understood by practitioners. Accordingly the two audits were to be selected in a process of negotiation with the auditors themselves.

In this process of negotiation it became clear that efficiency audits differed in terms of the extent of fieldwork, audit meetings, etc., that were conducted. Further, the more “complex” audits were counter intuitive, in that they often involved far less fieldwork and meetings than other audits which, though seen as conceptually simple, were logistically complex. Learning from this, I was able to study three audits of varying complexity. This choice allowed me to draw out differences between these audits, and to study significantly more auditing work. In later interviews, auditors have confirmed that they believe these audits are typical of their work. I now provide brief details of each audit.

The first audit, seen by the auditors as simpler than the others, concerned a project to enhance management information in the Department of Health. The project centred on a large scale federal initiative, known as the management information systems (MIS) project, and involved electronic gathering of information from all provincial hospitals. Though chosen as a routine or simple audit to assess the implementation of the MIS project it became apparent that the audit was considerably more logistically demanding than the other audits examined. It involved some twenty field visits, interviews and planning meetings, over the course of five months.

One aim of the MIS project as applied in Alberta had been to re-allocate funding away from inefficient hospitals and towards efficient ones, thereby rewarding efficiency. This had however been overtaken by the government’s deficit reduction plans, which called for a 20% reduction in total government expenditures over three years (Dinning, 1993). As a consequence, MIS funding adjustments became overshadowed by system-wide cuts to government funding. The situation grew more complex as the MIS audit continued, and as auditors added more references to the social environment, including ongoing developments in the policy arena. What was ostensibly simple was in fact embedded in a complex web of social relations.

The second audit (hereafter, the “subsidies audit”) concerned government subsidies of senior citizens’ health care premiums. These premiums would otherwise have been paid directly by retirees to finance the provincial health plan. This audit contrasted with the MIS audit in logistical terms, since it involved largely office based analysis and review, with information gathered through telephone conversations, and documents gathered by courier or fax; audit fieldwork was quite minimal.

The third audit (hereafter, the “physicians’ audit”), was seen by auditors as the most complex and politically sensitive. It centred on a $14 million liability to provincial doctors that arose from a fee for service agreement between the province and physicians. The agreement capped total payments by relating fee levels to patient volumes; if patient volumes fell below budget, unit fees rose; if volumes rose over budget, fees fell. The agreement was predicated on the belief that physicians were able to influence demand for their services by recommending certain courses of medical treatment.

14Under the Canada Health Act all provincial governments provide medical services, with partial federal government funding.
The physicians' audit similarly involved office based work.

In examining these audits I practiced a form of triangulation, the use of more than one method, observer or site to provide further checks on a single observer's findings (Sommer & Sommer, 1991). In this study triangulation occurs in tracking three audits, and through the use of a variety of sources of information, including interviews, passive observation and documentary analysis. I collected copies of relevant working papers, including, for example, successive drafts of recommendations, which developed from day to day. In capturing audit planning meetings, information gathering meetings, etc., I engaged in passive observation, since my aim was to learn about systems auditing, and I did not have the detailed prior knowledge that would have allowed me to act as an informed participant observer (Sommer & Sommer). I taped research interviews and made condensed notes during field visits and other meetings, turning these notes into expanded accounts directly after the meetings, following Spradley’s (1979) suggestions for data collection. I prepared analytical notes and memoranda so as to systematise analysis and preserve analysis from the field, as and when it occurred.16

To check my interpretations of the data obtained through documentary review and field observation, I conducted respondent validation (also referred to as participant verification) (Werner & Schoepfle, 1987) through a series of interviews, held over the course of the audit, and after the auditors' review of this paper. I reviewed most of my reflections on their work in this way. Respondent validation is useful in highlighting those matters which actors regard as being of greater or lesser significance, and can flesh out understandings gained from passive observation, particularly in areas where the researcher effectively has to deduce understandings and ideas from behaviour.17

I believe that this triangulation and use of multiple methods provided broader and more reliable information than any one approach alone (Oswald et al., 1987). Indeed, this use of multiple methods is characteristic of ethnographic research. This combination of methods may be regarded as bricolage, “a pieced together, close-knit set of practices that provide solutions to a problem in a concrete situation” (Denzin & Lincoln, 1994, p. 2). An understanding of the qualitative researcher as bricoleur suggests that the fieldworker uses methods as tools, choosing whichever is appropriate to (and available for) the task in hand (Becker, 1989).

In addition to the use of multiple methods, this research had the significant advantage of being conducted in real time, since my observations were made throughout the course of the audit. My initial research interviews began in January 1993; audit fieldwork commenced in August 1993, with recommendations finalised in December 1993. Over the period September–November 1993 I was based in the Audit Office, enabling close study of the audit process and a variety of informal interaction. This rich, contemporaneous observation provided for more accurate and thorough analysis than would be possible through retrospective interviews or the analysis of working papers alone.

16Spradley (1979) notes the importance of such notes since in fieldwork the researcher becomes a major research instrument; because of this it is important to capture the researcher's analysis and reflection on events, a suggestion that is endorsed by others (Hammersley & Atkinson, 1983; Oswald, Schoepfle, & Ahern, 1987; Sommer & Sommer, 1991).

17In performing respondent validation it becomes important to sort through actors' representations so as to bring together elements of both their and the researcher's understandings. That an actor might disagree with an observation need not mean that the observation is incorrect, it might simply mean that it touched on an area of sensitivity. In making these and other judgments an ethnographer's own subjectivity comes into play and the researcher as author clearly takes responsibility for the text. But this awareness of the subjectivity that the ethnographer embraces need not mean that a greater level of judgment is involved than in, say, a capital markets empirical piece, or an experimental study. It is perhaps more accurate to see these and other instances as providing qualitative researchers with a greater awareness of the role that subjectivity necessarily brings in research, and a consequent introspection and sensitivity to these issues, especially in recounting events (Van Maanen, 1982, 1988).
3. Knowing efficiency: auditing in the field

The writing of ethnography is always a delicate process, if not a struggle (Morgan & Willmott, 1993). The use of “thick” description offers a richness of experience drawn from the field (Geertz, 1988; Van Maanen, 1988; Werner & Schoepfle, 1987), while running the risk of losing theoretical insight—a key interest of critical research (Jönsson & Macintosh, 1997). Here I have elected to move away from a narrative of the stories of each audit, and instead present a thematic discussion of the ways in which I found auditors conducted efficiency audits in practice. The identified themes are drawn out of my research materials and represent recurrent dimensions of this audit work (Hammersley & Atkinson, 1983; Oswald et al., 1987). Following earlier discussion, I focus on the mechanics which allowed this audit technology to operate (Rose & Miller, 1992). In particular, I depict auditing as socially grounded, and elaborate on the role of the social through close examination of two concepts, effectiveness and accountability, that seemed central to auditors’ conceptions of their work. While recognising that technologies may be widely heterogeneous it is through their use that the objects of audit inquiry, and audit inquiries themselves, become tractable (Miller & Rose, 1990, p. 5). Accordingly, I attend to the means by which efficiency auditing was operationalised, mindful that, as Foucault put it, “the main problem is not whether […] [people] conform to principles of rationality, but to discover which kind of rationality they are using” (Foucault, 1988b, p. 59). Discussion of field observations continues in this spirit.

3.1. Socially grounded auditing

In most significant respects, efficiency audits were quite different to attest work. Perhaps the most fundamental difference lay in the actual choice of audits. In an attest audit, standard procedures and tests would guide much of the audit work. The auditor is, in most cases, expected to issue a standard opinion on the financial statements.

But compare this to the first question that the efficiency auditor has to face, namely, “what shall I audit?” The Alberta mandate, together with those of other jurisdictions, calls for efficiency audits, but does not require the kind of comprehensive audit opinion associated with an attest environment. Auditors do not audit everything each year; instead they get to choose what they look at in systems audits, and then construct audit activities around these choices.

In this section I argue that this dimension of choice has important influences on efficiency audit, and that these choices invoke a broader social awareness which grounds much of the audit technologies that are used in this work. In particular, auditors seek out a series of organisational and cultural guides, one of the central concerns being to establish which kind of recommendations would be found credible by government administrators, managers, and, to a certain extent, politicians. This credibility was important because the effectiveness of audit recommendations was, in large part, understood by whether they were later implemented. In this sense efficiency auditing was socially grounded, because of initial choices, the environmentally driven technologies that auditors used to aid their initial choices and subsequent navigation of the audit, and through their sensitivity to what others might potentially implement, since implementation vindicated audit work as “effective”. Audit technologies (Miller & Rose, 1990) involved sophisticated study of the social world as part of an approach designed to promote what auditors saw as an effective audit.

The idea of efficiency auditing as the socially grounded, strategic process that I have outlined is in some ways a surprising contrast to the seemingly absolute manner in which efficiency is often discussed. Indeed, this was a process which auditors themselves did not expect others in their profession to immediately understand. As one senior auditor explained the initial choice of audit topics:

---

18I would distinguish this view of socially grounded auditing from that of other researchers who have termed attest auditing “strategic” as part of their very different theoretical concerns to understand auditing as a game motivated by discernible self interest (e.g. Morton, 1993). Equally, although the word grounded seems most appropriate for events as I understood them, use of this word is not an effort to invoke the tenets of grounded theory (Glaser & Strauss, 1967).
People will find this an unusual conception of what auditing is—of the auditing process. This is one of the things that green-horns in the office often get wrong. They think that audits arise out of nothing, in a scientific tabula rasa kind of way. But that is not how things work.

Instead, audits arose out of information that the auditors gathered from a variety of sources, both formal (attest audit work, government statements, etc.) and informal (conversations, news stories, a sense of “what was going on”).

The same auditor suggested that attempts to find the start of the idea for an audit would be futile, since these were often ideas that developed through years of experience in the activities of Departments, and through knowledge of the people and projects involved. Accounting is often suggested as being about information; and this was certainly true of efficiency audit, although not in a dry, technical sense. The information that auditors sought out was often concerned with organisational and other social knowledge. For example, auditors acknowledged amongst themselves that certain audit topics or inquiries were facilitated by growing political interest, or by changing views among senior civil servants. An audit whose seeming effectiveness might be compromised by resistance would be avoided or at least modified so as to more directly fit with current governmental concerns. Auditors understood themselves as operating in dynamic surroundings in which environmental sensitivity was of overriding importance. This had clear consequences for the types of knowledge and skills which were valued as auditing resources, as another auditor commented on the value of chartered accountancy (CA) training and attest audit knowledge in efficiency audit:

Standard CA training, does it help? Yeah, a little bit it does. But [...] you really need to have powerful analytical skills. You need to have the ability to come to terms with complex issues, rather than just simple things. A lot of people, when we discuss some of these things, they tell me something that’s very nice, but it’s still at a superficial level. I think its really, in terms of the skills that you need, unless the person has the ability to relate different pieces of information, has the ability to know what is happening, and put it in a context, because things can easily be taken out of context, in terms of what you might end up recommending.

[...] A lot of it is through experiences, through mistakes. A lot of it is through my continuing involvement in the health sector. And that sort of contributes to it.

One of the recurring features of this work was its dependence on a highly developed environmental knowledge, both within government departments, and within the wider social environment. Auditors believed that their knowledge of the environment, usually referred to (after the audit manual’s terminology) as “knowledge of business”, was fundamental to their work. Auditors’ knowledge of business came to bound what was for them the organisational reality within which they had to work. This knowledge was accumulated chiefly through informal, tacit means.

In the course of my research it became clear that the existence of papers in a file was no sure guide to their significance in the conduct of an audit. The subsidies audit working papers included copies of numerous Alberta statutes providing for health care premium subsidies; however, this knowledge was only a formal background to the audit. As the auditor conducting this work suggested above, prior knowledge regarding premium subsidies had “caused the recommendation to arise”; the copies of Alberta statutes, financial analyses and similar provided support to this initial conception.

In the audits as a whole hardly any of the audit working papers resembled the “T” accounts, financial accounting analyses, checklists and schedules associated with attest auditing work (Buttery, Hurford & Simpson, 1993; Turley & Cooper, 1991); discussions of such detail, and even of more abstract policies such as revenue recognition, or the determination of liabilities, was largely relegated to attest work. Instead, systems auditors
gathered organisational knowledge regarding departmental policy and intent. The formal aspects of this could be written down and analysed in working papers. But many of the more significant influences in this auditing did not appear in working papers. Knowledge of business was significant in the establishment and pursuit of auditing tasks, but was largely unrecorded in conventional terms. Rather than being a part of written records, knowledge of business often gained its significance from its incorporation into auditors’ collective memory. What is incorporated into collective memory as it appears in discursive formations is particularly significant in attempting to track knowledge and practice (Foucault, 1991, pp. 59–60).

The socially grounded nature of efficiency auditing had consequences for the kinds of recommendations that it was possible to make. As the same auditor remarked, an audit might suggest:

that, yeah, you have people signing things three times because that’s what a good control system asks you to do. […] Like I learned a lot of it through bitter experiences, a lot of this is because you go to a client and they say, […] it doesn’t make any sense. Here is the real world; you’re not in the real world. And so that’s the kind of thing.

Client interactions had influenced more than an auditor’s unwillingness to suggest a stylised, “textbook” system of accounting control (signing things three times). It is clear that systems work was understood in terms of its difference to what was seen as simple, “lower level” (and less consequential) book-keeping. One auditor would go so far as to describe some audits as low prestige “accounting” jobs and others as higher level, “non-accounting” work, joining with colleagues in seeing such systems work as requiring more intellectual depth and a different skill set to that required for attest work. Systems work was largely reserved to senior auditors (manager and above), with audit assignments being carefully matched to individual auditors’ abilities, for example data processing expertise, or unusually adept diplomacy in client relations. Overall, systems audits were seen as occupying a “higher level” than attest work, with gradations between various types of systems work. A recommendation to improve systems regarding data quality in MIS would, for example, be seen as a low level, almost “book-keeping” type of recommendation. More valued recommendations focused on “higher level” issues, such as recommendations to evaluate whether the information gathered was in fact the kind of information that the Department needed. I return to these issues of categorisation later, but would note the theoretical significance of such interpretive schema in defining a body of knowledge (Foucault, 1977, 1988a).

As auditors understood it, the systems auditing environment called for a different mode of auditing, in contrast to the standardisation of attest audit, and a shared sensitivity as to what it was possible to recommend. Non-standardisation provided dear areas of difference, and led to audit work which was considered more challenging. As one auditor described it,

If I were auditing receivables, I would know what I had to do. If I was auditing inventory, I would know what I had to do, but on this one I’ll have to decide, […] In some you don’t go to [a] detailed level because it’s, you know, you can say that the issue and the criteria would drive the extent of the work that you do. And they have to be, if they are going to be meaningful, they have to be related to individual entities to that particular issue that you are looking at. Whilst on attest there is a general menu that you can go to.

There might be some variations based on the particular systems that they have in place. But you have the CICA Handbook, which gives you all the standards that are already articulated. And here there are none of those things, so that’s why its more challenging, and maybe more fun, because you are really using your intellect more.

To auditors the power of the wider social and normative environment was self-evident. They invested significant amounts of time studying it.
Of course, a great deal of information was gathered through conversations, contacts with departmental officials, and a general knowledge of “what was going on.” But besides this there were a variety of formal and informal procedures: Hansard, the record of Legislative proceedings, was mandatory reading for all senior auditors, and local news outlets were carefully studied (indeed, newspaper stories had significant effects on two of the three audits studied). Though this knowledge was said to aid attest work as well, all “knowledge of business” work was charged against systems work in the Office’s internal control statements; scanning the environment was officially a cost of doing efficiency audit work.

Knowledge of business helped in the framing of audit issues, procedures and eventual outcomes, but it could also foreclose an audit issue at the outset. For example, auditors were aware of government discussions regarding substantial reform of the provincial health care system, including consideration of payment systems for physicians other than the traditional fee for service method. In meeting to plan their audit on the physician’s agreement they made it clear that wider norms of what was within the range of acceptable debate would often limit the kinds of things that they would express at a given time.

**Brian:** What we’re getting at is a need to fundamentally review the way that physicians are compensated. There are things in process that may go that way—not the capping, but moving away from fee for service. We have some important things to say, but we don’t want to say things about what’s already going on.

**Sam:** There are ongoing plans to reform health care. Leonard [senior health official] says we should replace fee for service [...]. He says we are working on this and maybe you guys should have been on the boat then.

**Fred:** We couldn’t have talked about fee for service then.

**Brian:** No, it wouldn’t have been strategically wise—it would have been impossible to say that then.

Knowledge of business, and of the allowable discourses of the day, effectively mapped out the range of what it was possible for auditors to recommend. This had important effects in the operationalisation of efficiency auditing, and in the eventual outcomes of this work. But this was not a slavish attendance to the concerns of those in positions of power. Instead, auditors limited themselves by attempting to make recommendations that would lead to action; an important guide to this was provided by their ideas of effectiveness, understood in terms of effecting change.

### 3.2. Effectiveness

The idea of effectiveness underlay much of the auditors’ work. Effectiveness was tied closely to the Office’s mission statement goal of the improvement of the financial administration of the province. Recommendations and audits were seen as ineffective if they did not lead to action. Knowledge of the normative environment, and in particular knowledge of what others might accept, conditioned what the auditors believed to be worth while, with worth usually equated to acceptance and action (“effectiveness”), as this interview excerpt demonstrates:

**Brian:** If you [the auditors] were talking about restructuring the health system a few years ago. You would not have had any success. Now you will have success. If you are talking about the salary restraint programme, whatever, it depends on the context, and so therefore you have to be aware of the reality.

**R [Researcher]:** Success is a recommendation that helps further the administration of the province.

**Brian:** Absolutely.

**R:** That is in fact accepted, put into practice.

**Brian:** Right, I mean to us unless something is, you know, we have to draw a line in terms...
of long term things that you realise you really have to keep on measuring, like the pensions issue,22 until it happens. So it’s kind of a hard rock, and you’re trying to make it fertile. It’s real hard work to do that, so it’s a long term view. But there are other views as well, [...] I suppose the analogy is a clock which is not working, but it’s right two times a day. Would you have that or a clock which is running five minutes late. You know, [...] it might not be the Cadillac, but, whatever, Chevy, whatever, it is effective in terms of what it does. So what we want is something that is going to be effective. And the type of recommendations that were made in the Auditor General’s report this year,23 if they had been made before, they would just have had no impact...  

R: Right.  

Brian: So you need to be cognisant of what the context is. You need to be cognisant of the... realities that drive... I mean people drive the, you know, I mean, it doesn’t matter how good you are. So, yeah, so the pointer I use is whether they are going to be effective or not.

This conception of effectiveness was a central guide in the auditor’s work. It operated both in terms of the wider environment, and in terms of specific, local knowledge of departmental personnel and practices. One senior auditor would speak of a client department’s “maturity” in terms of the kinds of recommendations which could be made, and which the client would understand and follow through on. More complex recommendations demanding greater “maturity” could be made, but if they were ignored they would ultimately be ineffective. The result was a tailoring of recommendations to individual clients’ perceived maturity in financial administration.24

The audits occurred in a time of significant public debate regarding government deficits, with a drastic government plan to balance the budget through major spending reductions (Harrison & Laxer, 1995; Taft, 1997). This background brought out interesting dimensions of audit strategies. Auditors universally referred to the environment as a “climate of restraint”, and would sometimes refer to “what had to be done” often expressing things as imperatives. Yet at other times they would voice their concerns that decisions might be made with inadequate consideration, that appropriate management information was not available to guide government action, and that inadequate consideration of the consequences of action could produce unforeseen failures. Such issues would, for example, ground recommendations addressing whether management had appropriate information to measure the impact of proposed health cuts. The audits were not an abject capitulation to the ideals of the present. Instead, auditors were tailoring their recommendations to the environment in which they found themselves, believing, as Brian expressed it, that attainable “Chevy” efficiency was preferable to an apparently unattainable “Cadillac” standard.

Effectiveness was a fundamental concern in the auditors’ daily work. It operated both in terms of the wider environment, and in terms of specific,

22The Office of the Auditor General had made a series of recommendations that the government address unfunded liabilities in the pension plans of public sector employees, estimated in 1992 to be some $6000 million (Office of the Auditor General of Alberta, 1992a). The government subsequently began to re-negotiate with employees in order to revise contributions to these plans and address this liability.

23A series of demanding recommendations, including calls for consolidated budgets and further effectiveness reporting, had been made in that period’s Auditor General Report (Office of the Auditor General of Alberta, 1993) which had been released in an election year. The government’s financial competence had been seriously questioned in the light of rising deficits and the failures of government attempts to diversify the provincial economy. The most prominent failure had been the collapse of NovAtel, a cellular phone company, which resulted in a conservatively estimated loss of some $544 million. The government had requested a report into the issue from the Auditor General. The eventual report (Office of the Auditor General of Alberta, 1992b) found governance irregularities in NovAtel were symptomatic of those in a variety of government agencies and called, amongst other things, for board appointments to be made on merit rather than patronage, a recommendation which the government seemed to accept, under significant political pressure (Radcliffe, 1997).

24There are parallels between this assessment of client “maturity” and the balancing that management consultants must engage in to sense which recommendations a client might be willing, or able, to implement.
local knowledge of departmental personnel and practices. As a consequence of this view of effectiveness auditors understood that in their report they would often refrain from making ambitious “Cadillac” recommendations; in the interests of effectiveness, they would instead propose a “Chevrolet” solution. They recognised that the efficiency that they reported was not of an absolute, publish and be damned variety. Rather, the efficiency audit reports that they made were tied to the social climate of the time. Certain recommendations might simply not be made in a certain climate, for fear that they would not be adopted, and might sour client relations (as is witnessed by earlier quotes regarding physician payment systems, and auditors’ belief that to question these some years earlier “would not have been strategically wise”). Still other recommendations would be carefully phrased and prepared so as to appeal to popular or local discourse, regarding, for example, contemporary government policy, popular management literature or ideas known to be in play locally, within client departments.25

Because of these concerns the communication of audit findings was attended to with great care. The phrasing of a recommendation was seen by auditors as another potential area in which to enhance the prospect of acceptance, enactment and hence effectiveness. This produced great attentiveness in the development of recommendations; meaning and rhetoric were both attended to in detail in a series of meetings in which draft recommendations were edited word by word. As one auditor expressed it to a colleague, “We need to communicate a message.” To illustrate the detail of this consideration, and the specific inflections in meaning that were purposively introduced by the auditors as they worked, I now reproduce my notes from one of these editing meetings concerning the MIS audit recommendations. In the following notes quotations of auditors’ comments are interspersed with my observations of their activities in editing recommendations.

Audit Manager (AM): I don’t think there are any specific guidelines.

Senior Audit Manager (SAM): [Explaining to me] We want to put MIS in context to say that really you are receiving all MIS in context to say why.

AM: When you see the numbers even the nursing cost doesn’t make sense.

SAM: We need to have something here to say why.

[Types: “due to the long period of implementation”].

We’re really saying that you missed the boat because the hospitals have changed or the infrastructure has changed.

[Adds, “for example ****Hospital X,”26 p. 4.] We’re covering a fair bit of stuff on MIS which leads me to say why don’t you bullet it, and show it under headings?

[Types: “Problems:
  ● Period
  ● Data Quality
  ● Lack of programme definition
  ● Dynamic Nature”].

It’s changing all the time.

AM: Actually that’s another point, the fact that with the reduction in the budget the availability of resources to do this is changing.

SAM: This is a different point.

AM: No it isn’t...

[Moves recommendation up to the top.]

[Text Reads: “The Department will not use data until... 1994/95”].

SAM: We have to be careful because that assumes it is used. But based on the data quality [...] based on what we know they are unlikely to be able to use this data.

25Conventional ideas of audit effectiveness as being a fulfilment of objectives set by the client stand in contrast to “effectiveness” as it was employed by the auditors here. This sense focuses much more on the positioning of recommendations in the role of “effect”. For auditors it was important that their work be seen to encourage the client entity to change its practices. As discussed above, such change was seen by them as establishing the success of an audit.

26A major hospital in the City of Edmonton.
[...]  
**SAM:** [Text Reads: “Hospitals are not using information for decision-making.”]  
We have no evidence. We have to say they are unlikely to use the information. They might be using it, but its unlikely to influence decision making.  
We just want to make sure we communicate that message, and that it’s the right message that’s communicated.  
[Edits text.]  

A number of streams of discourse influenced the interpretations that are seen in this meeting. Effectiveness is a major theme, attended to as auditors focus in detail on the communication of their report material. In some ways this focus was much like that of other authors, trying to express themselves as dearly as is possible. But this communication is significant because of its purposiveness, understood at the time of its development by its authors. The auditors approach their work with the aim of increasing the effectiveness of their recommendations. The particularities of their conception of effectiveness lead them to consider how the recommendations might be made as persuasive as possible, so as to enhance acceptance and enactment. It is for this reason that the auditors speak of the importance of communication:  

**SAM:** We just want to make sure that we communicate a message, and that it’s the right message that is communicated.  

Of course, in showing the recommendations at a somewhat nascent stage the meeting indicates some uncertainty in the development of audit recommendations. Although they had been pursued purposively over the investigative stage of the audit, the meaning of recommendations could be significantly altered in the detail of their expression (as the auditors seemed to be aware). In the presentation of their recommendations to the management of particular government entities, however, it was important that such suggestions of uncertainty be erased. The auditors’ activity was again oriented to acceptance and enactment of recommendations, and hence confirming their work as effective. Elements of the tailoring process that this involves can be seen later in the same meeting as auditors work with the language of contemporary popular management literature. Osborne and Gaebler’s (1992) work on “reinventing” government was much cited in Alberta, and elsewhere, at the time. A series of similar terms focused on popular management concerns for reform in practice: auditors were aware of these appeals, and deployed these in the text of their recommendations. The appeal may have been self-consciously made, with some elements of irony, but it was clearly purposive: the language of this literature was used to promote the auditors’ recommendations as a modern and attractive approach to management, as evidenced in this later exchange from the same meeting:  

**SAM:** Restructuring, re-engineering, re-inventing, these are the words involved, eh?  
**AM:** Right-sizing.  

I would point to the simultaneous operation of the various aspects of the knowledge and practice that I outline here. As noted earlier, it is analytically interesting to strip out dimensions of knowledge and practice, and to analyse each in turn. But in the field particular discursive representations and the practices that they supported acted in conjunction with each other. Thus in the editing session above, audit behaviour is seen to draw on these guides. Significantly, the strategies of this auditing are shown directly as auditors speak overall of what they are trying to achieve in their recommendation. Their reports are not a dispassionate, uninterested account of activity in the world; nor do auditors understand them as such. Rather, the report material is itself a key element in the auditors’ active pursuit of change, as they themselves make clear later in their meeting to draft report material:  

**SAM:** The MIS thing [...] is not making a difference in terms of costs.  

We have to make this a loud message that this is costing you a bundle and that you’re not going to get what you want—that there is no pot of gold at the end of the rainbow.
AM: We’re really focusing in now on MIS. Their programmes are anything from youth shelters to drugs for aids.

[...] SAM: They’re really in the dark. It’s like a manufacturer making a product without thinking of the consumer. It won’t work.

This purposive approach to auditing is again seen to rely on auditors’ detailed knowledge of their client departments’ affairs, the interests of senior Departmental officials, and the more general normative environment. The recommendations considered in relation to MIS were themselves built upon a more general impression of the history and character of the Department, as auditors themselves interpreted it. This more general knowledge set the scene for the recommendations that auditors would eventually make, as one auditor commented, “They collect information without a clear understanding of what they want.”

Auditors could not be similarly accused of floundering around in a sea of information; rather, the purposiveness with which they approached efficiency auditing provided a coping mechanism to deal with the prospect of information overload. In effect, ideas of effectiveness extended to the collection of evidence. Once an initial understanding had been developed amongst the audit team, inquiry shifted from a general prospecting for data to acquisition of material that upheld their shared view. At an early stage in the MIS audit, for example, an auditor spoke of the remainder of the audit as being a process of “gathering evidence to support the recommendation.” The auditor further argued that,

To be successful, and to have the recommendation adopted, you have to come up with numbers, these are far more convincing than generic opinion. I will get contacts for magnetic media, and test the data for anomalies and errors.

The Office had significant computer resources, and auditors were able to download data files from client departments to their own machines for later analysis. The Office’s Annual Report made much of this capability as a sign of expertise (Office of the Auditor General of Alberta, 1994). Yet even in these most overtly technological aspects of auditing, the gathering and testing of data was predicated on a need for persuasive material. Later, the same auditor spoke in an audit planning meeting of the prospect of using the Office’s custom designed audit software. The auditor introduced the idea of using computer audit software, first speaking of it in purely technical terms, and then explaining that the data would not particularly be used in a process of discovery or invention, rather it would be used to illustrate recommendations to the Department using the Department’s own data. The “data” and the testing was useful because of its rhetorical powers, and a belief that information could be found to support a recommendation, as the auditor remarked:

once we get the issue confirmed and what we want to do, we’ll say that, given that, what information do we need to convince management that in fact they need to change?

Thus such apparently formally rational technologies as computer auditing were themselves envisaged as part of a wider approach to the production of a persuasive and ultimately “effective” recommendation.

I have earlier argued that the programmatic (such as the legislated mandate, PSAAC statements, etc.) provided auditors with some initial framework, but that substantial areas were left to

27Indeed, the auditors showed a keen awareness of the rhetorical power of accounting numbers that has only lately entered the literature

28As the MIS audit developed, it became apparent that computer auditing would not be used. The auditor noted in a research interview that examination of committee minutes and investigation of matters through interviews with departmental officials accounted for the bulk of his work, and speculated that this was due to the more “macro” level that the audit had taken, focusing more on the overall goals of the system and its capacity to meet them. As an increasingly “higher level” audit, it had moved further away from what were seen as more mundane, “book-keeping” issues, hence large scale data analysis was seen as unnecessary.
be worked through in the field. That is what is seen here, as auditors addressed their mandate, applying the audit technologies that they had matched with their work. These technologies themselves influenced the nature and character of this audit work, as auditors strove to report in ways which would be effective, mindful of departmental and governmental norms and values, knowledge of which was essential in determining which recommendations had a realistic hope of effecting change, and hence being construed as worthwhile.

Audit technologies involved such formal devices as audit memoranda, planning meetings, fieldwork and so on, but beyond this the social groundedness of efficiency auditing, and the tacit knowledge that this involved, was itself a technology that allowed efficiency audits to function. All audit procedures were approached with a carefully developed sense of the normative climate in which this work was conducted. Auditors formally recognised the importance of this climate through their attempts to track it in their “knowledge of business work”. But knowledge of business was not simply a discrete stage; rather, it infused the audit process as a whole, and had important effects on the kinds of recommendations which auditors felt would be effective. This dense and inter-related social detail contrasts with the relatively discrete stages that might first be read into Miller and Rose’s analysis of the technological, creating a sense of technologies providing a simple working through of broader political programmes (Miller & Rose, 1990). Instead a fuller appreciation of the technological suggests that in their workings audit technologies involve ongoing negotiation and reconfiguration of their subject and ends.

3.3. Accountability: sorting the good from the bad

The operationalisation of efficiency auditing can be more closely studied through an examination of conceptions of accountability, both of the auditee and the auditor, as these were worked through in the field. Ideas of accountability were formalised in the audit report, and in internal financial statements, which auditors used to track their performance. I track accountability to provide detailed illustration of the complexity of some of the environmental considerations that fed into conceptions of what was or was not “efficient”.

Auditors believed accountability was at the centre of their work; as one senior auditor put it, “everything we do here is about accountability.” We might expect such notions, but perhaps would not appreciate the specificities of this concern and its application. In establishing recommendations auditors constantly mediate a line between auditing and management, trying to manage their own position and that of others. I address some of these issues in illustrating the complexities of operationalising efficiency audit. These issues influenced auditors’ strategies for change.

The dilemma that an auditor must recommend action, while not usurping management control, was brought out in a government proposal that the Office report on newly devised performance indicators for all government agencies and departments (Dinning, 1993). At the time of these audits it was unclear what the auditor’s eventual role would be, whether they would develop performance measures or simply report on them. They approached this new task with wariness. One used the example of management’s responsibilities for financial statements: management would establish standards and set goals, and auditors would report on whether management met those goals. His reasoning was simple, “we are not management—we don’t want to be management. That’s what you’re in danger of getting into with this. We are auditors.” In practice this divide was more complex.

The whole idea and purpose of the audits that I followed was to effect change, to improve the financial administration of the province. This was the criterion of effectiveness. It inevitably involved recommending courses of action, however general, and considering alternatives to present practice. Always the aim was to set the stage for change; in speaking of client departments one of the most recurrent phrases used was that the audit should “get them to change the way that they do business.” Auditors, then, would consider the potential of different methods of hospital organisation, physician payment, and provision of health care for welfare recipients. Their consideration of these potential courses of action guided their work.
Auditors understood accountability in terms of this purposive approach: they compared practice with their ideas of the ideal and wanted to effect change (Miller & Rose, 1990).

Auditors addressed issues with widely varying public profiles. Sometimes they would question programmes which were of public concern, as envisaged in their manual (Office of the Auditor General of Alberta, 1991), while being wary of an appearance of what was referred to as “jumping on the bandwagon”—a loss of apparent detachment and hence legitimacy. But their attention to accountability brought them into direct contact with political debates. The subsidies audit, for example, highlighted the costs of providing health care to welfare recipients and premium free coverage to senior citizens.29 Ultimately the auditors believed that fuller disclosure would facilitate accountability and control of these programmes: at the time the relevant financial disclosures occurred in a series of footnotes to departmental statements. One auditor addressed accountability in terms of these programmes:

There may be some inequities here. This is legislation, so we want to steer away from that, but our intent is to provide information to decision makers so that prudent decisions can be made.

Accounting could be used to make things visible (Burchell et al., 1985) so as to bring attention to issues without directly prescribing action. Of course, in the midst of an attempt to reduce government expenditures by 20%, revelation of the full financial costs of such programmes would be more likely to promote their reduction, a probability of which the auditors were aware in their quest for “prudent decisions”. In this and other attempts to avoid prescription while effecting change, auditors engaged in a difficult process of mediation.

Accountability applied both to the auditee and the auditor, an impression that was felt keenly in the field. While the audit report was a basic accountability document for management, it was a report not just on management’s performance, but also on the auditor’s. For auditors, the report was “a showcase of our work”. Their rewards as individuals working within the Office were determined by their colleagues’ perceptions of how they had enhanced this “showcase.” Similarly, it was believed that for the Office as a whole being seen to produce timely and effective recommendations was critical in securing its rewards as an institution, including its budget, influence and prestige. These conceptions suggest that in its “showcase” dimensions the audit was performative for auditors themselves. As a consequence, auditors were concerned to avoid the use of their time and the Office’s resources in audit projects that might not generate publishable recommendations. At one stage, for example, the physicians audit was nearly cancelled, largely because the auditor charged with the project feared that a viable recommendation might not result. Similarly, work that was expected to produce recommendations would be stepped up and expanded.

Auditors’ strategies in conducting audit work were influenced by their own accountability. In this setting, accountability operated at multiple levels: individual auditors might feel accountable to their colleagues or superiors, while auditors as a whole might feel pressures flowing from the perceived accountability of the Office, and the judgments that outside parties might make on the quality of their work. Throughout this, their work would continue to be seen by others as a central element in the accountability frameworks of government, even as it was constructed by auditors as an accountability mechanism for themselves. This reflexive accountability, in which audits were understood as a test both of auditor and auditee, and the varying arenas for accountability that it presented, would produce a variety of interactions and influences for action.

---

29It became apparent at an exit conference that there were a number of political initiatives attending to the issue of senior citizen’s coverage. The government subsequently proposed ending their premium free status as part of a wide-ranging review of health care issues which also proposed deductibles on “non-essential” medical services, and funding much of the health care system through such deductibles and premiums rather than with general revenue funding (Mirosh & Oberg, 1993). These proposals were later only partially enacted.
Significant resources were expended in monitoring and evaluating audit effectiveness, and in identifying the most valuable audit recommendations. As discussed earlier, auditors distinguished “good” recommendations from simple bookkeeping or other recommendations concerning basic financial control. This categorisation was highlighted in the Office’s own internal accountability and control documents, not least in a recently designed “income statement.”

Like private firms, the Office tracked employee time, charging this out against individual audits. In the income statement these costs were then matched against simulated income. In the case of attest work estimates were made of private sector prices for each audit job. But for systems work income was decided upon by a committee of the most senior auditors. They would analyse those major recommendations set out in the report as major numbered issues (“type 1” recommendations) together with those secondary recommendations in surrounding text (“type 2” recommendations). Each type was divided into three classes of quality, with the most income for the best type 1 recommendations, and the least for the lowest category type 2 recommendations. The most aggregated income statement showed the major audit groups, with their costs and incomes, and an Office total. These statements were then broken down into various levels, with employees down to the manager level being treated as individual quasi-profit centres.

The kinds of audit recommendations that were valued—those with a potential for high level change, in changing the way that client departments “did business”, were at the forefront of concerns to demonstrate the Office’s ongoing worthiness to maintain its mandate. The auditors’ activities would be evaluated in a world in which government expenditures were to be substantially reduced (Dinning, 1993; Taft, 1997). Auditors attended to accountability both in their desire to effect change in government administration and in attempts to justify and sustain their professional standing. These dual concerns can be seen in the income statements’ influence. The audits that I studied occurred in the first full year of the statement’s operation. A senior auditor confirmed that proposals for systems audits (and potential “income”) had doubled over the previous year.

It is analytically interesting to examine the conceptions of accountability that the Office’s internal income statements represented. My fieldwork occurred during the first full year of the statements’ operation; at the time a discussion paper regarding the income statements had been circulated within the Office. It presented income statements and similar accountability measures as a logical extension of the work that the auditors had themselves conducted. In calling for enhanced accountability for departments, and an attentiveness to such issues as economy, effectiveness and efficiency, the auditors were aware of the internal logic of their recommendations. Moreover, they felt compelled to apply this logic to their own environment, in a context of deficit reduction:30

The world does not owe us a living; our statutory appointment must be supported by the merits of the work done. The challenge is to demonstrate that we deserve to continue to have the scope of work given to us.

We believe that when considering the actions necessary to correct Alberta’s operating deficit, members of the general public should first expect the government to assess the scope for delivering existing programmes at less cost. If programmes have to be cut, they should expect that the least effective be cut first. And if the general public is asked to contribute significantly more by way of taxes and fees, then they need to be convinced that their funds are being used effectively. We cannot exclude ourselves from the rigour of the analysis that we have recommended. Therefore, we are, in all practical respects, in competition with anyone who feels that they can do better.

A number of themes intersect in the discussion paper, as auditors consider their own accountability.

30As discussed, the government has planned overall expenditure reduction of 20% to achieve this end (Dinning, 1993; Government of Alberta, 1994).
The auditors understood the accountability that they had promoted for others as reflexive (Giddens, 1991). Having promoted enhanced scrutiny for others they felt that they could not hold off similar scrutiny of their own affairs. Auditors’ strategies in the conduct of their audits were altered as a result, as they balanced consideration of various audits with the likelihood of publishable findings. Once started, an audit conducted in an environment of income statements seemed more likely to produce recommendations; in the past not reporting might have been valued (as suggested by the Auditor General Act of 1977, which allowed the Auditor General to omit material on which managerial action had been taken). Once an auditors’ “income,” and hence credibility to his/her peers and superiors became dependent on publication, these considerations materially changed. One can understand how proposals for report material might have doubled in the first full year of the system’s operation, with auditors developing the kind of routinely strategic behaviours that they hoped to alter in others (cf. Munro, 1993).

Though the focus of audit recommendations had been altered as a result of a changing climate of accountability, it was by no means clear that this different emphasis had involved substantial change in the ideas and practices that grounded audit inquiry. In the way that auditors spoke of and approached their work it seemed that concerns to pursue their audits strategically, mindful of generally specified environmental knowledge, had long been present. Similarly, effectiveness as it was conceived in the Office was a longstanding concern. In this sense the income statements seemed to provide a more amplified statement of what had long been the auditors’ discursive understanding of their role.

Income statements gave quantitative expression to the knowledge with which auditors worked. In this way, it seemed that the statements were an artifact of this knowledge and served to reinforce and reproduce related audit practices. In the face of systems designed to control and scrutinise audit activities so as to maximise publishable findings and therefore income, auditors seemed to become more purposive. The administrative technology of the income statement was informed by wider office discourse regarding “effective” recommendations and the productive use of time, and the statements in turn served to reproduce and elaborate this understanding. Though ostensibly a simple internal control structure, a detailed technological response operating at the level of data gathering, codification and calculation that Miller and Rose (1990) envisage, the income statements had significant social consequences in the conduct of audit activity. Auditors themselves understood the consequences of income statements and the accountability that they represented. In a memo to staff, a very senior auditor noted that the statements were themselves outgrowths of the Office’s wider concern to emphasise a relation of cost to inputs. The auditor was, “confident that applying [this] concept to our Office will encourage improvements in our work and will identify, and therefore discourage, unproductive work.”

An awareness of ideas and practices regarding accountability offers illustration of the complex considerations feeding into efficiency auditing. In filling out the ambiguities left by rationalities and programmes, and in developing their own answers to how efficiency auditing could be conducted, auditors developed and used normative frameworks regarding appropriate practice (Bernauer, 1988; Foucault, 1972, 1977). These discourses were technological resources, enabling their work to take place. They informed practice, providing the intellectual machinery with which auditors worked. The shared knowledge with which auditors worked became embedded into such highly specific practices as the Office’s internal control systems, as is seen in the Office’s income statements.

Of course, audit practices were themselves subject to quiet reform over time. The Office’s internal procedures had developed over an extended period, with the introduction of such controls as income statements being one aspect of agreed procedure. The detail of these operations, while material to practitioners, and indicative of the ideas guiding their work, would rarely concern outside parties. The specific practices of efficiency audit, like much else in governmentality, had been left in the hands of experts (Foucault, 1978; Rose & Miller, 1992).
4. Conclusions

Auditors General provide a tone of detachment and calm to their reports. In the Audit report material which has been worked on by hundreds of people is expressed as the action of one Official, the Auditor General [“I am not yet satisfied that expenditures...” (Office of the Auditor General of Alberta, 1993)]. These reports are persuasive documents; indeed, they are treated with rare reverence by the press. Perhaps this is unsurprising given that they are presented with a powerful combination of sober analysis and informed authority. But the detachment of these reports, along with their symbolic investment of authorship in a single auditor, is a useful fiction designed to maintain the appearance of the kind of formal rationality that Weber observed in the modern bureaucratic form (Weber, 1964). Auditors are very much aware of their social and organisational context, and their appreciation of these factors is a central part of the technology that allows them to operationalise efficiency auditing.

The concepts of efficiency around which auditors build their reports draw on accounting and, importantly, other professional knowledge. They are grounded in conscientious fieldwork and information gathering. But their work does not present an efficiency that finds universal application. In what they understand as their efforts to improve government’s financial administration, auditors pay very significant attention to the social world in which they work. They map out the dynamics of political and administrative policy, they track the norms of government and of departments, and they tailor their work for persuasiveness mindful of these norms.

For these auditors the social and normative environments were facts which they had to negotiate: social concerns were a “reality” with which they had to work. Their attention to context resulted in recommendations which took account of numerous specificities: the financial and operational circumstances of a client provided an important base, but this was joined with an attention to the language, norms and ideas which circulated both in the client department and in the wider audit environment. Their ability to track shifting normative contexts was a crucial technology that enabled them to work effectively, since failure to appreciate the ramifications of such shifts would result in their being viewed as irrelevant, as one auditor made clear in anticipating client comments (“Here is the real world, you’re not in the real world”).

Auditors both reacted to and acted upon their environment; this dialectical relationship illustrates the mutual constitution of organisations and their environments (Neimark & Tinker, 1986). We can see this in auditors’ attempts to effect change through repeated recommendations (in some cases highlighting issues for a decade or more), even though they recognised the difficulty of such a course. But as I quoted one auditor earlier, “it’s kind of a hard rock, and you’re trying to make it fertile. It’s real hard work to do that, so it’s a long term view. But there are other views as well...”

These other views again involved auditors in the constitution of their environment, although in a more selective and strategic sense. They attempted to estimate the kind of change which was attainable at a given time, and to encourage that, even though the auditors might themselves prefer a higher ideal or standard. The result was a very practical sort of efficiency audit, one which relied on a sophisticated reading of the environment so as to gauge attainable change. In these cases one year’s audit had to be understood in the context of other audits, with knowledge that the auditors were, in many cases, aiming to progressively change their client institutions. In appreciating these stratagems I have pointed to some of the particular and local considerations that the auditors themselves faced, both as individual accountants with their own career aims and expectations, and collectively as an Office which wanted to maintain constructive relations with its overall government client. The accountability of these audits was reflexive.

We should also remember that auditors are themselves socially situated, and that their own normative context is subject to ongoing shifts. Though auditors might themselves envisage their strategies as leading ultimately to stable goals as clients reached greater “maturity” or willingness to change, it would be a mistake to see auditors’
own aims as a static or immutable model of government administration. Instead, their own ideas, practices and values are modified over time, and as a consequence, their strategies undergo multiple amendment. Efficiency auditors face many of the same problems of other professionals seeking to conduct their work and maintain their status in an uncertain and variable environment. For those studying such problems the analytical task is very much one of combining a concern with systematic patterns of effects and intentions with the day to day calculations, confusions, actions and inactions which are part of these professionals’ organisational lives (Radcliffe et al., 1994).

This paper examined the conduct of efficiency auditing. In addition to providing insights into the way that such work is conducted, the paper offers contributions in two other significant areas: the nature of technologies, and the nature of efficiency itself.

As Jönsson and Macintosh (1997) argue, ethnography can offer a way of extending knowledge of theory, and managing theoretical change. While ethnography has often been presented as being in opposition to more overtly theorised approaches, in this study it is approached with broad theoretical foundations, drawn from Miller and Rose’s discussion of technologies (Miller & Rose, 1990; Rose & Miller, 1992), and with consideration of prior Foucauldian work in accounting, and aspects of Foucault’s own work (Foucault, 1991; Gordon, 1991). In dealing with the operationalisation of efficiency auditing in the field, ideas of the technological come to the fore. Yet although Miller and Rose emphasise the importance of technologies and other aspects of the “micro-physics” of power, they do not offer a detailed specification as to what constitutes a technology, nor do they discuss how technologies might be examined or recognised. Instead their work highlights the role of technologies in relation to the kinds of programmes and rationalities that have been more often examined in the new accounting research, and offers a broad description of what technologies might involve, together with some examples of modes of calculation, notation and the like (Miller & Rose, 1990, p. 8).

One of the significant benefits of ethnography is its capacity for discovery and surprise. While ethnographers may come to the field with prior conceptions as to what might be found, the experience of extended immersion in the field can erode these perceptions (Jönsson & Macintosh, 1997). I found that in conducting fieldwork my observations combined to form a powerful representation of how auditors went about their work—one that was different to my own preconceptions, drawn from the literature. This forced significant re-interpretation of my theoretical framework. In particular, much of the formal elements of the technological—the kinds of specified procedures, documentary analysis and other trappings associated with the popular image of auditing as a bureaucratically rational practice proved to be of relatively minor importance in the field. As an example, the one time that I saw an auditor refer to a manual was early in my fieldwork, when in an interview I asked a clumsily worded question that appeared to the auditor to be a test of his knowledge. The manual was dug off the shelf.

For some time I was concerned that in not seeing formal, routinised structures (audit tests, standardised working papers, etc.) I must have been missing important elements of the work, my belief being, in line with most written accounts of the audit process, that such overtly technological features dominated auditing. In the field I realised that auditors had themselves turned away from such tools, having found them to be of limited value. Rather, if technologies were addressed more generally as that which allowed the fulfilment of more general programmes, such as a mandate to conduct efficiency audits, then the ideas and practices that I observed that auditors relied on in conducting their work were themselves technological. This realisation led me to understand how auditors came to see the local discourse and tacit knowledge that they had accumulated as being the essential technological resource that allowed them to make efficiency auditing tractable. In this light, while much energy has been expended in the “new” accounting research in tracing broader, more publicly available discourses regarding the programmatic (Miller & O’Leary, 1987; Morgan & Willmott, 1993), it may be that to uncover what it is that makes the craft of accountancy feasible
(Hopwood, 1988b) research will have to develop an altogether more localised focus, attending to detailed practitioner understandings and practices (cf. Jönsson, 1998).

While analysis of the role and nature of technologies is significant, in mapping out the way that efficiency auditing was conducted this work presents a questioning of over-arching concepts such as “efficiency.” Efficiency audit reports are strategic reports; they are written to promote action. Yet the Auditor cannot compel change; they merely advise, persuade and monitor. The audits on which this work is grounded shared the aim of promoting change (auditors themselves construe the effectiveness of their work in terms of achieving change). The result of this strategic auditing is an efficiency that is very much for a time and place: a contingent efficiency which attends to organisational and social dynamics as much as to technical procedures of financial administration.

Though auditors’ work did not involve the kind of calculations or deliberations that an economist might prefer, the widespread acceptance of the authority of reports made by Auditors General and others charged with efficiency audit work suggests that this activity is nevertheless legitimate. Efficiency audit reports often frame public, political and administrative conceptions of what is or is not efficient in government, and so influence ideas of government business and of efficiency itself. Earlier work questioned the basis of efficiency auditing, casting doubts on its objectivity, the universality of its rules, etc. (McSweeney & Sherer, 1990). But such a critique depends on a belief in the centrality of such formalised rules and procedure, which were found to be peripheral here. Indeed, such arguments are predicated on a general appreciation of economic and bureaucratic rationalities, and an expectation that auditors should work within them. What this research shows is that there are other, less formalised ways of thinking of, and approaching, efficiency, and that these undermine a sense of the univocality of such concepts. As Hopwood argued efficiency, “is a concept that can be subject to a wide variety of interpretations” (Hopwood, 1988a, p. 8). That, in many ways, is the point that is underlined by these ethnographic inquiries. Efficiency auditors may not analyse “efficiency” through the more calculative, rational economic approaches that might first be expected (Mankiw, 1997; McCloskey, 1994), but their work is accepted. It presents a view of efficiency that influences action and frames debate, and is as a result socially significant. In response to this, appreciations of efficiency in both research and practice may be more accurate if reconfigured so as to treat social constructions of efficiency as seriously as more formally rational operationalisations of this concept.

Efficiency is not the only concept that may be revisited through a realisation of its multiple potentialities. Corvellec (1995, 1997) analyses “performance” from a literary and narrative standpoint, pointing to the difficulties of translating the idea of performance from one language to another. Just as general ideas of efficiency may diverge from the particular operationalisations seen here in efficiency auditing, so ideas of performance seem to be specific to given languages, times and other semantic networks. The effect of a questioning and reconsideration of terms such as efficiency or performance is to undermine the modernist attractions of much modern managerial, accounting and auditing knowledge, and tarnish the veneer of formal rationality that seems to make these areas attractive (Weber, 1970). In a time in which ideas of rationality and efficiency seem to enjoy broad political support it may be that such questioning is not fatal to the usefulness of such conceptions as motivation for action, but a more socially sophisticated understanding may lead to their being used with greater reticence, self-awareness and care.

Acknowledgements

Dean Neu, Chris Poullaos, Michael Power, Steve Salterio, Mike Sherer and the anonymous reviewers of the Fifth Interdisciplinary Perspectives on Accounting Conference, the 1998 American Accounting Association Conference (New Orleans, LA) and AOS have made helpful comments on this paper. Further helpful comments have been made by participants in seminar series
at The Weatherhead School of Management, Case Western Reserve University, the University of Alberta, McGill University, the University of New Brunswick at Saint John, the University of North Texas, the University of Toronto, the University of Western Ontario and Wilfrid Laurier University; I am grateful for their guidance. Further constructive comments are welcome. I am grateful to my dissertation committee, David Cooper (Chair), Mike Gibbins, Bob Hinings, Barbara Townley and Jere Francis (external examiner), for their support, encouragement and advice. My field research was made possible through the generous co-operation of the Office of the Auditor General of Alberta. I thank all those members of the Office, both past and present, who have helped me in the course of this research. The Office does not necessarily endorse the opinions expressed herein. I gratefully acknowledge the support of the Ph.D. programme and Faculty of Graduate Studies, both of the University of Alberta, and of the Research Committee and my colleagues at the Weatherhead School of Management.

References


Studies in governmentality (pp. 53–72). Toronto, ON: Harvester Wheatsheaf.


