

Boundary Work at the Margins of Politics and Auditing

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Summary

Researchers Paul Andon, a professor at the UNSW Business School, Clinton Free, a professor at the University of Sydney Business School, and professors Vaughan Radcliffe and Mitchell Stein at the Ivey Business School, at Western University in London, Ontario, tackle the intersection of politics and audit boundary expansion by focusing on an interesting case study of advertising probity in Ontario.

They present the case of the Ontario Auditor General's Office (OAGO) and its resistance to political pressures while expanding its authority into advertising probity, showcasing the struggle to balance expanded audit remits with the need to maintain independence and integrity.

The authors illustrate how the state auditor's role expanded into unfamiliar territories using a blend of familiar audit practices and innovative approaches, while at the same time dealing with the challenge of maintaining independence when interacting with political spheres.

The study highlights the precarious nature of boundary work between auditing and politics and details the ongoing negotiation and contestation between auditors and political actors.

It further discusses the expansion of audit practices beyond traditional financial attestation to include performance auditing, policy audits, probity auditing, pre-election policy costings, and inspections in sensitive government areas.

The authors note that there is "growing evidence of political involvement in attempts to both expand, and undermine, state audit oversight of government affairs."

Increasingly, state auditors are being called upon in "an ever-growing range of applications in government administration" to apply audit methods to assess the economy, efficiency and effectiveness of public sector spending and service delivery outcomes.

The study suggests that "this expansion of audit into the affairs of politics and government is arguably driven by the rise of neoliberalism. In broad terms, neoliberalism draws on private sector principles (e.g. cost control, financial transparency, market contestability and accountability for service quality) to reform public administration."

The Experiment

To conduct their study, the authors examined a 21-year period, running from 1995 to 2016, which corresponded to the jurisdictional expansion of the OAGO into auditing of political advertising. This covered the period of time in which the

government expanded the OAGO's mandate to include the power to review political advertising for partisanship and later efforts by the political party that supported expansion to later scale back that power.

The authors created an interpretive history, relying on a wide range of public materials, including media reports, Hansard excerpts from debates and proceedings of the Ontario legislature, draft legislation, and annual reports. To supplement the research, the authors conducted interviews with key stakeholders, including politicians and former auditors general.

The authors examined the research and literature on boundary work and asked two primary questions:

- How are efforts to expand state audit office remits politically rationalised and contested?
- How may state auditors respond to politically rationalised attempts to expand their authority.

Results

The authors discuss the political dynamics surrounding the Ontario Liberal Party's (OLP) promise to save \$50 million annually in government advertising and to ensure advertising integrity during elections. The study depicts the struggle between the OLP, which at the time was in Opposition and wanted to expand the role of the Office of the Provincial Auditor (OPA) to oversee advertising probity, versus the then governing Progressive Conservative Party (PCP), which opposed such expansion.

Initially, the OLP sought to broaden the OPA's oversight role based on values like accountability, integrity, and independence in governance. The PCP countered, emphasising the distinction between marketing and auditing expertise, suggesting that advertising didn't fall within the purview of auditing.

After defeating the PCP in the 2003 election, the OLP met a campaign promise and introduced the Government Advertising Act (GAA), enabling the OPA to review and approve government advertising campaigns. The OPA's independence was emphasised to bolster the credibility of advertising probity. However, the OPA was initially hesitant due to the subjective nature of assessing partisan advertising, fearing it might risk its credibility.

To establish legitimacy, the OPA developed detailed standards and reporting methods to assess ad compliance. Over time, it extended its role, expanding criteria for partisan advertising, such as objecting to the use of the word "Premier" or specific colours associated with political parties in government ads, thereby setting precedents for future advertising campaigns.

As political power shifted, attempts were made by the OLP to amend the GAA to limit the OPA's discretion in defining partisan content, causing conflict. The Auditor General strongly opposed these changes, fearing they'd compromise the OPA's independence. Despite legislative changes, the OPA continued to challenge discrepancies between the old and new provisions.

The evolving political landscape showcased the struggle to redefine the boundaries of the OPA's authority. The OLP aimed to limit the OPA's role, while the OPA fought to preserve its independence and integrity, illustrating the intersection of audit, politics, and boundary work. The OPA adapted by publicly highlighting discrepancies and challenges posed by new legislation, safeguarding its perceived independence and credibility.

Implications

The study calls for further research into understanding the evolving dynamics of audit remits, the motivations behind auditor responses, and the rationalisations for both expansion and contraction of state audit roles.

The authors believe that the intersection of auditing and government provides a strong impetus for future research: “We hope that this study, with its focus on rhetorical and strategic interactions, opens up scope for further processual and political studies of government auditing change.”

“By highlighting the contested rationales for expanding the OAGO’s remit that unfolded at different times, we learn how political stakeholders rationalise to expand, reinforce and undermine the boundaries of state audit in matters of politics and government.

“Rationales for advertising probity were crucial in provoking concern for a particular public governance problem (excessive and partisan government advertising) and the legitimacy of expanding the state auditor’s role boundaries (to advertising probity).”

The authors add that additional research “could also explore the currency of substantive and other forms of rationalisation, and associated boundary work, in legitimising desires for auditing in other new audit spaces. Indeed, research could also look for alternative rationalisations beyond those characterised in this paper.”

“Finally, research could also examine where the resoluteness of auditor responses can be observed in other audit adaptations, and what we can learn about auditor motivations to stand up to corrosive influences. It is our hope that this paper animates interest in further research in these and other related matters.”

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