

## **How Canada's efforts to entrench efficiency accounting into the role of Auditor General helped spur a global movement**

Canada is a leader in the development of efficiency auditing and was among the first countries in the world to revise its legislative auditing mandate to adopt the practice, under the *Auditor General Act, 1977*. However, the efforts Canada undertook in the 1970s to entrench efficiency audits were not confined to its domestic borders. Rather, they were international in scope.

Canadian officials reached out to accounting officials and auditors general in the United States, the United Kingdom and a range of Commonwealth and European countries, which at the time were also looking into the state of government auditing. Canadian auditing officials undertook an orchestrated campaign to meet with their counterparts in other countries and to host meetings domestically to canvass ideas and share thoughts about the state and direction that government auditing should take.

That framed discussions and raised the profile of such efforts both domestically and abroad, helping Canadian accounting officials overcome domestic resistance and skepticism among lawmakers and political power brokers to enhanced auditing mandates.

Canada's efforts to reach out to foreign counterparts not only helped this country shape its reform efforts but were reciprocal and stimulated discussion and raised the profile of government auditing reform efforts in the target countries – creating a transnational territorialization effect that has previously been under recognized in accounting literature.

At the transnational level, auditors general shared ideas and experiences in ways that advanced a common program, albeit one that allowed for differential application in different contexts.

The Canadian effort further highlights the crucial role that skilful and reflexive social agents play when it comes to creating substantive regulatory reform in the industry.

### **The Study**

For the first time Canadian researchers were able to gain access and study documents from the Independent Review Committee on the auditor general of Canada, known as the Wilson Committee. These papers outlined the various efforts undertaken to push the regulatory reform agenda forward and provided researchers with a treasure trove of data. Until now, the working papers have been deemed confidential.

Authors Clinton Free, Vaughan S. Radcliffe, Crawford Spence and Mitchell J. Stein, were able to review thousands of pages of documents and used those to build an interpretive history of how Canada's efforts to entrench efficiency accounting into the role of the auditor general played out on the global stage and helped push forward similar efforts in other nations – highlighting the transnational territorialization of the process.

## Results

The paper shows how the auditing reforms advanced by the Wilson Committee were central to the development of state structures in various countries around the world.

Conceptually, the paper makes use of Miller and Power's 2013 formulation of an accounting complex, in which they understand accounting and auditing as a productive force "whose technical procedures and forms of calculation are necessarily entangled with institutional aspirations to realize a wide variety of economic ideals and goals."

The researchers examine the development of efficiency auditing within the federal government, applying four overlapping thematic clusters proposed by Miller and Power: territorializing, mediating, adjudicating, and subjectivizing. The authors use these four clusters to explain the effects of governmentality in practice as it relates to the entrenchment of efficiency auditing as a best practice.

The study finds that social skills and reflexively minded agents were "crucial" to the processes of territorialization, adjudication, mediation and "subjectivization," and in bringing forward the programs and technologies needed to make the case for accounting reform at the political level.

## Implications

Previous literature examining how governments approach accounting reform and governance have tended to focus on territorialization at the nation-state level. This research, however, suggests that territorialization can be transnational in character and has been taking place prior to the advent of globalization, which is contrary to the accepted notion that transnational forms of accounting-related governance are relatively recent phenomenon.

As well, existing literature has struggled to articulate a clear role that individuals play in the governance reform process. However, this analysis shows the central role that auditors general played in ensuring that efficiency auditing was not simply a historical inevitability or the by-product of mysterious external forces but was driven by reflexive-minded agents who strategized and drove the agenda forward.

The study suggests potential follow-up areas of research, including examining the relationship between governmentality and globalization and the connections between modes of auditing and accounting practice and regulation, and how transnational territorialization took place prior to the globalization era.

As well, there is more work to be done exploring issues such as leadership and the ways in which socially skilful agents are instrumental in bringing the accounting complex to life.

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