

Symposia EAA 2009: Researching Public Sector Accounting Change

Working paper:
Performance auditing and the narrating
of a new auditee identity

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Introduction and question

- Background – the *Audit Explosion* (Power, 1994 and *Audit Society*, 1997).
- Need to assess the effects of diverse (audit) practices.
- Few studies on the effects of audit to the auditee (Hatherly and Parker, 1988; Moring, 2001).
- Effects in terms of paperwork, technologies, expectation and emotions (Power, 1997).
- More attention to the growing population of auditees (Power, 2000, 2003).
- Effects on occupations/professions in terms of acquisition of accounting expertise (Kurunmaki, 2004; Gendron et al., 2007).
- Identities (Ahrens & Chapman, 2000; Miller & O´Leary, 1994; Skærbæk & Thorbjørnsen, 2007).

How was identity reconfigurations enabled and what kind of emotional effects were generated?

Sociology of translation/narrative theory

- Mediators transform, translate, distort and modify the meaning or the elements they are supposed to carry. (Latour, 2005, p. 39).
- Identity as "...a narrative, or, more properly speaking, as a continuous process of narration where both the narrator and the audience are involved in formulating, editing, applauding, and refusing various elements of the ever-produced narrative..."(Czarniawska, 1997, p. 49).

Method

- An empirical case-study (Law, 2007).
- Method/theory to answer the "HOWs" rather than the "WHYs" (Law, 2007).
- Analytical strategy is to *reconstruct* the stream of interrelated actions and events (Callon, 1991).
- Detailed empirical inquiries to tell interesting stories
- Much focus on material sources (like auditor-reports, White Papers, news-paper articles, Statutes, various correspondences, etc.
- 15-20 interviews.

The Ministry of Transport Secretariat – the auditee

- Activities: Huge construction works such as motorways, bridges, rails, airports, metro, new cities, etc.
- Running operations of airports, pilot training, ferry operations, telecom, travel agencies, trains, etc.
- A centre for NPM reforms (Divisionalisations, privatisations, formation of government owned limited companies, outsourcing).
- A number of audit reports during the last decade pointing to problems/scandals in the Ministry.

Scandals in the Ministry of Transport

- Civil Aviation Administration's service charges (Rigsrevisionen, 1992) = need for better accounting.
- Rail net Denmark (Rigsrevisionen, 2002),
- Productivity increases targets not met. = need for better accounting and tendering.
- Railway Inspectorate (Rigsrevisionen, 2003).
- Facing a lack of money to conduct its obligations = better accounting systems.
- Combus A/S. Sold for 99 kr. to a private company. That the MoT has not exercised proper management.

The NAOD narrative – a serial of performance audit reports

- The MoT Secretariat as a corporation – with a whole range of subsidiary companies.
- That MoT should focus on continuous problems concerning management and management accounting
- Focus on the need for *development* (of better management and management accounting)
- The groups of MoT pictured through allusions to the metaphor of family (role models, problem child that needs help and improvements, etc.).
- No clear solutions are suggested but out of the processes emerges a need for the implementing of a risk management system based on BSC called KLI S as a one in a stream of mediators.

PAC/Press narratives

- PAC based upon the NAOD' summarizations
- The MoT has for many years had many troubles in their control of its companies and
- It can only be assessed in a few years whether the control (=KLIS) works in practice
- “If anything is running smoothly in the MoT it is the scandals (Berlingske Tidende, 28/4 2003”,
- Leaving the press on the role as a passive mediator of NAOD and PAC views.

Suggesting a new identity for the MoT Secretariat

- Some previous organizational identity aspirations as 'Adjudicator' and 'Statute Preparer'.
- New identity aspirations of the Secretariat as the 'headquarter' and 'the responsible supervisor/super controller', 'the responsible head' and 'role model' and consequent reconfiguration of accountabilities.

Discomfort – the untold narrative by MoT- civil servants

- Risk that MoT Secretariat becomes a 'Vacuum cleaner' of all sorts of problems.
- It is a blame game that really does not change realities (i.e. that things can go wrong).
- The bad public image of MoT Secretariat
- Feelings of being held responsible no matter what.

Conclusions

- A processual contribution to the literature on auditees at the empirical level.
- Shows how the *organizational* identity is reconfigured by an endless stream of mediators, including performance auditing reports and risk management systems
- The dyadic (auditor-auditee) relation is being mediated by the PAC, the press and other politicians in a dynamic network of heterogeneous actors.
- That audits do not only produce comfort but also high levels of discomfort in terms of the tensions of enabling a new organizational identity. (close to strategy).