Democracy, accountability and audit: the creation of the UK NAO as a defence of liberty

Abstract

Purpose
The study focusses on explaining why advocates for reform to state audit in the United Kingdom (UK) in the early 1980s, focussed on improving the links between the new National Audit Office (NAO) and Parliament, rather than on traditional notions of audit independence. The study shows how this focus on the auditor's link to Parliament depends on a particular concept of liberty and relates this to the wider literature on the place of audit in democratic society.

Design/methodology/approach
Understanding the issue of independence of audit in protecting the liberties and rights of citizens needs addressed. In this article, we investigate the creation of audit independence in the UK in the National Audit Act (1983). To do so, we employ a neo-Roman concept of liberty to historical archives ranging from the late 1960's to 1983.

Findings
The study shows that advocates for audit reform in the UK from the 1960s to the 1980s were arguing for an extension to Parliament's power to hold the executive to account and that their focus was influential on the way that the new NAO was established. Using a neo-Roman concept of liberty, we show that they believed Parliamentary surveillance of the executive was necessary to secure liberty within the UK.

Originality
The neo-Roman concept of liberty extends previous studies in considering the importance of audit for public accountability, preservation of liberty and democracy.

Practical implications
Public sector audit can be a fundamentally democratic activity. Auditors should be alert to the constitutional importance of their work and see parliamentary accountability as a key objective.

Keywords: Public Accountability; Audit Independence; Supreme Audit Institution; Parliament; Liberty; Democracy; UK

1. Introduction

Public accountability is the "hallmark of modern democratic governance" (Bovens, 2005, p. 182). Representative democratic institutions grant power from the people to their nominated representatives. The people choose these representatives through a process of contested elections. This is a process repeated, allowing the people the right to dismiss a representative whose political choices they object to. Sovereignty in a democracy rests with the people; however, their representatives exercise it on their behalf. This representative on its own though cannot use that power, but relies to a greater or lesser extent on servants who exercise the power for it. In a Westminster system, as Bagehot (2001, p. 94) classically suggested "the House of Commons is an electoral chamber… a real choosing body; it elects the people it likes. And it dismisses whom it likes too". In Bagehot's (2001) view, this power of election though goes alongside extensive delegation to the Government.

The relationship between Government and Parliament has traditionally been the crucial relationship within democracies (Muller et al., 2003, p. 4). This has been particularly true in the United Kingdom (UK) where both political scientists and accountants argue that Parliament has an important role in safeguarding liberty (Norton, 2013, p. 12; Dewar and Funnell, 2017, p. 1). Within this argument, British politicians and political thinkers have often drawn attention to the independence of Parliament as an institution from the executive (Seaward, 2011). The concern with the sovereignty of Parliament has continued right down into today's debates and has affected the rhetoric around crises of austerity, Brexit, climate change and disease in the form of COVID-19 (Ahrens and Ferry, 2020, 2021).

Finance has been one of the key grounds of contest between Government and Parliament over centuries (Dewar and Funnell, 2017). Parliaments have used finance to maintain control over the Government (Hay and Cordery, 2021). Audit has been involved in this discussion of Parliament's rights for a long time as a practice, which provides Parliament with a form of assurance over Government activity and reporting. The position of auditors therefore has been contested since Parliaments began to exert their financial muscle. In the UK, Dewar and Funnell (2017) establish a long history of discussion and dispute about the role of audit and auditors, which relates to this fundamental tension between the executive and the legislature.

The defining feature of assertions of Parliamentary sovereignty are according to Funnell (2007) the defence of liberty. Liberty has been defined in different ways by contemporary political philosophers (Skinner, 2003). Despite this, it is not clear from Funnell's writings the liberty audit institutions actually defend. We suggest that the concept of liberty defended through Parliamentary sovereignty can be seen through the perspective of the neo-Roman concept of liberty. Quentin Skinner (1998) and Phillip Pettit (2010, 2012, 2014) developed this concept of liberty through a genealogical analysis of different neo-Roman thinkers from Machiavelli (Skinner, 2002c) forward to later Victorian liberals (Parry, 2006). This neo-Roman concept of liberty suggests that liberty is best described as non-domination or freedom as opposed to slavery.

To analyse the gap in our understanding, through a neo-Roman concept of liberty this paper considers a fundamental dispute around the modern origins of independence concerning Supreme Audit Institutions, being the creation of the National Audit Office

(NAO) in the UK in 1983. To do so involved a comprehensive coverage of historical archives ranging from the late 1960's to 1983.

It will be shown in this paper that the Act which created the audit office was the culmination of a campaign, which began in the late 1960s, for audit reform in the UK. This campaign focussed on the auditor's status and role in relation to both Parliament and the executive. The Act was the product of different perspectives on audit independence, reflecting different political languages about independence.

As a theoretical contribution, we argue in this article that the act embodied a neo-Roman theory of liberty encompassing non-domination: it secured the link of audit to Parliament rather than an abstract notion of audit independence. This is important because it places the creation and independence of public sector audit in the context of wider arguments about the constitutional foundations of republics and democracies. Much of the existing literature analyses audit independence and audit regimes by reference to rationalities of efficiency or new public management reform (Radcliffe, 1998; Gendron et al., 2007). Conventional understandings of audit independence rest upon this assertion of auditor expertise to assert that auditor independence is the "most essential constitutional requirement if public sector auditors are to champion the public interest" (Funnell, 2011, p. 716). We follow and build on Funnell (2007) in arguing that audit regimes can also contribute to defending a particular understanding of liberty. In doing this, we demonstrate that the independence of the legislature is as if not more important than the independence of the auditor themselves.

We describe in section 2 the importance of public accountability to democracy and how the understanding of liberty implies the creation of alternative sources of non-executive power within a state, which can ensure that the citizen is not dominated or enslaved by the executive power. In section 3, we set out the methodology in terms of research case and research methods. In section 4, we return to the twentieth century debates about the NAO's status, arguing that at the heart of them was a rhetoric, which identified Parliament as the historic protector of the liberty identified in section 2. This has, as we argue, consequences for the kind of independence that the promoters of the Act designed into its machinery. Finally, through section 5, we set out our theoretical contribution and implications for policy, practice and future research.

2. Accountability, Liberty and Parliament

Accountability within recent scholarship has become, as Sinclair (1995) argues, something of a "chameleon" concept. Mulgan (2000, p. 556) identified four potential expansions of accountability from its core meaning, of a relationship between an agent and a principal, within a political setting: "professional and personal accountability", "accountability as control", "accountability as responsiveness" and "accountability as dialogue". Bovens (2010, p. 946) likewise suggested that accountability is "used as a synonym for many loosely defined political desiderata, such as good governance, transparency, equity, democracy, efficiency, responsiveness, responsibility and integrity"- an all embracing definition that "has its uses in political rhetoric" but "has been a strong impediment to systematic comparative scholarly analysis". Bovens (2010, p. 948) argued for two concepts of accountability: one he described as "a personal or organisational virtue" and another in which accountability is "defined as a social relation or mechanism". As Ferry et al.

(2015) state accountability "may be upwards (to a higher authority), downwards (to citizens or a community) or sideways (as part of a contract that has been agreed for mutual benefit)". Accordingly, as shown, there are many interpretations of what is accountability.

Accountability can be involved in awkward relationships with other concepts such as transparency (Ferry et al., 2015), which has led many scholars to refocus the concept of accountability on the core sense of "calling to account" (Mulgan, 2000). Hay and Cordery (2020, p. 2) suggest that agency relationships in the public sector can include "citizens might need to hold politicians to account; politicians in Parliament to oversee the Government and Government ministers to hold bureaucrats to account". Funnell (2003, p. 107) argues that this has become "an enduring and fundamental principle of Westminster Government in modern liberal democracies".

For accountability to be meaningful, information about the person held to account must be transmitted to the person who holds them to account. Miller and Power (2013) have argued that accounting serves to territorialise, mediate, adjudicate and subjectize the world. This enables accountability; as Free et al. (2020, p. 490) argue, "in its mediating role, accounting has the power to link different parts of the state together" and "this common language invites comparison, evaluation and ultimately adjudication… the allocation of responsibility and the constitution of performance". In particular, as Mennicken and Miller (2012, p. 7) highlight "accounting numbers configure persons, domains and actions as objective and comparable". This is supported by Rose (1996, p. 674) who suggests, "if sceptical vigilance over politics has long been a feature of liberal political thought, it is today increasingly conducted in the language of numbers". O'Regan (2003, p. 128) notes the importance of accounting information "as a key mediating factor" between the Government and Parliament in 18th Century Ireland. However, contemporary studies also indicate limited use of such data (Jorge et al., 2019), especially to generate trust (Heald, 2018). Such data may also not act democratically but be part of wider systems of oppression or obfuscation (Bakre et al., 2021).

The intricacy in practices of accountability is reflected in complexity around the practice of audit itself. Scholars have pointed to the complexity in how numbers become accepted: they are never complete reflections of reality. Audit, in this account, functions as a ritual to assure us that "we can all be comfortable with the numbers" regardless (Pentland 1993, p. 620). This ritual plays different roles in different political contexts. It can be counterproductive. As Skaerbaek and Christensen (2015, p. 1279) point out audit can play a role in "the coproduction of a strategy to scapegoat a single person".

Recently, audit has been seen as a key device in importing rationalities of management, including the creation of New Public Management disciplines into the public sector (Pollitt and Summa, 1997, pp. 332-3; Radcliffe, 1998; Gendron et al., 2007; Parker et al., 2019; Free et al., 2020; Ferry and Ahrens, 2021). As such, audit has become thought of as part of a movement to impose new management disciplines within the public sector (Lapsley, 2009). In this sense, audit aids the process by which "political accountability to the electorate… [is] supplemented if not displaced by managerial conceptions of accountability" (Power 1997, p. 49). Audit becomes part of a transnational enterprise in which auditors, particularly auditor generals, have played a key role (Free et al., 2020). Audit in this version is a legitimating device that transforms decisions about politics, into ones about business.

This allows through the appearance of independence a limitation on the true liberty of discussion in democratic politics - audit, to quote Radcliffe (2011, p. 731) has "consequences not just in quietism but in offering convenient accounts that serve to deflect attention from root causes". Debates about the extent of this function in making things secret has shown how important the constitutional framework surrounding the auditor is (Radcliffe, 2008; Funnell, 2011; Radcliffe, 2011). They also question the degree to which a practice focussed on management outcomes can play the constitutional role envisaged in this article for it by the politicians of 1983 (Radcliffe, 2008). The audit process by identifying and stigmatising managers can "obscure the fact that politicians have the final responsibility for public policy" (Skærbæk and Christensen, 2015, p. 1279). As Roberts (2009) argues, we need transparency and accountability but they need to function not as a mechanism of violence but as a mechanism to enable a real conversation about politics. As Yu (2020) persuasively argues, in a study of death measurement during Coronavirus, accounting as transparency alone may demand from Government the impossible, whilst actually misleading as to the real dimensions of events.

A more optimistic vision of the place of audit within politics can be seen from those studies that focus on the democratic use of audit. Studies have begun to focus more on the constitutional roots of audit (Bunn et al., 2018, p. 64). This constitutional view is often taken by those who discuss the initial development of audit structures within Westminster systems of Government. Jacobs and Jones (2009, p. 33) argued that the development of public sector audit in Australia was "primarily driven by the need to create and sustain the legitimacy of broader institutions and structures, such as Parliament and democracy". This legal framework and rhetoric matters, alongside the auditor's other professional or political commitments. Pallot (2003) shows, in her discussion of the New Zealand Audit Office, that there were clear tensions between the Treasury, who advocated accountability as a mechanism to increase efficiency, and the audit office, for whom accountability was of "fundamental constitutional significance" (Pallot, 2003, p. 135). The Audit Office orientated itself around the service it could offer to Parliament: focussing on different information to that emphasized by the managerially interested Treasury (Pallott, 2003, p. 146,148) - significantly, this was strengthened by a constitutional measure that moved the audit office into Parliament's orbit (Pallott, 2003, p. 149).

These different models for the role of audit - managerial or democratic - are inherently in tension. In some cases, this tension is implicit. Bowerman et al. (2003, p. 17) found for example that the NAO in the UK acknowledged its role as a consultant - but found it hard to retreat from its sense of itself as a Parliamentary watchdog. Morin and Hazgui (2016, p. 583) point to a similar joint identity within the auditors at the NAO; they argue that the auditors fuse them by thinking that "the holding of administrations to account should most often lead to performance improvement". In others, politicians seek to impose a private sector model on public sector audit: without recognising the unique characteristics of public sector audit which require a very different kind of auditor to the auditor in the private sector (English, 2003).

Scholars alert to this have attempted to describe the values that public sector audit protects. Funnell (1988, 2007, and 2008) has suggested that the development of audit in the UK focussed on the preservation of liberty, especially the ability of Parliament to safeguard the population from the threat of the executive as part of upholding democracy. Funnell and

Cooper (1998, p. 10) suggest that without functioning mechanisms of accountability, including audit, Governments "soon degenerate into tyranny". Funnell's language about liberty though is not precise. Within the accounting literature, liberty has taken on different forms. For example, liberty has been associated with "the sense of freedom from government interference" such as in conceptualising the protection of employers from regulation in the American south, allowing them to use accounting to exploit freedmen (Oldroyd et al., 2018, p. 1722). Liberty has also been considered as an economic freedom regulating activities of subjects like prisoners (Balep and Junne, 2020). In addition, liberty has been a way to change colonial subjects into economic citizens (Neu and Graham, 2006). Whilst all three of these papers use a different concept of liberty, we argue, that in all three cases, this concept of liberty leads to exploitation. We argue there is a need for a more nuanced conversation about the concept which explores how it relates, as Funnell suggested, to democracy.

By re-examining a different tradition of thinking within historiography and political philosophy through focussing on the concept of liberty developed by neo-Roman theorists, we suggest this has a potential to provide a theoretical base to link Funnell's view that public audit can safeguard liberty and Pallot's conception of a democratic audit. In taking a concept from historians and philosophers to deepen our understanding of accounting, we are following accounting scholars such as Sargiacomo et al. (2012) who examined reason of state, Mann et al. (2016) who examined liberalism and Maran et al. (2019) and Donleavy (2019) who examined the enlightenment and the implications of these ideas for accounting.

The neo-Roman tradition of liberty has recently been redescribed by Skinner (1998), a historian of ideas, and Pettit (2010, 2012, and 2014). Both Skinner and Pettit use the two words – freedom and liberty - to discuss this concept interchangeably (Skinner, 1998, 2002, p. 299; Pettit, 2014), as do we in this paper. In this article, we follow Skinner (1998, p. 55) in identifying the theory as a Neo-Roman theory of liberty when the users of the concept are also supporters of constitutional monarchy. Skinner's project is self-consciously genealogical: he sought to excavate this concept of liberty which he felt had been unjustly neglected by the main philosophical tradition in the West (Skinner, 1998, pp. 114-6). He drew on writings from the Florentine Renaissance, in particular Machiavelli, the English Civil War and the 18th Century oppositional commonwealth tradition that culminated in the writings of advocates for American independence in 1776. All these writers form together a "single school of thought" united by their "analysis of civil liberty" (Skinner, 1998, p. 23). This concept of liberty elucidated by Skinner has been taken up by others, in particular Pettit (2010, 2012), who extended it to provide an account of how modern Governments in modern democracies should function. In this section of the article, we draw on both the work of Skinner, Pettit and other neo-Roman theorists to suggest how this concept of civil liberty can be related to the independence of Parliament. This involves doing two things: firstly, we explain the initial concept of liberty as non-domination and show that the concept remained relevant into the modern era and secondly, we explore the constitutional rethinking that this doctrine prompts.

The concept of liberty that Skinner (2003, p. 248) defends is a concept which is based on an antithesis to slavery, being a free person is not being a slave. These thinkers argue that the reason a slave is not free is not that they are prevented to do something they wish to do as it is quite common for slaves to choose to do things in Roman drama, but that they are "subject to the jurisdiction of someone else" (Skinner, 1998, p. 41). Even when able to

choose, they are always "within the power of their masters" (Skinner, 1998, p. 41). Skinner takes this definition from the Code of Civil Law: a slave is subject to "the dominion of someone else" and a "free subject must be someone who is not under the dominion of anyone else, but is *sui iuris*, capable of acting in their own right" (Skinner, 2002, p. 289). Phillip Pettit (2010) provides a breakdown of this kind of freedom in his survey of republican theory, describing the antithesis of freedom as domination. Here domination has three aspects "the capacity to interfere, on an arbitrary basis, in certain choices the other is in a position to make" (Pettit, 2010, p. 52). These definitions are closely allied (Skinner, 1998, p. 70; Pettit, 2010, pp., 301-4).

In both Skinner and Pettit's formulation, there need be no coercion directly in the act of the enslaved or dominated person: rather "freedom is to be contrasted not with actual but with possible constraint" (Skinner, 2002, p. 299). The capacity *'for'* as Pettit (2010) argues is key rather than the actual fact of interference in another's action. The second part of Pettit's definition is also important. The interference must happen on an arbitrary basis wherein the "only brake on the interference that they can inflict is the brake of their own untrammelled choice or their own unchecked judgement" (Pettit, 2010, p. 57). Consequently, republican thinkers were particularly hostile to claims to the absolute power of monarchs and their royal prerogative (Skinner, 2002a) and particularly keen on institutional breaks on power (Pettit, 2014, p. 145). Skinner identifies in his early modern texts two particular threats to republican liberty. Firstly, political community may be deprived by force of its ability to act according to its will (for example, England when King Charles I attempted to seize five members of the House of Commons in 1641, threatening the legislature with violence unless it complied with his will) (Skinner, 1998, pp. 47-8). Secondly, a political community ceases to be free "if it is merely subject or liable to having its actions determined by the will of anyone other than the representatives of the body politic as a whole" (Skinner, 1998, p. 49). These threats relate clearly to the arbitrary power described above as the antithesis of liberty within republican thought. Arbitrary power can be imagined outside of the world of the seventeenth century monarch. Skinner originally argued that these ideas were "discredited" by the early 19th century (Skinner, 1998, p. 96). Parry (2006) points to their adoption by British liberals during the late 19th century when ideas about the civil service and state audit were developing. Skinner (2012, pp. 130-2) has subsequently revised his view. Pettit (2010, p. 57) points out their continued relevance today to describe arbitrary power such as that of an employer over their employee, a teacher over their pupils or a patriarchal husband over his wife and family as a restraint on freedom.

The emphasis on the restraint of arbitrary power ensures that republicanism transforms questions about liberty into questions about the constitution. States possess the power to coerce and so the republican question becomes "how can the citizens of a state be free and yet subject to state coercion" (Pettit, 2012, p. 148). The answer, in Pettit's view is that "under a republican conception, what legitimacy requires is shared popular control of the state" (Pettit, 2012, p. 149). Skinner argues that "if a state or commonwealth is to count as free [in the republican tradition] the laws that govern it - the rules that regulate its bodily movements - must be enacted with the consent of all its citizens" (Skinner, 1998, p. 27). Hence, for Machiavelli, a free city is one that is "governed by their own will" (Skinner, 1998, p. 26). A state might have to interfere with the decisions of its citizens but if it does so with their consent, that interference would be on "their terms" (Pettit, 2012, p. 153). This does not

lead these republicans to idealise direct democracy (Skinner, 1998, p. 32; Pettit, 2010, p. 29). Our concern is that the key for the republican thinker is the ruler rules in the interest of the entire community, not the interests of themselves (Pettit, 2010, p. 56). Decisions have to be taken in the light that another party will be able to review those decisions (Skinner 1998, p. 26). The sovereignty of a senate is not enough to protect liberty, as Price (1991, p. 24) argued, "if the laws are made by one man or a junto of men in a state and not by common consent, a government by them does not differ from slavery"). Elections, in this way of thinking, are less about representing the public's view of an issue or policy dilemma, and more a mechanism for ensuring that the elected maintain an identity of interest with the electors (Midgley, 2016). They are a mechanism of control rather than consent, to use Pettit's language (Pettit, 2012, p. 158).

However, whatever kind of assembly is established, and republicans have differed as to what the institutional form of it should be, it clearly needs to be effectively a constraint on the Government of the day. To protect republican liberty it is necessary that powers be distributed amongst several parties and the Government be conducted by law rather than discretion (Pettit, 2010, p. 173). These conditions are designed to "thwart the will of those who are in power" (Pettit, 2010, p. 173). In particular, Pettit (2010) suggests that a consolidation of power in the hands of one or more people would lead to the party with the power being granted a "more or less arbitrary power over others", precisely the object which would render citizens as slaves. The division of powers may be a division between different law making parts such as the executive, legislature and judiciary, but can also be a division around the concept of contestability. As Skinner (2002c, p. 163) suggests for Machiavelli a free state "must be based on free institutions in which all of us participate". There are decisions, however, that an executive has to take. In these cases, republicanism suggests the decisions should be contestable and democracy allows for a constant contest over the meaning of a decision and its applicability (Pettit, 2010, p. 185). Decisions then need to be "made under transparency, under threat of scrutiny" for those decisions not to become arbitrary and consequently violate the condition of freedom (Pettit, 2010, p. 188). These two allied concepts being the division of legal roles and the creation of contestability within the republican regime are both designed to protect the free citizen from the arbitrary power of the executive.

This institutional protection in republican theory can only arrive from a free Parliament or assembly. The argument about the constitution therefore turns into an argument about the liberty of that assembly to control its own business. Assemblies can be corrupted if they become dependent on the will of the executive (Skinner, 2002b, p. 364). Freedom may be lost, if the people do not have (either as they are intimidated by a standing army or through the blandishments of corruption) the willingness to scrutinise their ruler and maintain this separation of powers (Skinner, 2002b, p. 363). For such an assembly to properly fulfil its function, it is clear that it must be independent of the executive and consequently able to mitigate the potential abuses of arbitrary power that the executive might threaten. Parliament's power to examine finance and taxation is particularly important, without it, "no shadow of liberty [according to Burke] could subsist" (cited in Dewar and Funnell, 2017, p. 2). Consequently, in this neo-Roman vision of liberty, the protection of the autonomy and independence of a Parliament is indispensable to the liberty of the subject. Following from that, we can make the same claim of the auditor, who serves Parliament, and their

independence from the executive. Such an auditor must be "exposed to a system of popular influence that we can all equally access" in order that their activity serves the people and Parliament in restraining the executive (Pettit, 2014, p. 130). This is, we shall see, the argument made in the latter half of the twentieth century concerning state audit in the UK.

3. Methodology

3.1 Research Case

The UK's Supreme Audit Institution known as the Exchequer and Audit Department (E&AD) was established in the 1860s by Gladstone (Chancellor of the Exchequer 1859-66, Prime Minister 1868-74, 1880-85, 1886, 1892-4) as part of his financial reform agenda. This was given the responsibility of auditing the accounts of all Government departments and over time evolved the practice of also providing performance audits for them (Dewar and Funnell, 2017). The E&AD sent its reports to a Parliamentary Select Committee, the Public Accounts Committee, but nevertheless it was closely related to a Government department, the Treasury. The Treasury appointed its head, the Comptroller and Auditor General (C&AG) (normally a former Treasury official), selected its staff and administered its pay and budget (Funnell, 1994). Although the E&AD was described as independent, the reality of this independence was ambiguous (Funnell, 1994). The UK exported its audit system across its empire over the 20th century. The system of an auditor reporting to a committee of the legislature became the basis for similar systems across the world due to imitation as well as imperial influence (Hay and Cordery, 2021 p. 38). The development of the UK Supreme Audit Institution has therefore been influential on other jurisdictions too (Funnell and Cooper, 1998, p. 270).

The E&AD existed with minor changes down until 1983. At which point, a private member's bill - a bill put forward by an individual MP (Norman St John Stevas) - reformed the organisation, establishing the NAO and putting it upon a new constitutional footing. The National Audit Act (1983) made several changes to entrench the C&AG's independence, codify performance audit within the UK and establish the auditor's relationship with Parliament. The C&AG's ability to report to Parliament on matters relating to economy, efficiency and effectiveness was given a legal basis for the first time. The C&AG was given complete discretion over what they chose to study and how they chose to conduct their work. The C&AG was made an officer of the House of Commons and their relationship with the Public Accounts Committee was formalised. The Act established that the C&AG had to consult the Committee about their future programme of work, but that they had no obligation to follow the committee's advice. The Act transferred ultimate control over the budget and funding of the Audit Office from the Treasury to a committee within the Commons - the Public Accounts Commission but left the C&AG with a wide discretion over how he spent the money. The Act clearly established the C&AG as an independent part of the legislature - rather than being a scrutinising body within the executive (the situation prior to 1983). The debates surrounding the introduction of the NAO concentrated on these issues and are the focus of this paper.

3.2 Research Methods

The paper considers the modern origins of independence concerning the Supreme Audit Institution, through a historical study of the creation of the NAO in the UK in 1983. Accounting history is under studied in the public sector, despite the fact that it importantly

enables us to put present practices into perspective and to understand success and failure (Bunn et al., 2018, p. 65) and so the paper addresses a valuable research area. Indeed, Hay and Cordery (2018, p. 12) suggest that more scholarship is specifically needed of "why and how public sector audit institutions were created as they are". Degeling et al. (1996, p. 46) have argued, the "processes… social and political contexts" in which accounting innovations in Government occur, matter to the form which these innovations later take. This attention to the context in which accounting and auditing reform took place within Government has given us fruitful insights into the ideological origins of audit (Radcliffe, 1998; Funnell, 2004; Free et al., 2020; Ferry and Ahrens, 2021)

In terms of documentation, the paper analyses historical archives and published sources, which ranged from the 1960s until 1983. Firstly, we analysed the major Parliamentary reports about the creation of the select committee system and audit office between 1975 and 1983. Secondly, we examined documents that related to the background for those reports - including books and speeches in the House of Commons. Thirdly, we examined the debates surrounding the introduction of the National Audit Act in 1983 in the House of Commons. Lastly, we examined files in the National Archives relating to these debates and negotiations behind the scenes between the Thatcher Government and the backbench advocates for reform in 1982-3. To analyse the documentation, the paper employed a neo-Roman concept of liberty. Our a priori reading of the literature sensitised us to this important theme. In particular, we used insights from the literature about the development of the select committee system (a contemporary development to the creation of the NAO in 1983) to contextualise the discussion about audit. Also the authors have first hand experience of the NAO, Parliament select committees, civil service, policy making and legislation over a number of years, so are familiar with the traditions and practices discussed. Nevertheless, whilst the authors were sensitive to these themes, they also looked for anomalies to compare and contrast their findings from the archives. This helped to ensure a more robust analysis in determining the historical narrative, recognising that whilst the preservation of Parliamentary liberty was one thread through the debate of 1983, it was not the only such thread.

4. Findings - The independence of Parliamentary Audit

In this section of the paper, we set out how the independence of Parliament became essential to the movement for public sector audit reform from the 1960s to 1980s. We first discuss how the National Audit Act 1983 came into being, the coalitions that helped create it and the personalities involved from the 1960s to 1980s. In this, we argue that the Act happened partly because of pressure from within Parliament and not from Government initiative. The second section examines the political languages used to describe Government and its relationship with Parliament during this period. We show that advocates for scrutiny couched their critique of Government in a language of liberty and tyranny. We argue that audit was one of the key mechanisms of scrutiny and that they feared audit had become dominated by the executive and was no longer available to the Commons to assert its dominance. In the third section, we show that these concerns about Parliamentary independence from the executive and ability to monitor the executive were reflected in the debates about the National Audit Act and in the actual text of the act as it was passed through Parliament in 1983.

4.1 How the National Audit Act was passed

The chronology of audit reform in building up to the National Audit Act 1983 is set out in Table 1.

Table 1 - Chronology of Audit Reform in the UK

Date	Event
1866	E&AD established.
1966	Publication of E.L. Normanton's book, The Accountability and Audit of Government (Normanton, 1966).
1968	Publication of the Fulton Report.
1973	Sheldon and Garret's Administrative Reform tract published, endorsing elements of Normanton's book (Garrett and Sheldon, 1973).
1977	Expenditure Committee makes suggestions for reform of the audit function (Expenditure Committee, 1977).
1978	Procedure Committee makes further suggestions for reform (Procedure Committee, 1978), and Expenditure Committee reiterates its case in a follow up report (Expenditure Committee, 1978).
1979	Public Accounts Committee reports on the role of the C&AG just before the election. (Public Accounts Committee, 1979).
1979	Thatcher Government elected. Sir Geoffrey Howe appointed Chancellor. Norman St John Stevas establishes the select committee system.
1980	Government publishes a Green Paper on the role of the C&AG (Treasury, 1980).
1981	Public Accounts Committee reports on the Role of the C&AG (Public Accounts Committee, 1981).
1981	Treasury publishes a White Paper on the Role of the C&AG responding to the Public Accounts Committee. It makes few concessions (Treasury, 1981).
1982	Treasury and Civil Service Committee reports, makes limited comments on the C&AG but supports previous select committees (Treasury and Civil Service, 1982).
1982	Norman St John Stevas wins the Private Members Bill ballot and decides to take forward a bill establishing a NAO. Negotiations with the Treasury and Government begin
1983	National Audit Act is passed.
1984	NAO is established.

Agitation about audit within political circles began with anxiety about the performance of the civil service. In the 1960s, the Labour Government of Harold Wilson (Prime Minister, 1964-70) was very sceptical about the capacity of the civil service. Wilson and his allies thought that the civil service was dominated by generalists and unable to perform well in the modern age. In 1966, Wilson established a review under Lord Fulton to examine the functioning of the civil service: Fulton's report had minimal impact, partly because Wilson lost the following General Election in 1970. Wilson had collected together a group of young Labour intellectuals to help staff the report - amongst them were John Garrett, a management consultant and Robert Sheldon, a junior MP. Sheldon and Garrett came across in the early 1970s a book by a former E&AD official, Dr E.L. Normanton (1966)

which examined the auditor's role and found it wanting. Garrett had thought previously that "there had to be some force external to the civil service capable of making it take management seriously" (Garrett, 1992, p. 133). He wanted the audit office to expand its functions, auditing the nationalised industries, Local Government and the efficiency of spending (Garrett, 1980, pp. 174-5). Together with Sheldon, Garrett published a short pamphlet for the Fabian Society, which endorsed many of Normanton's conclusions in 1973 (Garrett and Sheldon, 1973). Garrett and Sheldon, saw Parliamentary audit as a mechanism to bring about civil service reform, after Labour lost the election of 1970 and the Labour leadership lost interest in the topic.

The second major strain of thinking that merged in with the advocates for Fultonite civil service reform was that of Parliamentary reformers. The 1964 Labour Government came to office with a commitment for Parliamentary reform and the creation of a public sector ombudsman. In 1966, Wilson made Richard Crossman Leader of the House of Commons. Crossman, as we shall see, had been a longstanding advocate of Parliamentary reform and he created a set of select committees, which endured until 1970. When Labour returned to office in 1974, the Government was under pressure from the wing of the party who had seen in Wilson's earlier speeches and Crossman's reforms a map for the future. Backbench figures, like Michael English, proposed reforms. The Expenditure Committee in 1977 and the Procedure Committee in 1978 proposed the creation of specialist select committees.

By the late 1970s, a group of backbenchers saw audit reform as running alongside select committee reform as a means of promoting Parliamentary control of the executive. Garrett, who had been elected to the Commons, sat on the Expenditure Committee and he persuaded English to put into that committee report an endorsement for reforms to the office of C&AG (Expenditure Committee, 1977). Garrett and English where seen as the driving forces behind the place of audit in these reports (Howe, 1981a). The Procedure Committee in 1978 repeated the Expenditure Committee's suggestions relating to the Auditor General. Although senior figures in the then Labour Government, such as Michael Foot (Leader of the House, 1976-9) objected to these proposals, the strength of opinion on the backbenches suggested they might lose and the Government ran out of time before the 1979 election to respond to the suggestions from the Procedure Committee. The Government was preparing a response specifically on audit and the 1979 Labour Party manifesto included a commitment, in a section on democracy, to establish a "more powerful and professional system of audit" (Labour Party, 1979). In 1979, the new Thatcher led Conservative Government was elected and had to respond to the suggestions from the Procedure Committee in particular.

The Thatcher opposition to the incumbent Labour Government in the 1970s had been generally in favour of parliamentary reform - they endorsed the select committees' proposals vaguely in the 1979 manifesto (Conservative Party, 1979). However, Thatcher herself was not all that interested (Stevas, 1984, p. 55). She concentrated in her first term on economic policy and the requirement to improve efficiency in public services. Whilst some around her, could see the case for change- they focussed on audit reform as a mechanism to improving efficiency rather than parliamentary accountability (Chapman, 1978, Howe, 1981a). However, she had appointed as Shadow Leader of the House and then Leader of the House, Norman St John Stevas, a "longstanding advocate of stronger parliamentary accountability" (Dewar and Funnell, 2017, p. 232). Stevas welcomed the select committee proposals and

pursued them as a personal objective (Stevas, 1984, p. 55). Suggestions for audit reform though went to an unenthusiastic Treasury (Dewar and Funnell, 2017, p. 230).

Audit reform re-emerged in the early 1980s as an issue thanks to a parliamentary campaign. The key figures in the campaign for audit reform in the early 1980s were a group of six MPs (Garrett, 2000). Their positions and significance are detailed in Table 2.

Table 2 – MP's Campaign for Audit Reform in the UK

MP	Position in 1979-83 Parliament (and after if relevant)	Significance
Sir Edward Du Cann	Chair, Liaison Committee and Treasury and Civil Service Committee.	Ran inquiry into audit (Treasury and Civil Service Committee, 1982).
Joel Barnett	Chair, Public Accounts Committee.	Ran inquiry into audit (Public Accounts Committee, 1981).
Norman St John Stevas	Leader of the House, 1979-81.	Proposed Private Members Bill in 1983.
John Garrett	Backbench MP.	Gave evidence to PAC, wrote about reform (Garrett, 1980) spoke in debate for reform.
Robert Sheldon	Backbench MP.	Succeeded Barnett as Chair of Public Accounts Committee after 1983, spoke in debate for reform.
Michael English	Backbench MP.	Spoke in debate for reform.

They all had individual reasons for believing in financial reform. As we have seen for Garrett and Sheldon, who discovered Normanton's work, the motivation arose out of the movement to reform the civil service in the late 1960s. English had a longstanding interest in parliamentary reform, as Chair of the Expenditure Committee in the 1970s. Du Cann had thought of the cabinet but by the early 1980s he had recognised that his future lay on the backbenches - the same was true of Barnett. Both had shown little interest in the topic before this realisation. St John Stevas had a longstanding attachment to the cause of Parliamentary reform - but also was a "wet" that Margaret Thatcher had driven out of the cabinet (Norton, 2012). As we will see however, they coalesced around a bipartisan language of audit reform driven by Parliamentary reform that the Government found hard to resist.

The Treasury was the department responsible for receiving these recommendations. Treasury officials and the Chancellor were resistant to the suggestions made by the House of Commons. We will cover elsewhere their vision for audit. They were not hostile to the idea of an empowered audit - Geoffrey Howe supported calls "for improvement in our system of public… accountability" (Howe, 1981a). Treasury civil servants were open to further audit reform. However, they were hostile to the constitutional agenda of the backbenchers. Howe saw the auditor as a servant of the executive improving the efficiency of Government, rather than as a servant of Parliament serving the interests of the legislative. He was also hostile to

the argument that the auditor should cover nationalised industries. Debates on Local Government audit were dealt with separately and the Government created the Audit Commission in 1982. The Treasury set out its position on central Government audit in a white paper in response to the Public Accounts Committee report in 1981. After Stevas introduced his bill, there were several months of negotiations between Howe, the Treasury and the backbench proponents of reform - significantly led by a cross party group including Stevas, Du Cann, Sheldon and Garrett.

Part 2 of this section explains the constitutional argument made by the backbenchers and puts it in the context of wider debates about Parliament and its role in the 1960s and 1970s. Part 3 of this section discusses how that constitutional agenda was reflected in the debate between Howe and the backbenchers and was eventually reflected in the institutional set up of the NAO.

4.2 Liberty and Parliamentary Scrutiny

Discussing how the audit act was passed does not take us further into what the actors involved thought they were doing. This section of the article sketches out the rhetorical tradition which they inhabited. The third section of the article shows how that rhetorical tradition made a direct impact on the discussions surrounding the act. The debate about audit independence in the UK emerged in the 1960s from a debate about the power of Parliament to appropriately regulate the executive. The British state expanded hugely across the first half of the 20th Century, culminating during the Second World War with the expansion of state contracting and conscription and immediately post-war with the Attlee Government, which nationalised vast industries and brought into being the National Health Service in 1948. Bureaucracy, as in other parts of Europe, during the 20th century led to individual decisions being made by the state about people's intimate lives potentially threatening, in various accounts, their freedom (Muller, 2011, p. 27). This was true in the UK as well as in Europe.

The rising levels of state involvement in the economy and society led to anxieties about the state's ability to regulate and control the lives of individuals. Richard Crossman, the influential Labour intellectual and future Cabinet Minister, spoke in the 1950s about the dangers of concentrations of power to a socialist regime. He argued that after Governments in the 1940s centralised planning responsibility for the economy, there was a risk ministers would become dictators: especially as in his view, ministerial responsibility to Parliament was a "constitutional fiction" (Crossman, 1956, pp. 17-18). Crossman was not alone in his anxiety. From the opposite political perspective, Sir Edward Du Cann, recalled in his memoirs, (1995, p. 173) that the executive had inherited the same powers as the Tudors and Stuarts and became, with the addition of modern bureaucratic machinery, in effect "an elective dictatorship". Scandals such as the Crichel Down Case, involving a controversial wartime compulsory purchase, provided examples of "formalized, programmatic and unfeeling bureaucracy in action" (O'Hara, 2011, p. 695). One way out of this dilemma was to trust in Parliamentary institutions as a guarantor of liberty from the over mighty state. Crossman (1956 p. 24) took this route: arguing that whilst the "modern state with its huge units of organisation is inherently totalitarian and its natural tendency is towards despotism", "constitutional safeguards of freedom" within Parliament could offer the subject redress.

Politicians were not satisfied with the power of the institutions of Parliament to balance the power of Government. These concerns related to how the scale of Government

had outpaced parliamentary ability to understand or hold that Government to account. As Ellis Smith, Labour MP for Stoke put it, the House's procedures were "all right in those [Victorian] days, when we were dealing with pennies and shillings, but in these days when we are dealing with £5,000 million, it is out of date" (House of Commons, 1958, Col. 726). Einzig (1959, p. 325) identified the "increasing difficulties of controlling an increasingly complicated system" as a factor in Parliament's reduced control over the system of public finance. Harold Wilson (Chair of the Public Accounts Committee, 1959-63, and later Prime Minister, 1964-70, 1974-6) argued that the types of expenditure, which the Commons now had to analyse, were more complex and hence created gaps in accountability (House of Commons, 1960, col. 902). As early as the late 1940s, there was consensus that Parliament's "existing system [for controlling and scrutinising public expenditure] was inadequate" even if that consensus did not include the Government (Chubb, 1952, p. 4). Sceptical scholars pointed to problems with the approval of spending and the scrutiny of expenditure proposals from the Government (Johnson, 1966, pp. 146-66). The institutions of Parliament were widely thought of as not keeping pace with the size of the state (Drewry, 1984, p. 36). Lord Kennet, in his introduction to Paul Einzig's history of financial scrutiny, wrote, "the control of national expenditure by Parliament and by the People through Parliament, has diminished, is diminishing and ought to be increased" (Einzig, 1959, p. 7). Kennet argued that as far as the Government's proposals for expenditure were concerned the UK's practice resembled that of a "totalitarian state" and where public spending was concerned, the "form of Government in Britain is one of constitutional dictatorship" (Einzig, 1959, p. 13). This repeated concern about Parliament's powers over finance was voiced in terms of dictatorship, or in Crossman's language, despotism. The threat to liberty was therefore explicit.

Politicians turned explicitly to strengthening Parliamentary institutions in this context. The reform of select committees, described above, was placed in the context of Parliament's weak ability to safeguard the liberty of the subject against the growing state (Aylett, 2019). Initial calls for committees to analyse departmental information were placed in the context of an assessment that "the powers of Government are growing [and] that the balance of power between Parliament and the executive should not be disturbed" (Ryle, 1965, p. 296). The first of these new select committees were introduced by Richard Crossman, who argued that they should provide "an effective defence of the individual against bureaucratic injustice and incompetence" (House of Commons, 1967, col. 247). Norman St John Stevas, introducing his committees in 1979, argued that "it has been increasingly felt that the twentieth century Parliament is not effectively scrutinising the executive" and said that was why the Government felt the need to move forwards (House of Commons, 1979, col. 36). The argument that the new committees would enhance parliamentary democracy was expressed by many MPs: John Garrett (House of Commons, 1979a, col. 138), Sir Edward Du Cann (House of Commons, 1979a, col. 66), Ian Mikardo (House of Commons, 1979a, col. 108), Fred Silvester (House of Commons, 1979a, col. 135), and Phillip Whitehead (House of Commons, 1979a, col. 195). This democratic function, included for Stevas in particular, the defence of the liberty of the subject (House of Commons, 1979, col. 35).

The discussion of select committees is relevant to the question of audit because leading figures saw them in the same light. Firstly, parliamentarians like Stevas and Du Cann put them together in the same category of reform (House of Commons, 1979, col. 36; House of Commons, 1983, col. 1159). In both cases, initial suggestions for reform came out of two

select committee reports - by the Expenditure Committee (1977) and the Procedure Committee (1978) who placed audit reform and select committee reform in the same context and as part of the same package of measures. Secondly, advocates of reform to audit used the same arguments as advocates of the reform to the select committees. E.L. Normanton (1966) published a book about Government audit, which as we have seen was took up by Garrett and Sheldon later. Normanton's arguments were successful because they were phrased in the terms of this wider crisis of Parliamentary accountability. Normanton (1966, p. 373) described the auditors' weakness in constitutional, as well as operational, terms: as he said, "the real situation of state audit in Britain remains that of a subordinate body influenced in various practical ways by the executive." Professor Reid (1966, p. 157), in a chapter titled "is Parliamentary financial control a myth", argued that the lack of Commons' scrutiny of the estimates process meant that the auditor had become "the Executive's method for the control of its own affairs in the name of Parliament". Normanton's finding was quoted by John Garrett, an MP, and described as revealing a "fundamental weakness" making visible the "serious over simplification" that the C&AG was a servant of Parliament (Garrett, 1980, p. 172). Garrett and Sheldon (a future chair of the Public Accounts committee) (1973, p. 11) said that the C&AG was "less independent of the executive" than state auditors in other countries. The Expenditure Committee (1977, p. lxix) pointed to the American General Accounting Office (that was to later become the Government Accountability Office) as a more technically competent institution since it was "more independent in recruiting its staff". For Sir Edward Du Cann (Chair of the Public Accounts Committee, 1974-9) the problem went further: he described a "close relationship between the Treasury and the E&AD" and said that the C&AG "must be seen to be totally independent" (Procedure Committee, 1978, p. xcix). The Procedure Committee (1978, p. ciii) concluded that the "cardinal principle of independence is neither apparent nor, under existing statutory provisions, real".

Audit had been viewed within the UK as a check on the power of the Government (Funnell, 1994). The reformers pointed out that this image of audit's role was a fantasy and that this had consequences for the liberty those auditors were deemed to protect. Normanton commented that "arbitrary finance is a necessary consequence of arbitrary rule" (Normanton, 1966, p. 387). Normanton was not alone in seeing audit in this way. The Expenditure Committee (1978, p. xii) suggested that the auditors were "insufficiently independent of the executive… to be able to act as Parliament's main instrument of public accountability". The Treasury and Civil Service Committee (1982, p. xxx) said that, "without the creation of a NAO under ultimate Parliamentary control (although with its independence secured) … neither Parliament nor the country has adequate machinery independent of the executive to point out where inefficiencies in the executive lie so that they can be remedied". The Guardian newspaper in a leader argued that the "Public Accounts Committee would clearly be a watchdog with sharper incisors if it directed the efforts of its own mini department" (Guardian, 1982). The Public Accounts Committee referred to the crisis in the scrutiny of public administration that we have already described, arguing that reform was necessary to balance the fact that "in the 115 years since the 1866 Act public expenditure has expanded enormously and the Government has assumed a much wider function" (Public Accounts Committee, 1981, p. vi). John Garrett described how "a supine House of Commons has allowed this great instrument, fashioned by Parliament in 1866 for parliamentary control, to be taken over by the Treasury and blunted" (House of Commons, 1983, col. 1165). For Du Cann, speaking during the debates on the introduction of the Bill, "it is a scandal that we have

in the past voted through the expenditure of hundreds of millions of pound on the nod without examination" and stated that what was "adequate in ancient days" was "no match for today's complex situation" (House of Commons, 1983, col. 1159, 1160). Du Cann spoke of audit reform as a mechanism to revitalise a "tame" Parliament, something he described as a "sacred democratic duty" (House of Commons, 1979a, col. 144; House of Commons, 1979, col. 65, 66).

Du Cann's words about democracy place audit reform within a rhetoric of constitutional change to accomplish Parliamentary control of the growing state. Audit reform was parallel to other developments in Parliamentary scrutiny at the same time - the creation of a Public Sector Ombudsman (1967), the Crossman Select Committee (1967-70), the creation of the select committees (1979) - and needs to be viewed in that tradition. In the following section, we will show how the reformers from the late 1970s until 1983 focussed on improving the link between Parliament and the auditor and removing the Government's control over audit so that audit could perform this role as a liberty enhancing instrument within the UK's constitution.

4.3 Practical steps to create a Parliamentary Auditor

The use of this language of liberty to justify Parliamentary audit would have limited importance if it had no consequences. If the concerns about Parliament's ability to safeguard the liberties of the subject were more than rhetoric, we would expect to see the backbench critics of the Government coalesce around proposing measures, which released the auditor from the Government's control and made it clear that audit was a Parliamentary function. In this third section of the article, we show that one of the key divisions between Government and their backbench critics lay in this area, with the backbenchers fighting hard, both in Parliament and outside, for a bill which placed the auditor firmly under the control of Parliament. We can see this from three sources. Firstly, the backbenchers made practical suggestions for how their advocacy for independence could be translated into real administrative reform. These practical suggestions were largely translated into the text of the Bill proposed by Stevas in 1983. Secondly, the backbenchers fought against the Government to preserve these elements of the Bill. The Government saw these issues as one of the key divides between it and its backbench critics. Lastly, the Bill that emerged, whilst it remained a compromise, incorporated many of the suggestions from the Select Committees and the original Stevas Bill - suggestions that the Government had highlighted it was fervently opposed to. The rhetoric of the previous section was translated into practical political action, which changed the nature of the C&AG and the new NAO. In this section, we demonstrate that Stevas and his colleagues were genuinely committed to these reforms and to the enhancement of the power of Parliament over the bureaucratic state that they promised.

The language of liberty and Parliamentary sovereignty had to be translated into specific proposals for reform for it to be more than posturing. These solutions build on the issues that Normanton (1966) had identified back in the 1960s: pay, the status of the C&AG, the appointment process for that official and his staff's allegiance to the House of Commons. The solutions proposed were not always uniform but the theme was constant. The Expenditure Committee suggested that the C&AG should only be appointed after the Government consulted with the relevant select committee, the Public Accounts Committee (Expenditure Committee, 1977, p. lxix). Their colleagues on the Procedure Committee (1978,

p. civ) toughened the recommendation, suggesting that the Commons should create its own procedure for appointing that official and the Public Accounts Committee (1981, p. lv) suggested the Commons should vote on a motion proposed by a select committee chair to appoint the C&AG. A C&AG appointed by the House was not enough. The Expenditure Committee (1977, p. lxix) said his staff should be placed under the House of Commons Commission and the Procedure Committee (1978, p. civ) said that the auditors should be included in the House service's budget. The Public Accounts Committee (1981, p. li) thought that the auditors should have their own budget, but the House of Commons should externally scrutinise it. All these committees likewise agreed that the C&AG should be made subject to orders from the legislature - either Parliament or its committees should be able to direct them (Expenditure Committee, 1977, p. lxix; Public Accounts Committee, 1981, p. lv; Treasury and Civil Service Committee, 1982, p. xxx) or at the least request the auditor to undertake inquiries (Procedure Committee, 1978, p. civ). All of them thought that it was important the C&AG be made symbolically an officer of the House of Commons (Expenditure Committee, 1977, p. lxix; Procedure Committee, 1978, p. civ; Public Accounts Committee, 1981, p. lv).

These reform proposals from the select committees informed the bill that Stevas proposed in 1983. Stevas followed the Public Accounts Committee in proposing that the new NAO should be accountable to a group of Parliamentarians, the new Public Accounts Commission (Stevas, 1983, p. 3). The budget for the new office would be approved through a separate estimate in the House of Commons (Stevas, 1983, p. 3). The C&AG would be charged with appointing their own staff (Stevas, 1983, p. 3). The C&AG was also made an officer of the House under the Bill (Stevas, 1983, p. 4). If the office became vacant, as the Public Accounts Committee suggested, Stevas proposed that a new appointment was made after an address in the House of Commons, proposed by the Chair of the Public Accounts Commission (Stevas, 1983, p. 4). Howe (1982) was aware that the Stevas bill had its intellectual origins in the work of the select committees. The Bill did other things too - as proposed by the Select Committees, it codified the Audit Office's value for money rights and controversially extended the remit of the Audit Office into the nationalised industries. Whilst the Committees had proposed also extending the C&AG's remit into Local Government, this was before the creation of the Audit Commission: so the debates on the Stevas bill do not focus on local audit. . The published bill was more moderate than Stevas's previous draft that would have given the Public Accounts Committee the right to direct the C&AG (Howe, 1983).

Stevas's concrete proposals were supported using the rhetoric that we identified above. Journalists saw it as "the most important challenge to Whitehall since he [Stevas] set up the system of all-party select committees in 1979" (Guardian, 1982a). Journalists could frame this as part of a longer historical argument of "backbenchers versus frontbenchers, Parliament versus the executive, in the battle for the control of the public purse" (Guardian, 1983). They saw the debate as an assertion of Parliament's powers too: the bill indicated the institution was "actually threatening to take its duties seriously" (Daily Mail, 1983) and restored "to the House of Commons power over many aspects of Government spending" (Economist, 1982). John Garrett said the bill was "of the highest constitutional importance in the enforcement of public accountability" (House of Commons, 1983, col. 1163). Joel Barnett (Chair of the Public Accounts Committee, 1979-83) agreed that it was a "historic opportunity" for the House to "assert its rights" (House of Commons, 1983, col. 1155). Sir

Edward Du Cann (Chair of the Public Accounts Committee, 1974-9) described it as "restoring our ancient and hard won rights" (House of Commons, 1983, col. 1158).

Establishing that the MPs turned their rhetoric into real proposals is one thing though, establishing that they were politically committed to these proposals is another. To understand that, we need to turn to their relationship with the Government from the point at which Stevas proposed his bill to the point at which the Act was finally passed. The Government, led by Howe, Thatcher and other ministers opposed this element of the Bill. The Government's initial position was set out in their white paper, published in response to the Public Accounts Committee report in 1981. In this paper, they rejected the idea that the C&AG would be controlled by Parliament or become an officer of the House and whilst they were "ready to consider" alternative models for the control of the audit, they thought, "the balance of advantage lies in retaining the present arrangements" (Treasury, 1981, pp. 7-8). Low political concerns dominated their thinking. For Howe, due to the position of the Public Accounts Committee Chair as a member of the opposition, the Bill threatened to create a "Department for the Opposition" (Howe, 1982a). The phrase struck a chord with other ministers, also concerned about the political impact of giving the C&AG as a servant to the Public Accounts Committee (Cockfield, 1983; Jenkin, 1983). Resistance to the ideas proposed by the select committees and Stevas went further though: Howe thought, "national audit should be conducted as a professional operation with proper audit objectives… [and] should not be made to react to particular and transient interests of Members or Parliamentary Committees" (Howe, 1982). Treasury officials saw the auditors as "the Government's chosen instruments for [financial] control" (Treasury, 1979). The Government insisted that the C&AG remain an officer of the Crown, to protect in their view the auditor's "independent status" (Armstrong, 1982; Prime Minister's Private Secretary, 1982; Howe, 1982b). The Prime Minister, Margaret Thatcher agreed, telling her Private Secretary that the "essential point was to maintain and enhance the C&AG's independent status so that he should not be an officer of the House and subject to its direction" (Scholar, 1982). The Government were concerned by a proposal that the auditors should work for other committees, apart from the Public Accounts Committee, something they feared would alter the relationship between Parliament and Ministers fundamentally (Treasury, 1979; Howe, 1981). Furthermore, some within Government and the audit office felt that the existing arrangements "worked well" (Howe, 1982b; E&AD, 1981).

The Government's political opposition to the moves is important because it shows us that there was a real stake in the positions developed by Stevas and his colleagues. Furthermore, the Government's efforts to block the bill demonstrate the MP's commitment to the notion of a Parliamentary auditor described above. The Government's efforts to whip against the proposals from the select committees began in 1982, when Howe sought to begin discussions with Barnett and Du Cann - including friendly Conservative Party backbenchers like Peter Hordern and Sir Donald Kaberry (Howe, 1982b). Throughout 1982-3, there were discussions in private between the Government and leading figures amongst the backbenchers - including Stevas, Du Cann and Barnett most often (Cabinet Office, 1983). In those discussions, we can observe issues about the status of the C&AG, the pay of his staff and the scope of audit - including relating to the nationalised industries - emerging. There were clear splits between the backbenchers and the Government: for example, the

backbenchers opposed a Government suggestion that the Treasury should have a veto over the C&AG's budget (Kerr, 1982).

The vehemence of the Government's reaction to the proposals from MPs about the C&AG's parliamentary position gives us a test of whether the MPs were genuinely politically committed to the language in the bill, and to the arguments, they had expressed through the previous years. The Government's records of these discussions show how far the backbenchers were willing to go. The Government believed that despite their majority, they might not win a vote in either the House or Committee stage to amend the bill (Armstrong, 1982a). They even considered using "procedural means" to frustrate the will of the majority in the Commons (Armstrong, 1982a). By January 1983, the Government was moving to circulate arguments against the Bill "selectively to those backbenchers who will support us" (Howe, 1983). This activity demonstrates that the backbench Conservatives at least were taking a substantial risk in defying the Government by sticking to the arguments discussed above. Howe attributed this to the "constitutional argument about accountability [which]… dominates their [the bill's supporters'] thinking" (Howe, 1982).

The final compromise achieved by the backbench promoters of the reform and the Government reflects the constitutional agenda that Stevas, Barnett, English, Sheldon, Garrett and Du Cann all supported. The Government did obtain some of its objectives. The legislation clearly said that the C&AG had discretion about what auditor's powers would be used to examine and how those examinations would be conducted, so Parliament could not directly control the auditor. The legislation also gave the Prime Minister a role in the appointment of the C&AG. However, whilst the C&AG was protected from the direct political influence of a select committee chair, the principle that the Backbenchers had fought for was yielded. The C&AG was made an officer of the House of Commons. Whilst the Prime Minister had a role in the appointment, she could no longer appoint a C&AG on her own - even after consulting the Chair of the Public Accounts Committee. Rather than being granted a consultative role, the Chair of the Committee jointly nominated the new C&AG alongside the Prime Minister. The whole House of Commons was granted a vote on ratifying that nomination. Lastly, the rebels succeeded when it came to the new NAO's budget: it would be set, not by the Treasury, but by the newly created Public Accounts Commission. The Commission was also given a roving brief to hold the C&AG to account and exert influence on him on behalf of Parliament (National Audit Act, 1983). Significantly, the Government had opposed all of these measures in its 1981 White Paper, and described many of them internally as issues of principle.

The impact of these changes is beyond the scope of this article; however, there was disagreement in 1983 about them. Some within Government argued that their concessions to the reformers had made little impact. A debate briefing for ministers suggested making the C&AG an Officer of the House would "have no consequence in this case" as "the fact that he is an Officer of the House does not mean that the House can in any way require the C&AG to carry out particular examinations" (Treasury, 1983). The backbench critics of the Government believed that real change had been achieved. Sir Edward Du Cann wrote that, thanks to the Act and against the resistance of the Treasury, Du Cann, as the new Chair of the Commission, was able to secure the auditor extra funding (Du Cann, 1995, p. 189). Dewar and Funnell (2017, p. 259) suggest this improvement was maintained. Civil servants noticed a "greater zeal" amongst the auditors after the Act (Fraser, 1984). At a meeting of Permanent

Secretaries in May 1984, they agreed that "as a result of the greater independence afforded to the NAO" in the Act, the auditors were focussing more on their performance audit work than on financial audit (Cabinet Office, 1984). Publicly, the Times newspaper reflected this internal view: Stevas, they argued, had "brought the Treasury… a long way in persuading them to agree that the Comptroller shall be in future an officer of the House of Commons" (Times, 1983).

5. Discussion and conclusions

The emphasis placed upon the constitutional dimensions of the creation of the NAO and independence of the C&AG as an officer of the House has not generally been followed by accountants and accounting scholars, but needs to be better understood given its implications for accounting and accountability regarding the neo-Roman concept of liberty and democracy itself. Stevas in proposing his bill was clear however that his main intention was to "make him [the C&AG] again in principle what he has long been in practice, a Great Officer of the House of Commons" (House of Commons, 1983, col. 1150). The reformers thought of their efforts as part of the "price of freedom", an "eternal vigilance" by the Commons over the Government's attempts to interfere with the audit office's powers (Du Cann, 1995, p. 191). This central claim made by Stevas was defended by him and his allies on the grounds that they were protecting audit independence from the executive. The Government and the auditors themselves suggested that placing the auditor under the control of the legislature actually interfered with the independence of the auditor's judgement.

Pallott (2003) has shown that audit can have a democratic purpose - she shows that in New Zealand in the 1980s, auditors took the part of Parliament and argued for accountability as a virtue in itself. Funnell (1988, 2007, and 2008) has already suggested that audit was a constitutional device to ensure the protection of liberty. We show, in this paper, that audit's democratic credentials rest upon its link to a particular concept of liberty - the neo-roman concept, described by Skinner and Pettit. Under Skinner (1998) and Pettit's (2010, 2012) concept of liberty, a subject is free if they live within institutions that are designed to prevent a dominating will from enslaving them. The subject of a democracy can be unfree if the powers of the executive are untrammelled and cannot be held to account. Neo-Roman liberty involves accountability because accountability is what ensures that the Government cannot dominate its citizens and hence make them slaves. For accountability to be real, the account holder (in this case Parliament) must be able to scrutinise the executive (in this case the Government) effectively. This means it must have the power to use tools to do so, tools such as audit. By providing a deeper analysis of liberty, our theoretical contribution is to show why the language of liberty, described by Funnell (2008), depends upon audit as part of the democratic infrastructure as described by Pallott (2003).

The circumstances of the 20th Century created new dangers for citizens of advanced democracies and by extending Funnell's analysis to embrace neo-Roman liberty we can see the dangers that contemporaries feared and why audit mitigated them. These dangers arose due to the development of the size of the state after the world wars and as a consequence of democratic politics itself. States that dominated the economy and had wide discretionary authority over their citizens became worrying to many of those interested in freedom. For some theorists, this became a moment to campaign that the state should retreat (Hayek, 2001,

for example). For those who thought within a neo-Roman tradition, this became a threat to liberty because the institutions of accountability had not grown at the same scale or pace as the institutions of the state that they were designed to hold to account. The UK E&AD might have been, even in its Treasury dominated history, a sufficient watchdog for a 19th Century state, but it could not be for a 20th Century state. Consequently, the development of the E&AD alongside the development of the select committee system was a necessary mechanism to ensuring that a particular concept of the liberty of the citizen remained protected. Independent audit in the service of Parliament was not good for its own sake but good because it reinforced parliamentary authority within the state and consequently provided liberty to the citizen represented in Parliament.

With regard to policy, the paper has expressed the importance of audit to uphold a particular conception of liberty that policy makers have to take into account. Indeed, the UK's Public Administration and Constitutional Affairs Committee (2017, p. 42) recently described audit as a "constitutionally vital" activity. Parliamentarians look back on the National Audit Act (1983) as a crucial juncture, which "made clear that the Auditor General is an officer of Parliament" (Hodge, 2016, p. 32). This is particularly important given that in some jurisdictions there has been "a reduction in the apparent relative influence of parliament and government" on the auditor (Parker et al., 2019, p. 297). The history of the Act demonstrates that Parliament can and does temper the executive's authority in audit. Contrary to Free et al. (2020), in the UK, politicians did perform a key role in defining what public sector audit would mean. It also lends greater complexity to the tension that exists for auditors between their roles as "watchdogs and consultants" (Bowerman et al., 2003). Pollitt and Summa (1997) noted that Supreme Audit Institutions adopt either a managerialist or a constitutionalist rhetoric to justify themselves. Our findings about the 1983 Act's genesis suggest that the constitutionalist part of that rhetoric should not be lost in a discussion of audit impact. Auditors have often focussed on the administrative part of that equation, "twist[ing] the legislator's intentions" and refocussing them on their agenda (Morin and Hazgui, 2016, p. 584; Free et al., 2020). As Bunn et al. (2018, p. 71) suggest "without such an appreciation [of the constitutional purpose of their office] important controls in constitutional arrangements in Britain and Australia and elsewhere in developed democratic countries might appear instead as mere bureaucratic intrusions".

For practice, reframing audit as a constitutional activity within a democracy should prompt auditors to think about how their actions help defend and enhance Parliament's ability to scrutinise the Government. This has implications for the structure and organisation of the audit profession, but also audit scope, performing the audit and reporting arrangements. It also, as English (2003) highlighted, reinforces the unique nature of public sector audit and why the audit and auditor required is different to the private sector as it involves upholding the public interest relating to democracy.

For future research, it is important to understand audit through the lens of legitimacy, which means understanding audit institutions against the political languages employed to justify their use, outside of the realm of the auditor themselves (Jacob and Jones, 2009). Our work contributes to work by Pallott (2003) and Funnell (2008) as described above. However that research work needs to be reintegrated with the practices of audit, as the kind of studies performed by Radcliffe (2008) suggest that the practice of audit requires rethinking to incorporate this democratic perspective. There are studies which show that in the UK, the

1983 act led to further integration of the NAO into the work of select committees (Midgley, 2019), but in some ways the vital work of reimagining the practice of audit as a democratic function is only beginning.

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