

### **Add three or four enticing subheadings?**

**Debate: Studying the regulatory space of public sector audit—the historical turn**

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#### **Henry Midgley**

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**Aileen Murphie is an Honorary Professor at Durham University, UK, and was Adviser to a UK Parliament Select Committee between 2021 and 2024. She is a qualified chartered accountant who had a distinguished career at the National Audit Office of c. 40 years, including as director.**

#### The centrality of Supreme Audit Institutions

The National Audit Office (NAO) is central to political life in the UK. The Comptroller and Auditor General’s (C&AG) decision at the end of November 2024 to issue a disclaimed opinion upon the Whole of Government Accounts was unprecedented. The NAO reported that, for the 2022-23 accounts, they were unable ‘to obtain sufficient

appropriate audit evidence' to support the balances for local government due to the crisis in local government audit (Treasury, 2024, p. 279): something that various articles in *Public Money & Management* have referred to down the years (for example Ferry and Eckersley, 2015; Bradley et al., 2023). This generated significant comment in the UK about the precarious state of local government finance but, interestingly, in this conversation which originated with an audit report, there was very little discussion of public sector audit.

While public sector audit might not get much coverage, academics often consider it as essential to different programmes of government. These include programmes of democratization, bolstering the power of parliaments against the executive (Pallot, 2003; [Ferry and Midgley, 2022](#)) or improvements to government and public service delivery—relevant currently with the creation of institutions like the Office for Value for Money in the UK and the Department of Government Efficiency (DOGE) in the United States (Lapsley, 2009). [These findings are international \(Cordery and Hay, 2021\)](#). These accounts of audit's role are often told from the inside; coming from auditors or those closely associated with them (completely legitimately).

However, studies of the regulatory space that accounting and auditing inhabit recognize that these practices are embedded within a general field and consequently cannot be studied in isolation (Andon et al., 2015; Ferry and Ahrens, 2021). These studies emphasize how far audit is extended in different dimensions of that space.

### [History and public sector audit](#)

Dimensions interact in time, they influence each other and consequently have to be examined historically (Hancher and Moran, 1989). Similar insights lie behind a broader turn towards history in public administration studies (Murdoch et al., 2024). This insight means that, if we are really to understand what public sector audit is, beyond its elusive absence and ubiquity in political conversation, we need to supplement studies of public sector audit's present with studies of its past.

There are different ways of understanding the NAO's history. Dewar and Funnell (2017), for example, expanded on a deep history of audit within the UK state into the medieval period. Their account went back further than either the word audit in a state context or

the professional organization of that audit. For them, the key work of audit was to reset the role between legislature and executive. In that long story, Dewar and Funnell (2017) demonstrated that the history of audit followed the history of the legislature. Key moments like the grant of Magna Carta in 1215 or the revolutions of the 17<sup>th</sup> century shaped the development of audit and set it on new courses.

It is possible to gain insights through examination of a shorter period too. Midgley et al. (2024) adopted a different approach to the same country's history. Going back to 1866, they pointed out that the UK has had at least three different models of audit. The first model, established by Gladstone in the 1860s, persisted into the 20<sup>th</sup> and 21<sup>st</sup> centuries, focused on the government's compliance with parliament's instructions. The second model of audit was focused on the state's management and bringing it up to a contemporary mark. The third model of audit saw it as a broader function of accountability to Parliament. None of this contradicts Dewar and Funnell's (2017) approach but it adds additional perspectives because it focuses more tightly on a moment of time.

### The need for a historical turn in the study of Supreme Audit Institutions

We began with a discussion of the press coverage about the NAO's opinion on the Whole of Government accounts: to understand that we need to draw on both the short- and long-term histories of public sector audit. As Hancher and Moran (1989) argued, the development of a regulatory space is inherently timebound. Whether examined through the lens of distant time (Dewar and Funnell, 2017) or through a narrower examination of the contemporary roots of public sector audit (Midgley et al., 2024), historical analysis can deepen our understanding of why exactly public sector audit is a given in contemporary politics and what assumptions and political languages, bequeathed from the past, underlie the current preoccupations of insiders in these organizations. As in the case of public administration more generally, an understanding of the past can enrich our discussion of the present (Murdoch et al., 2024). **Consequently, there is a need internationally for a historical turn in the study of these crucial institutions.**

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