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Laurence Ferry, Henry Midgley & Aileen Murphie

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

Laurence Ferry, Henry Midgley and Aileen Murphie

Durham University, UK. [laurence.ferry@durham.ac.uk](mailto:laurence.ferry@durham.ac.uk); [henry.c.midgley@durham.ac.uk](mailto:henry.c.midgley@durham.ac.uk); [aileen.murphie@durham.ac.uk](mailto:aileen.murphie@durham.ac.uk)

## 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 Bradley et al., 2023; Ferry & Eckersley, 2015). 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 & 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 USA (Lapsley, 2009). These findings are international (Cordery & 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 & Ahrens, 2022). 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 & Moran, 1989). Similar insights lie behind a broader turn towards history in public administration studies (Murdoch et al., 2023). 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 (2016), 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 (2016) 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 (2016) 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 & Funnell, 2016) 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., 2023). Consequently, there is a need internationally for a historical turn in the study of these crucial institutions.

## Disclosure statement

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Laurence Ferry is a Full Professor in Accounting at Durham University, UK, and Senior Distinguished Visiting Fellow, Rutgers University, USA. He is a dual qualified chartered accountant with both the Chartered Institute of Public Finance and Accountancy and Institute of Chartered Accountants in England and Wales. In policy and practice, he is well known as a world leading expert in public finance.

Henry Midgley is an Associate Professor at Durham University, UK. He worked with the National Audit Office for 13 years. He has also advised MPs on the Public Administration and Constitutional Affairs Committee during their 'groundbreaking' inquiry into government accounts and sits on the Treasury group concerned with the user experience of government accounts.

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.