

REPUTATIONAL RISK AND ENVIRONMENTAL PERFORMANCE AUDITING: A Study in the Australian Commonwealth Public Sector

ABSTRACT

This paper examines how reputational risk to government is generated through framing and overflows evident in environmental performance auditing. It analyses two high-profile performance audits conducted by the Australian National Audit Office (ANAO). It is motivated by a gap in the literature on performance auditing and environmental auditing which both acknowledge that audits may give rise to reputational risk but have not analysed the process through which this occurs. Using ideas of framing (Goffman, 1974) and overflow (Callon, 1983), this paper extends the work of Power (2007) by explaining how different accounts can be constructed from the same underlying events through the application of different frames. Alternative framings generate reputational risk by highlighting contentious issues that may otherwise have been ignored or received minimal consideration. In particular, representatives of the opposition and media can use political and public interest frames to construct performance accounts which differ from and challenge the improvement frame emphasised by performance auditors and favoured by government. This paper shows that auditors' roles are more complex than often assumed and that auditors relate to different audiences through different frames.

Keywords Environmental Auditing, Framing, Overflows, Reputational Risk, Performance Auditing, Public Sector

Article Classification Case Study, Research Paper

INTRODUCTION

The expansion of audit within contemporary society has been understood as part of wider processes of control and risk management, within which notions of reputational risk management form a key component. However, audit processes contain an inherent contradiction since they have the potential both to enhance and to damage reputation. Therefore, this paper focuses on the politically and reputationally sensitive field of environmental performance audits to explore how reputational risk is managed by bureaucrats and politicians. It uses ideas of framing (Goffman, 1974: 37) and overflow (Callon, 1998), as previously applied in the accounting literature by Christensen and Skaerbaek (2007), to examine: how environmental performance audits generate reputational risk for government; and the various responses to these risks.

The explosion of risk management in the late twentieth century (Power, 2004) characterises the emergence of a risk society in which organisations increasingly adopt risk management systems as a benchmark of good governance and legitimacy (Beck, 1992, Power, 2007). While risk management has expanded beyond financial risk to encompass new categories such as operational risk and environmental risk, modern risk societies are particularly concerned with reputational risk, which is a “purely [hu]man-made product of social interaction and communication” (Power et al., 2009: 301-302).¹ Individual organisations increasingly have their reputations challenged by stakeholders who are able to construct alternative accounts of organisational behaviour and performance (Power, 2007). Consequently organizations must manage the *reputational risk* from disasters like oil spills as well as the underlying *environmental risk* from such events (Hopkins, 2005).

Intensified concern with reputational risk reflects diminishing trust in institutions and professions (Power et al., 2009: 301), following high-profile accidents and failures in both the private and public sector (Hood, 2002). Declining trust has also contributed to greater demand for financial assurance and the application of auditing to new fields, notably environmental auditing and performance auditing (Power, 1997, Power, 2003). These fields of auditing were considered quite new in the 1980s and 1990s (see for example Power, 2003). Although they are now more established, they remain comparatively new and less widespread than traditional financial audits. While these new forms of audit may be intended to provide comfort to society, the performance auditing literature indicates that audit findings can also be used to blame government and damage its reputation. The political opposition, for example, may selectively highlight audit findings that indicate a program has failed to deliver value for money (Johnsen et al., 2001). Similarly, the media may emphasise audit findings that indicate abuse of power and privilege by government (Guthrie and Parker, 1999). Such controversy can be problematic since governments which interpret audit

findings as an attack on their cabinet ministers or political party may retaliate against audit offices and auditors with varying degrees of hostility (English, 2003, Funnell, 2003). Therefore, pragmatic auditors can be expected to be particularly mindful of how their audit reports could reflect on, and be interpreted by, government.

Although performance audits deal with a diverse range of topics, audits of environmental programs are especially pertinent for understanding issues of reputational risk. More specifically, the literature on environmental auditing and assurance highlights a paradoxical association between auditing and reputation. On the one hand, organisations may obtain external environmental auditing and assurance to improve their credibility and reputation (Simnett et al., 2009). On the other hand, external environmental audits could damage an organisation's reputation if they expose issues of non-compliance which are subsequently disclosed to the public. Therefore, organisations face a dilemma because they cannot control the findings of an independent external audit.

Despite references to reputational risk in both the performance auditing literature and the environmental auditing literature, previous studies have not analysed the process which links audits to reputational risk for auditees. Several previous studies emphasise problematic consequences for controversial audit offices and auditors-general (Funnell, 2003, Guthrie and Parker, 1999, English, 2003, Jacobs, 1998) while other studies discuss rational responses adopted by audit offices to avoid controversy (Power, 1997, Radcliffe, 2008, Radcliffe, 2011). However, few studies have empirically examined the impact of controversial audit findings on government, given that contentious audits present opportunities for various stakeholder groups to damage a government's reputation by blaming it for program failures.

The remainder of this paper is organized as follows. The next section reviews relevant literature on reputational risk, performance auditing and environmental auditing. This is followed by the theoretical framework for the study and an outline of the research design. The findings are then analysed and discussed before the paper concludes.

LITERATURE REVIEW

This section discusses three sources of reputational risk and how they are related to performance audits. It then outlines the paradoxical association between audits and reputation before reviewing some strategies for managing reputational risk. First, reputational risk can arise through actual break-downs in service delivery where consumers are "increasingly able to reverse burdens of proof about product safety and quality" (Power, 2007: 136). In this context, reputational risk can be understood as an expectations gap (Power, 2004: 20). This is particularly pertinent with delivery of

government services, which represent an important interface between the state and its citizens. Failure to deliver to the standard expected by the public may constitute a reputational risk for the immediate service provider (Fombrun et al, 2000) which could be the government agency concerned. By extension, an expectations gap may also present reputational risk to government and its political party, especially if stakeholders hold it accountable for the failure in service delivery. In this regard, performance audits may accentuate public controversy and debate by revealing or confirming that programs have failed to deliver expected outcomes. Such audit findings have the potential to embarrass the government and damage its reputation.

Second, an organisation's reputation is constructed through stakeholders' perceptions (Bebbington et al., 2008) so it can be impaired if those perceptions become negative. In particular, stakeholders can challenge organisational reputation by constructing alternative "social facticities" or accounts around disastrous events (Power (2007: 133). Even if organisations do not accept alternative accounts of their performance as accurate or factual, these accounts must be taken seriously and managed carefully because they represent a source of reputational risk (Power, 2007). This is particularly evident with public beliefs about the environmental and social impacts of corporate activities (Power, 2007: 138). In the 1994 Brent Spar Episode, for example, Shell focused on technical analysis and rationale in deciding to dispose of toxic waste in the North Sea. Shell emphasised the comparative safety of water-based disposal, mistakenly assuming that environmental pressure groups and the general public would concur with its perspective and rationale. However, Greenpeace advocated an alternative account of Shell's performance which focused on dangers to human beings and non-human life-forms. The Greenpeace account received prominence in the media, leading to public protests and consumer boycotts. These negative responses ultimately forced Shell to change its environmental policies, highlighting the powerful influence of external groups who are able to threaten organisations and their value.

Third, and related to the first two points discussed above, a government's reputation could be further impaired if performance audit findings are used to advance political agendas. For instance, the opposition may selectively highlight audit findings which conclude that programs are not delivering value-for-money. Given this possibility, audited government agencies may be extremely vigilant in reviewing draft audit reports, to the extent that findings are reviewed and cleared in extreme detail. Such vigilance is motivated by the need to protect the government and its senior officials from embarrassment and retribution (Roberts and Pollitt, 1994). Conversely, government may attempt to enhance its own political capital by highlighting audits which support claims that programs are delivering value-for-money.

Opposing political agendas highlight a paradoxical association between audits and reputation. The performance auditing literature indicates that auditors know the government and opposition may each attempt to advance their respective agendas by selectively emphasising different sections of the same audit report (Johnsen et al., 2001). Auditors are acutely aware that their findings may be used as political ammunition against the government (Basu et al., 1999, Radcliffe, 2008, Roberts and Pollitt, 1994) with potential implications for reputational risk. The environmental auditing literature highlights another paradox linking audits and reputation. Since external audits are conducted by independent auditors, they are more likely than internal audits to improve credibility and reputation, especially if they deliver favourable opinions which are disclosed publicly (Darnall et al., 2009). However, both internal and external audits can generate reputational risk by exposing non-compliance. Collectively, this discussion suggests that such paradoxes may be particularly evident when national audit offices use their performance auditing mandate to audit environmental programs.²

Performance audits may investigate issues which the public is interested in. This position is supported by Basu et al., (1999) who found that the US Government Accounting Office (GAO) generally assigned a higher priority to topics with a greater level of public interest. Auditors are also well aware of public interest in their audit reports (Gupta et al., 1994: 273). Interestingly, performance auditors appear to emphasise different aspects of their roles across jurisdictional boundaries. In a study of supreme audit institutions (SAIs) across Western Europe, Pollitt (2003) concluded that none of them was a 'pure' type and some SAIs appeared to play multiple roles. For example, the UK National Audit Office (NAO) stressed its role as a public accountant but also exhibited characteristics of a management consultant. On the one hand, auditors fulfil a public accountant role by providing independent assurance to Parliament; their audit reports contain information that can assist members of Parliament in holding government accountable. Australian and New Zealand studies (Guthrie and Parker, 1999, Jacobs, 1998) confirmed that Auditors-General in those jurisdictions understood their role in terms of upholding public accountability. On the other hand, performance auditors also fulfil a role as management consultants by helping audited agencies to improve their own performance (Jacobs, 1998).

As outlined above, audits have the potential to highlight various issues such as failure in service delivery or non-compliance with regulations. To manage the associated reputational risk, an organisation can adopt various strategies. For instance, if an organisation becomes aware of problems through an environmental audit, it may attempt to correct them before they become worse. Even if the organisation is not legally required to disclose such problems, it may decide to do so

voluntarily because this approach could help to minimize reputational risk by demonstrating its transparency and outlining the measures it has put in place to correct the problems. In the public sector, Hood (2002:16) linked reputational risk management to the blame game, which is “a set of interactions between elected politicians and the general public, or voters at large”. In this game, politicians are sometimes successful in fully shifting blame to another party or at least getting that party to share some of the blame. However the public may reject such blame-shifting attempts and the blame could revert to the politicians if the public uses the situation to highlight politicians’ unrelated personal shortcomings. When blame shifting is not a realistic option, politicians may attempt to dissolve the blame by adopting defensive risk management strategies including: rebuttal, prebuttal, delayed response, reorientation, protocolization, data fabrication and service abandonment (Hood, 2002: 33).

To summarise, performance audits may generate reputational risk because neither auditors nor audited agencies can control how stakeholders or audiences use audit reports once they become public documents. In particular, audiences may construct performance accounts which differ from those advocated by the audited entity. Audiences can act individually or collectively and their agendas, interpretations and reactions may differ from those of auditors. Performance auditors have several audiences including Parliament, audited agencies, the media and the public. These audiences could present auditors with very different expectations, especially if they emphasise different functions of auditing. Although previous studies have identified these issues, they have not examined how the expectations of different audiences play-out simultaneously in the context of a performance audit. Therefore, this study investigates the relationship between auditors’ roles and their multiple audiences; and how that impacts on reputational risk.

THEORETICAL FRAMEWORK

Analysing the actions of auditors and their audiences requires a rich theory of practice and process which recognises that audiences may respond to audit reports in ways that are unexpected or unforeseen by auditors. Ideas of framing and overflow provide such a theoretical framework which helps to explain how disputes emerge through alternative accounts of performance. Therefore, ideas of framing and overflow are expected to enhance understanding of how reputational risk is generated.

Framing facilitates understanding of how individuals, groups and societies perceive and communicate social interaction (Goffman, (1974). To explain the framing process, Goffman (1974) proposed that human interaction can be divided into ‘strips’ bound by time and space. In his

terminology, the boundaries of these strips are brackets, which effectively separate the front-stage from the back-stage (Goffman, 1959). Activities occurring outside of the brackets are rendered invisible to the audience as though they were taking place on the back-stage of a theatre. Therefore, in the process of framing, activities outside the brackets are excluded from further analysis. Goffman (1974) further suggested that the audience for any given strip of activity consciously or unconsciously seeks to 'frame' or understand what is happening in the strip. To achieve this understanding, audiences apply mental frameworks or schema which have been constructed through their previous experience and knowledge. When a given strip is matched with a known framework, the activity becomes 'framed' and the audience then applies the rules associated with that particular framework to make sense of what it is observing. Goffman (1974: 45) used the term 'keying' to explain how one activity could be patterned on another activity and yet understood quite differently in terms of motivations and consequences (Goffman, 1974: 43).³ Each keying produces an additional layer of an activity and the one that is most apparent to the audience is known as the 'rim.' The rim indicates "what sort of status in the real world the activity has, whatever the complexity of the innermost lamination" (Goffman, 1974: 82). Therefore, keying may influence what the audience thinks is really happening.

As discussed above, some activities are relegated to the back-stage by bracketing them out of the frame. However, Goffman (1974) also realised that audiences 'disattend' or ignore certain behaviour that occurs inside the frame.⁴ Therefore, the audience is capable of paying attention to the 'main track' in a strip and ignoring the 'disattend track'. Goffman (1974) acknowledged that disputes and misunderstandings may arise when members of the audience disagree over the level of emphasis that should be placed on certain aspects of an activity. For instance, an audience could disattend a certain component of the main track if it fails to recognise the importance of that component. Alternatively, an audience may pay undue attention to part of the 'disattend' track, which it was expected to ignore.

Consistent with Goffman (1974), Callon (1998) argued that exclusion is an integral aspect of the framing process. In addition to dimensions of time and space, Callon (1998) emphasised that frames also demarcate which relationships are taken into account and which ones are ignored (Callon, 1998: 15). Therefore, a frame can lock defined actors into certain roles, emphasise particular stakeholders and marginalise others. This idea of marginalised stakeholders also exists in (managerial) stakeholder theory. Broadly speaking, Goffman (1974) focussed on what is included within a frame, while Callon (1998) emphasised the significance of that which is excluded. He introduced the term 'overflows' to describe externalities in the framing process, correctly arguing

that overflows are inherent components of any process rather than exceptions. Therefore, a holistic analysis of framing must also consider overflows.

In the accounting literature, the concept of framing has been used to explain why reforms to public sector reporting produced outcomes that differed from officially stated aims (Christensen and Skaerbaek, 2007). In Australia, reformers envisaged that new social and environmental reports would enhance accountability to the public. However, the central agency coordinating the reforms successfully keyed the reporting frame from accountability to resource-allocation through unobtrusive questions and reminders in its discussions with the reporting agency (Christensen and Skaerbaek, 2007: 120). In addition, the reporting agency deduced that the reform process had fundamental implications for budgetary allocations. Therefore, instead of directing its reports towards the public, it focused on the central agency which controlled resource allocation, taking care to provide performance indicators which would justify existing expenditure levels and minimize budgetary reductions (Christensen and Skaerbaek, 2007: 120). As a result of the keying, the agency's reports contained different information to that initially envisaged by reformers (Christensen and Skaerbaek, 2007) and failed to improve accountability to the public. Danish reforms involved a similar keying but produced different outcomes than in Australia because the reporting agency failed to recognise the keying and remained focused on public accountability. The Danish Ministry of Finance and the National Audit Office both identified significant gaps in the agency's disclosure of unit costs and concluded that it was inadequately accounting for its allocated resources. The reporting agency consequently experienced budgetary reductions which left it feeling misled and frustrated.⁵

Theorisation

Power (2007) highlighted that alternative accounts of performance constructed by an organisation's stakeholders represent a source of reputational risk, particularly if they receive prominent media attention. Frame analysis provides the tools to explain this process because alternative accounts can be understood as arising from the application of different frames with each frame placing varying emphasis on aspects of an activity and bracketing some aspects out. An organisation may choose to ignore or disattend certain aspects of an activity but they threaten to overflow the frame and give rise to reputational risk. Stakeholders who feel strongly about the ignored aspects may actively highlight them by applying different frames to the organisation's performance. The media plays an important role in publicising and amplifying such overflows; conversely, muted media attention may hinder stakeholders' effectiveness in advocating alternative frames. In response to successful stakeholder advocacy, organisations may be forced to internalise overflows, essentially re-framing the activity to actively manage the overflows.

This paper examines how environmental performance audits are framed and how overflows arise through audiences' reactions to audits. It argues that differences in framing between national audit offices and their multiple audiences may generate disputes when issues overflow the frame applied by auditors. If disputes are not resolved, they may give rise to reputational risk for audited agencies and the government in general. As summarised in the literature review, the multiple audiences include the Parliament, audited agencies, the media and the public.

Frame analysis also provides the means to synthesise the various roles and applications of auditing identified in the literature on performance auditing and environmental auditing. In particular, frame analysis facilitates an examination of auditors' own understanding of their roles (Pollitt, 2003) as well as audiences' understanding of how audits serve them. This paper analyses framing and overflows, using the five frames summarised in Figure 1. These frames have been identified from the literature review and named by the authors to reflect the different functions a performance audit may serve. This paper refers to the frames as: an assistance frame, an improvement frame, a political frame, a public interest frame and a risk management frame. The frames form an integral part of the analysis later in this paper.

Figure 1 Frames used for analysis in this paper

Frame	Regards performance audits primarily as a tool for ...
Assistance	Assisting Parliament in holding government accountable for management and delivery of programs. This incorporates Pollitt's (2003) public accounting role.
Improvement	Recommending improvements to administration and management in the public sector. This incorporates Pollitt's (2003) management consultant role.
Political	Evaluating government policies and acquiring political capital, by supporting or criticizing government. This is based on Johnsen et al. (2001), Roberts & Pollitt (1994) and Basu et al. (1999).
Public Interest	Investigating issues which the public is interested in. This is primarily based on Basu et al. (1999).
Risk Management	Proactively managing risks to program delivery. This is primarily based on Darnall et al. (2009)

Source The frames are based on the literature review but the authors chose names for each frame.

Recognising the complementary nature of framing and overflows, this paper is underpinned by the following research questions:

1. How is environmental performance auditing framed by auditors and their audiences?
2. How do overflows from environmental performance auditing generate reputational risk for audited government agencies and the state?

RESEARCH DESIGN

The principal research site is the Australian National Audit Office (ANAO), which is an ideal site for a study of reputational risk because it combines the public visibility of government with politically sensitive issues and several powerful audiences who are expected to respond to environmental audits and participate in related environmental debates. ANAO is also acknowledged as a pioneer in the field of performance auditing and has a well-established framework for such audits. In addition, ANAO audit reports are reviewed and cited by parliamentary committees as well as being reported in the media. Given the use of audit reports in public discourse, a study of ANAO performance audits is expected to provide valuable insight to issues of framing and overflow by different audiences.

This paper focuses on two environmental performance audits conducted by ANAO. The Home Insulation Program (HIP) and the Green Loans Program were selected because they were both highly visible and extremely controversial. Therefore, they are particularly useful in understanding the mechanics of reputational risk. Studying less controversial audits may have yielded different findings but would have been less helpful in answering the research questions. Furthermore, Power (2007) has previously emphasised that isolated and non-representative events have the potential to generate reputational risk.

This paper focuses mostly on the reporting stage of performance auditing, rather than the planning stage. The reporting stage incorporates agencies' official responses to audit findings which are documented in published audit reports. It also encompasses the use of audit reports, commencing with their tabling in Parliament and including subsequent use of audit findings in parliamentary debate and traditional (as opposed to social) media accounts. This paper examines three specific audiences and how their use of environmental performance audit reports amplifies or diminishes reputational risk to audited agencies and the government. First, it analyses audited agencies' official responses to audit reports. Second, it examines how the government and opposition use audit reports in parliamentary debate. Third, it reviews how the media uses audit reports in constructing newspaper accounts. These audiences are not exhaustive since the general public and stakeholder advocacy groups may also be regarded as important audiences. This paper uses the media to represent the general public because they are more likely to learn about the content of audit reports through the media than by reading the reports themselves. Similarly, auditors do not report directly to stakeholder advocacy groups and it is difficult to obtain an exhaustive list of groups that advocate for any particular cause. However the media and politicians may represent and/or report the cause

of various advocacy groups. Therefore this paper uses the media and members of Parliament to represent stakeholder groups.

In relation to research methods, this paper employs document analysis of ANAO work programs and audit reports. The annual work programs are relevant because they list approximately 150 potential audit topics identified by ANAO, of which about 50 will result in actual audits in the coming year. The Auditor-General usually selects at least one program per agency from those on the short-list. The audit reports contain findings and recommendations as well as audited agencies' official responses. The document analysis also reviewed newspaper articles covering HIP and the Green Loans Program, especially those directly related to the ANAO audits; this activity was beneficial in selecting journalists to interview. Apart from journalists, the eight semi-structured interviews also included auditors, members of Parliament and public servants employed within the Parliament. The average duration of interviews was one hour, but interviews with members of Parliament were somewhat shorter due to time constraints on their part. The interviews were recorded and transcribed for analysis.

FRAMING

This section initially examines how ANAO frames performance auditing and mobilises various frames. ANAO has two objectives for performance auditing and they frame its relationship with its two principal stakeholders; the Parliament and the public service (ANAO, 2012: 2). The first objective (see Figure 2) describes ANAO's relationship with Parliament in terms of providing assurance about the administration of government entities and programs. This assurance can be classified as a form of assistance because audit reports assist Parliament in maintaining oversight of government agencies and holding them accountable. The Auditor-General Act (Commonwealth of Australia, 1997) declares the Auditor-General to be an independent officer of the Parliament and specifically requires him or her to consider Parliament's audit priorities when selecting audit topics. Therefore, ANAO's relationship with Parliament can be more holistically characterized in terms of assistance. This conclusion is supported by ANAO's annual reports which indicate that ANAO assists members of Parliament by briefing them on the content and implications of its performance audits:

The ANAO provides ministers, shadow ministers, other parliamentarians and parliamentary committees, and their staff, with briefings on audit reports tabled in Parliament and the contribution that the implementation of audit recommendations can make to improvements in public administration. (ANAO, 2011a: 44 emphasis added)

The second objective (see Figure 2) describes ANAO’s relationship with government agencies in terms of promoting improvements to administration and management practice. Notably, the objective limits ANAO’s role to identifying and promoting better administration in the public sector but does not hold ANAO responsible for actual improvements. This acknowledges ANAO’s lack of formal power to enforce audit recommendations and impose sanctions for non-compliance. However, ANAO increases the likelihood that audited agencies will implement audit recommendations by engaging in comprehensive discussions with agencies and on-going collaboration with the Joint Committee on Public Accounts and Audit (JCPAA).

Figure 2 Objectives of Performance Auditing

1	To provide Parliament with assurance relating to the administration of Australian Government entities and programs, including where these involve a Commonwealth partner.
2	To assist public sector managers by identifying and promoting better administrative and management practices.

Source (ANAO, 2012: 2)

ANAO’s two audit objectives refer specifically to Parliament and the public service but fail to stipulate the relative importance or priority of these two audiences. However, ANAO’s Annual Report clarifies that ANAO considers Parliament to be its “key client” or primary audience (ANAO, 2011a: 44). Similarly, the Performance Audit Manual reiterates that Parliament is ANAO’s “primary client” (ANAO, 2009). Parliament’s primacy is also reflected visually on the cover of ANAO’s annual reports, which consistently display an image of the Australian parliamentary complex. ANAO’s position closely resembles the UK National Audit Office, which functions primarily as a public accountant but also regards itself as a management consultant, providing useful advice to government departments (Pollitt, 2003).

In light of the two audit objectives, ANAO is expected to employ both an assistance frame and an improvement frame when conducting performance audits. Financial and staff constraints limit the number of performance audits which ANAO can conduct in any given year, so the Auditor-General must exercise his or her prerogative to select which programs to audit. This selection is informed by ranking criteria which assess potential benefits to public administration as well as the extent of previous audits and reviews (see Figure 3). The ranking criteria also consider the importance of public interest as well as risk to government finance, reputation and service delivery (see Figure 3). Therefore ANAO would also be expected to employ a public interest frame and a risk management frame. The paper now examines how ANAO mobilises each frame.

Within an assistance frame, ANAO uses performance audits as tools that assist Parliament in holding government accountable for delivery and management of programs. This frame is reflected in the ranking criteria (Figure 3) which state that ANAO would assign a higher audit priority to a program if a Parliamentary Committee had requested a follow-up review. The audit reports for HIP and Green Loans both acknowledged significant parliamentary interest in the respective topics. The HIP audit report acknowledged that the relevant government minister had requested the Auditor-General to audit the program, following several earlier requests by the shadow minister. Similarly, the Auditor-General cited a request from Senator Christine Milne of the Australian Greens as a contributing factor in his decision to conduct the Green Loans audit. In a letter dated 3 February 2010, Senator Milne raised concerns about administration of the program, particularly the quality of assessor training and assessments provided to households.

In light of Senator Milne’s request and other concerns in relation to the administration of the program, the Auditor-General agreed on 25 February 2010 to conduct a performance audit of the program (ANAO, 2011c: 16).

Figure 3 Documented Criteria for selecting Audit Topics

Criteria		Details
a	Extent of Previous Audit & Review Coverage	As a general rule, a higher ranking would be warranted where a Parliamentary Committee has requested a follow-up review, a previous review indicated that a follow-up should occur or a previous review has identified significant issues.
b	Potential Benefits to Public Administration	Including improvements in service delivery, administrative and financial efficiency, accountability and transparency, and performance assessment.
c	Financial Materiality	Based on an assessment of the total value of one or more of: annual expenditure, annual revenue and assets and liabilities in the proposed area of audit. Values of \$1 billion or higher would be considered to have high financial materiality.
d	Risks to Reputation & Service Delivery	This requires consideration of the visibility of the proposed audit topic and is related to social and economic aspects of the activity and the importance of its operations to Parliament and the public.
e	Public Interest	Matters of public interest can be identified through parliamentary proceedings and media coverage. Members of the public can also raise matters of interest directly with ANAO.

Source ANAO Audit Work Program 2011-12: 6

Within an improvement frame, ANAO uses performance auditing as a tool for recommending improvements to public sector management. This frame is established through ANAO’s stated objectives for performance auditing (Figure 2) and is further evident in the ranking criteria (Figure 3), which summarise how public administration can potentially benefit from audits. An

improvement frame would be particularly evident in recommendations contained within audit reports. In this regard, the audit reports on HIP and Green Loans were atypical; they contained no recommendations since both programs had already been terminated before the respective reports were published. Nonetheless, the HIP report contained a chapter summarising lessons learnt from the program (Chapter 9, which consisted of 5 pages in the 137 page report). These lessons also held wider applicability to other government agencies which might implement similar programs in future. Hence ANAO included them in a better practice guide (BPG), a tool through which it extends lessons learnt from individual audits to the entire Australian Public Service. Following the closure of HIP, the Department of Climate Change and Energy Efficiency (DCCEE) implemented a fraud and non-compliance strategy which ANAO used as a case study in its own BPG on 'Fraud Control in Australian Government Entities' published in March 2011 (ANAO, 2011b: 72).

A public interest frame regards performance auditing primarily as a tool for investigating topics of public interest. Since ANAO has little direct contact with the general public, it mobilises a public interest frame by using the media and Parliament to identify topics of public concern (Figure 3). Reviewing media coverage is a critical aspect for mobilising a public interest frame because:

... sometimes the questions the media is asking are those which people are interested in. There'd be no point us conducting an audit in a particular area and not looking at the issues that people are interested in. That just doesn't serve any purpose. So that's why you'd look at media articles (Interview transcript).

In relation to media reporting, a journalist based in the Canberra Parliamentary Press Gallery recounted that both HIP and Green Loans had received considerable coverage prior to the audits. With HIP, the media had reported several house fires and deaths and with Green Loans, the media had reported budget blow-outs⁶:

... so there was ... if you like a context ... these reports hadn't emerged out of the ether, they'd basically been as the result of some of the stuff that had been in the media (Interview transcript).

For ANAO to ignore topics of such public interest would be tantamount to shirking its responsibility. However these topics may also generate strong opinions and reactions among the public and affect government's reputation, favourably or unfavourably. Therefore explicitly addressing issues of public interest is problematic as it requires ANAO to take-on contentious audits, which have the potential to create conflict with the state (see for example English, 2003). ANAO audit directors explained that they use the media to inform their thinking and obtain general background for performance audits. However, they stressed that media coverage is only one of the factors they consider when choosing audit topics and it is not used in isolation. Their statements are supported by the ranking criteria (Figure 3) which include several other considerations.

ANAO mobilizes a risk management frame by scanning the public service operating environment to identify key risks and challenges to public administration (ANAO, 2012: 3-5). In performing this scan, ANAO is particularly concerned with how such risks and challenges may affect specific agencies and government as a whole. As documented in the ranking criteria, ANAO specifically considers risks to reputation and service delivery (Figure 3) which suggests why the Energy Efficient Homes Package (EEHP) was included on the 2009-2010 short list of potential audit topics from the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC). HIP formed part of EEHP, which offered home insulation to potentially every Australian home as well as employment and income for those installing the equipment. EEHP had a strong chance of being selected from the DSEWPaC short-list because it was highly visible through its direct impact on Australian households and incomes. The scope of the programme was also reflected in its initial budget of \$3.9 billion which inevitably meant it carried a high degree of financial materiality (Figure 3).

Use of Audit Reports by Multiple Audiences

The following sections analyse how various audiences frame their responses to audit reports.

Audited agencies

The Green Loans Program was initially implemented by DSEWPaC and later transferred to its successor, DCCEE. ANAO’s audit report contained official responses from both agencies, as summarised in Figure 4. A comparison of the responses reveals that DSEWPaC provided a relatively brief response (172 words) using less than 10 percent of the text used by DCCEE (2,061 words).

Figure 4 Audited Agencies' Responses to Green Loan Audit Findings

	DSEWPaC	DCCEE
Length	172 Words 16 lines	2,061 words 193 lines
Key Words (frequency)	Improvement(s) (4) Improve (1) Change (2)	Improvements (12) Improve(d) (12) Risk (9) Governance (6) Legacy Issues (4)
Themes	Improvement in Program Management Lessons Learnt Success of Energy Taskforce	Improvement in Program Management Lessons Learnt Changes in the department

Source Green Loans Audit Report, page 137-145

The analysis of key words and themes indicates that both agencies employed an improvement frame in their responses to the audit findings. This suggests their awareness of ANAO's emphasis on improvement across the public service. DSEWPaC invoked an improvement frame by emphasising how program management had improved since the issues encountered with Green Loans. Its response mentioned 'improve' or 'improvement(s)' five times (Figure 4). The agency indicated that its response was not mere rhetoric by documenting specific areas of improvement, namely:

An executive governance framework; organisational reform; procurement arrangements; training; and internal audit arrangements (ANAO, 2011c, p137).

For further resonance, DSEWPaC emphasised that lessons learnt from the Green Loans Program would have long-term effects. DCCEE also invoked an improvement frame by emphasising improvements in program management, including 24 uses of 'improve' or 'improvement.' Like DCCEE it also highlighted the positive aspects of its own performance. In stressing how it had changed through lessons learnt, DCCEE devoted a considerable amount of text to describing the changes, with particular emphasis on improvements in risk management, governance, procurement, data integrity, ICT support, program compliance and stakeholder engagement.

Both agencies also mobilised a risk management frame, with specific focus on reputational risk. DSEWPaC's response managed risk by accentuating positive comments in the audit report, notably ANAO's recognition that it was "making changes to improve its business and project management" (ANAO, 2011c: 137). It also emphasised the success of its own Energy Efficiency Taskforce, established in November 2009. The changes and taskforce illustrate the use of new protocols to manage reputational risk (Hood, 2002). The DCCEE response also highlighted positive aspects of its performance. Neither agency added any value to ANAO by repeating audit comments within their official responses, but the positive comments by ANAO provided the agencies with an important source of external validation. Therefore, the risk management frame appears to have been directed towards other readers to manage each agency's reputation through stakeholder perceptions.

DSEWPaC largely ignored negative findings and distanced itself from past problems by omitting any mention of failures or mistakes. However it reiterated ANAO's acknowledgement of the difficulties it had faced in implementing the Green Loans Program. DCCEE distanced itself from the past by reminding readers that it was a new entity which had inherited problems created by others. It did this by using the term 'legacy issues' when referring to problems relating to administration of Green Loans by its predecessor. However DCCEE went further than DSEWPaC by actively rebutting (Hood, 2002) some of the unfavourable audit findings. The main issue of contention was the household assessment tool used in the Green Loans Program. While DCCEE

acknowledged that modifications had made the tool easier for assessors to use, it also claimed that the tool had been “fit for purpose” and generated useful advice to households “since the outset of the Program” (ANAO, 2011c: 141). Therefore, it argued that reports issued prior to the changes were in no way less valuable and it was neither necessary nor useful to re-issue assessment reports following the modifications. This response makes sense when interpreted through a risk management frame. First, DCCEE used its official response to make a claim that its assessment tool had always been fit for purpose and therefore it had not been negligent in that regard. In making this claim, DCCEE defended its reputation as a careful and conscientious agency. Second, householders who had received assessments based on the original tool may have considered seeking financial compensation from DCCEE on the grounds that the tool was not fit for purpose. However, DCCEE’s response to the audit report implied a denial of any such liability. In terms of Hood’s (2002) risk management strategies, this pre-emptive action can be classified as a prebttal.

Parliament

Narrative 1: Parliamentary Debate of Audit Reports

Senator Milne commenced with rhetorical questions concerning responsibility and accountability. She initially asked “who is to be held responsible here?” and “who is going to be held to account?” then subsequently used the audit report to attribute blame to the government. Citing the report, she emphasised that most assessors in the Green Loans Program had been trained by unregistered training providers. She regarded this as a shortcoming which was “the Commonwealth’s fault, as it did not set down that there had to be registered providers training the assessors”. She also argued that something needed to be done for “a large group of people in Australia who were seriously let down by the government of the day.” Senator Milne asserted that the significant problems in the Green Loans Program had reduced government’s political capital among Australian citizens.

Senator Birmingham presented his comments as a response to Senator Milne’s questions and attributed responsibility to the minister responsible for the Green Loans Program (Peter Garrett) as well as the governing Labor Party. First he argued that Peter Garrett should bear ultimate responsibility for failures identified in the audit report because Australia follows a Westminster system of parliament where “the buck is meant to stop with the minister”. Therefore he found it sad and disgraceful that the “former minister still sits around the cabinet table”. Second, he held government responsible for the suffering which thousands of people had experienced through mismanagement of the program. He predicted that the program would “hang over ... [government members’] heads for the life of the Parliament.”

In responding to the previous speakers, Senator Freney conceded that a point-scoring approach was natural in parliamentary debate and even “to be expected”. He asserted that since the opposition had “sought to make some political capital” out of the report and the deficiencies identified in it, he would “make some political points in return.” Although he acknowledged the deficiencies of the Green Loans Program, he used sections of the audit report to defend the relevant minister and the government, arguing that “a careful reading of the report” did not provide “the ammunition that the senators opposite seem to think it does to attack [them].” In conclusion, Senator Freney attempted to downplay the significance of the audit findings, noting they related largely to “historical issues with the program” which were “not exactly news” because they had already been covered in an earlier report into the administration of the Green Loans Program by Ms Patricia Faulkner.

The ANAO's report on the Green Loans Audit was tabled in the Senate on 29 September 2010 and generated discussion for less than one hour. Narrative 1 summarises contributions by the three senators who spoke during the tabling of the audit report as documented in the Australian Senate Hansard (29 September 2010). The senators were: Christine Milne of the Australian Greens who had previously been instrumental in establishing a Senate Inquiry into the Green Loans Program; Simon Birmingham of the opposition Liberal Party; and David Freaney of the ruling Labor Party.

The Senate debate involved several frames, of which the political frame dominated. Senator Milne commenced with an assistance frame, which referenced her own request for the audit and challenged the Senate to make a decision based on the report tabled by the Auditor-General. She then invoked a political frame by criticising the government for poorly designing the Green Loans Program, particularly in relation to training of assessors. Senator Birmingham reminded the Senate that audit reports serve an important purpose in Australia's parliamentary system, by upholding the executive's accountability to Parliament. He continued in a political frame by naming and blaming the Labor party. This was a particularly apt invocation of the political frame since the Green Loans Program had been an important part of Labour's 2007 election platform.

Senator Milne and Senator Birmingham individually and collectively constructed an account of government performance, which blamed government for the poor design and implementation of the Green Loans policy. Their politically-framed account accentuated reputational risk to government because it was likely to be reported in the media the next day (and in fact was). Therefore, speaking for the government, Senator Freaney also found it necessary to engage in a political frame. Senator Freaney implied that it was natural or understandable for the opposition to use an audit report to criticise government. Given his earlier reference to point-scoring, this comment could be interpreted as an observation on the general nature of parliamentary debate. However, it also highlights the opposition's role in keeping government honest by carefully scrutinising policies and performance.

Senator Freaney's attempt to downplay the significance of the audit findings represented a further bid to manage reputational risk from the opposition's account of government performance. He tried to shift the blame to bureaucrats by emphasising that the audit report found the relevant minister was not well served by his department. He also highlighted the historical nature of the issues and dismissed the audit findings as old news, implying that the matters had already been discussed publicly and the Senate should not discuss them any further. From a political perspective, government clearly preferred to minimise discussion of the audit report while the opposition had an interest in generating as much discussion as possible. Underlying their respective motivations is the

knowledge that parliamentary debate on such contentious issues is likely to be reported in the media and thus transmitted to a much wider audience.

The Media

During interviews, ANAO audit directors asserted that their audit reports generally receive little media coverage. However both HIP and Green Loans received considerable attention in the media. In reconciling these positions, journalists explained that the volume of media coverage received by an audit report depends on public interest and political significance. One of them stated that the media is more likely to report audits that are of public interest “you know ... is there a public interest in the subject matter?” Another suggested that “most of the ANAO reports are ignored” because they don’t involve “previous public interest ... large resource allocation issues or topics like corruption and the like which are inherently of public interest.” These findings indicate that the media uses a public interest frame rather than the improvement frame advocated by ANAO. Green Loans and HIP were of public interest because they both involved service delivery to a wide cross-section of Australian households. The public interest in HIP was further motivated by issues of income, employment and safety.

The media is also more likely to report on an audit that has political significance, which is in turn related to public debate about the program. Audits of HIP and Green Loans were politically significant because the programs had received substantial coverage in the media and Parliament. Members of Parliament are well-aware that the media follows parliamentary debate of issues with public interest and political significance. Therefore their contribution to parliamentary debate is to some extent staged for the media in the knowledge that it is likely to receive newspaper coverage the following day. For instance, one day after the parliamentary debate on the Green Loans Audit, ‘The Australian’ newspaper provided an abridged version of the debate, which stated that:

The opposition last night seized on the auditor’s findings, saying the report was “another damning indictment” of Labor’s management of environmental programs and that Mr Garrett should have been sacked if ministerial accountability meant anything at all. But [the government] defended Mr. Garrett, pointing to the report’s finding that he “was not served well by his department” (Berkovic, 2010).

The interview findings also indicate that the media filters audit reports and chooses which aspects to publicise. Journalists agreed that the media has considerable discretion over which features of an individual audit it highlights and reports. Commenting on HIP, one journalist conceded that the media had focused considerably on house fires even though they were not necessarily attributable to the program. Emphasising that HIP was a stimulus program, he maintained that the media had failed to focus sufficiently on the fact that HIP was rolled-out very quickly for a very particular

reason. Another journalist commented that “if you want to assess how effective ... [HIP] was, surely things like employment [and] impact on the economy should have a strong focus ... in the discussion around the program”. In the language of framing and overflow, the media had emphasised the insulation track of HIP and bracketed out the economic stimulus track. The media focus on home insulation makes sense because individual householders were probably less concerned with how HIP impacted the Australian economy and more interested in how it affected them financially, physically and emotionally through personal tragedies such as fire and death. This demonstrates how the media keyed the HIP audit report back into a public interest frame which had generated some of the initial calls for the audit. Although media reporting highlights failures and could be seen as sensationalising the issues, it does provide a valuable counter-point to ANAO’s approach, which consciously attempts to be balanced and neutral.

DISCUSSION OF OVERFLOWS AND REPUTATIONAL RISK

This section uses the findings presented above to explain how framing and overflows from the performance auditing process increase or reduce reputational risk for audited agencies and the state.

Overflows between ANAO and Government Agencies

When relating to government agencies, ANAO primarily invokes an improvement frame. ANAO’s emphasis on an improvement frame also drives the wording of the report and contributes to balanced or neutral language. Concomitantly, audited agencies invoke an improvement frame in their official responses to ANAO’s audit comments. To a certain extent, ANAO’s emphasis on improvements may be unsurprising since performance audits by nature focus on matters of effectiveness and efficiency. However, some of ANAO’s audiences may be surprised to discover that it regards performance audits more as an opportunity to learn from mistakes and less about punitive measures associated with a ‘gotcha’ attitude. This framing directs attention to the future and therefore may not generate much further reputational risk to government unless members of parliament use material from the audit reports to fuel further debate on controversial topics such as HIP and Green Loans.

As discussed, agencies’ responses for both HIP and Green Loans closely echoed ANAO’s own comments. In particular, DCCEE and DSEWPaC emphasised improvement by using that word in their official responses and citing examples of actual changes within their respective agencies. In addition to the improvement frame, agencies also invoke a risk management frame in their official responses. However, this does not imply that agencies resist ANAO’s improvement frame. Rather, agencies recognise that audit reports are public documents which will be read and interpreted by a

broad range of audiences through a political frame and a public interest frame which both overflow ANAO's improvement frame. Therefore, they can use their official responses to extend sympathy to injured parties while also denying liability, seeking empathy for themselves and deflecting blame to other parties. These strategies could individually and collectively reduce reputational risk to the agencies as well as the government in general. Finally, agencies are able through their official responses to introduce material which members of parliament, especially government ministers, can reference during subsequent parliamentary debates.⁷

Overflows between ANAO and Parliament

When relating to Parliament, ANAO primarily invokes an assistance frame. This is consistent with the Auditor-General's constitutional role as an independent officer of the Parliament. ANAO performs an advisory role to Parliament but it cannot control the frame(s) invoked by individual members of parliament and political parties when utilising the information contained in its audit reports. In light of the potential for overflows between ANAO and Parliament, it is unsurprising that the Auditor-General only authorised the audit of HIP after both government and the opposition had requested it. As identified in the literature review, auditors are quite aware that audit findings may be used as political ammunition.

In parliamentary debate over HIP and Green Loans, politicians invoked a political frame, which overflowed the improvement frame emphasised by ANAO. The opposition, in particular, criticised government for failures in the programs and argued that the minister responsible should be removed from cabinet. This demonstrates how alternative accounts of performance are constructed by selectively 'disattending' issues that do not fit a political agenda. To justify a change in government policy and gain political capital, the opposition has a motivation to highlight failures and assign blame, thereby amplifying reputational risk to government. On the contrary, government is motivated to protect its reputation by highlighting successes, emphasising mitigating actions and deflecting blame. As an independent party, ANAO is not concerned about policies per se, but with how to obtain the best results from policies, learn from mistakes and improve future service delivery.

Overflows between ANAO and the Media

The media plays an important role in determining what the public understands and believes about performance auditing because few people outside of the public service may read audit reports. However, media accounts fail to present audits in terms of improvements and learning, since these issues have only mild newsworthiness. Instead, the media re-keys audit reports into a public interest

frame, which is more concerned with how government programs affect citizens. Therefore, media accounts of HIP and Green Loans focused on issues of safety, employment and justice rather than administration. Media accounts clearly overflowed the improvement frame used in ANAO's audit reports. The media may have provided the general public with the answers they were interested in by saying things that ANAO could not say for both pragmatic and legal reasons. In any case, emphasising an insulation track within a public interest frame clearly accentuated reputational risk to the government. The media also reflects political debate, which is implicitly connected with reputational risk because it highlights failures and assigns blame. Since the media emphasises public interest and political frames, it inevitably focuses on more contentious topics and issues, while ignoring more mundane ones. Therefore, ANAO reports which do not deal with issues of public or political interest are unlikely to receive media coverage. However, ANAO may not be unduly concerned about lack of media coverage since its audit reports appear to be directed towards the public service and Parliament.

The media further amplifies reputational risk by using emotive language, including quotations from parliamentary debate where Members of Parliament are protected by parliamentary privilege. The language used by the media contrasts with the bland, bureaucratic language of ANAO audit reports. Selective reporting of audit issues using emotive language provides further evidence of how alternative accounts of performance can be developed from the same audit. By highlighting issues of public and parliamentary interest, the media provides a useful counter-view to the one adopted by ANAO. Such alternative framing challenges the view that audit reports can speak for themselves and instead suggests that different audiences can use audit reports to suit their own narratives.

Conclusion

This paper has examined how environmental performance auditing is framed within processes of governmental reputational risk management. The contradictory nature of audit processes means that audits have the potential to enhance or to damage reputation and this is particularly true when sensitive environmental issues are involved. This paper extends Power's (2007) work on the critical role of alternative accounts of performance in generating and accentuating reputational risk by explaining how different accounts can be constructed from the same underlying events through the application of different frames. Despite auditors' efforts to frame their reports primarily within the assistance and improvement frames, they cannot control the frames invoked by report audiences. Framing disputes generate reputational risk for government as contentious audits present opportunities for various stakeholder groups to damage a government's reputation by constructing performance accounts which blame government for program failures.

This paper extends the performance auditing literature by demonstrating how the frame(s) emphasised by various audiences underscore their role in a parliamentary democracy. ANAO cannot question government policies, since policy-making is the prerogative of Parliament and the executive. However, audit reports empower members of Parliament with information which they can use to hold the government accountable. The opposition plays a particularly important role in questioning the executive and keeping it on its toes, especially when audit findings indicate that policy objectives have not been achieved. Therefore, it can adopt a political frame which uses the reports to critique the performance of the executive. As elected representatives of the people, members of parliament are also obliged to employ a public interest frame. Thus they can be expected to use an audit report to raise issues which are of interest to their own constituents or the electorate in general.

In addition, this paper highlights the important role of the media in linking the public (which is its main audience) with the Parliament and the national audit office. On the one hand, the media monitors public sentiment and brings matters of public interest to the attention of ANAO and Parliament. For example, the public was particularly interested in both HIP and Green Loans. On the other hand, the media disseminates audit findings and Parliamentary debate to the public, who might otherwise be unaware of those findings. Media independence is critical since each political party is likely to primarily advocate its own interests, as opposed to the public interest. However, the media is more likely to focus on issues which have inherent public interest and by extension, political significance. In this capacity, the media provides an important balance to ANAO reports which tend to be written in a balanced and neutral tone and may be difficult for readers to decipher.

This paper synthesises and further extends the performance auditing literature by showing that auditors' roles are more fluid and complex than the structuralist classifications presented in earlier studies (Pollitt, 2003). While Pollitt (2003) correctly identified that national audit offices perform multiple roles within the same jurisdiction, this paper clarifies that auditors can relate to different audiences through different frames. This fluidity is facilitated by compatibility between frames, enabling one frame to be keyed into another. In particular, a risk management frame is compatible with an improvement frame because performance audits can help agencies to avoid identified risks and problems by improving their processes. Similarly, public interest provides a strong incentive to improve performance in the public sector. Fluidity is further enhanced by the ranking criteria which the Auditor-General establishes to determine the priority of ANAO's performance auditing program. These criteria specifically incorporate reputational risk through consideration of service delivery and public interest, which are not specifically mentioned in ANAO's stated outcomes and

objectives. However, while ANAO mobilises a public interest frame and a risk management frame in ranking audit topics, the resulting audits are presented to the public through an improvement frame which focuses on improving performance in the Australian Public Service.

At a conceptual level this paper shows that processes of reputational risk management are dynamic and multi-faceted. As such the role of the audit process is also dynamic and alters as the audit report is framed and reframed by different actors involved in the construction and communication processes. From this perspective the nature of audit processes and the role of these processes in society are not inherently positive or negative. Rather, the nature and significance of the impact and contribution depends on how the audits are framed and reframed. Further work is required to explore how stakeholders associated with the audit process are able to construct alternative accounts of organisational behavior and performance and greater research emphasis needs to be devoted to the processes and practices associated with the construction and promotion of these accounts.

¹ While risk is an abstract concept, it generally relates to some underlying reality which is independent of human interaction or communication such as the physical environment, personal health or financial wealth. However, reputation is itself an abstract concept which is based on human perceptions. In this sense, reputational risk is completely abstract.

² The International Organisation of Supreme Audit Institutions (INTOSAI) is an umbrella body that includes external government audit bodies from 194 countries. INTOSAI considers environmental audits to include financial, compliance and performance audits that evaluate and give opinions on environment-related matters. The Sixth INTOSAI Survey on Environmental Auditing reported that during the three years from 2007 to 2009, national audit offices conducted a total of 640 environmental performance audits as well as 622 compliance audits and 383 financial audits (INTOSAI 2010. The Sixth Survey on Environmental Auditing. INTOSAI Working Group on Environmental Auditing.)

³ For example, boxing has been used as a model for spar-boxing which forms part of some exercise routines. Spar-boxing involves many of the same movements and equipment as a boxing contest but the two activities are understood quite differently in terms of their motivations and consequences.

⁴ In particular, an audience may distinguish between 'in-frame' and 'out-of-frame' behaviour since some aspects of a strip are obviously not part of the main activity. For instance, when a public speaker clears his or her throat, the audience generally understands that those acts are not part of the speech proper.

⁵ The Danish reporting agency believed the reform process was genuinely about public accountability and attempted to meet this requirement by providing information which it thought might be useful to sections of the public, particularly environmentalists. However, it paid less attention to financial performance indicators because it failed to recognise their importance.

⁶ A search of the Factiva database identified 93 newspaper articles in February 2010 which referred to deaths in the context of HIP. A similar search identified 29 newspaper articles in February 2010 which referred to various issues associated with the Green Loans Program.

⁷ A reviewer helpfully suggested that audited agencies may wish to have some negative aspects of their performance highlighted and verified by auditors in a bid to seek additional resources. However, this was not supported by any of the data obtained as part of this research. In addition, such audit findings could backfire on the agency if under-performance became framed or keyed as inefficient use of allocated resources.

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