ACCOUNTING IN POLITICS: DEVOLUTION AND DEMOCRATIC ACCOUNTABILITY

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At first glance, a volume of essays on the implications of changes to accountancy practice in government promises dull reading; however, the editors of this book have brought together a collection of papers that offer considerable insight into the importance of accountancy and budgetary practice to public administration following two decades of new public management (NPM) reforms. With such an approach, it represents a departure from the mainstream public administration literature on NPM, where such themes as privatization, outsourcing and the challenges of dealing with the subsequent fragmentation of public services tend to dominate. Similarly, in the public management field, much attention has been paid to matters such as service improvement, strategic planning, and management and leadership, and far less to accountancy practices, especially the significance of Resource Account and Budgeting (RAB).

Briefly, the emergence of RAB in the early 1990s, taken up with alacrity by New Labour, has replaced traditional forms of public sector accountancy based on cash transfers, with an accruals system similar to the principles of accounting that are found in the commercial sector. Accordingly, government expenditure is controlled and accounted for on the basis of expenditure incurred. RAB places a value placed on assets and liabilities on the balance sheet, while also including a statement of objectives and the resources deployed to achieve those goals.

Because RAB provides more detailed information than a simple record of cash paid out and received, it is claimed that it enhances the accountability of public sector bodies by providing information on how resources have been used to meet policy objectives. Advocates also claim that RAB provides managers with a sophisticated toolkit with which to drive improvements in the efficiency and effectiveness of public sector organizations. Lastly, it is also claimed that RAB enables users of government accounts to assess more easily whether taxpayers are receiving value for money.

These and similar claims are examined by the authors, by addressing the research question: ‘whether, and to what extent, the use of accounting information improves planning and control within the public sector and accountability by the public sector’. They take as case studies the devolved systems of government to the UK home nations. In addition, for comparative purposes, the editors have included chapters on Westminster, New Zealand, Norway and the United States. The editors take decentralization, the focus on outputs, and the intensity of implementation, as the organizing themes to enable the authors of the individual essays to explore changes to financial mechanisms and
the implications for democratic accountability following the introduction of devolved government in the United Kingdom.

What is evident from this collection is that the intention was for NPM reforms, and RAB in particular, to improve the control of public expenditure by performance measurement, systemic reviews and a budgetary system that provides monitoring of expenditure against organizational goals. Ironically, these measures have spawned an industry of validation, as auditors, inspectors and checkers are employed to authenticate whether organizational aims are aligned correctly to policy objectives and targets fixed to policy objectives are being achieved.

Furthermore, the authors questioned whether RAB, along with much else of the NPM agenda, has improved the accountability of public sector organizations and, more generally, of governments. Certainly, there is more information and opportunities for the actions of decision makers to be scrutinized. However, the authors argue that increased volume of information does not necessarily lead to more informed decision making, but can result in information overload. In addition, the complexity of RAB and accountancy methodologies, including the detailed scheduling of charges and recharging, make it very difficult for effective scrutiny unless the reader has the necessary technical accountancy expertise. Indeed, as the chapter on Scotland demonstrates, and echoed by comments in the chapter on Wales, elected representatives focus on aspirational political and policy goals, since they have less interest in, or indeed lack necessary technical knowledge to, scrutinize financial documents which report on the means to achieve politically determined policy objectives. Although RAB should be a figurative representation of how policy ambitions are to be achieved, the complexity of accountancy procedure effectively divorces policy-making from the management of policy implementation and operation. Hence illuminating one of the major contradictions in NPM, by separating policy-making from implementation, the accountability of public services is reduced as the capacity of elected representatives to scrutinize is weakened since they are effectively divorced from comprehending the ramifications of operationalizing policy decisions.

Inevitably in such a collection, there are omissions, such as explanations of research methodology, and some narratives are stronger than others. Such deficiencies are balanced by cogent examples of how RAB has institutionalized the ritualization of accountancy and audit practices in public sector organizations. Moreover, the sum of these essays explain, in a measured and scholarly manner, the apparent paradox of RAB, which as a creation of NPM, was supposed to improve accountability in public sector organizations; instead, it has had the opposite effect. Indeed, RAB created by NPM acts as a driver that perpetuates NPM mantras, such as the creation of arbitrary targets and obsessive measuring of outputs, while ignoring the unique features of public sector organizations that do not fit easily on a spreadsheet.

Accessible and well-written, this is a useful and accessible text for undergraduates and post graduate students of public administration and management, plus those with an interest in public policy more generally. Moreover, this book also has much to recommend it to the established scholar interested in contemporary issues in public administration and management, while also of note for students of all levels interested in devolved government in the UK.

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