

## CHAPTER IV

### A CASE ANALYSIS OF GOVERNMENT AUDITING AS PRACTICAL PUBLIC POLICY EVALUATION

#### Introduction

It would be convenient if we could assume that the discourse of practical public policy evaluation to be dealt with in this chapter is a direct application of one or several of the social science approaches discussed in the previous chapter. However, our target is here the discourse of government auditing by the Finnish State Economy Comptrollers' Office, a discourse which has evolved as a result of a long historical development of audit practice. Instead of hypotheses about direct social science applications and direct transfers of knowledge, we shall assume that the discourse to be analyzed and assessed has assumed its presuppositions and implications via a kind of "*bricoleur*" ("craftsman") learning: they have emerged as (often implicit) "myths" of practical administration, and no doubt also as transfers from professional social inquiry or academic social science. But even where there are such transfers, the consequent presuppositions are a result of a long chain of interpretations and hardly of conscious application; and we can view the theorizations pertinent to the audit discourse as "practical social theories", and try to identify their presuppositions and implications independently of our previous analysis of social science approaches to public policy evaluation. We shall hypothesize that the presuppositions and implications are analogous though not similar to those of the social science approaches, and we can expect to find analogous "strong combinations" of presuppositions and implications. However, we can expect that the processes of finalization are now different; and that the "splits" within the practical social theories of the audit discourse are different from those in the approaches.

Figure IV-1 depicts the originator of our target discourse, the Finnish State Economy Comptrollers' Office, in its political and administrative setting. (The figure uses the "objective" language of constitutional and administrative law and political science research.) The position of the Office and the structure of its own internal organization suggests that we cannot deal with its audit discourse as a single communicative discourse as we could in the case of each social science approach. We must first distinguish several levels of discourse and their mutual relations, and this can be done by using A. J. Greimas's concepts of discourse as discussed in Chapter I.

Our first level of discourse is the referential discourse expressed in the audit reports prepared by the Office's individual auditors and groups of auditors in the sections and divisions of the Office. In terms of Greimas's model of *dramatis personae*, the auditees are, in these reports, depicted as subjects, and the public means used by them as objects; Parliament, the Cabinet and the Ministry of Finance are "senders", and the Finnish citizens (as voters and taxpayers) are the "receivers". The auditees are also their own "opponents" (as potential erring users of the public means); and the Office and its auditors are potential helpers.

The referential discourse presupposes an autocommunicative "mythical" discourse by both the Office and its auditors: they define themselves as helpers, but at the same time they define the nature of their own discourse and its presuppositions, i.e., they encode their referential discourse in a communicative form. This autocommunicative discourse evolves "silently" on the level of the auditors: it will be included in their audit reports only as implicit presuppositions and implications; but on the level of the whole Office - on the level of its self-expressed public image - the autocommunicative discourse may also take the form of an actual expressed "mythical discourse" where the Office programmatically defines its own role and status. Here, besides assuming the role of an objective "narrator" (and necessarily defining simultaneously the presuppositions of its discourse), the Office defines also itself as a "hero in combat" and the object of its discourse becomes its own communicative discourse (the latter discourse is in this case the "ultimate value" it tries to save from opponents and take to receivers). In this combat the Office finds helpers in

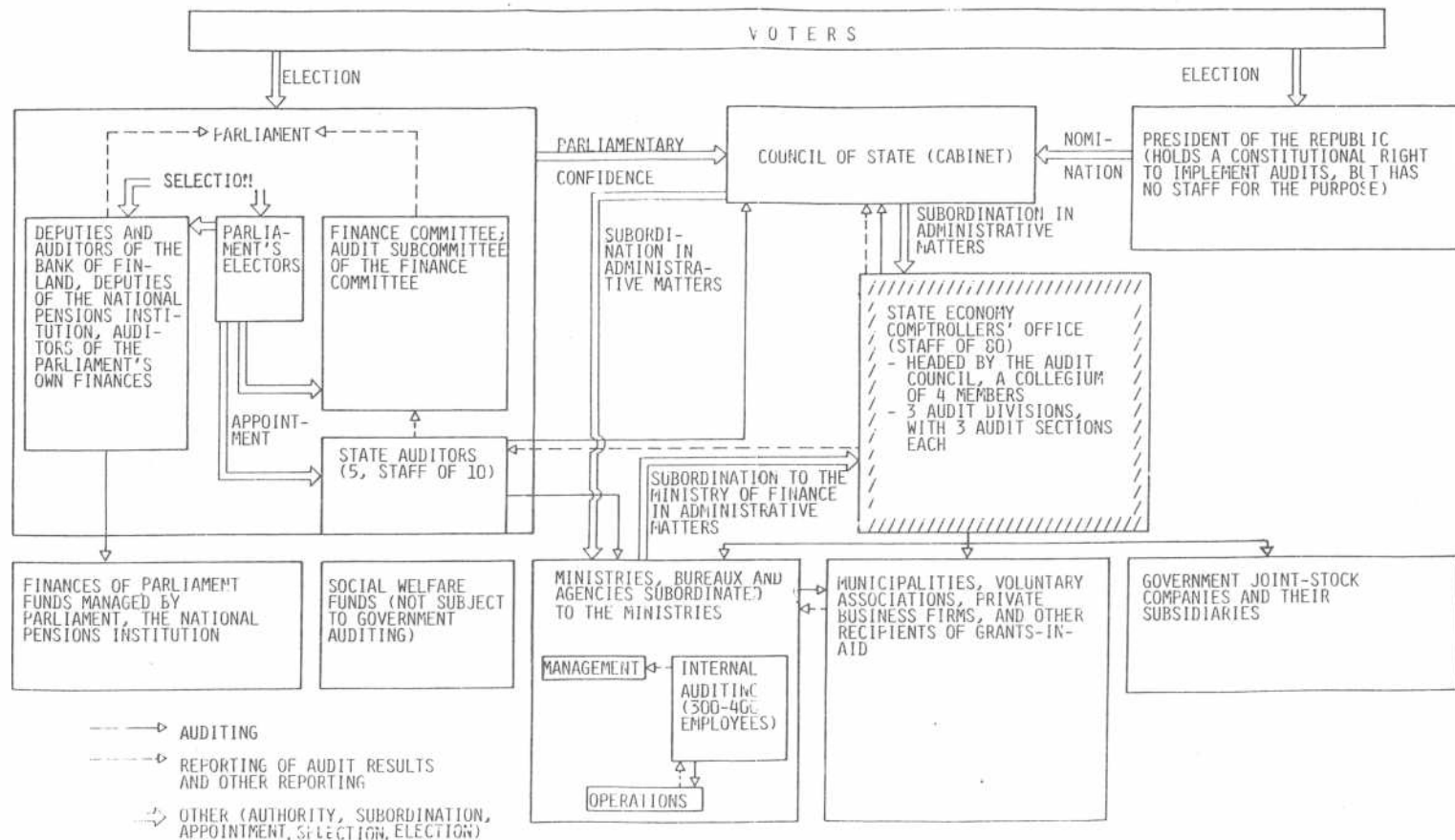


Figure IV-1. The role and status of the State Economy Comptrollers' Office in the Finnish national government

the "friendly" experts and parties interested in its audit discourse who are asked to express their opinions on the Office's audit reports; the senders are, again, Parliament, the Cabinet and the Ministry of Finance; and the receivers are the citizens (as represented or "represented" by the senders). The opponents are naturally the auditees - in their image of the erring users of public means trying to hide their errors.

The autocommunicative discourse of the Office provides a "double encoding" of the referential discourse - a type of encoding analyzed by Kristeva.<sup>1</sup> On the one hand, the Office encodes its referential discourse "epistemologically", i.e., it defines the "cognitive" basis of its referential discourse. But it also defines the referential discourse politically, not in the sense of taking a "partial" stand, but by adjoining the discourse with practical political and administrative discourse. The double encoding makes the Office both an "actor in language" and a participant in political and administrative discourse. Consequently, in the *dramatis personae* of the communicative (or "communicated") discourse of the Office, each member of the "cast" has actually a double role: the Office itself is a subject both as an objective narrator and as an administrative agency with a special task of promoting the "balancing" of political and administrative discourse and "objectifying" some parts of it. In turn, in their dual roles, Parliament, the Cabinet and the Ministry of Finance are senders which need objective information but which will also potentially "distort it" and use it for political purposes. The ultimate receiver, the citizens, is not only the "people", but also an ensemble of mutually conflicting "political forces", such as parties and interest groups, which may try to use the audit discourse for their "distorted" purposes. Finally, the auditees are not only passive targets to be evaluated, but also potential "political" opponents in a struggle where the Office needs "political" allies, as well politically quite impartial experts as chosen representatives of interests.

The above argument on the double encoding gives another reason why "practical public policy evaluation" cannot be treated as mere applications of social science approaches and pertinent methods. The two terms "public" and "practical" bring political aspects into the discourse and give a special dimension to the analyses of its finalization and

suppression. The "public" means that the objective of the policies to be evaluated is most likely a result of many political deals and thus as such never unambiguously defined. And there is always the special kind of coercion, that of the "state", which, when combined with the "public" (e.g., a public legitimization of the coercion), can be used to safeguard the implementation of the policies if softer means do not suffice.<sup>2</sup> The "practical", in turn, means that audit institutions, their managements and their auditors are unavoidably direct participants in political and administrative discourse - which is much rarer in social science applications to public policy evaluation. Finally, the combined effect of the "public" and the "practical" may threaten to "strip" actors - in our case, importantly, the auditors - "naked" in front of an intolerant general public and its official and unofficial political representatives.

The public character and the practical orientations of the discourse under investigation have at least three types of impacts on the process of finalization. First, the possibility to rely on the coercion by the state - and the expected sloth of the feedback from the targets of the policies ("citizens") - favors a certain kind of arrogance which may appear as a strong and often excessive insistence on the "correctness" of the discourse. As a consequence, the discourse may develop into "routine parlance" or a part of "routinized" political and administrative discourse which legitimizes the "hold" of the public political and administrative apparatus (the "state" and its individual and collective "bearers").

Second, if the discourse as a discourse of public policy evaluation is autonomous and authoritative in its own right and at the same time seems to correct ills of politics and administration by "right knowledge", it may actually function as a legitimatory practice: its mere existence suggests in this case that there are inherent "brakes" in the political and administrative system which prevent "waste, fraud and abuse". This certainly can be the case as far as the Finnish State Economy Comptrollers' Office is concerned. Its discourse is the Finnish government's most established and formalized type of practical policy evaluation. Current legislation gives it a wide jurisdiction both as to its auditees and as to the evaluative criteria it can apply in auditing; and its communicative discourse is addressed to wide and

authoritative "audiences", importantly the power centers of public administration (especially the Ministry of Finance), the Cabinet and the Parliament. The communicative discourse to these "audiences" - and the audience's promises to abolish the observed problems ("waste, fraud and abuse") - has no doubt its legitimacy aspects. And sometimes only these aspects.

Third, because of its special "coercive" nature (based on the coercive powers that the state has at its disposal), the discourse as a discourse of practical public policy evaluation does not have to heed "cognitive sophistication" of its basic premises and of its evaluative discourse; and political and administrative interests may become encoded into its communicative discourse as "analytical knowledge". In the case of such an autonomous and authoritative unit as the Finnish State Economy Comptrollers' Office is, these interests may not be blaringly political and bureaucratic. Instead, they may promote the interest (or "ideology") of "general comprehensive control", of the "budgetary discipline" or of "economizing" maintained by the "economic managers" of the state (especially the ministry of finance).

The above comments suggest some special characteristics of politics and administration and political and administrative discourse; however, these characteristics cannot be dealt with in detail in this study. One can here comment only on two aspects of political and administrative discourse which are important for the subsequent analyses. On the basis and in terms of our earlier discussions, political and administrative discourse tends to give rise to some of the "obvious and apparent" features in society, and it tends to entail "social relations of mutual understanding" which underlie politics and administration ("action") as texts, *façons de parler*, institutions and established patterns of social practices; but the discourse also relies on such extremely "visible" appearances of the social relations and their reifications as open "legitimate violence" - and part of the discourse pertains to the acquisition and maintenance of capacity to use the violence and to the use of that capacity. The violence cannot easily be made acceptable ("naturalized") by any "rational" arguments proposed by public policy evaluation or by other kinds of more or less scientific social inquiry. Where the rational arguments fail, the legitimization may succeed by "philosophizing" arguments about the "human nature"

or "necessities" dictated, e.g., by the "inherent egoism of man". Thus, in the area of political and administrative discourse, public policy evaluation, and social inquiry in general, plays a "second fiddle", and its arguments can easily and rather openly be used for legitimacy purposes.

One must not, however, over-emphasize the "cynical" or "opportunistic" use of public policy evaluation and social inquiry in general in political and administrative discourse; there may be other discourses with a same kind of "political" use, e.g., economic discourses or many types of scientific discourses. Nevertheless, one must take the potentially cynical or opportunistic character of practical public policy evaluation into consideration in analyzing its finalization and defining roles for potential critical "anti-subjects" and for the discourse which the anti-subjects could initiate. The cynicism or opportunism may namely make the discourse of evaluation quite varied and dispersed; therefore, it cannot be easily directly confronted in any given abstract form like "more scientific" discourses. We outlined in Chapter II the general nature and task of the anti-subjects; and the quest we began on the very first pages of this study has aimed at establishing a place for an anti-subject in order to pursue critical "discursive analysis" which would break through the "obvious" and "nature-like" in the discourse of the Office, and to make the discourse an intelligible - "discursive" - object. We can here elaborate this pursuit further and relate it to our above discussion on the audit discourse of the Office by again using Greimas's conceptions.

The analysis of the discourse of the Office by an anti-subject produces and reproduces a critical discourse. In this discourse the anti-subject as the initiator of that discourse is the subject; the referential and communicative discourse of the Office is the object. The "translinguistic mechanism" of suppression and finalization is the opponent - and maybe also a helper (when it is used in the Giddensian sense as a resource). The senders are the "suffering" participants of the suppressed discourse; and they are also the potential receivers. But paradoxically and tragically, the final receiver of the critical discourse is the translinguistic mechanism: as we have indicated above, the "predicament" of any anti-subject is to degrade into an "apparent" subject - and become, together with other participants in this discourse, a sender of a new critical anti-subject.

As we indicated in Chapter II, the struggle of the anti-subject carried out in the vacuum of abstract scientific discourse in the hope of emancipatory effects" is utopian; and the practical contexts where communicative struggle can be waged against the finalization must be analyzed. But the practical contexts are spatially and temporally specific; therefore it is necessary to identify potential practical "loci", "arenas" or "regions" of finalization and potential suppression of discourse. This identification - which is especially important in critical analysis of practical public policy evaluation - is promoted if we find out "blind spots" or "weak links" of the suppressed target discourse. We can also try to draw a "map" of the constellation of the potential opponents and helpers which anti-subjects find among the established individual and collective actors participating in the discourse and maintaining it. As indicated above, we can there treat the discourse we analyze (the Office's audit discourse) as "pseudo-nature", collect "data" about it, and use standard research strategies and techniques to "transform" this discourse into a more suitable form for the critical analysis and assessment of its presuppositions, implications, the suppression of its discourse, and the production and reproduction of the suppression by finalization. The same can also be done to the "targets" of the potentially suppressed discourse. The targets will in our analysis be the administrative sectors of the public administration of the Finnish national government. No doubt a more detailed analysis would have led to more fruitful results; but for the illustrative purpose of this study it is sufficient to complement the sectorial classification with the concept of "establishments" (established actors linked to the different administrative sectors). Because there may be complementary and substituting evaluative discourses for the Office's discourse in practical politics and administration, some data about the "most visible" forms of the "parallel", potentially complementary or substituting discourses of public policy evaluation were gathered and the role of the "parallels" investigated. It is important to notice that these parallel discourses consist only of the "publicly" and "politically" encoded "spearhead" of the most important evaluative discourses in the Finnish national government: the planning discourses in public administration. We could have chosen our sample of results of the



parallel discourses from among the planning documents; but most of them remain "automatically" silent whatever their basic assumptions; i.e., they are not encoded into any actual communicative discourse. Consequently we have chosen the "actualized" parallel public policy evaluation discourses; often the planning discourses are in the background of these discourses and reflected in them.

#### Data and Research Techniques for the Analysis of the Office's Discourse as "Pseudo-Nature"

As indicated above, we shall submit three levels of the discourse maintained by the Finnish State Economy Comptrollers' Office to our critical discursive analysis. The same types will also be empirically analyzed as "pseudo-nature" and thus transformed into a target of critical analysis.

In the empirical analysis, our first task is to condense and decompose the referential discourse of the auditors of the Office into distinct types. This task serves two purposes: on the one hand, its purpose is to reveal the system of encoding and decoding between the general autocommunicative discourse of the Office and the discourse of its individual auditors; on the other hand, its task is to identify the basic types of the presuppositions and implications of the Office's communicative discourse. Our "data" consists of 79 audit reports of the year 1978, a year which can be considered a "normal" year from the point of view of auditing without Parliamentary elections or any other special events.

The statements which in the audit reports evaluated public policies (their implementation) were identified and classified according to the type of observed "irregularities" in the auditees' action or according to the type of "corrective action" needed in the opinion of the Office. It was assumed that the two types of statements also reflected the type of criteria used in the evaluation. The coding was first done by several categories, which could be finally condensed into nine. These categories were then used to code all the 79 reports according to the frequency of the two types of statements in them. The list of variables and examples of types of statements coded into their categories are given in Table IV-1.

Table IV-1. The list of variables characterizing the Office's discourse of auditing

Variable	Examples
Administrative corrective action needed	"Agency Y should take steps to make recipients comply with decisions concerning their grants-in-aid"; "The management of board V should provide for the prosecution of the official responsible for the fraud"
Development needed	"Ministry Y should establish a working group to investigate the inefficiency of its function f"; "It might be advisable to investigate the issue z in an ad hoc commission"
Better information needed	"It is evident that Parliament does not receive adequate information concerning government function g"; "Steps should be taken to reform the internal accounting system of ministry M"
Illegality	"Agency A has not complied with law l"; "Board B has violated legal norms concerning government budgeting"
Non-compliance with administrative orders	"Agency Y has not followed the regulations of the ministry of finance concerning budget implementation"; "The grants-in-aid g have not been used according to the terms for the user"
Inefficiency	"Ministry V has used its resources wastefully"; "Board W has not been able to fully utilize its facilities"
Unsuitability of procedures or methods	"The procedure d of decisionmaking is unsuitable for the purpose p"; "Agency U's inventory control system is defunct"
Non-achievement of objectives	"Board C has failed to achieve its planned objectives"; "Law m has not brought about the intended impacts"
Negative second-order consequences	"Law m has also had the harmful effect e"; "The operations of agency O have had the harmful and unexpected impact i"

The nine variables of Table IV-1 cannot be used as such to analyze the encoding and decoding processes between the Office and its auditors; nor can they be used to identify the presuppositions and implications of the referential discourse and its encoding into communicative discourse. We shall use a common research technique, factor analysis, to condense the variables further and "typologize" them. The factors can be named according to the type of "practical social theories" they represent; these "theories" are to be subsequently submitted to critical metaevaluation by the means of our method, discursive analysis. In order to safeguard the analysis of the mediations (encoding and decoding) between the Office (its "official policy" as regards the premises of its evaluations) and its auditors, we must interpret the factors, not only formally, but also in terms of the premises (presuppositions and implications) incorporated into the auditors' discourse. This interpretation with reference to the "subjective meanings" held by the "producers" of the variables does not differ much from the regular manner of interpreting factors in factor analysis; for the "goals" or the "motives" of actors are often drawn on - at least implicitly - in interpreting results of factor analysis.

The factor analysis gives us, in a way, a conception of the Office's "ready" communicative discourse; therefore we can submit it to our critical analysis without any additional data. Before we can understand the political and administrative aspect of this communicative discourse, we must, however, analyze the "mythical" autocommunicative discourse of the Office. In analyzing this discourse we do not have extensive texts at our disposal; the decisionmaking documents of the Office's supreme decisionmaking body, the Audit Council (see Figure IV-1), express only the Office's final views on the basis of its findings originally expressed in the audit reports. Therefore, we must analyze the autocommunicative discourse of the Office as documented in some of its self-descriptive policy statements; these define its own stands about audit policy, audit objectives, and means of audit work. These statements cannot be analyzed technically, but we must analyze them from the point of view that they are self-descriptions; and we can subsequently compare their content with the communicative discourse to be identified via the factor analysis.

The communicative discourse of the Office to be revealed by factor analysis can further be used to identify "loci", "arenas" or "regions"

where the different types of public policy evaluation are focussed - and where they as suppressed discourse may enhance "mutual understanding" and "socially adjusted" social relations - and conceal "real social relations of mutual non-understanding". In order to identify the loci, arenas and regions, we can use our factor analysis, count factor scores of the units of analysis (auditors' audit reports), and analyze the high and low factor scores of different types of auditing as to which administrative sectors of the Finnish national administration (defined in terms established in legislation and administrative and budgetary practice) the scores relate.

In order to analyze the status of the audit discourse of the Office and its complementary or compensatory role vis-à-vis the parallel evaluative discourses, additional data from other sources than audit documents were collected. The data about the parallel discourses stem from the following sources, and they were coded as follows. First, the motivations justifying the Cabinet's law bills to Parliament (included in the preambles of the bills) were used as a data source; these motivations evaluate prevailing circumstances in their arguments for the bills. Here, the data were coded, according to the administrative sectors, by indicating whether Parliament had been informed in the motivations of the special preparatory work of the bills. Second, the government's 1978 budget proposal was another data source; the accuracy of the government's budget information to Parliament concerning different administrative sectors was coded with a simple code: the size of the proposed items for specified and grounded appropriations, and a small size indicated accuracy. The State Auditors' report of the year 1978 also provided data (for the position of this audit institution, see Figure IV-1); the sectorial emphasis of the report was coded by relating the share of pages in the report about a sector of all pages reporting audit results to the relative share of the sector of the government budget in terms of appropriations.

Fourth, data were drawn from the Cabinet's extraordinary communications ("extraordinary reports") to Parliament in the period 1970-1978: here, the sectorial emphasis was coded as the number of communications per sector. The fifth source of data was the Cabinet's annual report to Parliament of the year 1978; the promptness of the Cabinet to comply with Parliament's requests and initiate action was coded by administrative

sectors as an indicator of the Cabinet's and Parliament's interest and mutual coalition. The sixth data source was the parliamentary documents concerning the Cabinet ministers' replies to the questions which the Members of Parliament have constitutional right to submit without making an interpellation; the sectorial emphasis of these questions was coded by relating the number of questions per sector to the relative size of the sector in the government budget in terms of appropriations.

Because the above six types of data were "rough" and in many cases of a longer time span than our data on the Office's audit discourse in 1978, data were also gathered from the Office's yearly report (to be kept separate from its audit reports), and the emphasis the Office laid on the different administrative sectors was coded. The coding related the relative share of a sector of the audit hours of the Office to the sector's relative size in the government budget in terms of appropriations.

The third set of data for our empirical analysis was used to formulate indicators of "customary" association of "political actors" (in the broad sense, consisting of political parties; participants in collective bargaining; ministries, boards and agencies of the national government; and organs of municipal government) with the different administrative sectors. These data were collected from the following sources: (1) from the Parliamentary Almanac, indicating the party affiliations of the chairmen of the sectorially defined Parliamentary Committees in the year 1978; (2) from parliamentary documents, indicating the party affiliations of the Cabinet ministers according to the administrative sectors they were responsible for in the Cabinet in the period 1975-1979; and (3) from the parliamentary documents, indicating the organizational affiliation of the experts invited to the Parliamentary Committees to be heard in legislative matters in the year 1978 (these data were arranged according to the sectors of administration where the matters were prepared); and (4) from same documents, indicating the relative frequency of "corporatist" preparation of the Cabinet's law bills to Parliament in the year 1978.

The above eleven types of data supplementing the data about the Office's communicative discourse were used as classified variables and cross-tabulated by administrative sectors to indicate the location of the parallel discourses and the sectorial interests and links of the

different political actors. The twelve types of data constitute together the entire data of our empirical analyses.

#### The Nature of the Referential and Autocommunicative Discourses of the Office

The data sets discussed above may give a rather "tamed" picture of the Office's discourse when they will be used in our empirical analysis of the Office's communicative discourse. Therefore, it is probably worth while to outline some general characteristics of the referential and autocommunicative discourses of the Office.

The referential discourse of the Office such as it appears in the auditors' reports is an "evaluative discourse" concerning the auditees. This evaluative discourse provides a basis for "prescriptive" discourse about what should or had to be done. The recurrence of a limited set of "motifs" gives the referential discourse a "serious" and "banal" appearance: the motifs are expressed in the standard terms of current legal norms or policy objectives.

The motifs of the Office's referential discourse determine what "themes" organize it: e.g., the theme of the Office's contribution to the restitution of law and order; or the theme of its contribution to the achievement of policy objectives. The referential discourse can, as a matter of fact, be seen as a collection of "tales" about the fundamental "archetypal" theme mentioned by Greimas: "lack" and its elimination - more exactly, lack in the fundamental value of "good management of public finances". The specific variants of this theme are "invested" into the Office's referential discourse by the constellation of *dramatis personae* where the Office has the role of a "helper".

The self-descriptive mythical autocommunicative discourse of the Office is, as indicated above, a system of encoding the Office's "will" (both "intellectual" and "political") into its referential discourse (i.e., into the level of the auditors who compile the reports), as well as a system of encoding the Office's communicative discourse into general political and administrative discourse. The type of argument in this mythical discourse may be cognitive discourse (e.g., the

Office's "self-recognition" of its position, tasks, powers and expertise in formulations of audit policies); evaluative discourse (e.g., the Office's praise of its own expertise, covert or unwitting in its final decisions, and overt in statements of audit policies); or prescriptive discourse (e.g., prescriptive statements of audit policies). The corresponding motifs of the mythical discourse by the Office revolve around its quest for its own internal coherence and its "stocking away resources" in order to defend itself against external threats; the discourse's themes concern the Office's production and reproduction of its coherence and untouchability; and the discourse is a collection of tales about the elimination of lack in the fundamental value of the Office's "coherence" and "sovereignty". Here, the Office bears the role of the "subject"; and it is now the "hero".

One can perceive also the Office's process of decisionmaking as regards the final results of its audits as a part of its autocommunicative discourse where it also defines its "intellectual" and "political" position as a subject and as the hero. The Office makes these decisions after it has sent its audit reports to the auditees or the ministries, boards or agencies controlling the auditees in order to receive explanations, and to experts (which are also usually ministries, boards and agencies) which the Office considers appropriate to comment the reports. After the explanations and comments have been received, the decisions include, first, the Office's restatements of stands it took in the original audit report, second, excerpts from the explanations and comments, and third, the Office's final stands in each issue. The decisions are subsequently sent to the auditees or the bodies controlling them, to the Ministry of Finance, to the State Auditors, and perhaps also to some of the experts.

In the "autocommunicative discourse" of its decisions, the Office has at its disposal several "discursive strategies" to define its own intellectual and political position. (1) It can omit or at least de-emphasize expressed stands of the auditees or the bodies controlling them in the final decision; and it can omit or de-emphasize stands of the experts if these turn out to be "traitors" failing to support the Office's stands as it expected. (2) The Office may "bite the hand that feeds it": it may be able and willing to reveal "false senders" wishing only "pseudoauditing". The Office may also be able to disclose that

the false senders want to hide waste, fraud and abuse; or it may be able to find out that the policies to be evaluated have been inadequately planned, managed and controlled by the false senders.

(3) The Office can also omit or de-emphasize its own stands in its audit reports as far as it, to put it bluntly, "was wrong". (4) The Office can also often refer the source of its "normative speech" to a "will" external to it, especially "legislators" of the present or the past; or it may be able to take refuge in the commonplace "bureaucratic" argument that it could do much better if only its "resource supply" were not severely constrained by outsiders, especially the Ministry of Finance. Finally, (5), the Office may in stating its audit policies take refuge in generally accepted - and implicitly value-laden - arguments. We can make a brief exemplary analysis of one such "mantra" in the Office's internal policy document:

Successful auditing ... presupposes the *confidence* and *esteem* of the auditees toward the audit institution; therefore the Office must be *impartial*, and its tasks must be carried out with *expertise*. The opinions must be founded on *verifiable facts*; and the issues are to be assessed and examined critically, but the opinions expressed must be *constructive*.<sup>3</sup> (Emphasis added)

We can decompose this mantra into a "relevance tree" (Figure IV-2); the arrows indicate the direction of the decomposition. "Concentration on verifiable facts" indicates the Office's conviction that it can convey "truth" about the subject matter of its discourse. "Impartiality" illustrates the Office's "legitimizing" claim that its discourse is purified of "subjectivist" bias brought about by external influences; and "expertise" indicates the Office's claim to a "legitimate monopoly of symbolic violence" or "cognitive hegemony" in its field of specialty. The Office's stress on a "constructive approach" is a symptom of the finalization of its discourse: "constructiveness" rules out "destructive", "deconstructive" criticism. Finally, "confidence and esteem" indicates the Office's conception of the principal way to justify its discourse. It is not a court of law imposing sanctions; but instead, it finds that it is a "helper" which needs its auditees' and auditants' acceptance.



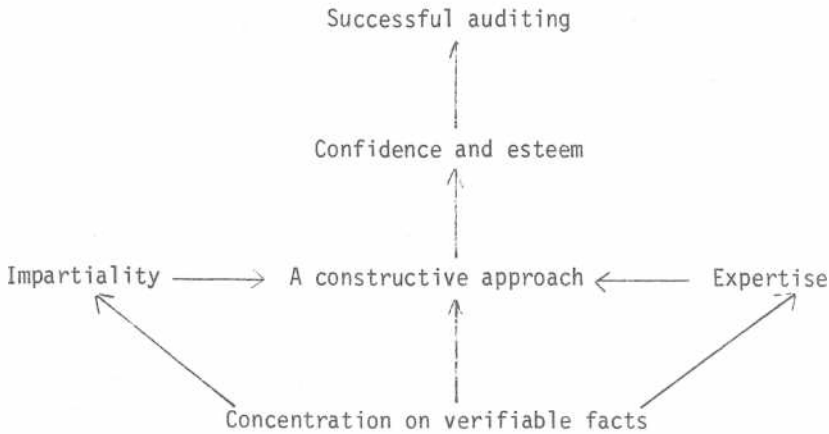


Figure IV-2. A decomposition of the Office's conception of the "road to successful auditing"

#### The Office's Communicative Discourse: A Factor Analysis and Its Interpretation

Theoretical literature provides two alternative ways of classifying government auditing.<sup>4</sup> Continental, in particular older literature identifies, first, "auditing of legality", applicable where legal norms unambiguously prescribe what must be the case. Second, literature suggests that "auditing of expediency" is both possible and necessary where decisionmakers have discretionary power in applying legal norms; there auditing examines if the discretion has been appropriately used.

Newer, especially American literature distinguishes three types of government auditing (Table IV-2). The first of these can be called "compliance auditing", which may examine either operations *or* accounting of the operations, *or* accounting systems and other "decision support systems". The second type can be called "efficiency auditing" and the third "effectiveness auditing". It is, of course, more than coincidental that this tripartite division resembles our fivefold division of Chapter III into social science approaches to public

Table IV-2. Three types of government auditing

Type of auditing	Other names for the type of auditing	Characterization of the contents of the type of auditing
Compliance auditing	Financial, regularity or traditional auditing (financial auditing may be also considered only a part of compliance auditing)	The analysis and assessment of: <ul style="list-style-type: none"> <li>- control and accounting of assets, liabilities, revenues and expenditures</li> <li>- adequacy of accounting and financial reports</li> <li>- adequacy of accounting and other information systems</li> <li>- compliance with legal norms, administrative orders and conventions concerning operations <i>and</i> concerning accounting about operations <i>and</i> the pertinent accounting systems</li> </ul>
Efficiency auditing	Performance or management auditing	The analysis and assessment of: <ul style="list-style-type: none"> <li>- need for goods and services provided or procured</li> <li>- reasonableness of costs incurred or expenditures made</li> <li>- adequacy of safeguards over and care of resources acquired</li> <li>- properness of the use of resources</li> <li>- adequacy of revenues received for goods and services</li> </ul>
Effectiveness auditing	Program auditing	The analysis and assessment of: <ul style="list-style-type: none"> <li>- degree of goal-achievement</li> <li>- management weaknesses that prevent or retard the achievement of desired results</li> <li>- alternative approaches to reach the current goals more fully or at a lower cost</li> <li>- unexpected positive or negative second-order consequences</li> <li>- reasonableness of the original objectives in the light of accumulated experience</li> <li>- possibilities to eliminate waste and inefficient use of public resources</li> </ul>

Operational auditing

Sometimes: performance auditing

policy evaluation; only a type of auditing which would concern organizational structures is almost absent.

Current Finnish legislation assumes the twofold division:

The State Economy Comptrollers' Office is the audit institution of the government, and it audits the legality and expediency of the financial management of the government as well as budgetary compliance.<sup>5</sup> (The author's translation.)

The Office's polity document assumes the above newer division of auditing:

The *raison d'être* of the ... Office is through audits and its expertise in matters pertinent to the control of financial management to advance the attainment of goals and objectives, set by the highest state organs, in an economically appropriate fashion. Simultaneously, the Office ensures that the financial management subject to auditing complies with the current laws, statutes and administrative orders, as well as with generally accepted principles of good administrative practice and financial management.<sup>6</sup> (The author's translation.)

This *raison d'être* thus contains three elements: First, there is the element of effectiveness auditing: through its audits and expertise, the Office contributes to attaining goals and objectives of the highest state organs. Second, the *raison d'être* incorporates the element of compliance auditing; the Office ensures that financial management complies with current laws, statutes and administrative orders. Here, however, the principles of good administration and good financial management, and the compliance with them, are a source of some ambiguity of definition. Finally, there is the element of efficiency auditing: the Office ensures that the "economic principle" is observed when the goals and objectives of the highest state organs are pursued - of course also in compliance with the laws, statutes, orders and principles.

The elements of the Office's *raison d'être* can be ranked into a hierarchy, which simultaneously is a hierarchy of the different types of the Office's audit discourse. The highest in the hierarchy is effectiveness auditing; through this element the Office's audit work contributes to the social and economic policies of the nation. The intermediate element is compliance auditing: the Office

scrutinizes that the goals and objectives are not attained in ways which, although perhaps economically defensible, are forbidden by legal norms or are inappropriate according to conventional principles. The element lowest in the hierarchy is efficiency auditing: if the goals, objectives, legal norms, orders and conventions leave discretion in implementing policies of the highest state organs, the Office assumes the task of ensuring that this discretion is used in an economically defensible way.

If we examine the list of variables in Table IV-1, we can easily see that the official *raison d'être* of the Office permeates, at least to a certain extent, the level of auditors and their reports. We must, however, draw a more systematic map of the encoding/decoding interface between the Office's self-descriptive autocommunicative discourse and its referential discourse produced and articulated by the auditors. As indicated above, we can do this with the aid of factor analysis, which we apply to the nine variables of Table IV-1. We shall not be doing any "data reduction" in the usual sense of applications of factor analysis, for there is not much to reduce with merely nine variables. Furthermore, because the variables denote both "observed irregularities" and suggestions for "corrective action", one can expect that certain types of irregularities (e.g. illegality) and certain types of corrective action (e.g., administrative corrective action) necessarily intercorrelate. However, for our purposes it is important to investigate how much these different types of "expected" modes of evaluation in the audit discourse actually break down; e.g., how often, if ever, more "lenient" recommendations suggesting that "development is needed" correlate with "observed illegality". The correlation matrix (Table IV-3) already suggests that the types of the audit discourse appear in a very "pure" form, i.e., there are few audit reports which examine the auditees from several perspectives at a time and let different types of arguments (and the different underlying "cognitive" presuppositions) intermingle. This can be still better seen in the factor analysis of Table IV-4.

The table suggests that the structure of the factors is very "pure"; it is easy to name factors in terms of the "observed irregularity" variables as: "efficiency auditing" ("inefficiency", "unsuitability of procedures or methods"); "compliance auditing" ("illegality", "non-compliance with administrative orders"); and "effectiveness auditing"

Table IV-3. Correlation matrix of variables denoting "irregularities" and "recommended corrective action" in the audit discourse of the Office

Administrative corrective action needed	1.00								
Development needed	.07	1.00							
Better information needed	-.02	.36	1.00						
Illegality	.90	.09	.02	1.00					
Non-compliance with administrative orders	.50	.34	-.05	.35	1.00				
Inefficiency	-.03	.41	.01	-.03	-.01	1.00			
Unsuitability of procedures or methods	.10	.80	.14	-.06	.27	.30	1.00		
Non-achievement of objectives	-.08	.34	.58	-.03	-.06	.22	.27	1.00	
Negative second-order consequences	-.01	.42	.26	.12	.03	.36	.49	.39	1.00
	Administrative corrective action needed	Development needed	Better information needed	Illegality	Non-compliance with administrative orders	Inefficiency	Unsuitability of procedures or methods	Non-achievement of objectives	Negative second-order consequences

Table IV-4. A factor analysis of variables characterizing the audit discourse of the Office (principal axis factorization, varimax rotation, Kaiser normalization)

Variable	Factor I: Efficiency auditing	Factor II: Compliance auditing	Factor III: Effective- ness auditing	Communality
Administrative corrective action needed	-.06	0.99	-.02	.99
Development needed	.96	.08	-.05	.96
Better information needed	-.02	-.05	.82	.68
Illegality	-.00	.80	.00	.64
Non-compliance with administrative orders	.11	.60	-.15	.40
Inefficiency	.53	-.09	.07	.29
Unsuitability of procedures or methods	.76	.17	.08	.62
Non-achievement of objectives	.32	-.12	.68	.58
Negative second-order consequences	.53	-.01	.30	.37
Eigenvalue	2.33	2.14	1.05	
% of Total Variance	26	24	12	62
% of Common Variance	42	39	19	100

("non-achievement of objectives"). Upon closer examination of the factors and their interrelations, we see first that "compliance auditing" is practically an altogether separate type of the audit discourse: it focusses on illegality and administrative corrective action (which is in many cases legal action); and obviously it needs no justification in terms of observed "inefficiency" or "non-achievement of objectives", nor does it show any lenient understanding toward the "sinners" (the auditees) by suggesting that "better information is needed" or that new plans of "development" need be made.

"Effectiveness auditing" is another practically "pure" type of the audit discourse; it identifies cases of the "non-achievement of objectives", and on this basis it recommends that "better information is needed"; i.e., it reproaches either the actor in charge of policy implementation for not acquiring or understanding the instructions of the decisionmaker (the "supervisor/enforcer") - or the decisionmaker for not giving sufficient or sufficiently unambiguous information to the actor-in-charge. Still, this type of the audit discourse seemingly heeds, at least to a certain extent, the wider context of auditing by paying attention to negative second-order consequences. In comparison with the two former types of the audit discourse, "efficiency auditing" is more multi-faceted: it identifies, first, "inefficiencies" and "negative second-order consequences", and it suggests their sources in "unsuitability of procedures and methods". And it recommends "action": plans for "development". There, it naturally heeds also for the non-achievement of objectives - although it seems to emphasize more the "hidden" negative second-order consequences.

What do the correlations and factors above really say, in terms of our discursive analysis, about the referential discourse of the auditors' reports and its encoding into communicative discourse? As it has been perceived above, it only suggests that the encoding, at least as far as the formal categorization of the audit reports is concerned, conforms rather closely with the "autocommunicative" discourse of the Office. Here, we must distinguish two totally different issues: the decoding of the Office's autocommunicative discourse by the auditors on the "intellectual plane", and the "re-encoding" of the decoded discourse into their "own" discourse as the presuppositions of their actual "social inquiry" pertaining to the

"irregularities" and areas where "corrective action" is being needed. For many reasons, we cannot here represent such statements from the actual auditors' reports which might reveal in detail the nature of the presuppositions and the degree of compliance with them. We can, however, "read" the auditors' reports "indirectly" and refer our own readers to the examples given in the list of variables in Table IV-1.

In compliance auditing, the auditors seem most often to take the role of a "detective" in their reports: often they work on the basis of some "informers' information" (be it mass media, civil servants in their official or unofficial roles, interested parties outside administration, or earlier audit reports) about an auditee as a "suspect". This seems to lead to a "negative hermeneutics", where the suspect's motives and social context is analyzed for the purpose of identifying the "real motives" of the potential or actual "fraud and abuse". Furthermore, abstract legal norms - and still more often administrative orders - may be interpreted "hermeneutically" to find out their strictest versions against which the supposed fraud and abuse would blaringly contrast. This orientation demands either the auditors' own strict "over-compliance" with the objectives defined in the Office's autocommunicative discourse, or the auditor's commitment to such political and administrative discourse as is hostile to the "suspect" (in other words, an auditor may seek an implicit "discursive alliance" with political parties or interest groups opposing certain programs; or a "fiscally" or otherwise "conservative" auditor may, e.g., be in principle against some welfare programs and assumed corporatist or political influences). Of course, opposite reasons (non-commitment; "anti-heroism"; collusion with the auditee) may also give rise to "hermeneutic understanding". However, the main orientation in the discourse of compliance auditing is an emphasis on strict "bureaucratic" obedience to the "rule of law"; and this is usually perceived, not from the perspective of any legal theories, but from that of the "established" modes of interpreting laws, statutes and administrative orders.

In effectiveness auditing we can find out analogous but not exactly the same orientations as in compliance auditing; the legal norms are here replaced by expressed objectives stated in the context of drafting the government budget, in mid-term plans, or in



motivations of the Cabinet's law bills to Parliament. In addition, we can notice a more "empirical" orientation; the auditors also evaluate if public policies actually count or do not count in their societal context. However, our investigation suggests that the Office is not always able to search for the "causes" and "criteria" presented and used in the above type of arguments by actual empirical inquiry; instead, it has to rely on "ready doctrines". However, the idea of "better information needed" is capable of expression in terms of "modern" planning ideology and need for better information systems.

The results of the analysis summarized in Table IV-4 suggest that in efficiency auditing we may be approaching a "more scientific" orientation, where "rationality" (considerations of alternative means and possible consequences of their use) and "causality" (in terms of "necessary restraints of action") appear in the arguments of the auditors. These restraints make one expect that here the second-order consequences can often be evaluated in monetary terms (as costs); "unsuitability of procedures and methods" can also be seen in terms of "outmodedness" and "non-correspondence with requirements of modern society"; and "development needed" may be expressed in terms of the necessity to enhance planning and leadership procedures. However, a closer inspection suggests that the efficiency auditing is not quite so modern as one might expect: the evaluation of efficiency does not in most cases take a quantitative form. The procedures and methods evaluated are often analyzed only verbally and very often concern some of the minute details of administration - and most auditors lack the skills of the economist.

The Office's autocommunicative discourse and the control it exercises over the auditors and their referential discourse (not only by direct supervision but also via recruiting practices and in-service or other training) provides a kind of "finalization loop", which necessarily fragments and "levels" the referential discourse. The Office expects certain types of reports from its auditors, and it may "censor" innovative ideas considered too extreme, because they aggravate the difficulties in the proper encoding of the audit discourse - and the audit reports - into political and administrative discourse. The Office's desire to appear in its autocommunicative discourse as a "hero" may also lead to the emergence of the "negative hermeneutics" discussed above.

Our above comments could easily be interpreted as open criticism toward a lack of "scientificity" or presence of veiled political involvement in the Office's discourse. This type of criticism is naturally *not* our purpose, at least not the major purpose, but we are striving to reveal the "basic structure of the Office's discourse: its presuppositions, its implications, and the pertinent finalization of knowledge. We therefore have to analyze and metaevaluate the three types of the Office's communicative discourse as "practical social theories".