

Holding Government to Account: Democracy and the National Audit Office

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Readers from the U.S. may be familiar with the Government Accountability Office (GAO), the federal agency that audits and reports on how taxpayer dollars are spent to help the government save money and work more efficiently (GAO, 2025). In the United Kingdom, the corresponding agency is the National Audit Office (NAO). The NAO has been in existence since 1984, but that seemingly short duration may mislead readers about its history and impact. The precursor to the NAO, the Exchequer & Audit Department (E&AD), was established over 150 years ago in 1866; additionally, since its inception, the NAO has continuously evolved in response to political issues, public sentiment, and changes in both agency and national leadership.

This history and evolution is examined in *Holding Government to Account: Democracy and the National Audit Office*, by Henry C. Midgley, Laurence Ferry, and Aileen D. Murphie (2025). Using numerous internal and external sources, including first-hand experience from Midgley and Murphie working at the NAO, the authors have documented the history of the agency, as well as the evolving definition of government accountability in the U.K. They begin by exploring the work of the E&AD between 1866 and 1983, and how that laid the foundations for the modern-day NAO. The subsequent chapters cover distinct periods in NAO's history, marked in part by changes in the agency's top leadership position, known as the Comptroller and Auditor General (CAG); to date, the agency has had five CAGs.

For the inception of the E&AD, the authors describe a "Gladstonian" approach to auditing as one focused on parliamentary control. Named for former Member of Parliament and Prime Minister William Gladstone, who also championed the creation of CAG, the intent of this new office and approach was to ensure that the Treasury spent money only for purposes and in the amounts approved by Parliament. Even as the CAG formed an unlikely alliance with the Treasury over the next 60 years to monitor spending, it remained Parliament's method of control and oversight of expenditures by the Crown. In the early 20th century, this approach slowly

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expanded to include reviews of wasteful spending and eventually led to mid-century conversations about efficiency. In the 1970s, with the Conservative Party scrutinizing government spending and with expenditures shifting away from military and defense towards services such as health and welfare, there was strong public support for expanded audit scope and authority.

In response, in addition to establishing the NAO, the National Audit Office Act of 1983 (“Act”) formally defined a “value for money” audit as one of “economy, efficiency, and effectiveness.” In theory, the Act greatly expanded the authority of the audit function. However, it did not define those three “E” terms. Additionally, the first CAG of the NAO, Sir Gordon Downey, had already been serving as head of the E&AD since 1981, and he took a somewhat cautious, conservative approach in flexing the new muscles of the agency. Drawing from agency archives and parliamentary transcripts, the authors found that an early priority of the agency was to build internal capacity, including finding appropriate office space, building staff credibility and professionalization, defining department administration and culture, managing a larger budget, and navigating the relationship with the newly formed Public Accounts Committee, the body within Parliament to which the NAO now reported. As Downey worked to build this capacity, the agency’s relationship with departments experienced some setbacks, including restricted access to requested documents, delayed responses, and public disagreements on findings. By the end of Downey’s term, the authors note that in many ways, the NAO did not yet look very different from its predecessor in serving primarily as parliamentary control.

Sir John Bourne became the NAO’s second CAG in 1988 and served for 20 years until 2008. Given his lengthy tenure, the authors divided this period into two chapters in the book – one for each decade – to have enough space to discuss the big changes in the political landscape during this time. For Bourne’s first decade, the authors characterized it informally as a period of tension, or “navigating many shades of grey.” For example, in personal musings, Bourne noted the balance he had to strike between providing valuable analysis and meaningful findings for Parliament while not being so aggressive towards departments as to make enemies of them; he also described difficulties in maintaining the agency’s independence from political leanings while being fully immersed in the politically charged government environment. Another point of tension the authors identified pertained to NAO’s relationship with the Audit Commission, a body also established in the Act to focus on auditing local government. While the agencies ideally needed to maintain independence, it occasionally came at the cost of not looking aligned on issues that affected both federal and local governments.

As Bourne worked through these nuanced issues in his first decade, changes in national leadership at the start of his second decade provided growth opportunities. In 1997, New Labour Party leader Tony Blair was elected Prime Minister, ending 18 years of Conservative rule under Margaret Thatcher and John Major. Under their leadership, the government had initiated the privatization of many industries, and while Blair did not continue that work explicitly, he continued to allow private sector involvement in public services. This opened the door for Bourne to shift NAO’s focus of work from that of the first two “E”s – economy and efficiency – towards effectiveness. He championed innovative methodologies and original research, often by consultants, academics, and industry experts-turned-auditors, on how public services were impacting people’s lives. The authors felt that Bourne fought hard to raise the profile of the NAO in the public conscious and to continue publishing impactful findings to stay relevant, including implementing resource accounting and conducting some of the first “green” (environmental) audits. Unfortunately, these behaviors also invited more scrutiny of the NAO, including into

some of Bourne's large expenditures for seemingly personal travel. Upon his resignation, his deputy Tim Burr stepped in as the third CAG. Burr was fully appointed, with no "interim" or "acting" in his title, with the understanding that his term would be a time-limited bridge to the next leader.

In 2009, Amyas Morse became the first qualified chartered accountant to become CAG and was the first person to serve in the role with a pre-set term limit of 10 years. The authors define this period in NAO's history, and globally, as turbulent; the financial crisis of 2007-08 led to the U.K.'s largest recession since World War II, and there were two referendums, one on Scotland's membership of the U.K. in 2014, and another on the U.K.'s membership of the EU in 2016, a.k.a. Brexit. Also, the agency's local government counterpart, the Audit Commission, was abolished in 2015. Given this rapidly changing environment and the need for austerity, Morse shifted the agency's focus in two ways. First, budgetary cuts were felt more acutely on the "value for money" side, falling from 59% of the overall budget in 2008 to 32% in 2019, to sustain work on financial audits. He also shifted the focus from Bourne's effectiveness to "good public management." He did not want the agency to produce original commentary on Brexit, to maintain political independence and neutrality; rather, he worked to increase the transparency of the growing pressures on civil servants in the uncertain world of Brexit deal negotiations. This meant the agency looked very different from its original work of parliamentary control and started taking a proactive, future-focused look at how departments would or would not be able to sustain current service levels with diminished resources. Not everyone in government appreciated this expansion of scope, seemingly beyond stated powers, but the authors identified many politicians who found Morse's approach realistic and pragmatic and who had increased confidence in the agency's ability to provide effective executive oversight.

The political environment in which Garrett Davies began his tenure in 2019 was also one of turmoil, including ongoing Brexit negotiations, the COVID-19 pandemic, Russia's invasion of Ukraine, high inflation, and frequent turnover of Prime Ministers. However, within this context, NAO's role was stable, as authors found for the first time that the agency's "independence was neither under threat nor novel." Davies had previously been a senior staff member at the Audit Commission and was concerned that the mission creep and overreach that eventually led to that body's demise was a risk for NAO, too. In his first 5 years, he transitioned the work away from "good public management" and back towards parliamentary control; by maintaining independence from the creation and implementation of programs, he avoided potential conflicts of interest during future audits of those programs. Despite this shift, he continued some of his predecessors' goals, including growing financial audit capacity, increasing the diversity of NAO staff, and expanding the agency's climate portfolio. The pandemic also had discrete impacts on how the agency functioned; in the short-term, there were fewer informal interactions and casual exchanges of knowledge between NAO staff and auditees, and in the long-term, the agency culture was weakened, especially ties between newer and more tenured NAO staff. However, Davies was committed to maintaining the agency's reputation for timely, impactful audits and instructed staff to begin reviewing pandemic spending almost immediately, issuing his first report in May 2020. Like during Morse's tenure, not all civil servants appreciated this proactivity, but the benefit was increased transparency to the public of how the government was responding to the cross-cutting crisis in real time.

In the book's conclusion, the authors reflect on the evolution of the agency and remind us that the definition of accountability and the nature of public sector audit are constantly evolving under the influence of numerous external forces. This reminder is timely as other countries are

having similar debates about the appropriate scope of their audit functions, including in the U.S. Acting per its statutory direction from Congress, the GAO currently has nearly forty open investigations into whether the executive branch is illegally withholding, or impounding, money the House Appropriations Committee previously appropriated (Pasachoff, Schulman, & Superable, 2025). However, in June 2025, the committee approved a Fiscal Year (FY) 2026 Legislative Branch Appropriations measure that would prohibit the GAO from bringing civil actions against any federal department, agency, officer, or employee for failing to comply with the Congressional Budget and Impoundment Control Act of 1974 without Congressional approval (Heckman, 2025). Lawmakers also proposed reducing GAO's annual budget to \$415 million, a decrease of \$396.5 million (48.8 percent below FY 2025). While the Senate Appropriations Committee restored this funding in July 2025, it shows that the scope of U.S. audit authority may be under consideration for contraction, after many years of expansion, and that it is still subject to evolution based on changes in national leadership. Overall, this book is a must-read for history buffs, dedicated public servants, experienced financial accountants and performance auditors, or anyone else looking for insight into or reassurance of the constantly evolving nature of politics, policy, and government from an audit lens.

Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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