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Accountability Institutions and the Policy Process: The United States Experience

by
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Accountability is now acknowledged as an important element in good governance in the public sector. The term itself is complex, covering many aspects including: the move from accounting to accountability; the need to increase transparency; the importance of the political interface; the distinction between internal and external accountability; the use of accountability information; the interaction of accountability systems with other systems to affect programme results; and more. There is an important difference between formal accountability systems, based on audit and management control, and informal accountability systems that define the implicit standards for performance and the expectations for implementation. Do accountability systems in fact promote performance and trust or undermine them? This article discusses accountability provisions and institutions in the public sector of the United States and provides perspectives on the roles of accountability institutions and professionals in the broader realm of public management. The article identifies three different models of accountability in the United States context: federal, partnership, and third party.

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In many OECD countries, the term accountability has grown to an iconic status, with a symbolic imagery that permits this chameleon-like term to be attached to a wide range of causes and agendas (Dubnick and Justice, 2004). Indeed, the use of accountability in political debates takes on a valence quality where only its proponents are viewed as having a legitimate case to be made (Baumgartner and Jones, 1993). In the world of budgeting, there have been efforts to increasingly link accountability concepts and institutions with budgeting. The movement of countries such as Australia and New Zealand toward accrual budgets has been inspired by the perception that budget decisions were not connected to the accounting statements and reports prepared by financial managers. By recasting the basis for budgetary cost measurement to an accruals basis, the retrospective world of financial accounting and the prospective world of budgeting were joined. Performance budgeting represents another approach to institutionalising accountability within budgeting, this time for results or outcomes. Both reform movements are testament to the uniquely central role that accountability has come to play in policy debates in general and in budgeting in particular.

Notwithstanding the greater centrality of accountability as a public management concept, public policy makers and managers often have little connection or dialogue with those agencies and officials who are the guardians and champions of accountability – what I will call accountability institutions and professionals in this article. In many respects, accountability professionals appear to have their own criteria, standards and terms of art that are little understood by managers and policy makers. Often terms such as "accountability", "oversight" or "transparency" can have different meanings to those trained in different disciplines and agencies.

In this article, I provide perspectives on the roles that accountability institutions and professionals have come to play in the broader realm of public management. This article raises some troublesome questions about the interaction of accountability institutions with public officials and managers that call for more thought and research by the entire public administration community. Ultimately, important dilemmas are posed for leaders in the accountability community itself, as they must reexamine fundamental and long-held role definitions and standards to become more relevant in addressing the public management challenges facing modern countries in the 21st century.

When it comes to accountability, I should forewarn you that those of us in the accountability professions are among its most vigilant advocates. Those professions include a growing array of institutions with an interest in promoting greater internal and external accountability for either finances, management operations or programme results, including external and internal audit agencies, financial management offices, evaluation and planning offices, information systems offices, procurement offices and grants management offices. In the United States in recent years, these offices have been institutionalised as a result of a wave of management reforms passed by Congress in the 1990s institutionalising financial management reform, performance management, information systems reviews, procurement reforms and now human capital reform.

Although I cannot pretend to represent the accountability officials from all of these functions, I can say that for offices like the United States Government Accountability Office (GAO), accountability is an article of faith, one of those fundamental principles that serve as the underpinning of the mission and unique role that these institutions play in our system. As such, one can depend on these institutions to faithfully articulate the case for accountability provisions and institutions.

From this perspective, accountability is defined as holding agents to account for meeting standards and expectations of various principals – including executives, legislatures, various publics – for the use of financial resources, compliance in meeting legal obligations, efficiency of operations and effectiveness in achieving results and goals. Ideally, accountability systems should provide for transparent reporting of these issues, identification of causes of shortfalls, and processes to correct behaviors to bring them in closer conformance with standards.

However admirable and even heroic such a posture may be, those of us in these professions nonetheless have our own particular blinders when it comes to accountability that may not permit us to take a broader view of the tradeoffs associated with various formulations of this concept. We are prone to having universalistic norms and prescriptions for accountability that may not be sufficiently sensitive to various institutional contexts, public objectives and tradeoffs. Some lampoon these perspectives as "more rules, better enforced". While this is a caricature at best, thoughtful officials in these institutions wonder about the fit between our standard prescriptions with changing environments carrying differing tradeoffs. For instance, the United States response to aid the victims of Hurricane Katrina has inspired questions about the tradeoffs between traditional accountability and control mechanisms with the need to provide expedited funding to recipients with urgent needs. What are the "minimum" requisites for accountability in this rapidly evolving scenario? Similarly, when the President and Congress have decided to devolve authority to states and local governments for particular federal programmes, the resulting accountability provisions remain controversial. Standard prescriptions for federal agency reviews and controls over grantee applications and activities may not hold in a setting where authority and accountability are intentionally pushed downward in our system (Posner and Wrightson, 1996). Indeed in some third party governance settings such as many tax expenditure programmes, the principals defining the goals for the programme are not federal, but private firms and individuals. In these settings, the vastly different federal role would be expected to cascade into reformulated accountability provisions as well, but little thought has been given to how these issues might be adjudicated across differing tools of governance (Posner, 2002).

These cracks in the firmament are among the many questions those of us in the accountability professions need to address as we seek to keep up with the fluid nature of public agendas and shifting governmental roles, responsibilities and institutional innovations. The objective of this article is to air some of these vexing questions about accountability in the public sector for further consideration by the research community. My questions could be viewed as soundings from an academic in the field, one who served for many years as a senior manager with the United States Government Accountability Office. The following represent questions about the relationships between accountability institutions and the broader policy process that need to be more fully understood. Addressing these questions may help public policy makers and managers develop a better understanding of what expectations are reasonable for accountability institutions; it may also help accountability institutions revisit their own frameworks about how to better serve political and managerial principals in public service.

1. Why do political leaders support accountability professionals?

The relationships between public accountability professionals and political principals underpin the growth of accountability institutions in government in recent times. In the American system, public accountability professionals work for many principals; however they are expected to be loyal not to a set of principals but a set of professional standards. The audit institutions of government in fact are required by standards in that field to be "independent" of political principals. This usually is reinforced by the special status associated with the head of these agencies, who are often appointed for fixed terms where they serve various masters. Unlike political appointees, they typically do not serve at the pleasure of their political superior.

While the independence of these offices is vital to their legitimacy, significant questions remain about how they relate to political principals. The Comptroller General, the head of the GAO, is answerable to the entire Congress which guarantees a measure of leverage and independence due to the variability of that body. The inspectors general work within federal executive agencies, but they too have independent relationships with congressional committees responsible for oversight.

If accountability professionals have such independent status, then why do political leaders tolerate such gadflies who can easily upset their equilibrium and bases for support? In fact, tensions typically exist between the two worlds: the GAO was cut by 25 per cent in 1995 partly because the new congressional leadership perceived the agency to be outside the new political consensus.

The key question is: What public functions do audit offices and other accountability institutions perform for political leaders in legislative and executive branches that make them tolerable, if not always likeable? How do accountability professionals manage these relationships to promote their goals and political sustainability?

The answers to these questions may lie in several areas. First, there is growing recognition that independent expertise has important leverage in policy debates; expert-based policy ideas in fact have overcome special interests in areas ranging from deregulation, banking reform and emissions trading. In an important new work, Kevin Esterling shows how interest groups and Congress alike attempt to assemble expert support for policy ideas prior to their introduction in the legislative process, a testament to the recognition that political leaders are held accountable for policy success and failures – at least in the perception of official Washington elites (Esterling, 2004).

Second, independent information helps settle and channel political debates. Rather than debate the veracity of information, the presence of credible institutional information can help leaders focus debates on broader issues. The independence and respect accorded to the Congressional Budget Office are an example of how much legislators need an independent referee to resolve fact-based questions, thereby controlling the scope of conflicts.

Third, accountability institutions perform the service of helping legislators set the agenda. Armed with years of institutional knowledge and deep familiarity with programmes and management, these institutions can provide a set of credible issues for members to focus on that can gain some certainty of support within expert communities.

A fourth factor may centre on the strategies pursued by audit institutions in courting and generating political support. Most of the work done by the GAO is at the request of members of Congress from both parties. The agency must delicately steer between responding to these legitimate information needs to set their agenda while sustaining their independence in developing findings and reports. The broader engagement of these institutions with media, universities and other actors also can sustain their reputations which can promote support and limit interference. However, the involvement of accountability professions in reviewing programme results and effectiveness carries obvious political risks for audit institutions – many have charters that limit their coverage of these issues and constrain them from making recommendations on policy and programme design issues (Schwartz, 2000).

2. What factors determine whether political leaders listen to accountability professionals?

Every accountability institution typically monitors its own performance measures to ascertain how they impact on policy and management. In the case of the GAO, the agency monitors the savings that flow from its work, the kinds of changes that Congress and federal agencies have made in response to the recommendations and reports of that agency. Inspectors general also have reports detailing their accomplishments.

Conventional wisdom, however, suggests that the accomplishments from these agencies and other professions are the exception and not the rule. Many would argue that oversight is one of the least rewarding activities for members of Congress, vastly overshadowed by the political benefits entailed with enacting new legislation and providing constituent service. A study of the Israeli Knesset's use of audit reports finds that the legislators are not avid users or consumers of this information in their deliberations (Schwartz, 2000).

This same pessimism has cast a pall over the congressional demand for other accountability information. For instance, the 1993 Government Performance and Results Act passed by Congress in fact has generated performance plans and reports across the entire federal government, but Congress has largely been viewed as not engaged in using this information either to authorise programmes, appropriate funds or conduct oversight. Similarly, congressional use of the financial information arising from the 1990 Chief Financial Officers Act has been reportedly sparse – many members and staff have difficulty understanding the accrual-based financial statements and the somewhat technical language of audit reports on these reports.

Nonetheless, there are countertrends here that bear further examination. Although public administration has not focused sufficient attention on the role of legislative institutions in management, it is clear in the American system that, as a day-to-day proposition, Congress insists on being a co-manager of executive agencies, exercising its considerable influence through its power of the purse, limits on staffing, approvals of appointments and other authorisation of programmes. While arguably a lagging actor in using information from accountability reforms, in fact Congress has been the author of these reforms. And it was Congress that created the GAO in 1921, the inspectors general in 1978 and nearly all of the major management reforms since 1980 (Light, 1995). Nothing in the literature would have prepared us for the emergence of Congress as a champion of management reform, with the President's Office of Management and Budget serving as a sometime naysayer on some of these reforms.

Moreover, research by leading congressional scholars suggests that congressional oversight, in fact, is exercised more frequently than imagined, but is driven by a political point of view, not necessarily the input of accountability professionals. The impetus for oversight, in other words, is grounded in its use to solve political, not analytic problems. However, regardless of motivation, the oversight that is done can include the input of accountability professions (Aberbach, 2002).

Accountability reports and actors can frame performance and management issues for the public agenda that are difficult for decision makers to ignore. Fraud and abuse involving defense contractors or doctors become useful to political leaders anxious to position themselves on the right side of issues in an increasingly visible media-driven political culture. Congressional officials are also competing with one another to claim credit for new programmes or to avoid blame for problems. Members of legislatures indeed may find it to their advantage to take the high ground by sponsoring studies – or appearing to – on top of information and studies that gain a compelling place on the agenda.

Political leaders can use accountability professionals to cover their risks in case new policy ventures go awry. They can take credit for new benefits and also know that they will be positioned to assign blame when the programme experiences problems. Thus, for instance, Congress passed new block grants devolving authority to states for certain federal programmes in 1981; yet the same members who voted for this devolution did not hesitate to ask the GAO to assess how states were managing these new responsibilities, leading in part to the reimposition of new federal requirements and constraints in subsequent years.

The question is: What prompts political leaders to use accountability inputs in shaping their agendas, developing legislation, appropriating funds and conducting oversight? What roles do accountability officials play in stimulating these activities and through what mechanisms? What variables affect the use of this information, including the support of informal accountability communities, the presence of divided government, and the strategies used by the accountability officials themselves in building support for their work? For instance, I am not aware of any studies that have tested the use of accountability information by Congress to ascertain the influence of shifts in control of Congress and the Presidency, notwithstanding the many opinions proffered about the alleged decline in oversight during the past ten years.

3. Why do agency bureaucrats use accountability information?

A comparable question involves the use of accountability information by executive branch leaders, either the central leadership or agency leadership. Most of the GAO recommendations are addressed to agency heads, and over 75 per cent are implemented over a period of time. In addition to specific recommendations, federal agencies have reformed their financial and performance management systems over the past ten years partly as a result of legislative actions and pressures from the accountability communities within and external to agencies, most notably inspectors general and the GAO.

Many factors can be suggested here for agency adoptions. First, agency staff find accountability reports and information useful in convincing their leadership within the agency and in the White House of the need for reforms that they have long championed internally. As might be suggested under the "garbage can model", audit findings and performance reports can provide a window of opportunity or a problem stream that opportunistic advocates of solutions can use to achieve reforms (Kingdon, 1984). Another important factor associated with adoption entails the fear of being shamed by public or congressional attention to the recommendations should they fail to adopt. The latter force may be particularly important in a separation of powers regime where the legislature has independent and powerful roles to play in agencies' political and budgetary fortunes. Interestingly, in the United States, the adoptions of GAO recommendations occur even though the agency itself has no formal incentives and sanctions to trigger adoption. However, incentives and sanctions may be factors prompting adoption of accountability recommendations and systems in other nations.

Competition can be a particularly powerful incentive within bureaucracies. If bureaus perceive a competitive advantage to adopting accountability in the competition with other actors for resources and influence, this can be an important factor. Agencies may be motivated to adopt recommendations or initiate new accountability systems either to compete with fellow bureaus or to compete with central actors, such as agency leaders and budget offices. The PPBS system introduced by Secretary McNamara in the Pentagon in the early 1960s became deeply rooted in the Defense bureaucracy when the military services realised that they had to acquire the capacity to do systems analysis and evaluations to stay competitive with the Secretary's "whiz kids". Similarly, the OMB Program Assessment Rating Tool being used by the current administration to assess programmes throughout the agencies has inspired some agencies to improve their evaluation information to be able to compete with the OMB in budget debates in the Congress and the public (GAO, 2004a). The movement to create report cards assessing agencies and programmes in an open, public process constitutes a strategy to jump start competition among bureaucratic actors for public approbation and the high ground (Gormley and Weimer, 1999).

The foregoing suggests that multiple actors in competitive policy-making environments can inspire a "race to the top" among other actors which can serve to ratchet up attention and resources devoted to accountability reforms and enhancements. Multiple accountability actors within the Congress, the executive and even the public serve to trigger a mutually reinforcing process in this model.

However, other models may also be at work with different results. For instance, under the Single Audit Act of 1984, all federal grant funds were required to be reviewed by public or private audit agencies paid for by grantees. This Act was designed to ensure more comprehensive coverage of grants by audits and replaced more selective, hit-and-miss audits conducted by federal agencies. However, this Act reportedly led federal agency managers to reduce their own attention and resources devoted to management oversight and monitoring during the grant period, armed with the knowledge that the single audit could cover for any serious breaches of accountability in their programmes. The presence of multiple accountability actors in this case triggered a moral hazard, where agencies disinvested in management oversight when it could rely on others to do the accountability work.

Competition among principals may have mixed results in motivating the use of accountability results. On the one hand, this could inspire actors to compete for leadership over accountability reforms. Principals vying for leadership of these initiatives may inspire their expansion. For example, the leadership of the Y2K initiative in the federal government was reportedly lagging within the White House and its budget office until congressional hearings began to expose the risks and grade agencies on their relative preparedness. However, agencies are placed in vulnerable positions when their principals disagree about accountability reforms. For instance, although President Bush and his budget office are pushing for the assessment of programmes under the PART system, congressional appropriators have expressed hostility, putting agencies that must accommodate both sets of actors in a difficult position. Generally, these cross-pressures carry the potential to undermine the support of agencies for reforms.

The key question entails addressing what factors are at work that promote attention to accountability in bureaucracies. Does the attention paid to accountability vary with the nature of the issue network involved, the standing of the agency within an administration and with the legislature, and the broader standing of their programmes with the public? Does the nature and structure of audit institutions internal and external to the agency have an impact on the bureaucracy's receptivity to accountability information?

4. Tensions between large "A" accountability and small "a" accountability systems

Each major programme area has multiple accountability systems and processes at work. Some are formal systems as discussed above, based on audit and management control systems – what I call large "A" systems. The implications of these systems for management and performance indeed have received considerable attention from public managers and observers. However, less obvious but more pervasive are the informal accountability systems, or what we might call small "a" systems which have an important impact in framing accountability for these areas by defining implicit standards for performance, expectations for implementation, types of information considered to be legitimate and necessary, and actions to be taken in response to perceived problems. Actors involved in this informal system include interest groups, media, central executive reviewers such as budget officers, legislative committees and other observers/researchers with an interest in the programme area – what Hugh Heclo called "issue networks" (Heclo, 1978).

A key issue is whether the formal and informal systems are in harmony and what happens when they are not. In some respects, the formal systems can be viewed as introducing expert, professional accountability systems to supplement or even replace political or hierarchical systems, to use Romzek's categories (Romzek, 1996). Some would argue that the rise of what Edward Wheat called the "activist auditor" is a salutary correction to the dominance of policy systems by narrow political interests and amateur leaders (Wheat, 1991). These professionals have standing to raise important issues on the agenda that have heretofore received insufficient attention in policy communities.

However, the introduction of accountability professionals introduces new tensions and uncertainties as well. The cohesiveness of networks are a major variable here, but the cozy iron triangles can be expected to resist the blandishment of auditors and send contradictory signals to policy makers and managers throughout the policy arena. Not only can the efforts of auditors and other accountability professionals go for naught, but their political support and basis for legitimacy can be undermined as well. The GAO, for example, has long invested in work examining the cost effectiveness of veterans' programmes and farm subsidies – and the conclusions fell well within the professional consensus of economists that many of these subsidies were poorly designed and targeted and carried significant losses for the economy. However, for the most part, many of these nicely crafted studies became what is known as "Olympic divers" – beautiful documents that made no splash.

The question would involve examining the relationships between formal and informal accountability networks. Do auditors attempt to work within these networks, and what impacts do they have on policy? To what extent do the cohesiveness and degree of insularity of policy networks have an impact on the ability of accountability professionals to gain footholds? What are the consequences for the political standing and resources of auditors and evaluators that fail to gain traction for their findings?

5. Do accountability systems promote performance and trust or undermine them?

The New Public Management (NPM) ushered in a debate over implications of various accountability systems managers and performance. NPM and the reinventing government movement sought a system geared to performance, where managers would be enabled to use entrepreneurial skills to achieve performance goals through greater discretion over managing processes. In this view, accountability systems focusing on inputs and process were part of an accountability paradox or dilemma that traps managers in suboptimising routines and inflexible structures. In this characterisation, the auditors' rigid focus on controls and inputs brings about rule-based management which stifles innovation, experimentation and devolution of authority to the front line managers who know best how to implement programmes. Closely related was the view that traditional accountability controls were premised on distrust rather than trust, which serves to limit the power of government to act on behalf of the citizenry. In this view, an accountability based on trust would empower government to be more effective stewards of public programmes, grounded in dialogue and consensus building around goals and checks and balances among institutions (Braithwaite, 1998). As Philip Cooper aptly notes, the older tools of accountability became the new targets of reformers (Cooper, 1995, p. 174).

Contrast this with the view of auditors. Charles Bowsher, former United States Comptroller General, observed that accountability with a focus on financial controls and performance is essential to creating trust. From this perspective, accountability helps the public as principal gain confidence in the veracity and conduct of its agents. Given the many opportunities for shirking and moral hazards associated with these relationships, a strong and independent audit function is critical to promoting this level of trust. Even supporters of performance reforms understand that some independent review of agencies' performance goals and measures is essential to build credibility and trust among potential political users of this information, lest it be viewed as self-serving statements by self-interested agencies seeking greater support. Supporters of the traditional suites of accountability measures express concerns that weakening financial and compliance reviews and controls will result in a diminution of attention to public laws and their faithful implementation (Moe and Gilmour, 1995).

Central to this debate are differing views of the relationships between different accountability orientations and systems. NPM advocates tend to view financial, compliance and performance systems as being separable and potentially contradictory. Financial and compliance rules are viewed as undermining the focus on performance, with managers unable to make key tradeoffs to maximise results with given resources. Implicit in their view is a hierarchy placing performance in the centre with financial and compliance rules moved more to the background.

The accountability community views these systems as mutually reinforcing. The financial management requirements enacted in the 1990 Chief Financial Officers Act are viewed as being complementary to the performance focus ushered in under the 1993 Government Performance and Results Act. From this perspective, financial and controls accountability promotes valid data about costs while performance metrics and evaluations provides similar data on benefits, giving political principals and agency heads alike a new suite of information that will enrich decisions and accountability.

The politics of reform reinforces the complementary nature of accountability systems. Given the presence of multiple principals, each vested in their own accountability orientation and reliant on differing information, it is likely that reforms to accountability systems will proceed by addition rather than substitution. For instance, congressional appropriators tend to focus on input information as the primary basis for decisions and are attached to long-standing budgetary accounting presentations. They have recently resisted attempts by this Administration's budget office to replace current input-oriented presentations and information on agency budget submissions with outcome-oriented presentations organised around agencies' strategic plan goals. The Administration would have gained more traction had it introduced this new information as a supplement rather than a replacement of traditional control-based data (GAO, 2005a).

Moreover, the reaction of appropriations committees to this Administration performance budgeting initiative is indicative of the issues posed for principals in a separation of powers system by the NPM model of delegation. NPM offers a tradeoff to principals – loosen input controls to enable managers to achieve greater efficiencies while increasing accountability for performance. However, from a political principal in Congress, this tradeoff appears asymmetrical. Agencies gain discretion at the front end of the relationship, forcing Congress to fall back on untested performance models which offer only a tenuous link between dollars appropriated and results. There is far greater certainty and information on the relationship between dollars appropriated and the purchase of inputs and near-term outputs, such as staff and equipment, than there is between dollars and outcomes which are mediated through complex implementation chains and logic models which have yet to be developed for most programmes.

With regard to the trust dimension, there may be a false dichotomy in the debate. While the traditional accountability focus is premised on the need to guard against abuse, in fact the accountability reforms ushered in during the 1990s in the United States have arguably served to strengthen, not weaken managers in the agencies in the federal government. The financial, performance and information systems reforms have in fact served to institutionalise reforms in agencies' systems and controls that arguably will serve agency managers well should they achieve greater authority. While the public view of auditors stresses their checking and transactional control functions, in fact auditors themselves have been the leading advocates for these more systematic reforms. The prospect of institutionalising more systematic information within programmes and agencies, after all, makes the auditor's job that much easier – it is far preferable to analyse primary data collected by others than to collect and reconstruct this information yourself.

More broadly, powerful currents in the political culture of the United States also suggest another reason why this debate presents a false dichotomy. As Garry Wills has suggested, we want government to be effective, all the while retaining a healthy distrust of political leaders and bureaucrats (Wills, 1999). As one United States Senator observed, American politics can be summed up in two statements: "get the government off our backs" and "there ought to be a law". From this perspective, it is likely that we will continue to express the view that we can have it all when it comes to accountability – both controls premised on distrust and systems premised on trust.

The question here would focus on whether we can in fact have it all, in Robert Behn's words (Behn, 2001, p. 37). Are accountability systems mutually reinforcing or offsetting? How can such systems be designed to become more compatible, if necessary? Can we both increase the capacity of agencies to improve efficiency while maintaining the confidence and interest of political principals in accountability for these programmes? Under what circumstances will political principals support greater devolution, and what are the accountability requisites?

6. Can we protect performance accountability from itself?

From this somewhat provocative heading, you might guess that I am one of those "old line" public administration types who is skeptical of performance management and its sometimes unctuous claims. Far from it – I have been an advocate of institutionalising greater focus on performance both in management and in the budget process. Mindful of the minefield of failures at the federal level in performance budgeting and management, in fact I have worked with others in the system to learn the lessons of the past in designing the Government Performance and Results Act and educating the federal community on constructive oversight of this important movement.

Having said this, I have a lover's quarrel with the movement and it centres around models of accountability for performance. The checkered history of performance management at the federal level has left its devotees with the following lessons – the failure of PPBS, ZBB, MBO and other such initiatives to become institutionalised can be attributed to the inability of those processes to integrate themselves into the decision-making processes that really matter to managers and stakeholders, most particularly the budget process. Accordingly, under the GPRA, the goal was to ultimately place performance metrics at the center of resource allocation, personnel evaluations and other processes that matter.

There is convincing evidence that the GPRA has largely escaped the fate of its predecessors. It has been sustained for ten years through two different Administrations whose budget offices have placed performance management and evaluation information at the centre of their management oversight of agencies. Notwithstanding the low expectations of its creators, the reforms have become institutionalised within agencies and the information is becoming integrated in agencies' oversight of contractors, grantees, regional offices and other programme agents (GAO, 2004b).

However, in the United States system, the performance movement is at a turning point that could very well prove to be critical to its future evolution. To date, the performance movement has focused on what I will call "strategic accountability" – that is, the plans and information have served to reframe questions for budgeting and oversight, help set new agendas and provide valuable supplements to ongoing accountability frameworks. Such a process takes a considerable number of years in a system involving multiple principals where the definition of performance goals and the articulation of metrics are contentious and contestable. Moreover, considerable technical obstacles need to be overcome in a federal system which relies extensively on a wide range of third party actors to deliver national programmes and objectives. In this case, the tie between the inputs of federal resources and the performance outcomes can be quite tenuous and it requires years of research and agreement to specify the logic models through which federal programmes ultimately reach their performance targets. In a system like that in the United States, many years will be required to articulate performance systems that gain consensus in diverse issue networks and overcome technical measurement and evaluation issues. Even as these issues are worked out, it would be ill advised to expect these systems to have tightly coupled models relating inputs to outcomes. Programmes typically have multiple outcomes, some of which are inherently difficult to measure, involving decisions to weigh their relative importance that are inherently political. Given these uncertainties, performance can play a role that is non-exclusive, supplemental to other forms of accountability and only loosely coupled to resource decisions.

However, the movement is taking a turn toward what I call "instrumental accountability" where performance information is given a central role in allocating scarce resources and making other high-stake decisions. The more performance is used to judge, reward and sanction, I am concerned that it will lose the basis of expert legitimacy that is the ultimate claim that such systems have on decision makers. As the stakes associated with its use grow, so does the threat to the integrity of the models and metrics which are the basis for performance management systems. The price of attempting to align with budgeting is to enter an arena where performance may get too close to the flame of political conflict to survive intact.

Resting on a technically shaky basis, the use of performance as the primary criteria for decisions and even oversight jeopardises its standing by threatening to undermine other important values in the budgeting and broader policy making processes. Many advocates base their accountability models for performance on a naïve rationalism that rests on what I call the "mechanical model". If performance goes up, the agency or staff get rewarded with increased resources, if it goes down, they get penalised somehow. While appealing on first glance, such a model squeezes out other important factors that need to be weighed and considered in making decisions – relative priorities, equity considerations, the need for poorly performing programmes to obtain greater resources in the near term to deal with problems, among others. Thus, for instance, it is not at all obvious that the response to a spike in the number of drug abusers would be to penalise the drug programmes and their administrators with a loss of funds, but that is the rather unsophisticated result of these instrumental models. Far more realistic and supportable is what I call the "agenda" model of performance management where performance is not expected to provide the answers for resource allocation and personnel judgements, but rather prompt the raising of new questions.

The question here involves understanding how performance-based accountability systems actually can work to affect decision makers' perspectives and choices. What does experience suggest about the realistic roles that performance can play in management and policy making? What factors are associated with its use, *e.g.* single *vs.* multiple principals, unitary *vs.* federal systems, fiscal expansions *vs.* contractions? What roles do independent auditors and evaluators play in their attestation and validation functions to provide greater confidence and trust in these systems?

7. How do accountability systems work with other systems to affect programme results?

Accountability is often viewed as that set of information and systems that help us assess how well programmes and operations are doing. However, there are other more important tools we use to influence the outcomes of programmes and policies, and it is important to understand the relative role that accountability systems can play in this broader context.

In the United States, there has been a tendency to view accountability as a process that is triggered retrospectively. In this respect, accountability is the province of specialists, freeing up other policy actors and professionals to concentrate on developing policy proposals and managing performance, safe in the knowledge that their backs are covered by arcane accountability institutions and their routines.

There is considerable evidence that fundamental programme design decisions involving the selection of governmental tool, the design of that tool, the choice of providers and the engagement of particular networks have a major effect on performance. The role of design incentives and sanctions is particularly important for indirect government where traditional hierarchical command and control techniques are not available to principals to influence compliance with standards (Posner, 2002). Linder and Peters observe that improper design condemns programs to be "crippled at birth", a malady that the best public accountability systems have difficulty overcoming (Linder and Peters, 1987). By design, I mean the combination of incentives, sanctions, and rules built into the programme at the outset. For instance, the potential moral hazards associated with insurance programmes can at least be tempered with risk-sharing requirements such as coinsurance requirements and expanded capital requirements. Similarly, the fiscal windfall potential of grants can be addressed with effective matching and maintenance of effort provisions (GAO, 1981). In the context of the current response to Hurricane Katrina, in another case, the decision to expand agency managers' flexibility to procure goods and services through use of government credit cards without competition worried many concerned with the potential for favoritism and cost-ineffective purchases by agency managers. While accountability provisions could provide for reporting, oversight and audits, the fundamental decision to provide this authority already sets in motion an implementation process that is difficult to control at the back end of programme management.

Implementation analysis provides a rich set of variables that influence the accountability and performance under federal programmes. This article will not go into depth on any one of these factors, but a listing illustrates the range:

- The ability of principals to choose providers in a competitive process;
- The degree of congruence among goals and priorities between principals and agents;
- The extent of cohesion on the part of multiple principals either within the same level of government or across different governments and sectors;
- The accessibility of programme clients and providers to courts and media;
- The credibility of incentives and sanctions to motivate performance;
- The extent to which relationships between principals and agents will be continuous over time.

This is not to say that accountability and oversight can never overcome design obstacles. In one study, John Chubb concluded that federal education grants for vocational education were better designed than federal compensatory education programmes, yet the greater oversight and accountability attention provided to the latter set of programmes promoted more effective targeting and performance (Chubb, 1985).

Moreover, the oversight and accountability of official agencies of government can be reinforced or undermined by other accountability processes. In a notable article, McCubbins and Schwartz observe that Congress frequently provides for what they call "fire alarm oversight" to supplement the scarce resources that accountability professionals can spend overseeing programmes through their normal "police patrol" functions (McCubbins and Schwartz, 1984). By permitting programmes' clients and providers to appeal to courts, federal agencies and Congress itself, there is conceivably greater coverage and attention to issues that would not be caught up in normal accountability systems. However, as Behn notes, there is cost to primary reliance on complaint-based mechanisms, including undetected "fires" and false alarms (Behn, 2001, p. 76).

Questions here involve the relationship between accountability mechanisms and the larger public management environment. To what extent can accountability professions and systems compensate for failures of programme design and structure? To what extent do accountability professions target their own scarce resources based on an assessment of the underlying vulnerabilities and risks associated with particular programmes and operations? Just as there are standards governing the conduct and coverage of audits and evaluations, can there be similar standards relating to critical programme design decisions that have such an important bearing on programme implementation and results?

8. Are accountability systems inherently retrospective?

Accounting and evaluation are inherently retrospective enterprises. What did the organisation or programme achieve in the prior year and what changes are needed to promote greater integrity, efficiency and effectiveness based on this past track record? Other management and policy systems are more forward looking – budgeting generally has timelines going forward from one to ten years while strategic planning can look even further at longer-term forces.

The retrospective focus of accountability systems in some respects mirrors the alleged timeframes of the political process. Political leaders are said to be short-term focused, where the next election becomes the primary focus reinforcing high discount rates with regard to the future costs of current decisions as well as non-decisions.

Western societies, however, are at the precipice of a major shift in demographics and economies that will raise serious questions about the sustainability of current policies. Pension and health entitlements, as well as relatively low rates of savings in many nations, will encumber longer-term fiscal futures with an unpalatable combination of high debt, higher taxes or lower spending. The longer decision makers wait to address these issues, the greater the fiscal costs socio-economic dislocation (GAO, 2005b).

The GAO has been among the leaders in the accountability community attempting to redefine the orientation and metrics of financial analysis to focus more attention on longer-term implications of current decisions. David Walker, the Comptroller General, has defined "foresight" as a new line of work for the GAO to supplement the agency's traditional emphasis on oversight and evaluation. The GAO has developed and updated a long-term model of the federal budget looking out 50 years which permits policy makers to assess whether current policies are sustainable beyond conventional budget windows, and the Congressional Budget Office and the OMB have followed suit. Accrual accounting and budgeting initiatives starting in New Zealand and recently adopted in the United Kingdom and Australia also promise to bring greater attention to longer-term issues by including the net present value of the long-term costs of new liabilities in budgets, thereby forcing decision makers to find ways of financing those costs in the present rather than passing them off to future taxpayers. On the asset side, accrual budgets generally attempt to book the consumption costs of long-lived assets each year, rather than their total upfront costs, although many would argue that this depreciation approach actually understates the costs of commitments and could lead to overspending at the expense of future generations (GAO, 2000). Whatever the form of these emerging accountability mechanisms, the purpose is similar – to force decision makers to become accountable for the longer-term costs of their actions (Schick, 2002).

The questions here involve examining what kinds of accountability frameworks and metrics appear to be feasible and relevant to debates over longer-term outlooks. Which items are measurable and what are the approaches for presenting this information in ways that are understandable by decision makers and publics? What kinds of factors are likely to dispose decision makers to consider this information and change their preferences and focus, *e.g.* economic crisis and market pressures, pressure from intergenerational forces, public values and concerns about future tax increases, pressure from international institutions?

9. How does the shifting nature of the public sector affect expectations for accountability?

As the United States government's role in solving an ever greater range of public problems has grown, so has the mismatch between expectations and the machinery used to address them. Political leaders resort to a little understood range of tools – what several authors called carrots, sticks and sermons – to solve a growing array of more complex and daunting problems dumped on government's doorstep (Bemelmans-Videc, *et al.,* 1998). The rising expectations are a result of an expansive agenda formation fed by ambitious and increasingly anxious political leaders, an expansive interest group system and a "24-7" media culture (Baumgartner and Jones, 1993).

Given the ambivalence most Americans have toward government, the United States government, and increasingly many other nations as well, have resorted to the reliance on a complex web of third parties to respond to these expectations through a growing array of indirect governance tools (Salamon, 2002).

As challenging as accountability is for government bureaucracies, the issues and dilemmas are even more daunting for programmes using third party tools. Agencies that deliver services directly with their own employees have certain accountability advantages: transactions are internalised within hierarchies that are more cohesive and responsive to central leadership (Lehman, 1989). Obvious challenges are presented when the federal government must use independent actors it does not fully control to achieve its goals, especially since, as Don Kettl has noted, transferring who does the work does not relieve the federal government of responsibility for the performance (Kettl, n.d., p. 49).

The major challenge posed by third party government stems from the diffuse political authority embedded in third party relationships. Third party providers have independent bases of political power and potentially conflicting goals and interests. Fundamentally, these relationships are consequently best characterised as bargaining relationships in which the third party partners often have the upper hand in both policy formulation and implementation. This is particularly true in view of the fact that at the outset of third party relationships, federal managers are focused on gaining the participation of third parties to build support for the programme throughout the nation. As Ingram notes, participation is initially more critical to programme survival than promoting compliance with goals, with the hope that goal congruence and compliance can emerge over time (Ingram, 1977). As vexing as the challenges are, third party government in the United States actually can be viewed as an enabler for an expanded federal role. In this view, most powerfully argued by Robert Stoker, third parties actually expand federal power to act on issues outside the realm of national authority in a federal, mixed market system (Stoker, 1992).

Central to the accountability challenge of third party government, however, is the multiplicity of legitimate perspectives it brings to the designation of programme goals and purposes. By inviting third parties into the design and implementation of these programmes, an expectation is often created, intentionally or not, that some level of programme accountability to non-federal perspectives is legitimate as well. The consequence is an ambivalent accountability where programmes are influenced by interests and values prevailing at many levels throughout the system.

The federal government pursues highly variable strategies for these settings that go well beyond the traditional audit and reporting commonly believed to constitute accountability. Rather, strategies to address third party performance problems embrace such fundamental programme formulation and design issues as initial tool selection, tool design, provider selection, network transformation, oversight and information feedback mechanisms. The challenges are not uniform across all tools and types of third parties. Nor can or should a single accountability strategy apply to all tools and third party relationships. Indeed, we know that even for a single tool like federal grants, different accountability schemes are appropriate for categorical versus block grants to reflect the differential federal roles contemplated under each. Among the factors likely to determine the appropriate choice or tools and accountability strategies are the nature of the federal role intended by policy makers, the nature of the tool itself, the congruence between federal and third party goals, the fiscal role undergirding the tool, and the relative weight placed on universal participation.

I have elsewhere attempted to provide a framework to more systematically identify three different models of accountability tailored to the drastically different federal roles contemplated by principals for differing programmes (Posner, 2002). These models are listed below and in Table 1:

- **Federal**: programmes where specific federal goals define performance expectations and implementation. Here the federal government would be expected to set specific and prescriptive goals and uses coercive and centralising tools like contracts and regulation. Third parties are placed in classic agent roles. To the extent possible, federal agencies would exercise upfront control over provider selection and will maximise opportunities for front-end review and approval of third party plans and actions.

- **Partnerships**: programmes where goals are set through bargaining relationships between the federal government and third parties. Where the federal role is defined in partnership terms, programmes would be expected to define goals in broader terms and use such tools as categorical grants or partial preemption regulatory mechanisms that permit some third party discretion and flexibility within federally set parameters. Under this scenario, federal agencies most likely would have little control over selecting third party providers and must use established networks, but would seek to influence values and priorities of established providers through "fire alarm" and "picket fence" mobilisation strategies. Oversight would be ex post for the most part and may be performance-based as well, with indicators and measures jointly agreed by federal and third party officials.
- **Third party**: programmes where goals are set primarily by third parties themselves, and the federal role is defined as supporting third parties to implement their own goals. Principal accountability for these programmes is to constituencies at the third party level who assume roles as truly independent actors. Typically, block grants or tax expenditures best lend themselves to this purpose. Federal agencies under this scenario would take providers as they find them, with oversight constrained to *ex post* reviews of funds and performance, most likely delegated to third party institutions such as state or local auditors or legislative oversight hearings.

Table 1. Different accountability models

	Nature of federal role		
	Federal	**Partnership**	**Third party**
Goals	Federal prescriptive	Bargained	Third party
Third party role	Agent	Partner	Independent
Tool choice	Contract/regulation	Categorical grant	Block grant Tax expenditure
Provider selection	Competition/create new networks	All eligible/ influence focus of networks	All eligible
Oversight	*Ex ante*	*Ex post* with federal agency reviews	*Ex post* delegated to providers

As the foregoing suggests, there are no universal prescriptions for accountability across the federal government; rather accountability relationships and models are highly contingent on the federal role and other important factors. In fact, for many programmes, accountability is devolved to other principals in our federal system in public, private and nonprofit sectors. This presents a challenge to accountability professionals, particularly for those models which would define uniform, minimum information, evaluation and auditing roles for federal programmes regardless of the nature of the federal role. For instance, agencies seeking to apply the GPRA to federal grants have reportedly been inspired to assert outcome goals that go well beyond the rather limited financial contribution of the federal government compared with state and local governments. The impulse to nationalise accountability affects not only audit professionals but also their political principals at the national level who have shown little reticence at times about asserting and inserting national oversight and second guessing of third party partners, notwithstanding prior decisions to devolve authority downward in our system.

The residual federal role in accountability remains highly controversial. While accountability is devolved, continued national support is premised on sustaining confidence by national political principals in the results achieved under these programmes. For instance, in the FY2006 budget, the Administration challenged the block grant provided to local governments for community development, charging that little information was available about what goals were being pursued by the over 1 000 localities receiving the funds or what results were actually achieved. This charge has inspired a national debate over whether the accountability for this programme should shift from the devolved model described above to more of a mixed partnership with more prominent federal influence in determining goals and accounting for results.

The major question involves the role of accountability systems and arrangements in addressing the high but potentially conflicting expectations held by federal and third party actors for these programmes. Much research needs to be done to enable policy makers and administrators to make more informed choices of tools, design options and oversight mechanisms. The stakes are indeed high. Prompted by a healthy suspicion of government and contemporary ambivalence, do third party governance tools at the same time lay the groundwork for even more frustration and disaffection with government by promising more than we can deliver through these mechanisms? To what extent can accountability systems promote confidence in third party governance systems while at the same time safeguarding the requisite flexibility and decentralisation of authority that arguably constitute the basis of legitimacy for these programmes? To what extent can accountability systems be designed to satisfy the needs of principals at multiple levels of government and across multiple sectors in our system?

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Table of Contents