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THE INTRODUCTION OF LEGAL AUDIT WITHIN FRENCH UNIVERSITIES: THE IMPACT ON THE MANAGERIAL LATITUDE OF MANAGERS

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Abstract

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The adoption of the Law relative to the Liberties and Responsibilities of Universities (LRU) in 2007 has sought to “modernize” the governance system of French universities. Article 18 of this Law stipulated “the accounts of the university are subject to an annual audit by a legal auditor” (Law no. 2007-1199 of 10 August 2007). This paper explores management teams’ perceptions of the role of legal audit in the governance system of French universities and its impact on the managerial latitude of university managers. Based on twenty-five interviews carried out with members of the management teams in three universities, the results of this study are threefold. Firstly, legal audit plays a disciplinary role by reducing the information asymmetry and cognitive conflicts between university managers and the stakeholders involved in governance particularly the financial supervisory authorities and the accounting agency. Secondly, the audit report is used by university managers to reinforce the legitimacy and the objectivity of their decisions, in the face of internal and external political pressure coming mainly from the university council, faculties, and the supervisory authorities. Thirdly, legal audit plays a complementary role to the governance system in place, including the controls of the accounting agency, the Council, and the Rectorate. Therefore, the results of this research are part of an integrated governance approach (Wirtz, 2006) which is characterized by the complementarity between the disciplinary and cognitive dimensions (Williamson, 1991; Charreaux, 1997).

Keywords: Legal Audit, Governance, University, Managerial Latitude

Authors’ individual contribution: Conceptualization — H.E.; Methodology — H.E. and M.A.; Formal Analysis — H.E. and M.A.; Investigation — H.E.; Resources — H.E. and M.A.; Writing — Original Draft — H.E. and M.A.; Writing — Review & Editing — H.E. and M.A.; Visualization — M.A.; Supervision — H.E.

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1. INTRODUCTION

The application of the principles of new public management in higher education (Hood, 1991; Broucker & De Wit, 2015) and the pressures imposed by institutional isomorphism (DiMaggio & Powell, 1983), led French public authorities to set up reforms (LOLF¹ in 2001, RGPP² in 2007, MAP³ in 2012). The purpose of the reforms was to improve the efficiency and effectiveness of the public sector in general and have affected universities in some aspects. In this context, the French university has been the subject of a series of reforms aimed at improving its status at the international level. Such as strengthening the contractualization policy (Musselin, 2001), strengthening the link between financing and performance (The SYMPA model); and, the adoption of the Law relative to the Liberties and Responsibilities of Universities (LRU) in 2007; and the Law on Higher Education and Research (ESR) in 2013. These various reforms, and particularly the LRU legislation, have sought to “modernize” the governance system of French universities by giving them more autonomy and new extended responsibilities and competencies (RCE), but also imposed on them more accountability (Boitier & Riviere, 2013b). In this sense, article 18 of the LRU legislation stipulates “the accounts of the university are subject to an annual audit by an external auditor” (Law no. 2007-1199 of 10 August 2007).

In the literature, a legal audit can play different roles in a system of governance depending on the theoretical framework mobilized. In the disciplinary approach (Jensen & Meckling, 1976), the legal audit is supposed to contribute to restriction in the managerial latitude of managers through the reduction of information asymmetry and the conflicts of interest between managers and stakeholders. In the cognitive approach, the legal audit is likely to contribute to strengthening the managerial latitude of managers through its contribution to the creation of knowledge and the reduction of cognitive conflicts between managers and stakeholders (Charreaux, 2002a).

The recent introduction of the legal audit was in addition to a complex set of governance mechanisms already in place within French universities, and the concern arises about the potential contribution of an additional external control within universities. In this article, we wish to explore the perceptions of the management teams of the role of the legal audit in the governance of universities, and its impact on the managerial latitude of managers. Managerial latitude can be defined, by adapting the definition proposed by Charreaux (2008) to the case of universities, as “the possibility that managers, in seeking to satisfy their own interests, deviate from the objectives that the ‘Supervisory Authorities’ set for them” (p. 13).

The rest of the article is structured as follows. Section 2 identifies the main stakeholders involved in the French university governance system. Section 3 is a review of the literature on the role of legal audit in a governance system whilst Section 4

presents the research methodology adopted. Section 5 details the results of this exploratory research. Finally, a conclusive discussion of the results in Section 6 completes this article.

2. IDENTIFICATION OF THE STAKEHOLDERS INVOLVED IN THE FRENCH UNIVERSITY GOVERNANCE SYSTEM

The latest reforms introduced in French universities, particularly the LRU legislation, created a new institutional environment for universities. The latter are considered professional bureaucracies (Mintzberg, 1979) where different “institutional logics” coexist. Thornton and Ocasio (2008) define institutional logics as systems of beliefs and values, socially and historically constructed, composed of symbols and material practices, through which individuals and organisations give meaning to their activities.

Institutional logics give the university a role in society through fundamental values and define missions and modes of management and control deemed legitimate. In the same vein, most research on institutional logics considers that there is a dominant logic within a field, an organisation, or a professional group, constituting the reference shared by the members of the entity studied (Reay & Hinings, 2009; Thornton, Ocasio, & Lounsbury, 2012). In the case of universities, Boitier and Rivière (2016) and Chatelain-Ponroy, Mignot-Gérard, Musselin, and Sponem (2014) identify and propose a classification of stakeholders according to “dominant logic” that guides their behavior. This logic constitutes a reference point that actors mobilize in their activities:

- Teachers-researchers: are federated to an academic logic, which is expressed mainly in the role they give themselves to produce and disseminate knowledge. Teachers-researchers have a preference for decentralized structures that provide autonomy and power (Townley, 1997). Some academics may hold management positions (university president, vice president, etc.).

- Politics: on the one hand, this refers to academic logic because of their status as teachers-researchers. Conversely, they are attached to a dominant political logic while exercising their activities as politicians. This political logic is exercised at the level of internal relations (with the faculties, the Council, etc.) but also at the level of external relations, particularly with the supervisory authorities (Boitier & Rivière, 2016).

- Technocrats: are attached to a bureaucratic logic, which is linked to their mission of control concerning the conformity of decisions made with the legal and regulatory framework in force (Boitier & Rivière, 2016).

- The State: attached to a managerial logic that is supported by the recent reforms (notably the LRU legislation) and the new financing and evaluation mechanisms (Boitier & Rivière, 2013a) which are inspired by the principles of new public management (NPM) and encourage universities to be part of a performance and accountability process (Hood, 1991). In this logic, the university’s role is to contribute to strengthening the state’s competitiveness within the framework of the “knowledge economy” through the training and development of applied research-oriented towards innovation.

¹ *Loi Organique Relative aux Lois de Finances* (Legislation governing public finance in France).

² *Révision Générale des Politiques Publiques* (General Revision of Public Policies).

³ *Modernisation de l’Action Publique* (Modernisation of Public Action).

This identification of the main stakeholders makes it possible to highlight the heterogeneity of the logics brought together by the different actors concerned by university governance. Consequently, this could result in a divergence in their perceptions of the recent reforms implemented in French universities and more particularly the introduction of the legal audit.

3. LITERATURE REVIEW: THE ROLES OF LEGAL AUDIT IN UNIVERSITY GOVERNANCE

3.1. The disciplinary role of legal audit in university governance

In the framework of agency theory (Jensen & Meckling, 1976), the fundamental objective of the legal audit is to contribute to the regulation of the relations between the managers of universities and the State as principal financier (more than 70% of higher education budget) in a context marked by information asymmetry. Indeed, the legal audit will have a dual function. It offers a monitoring function, for the benefit of the central authorities, which consider financial statements as a means of controlling managers, particularly in the context of strengthening universities' autonomy (through RCE), (Boitier & Rivière, 2013b). Additionally, it offers a bonding function for the benefit of managers by allowing them to clear themselves through the presentation of financial statements, and whose compliance with the regulations in force is recognized by an external auditor fulfilling the conditions of competence and independence (DeAngelo, 1981).

In the partnership approach to governance, stakeholders request access to relevant and reliable accounting and financial information for their decision-making (Charreaux, 1997). Indeed, in a context where some universities are facing financial difficulties, the legal audit could in this case play a social role of insurance concerning the quality of the accounting and financial information made at the disposal of the various stakeholders concerned (staff, students, local authorities, private partners, etc.).

In this approach, the legal audit can be examined as a governance mechanism aimed at reducing the information asymmetry between managers and stakeholders (Charreaux, 1997) by ensuring a social function through its opinion on the quality of financial statements produced.

3.2. The cognitive role of legal audit in university governance

In the cognitive approach to governance, the legal audit is perceived as a governance mechanism contributing to knowledge creation and organizational learning (Charreaux, 2002a). This contribution is made thanks to the interactions and exchanges between the actors who are, in our case,

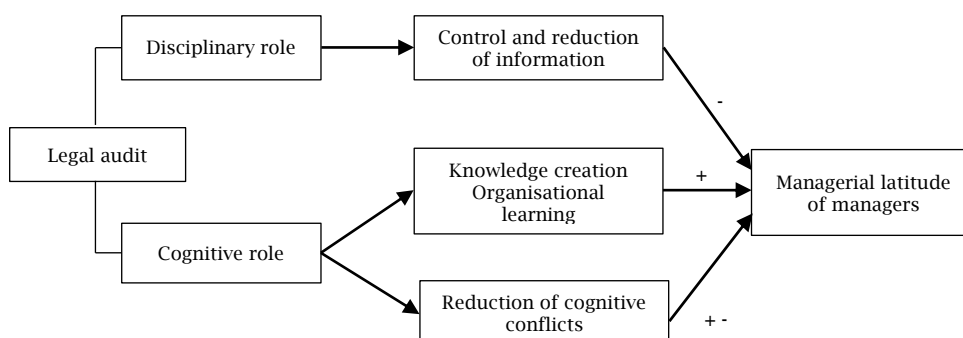
politicians, technocrats, the state, members of the university councils, and external auditors.

The cognitive contribution of the audit can take two forms (March, 1991): the first is linked to the use of existing knowledge within the university and is oriented towards the management and the capitalization of experience. The second form concerns the exploration and development, in a complex and unstable environment (Gillet & Gillet, 2013), of new opportunities outside the university. In this context, far from being limited to a legal and technical obligation and concerning only the financial services of the university, the certification of financial statements could be seen as an open project and related to other managerial and strategic issues of the university. Indeed, the certification of financial statements could be part of a risk management policy associated with new RCE powers acquired by French universities.

In this sense, the legal audit can be examined as a mechanism of cognitive governance contributing to the governance of universities through its role in the regulation of the university by evaluating the practices of internal control and proposing possible improvements (Carassus, 2008). In addition, the legal audit can be examined as a mechanism that contributes to the governance of universities through its role in reducing cognitive conflicts (Wirtz, 2006) resulting from the divergent perceptions between managers and stakeholders. Indeed, as described above, in universities there is a coexistence of multiple "logics" (academic, political, bureaucratic, and managerial) which make essential a convergence of perceptions and an agreement on the definition of the priority objectives to be achieved by the university (Chatelain-Ponroy & Cellier, 2005; Boitier & Rivière, 2016).

In this context, the legal audit can be examined as a mechanism that helps bring stakeholders' perceptions closer. Therefore, the legal audit could play a dual role; firstly, it could be used (sometimes selectively) by managers as a reasoned basis to promote their interests and/or in the context of a posteriori justification of the decisions taken (Fabre, 2013; Boitier & Rivière, 2016) to give more legitimacy to their "political logic" (Chatelin & El Kaddouri, 2017).

Secondly, it could play a role as a binding mechanism for managers (Charreaux, 2002a) by encouraging them to align their "political logic" with the logics of other stakeholders involved in the governance of the university. In particular, the central authorities (managerial logic) and the technocrats (bureaucratic logic) and thus contribute to governance through the reduction of cognitive conflicts over a representational disagreement and not over a disagreement of interests (Bessire, Chatelin, & Onnee, 2007). In Figure 1, we propose in synthesis a conceptual model of the roles of legal audit in the governance of French universities.

Figure 1. Conceptual model of legal audit roles in university governance

Note: Binding effect -; Enabling effect +.

4. RESEARCH METHODOLOGY

The methodological approach adopted to meet our research objective is based on a qualitative study in the form of semi-structured interviews with management teams in three French universities. This method offers the possibility of reconstructing the “subjective” meaning, that is, the lived meaning of social behaviors and actors (De Singly, 1992). On the basis of the transcripts of these interviews, we proceeded to a thematic analysis of the collected material as part of a qualitative approach (Miles & Huberman, 2003).

4.1. Data collection

To carry out our interviews, we built an interview guide and undertook 25 interviews with people involved in the legal audit process in 3 universities. We interviewed 1 president of the university, 10 vice presidents (VP), 3 general directors of services, 3 accounting officers, 3 financial directors, 2 management controllers, 2 internal auditors, and 1 steering unit manager. The main criterion used in choosing our three case studies was the variety. This choice aims to increase the understanding of the studied object and sometimes even its complexity (Hlady Rispal, 2002). The variety of our study cases is at three levels: the size, the major discipline, and the date of transition to autonomy (Table 1).

Table 1. Characteristics of the three universities studied

University	No. of students (in thousands)	Major discipline	Date of transition to autonomy	No. of interviews
U-1	10-20	Law, Economics and Management	01/01/2011	8
U-2	20-30	Sciences and Techniques of Sports and Physical Activities (STAPS)	01/01/2010	9
U-3	> 30	Sciences and Technology	01/01/2010	8
Total				25

4.2. Data analysis

To analyze our data, we opted for the manual treatment recommended by Miles and Huberman (2003), which allowed us to be closer to our collected material. Once transcribed, our interviews were the subject of several readings, which led to the preparation of summary sheets of each of the interviews. We then moved on to a more transversal analysis of our interviews. This is what Bardin (2003) calls the transition from a vertical analysis to a horizontal analysis, in other words, coding. In order to carry out thematic coding (Miles & Huberman, 2003) of our interviews, we used the themes from the interview guide, which is itself based on our conceptual framework. We have gradually built a meta-matrix according to the themes of the interview guide in order to group the answers and make them more readable.

5. RESEARCH FINDINGS

5.1. Perception of the disciplinary role of legal audit in university governance

In the disciplinary approach to governance, legal audit ensures a control function of the university managers by obliging them to act for the benefit of the supervisory authorities. In this sense, most of the members of the management teams interviewed perceive the legal audit as a governance mechanism with a supervisory role. They consider that the report of the legal auditor has an impact on the managerial latitude of the presidents of the universities when it is addressed to the different state authorities in charge of the administrative and financial supervision:

“The auditors’ report is sent to everyone: the Court of Auditors, the Rectorate⁴ and the General Directorate of Public Finance. This information sharing forces the political team to respond to the requests of the auditors on almost all the issues” (U-3/VP budget).

⁴ French education system is divided into academies; each one of them is placed under the authority of a Rectorate.

The results show that the legal audit would contribute to the reduction of information asymmetry between university managers and the Rectorate and the Court of Auditors. Indeed, it seems that the legal audit plays a complementary role to the control carried out by the Rectorate and the Court of Auditors. The audit report is used by the Rectorate in its monitoring and evaluation of the budget project presented by the university:

"Our budget must be validated by the Rectorate [...] in our exchanges we saw that they have read the report of our auditors" (U-1/VP budget).

"The legal auditor will make an assessment on the level of our compliance with the accounting standards, which will feed the Rectorate to better inform its approach to control our budget project" (U-1/VP finance).

Conversely, this same report, especially when it's made with an unqualified opinion, seems to be considered by the magistrates of the Courts of Auditors as complimentary insurance and allows them to direct their diligences to focus more on the examination of the quality of management of the presidency team instead of the financial audit of accounts:

"I noticed that the Court's controls are lighter on the accounting and financial questions since we had unqualified audit reports. The latter are sent each year to the Court of Auditors. I think it allows them to define the priorities of their controls and to concentrate their time and resources on the examination of the quality of management" (U-2/president).

In addition, in the context of RCE granted by the LRU legislation and the resulting risks, the majority of respondents confirm that universities' presidents use the audit report as a clearing and signal mechanism that reflects the quality of their financial management and their compliance with the public accounting standards:

"The fact that our accounts are certified is something that can be put forward in our relations to the Ministry of Higher Education, the Court of Auditors, the Rectorate and the university's Council. This reinforces our credibility and allows the presidency team to show that the work done has been done correctly" (U-1/VP Council).

In an extended partnership approach, the results show that the legal audit does not seem to have an impact on managers' managerial latitude when the audit report is disseminated to internal stakeholders. Indeed, almost all the actors interviewed believe that the legal audit does not meet the need for insurance of teachers-researchers (federated to an academic logic) and students and that the latter has a negative perception of the introduction of the legal audit within the universities:

"The teachers-researchers and our students are relatively unaware of this issue, they do not see the image of the university in terms of the quality of its financial statements [...]. They see the implementation of legal audit as a reinforcement of the bureaucratic system, new procedure and things we don't do and that we have to do now. So internally the legal audit is seen as more constraints than benefits" (U-2/VP Council).

This negative perception of internal stakeholders of the setting up of legal audit within the universities contributes to accentuating

the asymmetry of information between these actors and managers, which seems to lead to the reinforcement of the managerial latitude of the latter:

"We have a university community that does not get involved in these processes that tend to evaluate the university on the basis of the same criteria as the private companies, like the case of legal audit. On the merits, I totally agree, but this lack of interest accentuates the asymmetry of information and gives more power to the president" (U-3/VP Council).

We note that legal audit has a disciplinary impact on the managerial latitude of the university's managers through its contribution to the reduction of the information asymmetry between the managers and the state. This impact does not seem to be significant when the audit report is disclosed internally.

5.2. Perception of the cognitive role of legal audit in university governance

5.2.1.A contribution of legal audit to the improvement of the accounting processes strongly perceived

One of the important contributions of legal audit is its role in improving the quality of accounting and financial information within French universities. The majority of the interviewees underline that the financial statements of the universities, before the arrival of the auditors, did not give a fair and accurate representation of the financial position of the universities. Further, they explain that this situation is due to the non-application of certain accounting principles advocated by the legal texts and especially to the absence of a culture of accounting quality. Indeed, the auditors highlighted a set of divergences between the actual accounting and financial system of French universities and the accounting standards in force. Through their reservations and observations, the auditors have contributed to the establishment of an accounting quality culture within the university, and have played a role in changing some of the work habits and enhancing the awareness of the university management teams towards accounting and financial information. As such, several examples can be cited:

- Realisation of the physical inventory: *"The physical inventory has not been done at the university for years. The accountant said 'it would have been nice if you made the inventory to have more accurate values in our financial statements'. Until then, everyone didn't care. But when the auditor said 'I will put a reservation on it', which means getting a report with a qualified opinion, we paid a small company to help us conduct the inventory"* (U-3/finance director).

- The introduction of depreciation: *"We had equipment for all the laboratories, and there was no depreciation, it needed a mandate and a decision of the president. When the auditors arrived, this is the first thing they asked for and it was done"* (U-2/accounting officer).

- The application of the time period principle: *"In the case of research contracts that were not annualized at all [...], the auditors have put that in order by considering them as multi-year contracts, imposing to post in our records just the revenue and*

expenditure of the current year [...]. Another example is the allocation of the additional hours which used to be done in the following year or even in two years, because they were claimed too late by the faculties for various reasons. The auditors told us that we now need a more rigorous management of the extra hours; otherwise they would put a reserve, so we have implemented a much more efficient reporting system to overcome this" (U-3/general director of services).

Moreover, all of the accounting officers interviewed stated that the implementation of legal audit, contributed to fostering internal dialogue and to strengthening links between the accounting agency and the presidency team to make the necessary accounting adjustments to improve the quality of the financial statements.

Another perceived contribution of legal audit is its role in the identification and control of risks arising from new responsibilities and competencies given by the LRU legislation and in improving the internal accounting and financial control system: "Auditors help us question the risks. It is true that since we have auditors coming into our university, we are more aware and attentive to the procedures of our internal accounting and financial control, even my recruitment as an internal auditor comes within this approach [...]. Reinforcing our internal control system allows us to gain a certain margin of freedom to focus on more strategic issues" (U-1/internal auditor).

Finally, these perceived contributions of legal audit to the improvement of financial and accounting information quality and the internal control system seem to reinforce the reliability and the relevance of the information system (general accounting, cost accounting, dashboards, etc.) put at the disposal of the managers in their steering function of the university.

5.2.2. A weak contribution of legal audit to the exploration of new opportunities for universities

The French university, based almost entirely on State funding to carry out its operations and investments, is exposed to an economic situation made more difficult since the beginning of the international financial crisis in 2008. Today, it finds itself in a context of budget cuts where it has to find alternative financing. Financiers can be local authorities, European Union, foundations, public-private partnerships, or even development banks.

To the question of whether the auditors' report with an unqualified opinion could, like in the private sector, help universities get access to new funding opportunities, the majority of our interviewees do not perceive a direct link, at least in the short term, between the two elements. Currently, the main criterion on which financiers base their decision to grant funding is the activity:

"For the moment, the financing decisions of the local authorities and our private partners are based on the criterion of 'activity', for example, the Region, which is one of our major funders for research, all that they want is to see the progress in carrying out our research projects" (U-2/VP budget).

"For European funds, we have never been asked about the quality of our accounts or the auditors' report for their decision to finance research contracts" (U-1/VP Council).

5.2.3. A contribution of legal audit to the reduction of cognitive conflicts strongly perceived

The majority of interviewees mentioned a great contribution of legal audit in the reduction of cognitive conflicts. In this sense, legal audit plays a dual role: an "enabling" function and a "binding" function. It provides an "enabling" function in the sense that managers can use it as a reasoned basis to reinforce the legitimacy of their discourse and justify actions implemented in a context sometimes marked by strong political tensions. This use of legal audit by managers as a means to deal with internal pressures was observed in at least three levels:

- Firstly, at the level of the university Council: "Legal audit is seen as an external support to legitimize our actions and to demonstrate to the Council that our choices are not arbitrary. It allows us to say that it is not only the political discourse of the presidency team, but there is also an external part (the auditors) which reinforces this discourse" (U-3/VP finance).

- Then, at the level of the internal services: "The president relies on the auditors' report to legitimize his requests to the internal services, to highlight a problem, to objectify it and to say that it is necessary to take the problem in hand to solve it" (U-1/general director of services).

- Finally, in terms of relations with the faculties: "We can rely on the auditors' report as part of our requests to the faculties; for example, compliance with certain procedures, accounting for extra teaching-hours or mobilizing people in the context of the inventory" (U-2/general director of services).

In parallel to this "enabling" role, it seems that legal audit also ensures a "binding" function by obliging the presidency team of the universities, who have a dominant political logic, to take into account the logic of other stakeholders concerned with the governance of the universities, including:

- The State (managerial logic): "We had a lot of very technical little accounting issues, which did not often attract the attention of the political team, and which were regularly raised by the controls of the Regional Chamber of Accounts or the Regional Directorate of Public Finance. These are all small elements that did not have enough political insights and were not priorities. Whereas with the stake of an audit report with unqualified opinion and in terms of communication and image, the political team mobilized to go towards an improvement of the accounting quality" (U-1/financial director).

- The accounting agency (bureaucratic logic): "The auditors bring a strong support for the accounting officer who can sometimes be isolated. There were fields on which there was no listening to the accounting officer by the presidency team, with the arrival of the auditors, we sorted them out" (U-3/management controller).

We propose below Table 2, a summary table of the disciplinary and cognitive levers of the legal audit on the governance of universities according to the actors involved in governance.

Table 2. Perceptions of the disciplinary and cognitive levers of the legal audit on the governance of French universities according to the category of the actors interviewed

Category of the actors	Effectiveness of legal audit due to its effect	
	Disciplinary	Cognitive
Politics	<ul style="list-style-type: none"> • Reduce the asymmetry of information for the agents of the State. • Complete some governance mechanisms already in place (the accounting agency, the Council, and the Rectorate). 	Use legal audit as a basis for reinforcing the legitimacy of the discourse and justify the decisions taken to deal with internal pressures (The Council, the faculties, and internal services).
Technocrats	Give more power to the support functions (accounting agency and the general directorate of services), to produce accounts according to what these actors consider as good practices.	<ul style="list-style-type: none"> • Contribute to the improvement of the internal control system and the quality of accounting and financial information. • Strengthen the cohesion of services and the sharing of knowledge.

We then notice that the establishment of legal audit within French universities, and generally, the acquirement of new responsibilities and competencies, resulting in a rise of the power of “technocrat teams” characterized by their entrenchment and deep knowledge of the workings of the administration, compared to that of “political teams” and faculties. This finding is consistent with the work of Brunsson and Sahlin-Andersson (2000) but also with the study carried out by Scott (2009) relating to Australian and British universities. Indeed, the latter shows that new forms of management, stemming from the precepts of NPM, encourage a concentration of power in the hands of “technocrats”, and can lead them to take precedence over the “political teams”.

6. CONCLUSION

The results of this study highlight the added value of legal audit in the university governance system and the consequences in terms of power gaming. This contribution of legal audit is at several levels. First, in terms of its contribution to reducing the information asymmetry between university managers and the supervisory authorities. This confirms the theoretical framework based on the agency relationship developed by Jensen and Meckling (1976) and corroborates with the results of empirical studies (Kinney & Martin, 1994; Richard, 2000) according to which legal audit can play a key role in contributing to the reduction of conflicts of interest between the managers and stakeholders.

Secondly, in terms of its contribution to increasing the latitude of managers by reinforcing the legitimacy of their decisions and giving them some protection against internal and external pressures coming from the Council, faculties, and the State. Indeed, the legal audit would allow managers to “depoliticize” decision-making, which refers to the “enabling” dimension of legal audit as a governance mechanism (Charreaux, 2002b). This result is in line with other studies that have focused on the implementation of new management tools within the universities, such as the work of Burlaud (2008) and Drevton (2014), which show respectively that “management accounting” could contribute to the legitimization of the decisions of university managers in relation to the supervisory authorities and the faculties. It also corroborates the work of Fabre (2013) who shows that “management accounting” in the context of universities would allow managers to cope with internal political pressures by giving an objective character to decision-making in the allocation of resources. This contribution of the legal audit to reinforce

the legitimacy of the actions of the managers is, as Mignot-Gérard (2006) underlines, in a context where the governance of French universities seems to depend much more on political expertise. This is based on the management of power relations and the use of arguments, rather than on technical knowledge and a capacity for accumulation of economic or social resources.

The study also shows that the legal audit could contribute to limiting, in a “constraining” dimension (Charreaux, 2002b), the managerial latitude of the managers through the reduction of the cognitive conflicts (Wirtz, 2006). Obliging them to take into account the “logics” of the other stakeholders involved in governance, notably the accounting agency and the financial supervisory authorities, leads to a convergence of perceptions (Charreaux, 2002a; Wirtz, 2006). This result joins the work of Augé, Naro, and Vernhet (2010) who demonstrated that the “balanced scorecard” would contribute to the construction of a convergent perception of reality and the implementation of a collective project approach, a “creator of a common meaning” within the universities.

In this sense, legal audit seems to be both a mechanism for disciplinary but also cognitive governance. This result is in line with the thesis of the need for an integrated theory of governance (Wirtz, 2006) to better understand the complex and dynamic effects of governance on decision-makers and vice versa.

In the same vein, this study highlights the complementary role (Williamson, 1991; Charreaux, 1997) that legal audit could play in the French university governance system by supplementing the shortcomings or by stimulating certain mechanisms in place, including the controls of the accounting agency, the Council and the Rectorate. Therefore, the results of this research lead to a bundle of evidence to confirm the thesis defended and according to which the legal audit contributes to the improvement of the efficiency of the system of governance of the French universities. This result is in line with the work of El Kaddouri (2020) who showed that the interaction between external audit and certain mechanisms of control within universities contributes to improving the efficiency of the whole governance system of these institutions.

The findings of this research also demonstrate that external audit contributes to reinforcing some of the NPM precepts within French universities; mainly in terms of strengthening the university executive (managerialism), and increasing autonomy and accountability.

Hence, the introduction of legal audit and the LRU legislation, in general, could be seen as

an attempt to follow the footsteps of early NPM adopters (especially, the Netherlands and England) who shifted from a state control model to a state supervisory model (Meek & Davies, 2009; Broucker & De Wit, 2015).

This research has a shortcoming related to the sample of interviewees. The majority of our interviewees in the three case studies are technocrats and have a background in finance, and therefore they may have an interest in overestimating the contribution of the introduction of the legal audit. Consequently, the results from this survey are discussed with caution and always with respect to the sample examined. It would have

been interesting to interview several people in the same university to get an idea of the differentiation of perceptions of the same reality and the link that may exist between each of the roles held and the perceptions reported.

Finally, concerning the perspectives of this research, it would be interesting to study, in a bi-polar approach, like the studies of Compennolle (2009) and Bertin and Godowski (2012), the interrelation between the legal audit and the governance mechanisms already in place within the French universities especially the accounting agency, the Rectorate, the Court of Auditors and the Council.

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