



The Canadian
Accounting
Hall of Fame

Le Temple
de la renommée comptable
du Canada

James J. Macdonell – inducted 2022



Shortly after the birth of James Johnson Macdonell in Calgary in 1915 his family moved to Ottawa, where he grew up. He was just 15 when he accepted a position as a CA student at the Montreal headquarters of Canadian Industries Limited (CIL). With CIL's munitions contracts he was deemed to be an essential worker and not allowed to serve in World War II.

In 1945 Macdonell joined Price Waterhouse in Montreal as manager of a newly-formed Systems and Methods Department, rising to the position of Partner and Founding Head of the firm's Canadian Consulting Practice. In the late 1950s he chaired a committee of the Quebec Institute of

Chartered Accountants to study "the ethical and other considerations relating to management consulting practices" conducted by CAs; the Institute subsequently adopted rules that allowed CAs to carry on a management consulting practice under a separate name "provided that they conformed in all respects to the established rules of professional conduct for Institute members."

Macdonell attended a very important meeting in 1962: that of the leaders of the country's ten major consulting practices, including four which were independent of any audit connections, and at which the Canadian Association of Management Consultants (CAMC) was formed. Bringing the two primary groups in Canadian consulting into a common association avoided the creation of factions within consulting, as had occurred with the accounting and industrial engineering consultants in the USA. Macdonell was one of the CAMC's initial directors, and in 1965/6 served as its President.

In 1973 Macdonell was recruited by the Federal Government to become Auditor General of Canada, despite having no recent auditing experience. He found that he had inherited an Office "without a professional development program, no capacity for computer auditing, no generally accepted standard of performance and nine audit directors whose competence, in their own judgment, ranged from excellent to shocking."

One of his first acts was to initiate a high-profile and independent committee (headed by J. R. M. Wilson, the recently-retired senior partner of Clarkson, Gordon & Co.) to review the scope, responsibilities and relationships of the Office of the Auditor General. This committee's report, with 47 recommendations, was tabled in the House of Commons by the Minister of Finance in April 1975; the most important recommendations were reflected in the Auditor General Act of 1977. A key recommendation was that the Auditor General should report any cases where “.. money had been expended other than for purposes for which it had been appropriated by Parliament or value for money has not been obtained for any expenditure.”

Macdonell inherited his predecessor's mantle as Canada's representative on the United Nations Board of Auditors in 1973, and wasted no time in applying his organizational skills to a major overhaul of the Board's obsolete audit standards and practices. As a tribute to his leadership, the General Assembly in 1977 re-elected Canada to an unprecedented fourth consecutive term on the Board, and a year later the Assembly gave unanimous approval to the systems-based auditing procedures developed during his two-year leadership of the Board.

In his 1976 report Macdonell stated, most memorably, “I am deeply concerned that Parliament – and indeed the government – has lost, or is close to losing, effective control of the public purse”. This finding led to the appointment of the first Comptroller General of Canada. Between 1973 and 1980 Macdonell increased the budget of the Office by 400%. He also sparked numerous other changes, including the establishment of a Royal Commission on Financial Management and Accountability, and significant ground-breaking changes to the mandate of his Office. In addition, he initiated the first of continuing annual meetings of The Canadian Conference of Legislative Auditors.

Initiatives such as these were strongly resisted both by the bureaucracy and the Federal political establishment, but with his charismatic personality, forceful and persuasive negotiating skills, delightful charm and unwavering determination he succeeded in his goals, thereby forever changing, in a major way, the approach to public sector auditing.

After retiring from the Office of the Auditor General at age 65 he founded the Canadian Comprehensive Auditing Foundation (CCAF), with a mandate to monitor, promote and train public sector federal, provincial, municipal and not-for-profit auditors in “value-for-money auditing”; he became its first Chairman.

An early CCAF initiative was to invite auditors from developing countries to participate in its activities and to be trained in value-for-money auditing; Macdonell obtained significant funding from the Canadian International Development Agency and its successors for this training, which was part of a five-year program and was announced in the United Nations. Since 1980 the CCAF (and its successor, the Canadian Audit & Accountability Foundation) has provided a focal point for the value-for-money approach to the auditing of public funds and resources. Value-for-money considerations have spread from the Federal government to other levels of government, and it has been said that every taxpayer in Canada is indebted to Macdonell.

Macdonell was designated a Fellow by The Institute of Chartered Accountants of Quebec (FCA) and The Canadian Association of Management Consultants (FMC). On his retirement as Auditor General of Canada the University of Ottawa conferred two honorary doctoral degrees on him: D.Sc. and D.Univ., 1980. A further tribute to his accomplishments was in the authoritative 1996 book *Accountability, Performance Reporting, Comprehensive Audit – An Integrated Approach*, which was dedicated “to the genius and memory of the late James J. Macdonell, CCAF’s Founding Chairman, whose intellect and energy created the vision and pointed the way.” Few accountants have had the word “genius” applied to them.

Three years before his untimely death in 1983, an article in *Macleans*, “The man behind the bottom line” noted that Macdonell was often asked “Who audits the auditor-general?” and he always replied with a laugh and a shrug... He’s still laughing because he’s finally found the answer: “Canadian Comprehensive Auditing Foundation and J. J. Macdonell, that’s who.”