



Auditing and crisis management: The 2010 Melbourne Storm salary cap scandal

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A B S T R A C T

In this paper, we investigate the way in which auditing was mobilised during the 2010 Melbourne Storm salary cap scandal, through a textual analysis of media coverage associated with the crisis. Using 't Hart's power-symbolic analytical framework, we document the initial public framing of the auditing-based response as well as rhetorical strategies to mask, and counter, public criticisms of audits commissioned by the National Rugby League (NRL) and News Limited in the immediate aftermath of the salary cap breach announcement. We illustrate that these audits formed a key element of the crisis management response of both organisations. We also provide evidence of the way that the NRL sought to use the audit exercise to re-legitimate its ongoing monitoring and enforcement of the salary cap. In spite of various challenges to the scope, due process, timeliness, transparency, independence and resourcing of the audits, the audit programs and their associated narratives endured. The paper contributes to understanding the role of auditing in crisis management and how this role can be implicated in shaping the social construction and contestation of organisational crises.

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Introduction

At the outset of the 2010 National Rugby League (NRL) season, the Melbourne Storm Rugby League Club ('the Storm') was held up as one of the most professional and successful clubs in the history of rugby league (Munro et al., 2010; Paxinos, 2010a; Read, 2010; Rothfield, 2010c). In the four seasons to 2010, the Storm had collected four consecutive Grand Final appearances, three minor premierships (first placed in the regular season) and two premierships. It boasted a playing roster replete with international stars and a management team considered to be one of the most professional in Australian sport. The club was heralded as having 'made it' in the rugby league frontier state of Victoria, a region dominated by the Australian Football League (AFL or 'Aussie Rules'). How-

ever, on 22 April 2010, this legacy was emphatically and irrevocably altered. Adjudged to have breached the salary cap, the Storm was officially stripped of all of its titles from 2006 to 2009, fined \$500,000 and ordered to pay back \$1.1 million in prize money. Further, the Storm was prevented from earning any further premiership points for the 2010 season. This crisis, arguably the 'biggest fraud in Australian sport history' (Proszenko, 2011), significantly threatened the viability of the Storm and the legitimacy of the NRL. In a tryst, the NRL became mired in a major investigatory exercise into how the breach was possible and who was responsible.

The crisis contained a number of elements that ensured it dominated the front and back pages of the media for several weeks: some of Australia's best-known sporting heroes, salacious allegations of deceit, under-the-table payments as well as multiple and competing investigative resources in the forms of an audit carried out by the NRL Salary Cap Auditor and a separate audit by Deloitte, commissioned by the Storm's owners, News Limited. It is these audits engaged amid the crisis that form the focus of this

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paper. Specifically, this paper investigates the way that auditing can be drawn on during crisis.

By focusing on media releases and public pronouncements of the implicated entities and mobilising the power-symbolic approach to analyses of crisis management developed by Paul 't Hart and colleagues (see, for example, Boin, 't Hart, & McConnell, 2009; Boin, 't Hart, & Stern, 2005; 't Hart, 1993), we show that audit can be positioned as an important crisis management ritual. In this instance, auditing was capitalised upon to conspicuously signal: (i) a commitment to resolving problems; (ii) enthusiasm for cleansing corrupt elements; (iii) transparency and probity in crisis responses; (iv) learning; and (v) closure to the crisis. Crisis, then, is a perceptual category that appears well suited to being addressed by the programmatic elements of auditing.

However, the legitimating capacity of auditing in crisis situations is neither mechanical nor inevitable. In this case, the crisis opened the entire salary cap 'system' to critical evaluation, particularly with respect to its capacity to be effectively audited (i.e., monitored and enforced). In turn, numerous elements of the NRL and News Limited investigatory audits attracted staunch criticism, relating to issues of scope, due process, timeliness, transparency, conflicts of interest, and resourcing. When challenges such as these emerge, the credibility of auditing is impugned and auditing must be publicly bolstered and (re-)legitimated through a variety of tactics if it is to operate as intended. We document the tactics used in this case to diffuse emerging critiques of the audit-based crisis response, and trace the way that these played out in the public sphere. In sum, we show how auditing is centrally implicated in an ongoing, dynamic process of legitimisation, de-legitimation, and re-legitimation during times of crisis ('t Hart, 1993).

This article is structured as follows. The next section provides a review of relevant research in auditing and legitimacy as well as pertinent literature relating to crisis management. This is followed by an overview of the methods used in collecting and analysing the media data. After a review of the context of the crisis, we then analyse the mobilisation of auditing in the initial communications of key parties to the crisis, and how its contextual legitimacy was publicly debated as the crisis unfolded. The final sections summarise the major findings, consider the relationships between crisis, blame and auditor legitimacy, and conclude the paper.

Auditing and the production of legitimacy

In an influential line of research, Power (1997, 2003, 2005) argues that there has been an 'audit explosion' in society, involving the rapid emergence of a multiplicity of new forms of auditing and certification based on financial attest auditing as an ideal. In the past decade, a growing line of research has considered the influx of audit-styled technologies and certification and verification processes into a diverse array of organisational settings including healthcare (Day & Klein, 2001), social work (Munro, 2004), counseling (House, 1996), business school academia

(Free, Salterio, & Shearer, 2009) and even private travel arrangements (Carter & Jeacle, 2011).

A recent special edition of *Accounting, Organizations & Society* was themed around assurance and certification outside of the financial attest context. This portfolio of articles contemplated the ways conventional auditing principles, procedures and logics are transmogrified in novel domains by assurance providers. These articles raise new theoretical insights into notions of independence (Jamal & Sunder, 2011), trust (Carter & Jeacle, 2011; Power, 2011) and the contextual nature of audit demand and certification procedures (Downer, 2011). These contributions also generate interesting insights about evolving societal expectations of certification and assurance. Carter and Jeacle (2011) explicitly posit assurance regimes as expert systems that engender trust. However, the authors problematise the role of expert labour in auditing and suggest that their analysis of TripAdvisor may represent a harbinger of a wider shift towards reinvention in the nature and delivery of assurance and certification services in contemporary society.

This work underscores the important ways in which auditing and certification imports and exports legitimacy into organisational domains. As Power (2003) argues, this legitimacy can accrue to the audited entity without regard to the actual efficacy of the audit to instantiate the specific programmatic aims for which it was undertaken. Free et al. (2009) demonstrate that not only can audits confer reputational benefits (such as legitimacy, safety and efficiency) upon audited organisations, but that in some circumstances, these benefits may also extend beyond those organisations whose accounts are audited.

In sum, research animated by Power's audit explosion thesis suggests that, against traditional myths of neutrality, the growth of auditing has profound impacts on managing societal impressions and behaviours. The auditor can thus be understood as a vehicle for institutionalised values about the manner in which organisational and individual performance is represented and understood. In this way, auditing can be considered an important potential resource in crisis management.

Auditing and crises of legitimacy

Major public inquiries, inquests, commissions and audits are an increasingly important ritual used during crises. Broadly speaking, organisational crises refer to high impact events or developments that are perceived to urgently threaten the viability of organisational functioning, structures and/or values, and may be characterised by ambiguity of cause, effect and means of resolution (Boin et al., 2009; Pearson & Clair, 1998). A growing number of authors have identified the important role of crises as an antecedent of the growing penetration of auditing into new fields (see Free & Radcliffe, 2008). In a climate of alleged financial excess or impropriety, accountants often emerge as high status actors. For instance, in the public sector of many countries, perceived crises of control of the public purse have stimulated an adaptation of the traditional financial audit with its focus on transaction authority to include the oversight of new performance

related mandates, such as cost effectiveness (see, for example, Everett, 2003; Radcliffe, 1998, 1999).

However, for many crises, especially financial ones, the credibility of auditing can itself become the subject of crisis. As Power (1997, pp. 25–26) observes, “when companies collapse, for whatever reason, and have previously received a ‘clean’ opinion from the auditors, public reaction focuses first on those auditors and the possibility of their failure.” That is, in times of crisis, the finger of blame is often pointed squarely at the audit profession (Guénin-Paracini & Gendron, 2010). Macintosh (2002) uses the term *crisis of representation* to refer to a widespread loss of faith in the ability of auditing to “bring true meaning of some out-there thing-in-itself” (p. 114). When such threats to auditing principles and practices emerge in situations of crisis, action is required to restore its contextual legitimacy.²

It should be noted that following Hay (1999), we return to the etymology of the term and conceptualise ‘crisis’ as a *moment of decisive intervention* rather than merely a moment of fragmentation, dislocation or destruction. Parties involved must somehow respond and act to manage crises they face. This invariably includes the use of potent language and symbolic actions. This directs attention to the importance of such strategies employed to influence perceptions of a crisis situation, and how they are implicated in renegotiating order over time.

Symbolic action and re-legitimation

All crises in some way call into question past, present and/or future organisational functioning, and consequently challenge the conduct, competency, image and legitimacy of an organisation’s leadership. The substance of crisis management in responding to such threats is not limited to diagnosing problems and prescribing solutions in a techno-rational sense. Importantly, crises also present opportunity spaces where collective perceptions of a crisis situation can be shaped to emphasise desirable courses of action, while at the same time selectively downplaying alternative perspectives (‘t Hart, 1993). Sense making during crises then entails the calculated use of language and symbolic actions, which according to ‘t Hart (1993) are mobilised to achieve organisations’ crisis management goals. To achieve these outcomes, ‘t Hart (1993) and Boin et al. (2005) present three broad classes of symbolic strategies: *framing*, *rituals* and *masking*.

Framing is an attempt to shape collective interpretations of what a given crisis is all about, with the aim of conferring legitimacy to proposed crisis responses. Framing is

exercised through a variety of means, including the selective exploitation of information, arguments, and historical analogies. The strategic use of language is central to framing attempts. Evocative expressions, emotive narratives and attention-grabbing labels (e.g., calling a situation a ‘crisis’, ‘scandal’, ‘accident’ or ‘tragedy’) are forms of rhetorical language that can conjure strong contextual meaning and influence in defining the nature of crises. Judicial language can also be mobilised to manipulate preferred characterisations of causes and allocations blame.

Rituals are socially standardised actions that project particular symbolic meanings in the context of crises. Rituals typically follow structured and conventionalised sequences of action, enacted in times and places that themselves have particular symbolic meanings. As such, rituals both seek to shape, and have to conform in some ways to, public perceptions of crises. Rituals can take a range of forms and fulfil a variety of symbolic purposes. ‘t Hart (1993) provides three examples: *rituals of solidarity* (conspicuous displays of sympathy such as public visits to disaster sites), *rituals of reassurance and purification* (public demonstrations of ‘being in control’ through judicial and other formal proceedings seeking to ascribe causes and/or blame), and *rituals of animosity* (antagonistic actions such as the burning of enemy flags or effigies). A classic ritual response in times of crisis is the commissioning of ‘official’ inquiries and audits. Formalised investigations, together with signalling language such as ‘full-scale, objective inquiry’ conducted by ‘independent experts’ where ‘no expense will be spared’ (Boin et al., 2005) can be mobilised to reinvigorate public belief in the legitimacy of the values and/or systems subject to crisis, or to signal demand for change, in a way that is seen to be rational, de-politicised and dispassionate.

Masking is a manipulative form of impression management, intended to dissipate conflicts and vulnerabilities that crises threaten to expose. According to ‘t Hart (1993), this can be achieved through communicative actions that project a ‘business as usual’ image, downplay the relevance/seriousness of threats and potential damages, and/or obfuscate the finer details of crisis responses. Relevant here is Radcliffe’s work on public secrecy and auditing which concludes that government auditors express audit findings with care so as to work within prevailing discourses (Radcliffe, 2008).

While acknowledging the importance of taken-for-granted institutional arrangements and structures and providing scope for the mutual constitution of structure and agency,³ ‘t Hart’s framework places the explanatory emphasis on deliberate, strategic actions by stakeholders. That is, while acknowledging that societal expectations and structural rules and resources importantly constrain the range of possible actions available to actors, the notions of framing and masking focus on conscious, creative actions and strategies, in effect “the ways in which official actors use powerful language and other symbolic tools to shape

² Benston and Hartgraves (2002) and Jamal and Sunder (2011) provide an overview of actions taken after a range of large scale financial scandals in an effort to re-legitimate corporate auditing in North America. These include the dismantling of Andersen, banning auditors from providing consulting services to their audit clients and mandating corporate governance reforms to instill auditor independence. The Sarbanes–Oxley (SOX) legislation, introduced amid much fan-fare, also transferred the responsibility for setting US auditing standards to a government agency (the Public Company Auditing Oversight Board). Whether these reforms will actually improve auditing in practice remains controversial (Butler & Ribstein, 2006).

³ ‘t Hart (1993) gives numerous examples of rituals, “highly structured, more or less standardized sequences [that] are enacted as certain places and times that are themselves endowed with special symbolic meaning” (pp. 42–43), that have been re-produced in different ways to different ends.

interpretations of events and achieve their ends” (‘t Hart, 1993, p. 37). Framing and masking efforts may be proactive or reactive interventions, encompassing both dispassionate calculation and hasty, emotive response. In keeping with ‘t Hart’s (1993) framework, the focus of this study has been on strategic, agentic action of key stakeholders in the Storm salary cap crisis.

In sum, crises conjure anxiety, ambiguity, confusion, speculation and conflict. In these uncertain circumstances, organisational elites and other crisis-related actors seek to shape both the recognised nature of, and appropriate responses to, a crisis situation through various forms of symbolic action. Thus, the picture of crisis that emerges is a contestable one, where the restoration of order and legitimacy is delicate and negotiated.

Methodology

This study utilises textual analysis to investigate the crisis management strategies and outcomes associated with the Storm salary cap crisis (McKee, 2001; Turner, 1997). This case represents a high-profile site involving the deployment of auditing amid crisis and deals with a growing sector of Western economies, namely the professional sports industry.⁴ Without direct access to an organisation’s internal documents and meetings, analysing either the Storm’s or NRL’s planning or intentions for their crisis communications is problematic. However, given the dependence of sports organisations on the media disseminating information during a crisis, analysing publicly available sources such as media releases, organisation websites and media coverage offers a fruitful method for exploring symbolic actions employed during the salary cap scandal (see Bruce & Tinib, 2008).

Our analysis proceeded on three related tracks. First, initial crisis framings (in audio, visual and printed form) available from the period immediately following the first public announcement of the salary cap scandal on April 22, 2010 were examined. These sources provide a direct, first-hand account of the strategies pursued by key parties to shape crisis perceptions, and how auditing was mobilised within them. Second, we compiled a database of news stories, opinion pieces and editorials from major Australian news outlets (covering the period between April 22, 2010 and June 30, 2011) that refer to at least one of the NRL or Deloitte audits investigating the alleged breach. This database was used to examine the traction of audit’s positioning in the crisis framing, and the challenges the audits endured as the crisis unfolded. This analysis is based on the assumption that the media do not merely reflect reality, but are implicated in constructing particular kinds of realities which represent dominant cultural beliefs (Hall, 1984). Third, we analysed the publicly disclosed audit reports produced by Deloitte and the NRL Salary Cap Auditor.

In constructing the database used in this analysis, a comprehensive approach was undertaken as detailed in Table 1.

⁴ Research produced by AT Kearney (Zygband, Collignon, Sultan, Santander, & Valensi, 2011) estimates that annual global expenditure in the market for sports is worth between \$US480 and \$US620 billion dollars.

The publications selected for analysis represent the major broadsheet and tabloid newspapers in New South Wales and Victoria by circulation: *The Australian*, the *Sydney Morning Herald*, the *Daily Telegraph*, the *Herald Sun* and *The Age*.⁵ In order to ensure comprehensiveness, the articles analysed were found using a number of different databases including Newsbank, Factiva and the Fairfax archive. In focusing on the audits in the crisis, we concentrated on the 149 articles that directly referred to the audits (articles in which the audits were mentioned only in passing but not further discussed were excluded). To capture the reception of the audits, we divided the articles into different time periods [(i) the immediate aftermath of the breach, (ii) the period between announcement and the release of the audit reports and (iii) the release of the official News Limited and NRL audit reports] and between different publishers [News Limited (86 articles) v Fairfax Media (63 articles)]. All major newspapers in Australia are owned either by News Limited, a subsidiary of News Corporation, or Fairfax Media. The dominance of the News Limited press is such that it controls 70% of the metropolitan newspaper market (Shanahan, 2011).

In total, we analysed 358 pages of newspaper reports and media releases. The textual analysis was focused on explicitly interest-laden discourse and sought to identify recurrent patterns of interest, goals and shared assumptions that became embedded in media coverage of the crisis. The texts were coded and analysed using NVivo 9.0, a software package for qualitative data analysis. NVivo permits an iterative coding process, whereby categories can be added, combined, refined and eliminated as the analysis proceeds. A qualitative codebook, consisting primarily of categorical variables, was developed to categorise and analyse the articles. Codes were developed inductively through a review of a sub-set of articles by both authors. Articles were then jointly coded in full by both authors. The codes employed focused on emerging critiques and contests relating to the salary cap audits by the NRL Salary Cap Auditor and Deloitte. The primary six coding nodes that emerged are illustrated in Fig. 1 below.

Of course, research methods and techniques do not exist in a conceptual void. While we acknowledge that interpretive research tends not to follow the traditional quantitative canons of empirical positivist research, we believe that differences in epistemological assumptions should not keep an interpretivist from employing code-based methods. Data reduction typically is an important part of the analysis process for all researchers. Whereas statisticians utilise data reduction methods such as factor analysis and cluster analysis, interpretivists conduct thematic coding analyses (Onwuegbuzie & Leech, 2005). As noted by Dzurec and Abraham (1993), for interpretivists, meaning is not a function of the type of data collected.

⁵ Average daily circulations for these newspapers for the first quarter of 2011 were as follows: *The Australian* (Monday–Friday: 129,985; *Weekend Australian*: 292,649); *Sydney Morning Herald* (Monday–Friday: 209,500; *SMH Saturday*: 340,127; *Sun-Herald*: 430,000); *Daily Telegraph* (Monday–Friday: 341,262; *Saturday*: 324,760; *Sunday Telegraph*: 618,123); *Herald Sun* (Monday–Friday: 484,000; *Saturday*: 489,000; *Sunday Herald Sun*: 571,900); *The Age* (Monday–Friday: 190,600; *Saturday*: 275,000; *Sunday Age*: 225,400) (Jackson, 2011).

Table 1
Data sources.

Analysis	Publications reviewed	Databases consulted	Search terms used	Records sample
Media Release Analysis	All audio, visual and text releases involving direct communication from key parties to the crisis	www.abc.net.au www.melbournestorm.com.au www.ninemsn.com.au www.nrl.com.au www.youtube.com	"Melbourne Storm" "salary cap"	7 press releases; 8 press conferences; 3 television/radio interviews
Media Coverage Analysis	<i>The Sydney Morning Herald</i> ; <i>The Age</i> ; <i>The Daily Telegraph</i> ; <i>The Herald-Sun</i> and <i>The Australian</i>	Newsbank; Factiva; Fairfax Archive (newsstore.fairfax.com.au)	"Melbourne Storm", "salary cap" and "audit", "investigation" and associated derivative terms	149 articles referring to the audits
Audit report analysis	<i>Melbourne Storm – Deloitte Investigation</i> , <i>Media Release</i> , <i>News Limited</i> ; <i>Report of the Salary Cap Auditor into Melbourne Storm Salary Cap Breaches</i>	n/a	n/a	2 audit reports

Rather, meaning results from the interpretation of data, whether represented by words or numerically. This subjectivity, of course, raises the endemic possibility of selective sourcing and misrepresented interpretation. However, the use of multiple sources of data and double-coding by the researchers aimed to address these issues. As Patton (2002) concludes, there are no ideal solutions in research choices, only a series of compromises. Miles and Huberman (1984, p. 21) go further to provocatively assert that "epistemological purity doesn't get research done."

Context: the NRL in Australia

The NRL is the premier rugby league club competition in both Australia and the world. Although first-grade rugby league competition in Australia was first established in 1908 (Fagan, 2006), the NRL was only formed in 1998 in the aftermath of the so-called 'Super League war'.⁶ The NRL is a 50–50 partnership between the Australian Rugby League and News Limited, governed by a Partnership Executive Committee that oversees the terms of the partnership agreement, as well as an NRL Board, which supervises the running of the NRL premiership (NRL, 2011c). David Gallop is the current CEO of the NRL, a position he has held since 2002. At present, the competition consists of 16 teams, 15 of which are based along Australia's eastern seaboard, and one based in New Zealand. The complex ownership structure relationships between News Limited and the NRL are illustrated in Fig. 2.

The NRL is the most popular Winter sports code in New South Wales and Queensland. Although it is not on the scale of professional leagues in North America and Europe,

the NRL is increasingly 'big business' in Australia. Recent growth in NRL revenues, club memberships, season attendances and free-to-air TV ratings indicate that the code's appeal and reach continues to expand (Mobbs, 2011; NRL, 2010d).

One of the key regulatory mechanisms in the NRL competition is the salary cap. Introduced in its current form in 1999, the salary cap places limits on the amount of money a club can spend on player salaries, with the intention of regulating player movement within the competition.⁷ Two primary functions are widely ascribed to the NRL salary cap. The first is to assist in spreading player talent across the league by restricting richer clubs from signing up all the best players, thus creating a more even competition.⁸ In this way, the salary cap has come to be seen as a symbol for the creation of a 'level playing field' in rugby league. The second is to mitigate the risk of clubs spending more money than they can sustain to remain competitive, by restricting allowable spending on player salaries to more affordable levels (NRL, 2011d). Currently, the NRL salary cap stands at \$4.3 million for the 25 highest paid players at each club; an average of \$172,000 per player, although each club can exercise discretion in what they pay individual players within their cap (NRL, 2011d). Each club is also allowed an additional

⁷ It should be noted that a salary cap in rugby league was first introduced in 1990 by the New South Wales Rugby League (NSWRL, a predecessor governing body to the NRL) to even out competitive conditions in what was then known as the Winfield Cup competition (Weber & Simpkin, 2008). The salary cap was abandoned in 1997 during the so-called 'Super League war.' When the salary cap was reintroduced in 1999, notional player values had to be used at first to accommodate existing contracts signed during the Super League period (NRL, 2011d).

⁸ A large and growing body of quantitative research has examined the impact of a salary cap on competitiveness using different methodologies including the standard deviation of winning percentages, Gini coefficients and competitive balance ratios in a variety of different leagues such as the National Football League (NFL) (Barriger, Sharpe, Sullivan, & Sommers, 2004; Larsen & Fenn, 2006), rugby league's European Super League (Howarth & Robinson, 2008), the National Basketball Association (NBA) (Endo, Florio, & Gerber, 2003) and New Zealand domestic rugby union (Bracewell, Forbes, Jowett, & Kitson, 2009). Findings from this research have been largely mixed, with several scholars lining up on both sides of the debate.

⁶ The highly controversial 'Super League war' was precipitated by a struggle over rugby league pay-television rights between two of Australia's most powerful media identities (Kerry Packer and Rupert Murdoch), resulting in a number of teams and players defecting from the established Australian Rugby League (ARL) premiership to form a rival, News Limited-backed, Super League competition in 1997 (Rowe, 1997). The NRL arose from negotiations that facilitated the rival competitions coming back together.

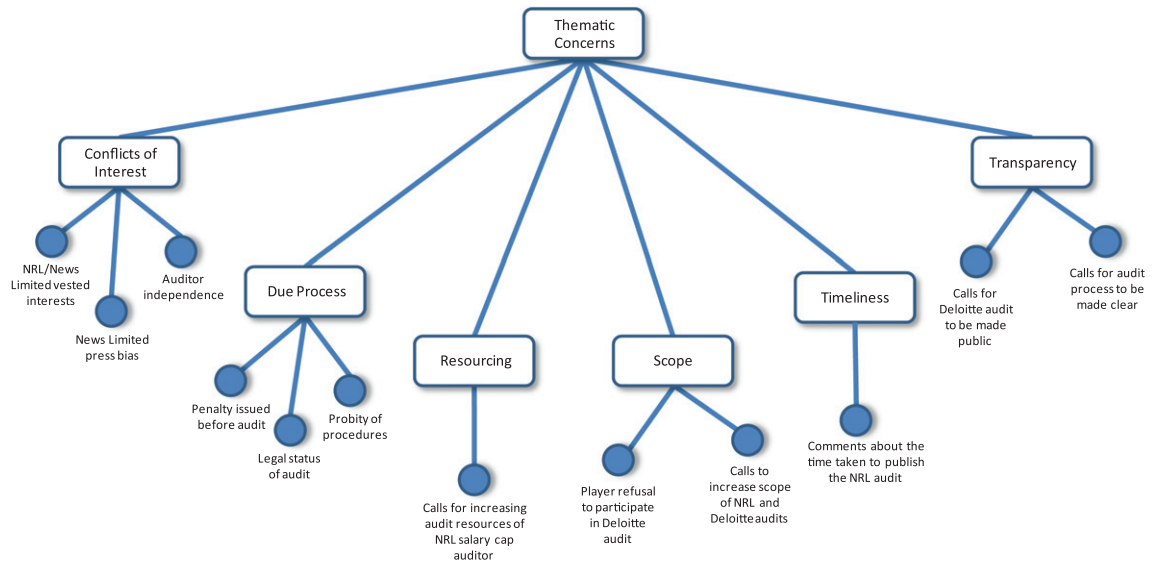


Fig. 1. Emerging coding nodes (parent and child nodes).

\$350,000 for players outside the top 25 who play in the NRL competition. A salary cap also applies to the team each club fields for the NRL's Toyota Cup youth competition (NRL, 2011d).⁹

The task of upholding and enforcing salary cap regulations rests with the NRL's current (and to date only) Salary Cap Auditor, Ian Schubert. A former rugby league international, Schubert was originally trained as a teacher before completing a diploma in accounting (McDonald, 2010). He has deep ties and substantial experience with rugby league administration at various clubs and the NRL since 1998. In addition to his salary cap role, Schubert was the inaugural NRL International Relations manager and served as the NRL Judiciary Secretary for 6 years (Schubert, 2004; Waddingham, 1998). In public pronouncements in recent years, NRL CEO David Gallop has consistently underscored the value of Schubert's work in maintaining a fair and competitive competition:

The salary cap audit team works incredibly hard to monitor the clubs and deserves considerable recognition for the role it plays in making the Telstra Premiership [the NRL's elite national competition] the closest and most exciting competition in Australian sport (NRL, 2011b).

According to NRL rules and regulations, all NRL player contracts, along with annual statutory declarations from the CEO and Chairman of each club confirming compliance with cap requirements, must be lodged with the Salary Cap Auditor. The Salary Cap Auditor uses these submissions to

monitor each club's salary cap position and also follows media reporting and makes further inquiries on matters arising that may have material salary cap implications. The Salary Cap Auditor also conducts 'spot' investigations into player remuneration, particular where irregularities or disagreements in the status of player payments are brought to his attention. Where a club has been found to have contravened salary cap requirements, that club is issued with a breach notice, outlining the nature of the breach (NRL, 2011d).

One of the more striking features of the NRL salary cap is the frequency with which it has been breached. Over the period 2000–2010, some 72 separate infringements by NRL clubs were uncovered, ranging from the relatively minor to three major, multi-million dollar breaches. The first major, large-scale breach of the salary cap occurred in August 2002 when the Canterbury–Bankstown Bulldogs were found to have breached the cap by almost \$2 million over a 3-year period. It is worth noting that this breach was initially detected outside of the NRL salary cap auditing process, namely by the investigations of a newspaper journalist (Davies, 2006). After investigations revealed how the club's board had set up an elaborate system to pay its best players additional sums on top of their official salaries, the club received a \$500,000 fine and was stripped of 37 competition points (taking them from the top of the competition ladder to the bottom with only three rounds of the 2002 regular season remaining). In 2005, the New Zealand Warriors club was forced to cut its payroll by \$450,000 after club officials revealed that their former management had exceeded the salary cap by \$1.1 million over the last 2 years. The club was fined \$430,000 and forced to start the 2006 season with a four premiership point deficit. These scandals, combined with innuendo about breaches elsewhere (see, for example, Prichard, 2005) have resulted in a certain level of public cynicism about the integrity of salary cap regulation, in spite of

⁹ In 2008, the NRL introduced a new competition for elite players 20 years and under, known as the Toyota Cup Under 20s Competition. It has a salary cap of \$250,000 for the top 20 players at each club who qualify for the Toyota Cup and are not part the top 25 who play in the NRL competition. As with the main salary cap, clubs can also spend an additional \$50,000 on youth players outside their Toyota Cup top 20 who qualify and play in the Toyota Cup (NRL, 2011d).

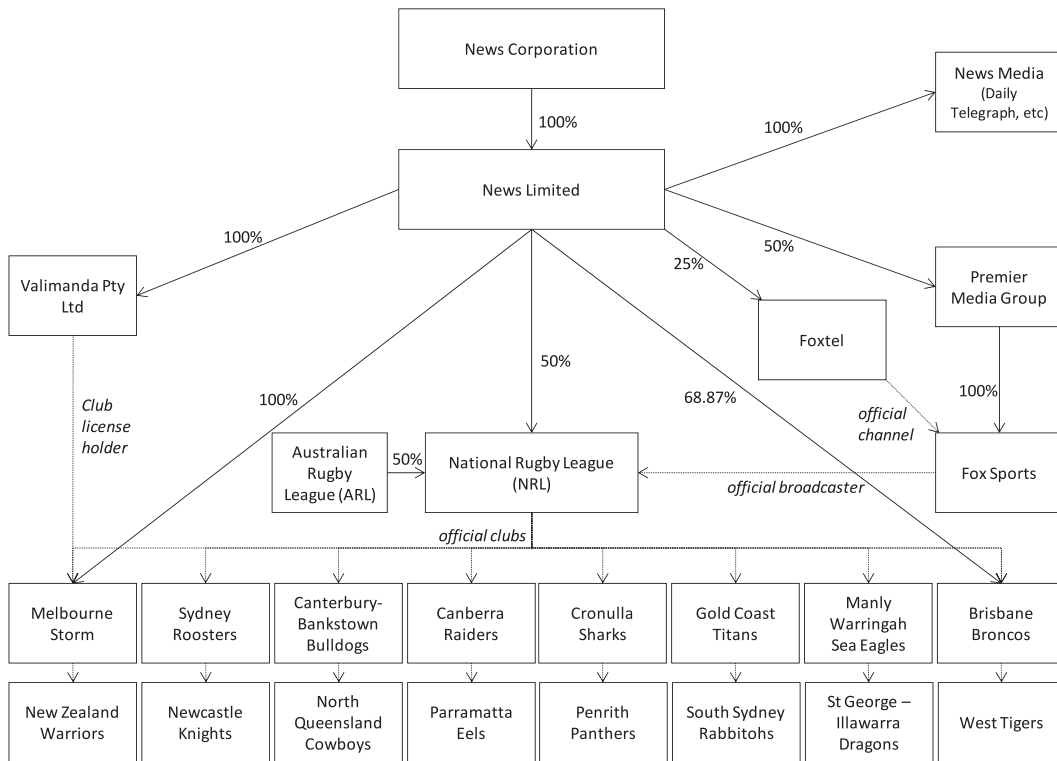


Fig. 2. The complex relationships between News Limited and the NRL.

official declarations of support for its place in the governance of the game by both the NRL and its constituent clubs. The Melbourne Storm scandal arose in this context.

Storm in a T-account: background

Although possibilities for an elite rugby league team in Melbourne were first explored in 1991, when the New South Wales Rugby League sought expressions of interest for a Melbourne team to enter its 1993 competition, the Storm only entered the national competition in 1998 in the aftermath of the so-called ‘Super League war.’ A private club wholly owned by News Limited, the Storm quickly developed a successful record and was recognised as a highly innovative and professional club (Hinds, 2010; Walshaw, 2010). However, this early success also fostered rumours about how the Storm could maintain their star-studded playing roster within the confines of the salary cap (Badel, 2010; Chandler, 2010; Ferguson, 2010).

NRL concerns about possible salary-cap breaches by the Storm first became public on 28 March 2010 via a *Sun Herald* article detailing inquiries being made by Ian Schubert about Storm player payments, including a third-party payment of \$135,000 over 3 years to Cameron Smith (the Storm’s captain) by Fox Sports (Prosenko, 2010c). Some news reports suggested that these concerns were instigated by a tip-off to Schubert in October 2009 (Pritchard, 2010a; Stewart & Lunn, 2010). Other reports indicate Schubert had been concerned about anomalies in Storm invoices and player contracts since early 2009 (Smith, 2010a).

A breakthrough in the ensuing investigations was achieved when a secretary at the Storm accidentally handed over secret letters of offer to Schubert’s team that did not agree with the terms of the relevant player contracts registered with the NRL (Walter & O’ Malley, 2010). On April 14, the NRL sought legal advice on evidence that it had gathered and advised News Limited of their preliminary findings. On April 21, the NRL formally wrote to the Storm, alleging contractual discrepancies and unreported player payments that placed the club over their salary cap by as much as \$300,000 in 2008 and at least \$200,000 in 2009 (Smith, 2010a). As part of this letter, the Storm management was requested to prepare a rejoinder before a meeting with the NRL on April 27. The letter also signalled the NRL’s desire to widen their investigations via a full audit of the Storm’s financial records, players’ taxation records for 2008/2009, and the club’s service contracts, as well as its intention to interview all of the club’s top 25 players between 2006 and 2009 (Gould, 2010d; Smith, 2010a). The crisis quickly took in a wide range of stakeholders that are summarised in Table 2.

In response, Matthew Hanson (Storm COO), Rob Moodie (Storm Chairman) and Craig Watt (a Storm Director) flew up to Sydney to meet with NRL representatives at 11am on April 22. At this meeting, the Storm delegation accepted the NRL’s allegations and admitted to further breaches, placing the Storm an estimated \$1.7 million over the salary cap for the seasons 2006–2010 (Pritchard, 2010b; Smith, 2010a). Sensing the potential for a rapidly escalating crisis, NRL administrators were swift to act before the confessed breaches became public. In a matter of hours following this

Table 2
Key stakeholders in the crisis.

Crisis Stakeholders	Position (at time of crisis)	Comments
Melbourne Storm Rob Moodie	NRL franchise Board Chairman (independent)	<ul style="list-style-type: none"> • Club charged with serious salary cap breaches • Involved in breach admissions in the lead up breach announcement • Initially supportive of the 'official' crisis narrative • Later became involved in legal action against the NRL relating to the penalty determinations • Sacked on 15th July 2010, following the release of the Deloitte audit report
Gerry Ryan, Petra Fawcett, Peter Maher	Independent board members (to 15 Jul 2010)	<ul style="list-style-type: none"> • Became involved in legal action against the NRL relating to the penalty determinations • Sacked following the release of the Deloitte audit report
Frank Stanton	Board member and Acting CEO (22 Apr 2010 – 21 Jul 2010)	<ul style="list-style-type: none"> • Took over the CEO role following Matthew Hanson's sacking • Not sacked although a board member at the time of the scandal (the four independent members were removed while Stanton and Watt were retained)
Craig Watt	Board member	<ul style="list-style-type: none"> • Not sacked although a board member at the time of the scandal (the four independent members were removed while Stanton and Watt were retained)
Brian Waldron	Former CEO (to 11 Jan 2010)	<ul style="list-style-type: none"> • Alleged 'chief rat' in Storm's salary cap breaches • Involvement confirmed by commissioned audit investigations
Matthew Hanson	COO, Acting CEO, Former CFO (to 22 Apr 2010)	<ul style="list-style-type: none"> • Sacked following the public outbreak of the crisis • Initially identified as one of the 'rats in the ranks' perpetrating the Storm's salary cap breaches • Involvement confirmed by commissioned audit investigations
Cameron Vale	Former CFO	<ul style="list-style-type: none"> • Initially identified as one of the 'rats in the ranks' perpetrating the Storm's salary cap breaches • Involvement confirmed by commissioned audit investigations
Paul Gregory	CFO (to 22 Apr 2010)	<ul style="list-style-type: none"> • Sacked following the public outbreak of the crisis • Initially identified as one of the 'rats in the ranks' perpetrating the Storm's salary cap breaches • Involvement confirmed by commissioned audit investigations
Peter O'Sullivan	Former Storm recruiting manager	<ul style="list-style-type: none"> • Initially identified as one of the 'rats in the ranks' perpetrating the Storm's salary cap breaches • Involvement confirmed by commissioned audit investigations • Sydney Roosters (O'Sullivan's subsequent employer) pressured to sack him following the release of the NRL audit report
Craig Bellamy	Head Coach	<ul style="list-style-type: none"> • Cleared of involvement in salary cap breaches by the Deloitte audit
Ron Gauchi	CEO (21 Jul 2010 – present)	<ul style="list-style-type: none"> • Tasked to reform administration and corporate governance at the Storm • Tasked to bring the club back in compliance with the salary cap
Players	n/a	<ul style="list-style-type: none"> • High profile players (e.g., Cameron Smith, Greg Inglis, Billy Slater) singled out in media coverage for illegitimate payments and benefits they received as part of the salary cap breaching • Claim to be unaware of the salary cap breaching • Lack of knowledge in salary cap breaches supported by reported findings of the commissioned audit investigations • Frustrated by the length of time taken to complete the commissioned audit investigations
NRL	Governing body	<ul style="list-style-type: none"> • Administers the premier rugby league competition in Australia • Responsible for upholding the salary cap scheme • 50% owned by News Limited
David Gallop	CEO	<ul style="list-style-type: none"> • Involved in initial determinations against the Storm • The main spokesperson for the NRL during the Storm salary cap crisis
Ian Schubert	Salary Cap Auditor	<ul style="list-style-type: none"> • Led investigations into the Storm prior to breaches being made public • Involved in initial determinations against the Storm • Led subsequent NRL investigation into the salary cap breach following its public outbreak
Jamie L'Oste Brown	Assistant Salary Cap Auditor	<ul style="list-style-type: none"> • Involved in investigations into the Storm prior to breaches being made public • Involved in initial determinations against the Storm • Involved in subsequent NRL investigation into the salary cap breach following its public outbreak
John Brady Graham Annesley Tony O'Reilly	Public affairs manager COO NRL solicitor	<ul style="list-style-type: none"> • Involved in initial determinations against the Storm • Involved in initial determinations against the Storm • Involved in initial determinations against the Storm

Table 2 (continued)

Crisis Stakeholders	Position (at time of crisis)	Comments
News Limited	Owner of the Storm	<ul style="list-style-type: none"> • 50% ownership stake in the NRL • Has ownership interest in the Brisbane Broncos NRL franchise • Benefits from NRL broadcasting rights through its interest in pay-TV NRL broadcast partner Fox Sports • Key stakeholder in media coverage of the crisis through ownership of the <i>Daily Telegraph</i>, <i>The Herald-Sun</i>, and <i>The Australian</i> newspapers
John Hartigan	CEO	<ul style="list-style-type: none"> • Coined the phrases 'rats in the ranks' and 'chief rat'
Valimanda Pty Ltd	Licence holder	<ul style="list-style-type: none"> • Wholly-owned subsidiary of News Limited • Holds licence to run the NRL team in Melbourne
Deloitte	Forensic auditor	<ul style="list-style-type: none"> • Commissioned by News Limited to conduct forensic investigation of the Storm salary cap breach
Other		
Storm fans	n/a	<ul style="list-style-type: none"> • Some express disgust over the Storm's actions • Others complain about unfair treatment of the Storm
Victorian State Government	Owner of AAMI Park	<ul style="list-style-type: none"> • The Storm is the chief tenant of this newly-built stadium • The Storm's viability in the NRL competition in the aftermath of the crisis raises financial impact worries for the stadium
Host Plus, Member's Equity Bank, Skins, Jayco, Suzuki	Storm major sponsors	<ul style="list-style-type: none"> • Host Plus, Member's Equity Bank and Skins all ended terminated their sponsorship deals with the Storm in the aftermath of the crisis
Fairfax media	Media organisation	<ul style="list-style-type: none"> • Key stakeholder in media coverage of the crisis through ownership of <i>The Sydney Morning Herald</i>, and <i>The Age</i> newspapers
Player agents	n/a	<ul style="list-style-type: none"> • NRL audit report discloses concerns about the conduct of four unnamed player agents in the lead up to the crisis the crisis • David Riolo, George Mimis, Isaac Moses and Allan Davey subsequently asked to show cause to the Rugby League Accredited Player Agent Scheme to explain why they should not have their licences suspended or cancelled
Andrew McManus Presents	n/a	<ul style="list-style-type: none"> • Responsible for game-day hospitality and entertainment at Storm home games • Accused of facilitating illegitimate payments to players

meeting, David Gallop, Graham Annesley (NRL COO), Ian Schubert, James L'Oste Brown (Schubert's assistant in the NRL salary cap audit team) and John Brady (NRL Director of Media and Communications) convened a meeting and decided upon a set of severe penalties, which were unprecedented in the history of the NRL salary cap. The Storm would be stripped its 2007 and 2009 premierships, as well as its 2006, 2007 and 2008 minor premierships. They would also be fined \$500,000, ordered to pay back \$1.1 million in prize money, and prevented from earning any further premiership points for the 2010 season (Read, 2010). After a telephone link with the Storm board, who purportedly accepted the proposed penalties (Smith, 2010a), a media release and press conference were quickly arranged to publicly announce the crisis, and the actions to be taken in response.

Navigating the Storm: auditing and 'constructions' of the salary cap crisis

April 22, 2010 is one of the most controversial dates in Australian sport. In response to the unfolding events, representatives from key stakeholders – the NRL, News Limited and the Storm – were both swift and persistent in shaping perceptions of the problems and solutions to the brewing crisis through public communications and symbolic actions. This section analyses how auditing was positioned in this context in three phases: (i) initial communications made during, and in the days following, the public announcement of the salary cap crisis; (ii) public

debates that emerged around the crisis; and (iii) the release of key audit reports completed in response to the crisis and associated media coverage.

Initial communications – framing and rituals

The first official public pronouncement of the Storm salary cap crisis was a media release posted by the NRL on their website at 3:56 pm on April 22, 2010 (NRL, 2010b). This presented the first account of events leading up to the crisis and the NRL's response. Associated with this were separate releases overviewing the operation and enforcement of the salary cap (NRL, 2010c) and listing details of prior salary cap breaches (NRL, 2010a). A press conference conducted shortly after these media releases (at 4 pm on April 22) was attended by David Gallop, John Hartigan (News Limited CEO) and Rob Moodie, where details of the crisis, penalties imposed, and further actions to be undertaken were announced with questions following. Extraordinarily, these communications were delivered only a matter of hours after the full extent of the crisis was revealed to the NRL and News Limited, and the associated penalties determined. Prompt communication, via these initial pronouncements and further communications in the days that followed, were part of a proactive attempt to publicly manage the crisis. Table 3 presents a detailed chronology of these initial communications events.

Combined with the punishment handed down (which in this case was swift and severe), the joint press conference fulfilled several symbolic functions. First, it served

Table 3

Key communications events in the immediate aftermath of the crisis.

Date	Media Engagement	Source
April 22	NRL press release	www.nrl.com
	NRL release – salary cap explained	www.nrl.com
	NRL release – history of salary cap breaches	www.nrl.com
	David Gallop, John Hartigan and Rob Moodie press conference	www.nrl.com
	John Hartigan interview with <i>A Current Affair</i>	aca.ninemsn.com.au/video
	Storm press release	www.melbournestorm.com.au
April 23	Rob Moodie press conference	www.melbournestorm.com.au
	David Gallop press conference	www.nrl.com
	Craig Bellamy (head coach) and Storm team press conference	www.melbournestorm.com.au
April 25	David Gallop interview with the <i>Sunday Footy Show</i>	www.youtube.com
April 26	David Gallop interview with <i>ABC Grandstand</i>	www.abc.net.au
April 27	John Hartigan press conference	video.au.msn.com

as a *ritual of solidarity*. In effect, the joint press conference was a public display that the NRL, News Limited and the Storm board recognised the severity of the crisis and were dealing with it in a collective, determined fashion. Second, it acted as a *ritual of reassurance and purification*. Swift and pro-active public communications by David Gallop, John Hartigan and Rob Moodie were intended to reassure the public, to project control over the crisis and denote that they would work together in a deliberate and organised way to see the crisis resolved.

Moreover, prompt and pro-active initial communications enabled representatives from the NRL, News Limited and, to a lesser extent the Storm board, to frame the crisis. By communicating an ‘official’ narrative of what the crisis was about (articulating the nature of the problem, who should be blamed and how it should be managed and resolved), initial communications sought to impose control over the dramaturgy of the crisis, thus steering public perceptions and interpretations before competing, and potentially antagonistic, accounts could gain traction and threaten ‘official’ responses.

A key concern of this framing was to dramatise the seriousness of the problem through strong, emotive language. References were consistently made to the gravity of the breach. All parties expressed feelings of shock, anger and disgust and underlined the damage wrought by the affair. The following statement made by John Hartigan at the joint press conference on April 22 is emblematic of the evocative language used at the time:

I believe today is a very deeply regrettable day, certainly for sports fans generally, but certainly for rugby league fans ... I feel a number of emotions. I certainly feel angry, I feel very, very disappointed, and quite frankly, I feel sick in my stomach by it (John Hartigan: [Bigpond Video, 2010b](#)).

From the Storm’s perspective, Rob Moodie spoke at the same press conference of the hugely damaging effect this crisis would also have for the both the Storm and rugby league in Victoria, where the Storm and the NRL had worked hard to build a profile for the sport.

Well I think it’s just made everything harder for the Storm. I mean, we really are back at point zero, or even behind the 8-ball if you like, in terms of building inter-

est and support for rugby league in Victoria, which we’ve obviously tried to take seriously over the past 10 years. And it’s a devastating blow (Rob Moodie: [Bigpond Video, 2010b](#)).

These dramatic pronouncements reflected the concern of key actors to amplify the perceived significance of the crisis, and thus the seriousness with which this salary cap breach should be treated. Doing so contextualised and legitimised the unprecedented penalties imposed. It also positioned further action as urgently needed.

Framing communications also actively sought to establish who was to blame for the crisis. There was some muted acceptance of responsibility, particularly by Rob Moodie, but this was limited merely to an admission of naivety rather than negligence or incompetence. As David Gallop described in the joint press conference on April 22, “the most damning indictment [of the crisis] is the systematic attempt by persons within the club to conceal payments from the Salary Cap Auditor ... the club’s Board and from its owners [News Limited], on an ongoing basis” ([Bigpond Video, 2010b](#)). In this way, the NRL, News Limited and the Storm board circumscribed blame for the crisis. As Rob Moodie expressed in his press conference on April 23, how were they to know, particularly when acts to conceal the breaches were effective enough to avoid detection by the ‘checks and balances’?

I take that responsibility [for not picking up the breaches], but I’m not an auditor. And if the auditors couldn’t pick it up every year, with an internal audit, external audit and salary cap audit, then sorry, but I’m not that good (Rob Moodie: [Bigpond Video, 2010a](#)).

Instead, certain figures within the Storm’s senior management were singled out and blamed.¹⁰ John Hartigan labelled these individuals “a couple of rats in the ranks.” Brian Waldron, a former Storm CEO, was singled out as the “chief rat” and the “architect of the whole shooting match” by Hartigan. Such derogatory labels were complemented by quasi-judicial language used to cast aspersions over the ac-

¹⁰ Those initially accused of being involved were Brian Waldron (Former Storm CEO), Matthew Hanson (Storm COO, Acting CEO and former CFO), Paul Gregory (Storm CFO), Cameron Vale (Former Storm CFO) and Peter O’Sullivan (former Storm recruiting manager) (Ferguson & Gould, 2010).

tions of those blamed (e.g., “fraud”, “dishonesty” and “deceit”). Collectively, this rhetoric cast those targeted for blame as the real ‘villains’ of the crisis.

This framing of the salary cap crisis via initial communications by David Gallop, John Hartigan and Rob Moodie seemed intended to accomplish certain ends in aid of managing the crisis. First, it attempted to circumscribe perceptions about the issues that mattered. In this regard, the crisis was shaped primarily as a consequence of wrongdoing by certain individuals. Alternative interpretations, such as deficiencies in salary cap governance, or indeed the workability of the salary cap *in toto*, would not be countenanced, as David Gallop emphatically stated in the joint press conference on April 22:

This is not a time to debate the cap. The rules are the rules. Everybody in the competition knows them. Particularly after the Bulldogs [salary cap breach in 2002], they [the Storm] knew the risk they were taking (David Gallop: [Bigpond Video, 2010b](#)).

Second, it aimed to distance the NRL, News Limited and the Storm board from the crisis by establishing a moral divide between them and the ‘rats in the ranks’ supposedly at fault. As John Hartigan described in the joint press conference on April 22:

We’ve got a couple of people in our midst who are dishonest, and we employ 10,000 people in Australia [at News Limited]. We don’t often come to you and say here’s a couple of people who are cheats. In this case, you’ve got a couple of people who are cheats, who shouldn’t bring down the overall club ... (John Hartigan: [Bigpond Video, 2010b](#)).

Establishing this moral divide was intended to signify that the problems precipitating the salary cap crisis, while serious and substantial, were nonetheless confined to a few individuals within one club, and so were manageable and rectifiable.

Third, it shaped what should be seen as appropriate means for resolving the crisis. This was characterised as a need for identifying (operationally, financially, and personally) the full extent of the breach, and to cleanse the Storm of these corrupt elements. Both organisations, the NRL, as the governing body, and News Limited, as the owner of the Storm, saw fit to commission separate audits. The NRL audit was to be conducted by the NRL Auditor, Ian Schubert, while leading Big 4 accounting firm, Deloitte, was engaged to carry out the News Limited audit of the Storm.¹¹ Rob Moodie described this in his press conference on April 23 as cutting the ‘cancer’ out of their club. Similarly, John Hartigan expressed a desire in his television interview with *A Current Affair* on April 22 to “remove the cheats and get on and have a great, great [rugby league] franchise in Victoria” (*A Current Affair, 2010*).

Auditing was centrally invoked as part of this framing. Crucially, the initial communications endeavoured to position auditing as an important ritual for managing this crisis. In particular, the audit investigations commissioned by the NRL and News Limited were mobilised as *rituals of reassurance and purification*. Commissioning these audits were substantial symbolic initiatives intended to publicly show that both the NRL and News Limited were in overall control of the situation, and that deliberate actions, appropriate to their ‘official’ narrative of the crisis, were being taken to resolve the problems and re-establish order within the governance of the NRL competition. In this regard, the audit investigations promised many things. They would (i) get to the root of the problems precipitating the crisis; (ii) reveal the full extent of ‘what was going on’, providing clarifying and confirmatory evidence for what had already been conveyed to the public in the initial communications; (iii) add legitimacy to the sanctions instantiated; (iv) highlight the need for any further penalties or remedial actions; and (v) through its reported findings, maintain the integrity of the salary cap system and bring the crisis to a close. Importantly it would be seen to achieve these ends in a de-politicised and dispassionate way.

Auditing was also embedded in initial framing as part of rhetoric defending the salary cap system. As a central mechanism for governing and monitoring compliance with the cap, *re-legitimation* of salary cap auditing was crucial. As such, initial communications were clearly intended to reassure the public about the integrity of salary cap auditing in a variety of ways. Auditing was defended in part by explicating the seriousness of the crisis. According to this narrative, the lengths to which those involved went to conceal the cheating were so extraordinary that it was always going to be extremely difficult for routine salary cap auditing and other ‘checks and balances’ to detect. As John Hartigan commented in his interview on *A Current Affair* on April 22:

One thing you’ve got to understand is this is fraud. [...] And fraud by its very nature, means deceit and deception. [Because of this,] all the checks and balances we put in place within the club – we have an internal audit, an external audit, we have the NRL doing spot checks – they all went without being able to discover this (John Hartigan: *A Current Affair, 2010*).

In spite of its failings and the extent of deception by those responsible for the crisis, auditing arguably brought the ‘cheating’ to light, albeit belatedly, somewhat serendipitously, and only with the help of certain informants and admissions. The espoused effectiveness of salary cap auditing was further emphasised by the NRL’s release on April 22 of the extensive list of salary cap breaches penalised in the past (*NRL, 2010a*). Auditing’s ‘success’ was projected as a salutary reminder that while it is a very challenging exercise, it *would* expose ‘cheating’ in time:

Ian Schubert and his assistant Jamie L’Oste Brown have been collecting information in relation to this process for some time and their commitment to that process deserves considerable respect. Salary cap investigation

¹¹ Why News Limited chose to conduct its own independent audit over and above the NRL audit was never substantively discussed in public. We speculate that the perceived symbolic benefits of acting alone were deemed sufficient to justify a separate engagement. This also gave an appearance of greater rigour to the joint response.

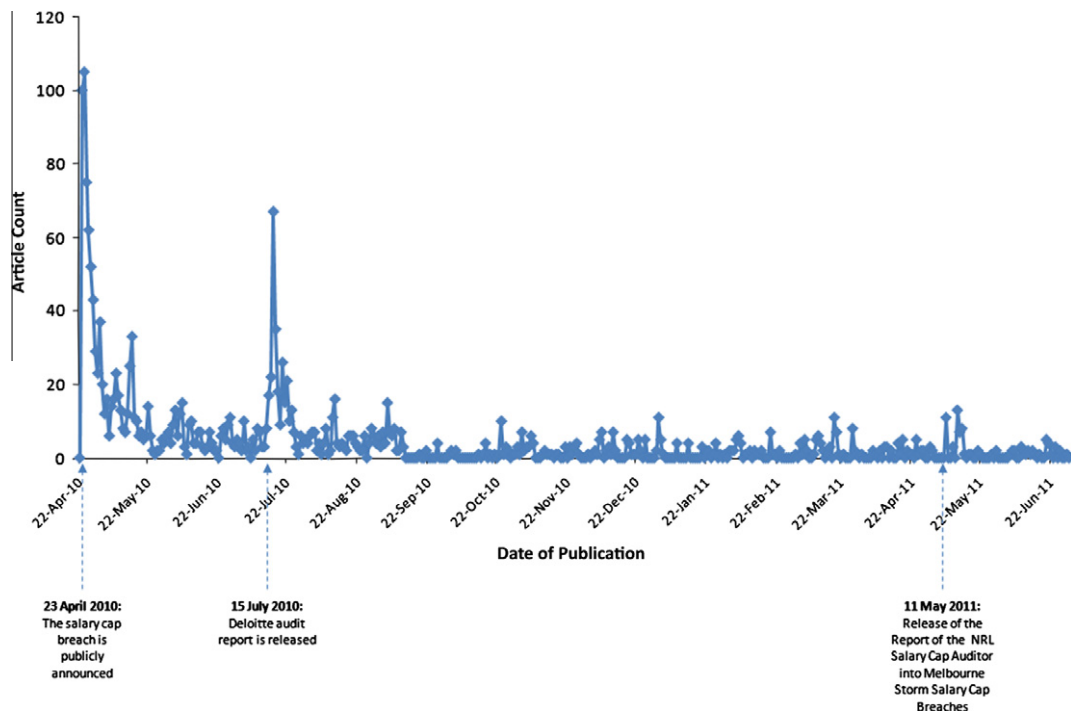


Fig. 3. Media coverage of the Melbourne Storm salary cap scandal.

is among the most difficult and in many ways least rewarding roles in the game ... This investigation has relied on detailed reviews of accounts as well as evidence from informants. It is a reminder to everyone who wishes to test the rules that there is every likelihood the truth will emerge in time and that the consequences will be severe at that point (David Gallop: NRL, 2010b).

In this way, communications reinforced audit not only as a 'hero' in the current crisis, but as a viable protector of the future integrity of the salary cap and the values that underpin it.

In terms of the way the crisis and these framings were covered in the press, Fig. 3, which provides a bibliometric snapshot of the media interest in the crisis over time, emphatically reveals the enormous initial interest in the scandal. The large initial spike in media coverage points to the ephemeral nature of press coverage of social and political events.

The positioning of audit as an important part of the 'official' crisis response gained strong coverage in this initial media interest (see Table 4). In the first 2 days of media frenzy, over half of the articles discussing the scandal directly referred to the audit investigations. Although this audit focus waned in the days and weeks following the initial releases, it remained an important focus of coverage as the crisis unfolded. Continued interest in these audits was further reflected in two later spikes in media coverage surrounding the release of (i) the Deloitte audit report released on 15 May 2010 and, to a much lesser extent, (ii) the NRL audit report released on 11 July 2011. Collectively, this evidence suggests that the projection of auditing as an

important crisis management ritual sustained meaning and resonance in the public domain during the course of the salary cap crisis.

Public debates – alternative framings and masking

No crisis is likely to be perceived uniformly by those affected. Typically, framing contests arise, where alternative characterisations of a crisis situation (in terms of its nature, severity, causes, responsibility, and ramifications, for example) compete for legitimacy (Boin et al., 2009). The Storm salary cap crisis was no exception. While the rituals mobilised and framing narratives imposed attracted much attention in the public domain, they did not pass without challenge. In particular, the role of auditing in managing this crisis became embroiled in public debates where competing perceptions and interpretations sought to expose vulnerabilities in the 'official' crisis dramaturgy and associated responses. Several audit-related framing contests emerged, taking root around six thematic concerns: (i) scope; (ii) due process; (iii) timeliness; (iv) transparency; (v) conflict of interest; and (vi) resourcing. In response to these framing contests, the NRL and News Limited mobilised various *masking* communications to counteract and/or dampen potential threats to the 'official' framings and responses. Table 5 provides a summary of these thematic concerns, as well as their frequency of appearance in media reporting.

Focusing on the set of articles (149 in total) that directly and materially addressed the place of auditing in response to this crisis, this section explores how these framing contests and attempts at masking played out around the identified audit-related thematic concerns.

Table 4The initial reception of the NRL and Storm responses ($n = 594$ articles).

	Day 1 23/4/10	Day 2 24/4/10	Day 3 25/4/10	Day 4 26/4/10	Day 5 27/4/10	Day 6 28/4/10	Day 7 29/4/10	Day 8 30/4/10	Day 9 1/5/10	Day 10 2/5/10	Day 11 3/5/10	Day 12 4/5/10	Day 13 5/5/10	Day 14 6/5/10
Articles referring to the salary cap scandal	100 (100%)	105 (100%)	75 (100%)	62 (100%)	52 (100%)	43 (100%)	29 (100%)	23 (100%)	37 (100%)	20 (100%)	12 (100%)	16 (100%)	6 (100%)	14 (100%)
Articles referring to audit or investigation of the scandal	52 (52.0%)	50 (47.6%)	35 (46.7%)	28 (45.2%)	15 (28.8%)	16 (37.2%)	10 (34.5%)	5 (21.7%)	22 (59.5%)	5 (25.0%)	2 (16.7%)	3 (18.8%)	1 (16.7%)	3 (21.4%)
Articles referring to NRL Salary Cap Auditor Ian Schubert	21 (21.0%)	10 (9.5%)	15 (20.0%)	8 (12.9%)	5 (9.6%)	7 (16.3%)	2 (6.9%)	2 (8.7%)	14 (37.8%)	2 (10.0%)	0 (0.0%)	2 (12.5%)	0 (0.0%)	0 (0.0%)
Articles referring to the Deloitte forensic audit	12 (12.0%)	8 (7.6%)	3 (4.0%)	2 (3.2%)	2 (3.8%)	6 (14.0%)	1 (3.4%)	0 (0.0%)	1 (2.7%)	2 (10.0%)	0 (0.0%)	0 (0.0%)	1 (16.7%)	0 (0.0%)

Scope

One of the more significant framing contests identified related to matters of audit scope. Debates about scope were broad natured and clustered around two main issues: (i) whether the commissioned audits were capable of addressing widespread salary cap breaching across the code; and (ii) whether the commissioned audit procedures and respondents were sufficient to comprehensively investigate the scandal.

The first related to competing perceptions about the 'real' problems underlying the salary cap crisis and whether the scope of the commissioned audits was sufficient to address the global rather than localised nature of the problem. For instance, so-called 'chief rat', Brian Waldron, asserted that the 'real' problems of this crisis extended beyond what transpired at the Storm, something he claims that he warned senior NRL officials about some time previously:

Last week Waldron told *The Daily Telegraph*: "It's happening everywhere. What about (name withheld) leaving us and getting paid \$200,000 by (sponsor withheld) outside the cap by the (team name withheld). This is a joke. All clubs do it..." Through a source, Waldron claimed he told NRL chief executive David Gallop in 2007 of widespread cheating in the game. "He (Waldron) made it clear he thought such practices were widespread..." (Gould, 2010c).

Waldron's claims resonated with others. Inaugural Melbourne Storm coach Chris Anderson, certain NRL club chairmen and CEOs, high profile Fairfax Media journalist Roy Masters, and News Corporation Chairman and CEO Rupert Murdoch all expressed similar views (Honeysett & Read, 2010a; Masters, 2010b; Prosenko, 2010a). Further, Victorian Premier John Brumby and two unnamed club CEOs referred specifically to Waldron's claims in calling for a more wide-ranging investigation (Davis, Collins, & Robins, 2010; Dick, 2010).

These assertions attempted to re-frame the character of the crisis. They implied that the crisis was rooted in more systemic problems with the salary cap, and not confined to the Storm. Here, the existing audit infrastructure of the

NRL salary cap regime was undermined, echoing dismay in the press about how the Storm breaches were able to continue for so long in the face of the routine auditing of the NRL, News Limited and the Storm (see, for example, Gould, 2010a; Massoud, 2010). Consequently, the commissioned audits, which were limited to investigating the Storm's wrongdoings, were recast as unduly narrow, and unable to live up to their promise of revealing the full extent of the problem.

The second issue connected to vulnerabilities in the scope of participation, particularly in relation to the Deloitte audit. Storm players, associated player managers, the independent directors of the club, and certain other third parties all declined to cooperate with this audit. As such, attempts were made to frame this audit as incapable of revealing 'the full truth' of the crisis. For example:

If Waldron, O'Sullivan, the player managers, or any of the independent directors were to be injected with truth serum, what would we discover? Are there others who would suffer if any of these people did speak? Are they protecting anyone? From my perspective, and I believe for all rugby league fans, this story will never be complete until all parties have given evidence ... [The reported account] will one day become truth, simply because it is the only version of events on file. Future generations will read of those who cheated the system. Future generations cannot read between the lines (Gould, 2011).

Attempts were made to mask these scope-related framing contests in different ways. The NRL and others publicly rejected suggestions that the NRL had failed to act on widespread salary cap problems. Whilst acknowledging that finding salary cap irregularities was a challenging task, key NRL figures asserted that they had acted on all matters that had come to their attention (Rothfield, 2010b). There was measured agreement in the press with this assertion, given the many breaches the NRL had discovered and penalised since 1998 (Smith, 2010c). Public pronouncements by News Limited also consistently underlined the thoroughness of the audit work. For example, while little of the Deloitte report was released to the public (see News

Limited, 2010), a significant proportion of what was made available focused on communicating the depth and breadth of the investigative work performed.¹² Given the position of stakeholders being most critical about scope-related concerns, such as Brian Waldron, attempts were also made to characterise their criticisms as a “deflect[ing] attention from the real issue” and “incredibly lame” (Honeysett & Read, 2010b).

Due process

Another framing contest related to claimed failures to observe ‘natural justice’ and ‘due process.’ By their own admission, the NRL’s case for action was instigated by “circumstantial evidence” (Walter, 2010b) and “ballpark figures about some of the breaches” (Gould, 2010c). Further, ‘official’ crisis management responses were criticised for an absence of proper process (e.g., penalties handed down before commissioned audits commenced and the failure to provide blamed parties with the opportunity to respond) and the haste of the decision-making (the speed of determinations made on April 22). Critics consequently attempted to frame the ‘official’ crisis response as an “ambush” (Smith, 2010a) – impulsive and ill conceived. Interestingly, it is in the context of this framing contest that the independent members of the Storm board fractured from their initial support for the ‘official’ crisis framings and responses, leading to their instigation of legal action against the NRL to have the imposed penalties repealed.¹³

Strong masking communications were disseminated to defend against this framing contest. Critics’ claims were dismissed as “outrageous and offensive” (Read & Rintoul, 2010) and diversionary from what really mattered in resolving this crisis. This is exemplified in the following excerpt where John Hartigan takes aim at the Storm independent board members for their changed position:

“In these circumstances it is unacceptable to News and completely objectionable that the independent directors of the Storm have launched and focused their attention on the court action against the NRL to challenge the decision about the penalties,” Mr. Hartigan said. “Are these directors seriously suggesting there has been no breach? Are they suggesting cheating, in any form by whatever degree, is OK? We do not believe the independent directors have shown sufficient willingness to resolve the most pressing issue facing the

club, to field a team next season that is under the salary cap” (Marshall, 2010).

The evidence and process was also publicly defended. The “potential enormity of the situation” (Masters, 2010a), combined with the Storm board’s own admissions, was argued to be sufficient to justify immediate and bold action. The NRL also sought to ‘set the record straight’ on process by publicly communicating (see for example Smith (2010a)) the steps taken in the lead up to April 22, with the aim of publicly displaying the fairness and appropriateness of their actions (Smith, 2010a). With respect to the specific accusations made by the Storm board, questions about their discharge of responsibility were in turn raised by both David Gallop and commentators within the News Limited media outlets. For instance:

The corporate governance of the Melbourne Storm was not up to scratch. Since that time, some people who were on that Board have sought to escape responsibility for that. But I think taking advice from them is a bit like taking advice on avoiding icebergs from the captain of the Titanic. It is not really helpful in any way at this stage ... there is no doubt that they had the wool pulled over their eyes and there is also no doubt that they were, to a certain extent, asleep at the wheel (David Gallop: Australian Broadcasting Corporation, 2011).

Fraud can be difficult to detect, but Moodie’s statement that “as a board of governance we rely heavily on key executives to take responsibility for the role they play in the administration of the Melbourne Storm Rugby League Club” is not enough to abrogate him of his responsibility (Ferguson, 2010).

Such counterclaims, along with criticism of their refusal to cooperate with Deloitte investigators, offered sufficient grounds for News Limited to remove the independent directors from the Storm board on July 15 (Marshall, 2010). Soon after, the directors terminated their legal action, effectively curtailing their challenge to the fairness of the NRL’s investigations and penalties (Webster, 2010).

Timeliness

An important framing contest that emerged during the crisis related to the timeliness of the commissioned audits. Numerous comments in the media portrayed the audit engagements as prolonging uncertainty for stakeholders associated with the crisis. For example:

It took 10 days for the biggest financial scandal in world history to unravel but after two months the NRL still hasn’t completed its investigation into the Melbourne Storm’s salary cap rorting ... The NRL mightn’t have the artillery of the US government, but they have the full co-operation of the Melbourne Storm and have had 70 days longer to uncover around \$2 million in accounting rorts. The Storms players, at the crux of the salary cap rort, are still yet to be interviewed (Anonymous, 2010a).

With little indication as to how long the audits would take, the Storm’s management, players and their representatives, as well as rival clubs and other stakeholders, ex-

¹² According to the portion of the Deloitte audit report that was made public, the report findings were “based on information provided during the interviews and on a wide-ranging and comprehensive review of the club’s accounts, electronic records and hard copy documents at the club and some found elsewhere. In total, electronic records produced by 28 people that were stored on hard drives, back-up tapes, desktops, laptops and portable media devices were part of the original scope of the investigation with the records pertaining to 12 people analysed in further detail. In total, more than 163,000 individual documents were reviewed as part of the investigation” (News Limited, 2010, p. 6).

¹³ In May 2010, four independent directors engaged counsel to commence legal action in the Supreme Court of Victoria arguing that the penalties, which included stripping the club of its 2007 and 2009 premierships, breach NRL rules, and that the process of imposing them was unfair. This legal action was not supported by News Limited (Rintoul, 2010).

Table 5
Themes and terminology associated with the Melbourne Storm salary cap audits.

Thematic Concern	Example Quote	Articles referring to theme
Scope	<i>It is believed Deloitte had sought to speak with about 40 people involved with the Storm but that more than half refused to meet with the auditors. Many of those who declined interviews did so after the accounting firm refused to guarantee confidentiality, with players, in particular, fearing details they revealed would end up in News Ltd newspapers ...</i>	45 [30.2%]
Due process	<i>The court case in which the independent board members will claim the NRL failed to follow due process when deciding to strip the club of the 2007 and 2009 premierships is due to begin on August 2 ...</i>	39 [26.2%]
Timeliness	<i>It took 10 days for the biggest financial scandal in world history to unravel but after two months the NRL still hasn't completed its investigation into the Melbourne Storm's salary cap roting ...</i>	35 [23.4%]
Transparency	<i>The Deloitte report commissioned by News Ltd into the Melbourne Storm salary-cap scandal is 46 pages long, but the edited version released by the media company contained just 13 pages – raising questions about how much information has been withheld from the public.</i>	18 [12.1%]
Conflict of interest	<i>Many at the club fear News Ltd is protecting its own agenda, with Moodie telling the Herald yesterday: "It was clear from the outset that the inquiry was set up to serve the best interests of News Ltd rather than the best interests of the Melbourne Storm."</i>	17 [11.4%]
Resourcing	<i>The NRL should consider expanding its audit team to meet the demands of a broader inquiry ...</i>	3 [2.0%]

pressed their frustration at the uncertainty this was perceived to foster. Representatives from the Storm claimed that they could not finalise their playing roster for the 2011 season until the NRL advised them precisely how much their player payments would have to be cut. The Storm also expressed concern that other clubs were taking advantage of the uncertainty by enticing their players to seek contractual releases (Gould, 2010b, 2010e). In turn, other clubs retorted that their player recruitment plans for the 2011 season remained in limbo until the crisis was settled.

Attempts were not made to directly defend against these timeliness criticisms. Rather, information on the status of the commissioned audits, as well as incremental findings of their unfolding investigations, were made available to the media from time to time (see Table 6 for an overview). Such incremental releasing of information seemed intended to publicly signal a sense of momentum and progress – in spite of the time being taken, the investigations were progressing, and they were discovering more about the details and extent of the salary cap breaches.

Transparency

Over time, an audit-related framing contest emerged around the notion of transparency, particularly with respect to the Deloitte audit and the failure on the part of News Limited to release its full findings. Public disclosure of the Deloitte audit's report was limited to a 13-page summary, removing some 33 pages of detail from the full report (Walter, Kilgallon, & Barrett, 2010). This raised suspicions that News Limited knew, or was somehow implicated, more than was being reported. Aspersions were also cast suggesting that the Deloitte audit was no more than an empty, symbolic exercise:

A source close to the Melbourne Storm's independent board members said it was "ridiculous" that News was releasing only a summary of Deloitte's findings. The insider said: "The directors have always felt that the Deloitte audit was only commissioned with a view

to exonerating News and in order that they look respectable in relation to corporate governance. But the fact News Ltd will only make public their synopsis of what Deloitte found shows they have no intention of being upfront about the findings. The directors have always maintained they want transparency, but again it seems we're not getting it" (Jackson & Reilly, 2010).

These suspicions led to calls for greater disclosure. For example, Professor Ian Ramsay, a leading Australian corporate governance academic, publicly called on News Limited to, at a minimum, release the terms of reference for the Deloitte audit engagement to the public (Reilly, 2010). Calls for the full report to be made public persisted as "the easiest way to resolve the ongoing uncertainty and speculation" (McIlwraith, 2010).

News Limited attempted to mask vulnerabilities potentially arising from this counter framing by citing 'legal' and 'privacy' reasons for the lack of full disclosure. Appeals were also made to the integrity of the auditor (Deloitte) to strengthen the credibility of the audit:

Big as News is as a company, it has to be accepted that (even if it wanted to) it could not pay Deloitte enough for the global accounting group to risk its reputation on News's behalf (Jackson & Reilly, 2010).

So while the framing contest over the transparency of the Deloitte audit persisted, it seems the masking communications drawn upon were sufficient to ensure that coverage of this issue was fleeting and that claims about the lack of transparency failed to find resonance in the public sphere. However, it is interesting to note that as the NRL audit report was being finalised some time later, David Gallop made it clear that the full report would be released to the public.

Conflicts of interest

Framing contests also attached to perceptions of substantial conflicts of interest that were alleged to permeate the crisis response. These centred on three primary con-

Table 6
Incremental media reporting of NRL and Deloitte audit findings.

Date	Event
26/04/2010	<ul style="list-style-type: none"> Melbourne Storm players Cameron Smith, Greg Inglis, and Billy Slater named as having received payments outside of the salary cap (Walter, 2010b)
01/05/2010	<ul style="list-style-type: none"> NRL investigators find further concealed player payments, increasing the Storm's estimated breach of the salary cap by \$150,000 (Rothfield, 2010a) Eleven player contracts now implicated in the Storm's salary cap scandal (Walter & O' Malley, 2010)
15/05/2010	<ul style="list-style-type: none"> Revealed Cameron Smith secretly paid \$60,000 to renovate his home in deal outside of his NRL contract (Rothfield & Gould, 2010) Payments made from indigenous charity to Greg Inglis, Cooper Cronk and Dallas Johnson (Storm players) that received money from Melbourne Storm come under scrutiny (Walter & Paxinos, 2010)
05/06/2010	<ul style="list-style-type: none"> Deloitte investigations allegedly uncover more people being involved with the Storm's salary cap scandal than originally thought. No names are published (Paxinos, 2010b)
07/06/2010	<ul style="list-style-type: none"> Reported that leading Storm players received up to \$150,000 each in extra payments and benefits as part of the salary cap 'cheating' (Johnston & Gould, 2010) Deloitte allegedly uncovered three contracts Cameron Smith had with the Storm (Johnston & Gould, 2010)
27/6/2010	<ul style="list-style-type: none"> Email exchange between former Storm CEO Brian Waldron and player manager Jim Banaghan discovered by Deloitte on a Storm computer. Emails from Banaghan allude to attempts by Waldron to pay players outside the salary cap (Ricchio, 2010)
10/07/2010	<ul style="list-style-type: none"> Details of an undisclosed financial arrangement, believed to be worth six figures, between a senior Storm player and one of the club's independent directors will be revealed as part of the findings of the Deloitte audit (Gould, 2010f) Cameron Smith, Billy Slater and Greg Inglis were allegedly receiving approximately \$175,000 above their official \$400,000 salary (Gould, 2010f)
14/07/2010	<ul style="list-style-type: none"> Deloitte report set to reveal the Storm breached the salary cap by approximately \$3.2 million, almost double initial estimates (Honeysett & McDonald, 2010)
15/07/2010	Media statement released by News Limited announcing the completion of the Deloitte audit. The statement provides a summary of the report's findings
16/07/2010	<p>Media account of the Deloitte report (Read & Rintoul, 2010a):</p> <ul style="list-style-type: none"> Reveals that side letters, boat payments, gift vouchers, consulting fees, free flights and cars for family members were part of the concealed payments made; Names form Storm CEO Brian Waldron as the central figure in the salary cap scandal; Identifies four other current/former members of Storm management (Matt Hanson, Paul Gregory, Peter O'Sullivan and Cameron Vale) as also being involved; and Links the Unity Foundation (charity) and McManus Group (events organisation) as organisations used to secretly transfer money to players.
19/02/2011	<ul style="list-style-type: none"> Ian Schubert's continuing investigations identifies player agents George Mimis, David Riolo, Isaac Moses and Allan Gainey as having a case to answer for their alleged involvement in the Storm salary cap scandal (Honeysett, 2011a).
07/05/2011	<p>NRL audit report expected to (Barrett, 2011b):</p> <ul style="list-style-type: none"> Recount the Storm cap breaches in much more detail than presently known; and Detail actions of the four named player agents in the salary cap scandal.
11/05/2011	<ul style="list-style-type: none"> NRL audit report publicly released.
12/05/2011	<p>Media account of the NRL report (Barrett, 2011a):</p> <ul style="list-style-type: none"> Reports an increased estimated of salary cap breach – \$3.8 million between 2006 and 2010; Reiterates the central role of Brian Waldron in the affair; Claims two prominent player agents created pretend email exchanges Brian Waldron to avoid being caught in the salary cap 'cheating'; and Alleges one player may have known he was receiving payment outside his official contract

cerns. The first related to News Limited's 50% stake in the NRL partnership (see Fig. 2 for an illustration of the complex relationships between and the NRL and News Limited). This was considered by some to fundamentally undermine the integrity of the entire crisis response. Comparisons were made to similar investigations performed in the AFL:

The AFL and NRL have both had premierships-winning clubs exposed as big-time cheats, but the contrast between their disciplinary processes is stark. In 2002, when Carlton was accused of breaching the salary cap, the league appointed an investigations team independently of the club to conduct an audit. A hearing convened by the AFL commission then considered charges and penalties. When Melbourne Storm was similarly

exposed this year, the club's owner, News Ltd, arranged an in-house audit after the NRL, which is half-owned by News, had already imposed draconian penalties ... The conflicts between the interests of the club and league and their media owner are clear ... (Anonymous, 2010b).

This cross-ownership raised questions about how effectively the commissioned audits would scrutinise the involvement of all stakeholders in the crisis, particularly those associated with News Limited. What did News Limited representatives know about the salary cap breaches before they became public? Why did News Limited fail to detect and/or act on these problems earlier? Were there representatives within News Limited that were somehow complicit in the deception? Both the Deloitte and NRL

Table 7
Thematic concerns by media source.

Thematic concern	Articles referring to thematic concern		
	Fairfax sources	News limited sources	All sources
Scope	11 [17.5%]	34 [39.5%]	45 [30.2%]
Due process	16 [25.4%]	23 [26.7%]	39 [26.2%]
Timeliness	14 [22.2%]	21 [24.4%]	35 [23.4%]
Transparency	13 [20.6%]	5 [5.8%]	18 [12.1%]
Conflict of interest	15 [23.8%]	2 [2.3%]	17 [11.4%]
Resourcing	2 [3.2%]	1 [1.1%]	3 [2.0%]

audits cleared News Limited of any connection to the Storm salary cap breaches. However, the association sustained suspicion about whether the audits were appropriately engaged to examine News Limited's position in the affair. Such suspicion was further fuelled when David Gallop publicly endorsed the findings of the Deloitte audit before he had read the report in full (Proszenko, 2010b). Questions emerged about who was really 'calling the shots' in responding to the crisis as well as the NRL's independence more generally (Anonymous, 2010b).

The second concern focused more specifically on the Deloitte audit, reflecting concerns about News Limited's ownership of the Storm. Given it was News Limited that engaged Deloitte to perform one of the key investigatory responses to the crisis, critics publicly challenged the likely independence, fairness and completeness of the audit. More particularly, critics questioned whether the espoused credibility of this arrangement would have applied if it involved another, non-News Limited owned, club:

"The precedent of this is that if you own a club, you can conduct your own salary cap investigation and have the NRL CEO support its findings without seeing them," [Peter] Maher said yesterday morning ... "If say, St George-Illawarra, was caught cheating on the cap and announced that its leagues club would fund an inquiry, would Gallop endorse it?" (Marshall, 2010).¹⁴

The third concern related more broadly to News Limited's influence in the public domain. As the main media player in the Australian market, News Limited was in a strong position to influence perceptions and communications surrounding the crisis. Consistent with such concerns, Table 7 illustrates distinct differences in the weight of reporting on certain thematic concerns reported in News Limited versus Fairfax Media owned press. It can be observed from this table that News Limited outlets published far fewer articles relating to transparency and conflicts of interest concerns (5.8% and 2.3% of the respective articles analysed from News Limited sources) than were evident in Fairfax Media newspapers (20.6% and 23.8% of the respective articles analysed from Fairfax media sources). Further, it seemed various crisis stakeholders were afforded different levels of attention in News Limited versus Fairfax newspapers, a point that was not lost on one reporter:

Members and fans were given a gentle, supportive hearing from the Fairfax media and an intolerant response by

News Limited (publisher of *The Australian*) outlets. The lack of balance from both companies was not the media's finest hour. Storm directors – contrite one day, outraged the next – had a voice in the Fairfax media that was never scrutinised earnestly or effectively. News Limited papers did not question with any vigour the possible implications for or the involvement of their employer, which owned the club (Smith, 2010b).

A range of masking communications was advanced in response to these criticisms. For one, the NRL was at pains to stress that the NRL investigation was separate from the Deloitte audit. David Gallop repeatedly signalled that the NRL investigation would not rely on Deloitte's findings. Nor would Deloitte's estimates of the salary cap breach be accepted without first being assessed and investigated further by Ian Schubert and his team (Walter, 2010a). Masking communications also sought to play down the importance of independence in this setting. In the case of the NRL audit, consider the following statement from David Gallop regarding Ian Schubert's standing within the league:

"That is one of the beauties of having a person like Schuey, who understands footy clubs and has relationships with people in footy clubs and picks up pieces of information," said Gallop. "If you had a team of accountants that nobody knew going into footy clubs you may not get the informant who is prepared to walk up to the dorky accountant from the big city firm. But he may know Schuey and he may have had a beer with Schuey at some stage when he worked at the club and he might think I am going to tell Schuey what I know. People say you might have found this if you had 20 accountants working full-time but there are a lot of advantages in the fact Schuey has relationships" (Jackson & Walter, 2010).

Here the argument appears to be that an auditor can be 'too independent', at least in this context. While Schubert has some background in accounting, his connections and good standing in the league arguably place him in a better position to carry out his auditing responsibilities than some "dorky (and independent) accountant."¹⁵

¹⁴ Peter Maher was an independent board member of the Storm.

¹⁵ Along these lines, it is interesting to note Jamal and Sunder's (2011) study of the market for baseball cards in North America. They conclude that independence of baseball card certifiers seems to be much less highly valued than their expertise and apparent immersion in the field. This has led Power (2011) to speculate that "the very meaning of independence as a presumed attribute of assurers is much more fluid than we realize" (p. 325).

With respect to the Deloitte audit, articles within the News Limited press again made reference to the reputation of Deloitte to counter independence criticisms:

Deloitte is the world's leading firm of forensic accountants because it is independent. It does not have rules imposed on it by companies who pay it for investigations. Deloitte's credibility has been questioned by Fairfax because News Limited, which owns the Storm, paid it to uncover the fraud . . . Deloitte opened a gigantic can of worms that will cost the Storm a bunch of players, millions of dollars and years in the league wilderness (Wilson, 2010).

Regarding the perception of News Limited's influence in the crisis and more broadly, a News Limited columnist countered by arguing that their rival, Fairfax Media, could not claim the high moral ground in their reporting of the crisis:

Pick up a *Sydney Morning Herald* or *The Age* newspaper yesterday and you would swear that the only cheats in this sorry saga are News Limited (the publishers of this newspaper) and the National Rugby League. Talk to a sacked Storm director (which Fairfax did at great length) and you could be forgiven for thinking the only breaches of trust in Melbourne in recent months had come from the proprietors of the football club – those blokes representing the evil empire of Rupert Murdoch (Wilson, 2010).

These framing contests over conflicts of interest persisted. However, again, they did not resonate widely enough to disrupt the 'official' framing and crisis responses.

Resourcing

Finally, there was some evidence of contest in the media relating to perceptions of resourcing deficiencies, which may affect the performance and achievements of the commissioned audits. The substance of this challenge was a perceived lack of resources for carrying out the NRL salary cap audits. Countering this challenge to the monitoring and governance of the salary cap was David Gallop's high praise for Ian Schubert. Gallop repeatedly lauded Schubert for his efforts to reveal salary cap breaches, in spite of the many obstacles he faced:

"I wish there was a bit more credit for 'Shoey' [Mr. Schubert] and us because we caught a big fish and this isn't one where someone was dumping letters in Kate McClymont's pigeonhole like last time," he [Gallop] said, referring to the Herald journalist who was part of the team that revealed the Bulldogs' salary rorts. "This is one where Shoey dug and dug and dug and had a bit of fortune along the way but he obviously got to a point where they obviously thought the game was up" (Walter & O' Malley, 2010).

Given the relatively infrequent appearance of this thematic concern within the sample of articles (3 articles – 2.0% of the articles reviewed), it seems that this framing contest largely failed in gaining traction.

The Deloitte and NRL reports – the ritual of reporting

As mentioned above, the release of the audit reports was precipitated by the selective release of key audit findings, so much so that by the time the NRL's report was released over one year later, most of its contents were already widely known (see Table 6). The Deloitte audit was the first to be completed. A News Limited press release entitled *Melbourne Storm – Deloitte Investigation*, distributed on 15 July 2010, provided a public summary of Deloitte's reported findings. The most significant finding of the summary was an 83% increase on the estimated value of the breach (revised to \$3.17 million, see Table 8). Also reported were further details of the methods used to conceal the salary cap breaches.¹⁶ The report extracts also clarified matters of blame and culpability in line with official accounts.

The NRL audit took much longer to complete – it was not officially released until May 11, 2011. Unlike the Deloitte report, the *Report of the Salary Cap Auditor into Melbourne Storm Salary Cap Breaches* was made available to the public in full. This lengthy document (136 pages in total) offers a detailed account of the Storm salary cap scandal, most of which was already known by this time. It also reported a further revised estimate of the quantum of the breach, elevating it to almost \$3.8 million in total (see Table 8 for the comparative financial estimates of the breach).

Notwithstanding the fact that the pre-emptive, incremental communication of the findings of the commissioned audits meant that much of the key content was already publicly known, the act of reporting was nonetheless an important ritual in managing the crisis. The audit reports were argued to validate earlier communications and decisions. For example, John Hartigan seized on the completion of the Deloitte report to publicly communicate the report's confirmation of the 'official' framing of the crisis – the orchestrated 'cheating' within the Storm, 'rats in the ranks' that had perpetrated it, and consequent appropriateness of the penalties imposed by the NRL. It also of-

¹⁶ These included:

- Arranging for third parties to 'employ' and/or pay players, where third parties issued invoices to the club for amounts described as 'donations' or 'consulting fees', payments for which were duly passed onto players;
- Guaranteeing the value of third party agreements, where these could not be sourced for a player by the club;
- The provision by sponsors and other third parties of fully serviced and maintained motor vehicles to players or player family members;
- Providing gift vouchers to players, which were purchased using frequent flyer or credit card reward points accumulated by club management. A register recording the distribution of gift vouchers was found during the investigation;
- Providing rental assistance to help players pay for residential accommodation;
- Airfares for personal travel by players and their immediate family members that were paid by the club;
- Providing other benefits such as payments for a boat and media training for players;
- Underwriting and guaranteeing payment of an amount equal to the value of a television broadcasting contract for a player so that the player would be paid regardless of whether the television contract materialised.

ferred the opportunity to publicly exculpate parties over whom some doubt as to their involvement still remained, an opportunity which Frank Stanton (Acting Storm CEO from April 22) and Ron Gauchi (Storm CEO appointed on July 21) exploited in their press conferences following the Deloitte and NRL reports respectively.

The reporting ritual precipitated selective displays of openness and the implementation of further corrective action. In the case of the Deloitte audit, John Hartigan announced that the full report would be handed over to various statutory bodies, such as the Australian Securities and Investments Commission (ASIC), the Australian Tax Office (ATO), the Victorian Police and the Victorian Office of State Revenue (Tabakoff, 2010a). Perhaps prompted by public speculation of statutory and criminal liability arising from the salary cap crisis (Barrett, 2011b), these bodies took an interest in the Deloitte report and signaled, via the press, their intention to conduct their own investigations on the back of this report (Kogoy, 2010; Tabakoff, 2010a, 2010b). However the Victorian Police later publicly announced that following initial inquiries, no further action would be taken (Barrett, 2011b), while the other bodies have not publicly indicated any consequences of their investigations. The release of the NRL audit was accompanied by announcements that certain player managers would be referred to the NRL's player accreditation committee, the stripping of Melbourne Storm's 2010 World Cup Challenge title and that certain report recommendations would be pursued. However, all of these changes pale in comparison to the initial penalties meted out. Furthermore, recommended extensions of Schubert's role with respect to access to electronic communications, the ability to monitor contract negotiations and the ability to refuse contract variations (see Read & Honeysett, 2011) have, to date, failed to materialise.

The final reports were also highly symbolic, argued to bring 'closure' to the crisis and capture necessary lessons to be learned from the audit investigations. The NRL report was considered to be particularly valuable in this regard:

It [the NRL audit report] is a necessary step in providing closure for those at the club and in ensuring that all lessons can be examined. For this reason, as much of the report as can be released without compromising the privacy or rights of individual has been made available today (NRL, 2011a).

Reporting was also an important public symbol for reinforcing the message that all attempts to 'cheat' the salary cap will ultimately unravel and be exposed in time:

"Hopefully this brings closure to that quite extraordinary chapter in the game's history," NRL chief executive David Gallop said. "There are two key messages out of that report. Firstly that there is a high probability that even the most elaborate scheme to avoid the salary cap will unravel. And, secondly, when it does unravel the details of the transactions around that salary cap breach will be put under the spotlight. The salary cap is not a game, it's a serious part of the business." (Honeysett, 2011b)

Significant judicial language and opinion statements (about the means by which the salary cap breaches were perpetrated and the conduct of the key parties implicated) contained in the NRL report emotively reinforced initial dramatisations of the seriousness of the crisis, and condemned the wrongdoings of the parties involved. Importantly, reporting also presented an opportunity to again publicly signal the effectiveness of salary cap monitoring, as well as present a stern warning to other potential salary cap 'cheaters'. David Gallop took full advantage of this opportunity in his press conference associated with the NRL report's release on May 11, 2001, as the following excerpt reflects:

[I] never professed that the salary cap is 100% watertight. So when we do find something like this, we need to send a harsh message to anyone else who's involved in this kind of thing ... Today is another reminder to them that their transactions will get put under the spotlight, and they're highly likely that we'll find them (David Gallop: Australian Broadcasting Corporation, 2011).

Interestingly, the reporting ritual was held out as an artefact of a de-politicised and dispassionate investigation. Yet in the report itself as well as media pronouncements surrounding it, substantial stretching of these conventional notions of auditing is evident, where matters of 'objectivity' and 'neutrality' were subordinated by the amplification of judgment statements and opinion formation.

Discussion

An analysis of media coverage of the Storm salary cap scandal reveals two important, related ways that the NRL and News Limited sought to symbolically use the audits they commissioned in response to the crisis: (i) the audits were positioned as a centrepiece of the crisis management strategy of both the NRL and News Limited and (ii) more broadly, the audits (particularly the NRL audit) were positioned to (re-)legitimize the entire salary cap monitoring and enforcement system.

First, an analysis of media releases surrounding the Storm crisis reveals the central role played by auditing in crisis communications and symbolic actions surrounding the scandal. Pre-existing and commissioned audits were heavily referenced in the initial responses of the league (the NRL), the club (the Storm) and the club owner (News Limited) once the story 'broke' in the press. This is in keeping with much crisis research recommending a clear and immediate response to crisis (see, for example, Benoit & Brinson, 1994). Key NRL and News Limited figures acted to exogenise the causes of the crisis to a narrow set of 'cheats' within the Storm and moralise the issue by accusing these actors of deceitful and unscrupulous behaviour. Virtually all speakers sought to move straight from an assessment of the severity and causes to talk about the need for a full, objective inquiry. Hence, the audits were positioned so as to simultaneously be seen to be taking corrective action against those responsible, to signal a commitment to probity, accountability and learning, as

well as to ultimately attempt to portray a sense of closure on the crisis. It is particularly striking that the legitimacy of auditing is such that many of these benefits were seen to arrive before the production of the final audit reports. This suggests that the very idea of audit can be a powerful legitimating resource in crisis and the credibility of practices performed in its name is largely *prima facie* presumed. This presumption of credibility is only rebuttable when the integrity of the auditing arrangement is thrown into doubt.

Second, to reaffirm that the salary cap system, which importantly included its enforcement and monitoring, a conspicuous and dramatic public display of the capacity of audit to uncover 'fraud' and 'deception' was required. In this way, the NRL actively sought to position its audit so as to demonstrate that the salary cap system was robust and manageable; in effect, that it 'works.' Here, the NRL sought to re-legitimise the auditing infrastructure of the salary cap by suggesting that, in spite of the challenges in monitoring, 'cheats' will ultimately be caught and heavily punished. This was a rhetorical feat: to divert criticism away from the system, the emphasis was placed squarely on the 'cheaters.' In this way, the audit served as a *ritual of reassurance and purification*, through which the NRL sought to appear in control of the situation, reassure the public that it will get to the heart of the problem (which became personified in the search for the 'rats in the ranks') as well as cleanse toxic elements from the sport. This suggests that the rhetorical capacity of organisations to re-legitimate the audits they carry plays an important role in the way they succeed in managing their crises.

It is clear that limits must be placed on blanket statements about the legitimating quality of audit. For auditing to resonate it must be contextually credible. This credibility relies importantly on symbolic management and rhetorical devices. As Power (1997, p. 139) notes, "if auditing is to function credibly in the processing of risk then trust in audit must be constantly affirmed and supported." Work by Barrett and Gendron (2006) draws attention to the essential need for resonating credibility by pointing to the difficulties encountered by accountants when the profession attempted to promote a line of WebTrust audit products.¹⁷ The 'programmatic' social significance of auditing is not automatic and all pervasive. It relies in part on active maintenance of its social authority by those with a stake in its credibility. To this end, it is interesting to note that in the 12 occasions that David Gallop (the CEO of the NRL) was quoted referring to NRL Auditor Ian Schubert in the press, in every single instance he lauded or defended the auditor in unqualified terms, highlighting Schubert's role in identifying the breach (five references), the vigour of his audit team (two references), the central role of auditing in safeguarding the NRL from further breaches (three references) or defending criticism of Schubert's failure to pick up the fraud earlier (two references). This observation is in keeping with Humphrey and Owens' (2000) critique that Power's work under-plays the agency of the

auditing profession and others in actively promoting auditing.

Crises typically generate a contest between frames and counter-frames concerning the nature and severity of the crisis, its causes, the responsibility for its occurrence or escalation, and implications for the future (Boin et al., 2009). Rhetorically, a range of framing and masking devices were put forward by proponents and opponents of the salary cap regime that was deemed to be in crisis. Over time, the audit technologies became enmeshed in the debates around the crisis; counter-interests emerged actively seeking to undermine the legitimacy of the audit response, claiming deficiencies in terms of scope, process, transparency, timeliness, independence and even resourcing. These critiques sparked a round of defensive counter-claims seeking to re-affirm the legitimacy of the audit and the salary cap process. In this way, the NRL and Deloitte audits served as an important public forum to shape opinion and host contests between key stakeholders in the crisis. An interesting feature of the case in this respect is the news media platform that one of the key stakeholders, News Limited, was able to deploy in order to press its positions.

As others have noted (see, for example, Power, 2003), the development and fine-tuning of auditing has been, and continues to be, largely in response to failures in which audit criteria or auditing practice have been found wanting – often accompanied by calls for further inquiry and audit. Guénin-Paracini and Gendron (2010) describe a cycle of crisis, blame and demonisation of auditors and ultimately, veneration and re-legitimation of auditing in the wake of financial scandals. In so doing, they argue that auditors' legitimacy actually ensues from auditor demonisation: "in order to blame auditors for not having revealed the fraud and/or the misstatements that a given corporate collapse brings to light, it is necessary to postulate that they possess – at least in principle – the technical means to detect such irregularities" (p. 154). In this way, the authors characterise auditors as modern *pharmakoi*, a reservoir of potential victims to be sacrificed whenever fraudulent financial statement surface and disrupt the credibility of capital markets who are also essential in restoring the legitimacy of auditing in the eyes of key stakeholders.

This case provides support for the robust reparability of auditing. The programmatic ideals of auditing immunise it from systematic failure and radical doubt: allegations of failure can either be (i) condemned as the failure of an incompetent/negligent/fraudulent few; (ii) addressed through further, more rigorous auditing and inquiry; and/or (iii) discredited for lack of 'proof' or a disregard for 'due process'. In this way, auditing has a remarkable capacity to be invulnerable to its own failure (Power, 1994, p. 7).

Our case also suggests that the relationships between crisis, blame and auditor legitimacy are nuanced and malleable and that auditing can be strategically invoked during crisis. How blame is circumscribed and how auditing is embroiled in crisis depends on the way that official framings of the crisis are constructed and contested. The sacrificial scape-goating rituals described by Guénin-Paracini and Gendron (2010) do not necessarily target the audit profession, albeit that it is a high-profile, well resourced candidate where financial crises are concerned. In this

¹⁷ At a general level, Barrett and Gendron (2006) note that the public at large may be less trusting of auditing work than the corporate world might be, especially in the wake of various scandals around the audit of firms.

Table 8

Year by year comparison between the original NRL salary cap audit estimates and the findings of the Deloitte investigation. Sources: Melbourne Storm – Deloitte Investigation, Media Release, News Limited. Report of the Salary Cap Auditor into Melbourne Storm Salary Cap Breaches, NRL.

Year	NRL estimate (at 3 May 2010)	Revised News Limited estimate (at 7 July 2010)	% Change	Revised NRL estimate (at 11 May 2011)	% Change
2006	\$146,100	\$319,950	119	\$302,891	–5
2007	\$273,600	\$551,032	101	\$459,206	–17
2008	\$226,100	\$306,508	36	\$957,206	212
2009	\$365,193	\$964,877	164	\$1020,597	6
2010	\$724,956	\$1027,968	42	\$1039,696	1
Total	\$1735,949	\$3170,335	83	\$3779,596	19

case, dominant framings of the crisis led to a process of blame that came to be aimed primarily at the Storm board and executives rather than the operation of auditing. Although auditing's failure to pick up the fraud in a timely fashion was raised, this was excused in official accounts by the scale and perfidy of the fraud. Renewed auditing effort was publicly managed to imply that future audits would be effective, perpetrators would eventually be caught and that the system would be protected.

Moreover, although the salary cap breach is no doubt a chapter that NRL leaders would like to forget, it is difficult to produce evidence of a lasting material impact in terms of revenue, viewership, profitability or media coverage. Annual revenue and attendance figures in the year of the scandal were the highest in the code's history. Gross revenue of the NRL in 2010 was \$157 million, with a further \$195 million in revenue being earned by the participating clubs (Dabscheck, 2011) while a record 3491,870 attendees flooded to sports grounds to take in the action live. In the same year, 39 of the top fifty (including four of the top five) most watched programs on pay-television were NRL matches (NRL, 2010d). Moreover, Hale's (2010) analysis of activity on Twitter, Facebook, 43 things, wikis and Yahoo! Groups suggests that the controversy did not erode the online fanbase for the Storm over the month surrounding the crisis, but rather resulted in an increased online profile. Further, one of the most striking features of the case is the fact that the respective audits resulted in limited additional penalties or actions of any significance. That is, in spite of the active debate surrounding the audits, their material impact was negligible. Although the salary cap was increased for teams in the following season, the crisis did not result in a major policy change.¹⁸ As an interesting final twist, the Storm was able to annex the minor premiership in the 2011 season, in spite of being forced to release some of its most valuable playing talent as a result of the scandal.

In concluding this section on the role of auditing in crisis management and legitimacy, we are cognisant of recent

research into fraud (see, for example, Benston & Hartgraves, 2002) as well as fraud risk and reputation management (see, for example, Power, 2004a, 2004b; Rogers, Dillard, & Yuthas, 2005). In one sense, for the salary cap system to be seen to work, fraud risk had to become a kind of auditable object through the development of systems, controls and investigations. Power (2004b) describes the way that notions of risk have become intensified and increasingly elaborated into systems, governance processes, specific technologies and dedicated officers. By focusing on the role of auditing in the social construction and contestation of a crisis, we argue that auditing deserves a more prominent position in theories of image restoration and reputation management, as it has the potential to enact many of the broad strategies described by scholars in the field (see Benoit, 1997; Rogers et al., 2005). From an accounting point of view, reputational risk turns the concept of materiality upside down (Power, 2004b). Reputation means that even apparently small events can have large repercussions. Much depends on how and whether certain events are amplified by wider social processes, especially the popular press. And these amplification processes are not normally under the control of most organisations. This means that reputation risk reflects a new sense of vulnerability and has created new demands to make reputation "manageable" (Power, 2004a).

Conclusion

In conclusion, this paper positions auditing as a distinct and important ritual in crisis management. This augments existing research that has considered the range of options available to organisations mired by perceptions of crisis. The mobilisation of audit as part of these communications, and the wide reporting of such references in the media, reflects the legitimating qualities of auditing as well as underlining the need for credibility if auditing is to have the legitimating effect that commissioning organisations are seeking. To place auditing within a game of crisis communications, the production of 'comfort' and renewed order, is to draw attention to Power's work on the sociology of auditing, which suggests that it is "an emergent product of processes for creating order rather than the other way around" (Power, 1995, p. 329).

This article also provides further empirical evidence of the 'audit explosion' and responds to calls for further research contemplating auditing and certification as a more generalisable activity (Francis, 2011; Power, 2011). The

¹⁸ The dynamics and outcomes of crisis episodes are difficult to predict. As Boin et al. (2009, p. 82) point out, public institutions can be affected quite differently in the aftermath of critical events: some take a beating and are forced to reform (for example, NASA after the Challenger and Columbia shuttle disasters), some weather the political storm (the Belgian gendarmerie following its spectacular failure to effectively police the 1985 European Cup Final at the Heysel stadium in Brussels) while others become symbolic of heroic public service (for example, the New York City Fire Department after 9/11).

role of salary cap auditing in the governance of the NRL emerged with relatively little fanfare, yet its prominence has escalated as a symbol of the league's commitment to the principles of propriety, fair-play and equality. Following Carter and Jeacle (2011) and Jamal and Sunder (2011), the case presented in this paper also raises questions about how adaptations of audit logics in new spaces may transmogrify conventional auditing principles and procedures. For example, conventional notions of independence are challenged by the involvement and perceived importance of 'insiders' (e.g., NRL staff with wide connections) in the performance of salary cap auditing. This case also sheds new light on entities other than the audited organisations that can derive legitimacy from auditing work (e.g., the NRL, News Limited, and the salary cap 'system' in this case) building on the notion of derived legitimacy developed by Free et al. (2009).

Of course, this paper is subject to important limitations. It draws only on published sources from a set of high circulation publications in New South Wales and Victoria and does not include important new social media sources. Further interview work could usefully elaborate on some of the rationales for action taken, however we believe that the media focus is warranted in this case given the concern with crisis management in public spaces. A number of implications and avenues for further research can also be drawn from the empirical data and analysis presented here. For instance, media coverage of the NRL audit casts the audit process as emergent, social and serendipitous, in sharp contrast to conventional techno-rational accounts of audit processes. Future research could usefully investigate the way in which audit procedures and processes emerge and are adapted to a new arena. In this sense, field research in emerging assurance markets has considerable potential to enrich a research literature dominated by experimental psychology and analytical economics.

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