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Accounting and the management of internal interdependencies: 14th century archival sources from the *Comune* of Siena

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ABSTRACT

The aim of this study is to explore the role that accounting systems effectively played in managing the internal relationships among the various administrative bodies of the *Comune* (City State) of Siena in the 14th century. This period was characterized by an ever increasing need to monitor economic activities, a need perceived by the *Comune* with regard to all those who were entrusted with the management of public funds. In particular, in 1358 an office was created specifically to review the accounts of the *camarlenghi* (who were in charge of the management of public funds) nominated by the *Comune* of Siena. The office was originally staffed by three temporary *Riveditori* (auditors) and later by a permanent commission of *Regolatori* (regulators). On the basis of archival sources, so abundant on 14th century Siena, this paper analyses the changing relationships among the various administrative bodies of the *Comune*, in particular detail the *Gabella generale* and the *Biccherna* (which were the offices in charge of managing the main cash inflows and outflows pertaining to the administration of the *Comune*) and the activities of the *Regolatori*. By interpreting accounting systems as a set of *rules* (i.e., the formalised statements of procedures), *roles* (the network of social positions), and *routines* (the practices habitually in use), the present study shows that, since the Middle Ages, accounting has played a central role in the management of internal interdependencies and in the construction of organisational order. In the case of the *Comune* in the 14th century, accounting practices were capable of regulating, legitimising and balancing relations of power, dependency and autonomy among the different bodies of the same organisation.

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KEYWORDS

Sources on accounting; Power relations and archives; Medieval Italian City State; Sienese archives and institutions.

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1. Introduction

The role that accounting systems play in coordinating and integrating the various categories of interests, values and convictions that come together in an organisation is a particularly interesting theme for researchers and business managers. In recent years, both in the world of business and in the public sector, increasing attention has been paid to the role of accounting in regulating the relationships between the various divisions, units and functions which comprise the parts of organisations of all genres. In this context, accounting has been described as being able to coordinate internal activities and interactions, to legitimise the exercise of power of some groups over others and to provide the moral underpinnings for relationships of dependency and autonomy (Hopwood 1990; Macintosh and Scapens 1990; Dent 1991; Hopwood and Miller 1994; Burns and Scapens 2000; Catturi and Riccaboni 2001; Busco *et al*. 2006).

Along these lines, accounting systems have been portrayed as capable of providing organisations with a common language, translating everyday operations into financial measurements (Roberts and Scapens 1985; Macintosh and Scapens 1990; Catturi and Riccaboni 1996; Busco *et al*. 2006). Such measures allow organisations to communicate through time and space, by recording past events and documenting the overall history of the firm and of its members (Ferraris Franceschi 1998; Catturi 2003; Mussari and Mussari 2006). From this point of view, accounting systems provide not only quantitative information, but they also have the potential for documenting the economic, social, and institutional context in which they have been implemented.

Importantly, numerous studies have attempted to understand accounting beyond its technical aspects, by exploring the constitutive power of accounting in relation to organisations and society and as being implicated in a wide range of organisational activities and social arrangements (see, among the others, Hopwood and Miller 1994; Abernethy and Vagnoni 2004; Busco *et al.* 2006; Ahrens and Chapman 2007). As suggested by Hopwood, "the relationship of accounting to organizational power structures, and the attendant pressures to maintain the organizational status quo in terms of the preservation of existing organizational relationships, languages of discourse and ways of defining the scope of the problematic, also need further inquiry in this respect" (Hopwood 1977, 277).

A relevant contribution to understanding how accounting is and has been able to influence the construction of organisational order is also provided by studies of accounting history (Carnegie and Napier 1996; Napier 2006), which have investigated the relations between accounting and various social arrangements over time (for some examples, see Quattrone 2004; Riccaboni *et al.* 2006; Mussari and Magliacani 2007). In this context, studying the historical layers of accounting systems is deemed necessary for understanding the complex relationships between accounting and organisational priorities (Hopwood 1987).

This paper aims to explore whether and how accounting systems were capable to shape and manage the internal interdependencies among the various organisational participants in the past. To achieve this objective, the paper examines the case of the *Comune* of Siena (one of the most important Italian Medieval City States) in the 14th century. This period was characterized by an ever increasing need to monitor economic activity, a need perceived by the *Comune* with regards to all those who were entrusted with the management of public funds. In particular, in 1358 an office was created specifically to review the accounts of the *camarlenghi* (treasurers in charge of record keeping and of

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the management of public funds) nominated by the *Comune* of Siena. The office was originally staffed by three temporary *Riveditori* (auditors) and later by a permanent commission of *Regolatori* (regulators). Focusing in particular detail on the *Biccherna* and the *Gabella* (which were the two major offices in charge of the management of public funds), this paper explores the role that accounting took on in regulating, coordinating and integrating the relationships between different bodies of the *Comune* of Siena in the 14th century.
The study was developed through the analysis of documents, statutes and accounting books (the books of accounts reviewed by the *Regolatori*) from the 14th century in the *Archivio di Stato* (State Archives) in Siena. This source of material has been integrated and complemented by the analysis of more recent published studies on the activities of the *Regolatori* (Catoni 1975) and on the historical background of the *Comune* in the 14th century (Bowsky 1970; Bowsky 1981; Moscadelli 1982; Waley 1991; Giorgi and Moscadelli 2005). The use of the different sources is clearly indicated throughout the paper. By relying upon this material, the relationships between the various bodies of the *Comune* of Siena as well as the evolution of accounting practices are described and analysed.
The rest of the paper has the following structure. Section two discusses the potential role of accounting in managing the internal interdependencies within the organisation (i.e. the relations among the various organisational members), through a review of some key contributions in recent accounting literature. Sections three and four illustrate the case of the *Comune* of Siena, by giving some key insights regarding the relationships between different administrative bodies of the *Comune* and the accounting records of the *Gabella* and the *Biccherna*. Section five builds on the theoretical insights outlined in section two to discuss the role played by accounting systems in managing the relations between the General Council of the *Comune*, the *Biccherna*, the *Gabella* and the *Riveditori/Regolatori* in the 14th century. Finally, section six concludes the paper by summarising the key features of the analysis and outlining opportunities for future research.

2. The role of accounting in managing internal interdependencies

During the 1990s a number of scholars described accounting practices as organisational routines (see, among others, Roberts and Scapens 1985; Roberts and Scapens 1990; Dent 1991; Scapens 1994; Mouritsen 1994; Burns and Scapens 2000; Merchant and Riccaboni 1992; Euske and Riccaboni 1999; Catturi and Riccaboni 1996). These contributions were directly or indirectly influenced by the work of Nelson and Winter (1982, 410), who suggested that "one area of firm behaviour that plainly is governed by a highly structured set of routines is accounting". The reflective and constitutive role of accounting systems has long been debated in the literature (see, for instance Hopwood 1987; Hopwood 1990; Macintosh and Scapens 1990). Portrayed as playing a "powerful role in organisational and social affairs", accounting practices have been said to "influence perceptions, change language and infuse dialogue, thereby permeating the way in which priorities, concerns and worries, and new possibilities for action are expressed" (Hopwood 1990, 9).
The adoption of Old Institutional Economics in accounting research has led to the conceptualisation of accounting practices as a set of rules and routines that both shape and are shaped by the firm's *institutions*, i.e. taken-for-granted assumptions (Burns and Scapens 2000; Scapens 1994). According to this perspective, accounting systems comprise procedures and practices that are likely to be

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institutionalised, when they become widely accepted within the organisation and represent an unquestioned and unquestionable form of management control. Institutionalised accounting practices are capable of shaping organisational activities and interactions, stimulating expected patterns of behaviour, and defining the relations among the firm's groups and/or individuals (Burns 2000).

Similarly, Roberts and Scapens (1985) discuss the concept of accounting as a "language" that provides organisations with a set of categories to make sense of activities, to anticipate the future, and to assess and plan actions. They also affirm that accounting practices involve much more than the production and reproduction of meanings. These practices also embody a moral order by institutionalising reciprocal rights and obligations. In this way accounting practices can communicate a set of values and ideals of expected behaviour and of what is approved or disapproved of, supporting the coordination and integration of different practices. "By providing a common language and a definition of mutual rights and obligations, accounting allows for organisation. Accounting serves as a means of directing and realising the productive potential of organisation" (Roberts and Scapens 1985, 449).

In this research agenda, Macintosh and Scapens (1990) rely on Giddens' structuration theory (1984) to interpret "the ways in which accounting is involved in the institutionalization of social relations" (Macintosh and Scapens 1990, 474). In so doing, they argue that accounting systems can be interpreted as *modalities of structuration* in the three dimensions of signification, legitimation and domination identified by Giddens. Importantly Macintosh and Scapens (1990) define accounting practices as a set of:

1) interpretive schemes (signification), used by the management to interpret past results, take actions and make plans,

2) norms (legitimation), setting values and ideals about what is approved and disapproved of, and

3) facilities (domination), used by managers at all levels to coordinate and control participants.

By providing the organisation with interpretive schemes, norms and facilities, the institutionalised language of accounting becomes part of the framework of meaning used to make sense of activities (Macintosh and Scapens 1990). Such language sets values and ideals about what ought to count, what ought to happen, and what is thought to be important, while providing the moral underpinnings for power structures and relationships of dependence and autonomy within the organisation. By institutionalising the reciprocal obligations and rights of managers throughout the organisation, accounting practices legitimise social actions and interactions. In so doing, these practices are capable of facilitating the exercise of power by some groups over others, by giving particular meaning to organisational activities: "Command over the management accounting process, for example, is a resource which can be used in the exercise of power in organisations. Drawing on the domination structure certain organisational participants hold others accountable for particular activities" (Macintosh and Scapens 1990, 457).

From this point of view, accounting systems can be viewed as carriers of the information that allow for the coordination and integration of diverse organisational practices (see Macintosh and Scapens 1990; Roberts and Scapens 1985). According to Burns and Scapens (2000), rules and routines are necessary devices in coordinating the actions of a group, as they define *how things should be done*. When shared organisationally, the power of routines is reinforced by their ability to reduce conflict.

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From this point of view, the institutionalisation of rules and norms is a key coordination mechanism. By extending the interpretation of Burns and Scapens (2000), Busco *et al*. (2006) portray MAS (management accounting system) as a set of *rules* (i.e., the formalised statements of procedures), *roles* (the network of social positions), and *routines* (the practices habitually in use) which, along with other organisational systems, are involved in the production and reproduction of organisational contexts. They emphasize the importance of *roles*, as access points to the accounting systems and as key players within the processes of interpersonal interaction within the organisation.

The disciplinary and informative role of accounting has also been emphasised in recent research on governance (see Seal 2006; Roberts 2001). Since corporate governance also concerns the creation and distribution of surplus, management accounting practices such as budgeting, standard costing and performance measurement can offer key information on the strategic direction of the firm, and it can also hold senior management accountable. According to Seal (2006, 402), "if management accounting is to play a role in improving corporate governance, then the establishment and reproduction of appropriate institutionalized practices and routines is crucial".

As argued by Euske and Riccaboni, accounting systems have the potential of playing a key role in managing internal and external interdependencies. In particular, they claim that: "Internal interdependencies can be categorized as relating to controlling the relationship of management and workers, the separation of ownership and control, and the division of labour among different levels of management" (1999, 463).

More recently, Ahrens and Chapman (2007) have emphasised how accounting practices are central to organising, as they help to bring about connections between the diverse activities of organisational members.

The theoretical contributions reviewed in this section highlight how accounting systems can play an active role in shaping organisational activities and interactions. Accounting can be viewed as a means for controlling workers at a distance by providing the controller with the necessary information (Miller and O' Leary 1994). It can be also used to legitimate employees' activities by demonstrating that they have fulfilled their obligations, thereby playing a relevant role in regulating the actions and the interactions among the various organisational members. By providing managers and employees with a common language to interpret organisational phenomena in the same way, accounting supports coordination and social interactions. Such perspective is capable of giving prominence to *roles* (the network of social positions that act as access points to accounting practices) as a key part of the accounting system (Busco *et al.* 2006).

Building on the theoretical insights outlined in this section, the case of the *Comune* of Siena in the 14th century will be introduced and analysed in the following sections. While exploring the patterns of interactions among the different bodies of the *Comune*, focusing in particular detail on the role of the *Regolatori*, it emerges that new accounting rules and practices were introduced, following the increasing need of the *Comune* to control the management of public funds. The changing relations among the various bodies of the *Comune*, along with the evolution of accounting and control practices, raise some relevant questions about the possible role that accounting systems played in regulating and managing the relations between the General Council of the *Comune*, the *Regolatori*, the *Biccherna* and the *Gabella* in the 14th century.

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3. The case of the *Comune* of Siena in the 14th century: the relationships between the *Biccherna*, the *Gabella* and the *Regolatori*

In the first half of the 14th century, the City of Siena was characterized by one of the most important governments ever in its history: the so called Government of the Nine (1287-1355), also called *Signoria*, whose members were selected from the upper-middle class mercantile community and served a two-month term. The political and bureaucratic structure of the City State was constituted by several other bodies, including the General Council (*Consiglio generale* or *Generale Consilium Campane*), and a number of collegial magistracies, such as the *Biccherna*, the *Gabella*, and the *Mercanzia* (Bowsky 1970; Bowsky 1981; Waley 1991). The General Council was an assembly of about 300 citizens and was the chief political and legislative body of the *Comune* (Waley 1991). Frequently, key decisions concerning the *Comune* were delegated by the General Council to the *Concistoro*, a collegial body comprised by the Nine and members of the main magistracies (e.g. *Biccherna* and *Mercanzia*) of the city. The Government of the Nine exerted considerable pressure on some important initiatives, such as the project for the city walls, the network of underground aqueducts (*bottini*) and the city hall (*palazzo pubblico*). They also took an active part in promoting the ambitious project of the new cathedral (*duomo nuovo*), begun in the first half of the 1300s and destined to remain incomplete after mid-century (Giorgi and Moscadelli 2005).

During the Government of the Nine (1287-1355), the *Biccherna* was the central administrative body of the city, in charge of all payments to officials and citizens working for the *Comune*. All main incoming funds from the collection of taxes passed through the *Biccherna*, either directly or by way of other offices. Importantly, by the end of the 13th century, a new office called *Gabella generale* substituted the *Biccherna* in the collection of nearly all indirect taxation. However, at that time the *Gabella* had to turn over all its incoming funds to the *Biccherna* (Moscadelli 1982).

At the beginning of the 14th century, a commission of five members (auditors) was appointed to periodically review the *ragioni* (accounts) of the *Biccherna* and, beginning in 1307, also the accounts of the *Gabella* and the other offices of the *Comune*. This commission was nominated by the consuls of the *Mercanzia* and by the Nine and it had to include at least two of the consuls of *Mercanzia*. By monitoring the accounts of the various offices of the *Comune* (including those of the *Biccherna* and the *Gabella*), the five auditors were essentially responsible for verifying the collection of taxes and payments in the best financial interest of the *Comune*. In situations where this did not in fact prove to be the case, the auditors' duty was to cancel the records from the books and charge the proper source for the illicit payment. Approved accounting records were transcribed into the master ledger of the *Comune* and discussed in front of the General Council. It was on this occasion that the auditors were called upon to illustrate the reasons for approvals and to elaborate on observations. Through the work of the five auditors, the General Council could control the activities of both the *Biccherna* and the *Gabella* (Catoni 1975; Moscadelli 1982).

During the first decades of the 14th century, relations between the *Gabella* and the *Biccherna* evolved. The *Gabella* gained a higher level of autonomy. Its incoming funds were not turned over to the *Biccherna* in their entirety, but began to be utilized in part for specific projects (for instance to complete the city walls or to pay back loans). During the 1330s, the *Gabella* started to autonomously manage its own financial resources, passing on only the residual to the *Biccherna*. As a result of these changes in the balance of power, tensions arose. Since the *Gabella* was in charge of the collection of

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taxes, the *Biccherna* could be found in the situation of having fewer available financial resources in spite of the *Gabella*'s plentiful funding. It was therefore necessary to re-balance power relationships between the body that was in charge of the management of public spending (the *Biccherna*) and the one in which most of the *Comune*'s incoming funds were concentrated (the *Gabella*) (Bowsky 1970; Bowsky 1981; Moscadelli 1982).

This need was embodied within a series of reforms starting in 1338, which modified the accounting and auditing system regulating the relationship between the *Biccherna* and the *Gabella*. Beginning in 1339, the *Gabella* could no longer make payments nor loans. On at least a weekly basis, the *Gabella* was required to deposit all incoming funds to the *Biccherna*, together with a statement recording all financial inflows. The 1338 reforms not only altered the *Gabella*'s responsibilities, but they also attributed more supervisory and decision-making power to the *Biccherna*. Furthermore, the *Biccherna* was now drawing weekly financial resources from the *Gabella* and was in charge of reviewing the *Gabella*'s monthly financial statements, particularly with regards to the *Gabella*'s debts and credits. In this way, the *Biccherna* took over the management of the key financial movements in public spending (Moscadelli 1982).

In 1355 during the first visit of the emperor Charles IV to Siena, the Government of the Nine was substituted by the so-called Government of the Twelve, a popular government supported by the aristocratic families of the town. Following the high financial expenditure related to the numerous initiatives carried out during the Government of the Nine, as well as increasing military expenses and loss in the purchasing power of money after the black death, the new government was in a position of having to exert greater control over public expenditure. In particular, they started to exert greater control over officers' salaries, frauds, public initiatives, and the financial treasury of the *Comune*.

Also, whereas they did not want to increase direct taxation, indirect taxes grew. In 1358 a new magistracy made up of three *Riveditori de le ragioni* (reviewers of accounts) was instituted to reinforce the control of the accounts of all *camarlenghi* (treasurers in charge of the bookkeeping, as well as of payments and receipts) of the *Comune.* Moreover, the tasks assigned to the *Gabella* and the *Biccherna* were more clearly delineated and regulated, and were soon embedded into a new auditing system (Catoni 1975; Moscadelli 1982).

The *Biccherna* lost its original political and administrative power and it was deprived of its supervisory role over the accounts and activities of the *Gabella.* Whereas the three *Riveditori* were initially dependent from the *Biccherna*, later they were granted complete autonomy. The *Gabella* had to transfer to the *Biccherna* all funds that were not used for specific projects, and both the *Biccherna* and the *Gabella* had to keep accurate accounts of their activities, which were subject to regular audits.[1]

The establishment of a permanent office (that of the *Riveditori*) specifically intended for the auditing of accounts represented an important change in the way in which public accounts were overseen. The new practices came to be standardized and crucial procedures in the administrative life of the *Comune*. These practices were intended not only to ensure the *Comune* against fraudulence, but also to control public spending and to regulate relationships between the different bodies of the *Comune*. On the heels of the increasing need to oversee accounts, in 1361 it was established that all *camarlenghi* had to present their accounting books to the three *Riveditori* within fifteen days prior to the end of

[1] Archivio di Stato di Siena (=ASSi)*, Regolatori* 2.

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their term in office (and not within a month or a month and a half as was previously the case). Aiming to augment the *Riveditori*'s role in reviewing the accounts, beginning in 1363 the office of the three *Riveditori* was assisted and later substituted by four *Regolatori* (regulators). Differently from the *Riveditori*, the *Regolatori* had well defined structure, functioning and tasks. In addition to controlling the accounts, the *Regolatori* were later on entrusted with the control over rules and norms. The four *Regolatori* were elected annually by the General Council and at the end of their mandate they could not be elected again for other five years.

The reviewed accounts had to be first certified by the *Regolatori* and then presented to the General Council for final approval. Between 1362 and 1377, more than three-hundred accounting books were reviewed by the *Regolatori*, who began to keep the result of their work in a specific archive (Catoni 1975). After July 1363, the *Biccherna* – whose position was most definitely subordinate to that of the *Regulatori* – could not carry out any type of payment without the expressed permission of the *Regolatori*. By carrying out this procedure, the *Regolatori* wielded not only the power to judge the legitimacy of public spending, but also that of influencing the *Comune*'s economic policy.

4. The accounting books of the *Biccherna* and the *Gabella*

The first documented audit of the accounts of the *Biccherna* was performed by the *Riveditori* and was approved by the General Council on 15th December 1363.[2] The audit was carried out on the inflows and outflows of financial resources concerning the *Biccherna*'s activities during the first six months of 1362. By analyzing the accounting books of *Biccherna* reviewed by the auditors, it is possible to observe that the main financial inflows of the *Biccherna* were funds that the officials of the *Gabella* had collected and then transferred to the *Biccherna.* The main financial outflows were related to expenditures for the army. An example of the accounts of the *Biccherna* is provided in Table 1.

[Entrate - Inflows]		lire	soldi	denari[3]
(…)				
E troviamo che a ricevuto da Agustino di Guido Insengne, Francescho di Bindo Forteguerra e compangni, camarlengo e assegutori di Cabella e così ricevemmo poliçia dal detto Agustino[4]		121012	6	9
(…)				

[2] The *Regolatori* substituted the *Riveditori* in 1363 and, therefore, the first documented audit of the *Biccherna*'s and *Gabella*'s accounts (which was approved by the General Council in 1363) is documented in the book of the *Regolatori*. However, the audit was actually carried out by the *Riveditori* in 1362 (ASSi*, Regolatori* 2).

[3] 1 *lira* is equal to 20 *soldi*; and 1 *soldo* is equal to 12 *denari*; in the manuscript, figures are expressed in Roman numeral.

[4] From Agustino di Guido Insengne, Francescho di Bindo Forteguerra and their colleagues, *camarlengo* and officers (esecutori) of the *Gabella*; in this way we received a receipt from the above mentioned Agustino.

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Somma per tutto l'entrata di sei mesi come di sopra partitamente è nominato[5]		213324	18	9
[Uscite - Outflows]				
In prima troviamo che a pagati a tutti gl'officiali [del Comune] come per lo suo libro partitamente appare[6]		34548	16	10
(…)				
E troviamo che a pagato a tutti e soldati da cavallo e da piei come appare partitamente per lo suo libro ne' detti suoi mesi[7]		64959	3	3
(…)				
Somma per tutto l'escita de' detti sei mesi come di sopra partitamente è nominato[8]		213332	3	9
Resta più l'escita che l'entrata[9]		7	5	0

Table 1. The accounts of the *Biccherna* reviewed by the *Riveditori* (1 January - 30 June 1362) and approved by the General Council of the *Commune* (a translation of the table is provided in the footnotes). Source: ASSi, *Regolatori* 2, ff. 26v-29v.

The main financial inflow pertaining to the *Gabella* (which were documented in the book of the audited accounts of the first semester of 1362) was the *gabella* (indirect taxation) on wine. The main financial outflows were funds that were transferred to the *Biccherna*. Importantly, a small part of the incoming funds of the *Gabella* were allotted to specific projects and were not transferred to the *Biccherna*. An example of the account of the *Gabella* is provided in Table 2.

[Entrate - Inflows]		lire	soldi	denari
(…)				
Ancho da le cabelle vendute per lo Comuno[10]		44435	14	7
Ancho da la cabella del vino della città e del contado[11]		47092	13	7
(…)				

[5] Amount of the financial inflows of the period of six months as it is mentioned above.
[6] To all the officers of the *Comune*, as it is shown in its accounting book.
[7] To all the knights and foot soldiers, as it is shown in their accounting book in the months indicated.
[8] Total amount of payments of the period of six months as it is mentioned above.
[9] The payments are more than the receipts.
[10] *Gabelle* (indirect taxation) sold by the *Comune*.
[11] *Gabelle* for the wine of the city and of the surrounding countryside.

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Somma per tutto la detta entrata de' nostri sei mesi[12]		125240	12	10
[Uscite - Outflows]				
Im prima troviamo che a dati a Petro Venture e a Biagio del maestro Chello e conpagni camarlengo e quatro di Biccherna fra più volte sicome avemo pulitia[13]		121012	6	9
(…)				
Ancho troviamo che ristituì a misser Benedetto veschovo di Grosseto li. centosesantacinque per vigore d'uno stantiamento fatto in Conseglio generale[14]		165	0	0
Ancho troviamo che ristituì ad Anbruogio di Ceccho Bernardini detto l'Abbate li. centovintinove, s. diciotto, d. sei, e quali spese a Talamone per lo Comune di Siena per vigore d'uno stantiamento nel Concistoro per gl'Ufficiali del mare[15]		129	18	16
(…)				
Somma per tutto l'escita di detti sei mesi[16]		125240	12	10

Table 2. The accounts of *Gabella* reviewed by the *Riveditori* (1 January - 30 June 1362) and approved by the General Council of the *Comune* (22 December 1363). Source: ASSi, *Regolatori* 2, ff. 37v-38v.

By reviewing the *Biccherna*'s and the *Gabella*'s accounting books, the *Riveditori* (and later the *Regolatori*) could check for frauds and damages to the *Comune*, monitor the way in which the *Comune*'s financial resources were being used by the *Biccherna* and the *Gabella*, control and regulate the relations between the *Gabella* and the *Biccherna* and, in particular, the funds transferred from the *Gabella* to the *Biccherna*.

[12] Total amount of receipts during our six months.
[13] To Petro Venture and to Biagio del maestro Chello and their colleagues, *camarlengo* and the four officers of the *Biccherna*, more than once, as it is showed.
[14] To Benedetto, bishop of Grosseto, according to a decision taken during the General Council.
[15] To Ambruogio di Ceccho Berardini, called "Abbate" (Abbot), for the money he paid in Talamone for the *Comune* of Siena, according to the decision of the *Concistoro* (Consistory) for the *Ufficiali del mare* (Sea Officers).
[16] Total amount of payments in the above mentioned six months.

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5. Discussion: the role played by accounting in managing internal interdependencies

The case of the *Comune* of Siena in the 14th century demonstrates how auditing and accounting practices assumed a central role in managing the relationships between the various bodies of the administrative apparatus of the *Comune*. This role was not merely related to the technical properties of auditing practices. Rather, it was enabled by the social construction of these practices.

In the *Comune* the auditing system had enough flexibility to leave space to evolving power relationships ("the interpretative flexibility of technique", Power 1995), while gradually embodying them into new 'official' practices (the "stabilizing of practices", Power 1995). In this context, order was not merely created through pre-set auditing techniques. Rather, evolving auditing practices resulted from a growing search for social order and control in the medieval City State, thereby shaping power relationships between different financial offices.

At the beginning of the 14th century, as the *Gabella* was acquiring a higher level of autonomy, the power exerted by the *Biccherna* created the conditions for new auditing and control practices to be established with the specific purpose of reinforcing the power of the *Biccherna*. The *Gabella* was required to keep more accurate accounts of incoming funds and to report these accounts to the *Biccherna*, which had access to the *Gabella*'s monthly accounting books and was in charge of reviewing the debts and credits that the *Gabella* accrued. The new auditing practices stimulated new social processes by shaping the relations between the *Gabella* and the *Biccherna*, which was now drawing weekly financial resources from the *Gabella*. Through the auditing of accounting records, the *Biccherna* could control the activities of the *Gabella* over the collection of taxes and specific payments (figure 1. - arrow "c"). On the other hand, through the accounting system the *Gabella* could demonstrate and legitimise the use of specific amounts of financial resources for specific projects (figure 1. - arrow "d"), transferring only the remaining funds to the *Biccherna*.

Moreover, both the *Biccherna* and the *Gabella* had to report their accounts to the five auditors nominated by the consul of the *Mercanzia* and by the Nine. The five auditors had access to accounting information concerning the *Biccherna*'s and the *Gabella*'s activities, allowing the General Council of the *Comune* to control the two offices at a distance (figure 1. - arrows "a"). At the same time, through the accounting system, both the *Biccherna* and the *Gabella* could legitimise their activities and their interactions (figure 1. - arrows "b").

In 1355, with the changeover from the Government of the Nine to the Government of the Twelve, the need for more systematic control over financial inflows and outflows emerged and was embodied within a new auditing system. Importantly, the auditing and control process was centralised by specific offices (the *Riveditori* followed by the *Regolatori*), that gained access to the accounting information of the *Gabella*, the *Biccherna* and all *camarlenghi* of the *Comune*. Also, the *Riveditori* were initially tied to the *Biccherna* through well-defined dependency relationships, but they soon attained autonomy. This autonomy was reinforced when the *Regolatori* came into being.

New auditing practices gradually embedded and formalized the loss of the *Biccherna*'s supervisory role over the accounts of the *Gabella*, as well as over the *Riveditori*, thereby weakening the *Biccherna*'s political and administrative power and stimulating new power relationships. The role of the *Riveditori* (and later the *Regulatori*) was reinforced as they got access to the accounts of all those who were in charge of the management of public resources, including the *Biccherna* and the *Gabella*. By reviewing

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their accounting books, it was possible to check and verify not only cases of possible fraud against the *Comune*, but also to control the way in which financial resources were being used (figure 1. - arrows "e"). For instance, by overseeing the accounts, the *Regolatori* could verify the way in which the *Gabella* was utilizing incoming public funds, whether or not the funds were being duly turned over to the *Biccherna* and how the *Biccherna* was making payments (figure 1. - arrows "f"). On the other hand, the *Gabella* and the *Biccherna* could rely upon accounting records to legitimise their activities and interactions (figure 1. - arrow "g").

The evolving social relationships and auditing practices described above demonstrate the dialectic between auditing practices and their social construction process. On the one hand, the emergence of new auditing practices can be regarded as the outcome of a social process, within which auditing techniques were not pre-set means for order but were themselves created throughout the evolving search for control from the governing bodies of the medieval City State. On the other hand, auditing practices stimulated new social relationships and systems (i.e., the evolving relationships between the financial offices), shaping reciprocal rights and obligations, legitimising their autonomy or dependency.

While leaving enough flexibility for evolving social relationships to emerge, auditing practices re-embedded, and thereby reinforced and formalized, these relationships within an unfolding dialectic between social processes (i.e. the search for order and control and the following changes in power relationships, allowed by the "interpretative flexibility" of the practice) and the subsequent "stabilizing of the practice" (i.e. the re-embedding of emerging social relationships within the official auditing system).

The auditing of the accounts of the transactions between the *Gabella* and the *Biccherna* allowed not only for monitoring their activities and for controlling them at a distance, but also for legitimising their relations, making it possible to demonstrate respective rights and obligations, as stated in the municipal provisions. The emerging social relationships were re-embedded into new auditing practices, which contributed to communicating and transmitting the priorities of the City State in an historical period characterised by a growing need for control over the management of financial resources (figure 1. - arrows "a" and "e"), above all in the change from the government of Nine to that of Twelve.

6. Summary and conclusions

This paper has explored emerging auditing practices in the *Comune* of Siena in the 14th century. In particular, we have analysed the changing social relations among the various bodies of the administrative apparatus of the *Comune* and the following emergence of auditing and control practices.

This paper provides several contributions. Firstly, we add to the auditing literature by shedding light on the social and organising dimension of auditing practices. In the case of the *Comune*, the command over the auditing process represented a significant source of power. On the one hand, auditing practices emerged from (and embodied) the social system of power and authority around the offices in charge of the collection of taxes and payments on behalf of the *Comune*. On the other hand, auditing practices demonstrated enough flexibility to leave space to (and stimulate) new social

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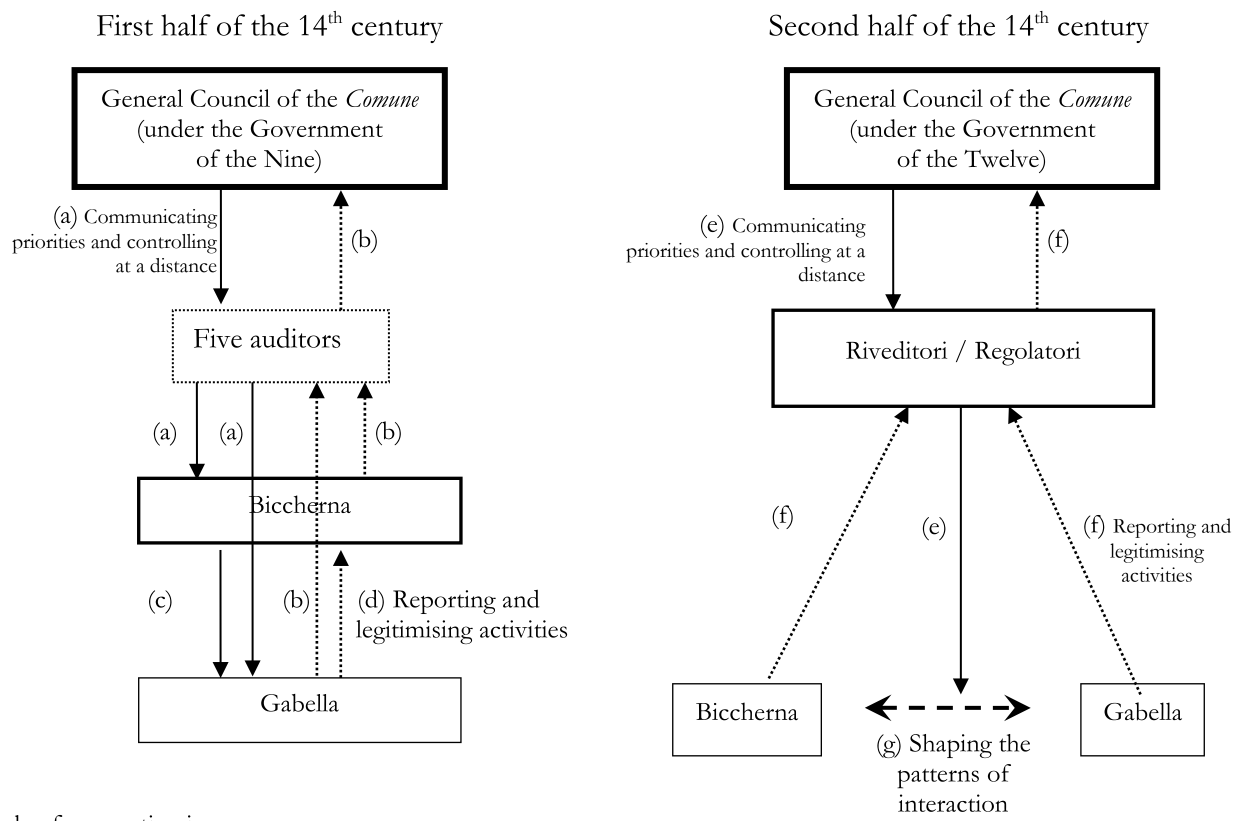
relationships. In particular, auditing practices played an important function in regulating and legitimising the changing interactions between the *Biccherna* and the *Gabella*. These practices both shaped and were themselves the outcome of a social construction process within which social relations between the different bodies were continuously evolving.

Secondly, we contribute to the literature in accounting history and in archival sources by shedding light on the origin of accounting as an 'object of control' in the medieval age. In so doing, we also demonstrate how an historical perspective can be used to speculate on the social dimension and implications of auditing practices, and on the role played by auditing as both a means and an outcome of the social search for order. This is an unexplored area in both the accounting history and auditing literature.

The present study relies on a case from the Middle Ages and on archival material from the 14th century, but it offers insights for exploring the social implications of auditing practices also in contemporary settings. We show here how a "sociology of audit knowledge perspective" (Power 1995) can be applied to an historical case to shed light on the social construction of auditing beyond its mere technical and apparently rational features.



Role of accounting in

(a), (c), (e) Communicating priorities and controlling at a distance
(b), (d), (f) Reporting and legitimising activities
(g) Shaping the patterns of interaction

Figure 1. Power relations and auditing systems in the 14th century

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