



Making accounting accountable in the public sector

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Received 20 October 2002; received in revised form 12 January 2004; accepted 15 January 2004

Abstract

Accounting is conventionally constituted and practised as a quantitative discipline which emphasises the use of money values. Where such values are unavailable or inappropriate, non-money quantifications or qualitative forms of information take precedence. However, the boundaries of conventional accounting remain imprecisely defined and this creates a jurisdictional tension between monetary and non-monetary systems of accountability. This issue is examined within the context of the Australian and New Zealand public sectors, where recent regulatory changes have mandated the valuation for financial reporting purposes of a broad range of government controlled resources that are of a non-financial character. Rationales for this expanded use of money values are re-evaluated within the context of practical and theoretical issues associated with their application, particularly with regard to the accountability of public sector institutions. This accountability theme is then extended in terms of the need to make accounting itself more accountable within the public sector.

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Keywords: Public sector accounting; Money values; Accountability

Bourgeois society is infected by monomania: the monomania of accounting. For it, the only thing that has value is what can be counted in francs and centimes.

–(Simone Weil, *La Condition Ouvriere*, 1951)

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1. Introduction

In his book *The Measure of Reality* (1997), Alfred Crosby charts the epochal shift in Western society that was driven by the development of advanced methods of quantification between the 13th and 16th centuries:

During the late Middle Ages and Renaissance a new model of reality emerged in Europe. A quantitative model was just beginning to displace the ancient qualitative model. Copernicus and Galileo, the artisans who taught themselves to make one good cannon after another, the cartographers who mapped the coasts of newly contacted lands, the bureaucrats and entrepreneurs who managed the new empires and East and West India companies, the bankers who marshalled and controlled the streams of new wealth—these people were thinking of reality in quantitative terms with greater consistency than any other members of their species.

—(Crosby, 1997, p. xi)

As this paragraph suggests, bookkeeping and accounting were an integral part of this “new model of reality”. Indeed, Crosby makes the bold claim that “In the past seven centuries bookkeeping has done more to shape the perceptions of more bright minds than any single innovation in philosophy or science” (1997, p. 221).

While the development of advanced systems of quantification brought many benefits, measurers in the late Middle Ages were sometimes confused and overzealous in applying their newly discovered techniques: “when in the fourteenth century the scholars of Oxford’s Merton College began to think about the benefits of measuring not only size, but also quantities as slippery as motion, light, heat and colour, they forged right on, jumped the fence, and talked about quantifying certitude, virtue and grace” (Crosby, 1997, p. 14). Such misplaced endeavour may seem quaint today, but the basic problem of deciding what can and should be quantified persists. The quantification revolution in Western society provided an alternative to previous ways of understanding, but it would only be superior within certain contexts:

Today we utilize numbers when we want narrow focus on a given subject and maximum precision in our deliberations. The old Europeans preferred broad focus and settled for imprecision in the hope of including as much as possible of what might be important.

—(Crosby, 1997, p. 46)

While the language of number has achieved unrivalled prominence in science (McLeish, 1991), in other domains numerical representations are sometimes impractical or inappropriate. Money values, for example, are ascribed routinely to items, such as motor vehicles, plant and equipment, land and buildings, but can rarely be assigned on a reliable basis in connection with more amorphous concepts, such as a happy family life, good health, or a clean natural environment. Between such obvious extremes lies a territory in which the choice between quantitative and qualitative means of expression—and the circumstances in which both might be applied—is sometimes contested (see, e.g. Burritt et al., 1996; Carman, 1996; Carman et al., 1999; Churchman, 1971). This is a fundamental issue in accounting,

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