

ANALYZING THE POTENTIALITY OF THE GOVERNMENT BUDGET IN THE FRAMEWORK OF PUBLIC ACCOUNTABILITY

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Abstract

The main aim of this paper is to analyze how the yearly budget of public entities may be used as a tool of social accountability. The interest in researching this topic roots in a change in management style, from a bureaucratic kind, based on the formulation of rules and limitations, and on the more formal than substantial control of the civil servants' compliance with the former, to a "post-bureaucratic" kind of management (Maroy, 2005), essentially founded on the evaluation of how efficiently resources are exploited. In this context, the term "accountability" refers to the set of techniques which may be used to measure and evaluate the results delivered by the administrative bodies, as well as the impacts on the community (Patton, 1992). The process of accountability confers to the subjects in question the legitimization of their own behaviour. The disposition to being "accountable" started in public administrations half-way through the 1980s, with its first firmly rooted appearance in the United States and Great Britain, and subsequently spread to the whole Western world. The process of accountability aims at providing transparency in the use of the public sector's scarce resources, as well as inducing management bodies to assume the responsibility of their actions and the resulting outcomes, taking into account initial objectives, collective needs, and the concrete fulfilment of said needs. Guarini (2003) relates accountability to the concept of public responsibility, against the value produced for the community. The concept pivotal to the idea of accountability is the perpetual relation between the level of autonomy and the responsibilities towards the stakeholders, a condition that heavily burdens government bodies.

The role of accountability is that of bridging the gap between the choices made by politico-institutional bodies and stakeholders' expectations, promoting the latter's participation in the processes of planning and reporting on institutional activities. The mechanisms and systems of accountability change according to the historical, geographic, and cultural context in question, but also in accordance with the subject's organization, the typology of activities carried out by the latter, the level of government, and the tools with which it is carried out.

The budget is included in the interpretative model of accountability requirements. The latter originate in mechanisms of representation and mandate, and refer to the proxies conferred to the entities delegated with the management and administration of public affairs by virtue of an electoral mandate. Indeed, through politico-administrative elections, those appointed represent the voters themselves, together with the latter's various interests.

The public budget fulfils accountability requirements, whilst at the same time also fulfilling the demand for responsibility, since it summarizes the value of both the resources employed for the satisfaction of social needs, and that of the outcomes generated by public action. Therefore, the budget meets the demand for transparency, and expresses the right/duty of accountability and responsibility of and to politicians, administrative bodies, employees, citizens (both as users and taxpayers), and other related governmental institutions.

After exploring the concept of social accountability, the paper will focus on the aspects of the public budget which make it a suitable tool of social accountability, showing how the shift from the New Public Management (NPM) paradigm to the Public Governance paradigm has strengthened and more clearly defined said role.

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1 The concept of accountability in public management studies

The literature on accountability is rich and extremely varied, in the sense that we find little homogeneity in the meanings attributed to this term in different national and international contexts (Sinclair, 1995). The principle of accountability has been diversely defined, to the point that some scholars have described it as “conceptually vague” (Dubnick, 2003), “chameleon” (Sinclair, 1995), or “in continuous expansion” (Mulgan, 2000). The meaning of the term accountability, of clear Anglo-Saxon derivation, indeed does not reflect a linear translation, especially because it has evolved over time.

Accountability emerged as a tool for reporting, used to keep track of the opportunities provided by the employment of resources, the value of the management choices made by governmental bodies, and the appropriateness of the latter against initial objectives. The aim is to carry out a monitoring process before, during, and after, all the while evaluating the results compared to what has been originally planned, so as to be able to implement adjustments where necessary, thereby incentivizing those involved in the planning and implementation of management activities. It is in this way that it confers to the evaluated subjects the legitimization of their own behaviour.

Despite the fact that said principle can take multiple shapes and dimensions, it appears to have a “hard core”: generally speaking, a relationship of accountability can be defined as a duty to account for one’s actions to some form of authority, which in the first place delegated certain tasks and conferred the powers to carry them out (Gray & Jenkins, 1993; Sinclair, 1995; Mulgan, 2000), in other words, a kind of control aimed at demanding from those who have been endowed with certain powers to justify their conduct (Uhr, 1999). The principle may be summarized as the adoption of a clear, transparent and linear behaviour in the employment of resources, in order for the manner of implementation, and related conduct, to be easily verifiable (Gray - Jenkins, 1993). Within the definition of accountability we can distinguish two key subjects: the party that has to report or be accountable on the one hand, and that which demands said behaviour, identified as the “referent”, on the other: in other words, the party having the right to know the circumstances, the effects of the latter, and to understand the way in which the activities have been carried out (Stewart, 1984).

In its widest sense, it thus refers to the demanding and giving of explanations regarding the modes of employment of allocated resources (Roberts – Scapens, 1985; Sinclair, 1995; Willmott, 1996). Consequently, we emphasize the need to identify clear objectives, to allow a process of accountability on the basis of comparison against a reference point, and on the measurement of the performance; nonetheless, said

process may only be carried out if and when all related responsibilities are clearly specified (Hood, 1991).

The concept of accountability is established in private firms with the objective of verifying the existing relations between the enterprise and its stakeholders, moreover trying to outline a homogenous, punctual, complete and transparent picture of the economic and social connections ensuing from corporate choices. Indeed, accountability arose in the context of the analysis of economic and financial aspects, subsequently extending to the social impacts generated by the monitored behaviour. The social dimension of corporate behaviour takes on a higher order in public firms, since it embraces the organization’s own institutional objectives. The opposition between shareholder perspectives and stakeholder value, in fact, cannot be applied in this kind of firm, since stakeholders and their interests are the very purpose of the activities carried out by public organizations, being the latter’s aim precisely the maximization of social welfare. The role of public firms is to identify which human needs are to be considered public, and thus deserve to be fulfilled through public activities. Thus, it is on the basis of these needs, and the modality and degree of their satisfaction, that the system of accountability is implemented.

On top of the need to report to a superior referent, within the public sector there exists a wider range of subjects to whom an actor is accountable; we can therefore state that there is a wide and varied set of stakeholders interested in being informed (Buritt – Welch, 1997), as opposed to the one “referent” which Stewart indicated. In this regard, Farneti and Ricci (20120) observe how in public administration and in non-profit organizations the role of reporting is much more significant, when considering that the exploited resources come from direct and indirect contributions of the community of reference, and that the funding is often public, in other words deriving from the application of public functions. An extension of the concept of accountability implies not only justifying one’s actions to a higher ranking actor, but it also covers a set of objectives, in order to provide information and report on results and the consequences of said actions. In this reading, “reporting” aims at decreasing informational asymmetry, thus deterring deceiving behaviours (Levaggi, 1995).

The significance of the principle of accountability within the public sector may be best understood when related to the principle of responsibility. In fact, accountability does not end with the reporting of the facts and effects of a given style of management, but rather it is connected to the responsibility held by the operators acting within public entities (Guthrie et al. 2001).

Hoskin (1996) highlights that responsibility should be considered as one facet of the wider principle of accountability. Indeed, in the carrying out

of activities within public entities, the term accountability holds a more general meaning than that of responsibility. Responsibility implies a correct and reliable behaviour in the use of allocated resources, and it is associated to an action carried out in the present. Accountability, on the other hand, formulates one further demand: reporting and measuring the achieved level of performance, in relation to actions carried out in the past (e.g. through yearly reports) or to be taken up in the future (e.g. through budgets). The connection between the two principles of responsibility and accountability is evident; despite it being complicated to identify the borderline between the two, we can relate the former principle to duty, or to the awareness of having to answer for the effects of the actions carried out by ourselves or others, or for a given behaviour; whilst the latter principle refers specifically to having to account for given activities, carried out or to be carried out. Thus, we can say that responsibility belongs in the present, whilst accountability pertains to the past and the future (Guthrie, Humphrey, Olson, 2001). When retracing the defining characteristics of the principle of accountability, Uhr (1999) suggests we should focus our attention on three fundamental elements: responsibility, accountability and responsiveness. The first two refer to the roles of delegation and supervision; the third, on the other hand, refers to the implemented activities' compliance to the fulfilment of the community's needs, as to obtain "client focused" public entities.

In the above mentioned references we can see how each author highlights a specific facet of the concept of accountability, exactly because an unambiguous meaning of said term, which can include all its contents and implications, does not exist. Also within Italian doctrine there are marginally different definitions of this term.

According to Pezzani (2003), accountability synthesizes the need for those holding roles of responsibility towards society, or more simply towards the stakeholders of their actions, to be held accountable for the latter. The author, referring specifically to public administration, considers accountability as a crucial factor for maintaining a wide-ranging democracy. Pavan and Reginato (2005) translate the term (into Italian) with the expression "rendering account" (*'resa del conto'*), in other words an explicit behaviour of reporting, in a clear and transparent manner, on one's own actions, and specifically on the means of employment of allocated resources and achieved results.

Marcon (1984) points out two definitions of the principle of accountability, one negative and one positive. The former is expressed as: "The obligation to account for, explain, and justify; being called to answer; being (considered) responsible"; and the positive as: "A personal choice to overcome a given condition and demonstrate the necessary ability to achieve the desired results". Marcon also speaks of

two dimensions of accountability: the first relates to the assignment and acceptance of responsibility for a given objective or action, whilst the other refers to the demonstration and verification of the manner in which the responsibility has been managed (achievement/non-achievement of the objective; execution/non-execution of the action; modality of pursuit of the objective or of realization of the action). The term can in fact pertain to the concept of responsibility of the administrators and civil servants who put to use public resources, not only from a point of view of orderliness and reliability of the reports, but also in relation to the verification of efficacy, efficiency and thrift of management approaches. Hinna (2002) observes that, despite having originated in the for-profit sector, the notion of accountability possesses the requirements to be applied in not-for-profit and public organizations. His approach to accountability, in reference to any kind of structure, concerns a given 'object', such as the "occurrences, the adopted ethical values, the obtained results in relation to the mission, the managed funding and the allocation of resources"; it addresses an 'actor', and therefore refers the reporting "to an audience of stakeholders"; and it is inherent to a given 'cause', since it is needed to manage social legitimization, the right to operate with specific advantageous conditions, and to be able to manage resources. The need for accountability is generated, according to the author, by informational asymmetries between the public administration and those who benefit from the services provided – i.e. the citizens, (which generate the need for external accountability), between those who hold the powers of steering and control and those who have executive powers, between the latter and those who hold managerial powers (internal accountability), and, finally, between the public administration and those who take part in the satisfaction of the needs of the community in question – i.e. other public and private actors (inter-institutional accountability).

The distinction between internal and external accountability is reflected in both the economic and financial domain (accountability of figures – concerning the amounts employed or absorbed by the public administration), and the social field (social accountability – concerning the activities carried out by public administrations, and their impact on society, the so-called outcome).

Internal accountability aims at supporting decisions on the allocation and employment of resources, with reference to the choices made by management, as well as identifying and defining delimitations of autonomy and responsibility to account for results. External accountability, on the other hand, intends to support the community's social control over the decisions regarding the allocation and employment of resources, but also over the level of the achieved economic and non-economic results, as well as over the latter's coherence in relation to the institutional mission.

According to Mussari (1996), accountability expresses the duty to report on, to give demonstration of, and to have to explain, and he identifies three founding elements at the basis of the concept of accountability: the implicated actors, in other words, those who have to report and those who have the right to demand said reporting; the object, i.e. what has to be accounted for; and the tools, techniques and communicative channels to be used, hence the way in which the reporting has to be carried out. Buccellato (1997) refers to accountability as the ability to answer for one's own actions and to assume responsibility for the latter's results, whilst Matacena (2003) stresses the role of resources, observing that accountability should be understood as the need to answer for the obtained results when the resources utilized are not one's own property. He further claims that accountability should be related to the Mission, which clarifies the firm objectives that motivate the very existence and future of the organization, connecting the firm's goals to the strategies implemented to reach them; and also to Corporate Governance, which highlights the command/government structure within the organization, and stresses the need for a stable combination of these elements.

Farneti and Ricci (2010) identify the following elements in order to qualify the level of accountability: a clear and comprehensible planning process; a transparent definition of internal and external responsibilities; an appropriate system of accounting recognition; an effective internal system for control and evaluation; a periodical informational campaign regarding the carried out activities; a relevant benchmark; and a significant employment of technology in communicative processes. Moreover, they observe that heterogeneous categories of recipients should receive their corresponding and specific informational elements, with dedicated contents, able to satisfy their cognitive needs regarding economic, environmental, and social aspects.

According to Guarini (2003), the concept of accountability is connected to that of public responsibility, and public firms should in fact produce value for the community, which generates the need to communicate to said community the carried out actions and achieved results, therefore the generated value must be measurable. It is a matter of responsibility for past, present and future behaviours towards all stakeholders. Reporting and being accountable guarantee transparency in the economic and financial domain, but also in the social, environmental, political, managerial, organizational and administrative spheres.

Every subject that operates with a more or less wide margin of autonomy in decision-making and administration is only able to monitor and improve their conduct, as well as others' conduct, if the employed strategies are measurable in an evaluative sense; at the same time, the ability to communicate the

conditions and produce of their activities to the various stakeholders becomes fundamental, especially when the assigned position has been received through mandate or delegation directly or indirectly from the stakeholders themselves, and if, as in the public sector, the employed scarce resources derive from the stakeholders themselves. Indeed, in this case, a manager's scope of action relies on a process of legitimization over time, in order for it to continue existing and being granted in full consciousness, and is founded upon a responsible behaviour on the part of the manager, adequately documented and communicated to the stakeholders, allowing the latter to evaluate, and thus continue to legitimate or not, and reward or sanction: hence, de facto, to exercise democracy.

2 The evolution of the concept of accountability in the shift from NPM to Public Governance

The concept of accountability in public management studies is approached from a theoretical point of view within the NPM¹ paradigm. The NPM philosophy is based on a scenario characterized by the social need for a change of role on the part of public administration, of their *modus operandi*, and their ability to govern a complex system of territorial resources and varying relations on various levels, together with an urgency to simplify the processes and improve the quality of the services provided.

Till the end of the 1980s, the public sector was organized and managed according to the characteristics of the traditional bureaucratic model (Weber, 1980), founded on a vision of the public institute that correlated almost exclusively the nature of public action to formal legality, and to the existence of guarantees aimed at deterring negative behaviours towards public goals, rather than at promoting proactive behaviours (Borgonovi, 2002). Since the 1990s, public administrative activities were significantly reorganized, and the slow bureaucracies, based on the respect of rules and administrative procedures, were replaced by dynamic entrepreneurial organizations with an output-oriented perspective, focused on efficiency, efficacy and affordability².

According to the OECD³, the aim of the NPM is to make the public sector more agile and competitive,

¹ Regarding the topic of New Public Management see Lapsley (1999); Meneguzzo (1997); Hood (1991 e 1995); P. AUCOIN, 1990. Concerning the Public Management reform see also C. POLLIT, G. BOUCKAERT, 2002; M. DEL VECCHIO, 2001; G. VALLOTTI, 2005.

² For further information on this topic see Anselmi (2003); Borgonovi (2005); Hood (1995); Meneguzzo (1997); Mussari (2011); Pollit, Bouckaert (2002).

³ During the 1990s, a growing interest towards the NPM brought the OECD to establish the PUMA, an international forum of professionals which addressed the recollection and analysis of information and case studies on the NPM.

whilst at the same time making public administration more suitable to satisfy citizens' needs, by means of an increased transparency and flexibility. The founding principle of said paradigm is represented by the opportunity to transfer and readjust managerial techniques and tools deriving from the private sector to public administration systems⁴.

The Public Management reform process implies an increasing distribution of powers, responsibilities, tasks and resources among the various public institutions, and consequently requires the development of new methods of accountability. According to the undisputable doctrine in this field of study, accountability is a principle that specifically develops within the NPM paradigm, as well as contributing to its definition (Guthrie, 1991).

At the basis of the NPM, a variety of principles may be identified in particular⁵:

- The decentralization of power/federalism, as a consequence of the division of the complex and articulate structure of the public sector into single production units, characterized by elevated degrees of managerial autonomy and responsibility in the achievement of pre-established objectives. Public Administration no longer functions as one extended and homogenous entity, which transfers resources, but rather as a plurality of units within which economic production processes take form. The dimension of unity, centralization, and analytical and preventive control on each and every public action, which traditionally characterized the organization and administration of the public sector, is lost⁶. An increased attention to the user's needs is thus developed, as well as the monitoring and incentivizing

of the employment of resources and the quality of services provided, through benchmarking and empowerment activities;

- A process of privatization, which implies delegating, through the stipulation of contracts (the so-called contracting out), to private enterprises and the market, the delivery of activities and services which are not intrinsically competence of public institutions, however always maintaining under public control the power to steer actions;

- A strong re-orientation of public administrations towards the citizen-client, both concerning choices regarding the institutional model and the delegation of public administrators, and the method of fulfilment of the user's needs. The citizen, in some cases resigned to political and bureaucratic self-referencing powers, regains the deserved central role of ethical owner and client of public firms⁷. Hence, the need to differentiate the supply emerges, in order to satisfy the demands of the various categories of users, as well as the need for an increased attention to the quality of service⁸, stimulated by an augmented competition between public and private organizations;

- Competition, which implies the delegation of activities and the provision of services to the most efficient and competitive public organization – contracting in;

- The separation between the political stance and management, which allows an increased clarity in the definition of responsibilities, of politicians on the one side, and public executives on the other. Political bodies are demanded to define the objectives of public intervention, the allocation of resources, the verification of achieved results, and the identification of rules to be set at the basis of civil society. Administrative bodies, on the other hand, are expected to determine the most efficient methods of managing services, on the basis of guidelines dictated at the political level. Public executives are thus responsible for making operational decisions which are coherent to political objectives, and to the resources they have been allocated, thus being those in charge of reporting on the achieved results;

- The measurement of performance, i.e. the quantification of achieved results. The latter is a tool which allows the evaluation of the success or failure

Furthermore, the OECD (1997) has drawn up a series of reports which include the main institutional and administrative innovations in "public systems". For further information on this topic see Meneguzzo (1997).

⁴ New Public Management has brought several important business practices into the public sector; among the main innovations we find the increased responsibility which has been allocated to civil servants, the decentralization of budgets, and the introduction of balanced scorecards and of indicators of performance (Borgonovi E., 2004, *Ripensare le amministrazioni pubbliche*, Egea, Milano, p. 201-203).

⁵ See C. HOOD, "The New Public Management" in the 1980s: Variation on a Theme, in *Accounting Organizations and Society*, Vol. 20, 1995, p. 93-109; O. ORUENING, *Origini e basi teoriche del New Public Management*, in *Azienda Pubblica* n. 6, 1998, p. 669-691.

⁶ «These principles probably constitute the motivation for the derogative meaning that the term 'bureaucracy' is commonly attributed, as a synonym of sluggishness, carelessness towards users' needs and the employment of resources, and solely paying attention to rules and to the superior authorities». See A. PAVAN, E. REGIMATO, *Programmazione e controllo nello Stato e nelle altre amministrazioni pubbliche. Gestione per obiettivi e contabilità economica*, quoted, p. 44.

⁷ See A. COCHRANE, *From Financial Control to Strategic Management: the Changing Faces of Accountability in British Local Government*, in *Accounting, Auditing & Accountability Journal*, Vol. 6, n. 2, 1993, p. 30-51.

⁸ Regarding this, the legislative decree of the 12th of May 1995, n. 163, converted into Law on the 11th of July 1995, n. 273, provides that every administration supplying public services should adopt a "charter of public services" on the basis of general schemes and principles, defined at the Ministry level, as guarantee of the quality of services provided and protection of user's rights.

of initiatives⁹, and which consequently results to be fundamental in the achievement of popular consensus¹⁰, which requires the identification of measurable and quantifiable standards;

- Efficiency, which is a principle strictly associated to the measurement of performance; it is in fact measured as the ratio of achieved results over the employed resources, association which, in quantitative terms, identifies the relation between scarce resources and produced economic benefits. The result may be expressed in terms of impact – i.e. outcome – or production – i.e. input;

- The privatization of employment, concerning the need to assimilate public labour regulations to private ones, with the creation of executive elites, and the reduction of fixed remuneration quotas to give more space to retributions related to results achievement;

- Accountability, a principle which, as already explained, expresses in its widest sense the need to answer for actions carried out in the public sector, and strongly related to new methods of public management, and to the enhancement of public executives' responsibilities.

In light of the above, we can easily realize that the application of said principles, which characterize Public Management reforms, require the identification of suitable technical/accounting tools, so as to allow the concrete realization of reforms, thus attributing more emphasis to results-related responsibilities. This set of instruments is defined as New Public Financial Management - NPFM¹¹.

One of the fundamental aspects of NPFM is the alteration of surveying systems, which implies a shift from financial accounting to accrual accounting models, deriving from private law. In other words, the cornerstone of reforms in the accounting information system is the introduction of accrual accounting in the public sector, to the detriment of traditional cash accounting systems (Lapsley, 1999)¹². For public firms and administrations, the determination of net produced wealth results to be convenient with the purpose of rendering explicit the relation between the variation in financial assets, and the variation in

overall assets; said cognitive objective may only be pursued through the introduction of accrual based accounting, able to identify the non-monetary balance at the end of a given period. In a wider sense, the implementation of accrual based accounting results to be instrumental to achieving both results-related accountability, and the adoption of economic decisions, since it allows the evaluation of both the accountability of an appropriate employment of resources, and the economic, accrual, and financial situation of the public firm. We can observe how the application of NPM principles has generated the need for accountability, whilst the assertion of the NPFM has contributed to the identification of accountability tools.

NPM has therefore marked the beginning of a reform process concerning both internal management and organization logic, and the interaction and mode of relation to the external environment and to stakeholders. On the basis of this new philosophy's principles, the whole public sector has evolved into a polycentric system, opening up to the exterior, and characterized by the ever more pressing demand on the part of the citizens to actively participate in public administration (De Magistris V., Gioioso G., 2005). Said evolution has generated an amelioration of NPM principles, allowing to overcome a merely managerial approach, which, at a macro level, has seen the central state as sole actor withholding the power to control and steer social processes, and, at a micro level, has identified in the role of authoritative manager he who, at the top of a hierarchical structure, is called upon to take decisions regarding the allocation and management of resources. The relation is detected in the need to integrate a 'government model', where the authorities exercise their power mainly by formal means, finding legitimization in an extremely formal institutional system, with a 'governance model', centred on the exercise of formal and informal powers, with the aim of reaching decisions shared among all interested parties.

The participative dimension assumes a central role in this evolving process, oriented towards an organized system of distribution and horizontal interaction between civil society/users, and public administration. This dimension comprehends the shift from a 'government-based system' (typical of NPM), to one based on 'governance'. The term 'governance' is identified with the verb 'to govern', "which derives from the Latin term '*gubernare*', which in turn derives from the Greek '*kubernaw*', a term which Plato identifies with the art of guidance typical of helmsmen of ancient times" (De Magistris V., Gioioso G., 2005).

The term 'governance' is often understood as 'extended government system', referring to an open circuit where all parties (public and/or private subjects) that are actively involved in the management of public affairs, and therefore in the carrying out of tasks of communal interest, come into direct contact

⁹ R. S. KAPLAN, D. P. NORTON, *Balanced Scorecard*, Boston, Harvard Business School Press, 1996.

¹⁰ OSBORNE, T. GAEBLER, *Reinventing Government*, quoted

¹¹ J. GUTHRIE, O. OLSON, C. HUMPPHREY, *Debating Developments in New Public Financial Management: the Limits of Global Theorizing and Some New Ways Forwards*, in *Financial Accountability & Management*, 1999, p. 209-228.

¹² New Public Management, on top of the introduction of accrual accounting systems, has also brought the introduction of: measurement methods for performance and evaluation of programmes; revision and control methods which allow the evaluation of public policies. For further information on the latter see Favotto, Pilonato (2005: 366).

with each other and exchange information, favouring an interactive and constructive relationship between them.

This concept contrasts that of 'government', which refers to governmental functions and the institutions to which the latter are formally delegated. When we talk about 'governance', we evoke the so-called subsidiarity, which regulates the interaction between a central political body and the intermediate bodies which are in some way its subordinates. The key to understanding the role of subsidiarity within a 'governance' strategy is to enhance the value of each and every motion's specific competences, regardless of their level. 'Governance', subsidiarity and a process of corporatization are the ingredients for the resolution of a crisis regarding the legitimization and representativeness of public administration in the industrialized West.

Functions and powers of Public Administration may indeed be exercised following alternatively the logics and methods pertaining to two different approaches, defined as "'Government', i.e. the exercise of decisional power deriving from the formal institutional system; and 'Governance', i.e. the exercise of formal and/or informal powers with the objective of 'creating consensus' around certain decisions" (De Magistris V., Gioioso G., 2005).

The logic behind the 'concept of government' roots in a Public Administration model, where powers are exercised in a super-ordinate manner, following a hierarchical, vertical system of coordination and integration, with top-down planning; in said model, powers and functions are exercised by means of formal tools such as laws, decrees, regulation, etc., with an inflexible decision-making content; the result is the obligation to respect decisions taken by external subjects, regardless of one's own will: a system where the citizen is a passive subject of Public Administration decisions. The evolution of public necessities, together with the gradual change of national and international political, economic and social scenarios (such as market globalization, the increase and differentiation of public necessities, the redefinition of the borderlines between State and Market, etc.), have created a necessary development of 'government' logics into 'governance' logics, a transformation synthesized in the deviation from NPM to Public Governance: an unfolding which has demanded an increased level of transparency and accountability in public administrations. Indeed, in the shift from NPM to Public Governance, the relations between public administration and citizens have undergone a significant metamorphosis, which is still taking place, dictating a change from an unidirectional approach (with solely informational aims), to an interactive one, where the final goal is to create the presuppositions for what Vigoda – Gadot e Cohen (2004) define as "active citizenship and partnership between the citizen and public administration", in other words: participation (Di Filippo, 2009).

The logic behind the concept of 'governance' may refer both to the internal functioning of public administration (organizational model of a participative nature), and to the relations between different public entities (public system governance), and to the relations with external subjects, especially enterprises and non-governmental entities (global governance system with concentrated and/or negotiated planning) (De Magistris, 2005).

We can observe how the NPM paradigm aims at achieving a certain level of coherence in internal operational systems, to be attained through the principles of managerialization¹³, whilst the Public Governance paradigm¹⁴ aims at achieving stakeholder participation, and the methodical application, in public policies, of principles of efficacy, efficiency, consistency and transparency¹⁵.

First with the NPM, and later with the Public Governance paradigm, some new necessities to be satisfied have emerged, from which have consequently sprouted a series of additional competences to be developed, such as the management of interdependencies, external representation, social mediation and entrepreneurship, the creation, planning and administration of public interest networks, and the mapping and inclusion of stakeholders¹⁶. In this

¹³ Hood C., (1991), *A Public Management for all Seasons?*, Public Administration, Vol. 69, N.1: 3-19; Barberis P., (1998), *The New Public Management and a New Accountability*, in Public Administration, Vol. 76, N. 3: 451-470;

¹⁴ Bevir M., Rhodes R.A.W., Weller P., (2003), *Traditions of Governance: Interpreting the Changing Role of the Public Sector*, in Public Administration, Vol. 81, N. 1: 1-17; Kettl D.F., (2000), *The Transformation of Governance: Globalization, Devolution, and the Role of Government*, in Public Administration Review, Vol. 60, N. 6: 488-497; Lynn L., Heinrich C., Hill C., (2000), *Studying Governance and Public Management: Challenges and Prospects*, in Journal of Public Administration Research and Theory, Vol.10, N.2: 233-262.

¹⁵ For further information on the literary debate around the comparison of the New Public Management paradigm and Public Governance see Hood C., Peters G., (2004), *The Middle Ageing of New Public Management: Into the Age of Paradox?* in Journal of Public Administration Research and Theory, Vol. 14, N. 3: 267 – 82.

¹⁶ Bertocchi M. and Mazzoleni M. (2007), *La rendicontazione sociale negli enti locali quale strumento a supporto delle relazioni con gli stakeholder: una riflessione critica*, in Ricci, P. (edited by), *Lo Standard G.B.S. per la rendicontazione sociale nella pubblica amministrazione*, Franco Angeli, Milano, [52-74]; Borgonovi E. (2000), *L'organizzazione a rete nelle amministrazioni pubbliche*, Azienda Pubblica, V.13, N.4, [341-343]; Bonaretti M. (2005), *Governo locale e innovazione organizzativa: le amministrazioni in trasformazione*, RU – Risorse umane nella PA -, N.2, [17-58]; Meneguzzo M. e Cepiku D. (edited by) (2008), *Network pubblici. Strategia, struttura e governance*, Macgraw-Hill, Milano; Mitchell R.K., Agle

perspective, some characteristic traits of the environment of public entities are represented by a growing need for accountability towards stakeholders¹⁷.

Therefore, accountability and efficiency represent the pivotal principles of the reform process which has characterized, since the 1990s to the present day, the organization and management of public administrations.

In a similar context, the NPM characteristics of autonomy, differentiation between politics and management, liability, planning of objectives and control of results, are emphasized as relating to the concepts of transparency in public administration and results reporting.

The defining dimensions of the level of 'governance' may be synthesized as follows: partnership, i.e. the administration's ability to establish cooperative relations with other public administrations at various levels, or with entities pertaining to the private and third sector; participation, term which indicates the administration's will to involucre all social actors, with the objective of opening up to the external environment; communication, differentiable between simple communication, represented by common channels of communications aimed at the spreading of knowledge regarding the activities carried out by the entity, according to the principles of transparency and right to information, and bidirectional communication, term which indicates the existence of a feedback channel, through which useful information may be transferred from the citizens to the administration; transparency, understood both as a habit of communicating one's own actions by means of the publication of relevant data, and as the right to have access to administrative records (Di Filippo, 2009).

All of the above mentioned elements are closely connected to the topic of public accountability. Public administration utilizes communal resources with the citizens' interests in mind, hence it is required to create an economic and social value that reflects the value of the employed resources; in this sense, it has to account for its performance to external subjects, both at an accounting level and in respect of rules and standard procedures. Accountability is interpreted as a necessary tool for the improvement of democracy and responsibility at an acceptable level of 'governance', since it contributes to the spreading, within the

community in question, of an atmosphere of trust and legitimization towards the entity.

3 Public budget as a tool of accountability

The interpretative model for accountability needs in public administration roots deep in the mechanisms related to representation, and refers to the delegation of management of public affairs, by virtue of electoral mandate, to deputy bodies. Indeed, through political administrative elections, the nominated represent their voters and all their varying interests.

Those who manage, by virtue of a delegation received from the citizens, are not only bound to apply their powers in pursuit of common interests, but also to account for their actions to the various stakeholders. Within public administration, accountability refers, on the one hand, to the relation established between representative elective bodies (Parliament and local administration Councils), and technical-executive elective bodies (Government and Municipalities), - where the latter have to account to the former for the manner in which they have managed the power bestowed upon them by the community, in accordance with their competences -, and on the other hand, to the relation between elected representatives and voting citizens, as a means to verify abidance to the electoral pact.

The need for results accountability (in terms of the impact on necessities) is generated by the processes of goods distribution, service delivery, and of establishment of rules and provisions; the latter's counter-services may be direct (tariffs), but are generally indirect and indistinct (taxes). Given the nature of firms that constitute the public sector, it can be argued that the application of the accountability logic requires an explicit system of rules and principles, on the basis of which said organizations must account to all stakeholders for the responsibilities assumed in the pursuit of institutional objectives (Pezzani, 2003).

In other words, accountability requires a set of reliable, comprehensible, accessible and far-reaching information channels. It expresses the firm's responsibility to inform, and it takes shape in the system of internal and external communications, which find their full conformation in transparency and control. To sum up, accountability is the means through which the power of control over managerial results falls into the hands of the very people affected by said outcomes (Matacena, 2003). It can thus be said that the content and level of accountability are directly correlated to the method of information, which, first and foremost, must be able to activate a complex system of reporting, centred on a unique system of data and values documents, which can guarantee the corroboration of managerial, administrative and institutional transparency.

In parliamentary democracies, regardless of the distribution of power between the Government and

B.R. and Wood D.J. (1997), *Towards a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts*, in *The Academy of Management Review*, V.22, N.4, [853-886].

¹⁷ Caperchione E. e Pezzani F. (edited by) (2000), *Responsabilità e trasparenza nella gestione dell'ente locale*, Egea, Milano; Pezzani F. (edited by) (2003), *L'accountability delle amministrazioni pubbliche*, Egea, Milano.

elective assemblies, the procedures for the preparation, examining and approval of documents regarding the Government's activities of compulsory taxation and expenditure, present a recurring peculiarity and typicality, which reflects the particular function of said documents. There exist strong historical reasons which explain the birth and evolution of parliaments in the Western world, with dynamics closely related to the control over taxation and expenditure; it can thus be stated that the quality of a democracy is recognizable by the powers of decision and control, over the allocation of said resources, held by the representative Chambers: from whom they are collected, and for what they are spent (De Ioanna, 2010).

Methods and techniques of parliamentary control coincide with the structure and information contained in budget documents: the typicality of these tools is directly related to the effectiveness of parliamentary control. The typicality of the content of budget documents, together with the related procedures, defines a coessential profile of all historical experiences of democratic representation. Therefore, there are strong structural reasons that explain why budget documents must include the above mentioned typicality and stability of traits, which support accountability and transparency in the implementation of public powers. The legal apparatus (structure, decision and control), which regulates public accounts, must serve to solve three fundamental questions: the allocation of resources, the general level of expenditure and taxation; and the possibility of controlling the marginal dynamics of inputs and outputs. In the evaluation of a country's public debt, financial operators consider a lot graver the lack of control over internal dynamics of public expenditure, than the level of the expenditure in itself; such dynamics are characteristically contained within the process of definition, approval and control of the public budget.

The study of the public budget, both in terms of content and procedures, provides an important key for the analysis of the functioning of any democracy. Within a political and institutional profile, public budget, as a summary of the financial measurement of a state's activity, was developed and refined first through the consolidation of unitary national States, then through the elaboration of techniques for representative democracy. The historical progress of public institutions has brought democratic countries to conferring to the Parliament to power to make decisions related to the regulation of the State's activities, and to assuring the necessary financial resources for said activities. It is therefore the Parliament's responsibility, as explicitly expressed by the constitution, to decide on income and expenditure; in other words, to express the State's general will, and consequently the citizens' will, whom the Parliament represents, translating into technical dynamics of

political representation the principle of popular sovereignty.

With regards to the country's biggest public firm, the State¹⁸, the budget represents the accounting document by means of which the Government expresses the public income and expenditure which it intends to realize in the next financial year, and which, at the same time, contains the pre-emptive authorization that the Parliament provides to the Government for the management, according to law, of the corresponding quota of financial resources. As far as the authorization of income and expenditure, related to a given financial year, is concerned, the budget constitutes the fundamental documentation of the State's financial activity. The State operates, or in other words satisfies collective necessities, through a system of allocation of resources, generally understood as a system of decision-making, with regards to the destination of available resources, profoundly different from that of the market system. In this sense, the State is unlike the market, in that it holds the coercive power for the application of the rules of allocation that it establishes. Said rules benefit from political legitimization thanks to the electoral mandate received by governmental bodies, whilst the budget itself is the tool to guarantee the appropriate employment of public money, as well as the achievement of public objectives.

The State budget may be analyzed from various points of view. First of all, under a technical aspect, as an accounting tool for the representation of financial forecasts for management; and secondly, under a legal aspect, as a sum of inter-subjective relations established around it.

The main function attributed to State budget is that of regulating relations between legislative and executive power on the one hand, and between executive power and tax-paying citizens on the other, in order to ascertain conformity of said relations with the existing legislation. In essence, the approval of the State's budget on the part of Parliament aims at protecting the citizen's interests, within the scope of legal taxation, ensuring the appropriate management of co-actively collected resources, and their destination towards public goals. This concept of public budget has prevailed in bureaucratic public organization models. In other words, the legal function of the budget – aimed at guaranteeing the abidance to rules of behaviour, both in the collection and employment of financial means -, has traditionally prevailed over its other functions, such as that of planning, communication and transparency, all of

¹⁸ Reference to a 'State enterprise' is justified for two reasons. Not only because it is the largest public enterprise in the country, but also because the accounting and budgeting discipline dictated by State administrations constitutes a principle of guidance for all other public administrations in the country.

which are, nonetheless, complementary to accountability in the public system.

The budget is a particularly complex document not only from a technical point of view, but also from a political one, in that it represents the expression of the elective bodies' political decisions. It, in fact, not only enunciates the political action plan to be carried out throughout the financial year, but it is also the former's transcription into accounting terms, i.e. the programme's quantification, as well as of the priority attributed to the various topics of the programme. It thus follows that the State budget needs to:

- allow a reasonable evaluation of the State's income and expenditure;
- permit a reasonable balance among the various incoming and outgoing items;
- consent an evaluation of the possible effects on the country's economy of the State's expenditure and income, i.e. it must allow an evaluation of the macroeconomic effects of the fiscal policy implicit to the budget itself;
- entitle the Parliament to verify that the executive branch effectively implements the policy which the legislative power has approved through the endorsement of the budget.

The State budget's function is that of forecasting, which results to be closely related to that of authorization. The forecasting nature of the State budget answers, in fact, to the need for it to be approved by the Parliament before it may be put into action. This process aims at a preventive determination of future in- and out-flows, in that, as dictated by the constitution, each expenditure must have financial coverage before it is carried out, hence the document which authorizes expenditures must provide for their coverage by indicating corresponding sources of income.

In other words, the need to previously inform tax-payers – whom are required to provide, in monetary terms, for taxes, tariffs, and so on – on how their money will be spent, and consequently the requirement for a prior approval of expenditure in order to guarantee democracy, determines the financial nature of the former, as they must balance an equally financial income.

The preparation of the budget is carried out by the executive power, whilst the legislative power must examine and discuss the budget's various aspects, in order to reach a decision which renders it enforceable. Parliamentary approval is not merely a formal act, but rather represents the most profound meaning of democracy. Parliamentary deliberation on the budget responds to the need to have elected representatives of the people examine the most important document for national life, which expresses the sacrifices imposed onto, and the benefits delivered to, the community. The consequence of this is the political function held by the budget, in that it mediates, with the determination of objectives and strategies for their

achievement, the diverging social interests according to which it is structured.

Since the budget is the tool through which the Parliament is called to approve the political direction which the Government will have to follow in its activities of acquisition and provision of financial means, the origin of said document is contemporary to the establishment of Parliament itself.

In OCSE countries, an extensive and deep reflection, of both a political and technical nature, has developed over the last ten years, regarding the morphology that public budgets (of the State and other local government entities endowed with fiscal autonomy) should acquire in order to best fulfil the democracy-maximizing functions of a political-economic system. There exists a general consensus among scholars to claim that the quality of accountability is a crucial element in the understanding of the way in which a Government answers to the Parliament for its activities, and, more generally, in what way the Parliament itself, as an institution, answers to voters for the manner in which it controls Governmental activities (Sartori, 1987). The level of accountability measures the ability to examine public budgets, thus identifying the respectively political and administrative responsibility for the choice of financial priorities, resource management, and the corroboration of results. The structure of public budgets allows the carrying out of the above mentioned functions, in reference to sets of resources destined to clearly defined goals, i.e. to public policies within the respective financial dimensions and expected objectives (Pezzani, 2003). In more general terms, it can be stated that the criterion for the specialization of public budgets roots, and historically develops, in this same field; and, when appropriately implemented, it maintains its technical and institutional efficacy (De Ioanna, 2003).

4 The role of budget as a tool for accountability, from the NPM to Public Governance

Since the 1960s, the State budget became, from merely a tool for the authorization of expenditures, also a tool for planning and a base for the formalization of political, as well as economic and financial decisions regarding the allocation of resources. First with law n. 62/1964 – the so-called Curti Law –, and later with law n. 468/78, which was later modified by law n. 362/88, a first phase of reforms of the State budget began, reforms which outlined a reference and organizational framework for fiscal policy. Before said reforms, fiscal policy, given the formal nature of the law which determined initial provisions, was substantially defined *a posteriori*, as summary of the various legislative interventions approved throughout the years, and not subscribed to a unitary framework. With law n. 468/78, both the Government and Parliament concentrated on the

political choices regarding public action (therefore not only regarding the State budget, which nonetheless constituted the main means through which such policies were implemented), thus overcoming a school of thought which pushed towards the planning of the entire economic system. The budget still remained, however, a document only comprehensible to experts, from which it was impossible to deduce sector policies and the objectives pursued through the financial allocation of coactively collected means. It was not until the 1990s that the budget was reconsidered as a tool for the definition and implementation of public policies, through the principles of rationalization of the budget's structure and the innovation of administrative organization and procedures.

The reform of State budget carried out in 1997 with law n. 94 (the so-called Ciampi reform) particularly implemented (at a State firm level) the principles of the NPM, especially those related to the separation of political direction and management, to the privatization of labour relations – with specific reference to the managerialization of administrative execution –, to the management of objectives, and to results evaluation.

The Ciampi reform divided the budget into two levels: one, of a political nature, related to decision-making, and the other, of an administrative nature, related to management. The former was structured according to two new accounting aggregates: objective functions, only for expenditure, and the *Unità Previsionali di Base* (UPB – Basic Projection Units), for both income and expenditures, as fundamental accounting treatment for parliamentary vote. Despite being able to contain allocations with diversified normative roots, the new units included in the budget marked the financial limits of a clearly defined expenditure function; being directly relatable to a specific responsibility unit, the latter could be appropriately evaluated and deliberated in Parliament, and later scrutinised. The second document, consisting of the so-called “administrative” budget, structured into items and according to administrative responsibility units, or service units, permitted the implementation of a deeper economic analysis, by means of the analytical detection of sustained costs and achieved results, with the aim of evaluating the efficiency and convenience of administrative activities in relation to allocated resources. In this second budget, classification came down to an item level which, however, could be modified by mere ministerial decree, since it no longer represented a legal limit to administrative action. A more comprehensive connection was in this way achieved, between operational units and allocated resources, functions and objectives determined by the Parliament, and between management and achieved results. This reform's main rationale was to shift the attention paid to State budget from a macroeconomic dimension, to a dimension of planning and resource management, highlighting the role of the budget as a

tool of definition and implementation of public policies. In essence, the goal of the reform was to create a direct connection between the structure of the budget, and innovation in administrative organization and procedures (Carabba, 1998).

The new structure of budget thus became a tool for accountability, in that it tried to satisfy the need for a more transparent, less fragmented system of expenditure classification, which could more easily be linked to State functions. Objective functions are indeed identified as a result of the need to define public sector policies, in the sense that they reflect the destination of resources among the various sector policies, and to measure the produce of administrative activities, also in terms of final services provided to citizens, where possible.

The establishment of the basic projection units, as a limiting parameter for policy decisions and budget amendability, has permitted a shift from a budget with approximately 6.000 items, to one with approximately 1.000 fundamental units. The document has become consequently clearer, in that it manages to synthesize, and render more comprehensible for stakeholders, accounting prospects in reference to the destination of resources among public policies.

The need to redefine the link between policy choices and administrative direction, with resource management having been delegated to the single administrative responsibility units, has led to a review of the connection between planning and budget, and between budget and organization, and, consequently, to the review of the principles and rules regarding the budget predisposition of public administrations. Both the organizational and financial aspects, on top of being closely related, constitute the central nucleus which has majorly been affected by the reform process.

The existence of these two accounting documents (the political budget to be presented for Parliament's approval, and the administrative budget for management) created a new and different institutional relation, concerning the budget, between Government and Parliament. Indeed, the Chambers surrendered the auditing of budget decisions, in exchange of a clearer definition of public policies at the basis of resource employment, i.e. of the destination of expenditures in relation to the cost of respective services; Government and Public Administration executives gained in terms of management ability and flexibility, however they also committed to providing clearer motivations for policy decisions, and they adopted management criteria which are measurable in terms of results efficacy, efficiency, and convenience, especially when it comes to the provision of services for citizens. According to this logic, the budget which undergoes Parliament approval, identifies and determines the State's objectives, delimiting, on the other hand, the powers and objectives for which the activities and commitment of administrative cadres are held

responsible, under a strictly administrative-managerial point of view.

Executives are also held responsible through the allocation of a budget for given objectives, to be autonomously employed. Said budget is equal to a UPB's, or cost centre's, forecasted need for one financial year, whilst at the same time being the object the executive is demanded to account for. The result of what has been previously described is a significant strengthening of the planning and control process, in that presuppositions for the monitoring of executives' autonomy and responsibility are created.

In spite of the increased conciseness of the accounting document, there remains significant scope for improvement in terms of transparency and comprehensibility of the budget, which still provides only a highly fragmented reading. This is because instead of encouraging a classification of the budget according to functions, adding the items by function regardless of the organizational structure to which it originally pertained, the new items have been added to administrative responsibility centres within each single Ministry.

The inability to keep under control the levels of public expenditure (demonstrated by the difficulty encountered in fulfilling the requirements of adhesion to the European Monetary Union), together with the needs imposed by the review of competences among the various levels of government, has highlighted the shortcomings of the 1997 reform, and has led to the 2009 reform. In other words, the classification by objective function has acquired, in practice, an ambiguous role, being marginalized against UPBs, and not being object of parliamentary debate. Consequently, instead of providing a more comprehensive view of the destination of expenditure, and despite being more coherent compared to the previous version, the budget still remains substantially fractioned by Ministry (Passaro, 2007). It is likely that the choice to build parliamentary voting units on the basis of objective functions would have permitted a budgeting process actually founded on an ex-ante definition of public policies.

The Italian system has responded to difficulties related to the management of public budgets, which have also been encountered by many other, not only European, States, in a «traditional emergency» manner, characterized by a procedures management closely related to contingencies (*rectius*: to emergencies), thus substantially in the hands of the Executive branch; according to this logic, parliamentary shifts have often represented a formally necessary compliance, to be carried out as quickly as possible, with the objective of reducing to a minimum the chance that governmental texts be modified (Bergonzini, 2011).

Under a renewed conception of a function of public administration – coherent with the principles of Public Governance, and oriented to stakeholder participation and the methodical application of the

principles of efficacy, efficiency, consistency, and transparency in public policies –, the presuppositions for a momentous reform of public budget documents matured.

With law n. 196 of 2009, the entire structure of relations, concerning financial matters, between the Chambers and the Government has been restructured, leaving the Parliament with the main competences of control and steering, and reserving for the Executive branch both decisional powers concerning matters of public expenditure, and the related policy and public administration responsibilities. Law n. 196 intended to consolidate the new classification of budget expenditures into missions and programmes, with the aim of shedding light on the objectives of allocation of public expenditure (what is achieved with public resources), rather than, as with the previous format, the distribution of resources by organizational units responsible for their employment (who manages resources). The configuration of the budget provides for missions, which represent the main functions of public expenditures and outline the related strategic objectives, and programmes, which constitute direct aggregates to the pursuit of strategic objectives defined within each mission. The administrative responsibility centres constitute the structure which manages resources for the implementation of the programme of competence.

Each mission articulates into one or more programmes, which represent homogenous activities and are generally competence of one Ministry, although there are a number of programmes divided among more than one public administration. The parliamentary voting units become the missions and programmes, instead of the UPBs identified according to the organizational-management logic. A planning strategy oriented towards the functional aspects of resource employment, comparable to reporting, delivers efficacy in the planning process itself, as well as a more efficient allocation of resources and effective control over objectives and results.

In particular, the new accounting and public finance law intends to expand the budget's decision-making potentials, highlighting its characteristics as a tool for the implementation of economic and financial policy. In this sense, the new accounting regulation adopts, and implements, the principle of flexibility in the allocation and management of budget resources. In particular, law n. 196/2009 depicts the budget law as one of substantial character, suitable to modify, perhaps within certain limits, single authorizations of expenditures set at the legislative level. Indeed, financial endowments related to legislative factors may compensate by being remodulated within one, or among various programs of each mission, always in respect of public finance balances, and of the prohibition to use capital account allocations to finance current expenditures.

In order to attain that transparency typical of public governance models, the new accounting law

tries to impose a new accounting culture, which pays closer attention to principles of harmonization, integration, and behaviour homogeneity. The schematic model of accounting organization, in fact, provides for common budget schemes, which will have to be adopted by all public administrations, and be articulated by mission and programme, and whose strategic character will be employed from the start of the budgeting process, minimizing the risk of considering said calculation as a mere statistical compliance.

The new accounting model contains all the theoretical presuppositions for an innovated conception of public accountability, based on a concept of transparency in public administration activities, which in turn is centred around policy quality and democratic control over a sector which so heavily influences the functioning of the economy, and of society as a whole (Giovannini, 2010).

5 Conclusions

During the last two decades, public management reforms have profoundly innovated public organizational and functional models, allowing us to overcome the traditional bureaucratic model, in favour of one inspired by NPM principles at first, and later by Public Governance. These important mutations have brought about a renewed conception of public administration responsibility, identifiable by the Anglo-Saxon term 'accountability', which is translatable into the need for the behaviour of public administrations to be judged according to their ability to generate "value" for the community in question; measure and report on said "value"; and answer to the community for their actions and the resulting effects. This treatise has underlined that the term "accountability" may not be fully identifiable with the term "responsibility". The two concepts may be assimilated from a logic and content point of view, however being "accountable" must be understood more profoundly, since the taking of a responsibility is not necessarily linked to accounting for the object in question, unlike in the case of accountability. Accounting for one's actions requires a judgment and an evaluation, hence the existence of transparent and common measurement rules, whilst responsibility may be assumed in a completely informal manner; lying on the basis of an accountability relationship, there normally is one of delegation of responsibility between two parties, which will later require a formal corroboration. Accountability is a fundamental principle of democracy in modern countries, intrinsically linked to representative democracy, in that voting citizens may agree or refuse to trust their representatives, on the basis of an evaluation of the latter's behaviour, holding them responsible for their decisions (Martinelli, 2005).

Accountability is today, more than ever before, vector of the quality of democracy (Diamond and

Morlino, 2005), and, in particular, transparency is a fundamental aspect of democratic accountability.

Referring the phenomenon to a country system, the main tool for accountability is found in public budget. The right to budget, basic sign of a country's independence, withholds the fundamental characteristics of representative democracy. In particular the complex dynamic of the employment of coactively collected wealth may be understood and governed through the structure of accounting documents, and the full understanding of their technicalities and articulations.

In particular informational capital constitutes the precondition, the necessary substrata, so that the body that approves of the budget, i.e. the Parliament, may effectively execute its role of control over the economic policies implemented by the Government.

In Italy, the recognition of the inadequacy of practices, which was confirmed in the last few budget sessions, has resulted in the delegation of decisions regarding economic policies to a series of decrees and laws, which have deprived budget sessions of their purpose, as well as causing a serious institutional disequilibrium in favour of the Government. The subsequent need to strengthen the role of Parliament, reinforcing its powers of steering and control, has resulted in the 2009 reform with law n. 196.

This text clarifies that the current plan concerns a new level with Chamber voting (units), in substitution of the basic units introduced in 1997 with law n. 94. The programme is presented as a direct aggregate to the pursuit of goals defined within missions, which represent the main functions and strategic objectives of public expenditure.

Despite the wide-ranging scope of this last accounting and public finance reform, there remain some grey areas which will need intervention. It is agreed that, in real-life, the conservative positions of the one, great, qualified bureaucratic apparatus which today holds the knowledge, information and the necessary technical-scientific expertise to dominate the whole field – the *Ragioneria Generale dello Stato*, State Accounting Office – have imposed themselves (De Ioanna, 2010). Said department is the apparatus that, in Italy, is at the centre of state expenditures and income. It is thus the expression, at a cultural and operational level, of substantially legal-accounting categories, interpretative schemes and techniques of management and control (Abbamonte, 1975; De Ioanna, 1993; Gaboardi, 1998; Brancasi, 2005; Perez, 2003; D'Auria, 2003; Lupo, 2007; Rivosecchi, 2007; De Ioanna e Goretti, 2008).

It is necessary to recover the economic roots of State accounting, and re-apply them within analytical and organizational schemes that aim at providing citizens and legislative Chambers with tools for quantitative analysis and results evaluation.

In other words, the hope is for tools of parliamentary control of budget decisions to be strengthened. The way in which the budget presents its

internal subdivisions and elasticity mechanisms is crucial. However, it is far more essential for this structure to allow Parliament to both read and control the evolution of accounts.

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