The Supervision of the city financial administration. The audit in Palermo under the Spanish Monarchy

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The Supervision of the financial administration of the Kingdom. Sicily and Spain

1 The historical development of the institutions and of the accounting techniques for the administration of the finances in the Sicilian kingdom were deeply investigated, as well as the inspection and supervising systems of the Spanish Crown over the financial flows of the Island. During the last decades, Adelaide Baviera Albanese, Antonino Giuffrida and Rossella Cancila have shaped the phases which led to the articulated administrative system of the Sicilian Kingdom, from the times of Ferdinand I of Aragon over the whole Fifteenth century.

2 The administrative supervising system over the cities’ finances in the Early Modern Age was less known compared to the one of the Kingdom. This was probably due to the difficulties in finding the sources. Most town archives of the Isle keep complete series of records starting from the Nineteenth century, while more ancient documents, which were kept in the past in the Town archives of Catania and Messina, are no longer available. Furthermore, until not long ago, when sorting out the Archives, “diplomatic” sources were preferred in those kind of projects to financial ones, which favoured the loss of accounting records. The accounting archive of the financial administration office of Palermo - main source of this study - was found and underwent its first rearrangement only in 1996.

3 This could probably explain the historical gap about the administrative supervision over the town finances. On the contrary, the same topic concerning other ancient Italian states had been deeply investigated. As far as Palermo is concerned, few researches have
outlined the political government mechanisms of the Town, leaving out the subject of the institutions for managing and supervising the city finances. My investigation offers a contribution to this subject.

4 The Spanish Monarchy tried to finance its own policy through the fiscal contribution and through the increasing public debt. The good functioning of the ordinary and extraordinary administrative and supervising institutions could have assured an effective clawback of financial resources. Different officers managed and supervised the government finances of the Kingdom: the Treasurer, the Conservatore (a kind of supervisor) and the Maestri Razionali (that is to say the chiefs accountants) of the Tribunale del Real Patrimonio (that is to say a fiscal court).

5 The keystone of the whole system was the Treasurer and his close connection with the public banks. The Treasurer received the payments from the patrimonial officers and from everybody who managed public money. He sent the orders for payments to the public banks and computed the financial flows of the kingdom. The Maestri razionali audited the accounts of the Treasurer and of the patrimonial officers; together with the Conservatore, they drew the final statements. The reforms of the Monarchy also concerned the modernization of the accounting techniques: between the Twenties and Thirties of the Sixteenth century, the use of the double-entry bookkeeping was mandatory.

6 The Monarchs further supervised over the whole system through the extraordinary inspections of a Visitador general, directly sent from Spain.

The supervision of the financial administration of the sicilian cities. For example, Palermo

7 The administrative organization of all the cities in Early Modern Sicily, both Crown or Feudal towns, was very similar, and Palermo can be chosen as a significant case study.

8 The Sicilian Crown cities were assembled in the Braccio demaniale of the Parliament, which had to approve the financial contributions for the Monarchy. Palermo was the chief town of the Braccio demaniale, one of the most densely populated cities of the Kingdom, one of the most relevant taxpayer, and distributed significant loans to the Monarchy. The city was also an important political centre: the Viceroy lived six months there and six months in Messina, but at the beginning of the XVII century he preferred to establish more often his court in Palermo.

9 Palermo was governed by a Pretore, by a small Council of six members, called the Senate, and by a larger Council made up by the agents of the city guilds of artisans and merchants, called the «Town Council». The Senate planned the financial management of the city, the public sanitary and the food provisioning system, the interventions for the public roads and buildings. The Town Council approved all the expenses and all the financial interventions promoted by the Senate by vote (first of all, the renewal of the current taxes). The structure of the Early Modern Sicily communities administrations, both in Crown or Feudal towns, differed only slightly. The names of the councils’ members changed: for example, in Catania the Pretore was called Patrizio, in Messina was called Strategoto, and the Senators were called Jurors.

10 The audit of the Crown cities and the Feudal cities was assigned to external officers: the Crown cities were assigned to the Maestri Giurati chosen by the Viceroy and to the
Tribunale del Real Patrimonio (a Court for the royal properties), the Feudal cities were assigned to auditors chosen by the feudal lord\textsuperscript{11} (see Picture 1).

\textbf{Picture 1}

\textsuperscript{11} Palermo was a Crown city, but it had its own auditing office, and due to a royal privilege of the XV century, the Senators were not obliged to show the city accounting books to officers external to the municipal administration\textsuperscript{12}. The other two most important cities of the Island, Messina and Catania, had the same prerogative as well. The only thing the Senators had to do was to present occasionally to the Viceroy a final report concerning the situation of the municipal properties\textsuperscript{13}.

\textsuperscript{12} The officers in charge of managing and supervising the financial flows of the city assets were the Treasurer, the Maestro Razionale (Chief accountant) and the Razionale (Auditor). The main difference between the municipal system and the financial administration of the Kingdom can be found in the role of the Treasurer. The Treasurer of the Kingdom registered all incomes and expenses. He had to be well aware of the effective financial resources of the Royal Court thanks to the close connection with the public banks. On the contrary, the Treasurer of the city gradually lost his leading role to the Razionale's advantage.

\textsuperscript{13} The activity of the Treasurer and of the Razionali is documented starting from the first half of the XIV century. However, sometimes, nobody was nominated to the positions, while in other occasions the same office was held by more than one person. Furthermore the duration of the offices was not defined. It is also thought that, at the very beginning, the duties of the Treasurer and the duties of the Razionali were confused and mixed\textsuperscript{14}. During the XV and the first half of the XVI century, the tasks of the Razionale were not relevant, while the ones of the Treasurer were more important and better defined. The Treasurer had to register the Town assets and he presented regular reports to the Senate.
These reports were presented as additions of incomes followed by addition of expenses, and kept as separate archive records or registered in the minute-books of the Senate’s meetings\textsuperscript{15}.

In the second half of the XVI and the first half of the XVII centuries, these positions were reorganized and provided with new working instruments. It was necessary to establish the duties of the employers and those who were responsible for the management of the offices. The employers had to keep the accounting books and all the documents well organized, in order to make the auditing possible and to identify those responsible for mistakes and amounts of money that were missing. The importance of the book keeping was growing parallel to the development of the modern state and to the need of an efficient fiscal drag. The laws enacted by city governors and the Viceroids Colonna, Olivares and Castro aimed at reaching these goals.

In 1573 the Town Council set out the duties and the duration of office of the Razionale. This auditor had to register in his books all the items of income and expenses concerning the municipal assets. He received this information through notices sent by the Town Notary and notices (\textit{fedi}) concerning the cash flows of the town bank account sent by the Public City Bank (\textit{Tavola}) (See Picture 2).

For the first time the use of a ledger (that is to say a libro bilanciato) written with the double entry system was compulsory. The Chief accountant was in charge of supervising the work of the accountant and had to check his books every year\textsuperscript{16}.

Three groups of laws enacted by the Viceroids in 1582, 1593 and 1622 added new elements to the 1573 reforms\textsuperscript{17}.

The Chief accountant had to check all the accounting books of those who managed the capital of the town. These accounting books belonged to the Food Provisioning
Administration, to the City Weapons Keeper’s Office and to the Deputazioni, that is to say the committees in charge of the administration of tax revenues (See Picture 3).

By auditing the accounts of these offices the Chief accountant had to find those indebted to the town and then inform the treasurer so that he could claim debt collection. Every person in charge of an office was personally responsible for every mistake or missing amounts of money. Financial penalties were imposed on those who infringed the law.

Actually, as we learn from other documents, the Chief accountants did not audit personally as established by the Viceroy’s law, but simply made sure that the Coaggiutori – that is to say their assistants – carried out the auditing for the time being. The position of the Chief accountant (Maestro Razionale) was definitely an important political one, and was assigned to a person chosen from among the most important citizens. Most of the time he had no knowledge of accounting. On the contrary, the Razionale and the assistants were accounting experts who drew up annual reports that had to be shown to the Senate and to the Viceroy.

On the whole the laws of the Viceroy’s strengthened the position of the Razionale, and weakened that of the treasurer. Starting from 1622 the treasurer was only in charge of debt collection. The archive sources reflect with evidence the significant changes of the duties of the Treasurer, as shown by an incomplete series of his records recently discovered. These books are going to be rearranged this year and they will soon be available for further investigations. The records consist in about sixty accounting books, from 1512 to 1618, regarding the Treasurer’s registration of the city assets. After 1618, the Treasure’s books only concern notices of debt collection. It is possible therefore that the books between 1618 and 1622 were lost, or that by then the Treasurer’s role had become more limited, and the laws of 1622 only made official an established practise.
The Viceroy’s laws of 1622 established that the Chief accountant’s staff members should be five ordinary assistants and one extraordinary assistant. They were chosen by the Chief accountant. The members of the Razionale’s staff were not specified. Practically, the new employees were chosen to help by the ordinary assistants; their position was formally approved by the Senate after a long training in the office. Promotions did not occur according to fixed rules, but on the employer’s request and with the sponsorship of chief’s office, when the accountant’s experience and skills were considered good enough to give him more difficult tasks and more responsibility.

In the following years, another group of laws, proposed by the Senate and approved by the Viceroy between 1628 and 1635, obliged the Razionale and the other accountants to take office only after previous examination by a committee of experts nominated by the Senate.

The accounting books of the city auditors

The city and Viceroy’s laws gradually established the accounting instruments and the type of books that the Razionale had to use in his office.

In 1573 the use of a ledger (that is to say a libro bilanciato) was introduced; as the Town Council’s resolution says, in this libro bilanciato it would be possible to see quickly, as in a mirror, what should have been given to and received from the city budget. From the resolution we learn also that this kind of book had never been used before in the city administration’s offices. The Council’s members hoped that its introduction would solve the difficulties of the city officers, who always found their predecessor’s books complicated and confused.

The laws of the Viceroy of 1582 added that this ledger (libro bilanciato) for the Razionale’s office would be called «libro universale» (that is to say a general ledger), but did not explain how it should be written.

We can try to understand the book’s structure by reading the work of father Lodovico Flori, who published in Palermo his Trattato of 1636. Flori describes a book «domestico, o nobile», used by those who had their own income, were not traders, and did not keep other people’s savings. This book was meant to record revenues and expenses, the cash account with debts and credits and the bank account were money is saved.

Following the example of this book «domestico» used by the Jesuits, any other administration book could be written. Each entry of money or goods written in the journal in chronological order is posted twice in the ledger, one to the debit of the account of the debtor and the other to the credit of the account of the creditor. The trial balance is calculated by offsetting the balances of all the ledger accounts. The totals of the debts and credits should be equal; if they are not, then an error was made in the posting from the journal to the ledger.

The «libro universale» of the rationale’s office mentioned in the Town Council’s resolution was definitely a general ledger. In order to have a cash flow account of the city at the end of every year it was necessary to find out the ledger accounts corresponding to revenues and expenses. The difference between the revenues and expenses would show the growth or decrease of debts and credits. By calculating this difference it was possible to evaluate the surplus or deficit of the city financial administration. This double entry book was also called «libro maestro» (that is to say general ledger) because this book
summarized the entries of other accounting books. The final cash flow account in the «libro universale» included the balances recorded in other particular account books, as salaries, expenses, annuities and revenues books.

The accountants of the Razionale and of the Maestro Razionale’s office had to keep two copies of the general ledger, in order to make cross checking possible. The accountants had to use a book of capital value of the revenues, a journal and a book of injunctions for debt payment, a book of debtors, a book of the City Weapon Keeper, a book of allowances, and some more for recording exemptions from taxation, expenses and salaries. They also had to receive and keep the books from the city Food Provisioning Administration. The structure of the accounting books was finally established, and the books of the Razionale’s staff were all in double entry, with exemption of the Treasurer’s books for the notices of debt collection.

Today all these books of the Razionale’s office form the «Archivio del Patrimonio» of the City of Palermo, and they are kept in the City Historical Archive. These records begin from the late XVI to the early XIX century. Unfortunately, only few journals are still kept between these records. Most of them date from the XVIII century and present compound entry registrations.

Conclusions

Between the XVI and the XVII centuries the Spanish Monarchy showed an increasing interest in supervising the financial management of the Crown cities. This interest can be seen the documents of the general inspections (the so called Visitas Generales) ordered by the King to supervise the conduct of all the administrators of their territories. For example, the Visitador in charge for the Visita general of 1606, conducted thorough investigations into the activities of the administrators of several Sicilian towns. In Palermo, the Visitador used the information recorded in the accounting books of the Razionale’s office to charge with fraud the city administrators.

The modernization and rationalization of the city government structures and instruments in Palermo between the second half of the XVI century and the first twenty years of the XVII century was connected to the intense activity of the Spanish monarchy in order to settle the Sicilian institutions. Certainly, as supposed by Antonino Giuffrida, the laws did not arise from the Viceroy’s own’s decisions, but through them the working instruments of the Castilian Finances became widespread and were put into effect. The Spanish monarchy was in fact the first of the most important early modern governments to legally establish the use of the double entry book keeping system in public administration. As far as the improvement of the administrative structures is concerned, these laws connected Sicily to the wider context of the Spanish imperial system.
BIBLIOGRAPHIE

Abbreviations:
BCP: Municipal Library of Palermo
ASCP: City Historical Archive of Palermo:
AGS: Archivo General de Simancas (Valladolid)
VI: Visitas de Italia
leg.: legajo

NOTES
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9. On the subject, see R. Cancila, *Fisco ricchezza comunità nella Sicilia del Cinquecento* op. cit.


12. The priviledge was issued by King Alphons, on the 16th of November 1436 (M. De Vio, *Felicis et fidelissimae urbis panormitanae Privilegia*, Palermo, 1706, p. 209-213)

13. Some of these Seventeens century reports are available in the Municipal Library of Palermo (BCP, ms Qg G65, *Notices about the city administration*, XVII c.)


18. We are aware of this through some testimonies and statements released on the occasion of an inspection and a trial of the Visitador general against the City Auditors (AGS, V.I., leg. 208, 4, 5, 6, *Defences of the Maestri Razionali and Razionale of Palermo in charge during the years 1599-1601 and 1605-1607*).


20. Ibid., n. 80 and 81.


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RÉSUMÉS

L’organisation administrative des finances du Royaume de Sicile et les systèmes de contrôle à partir du centre jusqu’à la périphérie sont bien connus. En revanche, on connaît peu les innovations techniques et institutionnelles dans l’administration financière des villes siciliennes. Cet article traite des réformes établies dans la seconde moitié du XVI siècle par les administrateurs de Palerme pour résoudre les problèmes de plus en plus complexes en matière de gestion du patrimoine municipal, pour en garantir le contrôle du vice-roi envoyé par l’Espagne et pour satisfaire les demandes insistantes d’argent de la part de la monarchie ibérique. Le conseil municipal palermitain introduisit l’usage du bilan (librobilanciato), établi selon le système de la partie double, et la figure du Razionale (auditeur). Les vice-rois réglementèrent les fonctions de l’auditeur et établirent le nombre et la typologie de ses livres de comptes. Ces réformes utilisaient des instruments déjà adoptés dans les finances royales de Castille. La diffusion de cette science incorporait la Sicile dans le système administratif impérial.

The financial administration of the Sicilian Reign and the surveillance system applied on it from the Spanish Crown are well investigated. On the contrary, the technical and institutional innovations for the administration of the city finances were still not clear. This article focuses on the solutions to the problems concerning the city financial administration found by the governors of Palermo during the second half of the XVI century. The administration had to be supervised by the Viceroy sent from Spain and the fiscal contribution to the Crown had to be guaranteed. For these reasons, the palermitan Town council introduced the use of a ledger (libro bilanciato), the double entry bookkeeping system in the municipal administration, and established the office of the Razionale (that is to say an auditor). The Viceroy established the tasks of the new officer and the number and kind of books that he had to keep. The Viceroy reforms spread and put into effect the working instruments of the castilian Hacienda real. As far as the improvement of the administrative structures is concerned, these reforms connected Sicily to the wider context of the Spanish imperial system.

Se conocen bien la organización administrativa de la hacienda del REino de Sicilia y los sistemas de control del centro sobre la periferia. En cambio, se estudiaron poco las innovaciones técnicas e institucionales en la administración de la hacienda de las ciudades sicilianas. Este artículo se centra en las reformas que los administradores de Palermo llevan a cabo en la segunda mitad del siglo XVI para resolver crecientes dificultades de gestión del patrimonio municipal, para asegurar su control por parte del virrey y finalmente para responder a las demandas de dinero de la monarquía ibérica. El concejo de Palermo introduce el uso de un libro bilanciato, recurriendo a la partida doble, así como la figura del razionale, un contador encargado de controlar las cuentas. Los virreyes van reglamentando las funciones de este razionale, fijando el número de libros que debe tener y definiendo su forma. Así, las reformas de los virreyes difunden en Sicilia instrumentos que ya funcionan en la Hacienda Real de Castilla, poniéndolos en práctica. La reforma de las estructuras administrativas de Sicilia, por lo tanto, se debe entender en el marco más amplio del sistema imperial.

Die Verwaltungsorganisation der Finanzen des Königreiches von Sizilien und die Kontrollsysteme ab dem Zentrum bis zum Umkreis sind gekannt. Dagegen kennt man die technischen und...
institutionellen Neuerungen in der finanziellen Verwaltung der sizilianischen Städte wenig. Dieser Artikel behandelt Reformen zweiter Hälfte des XVI. Jahrhunderts, die die Verwalter von Palermo geführt haben, um die immer komplexeren Probleme auf dem Gebiet der Verwaltung des Stadterbes zu lösen, um die Kontrolle des Vizekönigs zu garantieren, und um die hartnäckigen Silberanfragen der iberischen Monarchie zu befriedigen.


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*Schlüsselwörter*: Stadt- Finanzverwaltung

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