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AUDITING IN THE ATHENIAN STATE OF THE GOLDEN AGE (500-300 B.C.)

Abstract: Accountability and control of state revenues and expenditures in the Athenian state of the Golden Age was achieved through the verification process by three board of state accountants, based on the accounting records of execution and related budgetary and other documents. More specifically, the purpose of this process was to (a) strengthen the integrity of the accounting system by providing additional controls in the management or state resources, (b) establish accountability against any public officials in charge of public funds, and (c) provide dependable reports to the people on the management of these funds. The three boards were the Council Accountants, the Administration Accountants and the Examiners. Although the main purpose of the attest function was the discovery of fraud, internal controls were also evaluated by comparing the formalized budgets with the accounting records of execution. This conclusion is somewhat contrary to the assumption that internal controls were not recognized in ancient times.

In addition to the use of individualized budgets by the Athenian state of the Golden Age of Greece,¹ accountability and control of state revenues and expenditures was achieved through the verification process by three boards of state accountants, based on the accounting records of execution and related budgetary and other documents. More specifically, the purpose of this process was to (a) strengthen the integrity of the accounting system by providing additional controls in the management of state resources, (b) establish accountability against any public officials in charge of public funds, and (c) provide dependable reports to the people on the management of these funds.

The requirement for audit

The Athenian State of the Golden Age was organized under a system characterized by division of authority, due to the people's distrust of a centralized government. Thus, the business affairs of the state were administered jointly by various boards which consisted of groups of individuals selected or appointed by lot. These boards

bore various titles, such as *logistai* (accountants), *euthynoi* (examiners), and the like. Each board usually consisted of ten members, one from each tribe, so that each was represented. The focal point of all these boards was the Council which was charged with full responsibility for the management of all political and economic affairs of the state.

The Council elected qualified people by lot from its membership to perform various accounting duties. Thus, accountants were the persons who dealt with the work of keeping the accounts and accounting offices were the places where these people worked and kept the records. The magistrates then, who administered the public funds, were accountable or under account, being subject to both the examination and audit upon the expiration of their term of office. Once the execution of plans was properly authorized through budgets or other documents, these public officials were then appointed and charged with the responsibility to collect revenues or to incur expenditures according to the authorization given. Before entering office, they were required to submit to a formal scrutiny by an examining body which was usually a law court.

The next step was to make sure that these public officials administered the public funds according to the will of the people and within the existing laws and regulations. It was necessary to demonstrate that the integrity of the system had been preserved. This was the responsibility of professional people known as *logistai* (accountants), to whom the Athenian Constitution² had granted this authority and responsibility. The Constitution provided for the rigorous audit of the records of all public officers at the close of their year of office. It dealt not only with the handling of public funds, but it also required that every official act be passed upon a board of state accountants. The accountants' findings were subject to a review by a court.³ The Constitution also gave full opportunity to any citizen to bring charges against the magistrates for any improper or illegal action.

In the work of Aeschines we find more detail information as to who these magistrates were and what legal restrictions were imposed upon them during the period for which they were "answerable". This period ran from the time their office ended until they had undergone final examination. Accordingly, he states:

In this city so ancient and so great, no man who has held any public trust is free from audit.

Then, he continues, specifying whom the law considers as being accountable:

. . . (a) priests and priestesses be subject to audit, all collectively, and each severally and individually; (b) the *triarchs* be subject to audit, though they have no public funds in their hands; (c) the Council of Aeropagus is required by the law to file its accounts with the Board of Auditors and to submit to their examination; and (d) the Council of the Five Hundred to be subject to the audit.⁴

As to legal restriction, Aeschines also states that:

. . . the person who is subject to audit shall be crowned after he shall have rendered account and submitted to audit of his office.⁵

Also,

. . . the officer who has not yet submitted his accounts shall not leave the country. Furthermore, the man who is subject to audit is not allowed to consecrate his property, or to make a votive offering, or to receive adoption, or to dispose of his property by will; and he is under many other prohibitions.

. . . A man who has received no public funds and spent none, but has simply had something to do with administrative matters is also commanded to render accounts to the auditors. The law commands him to file precisely this statement: "I have neither received nor spent any public funds." There is nothing in all the state that is exempt from audit, investigation, and examination.⁶

Such legal requirements made the administration of public funds by the magistrates more effective. Finally, public officials were required to maintain accounts for amounts received, spent, and balances, and keep decrees of authorization and other supporting documents in the Council Chamber. This requirement was necessary so that the verification process by the three boards of state accountants could be executed more effectively. The accounting boards and the nature of the accounting work are adequately explained by Aristotle in his *Constitution*. He distinguishes between three boards of accountants, each of ten men; the *Council Accountants*, the *Administration Accountants*, assisted by ten Assessors, and ten *Examiners*, assisted by twenty Assessors. Together these accountants constituted the highest scrutinizing authority in Athens. The nature of their office, i.e., their qualifications and methods of selection are explained below.

Function of the Board of Council Accountants

The ten Council Accountants were selected from the five hundred members of the Council. This was essential since the Council exercised supreme authority regarding the economic affairs of the state. The selection procedures and the accountants' duties are explained by Aristotle, stating that "the Council also elect by lot ten of their own body Accountants, to keep the accounts of the officials for each presidency."⁷ These people performed a function similar to that of internal auditors. Thus, they were charged with the responsibility of scrutinizing regularly the financial dealings of all magistrates, particularly those who administered public funds. Such a system provided for a continuing audit which accomplished two objectives: (a) it helped protect the financial resources of the state, since any possible case of embezzlement or fraud could be detected and remedied earlier; and (b) it prepared the groundwork for the final independent audit and examination of the magistrates performed by the next board of auditors, known as Administration Accountants.

Function of the Board of Administration Accountants

These Administration Accountants performed a second type of economic investigation, i.e., a kind of independent audit, when the public officials were relinquishing their offices. Accordingly, the Council:

. . . elect by lot ten Auditors and ten Assessors with them to whom all retiring officials have to render account. For these are the only magistrates who audit the returns of officials liable to account and bring the audits before the Jury-courts.⁸

Dealing principally with the financial side of the magistrate's government, they were the sole authorities who investigated both the financial and administrative transactions of an "answerable" magistrate.

The audit work had to be performed by the ten auditors and their ten assistant or advocates within thirty days of the date of expiration of the magistrate's term. To carry out the final scrutiny in such a short period of time required hard work by the auditors and their assistants. However, the groundwork for their task had been done by the Council Accountants, who had investigated the accounts in each *prytany* (a period lasting 36 to 37 days). The audit was based on objective evidence furnished by the records. The auditors had to be impartial and fair in performing their work. In other words,

When we take our seats to audit the accounts of expenditures, it doubtless sometimes happens that we come from home with a false impression; nevertheless, when the accounts have been balanced, no man is so stubborn as to refuse, before he leaves the room, to assent to that conclusion, whatever it may be, which the figures themselves establish.⁹

The magistrate first had to submit his account in person as the first step in the auditing procedure. Then, he testified that he now gave up the office entrusted in him, and that he awaited his summons to an audit before the board of accountants. At the same time he submitted the relevant report to the Secretary of the Council,¹⁰ who attended Council meetings, and was responsible for the safeguarding of all decrees and other official documents. The collaboration between the Secretary and the accountants was necessary, because the latter checked the magistrate's report against the official documents kept in the Council Chamber. Immediately after the audit of the accounts, the Administration Accountants summoned the magistrates to the Accounting Offices to render the accounts and to submit to examination once more in public. If the Administrative Accountants' findings were unfavorable to the magistrate, their report was turned over to the jury-court for further action.

The Jury-Court

Aristotle, in his *Constitution*, as well as the orators Aeschines and Demosthenes in their private speeches, provide an abundant and reliable compilation of information about the jurisdiction of the jury-court. After a public official had terminated his office the auditors submitted the results of their audits to these courts for public hearing. Accordingly,

. . . if an official is proven to have committed peculation the jury convict him of peculation, and the fine is ten times the amount of which he is found guilty; and if they show that a man has taken bribes and the Jury convict, they assess the value of the bribes and in this case the fine is ten times the amount; but if they find him guilty of maladministration, they assess the damage, and the fine paid is the amount only, provided that it is paid before the ninth presidency, otherwise it is doubled. But a fine of ten times the amount is not doubled.¹¹

For example, in one case Theocrines was charged to pay a fine of seven hundred drachmas which he was sentenced at the audit to pay to the *eponymus* of his tribe.¹² In addition to their findings, the Board of Administrative Accountants was allowed by law and custom to make the following proclamation in front of the Jury-Court in the process of public hearing: "Who wishes to prefer charges?" This gave the opportunity to any citizen to make an accusation against public officials. This procedure, which had the obvious purpose of establishing closer control over the magistrates, was criticized by Demosthenes as "the harsh enactments made against the common people."¹⁴ His statement may be justified, because under such law even the most virtuous magistrate might be the victim of an adverse verdict given according to a false accusation made by some citizen. Finally, the auditors had the power themselves to bring an "answerable" official before the court for theft, provided their audit had shown him guilty of embezzlement. Similar power was given to them to summon any magistrate to the law courts, even though the results of the audit were negative. However, because the large number of officials who had to render their accounts, they could not be brought before the court a second time. In other words, the law did not allow the same person to be subject to trials, examinations, or counter-proceedings a second time on the same charge.

The previous discussion indicates that the judicial proceedings followed the customary judicial course of the defense of the magistrate under accusation. The verdict of the jury followed. It also indicates that the auditors themselves assumed judicial responsibility in that they presided over the court and their assistants read out the charges.

After the "answerable" magistrate had appeared before the court and had publicly passed his examination, he was regarded as having "submitted to examination in the lawcourts, according to the law." The auditor then reported the findings by engraving them in marble and exhibiting them to the public so that every citizen could become informed with regard to the management of public funds. Exhibit A illustrates the kind of reports prepared and published by the independent auditors.

Function of the Board of Examiners

Even with these rigorous auditing requirements, the state was not satisfied as to the proper management of its funds. The fact that the magistrate had submitted to examination did not signify his full

and final discharge from his accountability. An additional assurance was deemed necessary through another scrutinizing process, exercised by a third accounting board, the Examiners.

The procedures for their selection and duties are well described by Aristotle, stating that the Council also

. . . elect by lot Auditors (Examiners), one for each tribe, and two Assessors for each Auditor and if anyone wished to prefer a charge against any magistrate who has rendered his accounts before the Jury-Court, he writes on a table his own name and that of the defendant, and the offenses of which he accuses him and he gives it to the Auditor: and the Auditor takes it and reads it, and if he considers the charges proven, he hands it over to the Jury-Courts.¹⁵

These ten examiners and their twenty assessors did not form part of the Council. The assessors took their seats at the market-place, which was the most frequented part of the city. They accepted accusations by any citizen against magistrates who had already submitted to examination. The accusations were written on a "white-washed tablet" and were given to the Examiner of the tribe to which the magistrate belonged. The Examiner at once held a preliminary inquiry and, along with the assessors, investigated the charge. Private charges were brought before the "the local judges," while public charges were brought before the *Thesmothetae* (legislators), who introduced the case to the *Heliaia*, (the Supreme Criminal Court), whose decisions were final and could not be reversed.

Other Functions of the State Accountants

In addition to the regular accounting duties, accountants often assumed the task of conducting unannounced audits at irregular time intervals in those cases where it was considered necessary. This was very common with regard to the handling of funds for the payment of mercenary troops. The size of these funds along with the weak payroll system used gave many opportunities for dishonesty, especially in the padding of the rolls, and auditors were sent out to check the accounts on the spot. Aeschines, for example, mentions that Demosthenes was charged in a conspiracy of having padded the rolls and an inspector (auditor) of the mercenary troops was sent to Eretria.¹⁶

Finally, the accountants audited the work of the *Hellenotamiae*, whose duty it was to collect the tribute due to Athens by the allies and deposit 1/60 of the total in the Treasury of Goddess Athena.

So, without exception, any person who had held any public trust was subject to audit, even the highest state officials such as the *Hellenotamiae*.

The number of accountants who performed the accounting function for the state during the fifth century, as mentioned in the accounting records, was thirty. This seems to coincide with the accountants included in the three accounting boards discussed by Aristotle. Whether the thirty accountants originally constituted one board or were divided into three boards is not clear from the sources available.

The existence and execution of the aforementioned verification process as it relates to the accounting system is important. In addition to controls by independent boards there is also a formal basis for the establishment of accountability against those to whom public funds were entrusted. Furthermore, the execution of this verification process implies the existence of accounting records of execution for all revenues and expenditures kept by the responsible public officials. Finally, the comparison of actual amounts received and expended with the authorized amounts in the execution of audit substantiates further the integration of the budget system with the accounting system.¹⁷ Thus, it can be concluded that although the main purpose of the attest function was the discovery of fraud, internal controls were also evaluated by comparing the formalized budgets with the accounting records of execution.¹⁸ This conclusion is somewhat contrary to the assumption that internal controls were not recognized in ancient times.¹⁹

EXHIBIT A

EXPENDITURES FOR THE CONSTRUCTION OF THE PARTHENON FOR THE YEAR 434 B.C. (Partial Translation)

A. *Amounts Received*

The following amounts were received by the commissioners on public works during the year when Anticles was their secretary, on the fourteenth Council when Metagenes was first secretary and Kratetos was archon of the Athenians:

1. Balance from the previous year, 1,470 drachmas, 70 Lampsaene and 27-1/6 Cyzicene golden staters. (lines 1-16)
2. From the treasurers of Athena of whom Labreus was secretary, 25,000 drachmas. (lines 17-20)

3. From sale of gold, having weight of 98 drachmas, 1,372 drachmas. (lines 21-23)
4. From sale of ivory, having weight of 20 talents and 60 drachmas, 1,305 drachmas and 4 obols. (lines 24-26)

B. Amounts Spent

1. For rentals drachmas. (line 30)
2. Wages to workers who quarried and loaded marble at Pentelicus, 2,226 drachmas and 2 obols. (lines 31-33)
3. Paid to statuaries on pediment-sculptures, 16,200 drachmas. (line 34)
4. Salaries to staff members, 192 drachmas. (lines 35-36)
5. Other construction costs, 1,800 drachmas. (line 37)

C. Amounts Left at the End of the Year

1. 70 Lampsacene and 27-1/6 Cyzicene golden staters. (lines 40-43)

Source: Tod, *op. cit.*, pp. 112-113.

FOOTNOTES

¹Costouros, pp. 78-100.

²Rackham, pp. 135-147.

³The Athenian senatorial year was divided into ten presidencies or *prytanies*. Each presidency of the Council and the Assembly was taken over by a committee of fifty representatives of the ten tribes for a period of 35-36 days, so that during the year all five hundred members of the Council could participate in the management of state affairs. Magistrates, upon leaving office, submitted their accounts to a board of ten auditors, one from each tribe, appointed by the Council.

⁴Adams, pp.323-325.

⁵Adams, p. 317.

⁶Adams, pp. 325-327.

⁷Rackham, p. 135.

⁸Rackham, p. 147.

⁹Adams, p. 355.

¹⁰Adams, p. 320.

¹¹Rackham, p. 147.

¹²Murray, p. 301.

¹³Adams, p. 327.

¹⁴Vice, p. 453.

¹⁵Rackham, p. 135.

¹⁶Adams, pp. 93, 420.

¹⁷Costouros, p. 159.

¹⁸Costouros, pp. 122-125.

¹⁹R. Gene Brown, pp. 2-4.

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