

# Fictions and mirages: measuring and auditing the immeasurable in monetary terms

1062

Accounting standard setters evidently envision financial value in everything. Indeed, when accountants hear the word “value” or “valuation”, the preceding word of “financial” literally jumps into their minds. Evidently, they cannot escape this bondage to monetary measurement.

Do you imagine a future in which public cultural, heritage and scientific collections of not-for-profit cultural heritage or arts institutions, should accounting standard-setters get their way, will have an additional key feature for all visitors to these venues?

Imagine this conceivable scenario. Each and all objects/artefacts displayed or in back rooms or storehouses of our public, not-for-profit collecting institutions would feature a large and colorful price/value tag. This would proudly display the incongruous and immeasurable monetary values that accountants, following the (now proposed) adoption of a new, controversial international accounting standard pertaining to “heritage assets”, would attempt to impose on these public collections held by the not-for-profit institutions as custodians for society. This regime was loudly applauded by the proud accounting standard-setters but was held to be widely offensive in the community, so much so that only accountants would be interested in visiting these institutions to witness this “accounting fiction” (Carnegie and Wolnizer, 1995, p. 31, title) and “accountability mirage” (Carnegie and West, 2005, p. 914).

Unfortunately, and not unexpectedly, the price tags were prepared using the traditional, hallmark green biros of auditors and methodically affixed to all collection items in prominent, and often in inappropriate places. In a classic example, one day a price tag was rumored to be found mysteriously and controversially placed across the mouth of the priceless “Mona Lisa” painting.

The non-accountants were perplexed by this leap attributed to the philosophy underpinning new public management (NPM). This vast majority of the population quickly lost faith and trust in the management of these institutions and in government, especially as objects in public collections are removed at law, through formal institutional constituting documents and sound governance processes from the economics of the marketplace. They are treasured and prized; positioned beyond the domain or ravages of markets. Public collections are indeed so important that a monetary valuation, in substance, cheapens them to everyday ordinariness. Moreover, these collections were understood by accounting standard-setters as mere mundane items in the category of “property, plant, and equipment”.

It has been widely understood and broadly appreciated across the decades and centuries that these rare “priceless collections”, as universally known, possess important non-financial cultural, heritage and scientific values. In the specific organizational and social contexts in which the objects comprising these collections are held and operate, they do not have any rightful place as “heritage assets”, shown as part of property, plant and equipment, in audited statements of financial position. Many citizens even wondered out loud about the possible, supposed “super-powers” of modern-day auditors to reliably measure the immeasurable in financial terms. Auditors of the past were evidently well beyond this apparent, now presumed, capability, of measuring and auditing the immeasurable in monetary terms.

Who knows what lies in the future, particularly when it comes to the proposed monetary valuation and audit of “priceless” public cultural, heritage and scientific collections around



the globe for financial reporting purposes? Governments around the world may even come to widely realize the potential to apply annual capital or finance charges against the “values” of public collections as stated in audited statements of financial position. That would be a money raiser for our governments, if not already thought about, exposing the public collections to rationalization or “downsizing” at least. Indeed, this proposed monetary valuation of objects comprising public collections, which are dedicated for community use positioned away “from the cut-and-thrust of the economics of the marketplace” (Ferri *et al.*, 2021, p. 986) is “foreshadowed to be accompanied, in due course, with considerable international community regret and further criticism on the accountability of accounting” (2021, p. 1003).

Accounting fictions and accountability mirages are bereft of picturesque display. It is trusted that accounting standard-setters can move away from their traditional mindsets to embrace non-financial schemas of valuation in the world, as heritage professionals are well experienced in capably devising and implementing. Finally, here is a reflection to ponder, discuss and debate: “The most prized and respected valuation in the world is indeed ‘non-financial valuation’, such as the cultural, heritage and scientific values implicit in public collections of the genre”.

**Garry D. Carnegie**

*Department of Accounting, RMIT University, Melbourne, Australia*

## References

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