

EARTHQUAKES, EXCEPTIONAL GOVERNMENT AND EXTRAORDINARY ACCOUNTING

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ABSTRACT:

This study examines how a particular set of calculative practices and classification systems helped to guide the emergency responses to the 2009 earthquake in Abruzzo, Italy. Accounting classifications worked in tandem with scientific classifications to define the seismic event as a site for exceptional governance, to demarcate the temporal and spatial boundaries, and to guide the immediate and subsequent healthcare-related humanitarian responses. Accounting classification schemes were borrowed and built by the local health authorities as the federal government made the provision of disaster relief funding contingent on the identification of additional and traceable earthquake-related expenditures. The analysis also shows the maneuvers that occurred around the accounting classifications as public healthcare providers attempted to use the classifications to solve day-to-day health treatment funding problems and the federal government tried to exert control at a distance. The analysis provided both contributes to our understanding of the governance of these exceptional events and brings to the fore the challenges associated with such humanitarian responses.

Keywords: accounting, earthquakes, governmentality, classification, healthcare.

1. Introduction

A severe earthquake rated 5.9 on the Richter scale struck the region of Abruzzo in central Italy on April 6th 2009, killing more than 300 people. This paper examines how a particular set of calculative practices and classification systems (Bowker & Star, 1999; Foucault, 1979, 1991; Miller, 2001) helped to guide the emergency responses. Accounting classifications worked in tandem with scientific classifications to define the seismic event as a site for exceptional governance, to demarcate the temporal and spatial boundaries, and to guide the immediate and subsequent healthcare-related humanitarian responses. Accounting classification schemes were borrowed and built by the local health authorities as the federal government made the provision of disaster relief funding contingent on the identification of additional and traceable earthquake-related expenditures. The analysis also shows the maneuvers that occurred around the accounting classifications as public healthcare providers attempted to use the classifications to solve day-to-day health treatment funding problems and the federal government tried to exert control at a distance. A combination of oral testimonies¹ as well as primary and secondary archival sources provide the data for the study.

The current study seeks to understand how accounting practices, including the classificatory schemes that are integral to them, are used in these moments when an immediate health-related humanitarian response is needed, and when that response does not fit within existing classificatory schemes. Previous research, for example, has tended to focus on settings where accounting is used to both change and govern routine and day-to-day healthcare activities (cf. Preston, Chua & Neu, 1997; Llewellyn & Northcott, 2005; Rahaman, Neu & Everett, 2010). The current study, in contrast, focuses on healthcare systems during a moment of humanitarian crisis. Such settings are characterized by an immediate perceived necessity to act, and a need to eventually phase out and terminate the intervention. These moments of intervention create a space of action that potentially overlaps with extant healthcare provision, where existing classificatory schemes and accounting practices are sometimes borrowed and modified to deal with the immediate emergency, as well as the

¹ Details of the interviews are provided in the list of references. Respondents were informed of questions in advance of interviews.

aftermath. The current study attempts to shed new light on the emergence and deployment of what is described here as extraordinary accounting: that is, a set of calculative technologies that co-exist alongside and at times overlap with ordinary accounting practices.

The focus of the current study complements and extends the taken-for-granted ways that accounting standard setters and financial statement users think about the reporting of infrequent and unusual events (Bramwell, 2014). For standard setters, the accounting treatment of such events has historically attempted to distinguish between accounting transactions that are 'normal' versus those that are not, focusing on where these two groups of transactions will appear within the financial statements.² The current study complements these understandings as well as previous research (Beattie et al, 1994) by illustrating the strategic aspects of such classification decisions in this case because the classification decision potentially impacts on the flow of financial resources from governments to the affected regions. These pre-classification decisions are important in that they influence whether an event will be deemed to be a natural disaster and, hence, whether financial resources will flow from governments to the affected region and thus need to be accounted for. In these ways, the analysis draws attention to the sequence of classifications and the associated practices that lie behind the out-of-the ordinary items that finally appear in a set of financial statements.³

The paper is organized as follows. Section 2 outlines the role of particular classificatory devices in defining and demarcating the existence, severity, and consequences of natural disasters. Section 3 outlines the theoretical framing which informs the analysis, focusing on accounting, government and classification. The concept of exceptionalism is introduced, together with the suggestion that accounting may be implicated in

² In July 2014, FASB released an exposure draft that proposes to remove the category of extraordinary items since stakeholders have complained that "the concept of extraordinary items causes uncertainty because it is unclear when an item should be considered both unusual and infrequent" (Bramwell, 2014). For example, in 2005, FASB declared that Hurricane Katrina was not "infrequent in nature and unusual in occurrence" (<http://www.accountingweb.com/topic/cfo/accounting-purposes-katrina-considered-ordinary>) whereas the eruption of the volcano Mount St. Helens in 1980 was (Bramwell 2014). The exposure draft proposals are similar to IFRS (IAS 1 87) which does not allow the use of an extraordinary item category (http://annualreporting.info/ifrs_standards/ias-1-87-extraordinary-items-other-comprehensive-income-section).

³ Arguably similar sequences of classifications exist within IFRS, especially with respect to future site restoration costs (cf. CPA 2013, p. 31).

the construction and quantification of states of exceptional government for the population's healthcare, in this case following a natural disaster. Section 4 offers a brief overview of the Italian National Health Service, its funding model, and how healthcare was organized in the Abruzzo Region prior to the seismic disaster. Section 5 discusses the launching of exceptional government in the context of the humanitarian crisis caused by the earthquake, as well as the rise of novel classifications, lists and rudimentary accounting practices. Sections 6-8 then examine how these exceptional classificatory schemes and the associated accounting practices worked across time and space. Finally, section 9 discusses the insights of the study and offers suggestions for further research.

2. Classifying Natural disasters

Natural disasters, as their name suggests, are adverse natural events that occur frequently throughout the developed and developing worlds (Fassin & Pandolfi, 2010). In recent years, these events have apparently become more numerous, as climate change and global warming exacerbate the frequency and severity of these natural occurrences. Undoubtedly, the proliferation of social media channels has contributed to the visibility of such events as rich photo and video images are available almost instantaneously from the far reaches of the globe. For example, video footage of flooding in the Philippines and avalanches in Nepal can now be consumed in real time on YouTube and elsewhere.

While social media helps make visible adverse natural events, it is a series of interrelated classification processes that influences *if* and *how* local governments and the international community responds. The first set of classifications pertains to the scale of the natural event. These classifications are premised on scientific measurements, and are typically accepted by both the scientific community and the governments and international organizations that use the classifications to frame action. For example, earthquakes are usually measured and classified according to the Mercalli or the Richter Scale. The Richter Magnitude Scale assigns individual seismic shocks to categories, ranging from micro earthquakes (measuring less than 'two' on the scale) to massive disasters (measuring more than 'ten' on the scale). The Mercalli Scale spans from 1 (a 'micro' earthquake), to 10-12 (a 'massive' earthquake) (Richter, 1935; Lee, Jennings,

Kisslinger & Kanamori, 2002). Likewise hurricanes are measured by the Saffir-Simpson 1-5 scale (Simpson, 1974) whereas volcanic eruptions are observed by the Volcanic Explosivity 0-8 Index (Newhall & Self, 1982).

Such classification of adverse natural events is the starting point for a classification of the social and economic consequences by governments and others. In Italy, for example, the legislation draws on international classificatory schemes to categorize natural disasters (art.2, Law n.225, 24 February 1992). Natural disasters (and responses to them) are identified as one of three categories of emergency: a) natural events where the emergency may be addressed at the local government level in an ‘ordinary manner’; b) natural events which require a coordinated response at the province/regional level in an ‘ordinary manner’; and c) natural calamities, catastrophes or other events which, due to their intensity and scope, require the application of extraordinary means and powers. Importantly, in emergencies classified as ‘c)’ the Council of Ministers determines a ‘state of emergency’ and defines the duration and territorial scope of governmental responses (art.5, *ibid*). The declaration of a ‘state of emergency’ following an earthquake would typically arise from a seismic shock equal or higher than 6 on the Mercalli scale, or its equivalent in the Richter Scale (Bignami, 2010).

Within the international community, similar classification devices are used to decide whether humanitarian and economic assistance should be provided. For example, the European Union applies a severity threshold that considers the economic consequences of a disaster. It allocates solidarity funds when natural disasters cause damage over €3 billion, or 0.6% of the GNI of the country struck by the catastrophe (see: http://ec.europa.eu/regional_policy/thefunds/solidarity/index_it.cfm).

These classifications are important to the governance of natural disasters, for they frame and influence *if*, *when*, and *how* governments and the international community respond to natural disasters, a social and political process that is not separable from other governance activities. Furthermore, the calculation and classification of the consequences must occur almost immediately (because of the urgency of the situation), and yet be built up from a series of more micro ‘data’. The next section considers how these and other

classifications organize the process of responding to natural disasters, including the ways that they relate to and intersect with day-to-day governance activities.

3. Governing Natural Disasters

In his lectures on security, territory and population, Foucault suggested that government, in the current era, is about the correct way of disposing of things (2009). Furthermore, he noted that government was less about imposition and more about arranging the conduct of conduct (2000, p. 341). The current study starts from these observations and proposes that classification—used here to denote both classificatory schemes and the actions that occur around these schemes—are central to governance. Classificatory devices and the associated activities both help to frame the conduct of conduct, and are part of the response to it. Further, classification and the apparatuses of disposal exist in relation to other classificatory devices and apparatuses of disposal. Additionally, the schemes and the ways that they are enacted sometimes have a temporal dimension in that they change as circumstances change. The remainder of this section elaborates on these ideas and outlines how this framing brings to the fore some key aspects of the governance of natural disasters.

Classificatory schemes are an integral part of current day government. Bowker and Star, for example, comment that “classification systems are integral to any working infrastructure” (1999, p.16). Classifications identify and differentiate individuals, things, territories and spaces; and they mark the boundaries between the normal and the abnormal, thereby determining inclusion or exclusion in relation to pre-established norms (Foucault, 1991, pp. 177-184). As Foucault suggested in his earlier work, dividing practices are premised on classification, since it is classification that constructs similarity and difference (Foucault, 1979, pp. 99, 148-9, 156). In the words of Foucault:

...It is not a question of linking consequences, but of grouping and isolating, of matching and pigeon-holing concrete contents.... there is nothing more tentative, nothing more empirical.... than the process of establishing order among things... nothing that demands a sharper eye or a surer better articulated language....

in fact there is no similitude and the distinction, even for the wholly untrained perception, that is not the result of a precise operation and of the application of a preliminary criterion.... (1970, pp. xix-xx).

Written classificatory devices—classificatory artefacts—are an important type of classificatory device. These artefacts are both a congealed dividing practice and something that facilitates subsequent dividing practices. More importantly, however, classificatory artefacts allow for the attachment of resources and actions to different categories thereby helping to facilitate the conduct of conduct. Stated differently, such artefacts divide, but in a way that provides the impulse for certain actions.

The idea that accounting classifications are a useful technology of governance has a long lineage within the accounting literature. Miller and Rose (1990, p. 13), for example, explicitly note that governance involves acts of classification and that accounting participates in these processes. Similarly, Preston et al. (1997) illustrate how the classificatory schemes that were embedded in DRG costing artefacts allowed the United States government to attach funding consequences to different categories, thereby motivating certain strategies on the part of hospitals, medical staff and patients. Field studies examining healthcare in Africa (Rahaman *et al.* 2010), Australia (Chua 1995; Abernethy & Stoelwinder 1995), the United Kingdom (Preston *et al.* 1992; Llewellyn & Northcott, 2005) and the United States (Arnold & Oakes, 1998; Pizzini, 2006), have illustrated the different ways that accounting inscriptions, and the classificatory devices that they are constituted by, participate in organizing the conduct of conduct. More specifically, this prior research shows that it is often the impregnation of accounting classifications with funding consequences that both facilitates governance and contributes to the salience of such classifications.

One of the reasons that these practices are potentially powerful is because they facilitate judgment and action at a distance. Prior research illustrates how accounting inscriptions facilitate governance because they are portable, comparable and combinable (Robson, 1991, 1992). These features allow government bureaucrats and others to make calculations regarding distant locales, to compare them to other sites, and to make judgments about their activities (Miller & Rose, 1990, p. 9). As Rose and Miller (1992, p. 175) argue “knowledge is thus central to these activities of government and to the very formation of its objects, for

government is a domain of cognition, calculation, experimentation and evaluation”. Accordingly, numbers, tables and statistics play a pivotal role in analysing and diagnosing government interventions. Accounting classification devices, and the associated inscriptions, provide the impulse for this mediating process: “to exercise power over events and processes distant from oneself it is necessary to turn them into traces that can be mobilized and accumulated” (Rose, 1991, p. 676). These traces “make the domain in question susceptible to evaluation, calculation and intervention” (Rose & Miller, 1992, p. 185). Furthermore, these inscriptions allow policy-makers and those controlling the funding to not only judge and intervene in these distant sites, but also to adjust and change the classificatory schemes themselves. These acts of adjustment on the part of policy makers, both in terms of how the classificatory device is used, and in terms of the device itself, are central to the current study.

Acts of adjustment are part of the games and strategies that occur around classifications (cf. Foucault 2000, pp. 346-347). The governance of the conduct of conduct, as Foucault observed, is always partial because these techniques of governance rely on a mixture of arrangements that attempt to manage possibilities for action (2000, p. 341). From this vantage point, “one can interpret the mechanisms brought into play in power relations in terms of strategies” (p. 346). These mechanisms act on the ‘free will’ of the acting subject but in a way that is always limited by the reality that the targets of governance are simultaneously acting subjects (p. 342). One of the consequences of this is that games of strategy—involving both those with the ability to influence such mechanisms and those targeted by them—occur around the mechanisms that have been introduced to organize the conduct of conduct. These games of strategy around classifications potentially contribute to the eternally optimistic yet perpetually failing nature of governance (Miller, & Rose 1990, p. 10).⁴

Previous research illustrates that social actors strategize around and with accounting classifications. Sometimes these strategies involve the ways that classificatory artefacts are filled in (Neu et al. 2006, p.659), since it is possible to both influence what distant policymakers will see and perhaps more importantly what

⁴ Foucault suggests that governance is achieved when “stable mechanisms replace the free play of antagonistic reactions” (p. 346) however Miller and Rose (1990), along with others, question whether such stability is ever more than temporary.

contingent funding will be received. In other cases, participants on the ground exercise discretion in terms of how the classificatory device will be interpreted and applied, perhaps in the attempt to buffer their patients, students, and clients from the classificatory consequences (Weiner et al. 1987, p. 471). This prior research draws attention to the importance of how participants, including policy makers, respond to and with classification devices.

One of the ideas present in Foucault's lectures on government is the distinction between normal and extraordinary government. For example, he comments that government also involves the "negative aspects of life" including "accidents such as fire and flood" (2002, p. 318), and that action is needed "to remedy the accidents" caused by disasters (2009, p. 331). Rose (2005, p. 245) echoes this, commenting that despite the fact that the world is constructed on the notion of 'normal', "the usual, the average the common" (Rose, 2005, p. 245), moments arise when this state of affairs is disrupted and where urgent action is required. This sentiment is explicit within Ferejohn & Pasquino's essay entitled "The Law of Exception" (2004) which recapitulates different models of emergency state powers and suggests that the 'norm' refers to "an empirical regularity in the natural world or in the society" reflected in "regular government". But there are also "exceptions, differences, deviations vis-à-vis the norm" (2004, pp. 221-222) instigated by special or emergency circumstances. In these situations, such as civil war, terrorist attacks and invasions, the state may assume "emergency powers" which involve the suspension of, or partial deviation from, the normal mode of constitutional government (idem, pp. 222-223).

More recently, Agamben (2005) has referred to a "global civil war" to illustrate that "the state of exception tends increasingly to appear as the dominant paradigm of government in contemporary politics". Here, provisional exceptional measures are transformed into "a technique of government" (2005, pp. 2-3). Agamben has also emphasized that "The declaration of a state of siege on the occasion of the earthquake of Messina and Reggio Calabria on December 28, 1908 is only apparently a different situation" (idem, p. 17), thereby indirectly including natural disasters among the exceptional circumstances which trigger states of exceptions. However, Lazar (2009), in *States of Emergency in Liberal Democracies*, argues that "there is no

principled reason to make an ontological distinction between terrorist threats and other kinds of threats. Infrastructure disasters... floods, earthquakes, indeed anything that poses a real and urgent threat on a grand scale is an emergency, insofar as one aspect of a government's job is to keep its citizens safe" (p. 8). Indeed, humanitarian crises resulting from war, natural disasters or political collapse are all usually perceived as breaks from normality which spur emergency responses, interventions, techniques and regimes of practice.

While exceptional moments may appear self-evident, we examine here how they are constructed and defined vis-à-vis classifications such as the aforementioned scientific and socio-political classifications. Furthermore, we suggest that the modes of response after an event has been named as a natural disaster are guided by a distinctive set of classifications and interventions.

Previous research suggests that accounting calculations may feed into the initial determination of whether an event will be classified as a natural disaster. Much like situations of normal government, accounting numbers help to calculate and quantify the 'economic' magnitude of the event. Accounting, as "an inherently territorializing activity" (Miller & Mennicken, 2012), involves dividing territories and people from those most affected to those not affected at all, attaching financial and costing measures to those so categorized, and developing boundaries for such issues as healthcare fee exoneration or income tax exemption. These activities help to construct, represent and quantify the crisis, thus separating the exceptional from the normal, and thus providing the impulse for immediate and extraordinary action.

When extraordinary action is seen to be warranted, there is still the issue of how it will be organized, and what will be the relationship between the normal and extraordinary disposition of things. The process of achieving outcomes that are convenient for "each of the things that are to be governed" is more complex in the context of an emergency (Foucault, 1991, p. 95). A crisis creates a situation which not only has to be governed, but one where things must be disposed of quickly, by authorities on the ground and at a distance. Thus a key set of questions pertain to the origins of the extraordinary accounting classifications and associated practices. Second, there is the issue of how they relate to, intersect with, and possibly contradict

the existing programs of disposition? Finally, there is the matter of how these classificatory practices change as the crisis recedes, and how they eventually come to stop?

In terms of the first question, prior research suggests that accounting classifications and practices are sometimes borrowed from other settings, thus functioning as a ready-made technology (Miller & Rose, 1990; Rahaman et al. 2010). Given that natural disasters can occur relatively frequently, classificatory templates and response protocols exist within international aid agencies and also governments (Samin & Goldstein, 2008). At the same time, not every situation is identical, and the politics of the situation will influence the response (Fengler & Kharas, 2010). Thus it is likely that the acts of classification and the associated practices will be an amalgam of things borrowed and built. These classificatory artefacts will be constructed to detect, record, and report such items as the extraordinary healthcare costs and activities sustained by regional/local governments and their local health units in the aftermath of a natural disaster. However, they will also be used to foment, guide and perhaps constrain emergency responses (cf. Rahaman et al. 2010). And, as might be expected, these acts of construction and disposition often enlist groups of accounting and financial management experts to identify solutions, modify and adapt existing practices, and deploy them in the exceptional space (e.g., World Bank, Fengler, Ihsan and Kaiser, 2008).

The relationships among extraordinary and normal disposition assemblages are also salient. For example, healthcare disposition assemblages have often been guided by a mentality of rationing, where the goal is to deliver a fixed amount of health services in the most cost effective manner (cf. Preston *et al.* 1997). One of the consequences is that health delivery providers are almost always operating in a resource constrained fashion, and almost always looking for opportunities to obtain additional financial resources to cover operating costs (Broadbent, Laughlin and Read, 1991). Traditionally, these opportunities are contained by using a combination of post-delivery reimbursement mechanisms and auditing practices (Preston *et al.*, 1992; Tediosi, Gabriele and Longo, 2009). In contrast, extraordinary disposition assemblages are more likely to be guided by a mentality of urgency, at least in the initial moments after the disaster. Such assemblages often forego immediate accountability by using block funding transfer mechanisms and post spending

accountability mechanisms (Fengler *et al*, 2008; Fengler & Kharas, 2010). Furthermore, national laws often devolve responsibility to apply funds for emergency purposes to the affected regional/local governments, leaving a space of discretion regarding the types of service providers (public vs. private) and the types of spending (drugs, temporary accommodations, medical services etc.). Not surprisingly, this creates a discretionary space where politicians and others may attempt to appropriate some of these funds, and where public healthcare providers will try to obtain reimbursement for ‘normal’ healthcare treatment activities.

Finally, there is the question of whether and how the novel classification devices change as the crisis recedes, and the time since the initial event increases. In the immediate aftermath of the disaster, healthcare needs are, and are made to appear as urgent. As mentioned previously, traditional media and social media outlets provide a plethora of almost real-time visual images to the nation and the globe about the scale and scope of the disaster in question. In these moments, the disposition assemblages may be both more rudimentary and more liberally applied than in normal times of government (Alexander, 2000, 2002; Coppola, 2011). However, this is likely to change as the initial emergency recedes, as the media focus shifts to other calamities, and as disposition assemblages ‘evolve’ to decrease the spaces for discretion, thus strengthening novel and purpose built information systems (Cut Dian and Zaki, 2010). These observations raise questions as to the trajectory of disposition assemblages, including whether they are eventually terminated, or whether they morph into a normal form of governance such as the case of HIV/Aids in Africa (Rahaman *et al.*, 2010). The subsequent case considers these questions in more detail.

4. The organization, funding, government and ordinary accounting of Abruzzo healthcare

The Italian National Health Service

According to the Constitution of the Italian Republic, health is a guaranteed right. A National Healthcare Service (INHS) was founded in 1978. It aims to provide uniform and comprehensive healthcare and is financed by general taxation (France, Taroni & Donatini, 2005). The INHS has undergone major

reforms in the last 20 years, with the result that the regions are now responsible for the organization and administration of healthcare (Ianni, 2008). Although regions are expected to provide basic and equal levels of essential care (Torbica & Fattore, 2005), they are free to adopt different organizational and funding models, thereby giving rise to diverse regional systems (Jommi, Cantù & Anessi-Pessina, 2001).

Since 2000 (and Legislative Decree n. 56/2000) Italy has attempted to introduce fiscal federalism (Oates, 1999), in order to ensure greater financial accountability for regional governments. However, there remains a multi-tier structure, with regional differences in the ability to contain health expenditures within the limits of available funding (Tediosi, Gabriele & Longo, 2009). While many regions have achieved fiscal federalism, a small but significant number (such as Abruzzo, Lazio, Campania, Molise), continue to experience financial distress. Under the pressure of federalist thought these regions were asked, in the first half of 2007, to sign an agreement on a budgetary balance plan to be negotiated with, and controlled by, the Ministry of Health and the Ministry of Economics and Finance (Lega, 2008).

In 2008, the said regions failed to satisfy the budgetary stipulations, and the Italian government appointed experts, named 'Commissioners *ad acta*', whose function was to provide quarterly reports on the implementation of the plans and the achievement (or otherwise) of government objectives. Furthermore, a series of measures - such as limits on pharmaceutical expenditures and no automatic right to replace personnel when posts become vacant after people retirement - were applied to non-compliant regions, and access was prevented to a special transitional fund, which was previously created by the government to sustain regions facing higher deficits (i.e., over 7% of total funding) (Tediosi *et al.*, 2009). In order to co-fund their deficits, regions suffering financial stress were permitted (under the 2007 Financial Law) to increase regional taxation on productive activities (i.e., the so-called 'Imposta Regionale sulle Attività Produttive' - IRAP), and impose surcharges on personal income tax (i.e., the so-called 'Imposta sul Reddito delle Persone Fisiche' - IRPEF). These represent some of the major sources of funding for the INHS, together with value added tax (VAT) and excise duty on petrol (Manzoli, Villari & Boccia, 2008).

The Abruzzo Regional Health Service

At the time of the earthquake on 5 April 2009, the INHS at the regional level in Abruzzo was organized around six *Aziende Sanitarie Locali* (Local Health Authorities – LHAs). LHAs are integrated delivery systems providing a full range of health and social services, whose public funding was based on a capitation quota, proportional to the population of the four provinces⁵ of the region (Chieti, Pescara, Teramo and L’Aquila) and of neighbouring smaller municipalities (*i.e.*, Avezzano-Sulmona, Lanciano-Vasto). Healthcare expenses accounted for 86% of the total assets of the Abruzzo Region, whose LHAs were managed by public CEOs.

(Figure 1 about here)

As portrayed in Figure 1, the financial results of each LHA can be greatly affected by the mobility of the population to and from other LHAs, inside and outside the Abruzzo Region. The financial results of the Region and the LHAs can also be negatively influenced by the flow of residents to ‘private’ status in the provision of hospital, diagnostic, rehabilitative and integrative care, but they can also be enhanced by the LHA’s own sources of income (*e.g.*, patients’ payments for diagnostic investigations, or for medicines) (Sargiacomo, 2002).

In September 2008, a Commissioner with experience as a CEO of local governments and CFO of a large LHA was appointed for Abruzzo to achieve governmental aims. As a consequence of the Budget Recovery Plan enforced by this Commissioner (n. 14/09, 12 March 2009), financial distress targets were a pivotal part of the measures imposed for the Abruzzo and related territory - the ‘social space’ of normal governmental action. Healthcare fees were imposed to increase the internal autonomous funding of the Abruzzo Region. Blocking staff turnover and reducing personnel were implemented to contain fixed costs and to reduce healthcare expenses. Expenditure caps were also imposed in relation to general practitioners, private care, public hospital care, building maintenance and pharmaceutical care, whilst non-prescription over-the-counter drugs were regularly paid for by patients/inhabitants of the Abruzzo Region.

⁵ Italy is organized in 20 regions, each of which contains a number of provinces.

The accounting/administrative and reporting apparatus associated with normal government action was primarily a double-entry bookkeeping system, sustained by an annual asset and liability statement and a profit and loss account. Since 2008 there had been a uniform regional plan of accounts and cost centres to which the LHAs had to conform. In terms of pharmaceutical distribution procedures, no drug could be obtained in local pharmacies without a medical prescription issued by a doctor working in the region. In order to authorize and document public care costs and activities, the CEOs inserted ordinary deliberations, orders, and invoices, along with their respective accounting and non-accounting data, into a regional IT information system. The CEOs of LHAs were thus obliged to respect tight budgetary targets for 2009 and to provide quarterly reports (Ianni, 2008) in order to demonstrate adherence to the regional Budgetary Balance Plan. This plan was controlled at a distance by state inspectors, and routinely audited on a three-month basis. Moreover, ordinary checking procedures, aimed at testing the correctness of ordinary costs and activities recorded, were ensured by matching the fiscal codes of the inhabitants of the Abruzzo region with the records of the healthcare costs pertaining to them.

These 'normal' arrangements for the government, administration and financing of regional healthcare, and their respective ordinary accounting architecture, were disrupted when, in the early morning hours of April 6, 2009, an earthquake struck the Abruzzo region.

5. Exceptional Government and Extraordinary Accounting

Defining, classifying and demarcating the terrain of exceptional governance

Preliminary information about the earthquake from the Italian seismic service indicated that the magnitude was approximately 7 on the Mercalli scale. Reports from the police and other local authorities indicated both civilian casualties and significant damage. These events and reports put into motion a series of steps and activities that culminated in an exceptional government program and extraordinary accounting. The remainder of this section describes these steps and outlines the contours of the program.

On April 6th, as reports regarding the number of deaths and the extent of the damage continued to trickle in, Prime Minister Berlusconi, after conferring with his cabinet, declared a national state of emergency. Funds and personnel were allocated through an Ordinance of the President of the Council of Ministers (OPCM, n. 3753, 6 April 2009). The Head of the Civil Defence Department - who at that time was also acting as Undersecretary of the State - was delegated to oversee post-disaster operations. He was given the authority to do what was necessary "in order to satisfy the paramount life needs of the affected populations" (Art.1, OPCM n. 3753, 6 April 2009).

It is important to note that these initial actions were somewhat tentative, as the scale and scope of the earthquake and its consequences were largely unknown. The earthquake itself had damaged the telecommunications infrastructure compromising communications within the region and beyond. This, along with the dispersed nature of the population and the extent of the damage, made it difficult to identify the number of persons missing or injured. In this regard, the declaration of a state of emergency notwithstanding, the implementation of a program of exceptional government needed to await additional information. In the absence of this information, the healthcare Commissioner announced on 7 April 2009 that the local health authorities had permission to exceed expense thresholds established in the Budget Recovery Plan (DCaa, Note Prot. 9426, 6 April 2009). Later in the day, he suspended the Budgetary Recovery Plan altogether for the LHAs, the territories and the citizens belonging to the Province of L'Aquila (DCaa, n. 23/09, 7 April 2009).

Given the confusion that reigned in the days immediately after the disaster, it was not clear how many local authorities were struck by the earthquake. The Head of the Civil Defence enlisted the seismic service to demarcate the terrain of exceptional governance, defined as those areas experiencing an intensity equal to, or higher than, six degrees on the Mercalli Scale. The available seismic data was plotted on a map of the region to identify the communities that would be the targets of exceptional government and the corresponding health authorities that would participate in the distribution of things. These acts of classification and demarcation took approximately ten days. On April 16, the Civil Defence issued a decree defining the earthquake territory

as the 49 municipalities in the Provinces of L'Aquila, Pescara and Teramo (DCD, n.3, 16 April 2009). This area thus became the target of exceptional government (See Figure 2).

(Figure 2 about here)

These classification exercises had important implications for the inhabitants of the region in that these activities not only partitioned physical space but also people. People living outside the defined area continued to be subject to normal government actions, whilst earthquake-affected citizens were to be assisted through exceptional measures. This distinction was not lost on the population and their politicians. In July 2009, three months after the earthquake and after prolonged behind-the-scenes lobbying, the list of affected municipalities and towns was increased to include additional municipalities and towns⁶.

Immediate Humanitarian Aid

Two of the most pressing needs in the days immediately after the earthquake were the provision of accommodation and prescription medicines for the injured. To address these needs, two temporary disposition assemblages were immediately deployed both by the Head of the Civil Defence and by the healthcare Commissioner. In terms of accommodations, displaced persons were moved to hotels located on the Adriatic coast, mostly - but not only - in the towns of Francavilla al Mare, Pescara, Silvi and Giulianova, which are at more than 100 kilometer distance from L'Aquila. This area was selected because it was thought to be safe from any aftershocks and because the hotels were mostly empty since it was not yet the tourist season. Thus, the Head of the Civil Defence ensured "support to the over 30,000 people that have been transferred from the epicenter area towards the coast and were lodged in the hotel facilities whose costs were shouldered by the civil defence system". Moreover, "buses of the regional company ARPA were utilized for the transfer of evacuees to the hotel structures " (Report of the Undersecretary of the State to EU, 2009, pp. 25-27). These costs were directly born by the Department of Civil Defence and were not charged to the LHAs. Indeed the

⁶ DCD n. 11, 17 July 2009, upgraded the number of municipalities to 56.

Civil Defence Department had been assigned a large amount of public funds to urgently launch, manage and pay broad emergency relief activities (Sargiacomo, Ianni and Everett, 2014).

The healthcare Commissioner concurrently relaxed the usual medication distribution procedures, introducing on April 7 a ticket exemption that consisted of both a way to distribute medications to the population and a method to account for these distributions. An identification code, 'Resident of the L'Aquila LHA', was introduced that allowed these 'identified' individuals to obtain medications without payment and without a prescription. The code was changed the day after to 'T09' (the Italian acronym of Earthquake09). The new policy stated that:

hospital and private accredited pharmacies.... will disburse the products/drugs needed even in absence of the authorization of the respective competent healthcare offices, being not compulsory in this first emergency phase to follow the normal procedures. (DCaa, Note Prot. n. 9560/S, April 8 2009).

As the subsequent comments by the Commissioner indicated, the intention was to grant humanitarian discretion to hospitals and pharmacies in order to allow them to provide urgent healthcare to earthquake-injured people. Given that in the days immediately after the disaster neither mobile or fixed phones, nor internet connections, were working, the Commissioner disseminated the policy of free medications to the population through TV and newspaper media.

At the same time, the introduction of a new classificatory code both made possible and implied the need to account for the code-specific expenditures. For example, the Commissioner decreed that:

...each LHA will promptly open a specific cost centre on which there have to be recorded the expenses sustained by the LHAs deriving from the healthcare assistance to be guaranteed [*underlined in original*] to the citizens hit by the quake... (DCaa, Note Prot. n. 9560/S, April 8 2009).

However he also recognized that this space for discretion could be subject to abuse. Thus he simultaneously prescribed that:

...it is disposed that the hospital and private accredited pharmacies...will disburse products/drugs needed even in absence of the authorization of the respective competent healthcare offices, being not compulsory in this first emergency phase to follow the normal procedures....The Direction of Health Policy of the Abruzzo Region is going to get the list of

the names of.... citizens/patients eligible to have the respective therapies. The mentioned list will be promptly sent to the pharmacies in order to permit the administration of drugs.... The list of identity records and personal details of all the citizens/patients... will be available to any interested party....in order to facilitate the identification of the patients deprived by any identity card or fiscal code.... (DCaa, Note Prot. n. 9560/S, April 8 2009).

This later prescription was intended to limit the number of people that could take advantage of the space for discretion.

Gordon (1991, p.10) states that policing, and by implication governing, “is a science of endless lists and classification”. The above excerpts indicate that in the days immediately after the shock, matched lists of patients/diseases emerged and were enlisted to help organize the emergency response. Also apparent is the initial construction of the parallel reporting and calculative procedures needed to support the administration of the fee exemption for pharmaceutical drugs and healthcare assistance. Further reporting procedures were also enacted on the following day, 9 April, when the Commissioner emphasized that:

...in order to achieve a correct accounting and reporting... each prescription holding the T09 code must be gathered in separate rolls and brought to the LHA, in whose territory is located the pharmacy which has delivered the prescription.... The set of forms prearranged to deliver C Class Drugs should be likewise rounded up in separate rolls and handed out to the LHA, in whose territory is located the Pharmacy which has delivered the prescriptions according to the above manners... [and] that the current deliberation be given the maximum diffusion through the media (TV and newspapers) as well as on the Abruzzo Region website (DCaa, 8/47, 9 April 2009).

The above rudimentary accounting and reporting techniques, were borrowed from and defined in relation to the pre-existing normal modes of accounting for dispositions. Whereas the T09 code was something new, it was inserted into the already existing accounting system, adding a new category into which costs could be accumulated. Likewise the list of eligible patients was generated from the information already in the healthcare database. While these recording and classification activities made it possible to account for disaster-related costs, at this early stage, the need to “guarantee healthcare assistance” seemed to supersede any ‘normal’ administrative/accounting procedure. This first phase of the healthcare emergency crisis was set by the Commissioner to end on 30 May 2009.

In this initial period, the new classification-based disposition procedures introduced had tangible consequences for residents within, and outside, the region. Individuals classified as residing outside the borders of the earthquake-crater continued to be defined as normal citizens. They remained subject to the ongoing stipulations of the Budget recovery plan. Thus they usually paid fees for pharmaceutical assistance, non-prescription over-the-counter drugs, and specialist and diagnostic health assistance.⁷ By contrast, those classified as part of the affected populations acquired visibility and the status of “earthquake-injured people”. This rendered them valid recipients of the exceptional government healthcare program. The inhabitants located in the territories devastated by the earthquake benefited from healthcare ticket suspension, free medicine, and specialist and diagnostic health assistance. Importantly, in the social space of exceptional government, the previously established pharmaceutical cap was abolished, as a pharmaceutical assistance exemption was immediately stipulated (See DCaa n.23, 7 April 2009). It was also established that non-prescription over-the-counter drugs were to be distributed free of charge (DCaa, Note Prot. n. 9560/S, April 8 2009) to the classified territories and their lists of inhabitants.

Accounting for extraordinary costs

At the same time that these events were unfolding in the region, the national government was deliberating over what additional aid to provide. Despite the ongoing federal government ideas of financial restraint, which *a priori* impeded any further appropriation of funds from the state to the Abruzzo Region, the Legislative Decree (LD) n. 39, on 28 April 2009 (later converted into Law 77, 24 June 2009), allocated €40 million to the Abruzzo Region to meet the extraordinary costs and activities incurred in relation to earthquake-related healthcare services. These funds, however, were tied to and embedded within a disposition assemblage that attempted to limit the space for discretion. This section considers the activities of coding, classifying, training and funding that were used to organize the conduct of conduct.

⁷ Moreover, normal citizens continued to be subjected to the state/region ordinary fiscal regime, thus paying, for example, all forms of income or personal property taxes.

As the emergency healthcare crisis receded, and amidst federal government concerns that the resources assigned might be misapplied by a region in financial distress, a presidential ordinance (OPCM, n. 3782, 17 June 2009) made access to funds conditional on the Commissioner's presentation of an "Operational Program to further face the difficulties caused by the seismic events" (art.2). This decree was intended to explicitly signal that federal funding was contingent and that an explicit stewardship relationship existed between the federal government and the Commissioner regarding the use of the extra monies. The Commissioner was expected to gather financial information from the various regional LHAs, collate it, and prepare an 'acceptable' OP prior to being able to access the funds.

The Commissioner responded immediately. On 24 June 2009, the same day as the approval of the Law 77/2009 which allocated extra-funding to the Abruzzo Region, he convened a small team of accounting experts, supported by an institutional advisory agency of the region, to develop and share uniform criteria for the recording of costs and activities connected to the earthquake (DCaa 45/09, attachment 1, p. 1). The Commissioner comments:

Considering that... the seismic event renders actual both the need to track down the increasing costs of the INHS for the year 2009 and the following costs due to the earthquake, as well as the re-modulation of the cost containment manoeuvres already deployed by the Budget Recovery Plan.... *recognizing the opportunity to define criteria in order to uniformly record the costs and the activities of all the regional LHAs and to make them comparable.... having consequently considered the fundamental need to distinguish the costs of regular health assistance from those deriving from the seismic event*, according to the following macro-categories (e.g., personnel costs; purchase of sanitary and non-sanitary goods; purchase of sanitary and non-sanitary services, etc) the deliberation is urgent, as for the need to allow in the shortest time possible the start of the recording and accounting of costs connected to the seismic event which occurred on 6 April 2009. (DCaa n. 45/09, pp. 2-3) [*emphasis added*].

Shortly after the Commissioner's announcement, the team of accountants began to meet, initially focussing on the construction of appropriate criteria. As the management accounting officer of the Pescara LHA⁸ recollects:

When we started to meet together we felt an incredible sense of emergency around us, as well as time pressure to write down the new criteria as soon as possible. They had to be crafted

⁸ Interview (November 2010).

very quickly in order to record, document, report and control the post-seism extraordinary costs and activities, but there were no previous examples to imitate. An intra-regional accounting system had been working since 2008, which made all the LHAs costs and ordinary activities comparable and controllable. Nevertheless, in order to access the extraordinary funds allocated by the state for the exceptional post-seism government, and later re-distribute them according to the different activities developed by each LHA, we were asked to build up a management accounting architecture, which had to run in parallel to the already existing regime.

This individual⁹ went on to recall:

We have quite immediately realized that we have to hurry to fulfil our mandate, and after a couple of meetings it was very clear to us that we had to work on the existing regional plan of accounts, schemes and cost categories... accordingly we began to work to modify ordinary practices, adapting them to the disaster circumstances... in order to build homogeneous extraordinary cost-accounting criteria and classifications and install them on the already existing working electronic and paper-based regional infrastructure, so that each operator working in any Abruzzo LHA might have used them correctly.

The above observations are interesting for three reasons. First, the comments capture the sense of urgency that the staff of the LHA felt regarding the classification activities in that federal funding would not be forthcoming until an adequate cost classification scheme was developed. Second, ready-made classification devices did not exist, at least within the affected region, and thus the accountants involved felt as if they were starting from scratch in the development of a classification scheme. Finally, the accountants recognized that the new classification had to somehow integrate with the existing accounting infrastructure. This recognition both made the job easier—because classification practices could be borrowed and modified—and more difficult because there had to be some consistency with the existing infrastructure.

Glancing through the document containing the criteria (attached to DCaa n. 45/09), it is clear that government was, in part, organizing the conduct of conduct by imposing certain accounting rules and practices on the LHA's. For example, it was required that: "Each LHA must open a cost centre specifically addressed to record the costs of the earthquake" (p. 1). The latter prescription had already been stipulated by the Commissioner immediately after the disaster (DCaa, Note Prot. n. 9560/S, April 8 2009), but in the document it was stated that "some LHAs have not already done it" (p. 1). Paper-based documentation was also mandated in the event of a lack of IT records. Further, "existing paper documents in any case should be

⁹ Interview (January 2013).

enclosed to justify the recorded cost” (p. 1). The criteria also required modification of the vertical scheme of the (value-added) profit and loss account of the LHA. This served to enhance the “visibility” of earthquake-related costs, by adding a new “separate column [which] referred to the earthquake, conventionally named CE T09” (p. 1). Contrary to what happened in the first phase of the emergency, the consequences of non-conformity with these last requirements were asserted. For example, “in case of a lack of a documentary accumulation it will be impossible to attribute the sustained costs to the earthquake” (p. 1), thereby arguing that, after the first phase of the emergency, there was no further scope for humanitarian discretion.

Additionally, the federal government provided some general criteria as to how earthquake-related costs should be classified:

- “additional” costs that, apart from the enactment of an appropriate deliberation, have represented an answer to the emergency, and have resulted in an extension of already existing health services.... These services require separate invoicing and separate orders indicating the earthquake cost centre... (e.g., cost of direct distribution of medicines, health transports, prosthesis distribution, etc);,
- "additional" unforeseen costs that cannot be deducted from regular activities, and whose estimate must be done on the basis of agreed criteria (p. 2).
- costs singled out specifically through an appropriate deliberation, referring directly to the earthquake, and thereby easily traceable... (e.g., increase of health guard; paediatric assistance, etc);

The distinction between additional versus non-additional costs and the requirement that costs be easily traceable and justifiable was an attempt, on the part of the federal government, to guide and constrain the cost classification activities of the accounting experts.

The aforementioned general criteria were supplemented with a listing of 26 compulsory criteria that healthcare operators belonging to the five LHAs (i.e., Teramo, Pescara, Avezzano-Sulmona, Lanciano-Vasto and Chieti) were to follow in order to record and prove the extraordinary costs and activities triggered by the earthquake (pp. 3-6). Each extraordinary cost-accounting criterion had a number, a label, and an explanation of the procedures to be followed for correct recording. In some cases there were also sub-classifications which further specified the cost/procedures typologies, thus unveiling an implicit connection between the

establishment of criteria and classifications, and the deployment and coordination of homogeneous work practices in the five LHAs. Table 1 contains some examples of the criteria.

(Table 1 about here)

Importantly, as noted by the following interviewee¹⁰, the combination of the new accounting criteria and related training sessions were pivotal to diffusing and homogenising the accounting practices in the different LHAs. They also inculcated a new *modus operandi* and established a specific vocabulary among the operators in the post-seismic environment:

Before the earthquake none of us had an idea of what extraordinary general healthcare activities would be developed in such post-seismic cases, as well as which accounting and control architecture had to be erected and used. After the building of the criteria and the training meetings we had in the Region for the standardization of the new accounting processes and practices, and once implemented for several months, each of us had gained much more general and specific capabilities and competences. Moreover, the T09 codification, and the related classifications and criteria, became a part of our new habits, daily glossary, and knowledge.

This observation is consistent with the view that “when lists are used to coordinate important work... a correspondingly complex organizational structure and infrastructure evolves” (Bowker & Star, 1999, p; 10). Moreover, the will to train, shape and normalize the accounting behaviour of the five regional LHAs and their operators was also stressed at the end of the description of the 26 criteria, where it was stated that “in case further costs typologies—not considered here—will emerge, the recording and evaluation criteria must be shared by all LHAs before proceeding to their recording” (p. 6).

While the provision of criteria for classifying and recording costs as well as the training of staff potentially guided the conduct of conduct, it was the inclusion of funding consequences that arguably caught the attention of healthcare administrators. During this second phase of the emergency, federal government funds were not to be provided in advance and later accounted for, but rather the receipt of federal funds was to

¹⁰ Interview (November 2010).

be contingent on the provision of appropriate costing evidence—where expenditures were directly and readily traceable to the earthquake. More specifically, the federal government stated that reimbursable costs were:

- all costs justified by the presence of the code T09, regardless of the residence of the citizens assisted within the first 15 days after the earthquake, can be considered pertaining to the earthquake;
- all costs for those considered earthquake victims between the sixteenth day after the earthquake till May 30, must be justified by the presence of the code T09, and residence in the municipalities of the Province of L'Aquila, , in order to be reimbursed by the State;
- all the costs justified by the presence of the code T09, as well as by the residency of the citizens in one of the forty-nine municipalities considered earthquake-victims, for the activities developed after May 30, can be considered pertaining to the earthquake (p. 2).

These criteria introduced a temporal and spatial dimension into the reimbursement mechanism, thus emphasizing Bowker and Star's argument that "list making is foundational for coordinating activity distributed in time and space" (1999, p. 38). Importantly, not only was reimbursement contingent on an appropriate T09 coding but also on belonging to a constantly shrinking spatial territory. Figure 3 illustrates how these time-space-residence writing techniques narrowed the terrain of exceptional government in the successive temporal periods. This resonates with the "spatio-temporal segmentation of the world" highlighted by Bowker and Star (1999, p. 10).

(Figure 3 about here)

This section illustrates how the federal government attempted to organize the conduct of conduct through the introduction of specific classification, coding, training and funding mechanisms. These mechanisms emphasized the ideas of direct, additional and easily traceable costs. Furthermore, they made the release of monies contingent on the provision of appropriate costing information. In this regard, the federal government was, at this time, moving towards exercising a form of normal governance regarding an exceptional event. This strategy shifted the onus of urgency to the LHAs, since funds would only be released after an accounting classification scheme had been constructed and implemented, and after the federal government was satisfied with the accounts provided. However, as subsequent sections highlight, the federal

government strategies encouraged healthcare administrators to strategize with and around these classification devices.

The special case of L'Aquila LHA

At the same time that the Commissioner was attempting to homogenize costing practices and make the regions comparable, he distinguished between "L'Aquila (the epicenter) and other affected regional areas". The DCaa stipulated both the "Criteria for the recording of extraordinary costs and activities connected to the 6 April 2009 earthquake for the LHAs of Teramo, Pescara, Avezzano-Sulmona, Lanciano-Vasto, Chieti" and the "Criteria for the recording of extraordinary costs and activities connected to the earthquake of 6 April 2009 for the LHA of L'Aquila" (p. 3). This distinction encouraged the introduction of extra – extra-ordinary accounting criteria within L'Aquila, different from those enacted for the other five regional LHAs.

The preamble to the L'Aquila document (document n. 2 attached to DCaa n. 45/09) stated that:

Whilst for the other regional LHAs it is a matter of distinguishing which costs have been sustained for the earthquake, as far as L'Aquila LHA is concerned almost all costs sustained have to be considered related to the earthquake. From this perspective, it seems relevant, from the one hand, to track down the costs sustained for regular activities... and, from the other hand, it is necessary to measure the terminating as well as growing costs caused by the earthquake.... Hence it is a matter of seeing the various accounts of the general accounting system and, starting from the costs of the last year, and considering a stable management till March, for the period after the 6 of April 2009 it is necessary to evaluate the costs no longer sustained as well as those that have arisen due to the earthquake (p. 1) [emphasis added].

As the preamble indicates, accounting in the LHA of L'Aquila was complicated by the development of health activities and administrative tasks in a field hospital, which temporarily replaced the services previously provided by the now destroyed hospital buildings of the LHA:

The administrative office... is not accessible... and personnel are working in tent/containers... the internal medicine distribution is working under a tent... each activity has been paper documented but has not been completely loaded in the information system...

the accounting system is not completely operating.... In the very first days after the shock it has been impossible to check personnel presence.... Since April 23 work attendances have been paper-based recorded and they've still to be filled in the electronic procedure (p. 1).

As in the other regions affected, L'Aquila healthcare providers focused initially on the continuous provision of assistance, and later, on how to account for healthcare related to earthquake damage. The act of accounting for the costs was complicated by the fact that, at the time of stipulating the criteria (24 June 2009), many activities were only paper-documented and not yet uploaded in the new IT window information mask. In this scenario, it was necessary to manually classify and record both the terminating and growing costs since this was a new way of partitioning costs. However to 'guide' these activities, and to presumably limit discretion, the government directive defined the costs that were expected to increase and those that were expected to cease and indicated how they should be calculated. Table 2 illustrates some of these criteria:

(Table 2 about here)

Similar to the guidelines for the other LHAs, the government directive imposed a particular set of accounting classifications thereby narrowing the potential range of recording activities.

On the surface, the L'Aquila regional territory was receiving preferential treatment. In that general infrastructure needs could potentially be included in the category of increasing costs, needs that otherwise might have gone unfunded during this period of financial restraint. In speaking with the management accounting officer for the LHA of L'Aquila, he was acutely aware of this potential disparity and also of the need to justify the differential treatment¹¹:

Our situation was very different from the other Abruzzo LHAs, whose activities and populations were partially affected by the disaster.... In our case, everything around us has been struck by the earthquake.

However he also felt a sense of urgency that was present, but to a lesser extent, within the other affected regional areas:

¹¹ Interview (January 2013).

It was a survival issue for us to find a way to make visible terminating as well as growing costs, which otherwise... would have been invisible to the Region and to the State, thus hampering the reimbursement process of additional resources destined to Abruzzo.... This is why our adopted criteria were in many parts different from those of the remaining Abruzzo LHAs.... because the situation of L'Aquila was completely different....

This said, the government's decision to apply different criteria in order to find the appropriate configuration "for each of the things that are to be governed" (Foucault, 1991, p.95) caused tensions with the other affected regional areas. These tensions, in part, related to the resource-constrained situation that all of the LHA's were experiencing prior to the earthquake and, in part, to the fact that the consequences in the epicentre 'travelled' to other LHAs. For example, the CEO of the Pescara LHA recalls¹²:

For us it was clear from the very beginning that inside the region we were the LHA destined to assist the highest number of evacuees escaping from L'Aquila and moving to the hotels located along the safe Pescara coast. Accordingly, whilst it was crucial for us to face any emergency healthcare issues, it was also pivotal to account, represent and document any sustained extraordinary costs and activities, and conform to the new cost-accounting criteria, in order to maximize the probability of receiving the extra-funding. Indeed, my LHA was normally funded for assisting about 20% of the Abruzzo population. In the aftermath of the earthquake we were serving about 25% of our total regional inhabitants, thereby incurring huge incremental costs, and less revenue for fee exemptions of cost-free drugs or activities. We did not want to incur punishments from the state, in terms of objections or rejections to our reimbursement, whilst we were stimulated to obtain the appropriate refunds for the extraordinary costs and activities shouldered by our LHA to manage the population's healthcare in the post-seism scenario.

He later added¹³:

It is rather obvious that many organizational, management and accounting issues emerged in the post-earthquake situation... it is quite impossible to list them all. For example, in order to allow evacuees living in hotels on the coast (and not owning cars) to receive drugs, my LHA had to organize gathering places for the INHS prescriptions as well as convenient drugs delivery procedures managed with the local pharmacies and hotels. Accordingly, we had to send extra personnel—that is GPs or medical guards—for on-site visits to patients, filling-in and returning drug prescriptions and taking notes of their needs. Then we had to send the prescriptions and notes to the pharmacies in the LHA territory which were closest to the hotels where the evacuees were located. Finally pharmacy personnel delivered the cost-free

¹² Interview (November 2010).

¹³ Interview (December 2010).

drugs, the non-prescription over the counter drugs, and also milk and general products for infants (free of charge) to the evacuees.

These quotations highlight how the spatial segmentation of earthquake-affected regions resulted in tensions among the different parties, especially with regards to the apparent failure of the funding-impregnated classification to recognize the mobility of the epicentre population.

The preceding illustrates how different classification practices were used in the different regions, and how this spatial separation not only created different zones for discretion but also caused tensions among the LHAs. In this regard, it offers insights to the “practical politics of classifying” (Bowker & Star, 1999, p. 44) and how the minutiae of classifications influence both “what will be visible or invisible within the system” (ibid) and, equally importantly, what will be reimbursed within the constraints of finite extraordinary resources.

8. The Operational Program

Knowledge is pivotal to the activities of government (Miller & Rose, 1990; Rose & Miller, 1992). Documentation and calculation were especially important to the implementation of exceptional government in the post-seismic scenario. Indeed, as mentioned earlier, each LHA was asked to calculate the extraordinary costs generated by the earthquake in order for the Commissioner to elaborate an Operational Program, which would be submitted to the state in order to unlock the emergency funds for healthcare that had been allocated. In doing so, “the social economy” of the post-seismic scenario was “also evaluated through its numericization” and, accordingly, accounting data, numbers, tables and schemes became “intrinsic to the formulation and justification of [the post-earthquake] governmental [healthcare] programs” (Rose, 1991, p. 674). Further, the “accounting inscriptions” (Robson, 1992) accumulated at a micro level, being portable, combinable and comparable, were grouped and represented in the Operational Program, before submission to the state for examination.

The September 2009 Operational Program

On 9 September 2009, only two months after the federal government had stipulated criteria for determining appropriate costs, the Commissioner presented his Operational Program to the Ministry of Health and the Ministry of Economics and Finance. The “Estimate of the costs attributable to the 6th April 2009 shock” - the bulk of the OP - is represented in Table 3.

(Table 3 about here)

As Table 3 illustrates, the Commissioner, in his presentation of the earthquake-related costs chose to include four cost categories. Additional operating costs were the first category and amounted to €31.055 million. More than 75% of these increased operating costs arose due to the mobility of regional patients to private providers. The remaining 25% are attributed to the increasing costs of personnel, goods and services in the LHAs, and to other extraordinary costs. These costs were ‘supported’ by the inclusion of, and reference to, the specific aggregation codes that were used to accumulate the costs within the financial accounting system.

In addition to this first category, there were three other categories of costs that would prove to be more contentious. The second category, totalling €12.637 million, pertain to the reimbursement of “unproductive fixed costs”. These concerned the costs of tenured personnel of the LHA of L’Aquila who, though receiving a regular salary, were unable to work from 6 April to 31 May 2009 due to the inaccessibility of hospital buildings damaged by the earthquake. The third category, amounting to €44.975 million, asked for the reimbursement of lower operating receipts (diminished collection of tickets for specialist and pharmaceutical assistance, reduced mobility into L’Aquila LHA, and lower regional tax receipts) that were the direct consequence of the earthquake. Finally the Commissioner asked to be reimbursed for the expenditures that the region incurred on behalf of the Department of Civil Defense in the days immediately after the earthquake. The Commissioner noted that in case the early emergency expenses (€16.656 million for the provision of temporary lodging, disaster relief services, safety measures and clearing of devastated areas)

were not paid by the Civil Defence (p. 6), this would have caused further difficulties in meeting the financial targets stipulated by the Budget Recovery Plan. Thus in total, the Operational Program calculated that the impact of the earthquake on the operating costs of the Abruzzo healthcare services amounted to €88.667 million¹⁴, not including the monies to be reimbursed by the Civil Defense Department. On the basis of the operational plan provided, the Commissioner requested an additional €50 million above and beyond the €40 million already promised by the federal government (p. 10).

Not surprisingly, the government decided to review the plan, asking the Ministries of Economics and Health to conduct an examination of the numbers and their assumptions. As one of the state inspectors that participated in this process noted, one of the purposes was to ensure that expenditures pertaining to ‘normal’ healthcare activities did not find their way into the request for extraordinary funds¹⁵:

Although a State Commissioner was already working on-site in Abruzzo to manage the post-earthquake situation, the state was also obliged to control centrally all the post-earthquake extraordinary costs and the documentation of the additional activities. The state was already controlling the advancement of the normal rationalization program of government, through a previously adopted homogeneous accounting system. Indeed the state was deploying a strict federalist reform, where no extra-money might be accorded to non-virtuous regions, and Abruzzo was already suffering from healthcare financial distress. Accordingly, while €40 million had been stipulated by the emergency Law to sustain the post-seism healthcare additional actions, leaving the Abruzzo Region the freedom to use them to deploy any post-seism activity, the state and all the other Italian regions wanted to be sure that the funded extra-money was destined only to incremental extraordinary costs, and not to cover previously existing regional deficits.

The above quotation is interesting because it illustrates how techniques of examination were enlisted in the attempt to maintain the distinction between the categories of normal and exceptional government.

¹⁴ The costs for the reconstruction of the hospital, restoration and infrastructure adjustments are excluded by the calculi presented, but they will worsen the balance of the Abruzzo Region healthcare system in future years. The damages incurred by S. Salvatore Hospital, L’Aquila accounted for €74 million. Only €44 million was covered by insurance that had a fixed maximum amount of reimbursement. At the time of writing only 1/3 of the remaining extra costs for rebuilding the hospital is to be funded by public resources allocated by the state.

¹⁵ The OP was firstly examined on 10 November 2009, but the decision not to approve it was taken only in December by the Ministries of Health and Economics and Finance. In this and in the following sub-section reference will be made *verbatim*, to this report, as well as to the interview with one of the inspectors (October 2010).

The examination of the OP performed by ministry experts took two months (October and November 2009) and raised serious concerns about what costs were included and how the costs were classified. For example, the inspectors noted that “some recorded costs that have been charged to the Regional Health Service by the Commissioner do not represent additional costs” (p. 2). In particular, the experts objected to the reimbursement of the aforementioned “unproductive fixed costs” (of €12.637 million) in that “the costs of unproductive personnel as well as of goods and services have already been included in the CE [profit and loss account] and are not additional [costs]” (p. 2). They also stated that the OP included costs that pertained to fiscal periods after the current fiscal year-end (FY09). In particular they referred to the geographical mobility of patients and the expected €7.875 million cost “that will be accounted only... in future balances” (in 2010), and which did not therefore represent lower receipts “to be balanced for the FY 2009” (p. 2). Similarly, the expected lower regional tax receipts of €32.800 million pertain to future periods and thus cannot be included in the claim for emergency funds for 2009 but rather should be postponed to 2010. Finally, contrary to the view of the Commissioner, the ministerial experts argued that the reimbursement of the expenditures made on behalf of the Civil Defence Department should not be included in the OP.

Given these concerns, the OP was “not approved” and the affected regions were unable to access the €40 million in extraordinary funds allocated for the emergency nor to secure the additional requested €50 million in funding. Rather, the government requested that the OP be reformulated and resubmitted by January 31, 2010. In response to this decision, the Commissioner declared in the newspapers his intention to continue to request €50 million of additional funds to cover extraordinary healthcare costs (Piccinino, 2009). On the same day he resigned.

The games of strategy involving the Commissioner and the federal government utilized accounting classifications and accounting experts. In his attempt to access additional funds for the region, the Commissioner directed his team of accountants to follow but modify the federal government’s criteria regarding the accumulation of additional costs. These modifications involved including foregone revenue inflows and including future-oriented items in the current period. They also involved the adoption of a

different reporting format, one that foregrounded the earthquake-related expenditures by downplaying and, indeed, obscuring the normal healthcare expenditures. The federal government, in turn, relied on its own team of experts to scrutinize the accounts provided. Furthermore, at the end of the day, it was the federal government that controlled the funds and thus it was able to reject the OP and send it back to the Commissioner for revision. These visible confrontations between the Commissioner and government highlight how funding-impregnated classification mechanisms may be a site of struggle. At this moment in time, stable mechanisms had not yet replaced the free play of antagonistic relations (cf. Foucault, 2000, p. 346) but rather were the terrain around which these struggles took place.

The January 2010 Operational Program

One day after the Commissioner's resignation, the Council of Ministers replaced him with the Governor of the Abruzzo Region (De Frenza, 2009) and on 13 January 2010 also appointed two sub-Commissioners¹⁶ to support his work. These acts reinforced state control over both the Budget Recovery Plan for healthcare and the allocation of emergency funds. The Governor of the Abruzzo Region - acting as Commissioner - was asked by ministerial experts to reformulate the OP and provide "an adequate quantification of the costs connected to the earthquake" (Minutes of the meeting of 18 December 2009, Ministries of Economics/Health, p. 11). In order to better exert 'control at a distance' over the re-formulated OP, the state requested the compulsory use of the ordinary vertical scheme for the regional profit and loss account, with the "addition of a new separate column for earthquake-related expenditures, conventionally named T09 column" (DCaa 45/09). This permitted the state inspectors (who were the same team checking the ordinary accounts) to disclose ordinary and extraordinary costs on the same rows, thus quantifying and comparing the costs of normal and exceptional government. A further measure was also introduced. The state stipulated that the allocation of the final instalment of the normal healthcare funds for the financial year 2008 would be subject to the approval of the earthquake OP (idem, p. 12). The re-formulated OP presented in Table

¹⁶ One of the two sub-commissioners resigned immediately.

4, was sent to the central government at the end of January 2010, and was examined by ministry experts at the end of April.

(Table 4 about here)

The final OP requested total funds of €40.729 million, less than half of the previous regional request and almost exactly the amount that the federal government had offered for disaster relief. Comparing the September 2009 estimate with the January 2010 ex post OP it is possible to see that much of the private care costs were removed. A more articulated and detailed portrayal of public care costs was provided, one which followed analytically the approved extraordinary cost criteria, with the unique exception of the contested criterion no. 45 relating to “unproductive fixed costs”. Moreover, all the estimates which had generated no financial repercussions for FY 2009 were postponed to subsequent years, while objected costs completely disappeared. Although there were no contestations on the accounting data represented in the January 2010 OP, the ministerial experts complained that “the content of the action plans adopted” by the Region “to face the further difficulties caused by the seismic event” was still missing (Minutes of the meeting of April 28, 2010, Ministries of Economics/Health, p. 1). Accordingly, the state emphasized that “it is necessary to obtain that content... in order to proceed to the approval and the consequent allocation of resources” (ibid). Whilst the state did not raise objections about accounting inconsistencies or assume the submission of massaged numbers, it imposed the stringent condition that resources would only be transferred to the Abruzzo Region once the additional information requested had been received.

Once the action plans were sent to central government (in September 2010), they were approved by ministry experts without any objection at a meeting on 2 December 2010. Thus, whilst the emergency healthcare stage had ended on 31 December 2009, the post-earthquake healthcare OP was approved a year later. This also activated an emergency termination process, thereby triggering the subsequent allocation (for 2011) of the extra post-earthquake healthcare funding to the Abruzzo Region for FY 2009. It also

appropriated the final instalment for FY 2008, which had been previously locked by the state until the OP had been examined and approved.

While it might appear that the initial allocation by the federal government had been an excellent estimate of the expected costs, the reality appears more ambiguous. On the one hand, accounting classifications were an essential component of the disaster response. For example, the Director of the Abruzzo Health Region states¹⁷:

The new accounting criteria and procedures crafted after the earthquake have been pivotal for us in documenting and representing the extraordinary activities and costs, as well as the smaller revenues, in order to access state emergency funds. Without the extraordinary accounting, nobody would have been able to document and represent the above digits and actions, as well as to re-allocate resources to each LHA, private providers, local pharmacies, etc... thereby disabling the reimbursement of the extra-funds. This would have meant for us either to reduce the extraordinary post-seism activities, or to pay for them by increasing regional personal income taxes, the regional tax on productive activities and the excise duties on petrol, as well as putting higher healthcare payments for the population... Any of these last decisions would have been awful for a population already devastated by a major earthquake.

On the other hand, the acts involved in classifying an item of expenditure as either normal or extraordinary were certainly not clear cut and were never separate from the games of strategy and politics around the earthquake. As this same individual recalls¹⁸:

We had to increase the personnel working in our public structures besides that in the LHA of L'Aquila. Indeed, the shortage of personnel in relation to ordinary activities previously established by the implementation of the Budget Recovery Plan made it impossible to conduct the exceptional activities for the evacuees via a normal production capacity. Accordingly, it was necessary to employ extra personnel in order to provide services for the evacuees. Nevertheless, it was not always possible to find extra personnel, and therefore it was necessary to resort to staff doing overtime as well as being on call.... The main personnel costs amounted to €3,003,031.81. The extraordinary costs and activities for the maintenance of buildings were mainly concentrated in the LHA of L'Aquila, which absorbed a major part of the total amount (i.e., 88% of €8,062,495.52).... Some of the remaining LHAs were obliged to develop actions and spend extra-money, but on a different scale.

And:

Public hospitals were obliged to provide extra-work for the out-patient and hospital assistance devoted to the injured and the entire population hit by the quake in the first weeks after the disaster (€2,431,883.63), as well as private facilities (€1,650,381.50). Among the many people injured in the earthquake, those considered to be most affected by the disaster were

¹⁷ Interview (December 2010).

¹⁸ Interview (December 2010).

undoubtedly the elderly and weak individuals who had been previously assisted within their own families, and for whom, in most cases, it was necessary to organise hospitalization in regional and extra-regional residential structures. The relative costs for this exceptional assistance, provided both in public (€449,891) and private (€1,288,291) structures, totalled €1,738,182. The earthquake also brought less revenue into the Region as far as the medical system was concerned due to the fact that most medical services were provided by exemption to the populations affected, for both outpatient services and pharmaceutical products (€5,449,578.92).

Some of the above expenditures did not fall neatly into or outside the extraordinary category, yet, when included, they were the items that were challenged and thoroughly inspected by the government's experts.

The above comments highlight not only the high degree of complexity in the “calculated management of life” (Foucault, 1981) but also the struggles that occur in these situations. As previous research has acknowledged, governance almost always involves the distribution of scarce resources (Preston *et al.*, 1997) and these distributions become even more complicated in exceptional moments when there is an overlapping sphere of action between the normal and the extraordinary. In these circumstances, it may take several iterations before mechanisms of disposition, such as the funding-impregnated classification scheme are ‘accepted’ by the involved participants. The irony, of course, is that this mechanism only became stable (cf. Foucault 2000, p. 347) at the point that the program of exceptional government was being terminated and where all healthcare funding for the region would be disposed of via the normal mechanisms of distribution that were implicit in the Budget Recovery Act.

9. Conclusion

This study has attempted to explore the extraordinary accounting apparatus established following the Abruzzo earthquake of 2009. Using the insights of previous research on governmentality, as well as work on classification and its effects, the study has analyzed the construction, quantification and termination of a period of exceptional government. Whereas prior research has tended to emphasize how accounting helps to facilitate normal governance, the current paper emphasises that things do not always proceed according to

plan and unexpected events require departures from the 'normal' (Rose, 2005, p. 245; Miller & Rose, 1990, p. 11). These departures encourage the investigation of episodes of government during "states of exceptions" (Agamben, 2005) and the related regimes of extraordinary practices (such as accounting) that emerge in the aftermath of crisis events such as natural disasters.

The analysis provided has sought to complement and extend prior accounting research in three ways. First, and perhaps most obviously, the analysis has illustrated the central role of 'accounting' and 'non-accounting' classificatory devices in programmes of governance. Classifications were important component of exceptional governance, helping in the construction and demarcation of the natural disaster as well as in the disposition of things in the earthquake's aftermath. Scientific classification of the severity of the earthquake as being above six on the Mercalli Scale (Richter, 1935; Lee *et al.*, 2002) helped to focus visibility on the event and encouraged the Italian government to declare a 'state of emergency' (Bignami, 2010). Classifications, rankings and lists of municipalities and their inhabitants were subsequently identified on maps and cartographies (Foucault, 1979, 1991) and were used in tandem with calculative practices (Miller, 2001) to not only classify the Abruzzo earthquake as "a disaster", but also to define its boundaries, quantify the economic magnitude of the shock, and to put into motion an exceptional government assemblage. Accounting classifications were integral to this assemblage, in that they helped to distribute differential resources to different population segments and made access to government funding by the LHAs contingent on these funding-impregnated classificatory devices. Taken together, such devices were crucial for constructing a post-seismic "working infrastructure" (Bowker & Star, 1999, p. 10) and for giving order and visibility to earthquake-injured people and the associated 'additional' costs. Thus, in these ways, accounting classifications were one of the technologies that made 'exceptional' governance possible (Miller & Rose 1990, p. 8).

Second, the analysis has highlighted the interrelations between normal and extraordinary accounting in moments of exceptional governance. Consistent with the observations of Miller and Rose (1990, p. 11), the case study shows how programmes of governance often enlist a complex amalgam of borrowed and built

accounting technologies. The launch of exceptional governmental measures in the first days after the disaster gave rise to a rudimentary extraordinary accounting and reporting apparatus. While the immediate response of the government to the earthquake emphasized that “healthcare assistance” had “to be guaranteed to the citizens hit by the quake” (Note Prot. 9560/S, April 8, 2009), within two days on-the-ground personnel were instructed to begin to account for what was happening. Matched lists of T09-classified inhabitants-diseases were sent to local pharmacies to document the administration of fee exemption drugs and healthcare assistance. These lists, which were borrowed and generated from the existing normal accounting system, became one of the building blocks for identifying the costs of the earthquake. And when the initial healthcare emergency started to recede, the classifying and recording of costs began to assume even more importance, in part because the national government made disaster assistance contingent the provision of an acceptable Operational Programme. The contingent funding, along with the urgency to the regions to access these funds, provided the impulse for the LHAs to enlist the help of accounting experts to develop a system of accounting classifications to identify and measure the incremental healthcare costs associated with the earthquake. As the analysis highlights, the system of classifications that emerged borrowed from the existing normal accounting system yet was distinct, especially in terms of how certain types of costs were classified. In these ways, the study complements and extends prior research by providing an example of how a programme of accounting was constructed in an exceptional moment. Put simply, it shows how a serious earthquake becomes an important accounting event, and how that in turn facilitates or constrains resource flows.

Finally, the analysis foregrounds the games of strategy that occur around accounting classifications in such circumstances. The specification by the federal government that the access to emergency funding was contingent on the provision of an acceptable Operational Plan and the provision of specific classificatory rules attempted to organize the conduct of conduct so to speak, on the part of the involved LHAs. The initial response of the Commissioner, however, classified and accumulated costs in a way that suggested that the amount of emergency funds needed was more than double what the national government indicated was available. This, in turn, encouraged the national government to enlist its own experts to review the lists and to

declare the plan as unacceptable. The rejection of the plan precipitated the resignation of the Commissioner, the appointment of a more pliable Commissioner by the federal government, the submission of an OP that accumulated costs in a way that was consistent with the available monies, and the eventual acceptance of the OP and the release of the available funding. This sequence of events illustrates the iterative nature of governance and how strategy involves the tentative search for 'winning' solutions (Foucault 2000, p. 346). Arguably, neither the federal government's first attempt to organize the conduct of conduct, nor the response of the first Commissioner, were a winning solution. However, as the analysis highlights, these confrontations were worked out (cf. Foucault 2000, p. 347) as the moment of exceptional government eventually morphed back into a pattern of normal government. More specifically, this working out involved the use of a standardized reporting format, the ordinary vertical scheme of the profit and loss account with the addition of a T09 column, and a more strict adherence to the government's guidelines on the recording and classification of costs. After a small amount of additional negotiation, the OP provided was approved on 2 December 2010, bringing to an end the programme of exceptional government and extraordinary accounting, thus returning the region back 'normalcy'.

In recent decades earthquakes and natural disasters have caused wide-scale destruction in a number of countries, resulting in death, injury and dislocation of the affected populations, and it is surprising that they have received so little attention from accounting scholars. This disregard is all the more surprising when it is recalled that "natural disasters are far more destructive than wars" (*Yahoo News*, 28 August 2007) and the costs of recovery and rehabilitation are enormous. Indeed, according to the World Bank, since 1980 the economic cost of disasters in developing countries has amounted to \$1.2 trillion, equivalent to about one third of all official development aid (World Bank, 10 April 2013). The costs associated with individual disasters such as Hurricane Katrina in 2005 were \$300 billion, whilst the Haiti earthquake in 2010 required \$3 billion in emergency funds and a further \$1 billion for reconstruction. Importantly, the UN Office for Disaster Risk Reduction (UNISDR) declared on 14 March 2013 that, "for the first time in history the world has experienced three consecutive years where annual economic losses have exceeded \$100 billion due to an enormous

increase in exposure of industrial asset and private property to extreme disaster events” (<http://www.unisdr.org/archive/31685>).

The preceding statistics suggest that natural disasters have very real consequences for the planet and for the people affected by them. However these disasters are also ‘focusing events’ which bring contemporary practices and structures into sharp relief. As focusing events, they have the potential to provide us with new insights regarding the intersections among governance and accounting, including the consequences for people and the planet (Atkeson & Maestas, 2012, p. 27; Walker, 2000). Calls for the academy to pursue a ‘phronetic social science’ (Cooper & Morgan, 2008) suggests a focus on investigating ‘things which really do matter to people’. Earthquakes and other natural disasters are clearly sites where accounting does matter.

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DPCM 7 April 2009 – Declaration of the national “state of emergency”.

Legislative Decrees and Laws (DL and L):

DL n. 39/09, Legislative Decree n. 39, 28 April 2009, “Urgent interventions in favour of the populations struck by the seismic events occurred in the Abruzzo Region in April 2009 and further urgent interventions about civil defence”. This DL has been later converted into L n.77, 24 June 2009.

[this DL allotted €40 million for the extraordinary activities and costs sustained for the earthquake-related healthcare emergency services, increased the previously established pharmaceutical expenditure cap and concurrently gave priority to later obtain further national funds for the earthquake-proof reconstruction/reorganization of health facilities]

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OPCM. n. 3782, 17 June 2009 “Further urgent interventions destined to face the seismic events occurred in the Abruzzo Region on 6th April 2009”. [This OPCM, among other things, conditioned the access to the resources allotted by the DL n.39/09 upon presentation of an “Operational Plan to further face the difficulties caused by the seismic events”, ex Art.2]

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DCaa Deliberation n. 23/09, 7 April 2009: “Earthquake of the Province of L’Aquila - Suspension of the deliberation of the Commissioner *ad acta* for the deployment of the Recovery Plan n. 14/09 of 12 March 2009, limited to the residents in the LHA of L’Aquila [territory]”. [Through this deliberation, among other things, the Commissioner prescribed the ticket exemption for all citizens resident in the L’Aquila LHA territory].

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DCaa, DG 8/47, 9 April 2009 “Urgent measures related to pharmaceutical assistance in favour of earthquake victims – C Class Drugs”.

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DCaa, n.28/09: Deliberation n. 28/09, 6 May 2009: “Earthquake of the Province of L’Aquila – Modifications and integrations to previous deliberations”. [Through this deliberation the Commissioner confirmed the previous DCaa 23 & 24, broadening the exemption zone to all the 49 municipalities belonging to the “earthquake crater identified by the DCD n. 3, 16 April 2009. By so doing whilst the exemption zone was also applied to some towns belonging to the neighbour Provinces of Pescara and Teramo, some municipalities belonging to the Province of L’Aquila - that were not damaged by the earthquake - were excluded from it]”.

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Document attached n.1: “Criteria for the recording of extraordinary costs and activities connected to the 6 April 2009 earthquake for the LHAs of Teramo, Pescara, Avezzano-Sulmona, Lanciano-Vasto, Chieti

Document attached n.2: “Criteria for the recording of extraordinary costs and activities connected to the earthquake of 6 April 2009 for the LHA of L’Aquila”.

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DCaa, OP, January 2010: “Operational Programme for the difficulties caused by the seismic events”. [this deliberation has been taken by the new Commissioner *ad acta*, that is the Governor of the Region]

Miscellaneous

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Minutes of the meeting of December 18, 2009, Ministries of Health/Economics. [when the Governor of the Abruzzo Region – acting as new Commissioner *ad acta* - has been asked to re-formulate the “Operational Programme”].

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Minutes of the meeting of December 2, 2010, Ministries of Health/Economics [when it has been permitted to allocate the FY 2009 post-earthquake additional resources to the Abruzzo Region, thus closing the “Operational Programme examination procedure”].

Interviews

<i>Interviewee</i>	<i>Day</i>	<i>City</i>	<i>Location</i>	<i>Duration</i>
<i>Director of the Health Policy Office of the Abruzzo Region</i>	29/11/2010	Pescara	Health Policy Office of the Abruzzo Region	2h
	06/12/2010	Pescara	Health Policy Office of the Abruzzo Region	2h
	07/12/2010	Pescara	Health Policy Office of the Abruzzo Region	1h
	12/01/2011	Pescara	Health Policy Office of the Abruzzo Region	1,5h
	14/01/2011	Pescara	Health Policy Office of the Abruzzo Region	1h
<i>CEO of the LHA of Pescara</i>	19/11/2010	Pescara	CEO Office of the LHA of Pescara	2h
	29/11/2010	Pescara	CEO Office of the LHA of Pescara	1,5h
	02/12/2010	Pescara	CEO Office of the LHA of Pescara	1h
<i>Director of the Management Accounting Office of the LHA of Pescara</i>	19/11/2010	Pescara	Management Accounting Office of the LHA of Pescara	2h
	29/11/2010	Pescara	Management Accounting Office of the LHA of Pescara	2h
	02/12/2010	Pescara	Management Accounting Office of the LHA of Pescara	2h
	11/01/2013	Pescara	Management Accounting Office of the LHA of Pescara	1h
<i>CEO of the LHA of L'Aquila</i>	26/11/2010	L'Aquila	CEO Office of the LHA of L'Aquila	2h
	11/01/2011	L'Aquila	CEO Office of the LHA of L'Aquila	1h
	15/02/2011	L'Aquila	CEO Office of the LHA of L'Aquila	1h
<i>Management Accounting Officer of the LHA of L'Aquila</i>	26/11/2010	L'Aquila	Management Accounting Office of the LHA of Pescara	2h
	11/01/2011	L'Aquila	Management Accounting Office of the LHA of Pescara	2h
	15/02/2011	L'Aquila	Management Accounting Office of the LHA of Pescara	1h
	17/01/2013	L'Aquila	Management Accounting Office of the LHA of Pescara	1h
<i>Director of the Office Balance of the LHA of L'Aquila</i>	26/11/2010	L'Aquila	Balance Office of the LHA of L'Aquila	2h
	11/01/2010	L'Aquila	Balance Office of the LHA of L'Aquila	2h
	15/02/2011	L'Aquila	Balance Office of the LHA of L'Aquila	1h
<i>Inspector of the Ministry of Economics & Finance - Healthcare</i>	05/10/2010	Rome	Rome Office	2h

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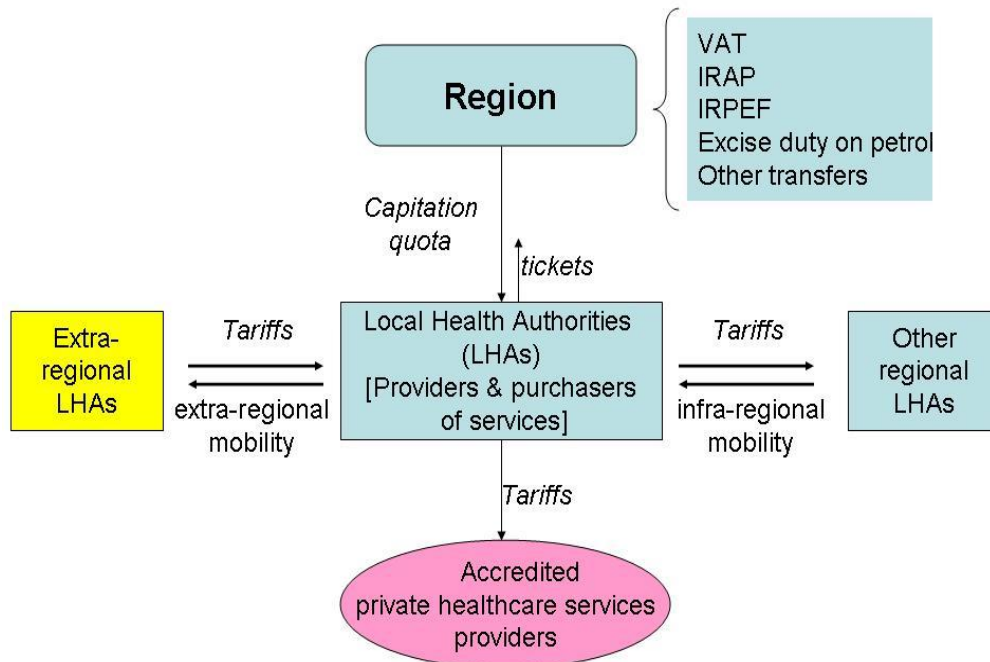
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Fig. 1: Funding Model of the Abruzzo Region Healthcare



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Fig. 2 : Territorial demarcation of the classified “crater space” struck by the quake

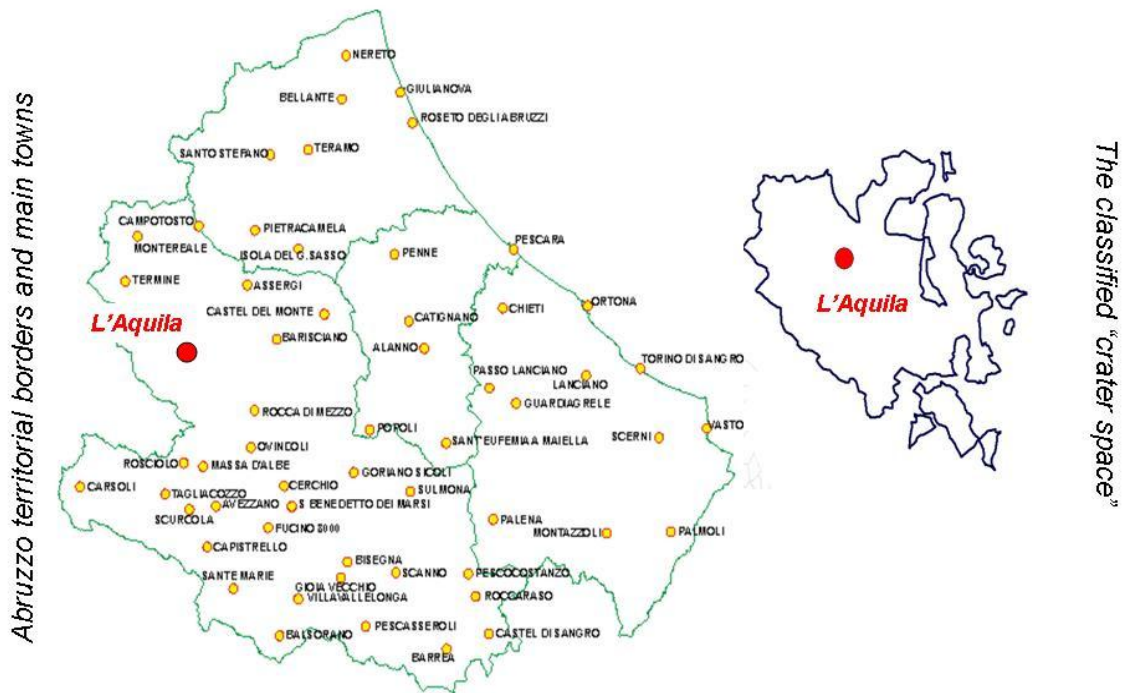
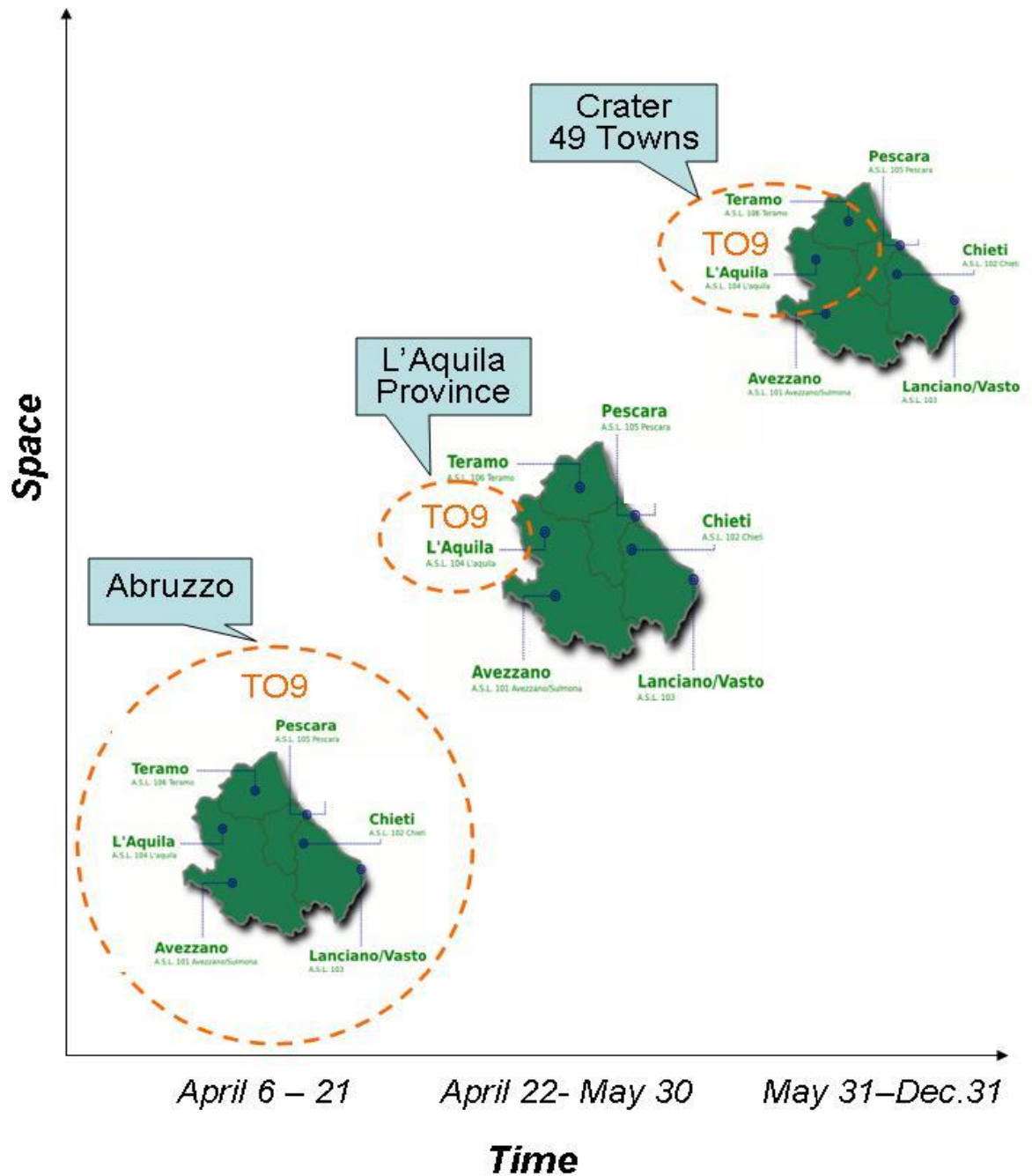


Fig. 3: Time-space-residence disciplinary writing techniques coupled with the specific T09 codification in the 5 LHAs



Table

Table 1: Examples of the “Criteria for the recording of extraordinary costs and activities arising from the 6 April 2009 earthquake in the LHAs of Teramo, Pescara, Avezzano-Sulmona, Lanciano-Vasto and Chieti”

No.	CRITERIA
1	Territorial pharmaceutical assistance: all that is passed through prescriptions, is traced via T09 code and residence of the citizen, and is computer recorded....
4	<p>House oxygen distribution: a different behaviour must be followed in the following cases:</p> <ul style="list-style-type: none"> - contracted-out house oxygen therapy: a separate invoice must be required from the provider, and hence a specific booking must be made; discharges from orders/invoices must be done at the earthquake cost centre; - house oxygen therapy carried out by local public pharmacies: this falls within the recording system at point 1; - house oxygen therapy carried out directly by the LHA: the oxygen consumption referred to earthquake victims must be reported and supported by paper-based documentation.
14	Admissions in Psycho-Rehabilitation Structures: private providers since 2009 have been invoicing directly the LHAs where they are located, despite the residence of the patient. Those private providers must be asked to separately invoice everything pertaining to the T09 code. Also in this case a computer control on the residence of patients must be done ...
15	Admissions to hospitals made by private accredited providers: Since 2009, structures have been invoicing directly the LHAs where they are located, despite the residence of the patient. Those private providers must be asked to separately invoice everything pertainin to the T09 code. Also in this case a computer control on the residence of patients must be done ...
19	<p>Personnel: Since LHAs have hired people as a consequence of the earthquake through appropriate deliberation, only related costs must be reported. The cost of this personnel will have to be recorded in the Earthquake Cost Center. In the period spanning the earthquake till the moment when specific hiring has been done, LHAs can report costs for longer overtime, additional performances, or leave not taken but already authorized.</p> <ul style="list-style-type: none"> - Overtime: monthly hours must be recorded according to qualification, subtracting the hours carried out on average in January, February and March 2009... - Additional performances: must be recorded according to qualification and must be justified by specific authorizations and by the clock out time. - Leave not taken: only those already authorized and revoked for the earthquake are considered, differentiated by job qualification. <p>Overtime, additional performances and leave not taken will have to be valued according to job qualification on the basis of what is prescribed by collective labour agreements in force.</p>

Table 2: Examples of the “Criteria for the recording of extraordinary costs and activities connected to the 6 April 2009 earthquake for the LHA of L’Aquila”

Ledger	Productive factor	Ceasing costs caused by the earthquake	Growing costs caused by the earthquake
30	Purchase of sanitary goods	All the products present in the inventory made available to the other regional LHAs. Costs must be valued according to the weighted average cost [method], VAT included, as it results from inventory procedures.	Potential specific purchases made for the earthquake ... Products expired, or destroyed by, the earthquake
34	Pharmaceutical assistance	...the cost budget 2009, once subtracted the use made by the remaining [citizens], is a ceasing earthquake cost	Pharmaceutical fees which have not been collected represent rising costs
40	Services from regional LHAs		Larger passive mobility for health services provided by regional LHAs directly linked to the earthquake
41	Services from extra-regional LHAs		Larger passive mobility for the health services provided by extra-regional LHAs directly linked to the earthquake
43	Advice	Interrupted advice, for which no services have been provided, are here included	All activated advice services caused by the earthquake
45	Health Personnel	Overtime, availability, etc... costs must be deducted	Total costs of personnel unable to perform duties with regard to the volume of the delivered services, have to be calculated

Table 3: Estimate of the costs attributable to the 6 april 2009 shock

COMMISSIONER AD ACTA FOR THE FULFILLMENT OF THE RECOVERY PLAN OF THE ABRUZZO REGION

ESTIMATE OF THE COSTS ATTRIBUTABLE TO THE 6 APRIL 2009 SHOCK

THE SHOCK COSTS ARE REFERRED TO THE APRIL / DECEMBER 2009 TIME PERIOD

Items of the synthetic scheme of the CE [Profit and Loss Account]		
Aggregation Code	Item	Estimate of the Regional shock costs
	PRODUCTION COSTS	
A01	personnel costs + irap [regional tax on productive activities]	2.173
A02	pharmaceutical products	-
A03	other goods and services	932
A04	services of territorial health assistance	-
A05	pharmaceutical accredited care	-
A06	specialist health assistance made by private accredited providers	3.192
A07	rehabilitative services made by private accredited providers	-
A08	prosthetic assistance by accredited private providers	-
A09	admissions in hospitals made by private accredited providers	9.300
A10	other assistance made by private providers	11.113
A11	other assistance by public providers	-
A12	other expense components	-
A13	allowances	-
A14	interests and others	-
A15	balance of extraordinary items	- 4.345
A16	balance of intra-moenia activities	-
A17	infra-regional passive mobility	-
TOTAL EXPENSE		31.055

Table 3 *continued*

UNPRODUCTIVE FIXED COSTS DETERMINED BY THE 6 APRIL 2009 SHOCK		
Personnel		10.000
Goods and services		2.637
TOTAL UNPRODUCTIVE FIXED COSTS		12.637
LOWER RECEIPTS DETERMINED BY THE 6 APRIL 2009 SHOCK		
Lower tickets for specialist assistance		2.500
Lower tickets for pharmaceutical assistance		1.800
Smaller extra-regional active mobility (San Salvatore hospital, year 2008)		7.875
Lower regional tax receipts		32.800
TOTAL LOWER RECEIPTS		44.975
TOTAL EARTHQUAKE COSTS SUSTAINED BY THE LHAs		88.667
FURTHER EXPENSES TO BE CHARGED TO THE CIVIL DEFENSE		
Expenses to be charged to the Civil Defense	Provision of temporary lodging [tents]	2.737
	Relief services	10.813
	Costs for the emergency management	2.000
	Safety measures	116
	Clearing of devastated areas	990
TOTAL EXPENSES TO BE CHARGED TO THE CIVIL DEFENSE		16.656

Table 4: Damages and interventions carried out after the 2009 earthquake represented in the final OP

Damage and interventions	Costs (€)
Clinical materials damaged/destroyed in the L'Aquila hospitals/clinics	5,088,686.00
Clinical equipment destroyed in the L'Aquila hospital (sum not amortized)	3,125,000.00
Distribution of sanitary and prosthesis material to the population in the first few days following the disaster	1,499,494.37
Out-patient and hospital assistance for the injured and entire population hit by the quake in the first few days after the earthquake	2,431,883.63
Increase of personnel in public structures due to the increase in activities caused by the presence of evacuees in the regional territory	3,003,031.81
Residential assistance for the elderly	1,738,182.58
Increase in transfusion collection to confront emergencies	493,116.00
Sanitary transportation for patients needing transference	66,014.70
Sanitary transport in helicopter ambulances and technical logistic organization heliport base	254,151.10
Recovery of the 118 emergency communication system	274,836.90
Improvement of 118 emergency services on the territory affected by the quake	22,100.82
Veterinarian assistance in areas affected by the quake	1,795.68
Technical testing of safety in medical buildings	757,418.20
General medical assistance for evacuees	907,169.15
Increase in accommodation and logistic services for management of evacuee sanitary needs and small maintenance	1,202,308.24
Private specialist assistance for the population affected by the quake	17,246.54
Private rehabilitation assistance for the population affected by the quake	1,650,381.50

Fee exemption from prescriptions for drugs and out-patient services	5,449,578.92
Ordinary maintenance of buildings for temporary restoration of sanitary activities	8,062,495.52
Rentals for reactivation of healthcare services	93,972.00
Purchase of healthcare equipment for temporary recovery of activities	1,405,382.00
Activation of passive rental in order to carry out surgical activities and recovery of healthcare services	3,185,084.00
Total	€40,729,329.66