



### **Auditing the auditors: A performative 'spectacle' of public oversight**

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# Auditing the auditors: A performative ‘spectacle’ of public oversight

## 1. Introduction

Given the significant role of external auditing in the monitoring of managerial behaviours and in providing assurances to stakeholders, the public oversight of audit practices remains an important topic for accounting researchers and practitioners. More recently, in the context of a string of audit failures and scandals, public oversight bodies (POBs) have been introduced as a class of regulator with a mandate to restore public confidence by improving the quality of audit practice (Maroun and Atkins, 2014, Caramanis *et al.*, 2015). The US Public Company Accounting Oversight Board (PCAOB) was the first POB of its kind to emerge and is viewed as a POB archetype to be disseminated and replicated globally (Caramanis *et al.*, 2015). This new framework began to appear in a variety of institutional settings around the world (Malsch and Gendron, 2011, Unerman and O’Dwyer, 2004, Holm and Zaman, 2012). Despite the contrasting evidence of POBs’ success and failure in different contexts (DeFond and Lennox, 2011; Humphrey *et al.*, 2009), we see an increasing number of POBs being registered with the International Forum of Independent Audit Regulators (IFIAR) (IFIAR, 2020). Given the global integration of the POB archetype and contrasting experiences, we believe there is a need to scrutinise, empirically and theoretically, the ‘playing out’ of POBs in different institutional settings, especially in countries characterised as having weak governance and regulatory structures.

Some studies, leveraging firm-level quantitative analyses, have researched whether POBs’ establishment or operations have improved audit quality (DeFond and Lennox, 2011, Francis, 2004). The findings seem to vary, but crucially, such studies do not reveal how POBs contribute (if at all) to audit quality (Humphrey *et al.*, 2011, Power, 2003). There is also a growing realisation that the implementation of audit oversight is heavily mediated by local factors. In this respect, qualitative-oriented studies revealed how POBs encounter challenges amid limited local capabilities, the weak professional standing of accountants/auditors, outdated or inappropriate

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3 legislation, politicised governance, poor resourcing, and/or prevailing discourses underlying audit  
4 reforms (Houghton et al., 2013, Hopper et al., 2017, Eldaly and Abdel-Kader, 2017). While these  
5 studies bring to the fore valuable insights, they rely on an implicit notion, namely that the professed  
6 POB archetype or framework is not, *in itself*, a contributing factor to the reported challenges.  
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11 At the same time, several interpretive and critical studies do emphasise the socially constructed  
12 nature of audit processes and methodologies and the political ramifications of disciplinary  
13 mechanisms (Langevoort, 2006, Maroun and Atkins, 2014) that are primarily aimed at protecting  
14 the profession's legitimacy alongside its powerful constituents (e.g., the Big Four firms). In this  
15 light, they contend that POB reforms appear to be lacking in substance, are unable to change  
16 realities on the ground, or merely evolve as ritualistic exercises to legitimise a form of independent  
17 control on an arm's length basis (Power, 2009, Maroun and Atkins, 2014, Dowling et al., 2015,  
18 Malsch and Gendron, 2011, Humphrey et al., 2009, Unerman and O'Dwyer, 2004). However, we  
19 argue this stream of the literature requires further theoretical scrutiny. The issue of implementing  
20 the POB framework in a context of continued audit failures and criticisms and the role POBs may  
21 play in convincing stakeholders/users is in need of attention while taking into consideration the  
22 scant field-level evidence limited to a few jurisdictions (Maroun and Atkins, 2014, Suddaby et al.,  
23 2007, Cooper and Robson, 2006). Therefore, the paper seeks to address the following question:  
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25 *How are POBs conceived of, and how do they become materialised and/or evolve over time?*  
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36 Empirically, the Egyptian case – involving the establishment and operations of the AOU<sup>1</sup> –  
37 provides us with an excellent opportunity to study a case where successive governments/regulators  
38 have been attempting to 'localise' Western-style oversight regimes on an accounting/audit  
39 profession that has never been effectively subjected to either self-regulation or public oversight  
40 (Ghattas *et al.*, 2021). We thus provide a theoretically informed analysis of why and how the POB  
41 was initially created as a local replica of the PCAOB archetype, which later evolved to convey its  
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50 <sup>1</sup> The Auditors' Oversight Unit (AOU) was established in 2008 under the aegis of the Egyptian Financial Supervisory  
51 Authority (EFRA). Its operations started in 2009.  
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own reality in a setting where the required institutional features for public oversight are effectively absent (Ahmed and Uddin, 2019; Eldaly and Abdel-Kader, 2017; Hopper *et al.*, 2017).

We draw upon Debord's (1967; 1988) thoughts on the 'society of the spectacle', as supplemented by the work of Flyverbom and Reinecke (2017). Previous studies have analysed local POB reforms using different lenses such as regulatory space (Hazgui and Gendron, 2015, Canning and O'Dwyer, 2013), institutional work (Canning and O'Dwyer, 2016), and the political economy framework (Caramanis *et al.*, 2015), which reveal a policy vs practice gap, pressures from powerful stakeholders, or how audit oversight practices clash with local politics. In the Egyptian context, we note, however, limited contention between institutional players within their 'regulatory space' and little evidence of 'conscious' acts to engage in decoupling. Instead, we find a context where an 'image' of audit oversight, based on idealised conceptions or symbols of what oversight 'ought' to look like (i.e., the PCAOB archetype), becomes materially represented with very peculiar consequences. In this light, we argue that Debord's notion of the spectacle offers a complementary understanding of the socially constructed nature of auditing and of its regulation (Power, 2009; Maroun and Atkins, 2014).

The paper makes a twofold contribution to the public oversight literature. First, it reveals how the pursuit to replicate the POB archetype results in a combination of both symbolic and tangible measures by different actors as they navigate the intricate dynamics of the political economy context, creating a new performative reality of oversight. Second, from a theoretical perspective, the paper advocates the use of Debord's notions of the spectacle(s) and their transformations and performativity dimensions. Employing Debord's framework and notions from Flyverbom and Reinecke (2017) provides a complementary understanding on public oversight beyond other theoretical lenses (i.e., regulatory space, political economy, and institutional work frameworks) as it explains how apparent gaps between proclaimed oversight policies/actions and the actual practices (including conscious and unconscious omissions) become materialised.

The following section discusses prior work on POBs. Subsequently, we justify and elaborate on our theoretical lens and research methods. We then set out our findings and analysis. Finally, we provide an overall discussion and conclusion/implications.

## 2. Public oversight boards: Appearances and realities

Studies, mainly from the quantitative tradition, have tended to examine the input-output relationships between a POB's establishment or characteristics and audit quality, thereby leaving processes and practices in a black box. For instance, Carson *et al.* (2013), using the level of abnormal accruals of firms' client companies as a measure of audit quality, argued that countries with POBs have higher levels of audit quality. Nevertheless, a stream of interpretive and critical researchers did attempt to unpack the black boxes to gain a broader understanding of POBs and their regulatory scope, oversight approach, audit firms' response or reactions, and audit quality (Canning and O'Dwyer, 2013, Malsch and Gendron, 2011, Hazgui and Gendron, 2015, Carson *et al.*, 2013, Caramanis *et al.*, 2015, Maroun and Atkins, 2014).

Studies focusing on the reactions of auditing firms to POBs (Hazgui and Gendron, 2015, Daugherty and Tervo, 2010) found that audit firms focused on auditing processes, employing additional audit procedures and extensive checklists to increase the 'process visibility' of audit quality (Martinow *et al.*, 2016, Power, 2009). However, there has been little evidence of this approach influencing a broader set of audit outcomes<sup>2</sup> (Power, 2009, Houghton *et al.*, 2013, Johnson *et al.*, 2014). It was also found that different political, professional, and economic settings shape the influence of audit firms in restricting oversight. The Canadian POB – the Canadian Public Accountability Board (CPAB) – was created to signal confidence to the public and the international community after the Enron collapse but was unable to establish strong oversight (Malsch and Gendron, 2011). In Ireland, the Irish POB was able to adopt a strong oversight mandate and repel 'aggressive' resistance (i.e., from audit firms), empowered by public and political support (Canning and O'Dwyer, 2016).

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<sup>2</sup> PCAOB compliance reviews might have improved audit quality; the study does not assess whether compliance reviews impact on the audit firms' QC practices, given that their outcomes are often not disclosed (Knechel *et al.*, 2012).

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3 However, the Canadian regulatory space is not unique, and claims of arm's length oversight can  
4 be problematic (Malsch and Gendron (2011, p. 457) In the case of Greece, EU pressure to  
5 transplant an Anglo-American POB model in a different local environment was faced by the  
6 'problematic features of the domestic policymaking system' (Blavoukos *et al.*, 2013, p.151).  
7 Although European-led regulations succeeded in setting up a POB structure, local political,  
8 economic, and cultural factors – such as the dominance of the Greek delegated democracy and  
9 significant rifts within the profession – led to a dysfunctional and virtually dormant POB, whose  
10 inspections have been described as 'at best, erratic' (Caramanis *et al.*, 2015, p.26).

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Claims of arm's length oversight can be particularly problematic in weak governance settings (e.g., non-independent enforcement, limited resources, clientelist-led political systems, and dominance by one or few audit firms) (Eldaly and Abdel-Kader, 2017). Furthermore, South African reforms managed to establish a functioning POB, yet it was criticised for merely improving legalistic compliance to maintain a professional appearance rather than actually enhancing the level of professional judgement (Maroun and Atkins, 2014).

Some studies analysed how the PCAOB archetype in Europe resulted in variations in the organisational and functional structures, leading to distinctive forms of POBs (Loehlein, 2017). Kleinman *et al.* (2014) compared the oversight approaches of nine countries and reported that only four conducted direct compliance inspections, while the remainder relied on peer compliance reviews. Kleinman *et al.* (2014, p.79) concluded that uniform audit quality is not attained by performing a standard compliance review but by assessing how professional judgement is exercised and regulated within different 'national cultures, legal systems, accounting standards, auditing standards, and auditing enforcement regimes'.

Clearly, on the one hand, POB operations, structure, and effectiveness are conditioned by political constraints, socioeconomic structure, and a 'balanced combination of capacity and institutionalized incentives' (Hegarty et al., 2004, p. i, Caramanis et al., 2015). On the other hand, POBs' effectiveness hinges on the availability of institutional resources, the effective implementation of regulations, and the power dynamics of audit firms (Hazgui and Gendron, 2015, Malsch and Gendron, 2011). Given this tension, we concur with Power's (2009) view that there

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3 may be an inherent tendency by POBs (and by extension their regulatees) to fixate on the visibility  
4 of processes (e.g., checklists, registration process, the presence of manuals) that help to provide  
5 consistent, transparent, and verifiable evidence. However, a checklist-driven approach limits  
6 improvements in audit practice by switching attention away from substantive issues such as  
7 professional judgement or ethical behaviours (Johnson *et al.*, 2014). Furthermore, a POB's 'way  
8 of working' has to contend with different types of firms (e.g., large vs small, international vs local)  
9 when projecting the new regulatory regime and its associated discourses while developing  
10 oversight arrangements that are sufficiently 'familiar' to adhere to the PCAOB archetype. This  
11 mix of local adaptation and mimicking is particularly challenging in countries where POBs, and  
12 regulatory institutions more generally, are themselves subject to resourcing and political  
13 constraints.  
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23 In conclusion, despite the criticisms and questioning of POBs in enhancing audit quality, audit  
24 oversight continues to operate in different shapes and sizes in different contexts. Clearly, the POB  
25 archetype appears to serve some purposes, whatever they may be. Thus, we contend that there may  
26 be the development of a 'playing out' of audit oversight that is neither a symbolic display nor a  
27 substantive practice in terms of addressing key challenges of audit practice, and nor is it primarily  
28 an outcome of power struggles between different actors. We instead argue that the phenomenon  
29 of implementing and operating audit oversight implies a blend of symbols and materialised  
30 representations that actors engage within a given political economy context. These reflections have  
31 led us to consider the works of Guy Debord on the 'spectacle'.  
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### 40 **3. The 'spectacle' as a theoretical lens**

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43 Debord (1967) formulated the spectacle as a way to analyse modern societies as part of a  
44 reinterpretation of Marx's theory of the accumulation of production, by stating (1967, para. 1): 'In  
45 societies dominated by modern conditions of production, life is presented as an immense  
46 accumulation of spectacles. Everything that was once lived has receded into a representation.'  
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51 The spectacle, in a *metaphorical* sense, represents a social control narrative that is founded on  
52 mere appearances – a collection of images projected to, and between, people (Uddin *et al.*, 2011).  
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3 For Debord, the spectacle is a worldview, where images and theatrics are used to construct a  
4 pseudo-reality that, in appearance, presents a 'good story' but which is, in effect, a tool to  
5 manipulate social reality (Boje, 2001, Welsh et al., 2009). Hence, what 'appears is good' and in  
6 turn, what is 'good appears' (Debord, 1967, para. 12).  
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11 In contrast to other theoretical perspectives that focus on agential or organisational strategies to  
12 maintain 'appearances' (e.g., impression management, legitimation tactics), the spectacle serves  
13 no one in particular, and this can even include the purported 'messenger', who may be effectively  
14 misleading him/herself (Debord, 1967, para. 2). The spectacle draws from the evolution of the  
15 economic realm for its own benefit and reproduction, or as Debord (1967: para. 16) described it,  
16 'it is nothing other than the economy developing for itself.' Debord attributed the initial economic-  
17 led domination of the spectacle over human beings to the degradation of *being* into *having*, and as  
18 a result of contemporary social developments (e.g., social media, online presence), the emphasis  
19 has then shifted from *having* to *appearing* (Welsh et al., 2009).  
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27 Consequently, the significance of appearance and image surpasses the reality of *having/being*,  
28 leading to an alienated society with distorted forms of communication that mediate social  
29 relationships (Best, 1994). Traditionally, a 'tight' control of the spectacle is closely connected with  
30 the inherent ability of modern states to control images through mass media and other forms of  
31 broadcasting, such as marketing, advertisement, and propaganda (Debord, 1967). In his initial  
32 work, Debord (1967) introduced two types of spectacle, *concentrated* and *diffused*, and later added  
33 a third, the *integrated* spectacle. The concentrated spectacle is linked to bureaucratic capitalist  
34 regimes and centrally planned countries and can be employed as a tool to strengthen state power,  
35 thus facilitating image projection and propaganda (Debord, 1967: para 64). In contrast, the diffused  
36 spectacle is associated with freedom of choice and coupled with 'the abundance of commodities  
37 in modern capitalism' (Debord, 1967: para 65). It is based on temptations of the image projected  
38 by the American way of life, or what Debord calls 'the Americanisation of the world' (Debord,  
39 1988, p.8, Uddin et al., 2011) with an excessive commercialisation of products and services. This  
40 has been manifested in the worldwide spread of American *images*, such as Hollywood, Disney,  
41 Coca-Cola, (Gumb et al., 2015), which has been seen as effective in seducing others to let go of  
42 their traditional forms of bourgeois democracy (Debord, 1988).  
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3 The *integrated/global* spectacle is an enhanced combination of the concentrated and diffused  
4 spectacles, creating a stronger form of spectacle, a metaphoric representation of globalisation.  
5 Debord (1988) saw it as an inevitable extension of the stronger, diffused spectacle, whereby  
6 capitalism extended beyond its borders through economic domination. The integrated spectacle  
7 has been reinforced in contemporary societies by the emergence of a variety of modern  
8 tools/techniques and modes of communication. Debord (1988, p.11) highlighted that  
9 contemporary societies are 'affected by the increasing incessant technological renewal'. The  
10 integrated spectacle's power thus stems from its ability to utilise the best of the concentrated and  
11 the diffused spectacles (Boje *et al.*, 2004). Inspired by this diffused variant, a 'hubris of corporate  
12 culture' and the economic implications of the integrated spectacle have helped its diffusion into  
13 modern societies, shaping socially and economic produced behaviour and objects (Boje *et al.*, 2004,  
14 p. 755). Thus, relying on global corporate hegemony, the integrated spectacle maintains the status  
15 quo by suppressing any pockets of resistance (Gumb *et al.*, 2015).  
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26 The integrated spectacle provides an interesting lens for accounting researchers to understand the  
27 fusion of bureaucratic control with the spread of 'participative' forms of democracy and oversight  
28 (Gumb *et al.*, 2015). The proliferation of images, reports, and other artefacts underlying accounting  
29 and audit reforms are supposedly intended to reflect moral imperatives or discourses of  
30 'transparency', 'accountability', or 'good governance'. But this often only results in the  
31 materialising of (artificial/limited) representations (Gumb, 2007, Boiral, 2013). The authors  
32 highlighted several accounting tools of the integrated spectacle, facilitated by advances in  
33 information systems, such as enterprise resource planning systems (Gumb, 2007, P: 810-811).  
34 Closer to the context of accounting and audit practices, Boje *et al.* (2004) relied on the notion of  
35 '*megaspectacle*'<sup>3</sup> (Best and Kellner, 2001) to interpret the collapse of Enron and the subsequent  
36 state-led 'big bang' SOX (Sarbanes-Oxley) reforms. SOX, the PCAOB archetype, and its  
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49 <sup>3</sup> 'Media-hyped scandals offered as mass entertainment, beneath which lie the implosion of the first three types of  
50 spectacles ... The "tragedy" of the *megaspectacle* is that while the mighty are brought down, so are the livelihoods  
51 and pensions of countless stakeholders, while the underlying dynamic of spectacle remains undisturbed,' (Boje, 2011).  
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3 compliance reviews therefore represented a ‘theatrical’ attempt to restore confidence while  
4 signalling greater control and disciplinary actions against those who threaten economic order  
5 (Welsh *et al.*, 2009) albeit such control may be ‘loosened’ once financial markets stabilise (Hazgui  
6 and Gendron, 2015).  
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11 Flyverbom and Reinecke (2017) recently revisited Debord’s concepts in light of the contemporary  
12 reproduction of spectacles in organisational life. The authors outlined three possible articulations  
13 (namely *fetishism*<sup>4</sup>, *simulacrum*<sup>5</sup>, and *performativity*) of the spectacle’s blurred boundaries  
14 between reality and representation and how it can hide, replace, or reperform reality. We draw  
15 upon the *performativity spectacle* concept to frame our understanding of the evolution of audit  
16 oversight. Flyverbom and Reinecke (2017) argue that as an organisation attempts to construct its  
17 own spectacle by mirroring a model, it may create a new reality: ‘What if spectacles do not just  
18 hide reality, or eradicate the distinction between appearance and reality altogether, but bring into  
19 being what is otherwise absent, aiding in the creation of new understandings, relations and  
20 realities?’ (Flyverbom and Reinecke, 2017, p.1636). In this respect, the very act of saying or  
21 representing a phenomenon (e.g., audit oversight) shapes or *performs* the said phenomenon.  
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31 The construction of a performativity spectacle requires a continued representation of a task/act,  
32 which leads to a perpetuation of a new reality. For example, the repeated performance of the same  
33 theatrical play by two different sets of actors and directors would often lead to the development of  
34 two distinct versions. Such reproduction in different social, economic, and cultural contexts can  
35 also result in the production of new (local) realities, not necessarily coherent, uniform, consistent,  
36 or even operational. In this regard, Uddin *et al.* (2011) leveraged Debord’s theory to show how an  
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45 <sup>4</sup> ‘The spectacle as *fetishism* is built on the Marxist political economy, which distinguishes between appearance and  
46 reality. Marx conceptualized reality as layered, having a surface appearance that conceals, but yet is governed by an  
47 underlying material substance. Commodity fetishism describes the split that has come about between real social  
48 activity and its representation of a commodified form of social activity,’ (Flyverbom and Reinecke, 2017).

49 <sup>5</sup> Debord’s spectacle as a *hyper-reality*: ‘In this view, the spectacle thus does not obscure or manipulate social relations,  
50 but has become fully self-referential, universal and totalitarian as simulacrum.’ ‘We live in a referendum mode  
51 precisely because there is no longer any referential,’ (Baudrillard, 1993/1976, p.62; Flyverbom and Reinecke, 2017).  
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3 attempt to mirror an accounting-led form of transparency and participation by Danish aid agencies  
4 in a Ugandan context led to the generation of new local ‘practices, regimes and contestations’. At  
5 the same time, Flyverbom and Reinecke (2017) outlined that an emphasis on a performativity  
6 spectacle can become a catalyst for change as actors eventually decide to ‘live up’ to the reality  
7 that has been projected and engage in a more substantive engagement with the phenomenon, i.e.,  
8 when life begins to imitate art.  
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14 Uddin *et al.* (2011) drew upon the spectacle’s metaphorical and transformational dimensions to  
15 examine how the Ugandan government secured funding from international organisations through  
16 a pseudo-participatory spectacle of ‘best’ governance practices. A part of the metaphorical  
17 dimension of the spectacle was the ‘participatory’ conferences, which were used by the Ugandan  
18 government to give the appearance of participation while, in fact, being mainly ‘wine and dine’  
19 events offering no real opportunities for substantive involvement (Uddin *et al.*, 2011, p. 304).  
20 These events were necessary as a part of accounting reforms to signal the readiness of the Ugandan  
21 concentrated spectacle to shift to the global integrated spectacle. Consequently, the attempt to  
22 reproduce best Western governance practices led to the creation of a unique Ugandan spectacle of  
23 budgetary participation (Uddin *et al.*, 2011). The performativity spectacle also rests on the idea  
24 that ‘spectacles do things, and reality comes into being through attempts to represent it,’  
25 (MacKenzie, 2006, Flyverbom and Reinecke, 2017, p.1636). The performativity lens of a spectacle  
26 thus provides an opportunity to see how the repeated attempts to reproduce a global model of  
27 Anglo-American regulation allow for the emergent realities of a national POB spectacle that is  
28 mediated by local cultural, social, and legal factors, as in the case of Egypt.  
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#### 41 TABLE 1

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44 As per Table 1 above, we therefore contend that the audit oversight spectacle starts with the  
45 PCAOB, the archetype, as an image and representation, which is itself presented as ‘something  
46 enormously positive’ (Flyverbom and Reinecke, 2017) following Enron’s ‘megaspectacle’. The  
47 first act is the acceptance of the ideals and discourses of the integrated spectacle. Similar to the  
48 case of Uddin *et al.* (2011), relevant actors acknowledge the limitations of their existing  
49 concentrated spectacle (if any) and seek to join the integrated spectacle, as reflected to them  
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3 through symbols, representations, and images. This often entails actors surveying their own local  
4 environment with a bid to repurpose any elements at the service of replicating the archetype. The  
5 second and third acts represent the transformational stage where efforts to construct the spectacle  
6 are initiated by replicating (even imperfectly) ‘international best practices’ in local structures. The  
7 transformational ‘spectacle’ can include classic elements of a theatre, namely, the actors (the POB,  
8 professional bodies, audit firms), the type of ‘props’ being used (e.g., type of compliance reviews),  
9 the structure/décor of the spectacle (i.e., the regulatory and political environment), the script (or  
10 the discourse) used by the actors, and finally the audience (e.g., market, donors, investors). Finally,  
11 the fourth and subsequent acts represent the reproduction of the spectacle, which ‘can unleash  
12 processes, negotiations and multiplicities that ultimately do create new realities’ (Flyverbom and  
13 Reinecke, 2017, p.1638). The subsequent acts reveal the outcome(s) of the interactions and  
14 evolution of the elements stated above and are inclusive of any calls for ‘reform’ or ‘change’ that  
15 may arise from future crises or scandals that disrupt the current representation of audit oversight.  
16 We consider these metaphorical, transformational, and (progress towards) performative  
17 dimensions in our analysis of the Egyptian AOU.  
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### 30 31 *3.1 Research methods*

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33 Primary data for our study was gathered from 34 semi-structured interviews between 2014 and  
34 2016 and follow-up interviews in 2019 and 2020. The participants come from the main two  
35 stakeholder groups related to the audit oversight process: the regulator (i.e., EFRA/AOU) and audit  
36 firms in Egypt. Senior partners mainly addressed the AOU’s and firms’ policies, while mid-  
37 level/junior staff provided insights on dealing with compliance reviews. Secondary data was  
38 obtained through publicly available documents and internal administrative memos (provided under  
39 the cover of confidentiality). Documents from the World Bank (WB), IFIAR, the EC, the Egyptian  
40 government, and the Egyptian Financial Regulatory Authority (EFRA) were also used to help with  
41 data triangulation.  
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50 Initially, the interview questions broadly enquired about the application of the Egyptian Standards  
51 for Auditing (ESA) and their links to international standards, the status of the audit profession, and  
52 audit quality in Egypt. However, many interviewees referred to the role of EFRA and its recently  
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3 established AOU, an attempt by the government to address audit quality issues. Therefore, this  
4 development emerged as a key theme, and the lines of questioning became more specific on the  
5 nature of the AOU's work. Consequently, two sub-themes emerged relating to how the three  
6 categories of Egyptian firms responded to this reform and the AOU's oversight. The first category  
7 included the Big Four and other 'top tier' international firms, where a uniform audit  
8 programme/software is used across the firm's network. The second category included local firms  
9 with a nominal international affiliation.<sup>6</sup> The final category included local firms with no  
10 international affiliation. We sought views from audit-firm participants in these three categories.  
11 Initially, participants were chosen using purposive sampling but later through snowball sampling.

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13 Interviews took place in Cairo and lasted between 15 minutes and three hours, depending on the  
14 auditor's level of experience, seniority, and openness. For example, four interviewees responded  
15 to most of the questions about audit practices within their firm by referring to the firm's audit  
16 manual, resulting in short interviews (Appendix 1). In many cases the interviewees preferred to  
17 elaborate on controversial issues prior to the voice recording. We recorded only 28 interviews.  
18 Because of confidentiality agreements or the sensitivity of comments, we relied on handwritten  
19 notes for the remaining interviews. Interviewees preferred to use Arabic in order to allow for  
20 smooth and free-flowing discussions. To reduce any distortion of meaning because of the use of  
21 Egyptian-dialect professional terminologies, one of the authors (a native Egyptian with an audit  
22 experience) transcribed and translated the interviews.

23  
24 Saturation became apparent when the answers to our questions became repetitive and/or confirmed  
25 issues or events we had identified earlier from other interviews and/or documents. Each interview  
26 was read, reviewed carefully, and manually coded to identify key themes (Miles and Huberman,  
27 1994), which included EFRA registration process, EFRA's focus on a checklist-based registration  
28 form, the firm's quality control (QC) manuals, and the varying responses of audit firms. The AOU  
29 focus (and justifications) on a checklist-based registration form led us to invoke Debord's

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51 <sup>6</sup> I.e., local members do not receive technical assistance and are not subject to the network's quality review.

perspective. Additionally, these themes were contrasted with the primary and secondary data to reveal similarities and differences (Lincoln and Guba, 1985). In line with (Lincoln and Guba, 1985), we employed the two methods to ensure credibility. First, we employed a prolonged engagement period, during which the first round of interviews was conducted between 2014 and 2016 with subsequent follow-up on the identified themes and codes in complementary interviews in 2019 and 2020. Second, data was triangulated using different sources such as official documents and interviewees (i.e., different interviewees validating the same data and/or follow-up interviews). For example, changes to the published EFRA list of registered auditors were used to triangulate the data to determine the instances of auditors' deregistration over time. As per our theoretical lens, these themes are then refined into key issues regarding the POB's establishment and evolution, which we present in terms of a chronological set of theatrical scenes (*acts*) reflecting the metaphorical, transformational, and performative dimensions of the spectacle.

#### 4. Findings and analysis: The Egyptian audit oversight spectacle

##### *4.1 Act one: The metaphorical – accepting the image of 'international best practice' audit oversight*

Egypt's economic and regulatory development reached a turning point after the 1979 Camp David Accord and a shift towards a market economy after nearly three decades of a centrally planned economy (Waterbury, 2014). Predominantly financed by international financial institutions, several regulatory reforms were initiated by successive Egyptian governments, with many of them reported to have failed to meet their intended objectives (Awadallah, 2006, World Bank, 2002, World Bank, 2009). In 2004, a 'reformist' Egyptian cabinet sought to implement a new round of reforms to attract foreign investment (Joya, 2011), financed primarily by the WB via three Financial Sector Development Loans (World Bank, 2007). The objective of the \$500 million second loan was to help Egypt build a robust financial system (World Bank, 2008).

In 2009, EFRA, previously named the Egyptian Financial Supervisory Authority (EFSA), was set up as a regulatory and supervisory entity, consolidating the regulatory bodies of non-bank financial services, capital markets, insurance companies, and mortgage finance institutions. In 2010, the

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3 WB highlighted that ‘the establishment of an Auditors’ Oversight Board [within EFRA] to monitor  
4 the performance of auditors for listed companies, and financial institutions operating in the non-  
5 bank financial services field were amongst the main outcomes of the reform agenda,’ (World Bank,  
6 2010, p.61). The WB’s emphasis on the monitoring of auditor performance was not fortuitous  
7 given the long-standing concerns over the quality of auditing practices and poor  
8 enforcement/monitoring. While the original bylaws of the Egyptian Society of Accountants and  
9 Auditors (ESAA), established in 1946, contained a peer review mechanism, this was never  
10 implemented, largely because of the Accounting Practice Law (APL) of 1951.

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12 The APL (1951) was issued by a nationalist liberal government as a means to curtail colonial-era  
13 British domination, through the ESAA, over the local profession (Ghattas *et al.*, 2021). The law  
14 granted the right of practice to only Egyptian nationals and established a register for sanctioned  
15 individual auditors (not firms) at the Ministry of Finance. Admission to the register was not based  
16 on certification/examination<sup>7</sup> but was through practical experience (Ghattas *et al.*, 2021). *Ipso*  
17 *facto*, auditor registration became a mere formality and led to audit quality concerns regarding  
18 audits conducted by professionals licensed through the practical experience route. However,  
19 because of several political and economic factors, the state has repeatedly been unable to reform  
20 this law, the latest failed attempt being in 2006, and this has significantly hindered reforms as a  
21 whole in spite of many WB-related initiatives (Ghattas *et al.*, 2021). In a bid to signal its acceptance  
22 of the global integrated spectacle, EFRA decided to set up its own register to accredit auditors and  
23 audit firms deemed competent to audit listed and other ‘public interest’ companies. Interviewee 5,  
24 the former head of the AOU, explained:

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‘The Ministry of Finance was the entity responsible for registering auditors. We couldn’t amend  
the registration’s requirements, especially after the parliament rejected the 2006 proposed APL.  
The professional level of the auditors was decreasing significantly. This raised concern regarding

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<sup>7</sup> Two of the three routes to admittance into the auditor’s register were based on practical experience, while the third was through the membership of ESAA, which requires examination.

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3 listed companies in Egypt. So, we established a new register independent from the ministry. This  
4 registry would have more strict requirements. This is not new; we already have a register for banks'  
5 auditors at the Central Bank and a register at the Central Auditing Organization (CAO) for auditors  
6 who have the right to audit companies of more than 25% state ownership'(Ghattas et al., 2021).  
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11 EFRA's early objectives included an active pursuit of auditor competence through a reference to  
12 'best international practices'. EFRA's website states that its role includes the coordination with  
13 regulatory bodies abroad to increase the 'efficiency of means and methods of supervision ... thus  
14 empowering EFRA to assume its competences according to the best international practices,'  
15 (EFRA, 2014). However, there was no real explanation of what these 'best international practices'  
16 might entail.  
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22 During the first phase of interviews, EFRA officials regularly referred to the work of international  
23 POBs, and when further prompted, they saw the PCAOB as a benchmark,<sup>8</sup> despite admitting  
24 having no first-hand experience of its operation. The comment by Interviewee 4 is reflective of the  
25 enthusiasm with the PCAOB image: 'When EFRA was restructured, we established an oversight  
26 unit, just like the one they created in America after Enron.'  
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31 Furthermore, during discussions on the proposed oversight structure in a future APL – as a part of  
32 an Egypt–Spain twinning project (EU Delegation, 2015) – AOU interviewees seemed rather  
33 unsure about the extent of governmental involvement in audit oversight and struggled with the  
34 differences between Anglo-American and European models of regulation. There was a lack of  
35 clarity on what should be the extent of involvement by practitioners on the AOU's board. On the  
36 one hand, expertise is necessary to effectively monitor and enforce audit standards, but on the other,  
37 the AOU's independence might be jeopardised if too many practitioners became involved.  
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44 In 2009, EFRA was admitted as a member of IFIAR, an organisation with core principals aimed  
45 at promoting effective independent audit oversight (IFIAR, 2016a). Implementing IFIAR's  
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51 <sup>8</sup> A similar admission is made by one AOU interviewee in Eldaly and Abdel-Kader (2017) (Regulator A, p.10)  
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3 principles is not a membership prerequisite, but members are expected to work towards their  
4 implementation in their jurisdictions (IFIAR, 2012). Interviewee 5 elaborated on the AOU  
5 establishment in 2009: 'EFRA is a member of IFIAR. EFRA's board decided to establish the AOU  
6 to be compliant to their requirements, similar to the PCAOB in America ... EFRA received funding  
7 from the WB to establish the oversight unit.'  
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12 In summary, act one presents the initial phase of accepting the new 'reality' of joining the global  
13 integrated spectacle. Up to this point, Egypt's oversight system was essentially non-existent except  
14 for vague APL (1951) provisions. Since then, the Ministry of Finance has maintained an auditor's  
15 register, facilitating government control over the profession, but in reality, registration was a mere  
16 bureaucratic formality. Thus, the first act highlights an acceptance of a new form of audit  
17 regulation that is purportedly commensurate with the expectations of international agencies, by  
18 primarily relying on the representations and symbols of oversight associated to the PCAOB  
19 archetype, expectations of IFIAR membership, and following (largely unspecified) 'best  
20 international practices'. At the same time, in the attempt to 'circumvent' the (perennial) legal  
21 impasse of the APL (detailed in Eldaly and Abdel-Kader, 2017) by creating a specific register  
22 separate from the one at the Ministry of Finance, what effectively became accepted by the local  
23 actors is an *inability* to enact a profession- or sector-wide system of external audit regulation. In  
24 doing this, the limited reach of any substantive reforms is established. Though these reforms  
25 admittedly focus on listed firms, the vast majority of large companies and businesses in Egypt are  
26 unlisted. Furthermore, approximately 300 auditors would be subject to the AOU, while 30,000 are  
27 registered at the Ministry of Finance (Ghattas *et al.*, 2021). In other words, aspirations to improve  
28 audit quality within the Egyptian profession have been toned down in favour of projecting the  
29 AOU 'solution' as a metaphorical spectacle. This symbolises Egypt's desire to join the global  
30 integrated spectacle of audit oversight through the portrayal of symbols, representations, and  
31 image of reforms to project confidence and order (Boje, 2001). This being the case, the potential  
32 reach of the oversight reforms has been inevitably curtailed.  
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#### 4.2 Act two: The transformational – constructing the Egyptian structure/décor

The AOU conceived of its aims as ‘verifying the registered auditors’ compliance to relevant professional quality standards, decisions and systems as well as their compliance to the applied auditing standards and Code of Ethics,’ (IFIAR, 2016a, p.1). At its inception, and in accordance with the capital markets law, the AOU’s register comprised only individual auditors (vs audit firms), in line with the requirements of the APL (Ghattas *et al.*, 2021). Hence, the AOU’s attempt to replicate the PCAOB archetype’s ways of working collided at the outset with the existing inherited register system. Therefore, the AOU’s regime had to be primarily focused on individual auditors, although aspects related to audit programmes and QC manuals could only be assessed at the firm level. This early challenge demonstrates how a local constraint became ‘built into’ the Egyptian spectacle. In attempts to adhere to the PCAOB archetype, ‘best international practice’ mechanisms, compliance reviews, and an assessment of the (audit firm) QC manuals were juxtaposed onto the inherited bureaucratic process of the auditors’ register.

In doing so, the AOU developed eligibility requirements to join the AOU’s register and an assessment mechanism for the compliance review by focusing on QC manuals (EFRA, 2008, Raslan *et al.*, 2016). It also established an organigram whereby the AOU would consist of five departments.<sup>9</sup> Interestingly, until 2019, the AOU’s *entire* staff was limited to three to five employees to manage five departments, far less than the number of AOU board members. Figure 1 below reflects the AOU’s institutional structure. In 2014, the EFRA amended the AOU’s board composition by eliminating a potential conflict of interest within the AOU board structure (IFIAR, 2015). Interviewee 5 explained: ‘We amended AOU’s board structure according to IFIAR guidelines. Auditing practitioners were removed as voting board members.’

FIGURE 1

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<sup>9</sup> In terms of official structure, the legislation grants the AOU board of directors adequate power and independence to perform its function. However, in practice, these duties are delegated to AOU staff (EFRA Decree 50/2014).

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3 On paper, and per EFRA's last IFIAR submission in 2018, the AOU's organisational restructuring  
4 seems to conform to the expectations of the global spectacle (e.g., independent voting members).  
5 Additionally, the AOU's governmental funding (although independent of the profession) appears  
6 to project the desired image of independence, but in reality, both the AOU and audit firms  
7 acknowledge a substantial lack of resources to carry out the intended activities.  
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12 The funding constraints also affected the AOU's initial low staff headcount as highlighted earlier.  
13 Interviewee 4, an ex-EFRA advisor, commented: 'We couldn't afford to hire a practitioner. We  
14 started the unit with CAO loaned staff. Unfortunately, they are from a public [governmental]  
15 auditing background.' POB introduction leads to a shift from expert inspectors (experienced peer  
16 reviewers) to independent experts (DeFond, 2010). Interestingly, and apart from the fact that  
17 Egyptian auditors were never subjected to active oversight, the AOU staff, and most of its board,  
18 did not have any previous private sector audit experience.  
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26 The above quotes and discussion described act two of the Egyptian spectacle, laying out the  
27 organisational structure/décor of the spectacle. In setting the stage, there has been an apparent  
28 effort in mimicking the archetypical structure as encouraged by IFIAR (i.e., board structure,  
29 independence, and funding). Nonetheless, according to Debord's transformational features of an  
30 integrated spectacle, enacting and operating a POB in a new local environment produces a new set  
31 of local arrangements. The legal and financial constraints necessitated the reliance on an old prop  
32 (i.e., registries), which unhelpfully focuses on individual auditors, hindering a closer alignment to  
33 the PCAOB archetype. The next act demonstrates how the transformational dimension of the  
34 Egyptian audit spectacle became 'operational'.  
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#### 42 43 *4.3 Act three: The transformational – operationalising audit oversight (2009–2016)*

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45 The AOU's 'local' approach to conducting 'compliance reviews' was through examining the  
46 auditor's registration form. The form contains sections covering information about the auditor's  
47 firm, current and previous clients, the availability of HR policies, and other required documents.  
48 It also contains a checklist on the availability of audit programmes and, particularly, QC manuals.  
49 The registration form should be updated annually. Interviewee 5, the former AOU head, explained  
50 the registration form design rationale:  
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3 'In 2009, after examining all the Egyptian auditing regulations and standards, we summarised all  
4 auditors' duties and responsibilities. We rephrased these duties and restructured it in  
5 checklist/questionnaire form. We used it to create a tool to measure compliance and audit quality  
6 of our registered auditors. However, we faced a problem that people did not really get what we are  
7 looking for. For the first few years, we tried to raise awareness about the new compliance reviews  
8 concept. We are trying to expand the "Audit Quality" culture ... We visited most of our registered  
9 auditors audit firms, selected a sample of their audit files, and checked their QC using our  
10 questionnaire checklist ... We used this questionnaire as basis to construct the registration forms.'

11  
12 The above quote highlights two interesting aspects. First, the AOU selected a 'light touch'  
13 enforcement style, evidenced by its allowing a transitional period to 'raise awareness' (Martinow  
14 *et al.*, 2016). In itself, the latter is a quite common practice, but in this case, it reflected a lack of  
15 AOU understanding of what would be needed from regulatees to demonstrate their fitness to  
16 practice. Second, the AOU conceived of the 'compliance review' by merging auditor's duties  
17 checklists into an annually updated registration form, primarily as means to demonstrate visibility  
18 and verifiability of its oversight (Power, 2003, Dowling *et al.*, 2015) and not as an assessment of  
19 the auditor's actual engagement with audit standards and guidelines. Interviewee 6, a partner at an  
20 international audit firm, concurred:

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22 'In Egypt, we do not have active compliance reviews. Instead, the AOU practices its oversight  
23 function by setting barriers to entry ... A sort of pre-practice compliance review ... Selectively,  
24 they tailor the requirements to entry for people [auditors] they see fit ... Supposedly, I was already  
25 granted an auditor's license to practice, and they [AOU] should conduct their compliance reviews  
26 on me during or post conducting the audit. Supposedly, if I made a mistake, then they can apply  
27 sanctions or even deregister me.' [emphasis added]

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29 The AOU's oversight thus hinges on the registration form and checklists (i.e., on the existence of  
30 certain policies inspired by IFIAR reference guide to POBs ((IFIAR, 2016b) as an *ex ante* form of  
31 a compliance review and hence is very much in contradiction with the rational expectations of a  
32 post-audit compliance review. The AOU emphasis was on adhering to the *discursive* notions of a  
33 'compliance review' and on highlighting the visibility of certain policies/documents at the firm

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3 level. Furthermore, although auditors are registered at EFRA as individuals, the AOU processes  
4 all the registration forms on an audit-firm basis. The AOU embedded the intentions and images of  
5 the global integrated spectacle (e.g., QC manuals, written policies, checklists, etc.) and ensured that  
6 other actors (regulatees) play by the oversight 'script'. However, there is little evidence of  
7 investigations of compliance by audit firms, and auditors appear to be well aware of these  
8 implications. For example, Interviewee 2, a partner at an international auditing firm, commented  
9 on the AOU's functionality:

16 'In addition to the political aspect involved, it [AOU] was also affected by the lack of resources  
17 and capital deficiencies. You need a certain type of qualified staff and costly technical  
18 developments ... A big part of the quality control practices in Egypt is just satisfying a checklist.'

22 Previous studies highlighted the use of checklists in different parts of the world as a part of audit  
23 firms' response to compliance reviews (Houghton et al., 2013, Martinow et al., 2016). POBs  
24 normally welcome such practices because of the ease of auditability. However, in the Egyptian  
25 case, it was the AOU, not audit firms (Martinow *et al.*, 2016), that introduced and relied on  
26 checklists. Interviewee 4, an EFRA ex-advisor and a partner at a local firm, commented on the  
27 AOU's dependency on checklists and compliance approach: 'Well, currently ... it is active in a  
28 sense of managing which auditors should be allowed to register.' In their interviews, the AOU  
29 staff expressed a strong belief that their current approach is best suited for the Egyptian market  
30 and will result in improved audit quality. The volume of paperwork and scrutiny in relation to the  
31 registration process (witnessed by one of the researchers) appears to corroborate the genuineness  
32 of this belief. The AOU staff also pointed to the increasing number of documents submitted by  
33 audit firms (QC policies and other documents). In other words, they equated the existence of  
34 voluminous documents with the actual level of implementation/adherence by an audit firm. This  
35 is consistent with the spectacle, whereby some mechanisms of the archetype are presented as an  
36 unquestionable reality, and hence what 'appears is good' and in turn, what is 'good appears'  
37 (Debord, 1967, para. 12), with the checklist-based registration process being the suitable prop. The  
38 following sub-sections demonstrate the initial response of audit firms (local vs international) to  
39 the new oversight regime.  
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#### 4.3.1. *The response by small audit firms*

The AOU requires the auditor's firm to submit QC manuals, and policies, which are often readily available in large international firms but challenging for smaller local firms. In Egypt, most firms are small sized. Several factors<sup>10</sup> relating to the Egyptian context have alienated small firms (Raslan et al., 2016, Wahdan, 2005), including the AOU's requirements, such as developing QC manuals. This section presents the at times less than convivial interplay between the AOU and local firms. Interviewee 22, a manager at a local firm, commented:

'The AOU visited us two years ago, and they examined some of our files thoroughly. They gave us some remarks and said they will visit us again, but they never did.'

Interviewee 19, a senior at the same firm, explained:

'A year after their visit they posted on their website a memorandum on their inspection of some firms. Accordingly, they are requiring all audit firms to have written procedures of every cycle with the firm, especially the QC manual. The requirements were vague on what they were looking for. Every time we submitted, it got rejected. They told us, this is not enough. We asked around on what other firms done. We kept rephrasing the Egyptian QC standard and resubmitting until they accepted, but we don't know why.'

Interviewee 10, the managing partner, commented:

'I do not agree with that. This is a trap set by EFRA to benefit international firms. The trap is that they require a QC manual for small firms and then hold us accountable if they conduct a compliance review... They [EFRA] actually tell you that you can copy it from the internet or from firms abroad. I think some firms did not even translate it into Arabic. Big Four already have these

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<sup>10</sup> A) Outdated Egyptian auditing standards; B) Egyptian auditors are not subject to any oversight; C) Egyptian auditors lack adequate awareness of central issues (independence and conflict of interest) (Raslan et al., 2016).

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3 manuals and submitted it as it is. For firms with no international affiliation, it's very costly to get  
4 an audit software, QC manual, and these requirements.'

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7 Interviewee 28, a managing partner of another local firm, added:  
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10 'They visited me once. For a full day, they checked if my audit files are complete. They did not  
11 look at the content ... It is a nominal check-up on compliance. We need to apply compliance  
12 gradually. If they want to implement 100% of their compliance requirements, half of the firms in  
13 Egypt will be deregistered.'

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16 In the case of small firms, the AOU initially adopted a supportive style of enforcement to  
17 encourage them to comply. As illustrated by the quote from Interviewee 19 above, the AOU  
18 repeatedly allowed the resubmission of registration forms until the firm got it 'right'. The AOU's  
19 focus was again on increasing the 'visibility' of the audit processes through the presence of written  
20 audit procedures and QC manuals that would conform with the requirements of the integrated  
21 spectacle.  
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26 However, adherence to AOU requirements was relatively easier for some firms. Local firms with  
27 international affiliation receive various levels of technical support from their foreign partners, (i.e.,  
28 QC manuals, audit software, written policies, and procedures). In some cases, local firms have  
29 foreign clients and are subject to the compliance reviews by foreign POBs. Interviewee 6, the  
30 managing partner, commented:  
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35 'We have a QC manual that is adapted from IFAC's<sup>11</sup> guide for small and medium practices. We  
36 translated it into Arabic to make it understandable for my staff. In 2014, the AOU asked to have  
37 our QC manual for registration ... We passed it, no problems ... We also had to submit that to the  
38 PCAOB. We are registered there. I think they [EFRA] made the requirements harder to kick  
39 auditors out of the register.'  
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51 <sup>11</sup> In 2010, IFAC stated issuing a 'comprehensive guidance to help SMPs operate more efficiently in the increasingly  
52 complex and competitive global marketplace for professional services,' (IFAC, 2018).  
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3 Indeed, it soon became apparent that the AOU's requirements have mostly affected small local  
4 firms. The absence of QC manuals and other requirements set out in the AOU checklist made small  
5 audit firms an 'easy' target insofar as having to play up to the (limited) expectations of the AOU  
6 was concerned. Interviewee 5 explained:  
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11 'In the Egyptian context, we are not familiar with concepts such as oversight, QC manuals, and  
12 complying with ISQC1. In 2009, we introduced these concepts through the new registration rules.  
13 The 2011 revolution set us back, but in 2014 we started again. Now, we specifically ask for a copy  
14 of the QC manual, and we assess the firm's audit quality system. We check that during our visits.  
15 We also published guidance and announced what we are looking for. In 2014, we rejected some  
16 registration forms because they were lacking some of the elements.'  
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22 Past research has indicated that POBs mostly target smaller and riskier firms (Hermanson *et al.*,  
23 2007), which in many cases has led to their exit from the market (DeFond and Lennox, 2011).  
24 During this phase of the Egyptian case (2009–2016), there have been only around six cases of  
25 sanctions and two cases of deregistration. This may be due to the AOU's soft-touch/checklist  
26 visibility enforcement style. However, this oversight is primarily nominal, to satisfy the form  
27 rather than engage with the core aspects underlying these practices. As the above quotes indicated,  
28 and while difficulties arose for some firms in accepting this new reality of oversight, it was easy  
29 to 'pass' the AOU requirements by showing/submitting audit documentation and QC manuals  
30 inspired by or copied from international audit firms.  
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#### 38 4.3.2. *The response by large audit firms*

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41 The APL requires international firms operating in Egypt to have an Egyptian managing partner  
42 (Ghattas *et al.*, 2021). However, such firms normally operate as a regional office abiding to all  
43 policies and procedures of their global networks. Using their networks' resources, Egyptian  
44 international (including Big Four) firms conduct their audits using the network's unified software  
45 and QC manuals. Therefore, satisfying the AOU's requirements did not entail formulating any  
46 new audit practices or procedures. Interviewee 6 commented rather dismissively on the local  
47 compliance reviews of Big Four firms:  
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3 ‘The local regulator doesn’t have the resources ... or maybe the knowledge to thoroughly inspect  
4 the documents they asked for. The big “names” already have a QC manual, and no one dares to  
5 discuss the content with them .... Are EFRA employees going to teach the Big Four how to  
6 construct a QC manual? Of course not. In fact, EFRA used the Big Four to give them training  
7 courses at its inception. The “know-how” is at the Big Four ... They will not bother them for a  
8 missing part of QC manual. They probably use Big Four manuals as a benchmark.’ [emphasis  
9 added]

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11 The above quote highlights spectacle interplay between international firms and POBs in  
12 developing countries. It reflects the consequences of the significant financial and knowledge gap  
13 between the ill-equipped local POBs and their internationally backed regulatees. If the POBs  
14 depend on the mere existence of written audit procedures, then passing a POB’s compliance review  
15 is a formality for the Big Four firms. Additionally, there is an evolving gap in technical resources,  
16 such as audit software and training on the latest auditing standards, between the POBs of  
17 developing country and international firms. This is particularly true in the case of the AOU in  
18 Egypt. Interviewee 1, an audit partner at a Big Four firm, commented:

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20 ‘To improve audit quality in Egypt, we have to strengthen EFRA and the AOU. The national  
21 regulator has to be strong and well qualified, which is neither in our case. We have to hire  
22 experienced retired auditors and we also have to raise adequate funding from listed companies for  
23 AOU’s expansion and technical training. But in the current situation, if AOU’s staff came in and  
24 asked for my audit files, I’d hand them an electronic copy on a USB. They won’t know what to do  
25 with it.’

26  
27 International firms, including the Big Four, draw on their networks’ resources to pass AOU  
28 requirements. Therefore, the AOU’s new registration procedures did not constitute a major  
29 pressure on such firms, given their familiarity with the PCAOB archetype requirements. If  
30 anything, the international firms welcomed the added layer of oversight. Interviewee 5, an AOU  
31 official, described the Big Four’s stance:

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3 ‘They have no problem with our inspections. In fact, they are very interested. Because as a part of  
4 their network review, they are asked if they have local compliance reviews? If they were inspected  
5 by the local regulator or not? And what were their remarks?’  
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9 Additionally, in response to the criticism of the AOU’s ability to properly oversee international  
10 firms, Interviewee 1 added:  
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13 ‘Things are not that bad ... plus, and you must consider this. They [international affiliated firms]  
14 have the international name [compliance reviews] which gives them hell. So even though we don’t  
15 have a proper oversight board in Egypt, they [international firms] are governed by QC  
16 measurements from their international name.’  
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21 In other words, adhering to the AOU’s requirements becomes a way for these firms to reinforce  
22 their compliance image towards international audiences. For example, according to the European  
23 Commission (Decision 2011/30/EU, expired in 2017), passing the AOU’s compliance review  
24 would have exempted audit firms from European oversight (EC, 2016). To summarise, the AOU’s  
25 new oversight arrangements did not materially affect the audit practices of Big Four firms and  
26 potentially benefitted them because of the challenges faced by their smaller competitors (Eldaly  
27 and Abdel-Kader, 2017). Except for the development of the AOU registration form and its  
28 embedded visibility requirements, the transformational nature of the spectacle did not lead to a  
29 significant change in audit practices. Certainly, local firms with no foreign affiliation within the  
30 Egyptian spectacle faced more pressure and costs in comparison with their international  
31 counterparts (Hermanson et al., 2007, DeFond and Lennox, 2011), but their adjustment was limited  
32 to demonstrating the mere existence the required documents (e.g., QC manuals), unlike  
33 international firms, which not only didn’t face registration obstacles but projected an image of  
34 compliance to their international audiences. Overall, the AOU’s approach, while claiming to be  
35 consistent with the PCAOB archetype, has reinforced the metaphorical dimension of the integrated  
36 spectacle by promoting an elaborate décor and visible props. On one hand, this approach  
37 propagated a new ideal of audit oversight, which translated into a local and visible yet idiosyncratic  
38 form of social control. On the other, it remained largely symbolic in terms of improving audit  
39 practice (Power, 2009).  
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#### 4.4 Act four: A performative turn – consolidating while expanding audit oversight (2016–2020)

Debord (1967) did not conceive the spectacle to be either a natural or an essential extension of a technical development or reform (e.g., audit oversight). Instead, the spectacle is the ‘form’ which ‘chooses’ its own technical content and features (Debord, 1967). In this respect, the notion of a performative spectacle suggests the continuing representation of an archetype (i.e., audit oversight) in different local environments, once established, now leads to new local imaginings, processes, and negotiations that can create new realities. In this light, we document several significant changes within the AOU in recent years.

The first major development is Egypt’s withdrawal from IFIAR in 2019. We could not confirm the reason for this decision from our interviewees (included a current AOU employee), Some were not aware of this change. One, Interviewee 3, even suggested that the withdrawal was due to a clerical mishandling, but following an email inquiry to IFIAR, the organisation independently confirmed that Egypt ‘cited financial limitations as the reason for their withdrawal at this time’. Given the (symbolic) value of IFIAR in conveying an adherence to the integrated spectacle and the not very onerous implications of membership, we conjectured that this withdrawal appears to be the result of the AOU being now less dependent on IFIAR’s affiliation as it moves away from the metaphorical and transformational dimensions of the spectacle. Furthermore, since 2016, EFRA has hired more staff, mostly fresh graduates and junior auditors, to join the AOU. This represented a significant uplift in its ability to carry out compliance reviews, albeit the new recruits’ level of experience is limited. Interviewee 10 commented: ‘It looks like things are moving. They hired about 30 new people; actually, one of them is from our firm.’

At the same time, the *ex ante* compliance review approach adopted by the AOU has remained in force and has effectively become the dominant characterisation of audit oversight, notwithstanding its limited impact on actual audit quality. Interviewees 13, 10, and 2, all audit partners, confirmed that the AOU did not conduct office visits or any post-audit compliance reviews apart from processing the annual registration forms. However, they pointed out the significant ‘crackdown’ on small, ‘risky’ firms, through the registration process. Currently the AOU’s register, published on EFRA’s website, contains only 181 auditors (EFRA, 2020), and this represents an

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3 approximately 40% reduction compared with the initial 2009 register. We reached out to several  
4 auditors at small, currently registered, firms. Interviewee 33, a partner, confirmed that the AOU  
5 did not visit his firm, and its review was through the registration process. Interviewee 34, a newly  
6 hired member of AOU staff, further explained:  
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11 ‘We removed about 85 auditors due to death or non-compliance with the registration form. Also,  
12 in case of a complaint, it will be transferred to us, and we will go and investigate. [Yet] there is no  
13 mechanism for how to investigate. Since I was hired, 18 months ago, we only visited small firms.  
14 For example, we didn’t check KMPG or even the Big 10.’<sup>12</sup>  
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19 Other interviewees highlighted the AOU’s financial barrier to re-registration in the form of fees.  
20 Interviewee 3, a Big Four partner and an ESAA official, stated:  
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23 ‘The AOU raised their registration fees from EGP500 (USD31) to EGP4,000 (USD250) and added  
24 a one-time fee of EGP7,500 (USD470) on each listed client. For cost-benefit analysis, this is a big  
25 financial burden for small firms.’  
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30 What we note from the above is the continued representation of a task/act (*ex ante* compliance  
31 reviews) that has consolidated the locally constructed spectacle of a pseudo-form of audit oversight  
32 (Uddin *et al.*, 2011). However, as suggested by Flyverbom and Reinecke (2017), the spectacle  
33 performative dimension has its own material consequences ‘as a reality comes into being as a  
34 means to represent it’. In this case, it is the gradual weeding out of the smaller local audit firms,  
35 deemed unsuitable by the registration/compliance mechanism, which provides a material  
36 representation of the audit oversight spectacle. In the Egyptian context, we also conclude that there  
37 is comparatively far less concern about carrying out detailed post-audit compliance reviews, and  
38 larger audit firms appear to be *de facto* excluded from significant scrutiny. Therefore, the  
39 performativity dimension of the spectacle brings forward a reality of audit oversight that barely  
40 impacts on the major/larger firms.  
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51 <sup>12</sup> This is an unofficial list of the largest audit firms in Egypt.  
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3 Finally, the performative spectacle provides the basis for reforms and change. In this light, a crucial  
4 change of strategy occurred in relation to the Egyptian government's new focus on microfinance  
5 businesses and organisations. Interviewee 13 explained:  
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9 'Egypt is a top-down approach country. If the head wants to activate a unit or a policy, they will  
10 get funds for it. EFRA interests have changed. This is my conclusion not an information. The head  
11 of the EFRA was the former head of the capital markets. He is very involved in the evaluation of  
12 mergers and acquisitions. The increased monitoring now is on people who value the companies,  
13 not auditors. Added to that, there is a new government orientation towards introducing and  
14 encouraging microfinance companies.'  
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20 Interviewee 3 shared this assessment. Both interviewees highlighted that recently recruited EFRA  
21 staff were assigned to the general compliance department and not to the AOU. This new orientation  
22 is noted in Egypt's last IFIAR submission in 2018 before its withdrawal, entitled 'Regarding the  
23 rules set for listing and delisting of auditors of microfinance companies and NGOs' (IFIAR, 2018).  
24 Considering the AOU's new orientation, it created a new three-tier register<sup>13</sup> of auditors for non-  
25 governmental organisations (NGOs) and microfinance companies.  
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## 32 **5. Discussions and reflections**

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35 Major audit failures, represented as a 'megaspectacle', led to the creation of the PCAOB and other  
36 POBs to project an image of confidence in the audit profession (Boje *et al.*, 2004). Our study was  
37 motivated by a limited understanding of the POBs' establishment in weak institutional settings and  
38 the consequences thereof for audit practice, particularly in view of the push by international  
39 development institutions to reform local regulatory agencies. Debord's concept of the spectacle  
40 enables a broader explanation of *audit oversight* in metaphorical and transformative dimensions  
41 similar to other accounting/audit reforms (Gumb, 2007, Uddin *et al.*, 2011). The *metaphorical*  
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50 <sup>13</sup> Auditors that audit microfinance companies and NGOs whose portfolio is A: less than 10 million; B: between 10  
51 and 50 million; C: 50 million or more by the end of the previous year.  
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3 dimension refers to ‘a corporately orchestrated performance’, whereby particular actors  
4 (corporations, standards-setters, regulators) portray symbols, representations, and images of  
5 implemented (pseudo) reforms to maintain public confidence and existing order (Boje, 2001, p.432,  
6 Uddin et al., 2011). The spectacle can then exhibit *transformational properties*, whereby a  
7 *worldview* translates into an objectified ‘material’ force (Debord, 1967, para. 5) with the  
8 embedding of specific routine practices. Thereafter, the transformational dimension of the  
9 spectacle embedded in routine practices progresses towards the creation of its own (local) reality,  
10 i.e., a *performativity spectacle* (Flyverbom and Reinecke (2017)).

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18 Ostensibly, POBs’ primary objective is to improve audit quality by monitoring the processes and  
19 practices of audit firms. However, many studies have expressed concerns that independent  
20 oversight reforms tend to be symbolic with little effect on audit practices and quality. For example,  
21 the Greek POB remained dormant at the metaphoric adoption phase for years (Caramanis *et al.*,  
22 2015). These reforms are enacted primarily to *credibilise* the regime of global audit regulation to  
23 maintain the status quo for the global audit market for the benefit of its dominant players, namely  
24 the large international firms (Humphrey et al., 2011, Power, 2003). While we do not challenge this  
25 characterisation of the *outcome* of audit oversight in various jurisdictions, our contention was to  
26 articulate the *processes and phases* by which a combination of symbols, ideals, and material  
27 representations *play out* a spectacle of audit oversight. As with other studies (e.g., Caramanis *et*  
28 *al.*, 2015; Eldaly and Abdel-Kader, 2017), the Egyptian case demonstrates how the AOU arose  
29 from an aspiration to integrate the global audit spectacle. To mimic international best practices,  
30 the AOU sought to mirror some of the oversight tools used in developed countries (e.g., QC  
31 manuals) on the assumption that these would improve audit quality. Local actors also conceived  
32 of audit quality in terms of the selected presence of material representations of compliance  
33 (Martinow *et al.*, 2016).

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46 Arguably, this spectacle serves to portray an image of enhanced ‘audit quality’ for the benefit of  
47 not only an outside audience but also the regulator. Its belief in the selected processes was  
48 reinforced by the nature of the audit oversight as a socially constructed concept and as an ‘espoused’  
49 ideal, which is easy to express in rhetorical terms but quite difficult to be precisely observed by  
50 outsiders (Holm and Zaman, 2012, p.53). For instance, Hazgui and Gendron (2015, p.1248)

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3 reported on the pressure from the PCAOB and the EC to have a 'sufficiently advanced' regulatory  
4 oversight and the counter pressure from the local profession on the French POB to sustain instead  
5 a co-regulatory system. In our case, a reference to 'international best practices' led to an emphasis  
6 on the use of checklists and *ex ante* compliance reviews to underpin their oversight work, while  
7 presenting evidence of an 'audit trail' evidence and 'regulated transparency' (Power, 2009, p. 852).  
8 To the best of our knowledge, and while this approach is rather peculiar, it did not attract much  
9 public criticism. However, the POBs' effectiveness in changing local practices remains limited as  
10 previously hinted by Hazgui and Gendron (2015). The AOU's oversight choice, by depending on  
11 pre-practice checklists, has largely failed to induce visible change in the audit practices of Egyptian  
12 spectacle for local and international firms.

21 From the transformative dimension, the AOU needed to balance the necessity to replicate the  
22 image of globally accepted compliance reviews with its limited financial resources and knowledge.  
23 The AOU opted to focus on the visibility of checklists / QC manuals, thereby equating their  
24 presence with their implementation. In turn, the AOU's inability to verify the checklist  
25 implementation helped create a local reality that is largely limited to compelling small firms to  
26 adopt more visible/auditable practices. Although some small firms managed to deliver  
27 'compliance' through repeated efforts, many failed and were deregistered.

34 The Egyptian case demonstrated that internationally affiliated firms are likely to pass the AOU's  
35 oversight mechanisms. From the AOU's perspective, the brand name of international firms already  
36 embodied the projected perfect image of 'best international practices' of the integrated spectacle  
37 that they were aspiring to join. In a sense, by presenting their networks' audit programmes and  
38 policies, internationally affiliated firms were seen to be *de facto* compliant. However, the presence  
39 of global Big Four 'state of the art' audit processes did not necessarily mean that local affiliates  
40 had been implementing them in practice. This point dovetails with prior work suggesting that the  
41 use of these oversight tools projects the image of control to the public, thereby reinforcing the  
42 credibility of audit reforms and POBs without necessarily providing substance to such claims  
43 (Debord, 1988).

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3 Flyverbom and Reinecke (2017) argue that as an organisation attempts to construct its own  
4 spectacle by mirroring a model, it may create a new reality. We contend that the latest events  
5 within the Egyptian audit oversight spectacle demonstrate a performative dimension in the  
6 following ways. First, it shows that the AOU has solidified its legitimacy as the PCAOB archetype  
7 and has been expanding its operations, albeit within the same (limited) parameters outlined in the  
8 transformational and metaphorical dimensions of the spectacle. The arguably 'limited' approach  
9 in operationalising oversight has been taken for granted, and its performative dimension has had  
10 repercussions for a given constituency in the sector. Second, the material representation of the  
11 audit oversight spectacle now allows for 'change' in terms of redirecting efforts towards regulating  
12 a new sector/industry and thereby setting the scene for more processes, negotiations, and  
13 multiplicities that will generate new spectacles and realities (Flyverbom and Reinecke, 2017).  
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23 We therefore argue that our theoretical constructs – metaphorical, transformative, and  
24 performative spectacles – shed new light on the socially constructed nature of auditing and its  
25 regulation (Power, 2009; Maroun and Atkins, 2014) in a number of ways. First, examining the  
26 journey of the Egyptian AOU from the lens of spectacular acts allowed us to understand how  
27 public oversight might emerge, operate, and evolve. Building on the empirical work of Eldaly and  
28 Abdel-Kader, (2017) in Egypt, the study shows how the public oversight archetype (PCAOB)  
29 interjected itself into the Egyptian context, embedding the necessary props, décor, script, actors,  
30 and audience of a new spectacle in the local context. Subsequently, it repeated reproduction and  
31 representations of the spectacle: i.e., a reality of audit oversight is established and now open to  
32 'reforms' or 'change'.  
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41 Second, drawing on Debord's thoughts, our contention is that the PCAOB archetype *only* exists in  
42 a metaphorical sense of the integrated spectacle (as an image and symbol). Indeed, it is debatable  
43 whether the PCAOB, in its current 'material' form, does in fact deliver on these ideals.  
44 Furthermore, bound by the prevailing financial, expertise, and politico-legal conditions, actors  
45 endeavour to create a local reality of audit oversight by drawing on the metaphorical image of  
46 oversight, and therefore they do not necessarily conceive of this approach as a conscious form of  
47 decoupling. In addition, while the limited and symbolic nature of the oversight is visible enough  
48 from the perspective of an external audience (including regulatees), it did not lead to legitimacy  
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concerns about the AOU, nor did it lead to attempts by the AOU to reform its compliance mechanisms. In our view, this chimes with Debord's (1967) view that the spectacle serves no one in particular, including the purported 'messenger'. In the end, it serves the economic realm for its own benefit and reproduction. To this extent, therefore, our contribution to the literature lies in proposing a theoretically informed perspective of the stages involved in the materialisation of a *representation* of audit oversight in a local context, the gradual embedding of a local spectacle, and its reproduction towards creating new realities and possibilities (Flyverbom and Reinecke, 2017).

At the same time, we would like to acknowledge the existing theoretical attempts on public oversight firmly rooted in institutions and structures ignoring the agential reflections. For instance, Actorhood theory (Patriotta, 2020) and Goffman (1961) work might be useful to understand how key actors and their continuous changes in identifications within institutions contribute to the performativity of POBs. Further investigation of how actors choose and act strategically in processes of restraining institutional change might provide a better understanding of the dynamics of practice developments in the public oversight field with multiple, and often conflicting, logics. Divergent expectations of stakeholders may also condition conflict, paradoxes, and politics in debates about auditing reform, practice, and change. Flyverbom and Reinecke's (2017) work on performativity spectacle could thus complement the Actorhood theory or other agency-centric theories, such as Archer's agential reflexivity (Archer and Archer, 2003), to provide deeper explanations of our understanding of the evolution of audit oversight. This extension, which would require further fieldwork, may open innovative avenues for understanding the motivations, behaviour, and strategies of agential adoption or resistance to auditing reforms such as POBs.

## 6. Conclusion

Returning to the question posed earlier about how POBs are conceived of, become materialised, and/or evolve over time, the Egyptian case reveals that the AOU, together with local regulatees, are involved in 'playing out' a spectacle of oversight rather than being concerned with deeper and wide-ranging reforms.

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3 Our evidence first outlines the acceptance of the metaphorical dimension of the spectacle referring  
4 to the PCAOB archetype, international best practices, and IFIAR membership. Subsequently, the  
5 AOU attempted to embed the archetypal structures and activities, effectively following an  
6 aspiration to participate in the global/integrated audit spectacle. As a result, the material  
7 representations, namely in relation to its organisational structure (e.g., board composition) and its  
8 oversight activities (i.e., registration/compliance reviews), significantly contributed to the  
9 transformative dimension of the integrated spectacle of audit regulation, albeit mediated by  
10 political, financial, and legal constraints. The ‘real’ consequences for the local audit sector are,  
11 however, twofold. For local firms with traditionally little access to expert knowledge, the AOU’s  
12 registration and oversight processes create a symbolic but ‘spectacle-rich’ version of auditor  
13 monitoring but one with little potential for the wider development of local practice and capacity  
14 building. For internationally affiliated firms, the AOU’s oversight is seen as a ‘sideshow’ because  
15 of a significant asymmetry of knowledge and expertise between the regulator and the regulatee.  
16 There is effectively no substantive challenge of audit practice in the listed market (a key issue  
17 highlighted by the WB), and more recently, the AOU’s emphasis appears to be shifting towards  
18 regulating other sectors.  
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31 The contributions of the paper to the public oversight literature are twofold. First, the scant  
32 literature has so far highlighted how POB reforms appear to be lacking in substance, are unable to  
33 change realities on the ground, or are merely enacted as ritualistic exercises (Power, 2009, Maroun  
34 and Atkins, 2014, Dowling et al., 2015, Malsch and Gendron, 2011, Unerman and O’Dwyer, 2004).  
35 Our paper explains why this is so. We have demonstrated there is a shift towards the development  
36 of a ‘playing out’ of audit oversight that is neither a symbolic display nor a substantive practice in  
37 terms of addressing key challenges of audit practice, nor is it purely an outcome of power struggles  
38 between different actors. The paper has shown that implementing audit oversight implies a blend  
39 of symbols and materialised representations that actors engage with in a given political economy  
40 context. This leads to our theoretical contribution.  
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50 Second, the paper makes a case for a new theoretical dimension – spectacles and their  
51 transformations and performativity – which enables incremental insights into public oversight  
52 bodies. Theoretical lenses such as regulatory space, political economy framework, and institutional  
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works, focusing on loose coupling or decoupling and power struggles between two actors (audit firms and public officials), contribute to the socially constructive nature of auditing oversight. However, in the context of the apparent failure and criticisms of the POBs, our focus has been on what audit oversights do or what purpose they serve, which led us to examine the ‘image’, ‘global spectacle’, and ‘symbols’ of audit oversight. In this light, we argue that Debord’s notion of the spectacle offers a complementary understanding of the socially constructed nature of auditing and its regulation (Power, 2009; Maroun and Atkins, 2014). Seen this way, this new theoretical idea complements the existing set of analyses which have relied on notions of *policy–practice* decoupling (or loose coupling) to reveal a gap between what is claimed is being done versus what is (consciously) done (and not done) in practice as a legitimising device.

Finally, while we acknowledge that the context and events of the Egyptian case may be somewhat idiosyncratic and based on the AOU’s experiences over about ten years, our findings highlight some important implications. First, we call upon policymakers to consider a range of active oversight approaches and models rather than aim for, and effectively cheerlead, one archetype (whether from the US, the EU, or other ‘international’ perspectives), however seductive it might be. This may include developing more regular, holistic, and substantive conversations with audit firms and considering oversight institutions in other countries. Second, the consequences of oversight for the audit profession and the market have to be taken into account, lest they lead to less competition, higher reliance on Big Four type firms, and a reduction in the number of small practices.

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Explanatory Note to Reviewers

**Auditing the auditors: A performative ‘spectacle’ of public oversight**

**Dear Reviewers**

We would like to express our sincere gratitude for your insightful comments and valuable feedback on our previous version of the paper. Your suggestions have undoubtedly contributed to improving the readability, clarity, and overall quality of our work. We greatly appreciate the time and effort you have dedicated to reviewing our manuscript.

In response to the reviewers' comments from the last round, we have addressed all the comments and made the following revisions. Firstly, in response to one of the reviewers' comments, we have enhanced the introduction to effectively communicate the contribution of our research and specified the particular stream of the literature to which our paper contributes. Secondly, we also have clarified the philosophical position of the paper in the introduction, following reviewer's two advice. Finally, we appreciate the editor's suggestion regarding the paper's title. We thought that the new title "*Auditing the auditors: A performative 'spectacle' of public oversight*" might be "crisper".

Your comments were greatly appreciated,

The authors

# Auditing the auditors: A performative 'spectacle' of public oversight

## 1. Appendix 1: List of interviewees

No.	Position	HH:MM
1	A partner (Big Four), current/previous EFRA board member	1:05
2	A managing partner (international firm), current/previous EFRA board member	1:04
3	A partner (Big Four), current/previous EFRA board member	1:20
4	A managing partner at a local firm, current/previous EFRA board member	0:54
5	EFRA senior official	2:40
6	A managing partner (international firm), current/previous EFRA board member	3:00
7	A partner (Big Four), current/previous ESAA EFRA member	0:32
8	A partner (Big Four)	0:35
9	An academic and a partner (local firm)	1:35
10	A managing partner (large local firm)	0:54
11	A partner (international firm)	0:47
12	Previous senior auditor (international firm)	0:48
13	A partner (international firm)	1:03

14	A partner (international firm)	0:40
15	An academic, a managing partner (local firm)	0:50
16	A manager (local firm)	0:39
17	A senior (international firm)	0:41
18	A manager (international firm)	0:35
19	A senior (local firm)	0:34
20	A senior (international firm)	0:46
21	A senior (international firm)	0:33
22	A manager (local firm)	0:33
23	A manager (Big Four)	0:30
24	A junior (Big Four)	0:32
25	A previous senior at two (Big Four)	0:34
26	A previous manager (Big Four)	0:56
27	A partner (Big Four)	0:43
28	A managing partner (large local firm)	0:30
29	A director of the EU–Egypt twinning programme	1:02
30	A senior (Big Four)	0:35
31	A senior (international firm)	0:32
32	A senior (international firm)	0:30

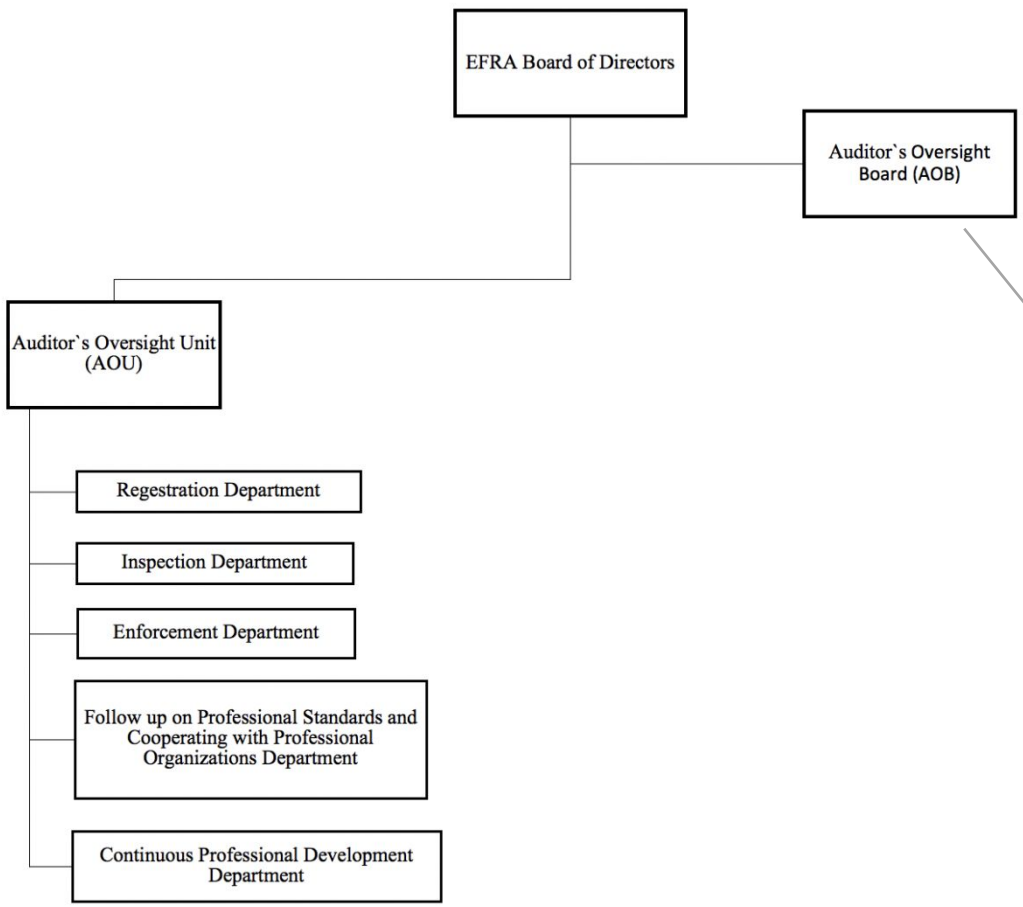
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33	A partner (small firm)	0:25
34	An AOU employee	0:16

**Table 1: Audit Oversight in Egypt - Evolution of a 'Spectacle'**

<i>Act 1</i>	<i>Acts 2 &amp; 3</i>	<i>Act 4 &amp; thereafter</i>
<i>The Metaphorical</i>	<i>The Transformational</i>	<i>Towards a Performativity Spectacle</i>
<i>Acceptance of the new 'reality' of the global integrated spectacle and of its representation (PCAOB archetype)</i>	<i>Embedding the visible elements (props, décor, the script, actors and audience) of a new spectacle in the local context</i>	<i>Repeated reproduction and representations of the spectacle i.e. a reality of audit oversight is established and now open to 'reforms' or 'change'</i>

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<b>Voting Members</b>
EFRA Chairman
Fulltime Executive Manager
CAO representative
Ministry of Finance's representative
General Authority of Investment and Free Zones representative
<b>Non-Voting Members</b>
The accounting & auditing professions' division head at the syndicate of commercials.
The Head of Egyptian Society of Accountants and Auditors (ESAA)
The Head of the Egyptian Institute of Accountants and Auditors (EIAA)
An audit expert chosen by EFRA Chairman
<b>Observing members</b>
A representative of the Society of Financial Securities
A representative of the Insurance Union

AOU's organizational structure  
bylaw no. 50/2014

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