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Auditing for fraud and corruption: A public-interest-based definition and analysis[☆]

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ABSTRACT

To better understand how the practice of auditing can be more effectively enrolled in the fight against fraud and corruption, this study (1) examines how these problems are viewed and defined by the public and (2) contrasts this view and definition with that of professional auditors. The examination is informed by the dispositive theory of Foucault and an inductive analysis of a large (90,000+) multi-year sample of news stories related to fraud and corruption in the Italian health sector. While auditors define these problems in relatively narrow terms and consign them to 'a form of risk, a threat to reputation and revenue, and a cost of doing business,' the study finds that the public has a broader definition and a greater concern with problematic acts and actors 'in and of themselves'. These findings have important implications for the audit expectations gap and how it might be addressed. The study also provides a useful analytical method for locating and better understanding fraud and corruption in other large, institutional settings.

1. Introduction

Fraud and corruption appear to be of great interest to accounting actors. For example, professional auditors have identified themselves as 'active partners in the anti-corruption fight' (INTOSAI, 2009). The Big Four accountancy firms now offer services aimed at managing corruption and fraud risk (Power, 2013; Slager, 2017). The President of the International Federation of Accountants

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recently wrote in support of the leader of the Catholic Church, who spoke out against these ‘cancers’ (Turkson, 2017, pp. 5-10).¹ Accounting academics, for their part, have devoted special issues and even entire journals² to the topics (e.g., Brown & Cloke, 2011; Cooper, Dacin, & Palmer, 2013; Paterson, Changwony, & Miller, 2019).

Despite this interest, debate continues over accounting’s role in the fight. This is especially the case in the field of auditing (D’Andrea Matteo et al., 2024), where some are quick to point out that the job of the auditor is not to look for such problems, but only give an opinion on historical information or report on the truth and fairness of an entity’s financial statements (Harber, Maroun, & de Ricquebourg, 2023; Humphrey et al., 1993, 2021). That the auditor’s job in the anti-corruption fight might not be what some expect it to be reminds us of auditing’s ‘expectations gap,’ or disconnect between ‘what the public believes the responsibilities of auditors to be and what auditors believe their responsibilities are’ (Hassink, Bollen, Meuwissen, & de Vries, 2009).

The auditing literature provides a number of relevant insights regarding the expectations of auditors in addressing fraud and corruption. First, it is clear that in practice there has been a shift away from the view that auditors are organizational ‘watchdogs’ towards the view that their role is more strictly commercial or entrepreneurial—that they are perhaps best understood as ‘trusted advisors’ and ‘members of the management team’ (Barrett & Gendron, 2006; Carter & Spence, 2020; Dermarker & Hazgui, 2022; Guénin-Paracini & Gendron, 2010; Hanlon, 1994; Roussy, 2013). Second, and relatedly, it has also become clear that the practice of audit has an unstable and shifting meaning (Mautz & Sharaf, 1961; Sikka, Puxty, Willmott, & Cooper, 1998).³ That auditors are increasingly seeing themselves as trusted management advisors, then, does not mean that they will not one day reverse this trend and embrace the metaphor of watchdog, or some other metaphor. Third, while the nature of audit practice has changed markedly over time (Brown, 2020), and despite its ambiguous aims, deeds, and consequences (Bottausci & Robson, 2024), auditing has a constitutive power; that is, it is able to shape fields to make them auditable (Power, 1997). By this logic, if the aim of audit practice is primarily about preventing and not detecting fraud and corruption (Reichborn-Kjennerud et al., 2019), detecting these problems becomes less likely. Fourth, there is a ‘reasonableness gap’ (Porter, 1993) that exists between what auditors do and what non-auditors expect them to do. Notably, in the context of fraud, it appears that the public, and the clients that hire them (Hassink et al., 2009), have a different set of expectations of auditors than they themselves have. Given the auditor’s general ‘informing’ and ‘monitoring’ roles (Kimbrow, 2002; Wu, 2005), the public’s tacit, high expectation of auditors is perhaps not surprising. Finally, there are two main ways that the profession responds to this gap, one ‘defensive’ and the other ‘constructive’: the first entails actions by the profession to ‘better educate’ the public in hopes of changing its expectations, while the second includes regulatory changes, carrying out more extensive audit work, and expanding communication and reporting (Deepal & Jayamaha, 2022; Humphrey, Moizer, & Turley, 1993). Together, this literature highlights the meaning that auditors attribute to these problems and their changing role and effectiveness in addressing them.

Looking at the research on fraud and corruption, these terms are also characterized by shifting meaning and ‘essential obscurity’ (Power, 1997). Consequently, the acts and practices that auditors currently characterize as fraudulent and corrupt are themselves opaque and changing. That being said, fraud currently tends to be viewed by auditors solely in terms of financial statement misrepresentation and asset misappropriation, while corruption is viewed rather more abstractly as simply ‘non-compliance’ (Jeppesen, 2019). Outside of the professional field, however, these two terms are used to represent a much larger and often more specific set of acts (see Everett, Neu, & Rahaman, 2007, p. 523). Insofar as auditors wish to uphold their stated commitment to the public interest (Baudot, Roberts, & Wallace, 2017; Cullinan & Sutton, 2002; Roussy, 2013; Zeff, 2003), this means that auditors—and auditing standard-setters—may need to be concerned about more than just financial statement misrepresentation, asset misappropriation, and non-compliance (Cullinan & Sutton, 2002; Gitlow, 2005; Jeppesen, 2019). By not aligning their understanding of fraud and corruption with that of the public, it may be the case that auditors’ knowledge, skills, and efforts are not being used in the most socially-purposeful manner (Humphrey et al., 2021).

While the term ‘public interest’ is itself elusive, ambiguous, and diverse (Dellaportas & Davenport, 2008), we take a commitment to it to mean ‘sharing the public’s concerns and addressing them’. The question in respect of fraud and corruption becomes, then, how does the public understand these terms, and, consequently, where is it most reasonable for standard-setters and the profession to focus their attention in the anti-corruption fight? It is this question which the current study seeks to address. More specifically, we investigate the possible divergence of the auditor’s and public’s views of fraud and corruption by employing a quantitative analytic technique based on induction and the content analysis of media news stories in a large-scale setting—Italy’s national healthcare system—to

¹ In a speech to an audience of professional accountants, Pope Francis stated that “there is a stronger temptation to defend one’s interest without concern for the common good, without paying much heed to justice and legality. For this reason, everyone, especially those who practice a profession which deals with the proper functioning of a country’s economic life, is asked to play a positive, constructive role in performing their daily work”. IFAC President Olivia F. Kirtley (2016) responded by saying that public-sector accountants play a leading role in fighting fraud and corruption (see IFAC, 2016).

² See the *Journal of Forensic & Investigative Accounting*, the *Journal of Forensic Studies in Accounting and Business*, and the *Journal of Forensic Accounting Research*.

³ This is not to say that a unified understanding of auditing is emerging in the literature. Indeed, there exists a variety of theories available and a host of findings related to them. In suggesting that the literature is becoming clear we are referring to studies that adopt an interpretive perspective on auditing and, especially, work such as Power’s (1997), which has had a demonstrative impact on the field (see Bottausci & Robson, 2023-a). Moreover, theoretical fragmentation also characterizes the research on fraud and corruption, and arguably in a more severe way: these problems can be viewed in light of a fraud triangle, fraud diamond, principal and agent, rational choice, political economy, cultural anomie, differential association, networks, coercion, institutional economics, feminism, postcolonial theory, ideal-types, structural functionalism, ecology, systems theory, institutional design, criminology, and/or post-positivism (Ashforth & Anand, 2003; de Graaf, Maravić, & Wagenaar, 2010; Everett et al., 2007; Harte & McHone, 2019).

publicly define and locate these problems and their involved actors. In essence, we rely on non-auditors to identify the problem for us. We then evaluate the reasonableness of asking auditors to address the identified problem(s) using Jeppesen's (2019) corruption-control framework and other relevant, related analyses (esp., Almqvist et al., 2013; Arena & Jeppesen, 2016; Changwony & Paterson, 2019; Cullinan & Sutton, 2002; Humphrey et al., 2021; Roussy, 2013). By drawing attention to the contrasting perspectives of auditors and non-auditors, our study raises questions regarding how the profession currently 'envisions its social significance' (Humphrey et al., 2021, p. 447). The technique that we develop in the study is also intended for use in the prioritization and location of 'hot spots' for these problems elsewhere. In this way, our study is aimed at not only better understanding fraud and corruption and the role of the profession in fighting these problems, but, more broadly, at helping resist them (Nealon, 2007, p. 104, fn. 16).

Along with the practical utility of the study, we also provide a number of specific contributions to the accounting literature. The first relates to the accounting literature on fraud and corruption. Our study responds to calls to better understand these problems, the context in which they occur, their evolving character, and their social and economic consequences (Cooper et al., 2013, p. 527; also Brown & Cloke, 2011; Hoskin, 2015; Jeppesen, 2019; Mitchell & Sikka, 2011; Neu, Everett, Rahaman, & Martinez, 2013; Paterson et al., 2019; Sikka, 2015; Sikka & Lehman, 2015; Zhang, Jancsics, & Graycar, 2017). Second, regarding prior studies examining the effectiveness of the solutions being implemented (e.g. Pianezzi & Grossi, 2020), our study considers the manner in which these solutions change the very definitions of fraud and corruption in order to make these problems more amenable to management and regulation (see e.g., Pianezzi & Grossi, 2020; Power, 2013; Slager, 2017). The 'gaze' (Nealon, 2007) of auditing continues to evolve, and we ask whether auditors are viewing these problems in the same terms as actors outside of this professional field, particularly those to whom they espouse a professional and ethical commitment (Baudot et al., 2017; Cullinan & Sutton, 2002; Roussy, 2013). This is especially important in the context of public-sector organizations and state-owned enterprises, whose direct constituents include the public (Almqvist et al., 2013; Arena & Jeppesen, 2016). Third, our study provides empirical support for Jeppesen's (2019, p. 9) assertion that auditing has grounds for taking fraud and corruption more seriously, as well as Paterson et al.'s (2019, p. 5) suggestion that the profession's definitions of the two terms, and the standards from which they appear to be derived, are currently deficient. Finally, we extend Power's (2013) (Foucaultian) analysis of auditing and fraud risk by introducing the idea of 'dispositional friction and co-existence' (Du Plessis, 2022) to the auditing literature. While Power (2013) alerts us to the manner in which auditors normalize fraud as an organizational problem and 'cost of doing business', we suggest that auditors and the public have somewhat different dispositions (*dispositifs*) regarding the problem, with the former having a more 'security-oriented' disposition and the latter a more 'disciplinary' disposition. We propose that the resulting friction between the two groups may be exacerbating the 'reasonableness gap' (e.g., Humphrey et al., 2021; Humphrey et al., 1993).

In the next section we elaborate on our theoretical framework and the prior literature to justify our study's focus and objectives. Following this, we outline our methodology and data-collection and analysis procedures. We then conduct our analysis, first by identifying, prioritizing, and locating a set of acts and actors that the media and public views as fraudulent or corrupt. We then consider the role that accounting subjects play in defining, detecting, preventing, and, at times, facilitating the aforementioned acts and actors. We close with a discussion of the specific contributions of the paper and its implications and limitations.

2. Theory and literature

Defining the terms *fraud* and *corruption* has proven to be nothing short of an 'intellectual nightmare' (Lokanan, 2015, p. 210) on account of the 'slippery' nature of the two terms (Power, 2013, p. 526; also Jeppesen, 2019; Andersson, 2017). While one dictionary defines fraud as 'the act of cheating somebody' (Merriam-Webster Oxford online, 2021), another tells us that it is 'the perversion of truth' (Merriam-Webster Oxford online, 2021). One accounting textbook defines fraud as "breaking the law or violating the regulatory framework" (Jones, 2011, p. 8), while accounting researchers tell us that it is 'nonviolent crime involving theft of assets' (Power, 2013, p. 526), 'financial statement misrepresentation' (Cohen, Ding, Lesage, & Stolowy, 2012; Lennox, Lisowsky, & Pittman, 2013), and 'wrongdoing, illegal acts, unethical behavior, crime, and corruption' (Cooper et al., 2013, p. 441). The term corruption is no less contested, and no less vague, with the now 'standard' definition (Rose, 2018) pointing to the "abuse of entrusted power for private gain" (see also Johnston, 2005, p. 12). Many, perhaps wisely, avoid the terms altogether, preferring notions such as 'scandal,' 'illegality,' and 'wrong-doing' (e.g., Clemente & Gabbioneta, 2017; Gabbioneta, Greenwood, Mazzola, & Minoja, 2013). This ambiguity only validates the proposition that fraud and corruption involve the 'shaping of definitions, constructions of reality, and choices regarding what is seen as immoral, wrong, or illegal' (Cooper et al., 2013, p. 446). Indeed, these definitions may tell us more about the value systems of those providing them than the problems themselves (Morales, Gendron, & Guènin-Paracini, 2014, p. 174; also Cooper et al., 2013, p. 441; Harrison, 2006, p. 16; Jeppesen, 2019). This is worth noting as it may be the case that the profession is defining these terms in ways that reflect its own disposition, rather than a more general, public one.

We use the term *disposition* in Foucault's (2007; 2008) sense of the term. By disposition, we are referring to what Foucault referred to as a *dispositif*, not simply one's predilection or attachment. A disposition, or 'dispositive,' to be more theoretically precise (Du Plessis, 2022; Jäger & Maier, 2015; Raffnsøe, Gudmand-Høyer, & Thaning, 2014), is not an individual quality; rather, it is the 'socio-technical network of elements' in which social actors are embedded (Power, 2013). This network of both material and symbolic elements is important because it shapes the way that actors speak, act, and think about the world. Notably, the way that the auditing profession speaks about fraud—and its relative silence regarding corruption—is shaped by and channels a historically-contingent set of pre-suppositions, assumptions, and regularities (Power, 2013). Moreover, because they inhabit the same 'material and textual world of inscriptions' (ibid.) as financial consultants, corporate actors, the business press, and accounting's regulatory bodies, auditors share a fairly specific understanding of the problems of fraud and corruption with these other actors.

For Power (2013), that shared understanding views fraud as a 'risk' and 'cost of doing business'. The auditor's methodological

orientation is not about identifying a given fraudulent individual or act; rather, it is about better ‘responsibilizing’ management (ibid.). While Power (2013) focuses on the ‘dispositive of security’ in his discussion of contemporary audit practice, it is worth noting that Foucault makes a distinction between a dispositive of security and a dispositive of discipline (Du Plessis, 2022; Raffnsøe et al., 2014). In a dispositive of security, fraud and corruption are viewed as threats to the revenue and reputation of organizations, making them problems of governance; they are not problems in and of themselves (Power, 2013). Viewing them as problems in and of themselves, in contrast, reflects a more individualizing dispositive, and it implies a more disciplinary, ‘guardian’ or ‘policing’ response (Du Plessis, 2022). We submit that the public views fraud and corruption in this way—it cares deeply about the acts and actors—and by doing so it has come to expect a different response than auditors seem willing to provide. There is a degree of ‘dispositional friction’ (ibid.) between the two sets of actors, and the public’s expectations of auditors may as a result appear unreasonable to the latter.

Like the terms ‘scandal,’ ‘misdeeds,’ and ‘wrong-doing,’ we view fraud and corruption quite simply as semantic categories (Franzosi, 1998) that broadly connote the ‘abnormal,’ as the terms make visible acts that exist outside of ‘society’s agreed-upon norms’ (Nealon, 2007, p. 47). The terms also have the potential to make visible certain subjects—*delinquent subjects*—as lurking behind these acts is a ‘species or life form’ that has evaded the disciplinary gaze and normal regulation of behavior (Nealon, 2007). Yet, fraud and corruption are not just labels or phantoms of cultural construction, because they involve real acts and tangible pain and damage to real people, either directly or indirectly (Power, 2013, p. 541; also Jeppesen, 2019). Viewed from a realist perspective, fraud and corruption, whether understood in a legal (Gabbioneta et al., 2013) or moral (Earle, Spicer, & Peter, 2010) register, are not simply interpretations; rather, they are ‘actualities’ (Power, 2013, p. 525), which is why they and the ‘behaviors, lives, and lifestyles’ of those engaging in them have become—at least outside of the field of audit—targets of disciplinary power and policing (Nealon, 2007).

Fraud and corruption, then, are functions of both the symbolic *and* the material. Consequently, these problems need to be viewed as an ‘ensemble of linguistically- *and* non-linguistically performed practices’ (Jäger & Maier, 2015; Power, 2013). Examples of the latter include the forging of a document, the transfer of a suitcase full of cash, or the intentional failure to count votes for a political candidate at a polling station. These practices are not, however, acts of fraud or corruption until they are assigned that meaning by social actors. When a set of actors assign the same or similar meaning to these acts, and to the extent they are united by a common purpose (Jäger & Maier, 2015), they effectively animate, re-shape, and change these acts (Power, 2013).

To illustrate, suppose a group of community members are repeatedly forced to pay a police officer small amounts of cash to avoid receiving charges or fines for alleged offences. They might decide to collectively confront the officer demanding an end to the practice. The knowledge that the officer is using the money for frivolous purposes, along with the collective perception that they are abusing their role as an agent of the law, would likely move the group to label that person ‘corrupt’. This linguistic performance, in turn, helps the group exercise its power (one hopes) to have the officer removed from their position. Note that this act of naming re-shapes both the police officer’s acts and their subjectivity. The process is *power-laden* because they have been re-constituted through language to become ‘a dirty cop’. The collective labeling of corruption is also *power-laden* because the act of naming creates materializations (Power, 2013), such as, in the example here, a verbal or physical confrontation between the group and the police officer, the initiation of a process to investigate and possibly terminate the officer’s employment, or a change in the policy and culture of the police force. These materializations, or non-linguistically performed practices, help in turn to re-shape the meaning of the term ‘corruption’. Assuming the community-members’ actions eventually lead to an overall decrease in police bribery, corruption becomes something other than that act. Other acts (e.g. political influence-peddling, tax evasion, nepotism, etc.) come to more-strongly ‘define’ the terms. In this way, the meanings of the terms change and so do the involved actors—the terms have constitutive power—and they do so according to their context.

The accounting literature examining fraud and corruption, however, tends to avoid problematizing definitions of the two terms, taking them largely as ‘givens’ (and often ignoring the latter term entirely). The literature has even less to say about their constitutive power. For example, fraud, or as it is more conventionally termed, ‘accounting fraud,’ is usually seen as either ‘asset misappropriation’ (i.e., the theft of an entity’s assets) or ‘financial statement misrepresentation’ (Jeppesen, 2019). The possibility that an entity regularly over-bills clients, seeks ‘favors’ from politicians, underpays workers, pressures suppliers to sell at below-cost prices, uses tax-havens to hide profits, or falsely-advertises the benefits of its products would escape the above definitions, even when these acts affect an organization’s financial reports. In contrast, etymological understandings, or at least those of Oxford and Merriam-Webster, would apply, and for auditors to not concern themselves (wittingly or unwittingly) with these acts undermines both the public interest and the possibility of accountability (Grossi & Pianezzi, 2018; Roberts, 1991). By ignoring these other acts, auditors may be ‘failing to deliver on what the public desires’ (Humphrey et al., 2021), which only exacerbates the current expectations gap. That accounting commentators tend to narrow fraud down to just two acts is perhaps understandable, as this is how accounting standard-setters tend to view the term. ISA 240, for example, categorizes fraud according to this narrow definition (Jeppesen, 2019). However, having a poorly defined standard does not absolve practitioners of the need to address these problems *if they are important to the public*, nor does it absolve researchers of the need to better ‘construct their research objects,’ versus accepting them as part of a narrow theoretical approach (Bourdieu & Wacquant, 1992, p. 23).

Corruption, for its part, tends to be defined-away by standard-setters as ‘non-compliance,’ despite the important role that compliance plays in reducing material reporting errors and enhancing corporate accountability and transparency (Jeppesen, 2019). Where corruption is not defined-away by practitioners (or ignored by researchers), there is a tendency to view it as ‘the abuse of public office for private gain,’ a definition which, on the one hand, opens up accounting research to explorations of accountability in the public sector. On the other hand, this definition tends to “cripple any meaningful investigation of the causes and impacts of corruption” (Brown & Cloke, 2011, p. 118) as it “depends on the existence of a public domain which is recognizably separate from a private sphere, with different codes of acceptable conduct in each” (Polzer in Brown & Cloke, 2011, p. 119). This public/private distinction legitimates the idea that the private sector is *expected* to be about private enrichment (Brown & Cloke, 2011), obscuring the not-insignificant role

that the private sector plays in corruption's supply-side (Everett et al., 2007). In practice, the distinction between the two has become increasingly blurred, as private sector ideas and practices have begun to flow into the public sector, often in the form of either the New Public Management or New Public Governance (Almqvist et al., 2013; Changwony & Paterson, 2019; Hood, 1991, 1995). The decentralization that comes with these management and governance changes, in the absence of effective accountability, appears to increase the likelihood of corruption (Changwony & Paterson, 2019).

The extant accounting literature contains a good deal of research examining financial statement fraud (see e.g., Cohen et al., 2012; Lennox et al., 2013). The problem of asset misappropriation also figures prominently in journals such as the *Journal of Forensic & Investigative Accounting*, the *Journal of Forensic Studies in Accounting and Business*, and the *Journal of Forensic Accounting Research*. This research, however, not only lacks diversity in terms of the types of acts that it focuses on, it lacks diversity in respect of the theoretical perspectives employed, since it often frames this research solely in terms of a 'fraud triangle' (DiGabriele & Huber, 2015; Morales et al., 2014). Recent special issues in the field's more general accounting journals (e.g., Brown & Cloke, 2011; Cooper et al., 2013; Paterson et al., 2019) have helped broaden the theoretical perspectives and definitions employed, but, again, the definitions are seldom problematized (in the more general management literature, see Zyglidopoulos, Hirsch, Martin de Holan, & Phillips, 2017).

Among the studies that do highlight the malleability of definitions and their inherent constitutive power, Slager (2017) and Power (2013) both treat the terms as imbricated in webs of discursive and non-discursive practices. Notably, they show how the solution to fraud and corruption—'risk management'—comes to define the problem. Positioning fraud and corruption as just 'one risk among many' (Power, 2013, p. 534), this shift is attendant with another important shift in the occupational role of auditors, and that is their move away from the detection of these problems (Jeppesen, 2019). Cullinan and Sutton (2002) observe that auditors are much less inclined to conduct direct testing and substantive procedures than they once were, though the shift towards digital audits may be reversing that trend (Fotoh & Lorentzon, 2023).⁴ Where the focus remains on control testing, it is worth noting that deviant organizational actors often override extant controls, which makes audits less effective in preventing and detecting these problems. Other studies that challenge the effectiveness of auditors in this problem domain include Neu et al. (2013), who show how internal and external auditors can go to some lengths to downplay evidence of document falsification and control overrides in multi-year, multi-million-dollar fraud schemes, and Roussy (2013), who challenges the profession's espoused claim that it is not a 'bloodhound' (see also Everett, Friesen, Neu, & Rahaman, 2018). Better, Roussy finds, to view internal auditors as 'helpers' and 'protectors' of top organizational actors, which is to say, members of the management, not oversight, team.

If accountants are increasingly viewing themselves as 'keepers of secrets,' 'protective shields,' or even just 'management guides' (Roussy, 2013), one wonders about whether their definitions of fraud and corruption reflect the concerns of ordinary citizens, the management team, or auditors themselves. It could well be the case that accounting-based definitions of these terms, like the standards from which they are apparently derived, are self-serving and deficient (Paterson et al., 2019, p. 5) and possibly even contributing to the current expectations gap (Humphrey et al., 2021; Jeppesen, 2019). Moreover, with accounting's focus on practice remaining highly rule-oriented and legalistic (Everett et al., 2018), questions need to be raised about the profession's commitment to society's 'agreed-upon norms' and how it 'envisions its own social significance' (Grossi & Pianezzi, 2018, p. 88; Humphrey et al., 2021, p. 447; Nealon, 2007, p. 47; Paterson et al., 2019).

To learn more about the challenges to these norms and what captures the concerns and attention of the public—those non-specialist 'others' in whom the profession claims to have an interest (Baudot et al., 2017; Cullinan & Sutton, 2002; Roussy, 2013; Zeff, 2003), it is necessary to categorize and locate these challenges as they are identified and understood by others. One useful resource for this is the media, which has proven to be an effective watchdog in this problem domain (Clemente & Gabbioneta, 2017; Miller, 2006). The media is the 'main publicizer' (Clemente & Gabbioneta, 2017) of fraud and corruption, and arguably provides the public with a voice to fight these problems. The media rebroadcast information from other information intermediaries (e.g., lawyers, the public, and also auditors)⁵ and undertake their own investigations (Clemente & Gabbioneta, 2017), and while they have their biases, these may be more 'commercially self-serving and instrumental than ideological' (Andon & Free, 2014, p. 37). Equally important, and unlike law enforcement, the media do more than just 'police acts' (Nealon, 2007), they also 'police norms' by drawing attention to the gap that exists between 'what is said and what things are' (Breit, 2010, pp. 621–622). Compared to law enforcement, the media are also more inclined to make delinquent actors visible (e.g., through 'trial by media'). This makes the media an important source for better understanding the types of acts that impact the public, their frequency and seriousness, and who is being 'delinquent in terms of the norm' (Nealon, 2007, p. 47). At the same time, the 'media are bound up in the social construction of reality, they mediate it, and they shape public opinion' (Andon & Free, 2014, p. 16; also Clemente & Gabbioneta, 2017, p. 1). Consequently, while the media reflect the public's definition of problems like fraud and corruption, they also shape that definition, which allows us to view the two as a single public, non-accounting actor.

In this section, we examined Foucault's dispositive theory and the accounting literature examining fraud and corruption as a means of motivating our inquiry. We propose that the auditing profession, on account of its embeddedness in a dispositive of security and managerial responsabilization (Du Plessis, 2022; Power, 2013), exists in a state of 'dispositional friction' (Du Plessis, 2022) with the public, which views the problems of fraud and corruption in more personal, individualizing, and disciplinary terms. To better

⁴ As auditing becomes more digitized, entire population sets of data points, rather than just samples, can be scanned for variances and anomalies, which would enhance any search for fraud.

⁵ One of the reviewers of the paper insightfully noted that auditors sometimes cooperate with the press to force the police or fraud authorities to act on corruption (see Reichborn-Kjennerud et al., 2019). In this way, the line between the role of 'auditor' and 'citizen/public' proves to be indistinct.

understand this friction and possibly enhance the ‘trajectory of formation’ (Power, 2013) of auditors by incorporating the voice of the public, we ask: (1) how are fraud and corruption viewed and defined by the public and, (2) are the problems the public identifies the same as the problems that auditors care about (esp., material misstatement of financial reports, asset misrepresentation, and non-compliance)? We are also motivated to address these questions in the context of the public sector, as its constituents directly include the public, and because it is in that sector that auditors, at least according to most commentators, are likely to find both fraud and corruption.

3. Research method

We turn now to review our data collection and analysis procedures. To reduce possible shaping effects and sample selection bias, our data are derived from the country’s three main newspapers, *la Repubblica* (with 9,155,290 daily readers), *Corriere della Sera* (with 9,211,739 daily readers) and *Il Sole 24Ore* (no numbers provided, but significantly fewer than the other two). These three papers are broadly aligned with social-democratic, centrist, and economic-liberal political interests, respectively (Mitchell et al., 2018), and none are run or owned by Silvio Berlusconi, the notorious entrepreneur and ex-president of the Italian Council of Ministers. The shaping effect was further reduced by the news media’s tendency to agree on the ‘basic facts’; that is, the type of action involved, its location and date, and the general identity of the participants, irrespective of the news outlet’s ideological bent (Franzosi, 1987). We also recognize that temporal and spatial patterns of newspaper reporting do not correspond to real-life patterns, and that reporting tends to be biased towards cities and large population centers (Franzosi, 1987). Consequently, we limited our geographic analysis to regions rather than specific locales.

Our data go back to the year 1991, which we believed was a good starting point as this year predates a major public sector scandal that occurred in the following year (*Mani Pulite* or ‘Clean Hands,’ a case that saw the indictment of half the Italian parliament, some USD4 billion paid in bribes, and the suicide of a number of those involved, see Vannucci, 2009). That scandal triggered significant public concern and policy reforms throughout the country. Our data coverage extended to 2018, for a total of 28 years of news coverage. We initially created a repository of more than 90,000 newspaper articles in which the words ‘corruption,’ ‘fraud,’ ‘bribe,’ or ‘swindle’ occurred in either the title or the text. We then refined the selection, given our desire to limit the study to one sector of the economy, by making linkages with the term ‘healthcare’ and healthcare-related topics, including ‘hospital,’ ‘medicine,’ ‘clinic,’ ‘clinicians,’ ‘physicians,’ ‘pharmaceutical,’ and ‘drugs’. Although digital tools gave us the ability to easily locate articles across a 28-year time-span for two of the three newspapers, we were required to directly copy the content for one newspaper into an Excel input mask and hand-transcribe the titles, subtitles, and rows of content to be sure the analyses were effective. Because the method that we relied on—content analysis (Krippendorff, 2018; Lasswell, Lerner, & Pool, 1952)—is usually associated with a positivist epistemology (for its use in Foucaultian research see Power, 2013; also Feltham-King & Macleod, 2016), we also make explicit the ‘post-positivist’ (Prasad, 2017) methodological presuppositions that underpin our study.

3.1. Content analysis

As the study’s primary concern was oriented to the ‘what’ in the question of ‘who says what, how, to whom, and with what effect?’ (Franzosi, 2017), we turned to content analysis to guide our data collection and analysis procedure.⁶ Content analysis allows us to quantify and rank instances of the terms ‘fraud’ and ‘corruption’ in news events (Franzosi, 1987), and it was from these instances that we were able to derive a list of specific fraudulent and corrupt acts and gain insights into the involved actors. As we were primarily concerned in gaining an understanding of the detailed characteristics of fraudulent and corrupt acts and their relative distribution, and not enumerating them in a manner that represented the actual population of acts (Franzosi, 1987, p. 9), we were less concerned about the fact that newspapers fail to account for and report every significant act. Notably, not all cases are passed from judicial authorities to the press, so we cannot say that we covered every known case that occurred during the period, especially relatively insignificant cases. Moreover, the data do not capture the economic and social impacts of the acts committed, so we can only rank their frequency, not their severity.⁷

Concerning the validity of the procedure, we searched news stories for the presence of the terms ‘corruzione,’ ‘frode,’ ‘bustarella’ and ‘truffa,’ which we equate to the terms ‘corruption,’ ‘fraud,’ ‘bribe,’ and ‘swindle,’ respectively. We focused on these four, fairly-common lay terms to ensure that we captured the set of acts that the news media and public deem to be fraudulent and corrupt, without creating too much grammatical complexity and to avoid excessive definitional determination of the terms.⁸ For example, by searching newspapers for the somewhat esoteric term ‘asset misappropriation,’ we think we would have undermined our effort to determine lay vs. professional definitions of fraud. To increase the likelihood that the news events that we analyzed provided valid indicators of fraud and corruption (Franzosi, 1987, p. 6), we also considered the degree to which the news media in Italy are biased and selective. Currently, the country is ranked 41st on Reporters Without Borders’ ‘World Press Freedom Index’ (www.rsf.org), which is above the United States (44th), but below most other European Union countries. While not considered ‘good’ (i.e., within positions 1–12), Italy’s

⁶ Answering the ‘to whom’ and ‘how’ questions is considerably more involved and necessitates other approaches, such as narrative, frame, or discourse analysis (Franzosi, 2017).

⁷ This latter analysis is part of a separate study on the effectiveness of anti-corruption solutions in the country.

⁸ Franzosi (1987) recommends using categories that have the same language or language that closely resembles the language found in newspapers.

press freedom is considered ‘satisfactory’ (positions 13–48), which suggests that its media is sufficiently independent and transparent for the purposes of our study. We thus consider the news media’s ‘shaping’ of public sentiment as only ‘moderate’.

The initial dataset contained 845 articles published for the 1991–2018 period. To enhance reliability, after coding the media-based data repository according to the type of article, we executed content analysis through NVivo, manually coding the articles to refine the dataset and extract and count the following: the event of fraud and/or corruption, the type of corrupt and fraudulent activity, the regional health system in which the act was committed, the actors involved, and the exchanges that occurred between those actors. First, we coded the articles by year, after excluding three articles of the initial dataset, since they were connected to ‘bribery among private parties’. We then coded 505 of the 842 remaining articles as ‘corruption and fraud in healthcare’ by assigning a unique code to each diverse case of misconduct. 54 articles were coded as ‘corruption and fraud in public administration’ as they only hinted at healthcare. A further 215 articles were coded as ‘awareness raising,’ since their content concerned major scandals in foreign countries or reports and commentaries concerning the *status quo* in Italy. Finally, we coded the remaining 68 articles as ‘preventing corruption and fraud,’ since they described deliberate attempts by the Italian Government and other organizations to prevent possible misdeeds.

Although a total number of 505 records emerged as unique events of corruption and fraud in healthcare, we found in the cluster only 270 different fraudulent and corrupt activities, which is to say that the same type of misconduct could have been committed in more than one event of fraud and/or corruption. It is on this last number of cases (270) that we focused our subsequent analysis.

One limitation of this process is that regarding some regions, newspapers followed only one case over the years, especially when the case involved a wide range of actors or led to the dismissal of government officials. Despite this limitation, we are confident that the data allowed us to accurately assess the public’s concern and interest in fraud and corruption in the country’s healthcare system. We think we were also able to capture the temporal and spatial character of the events and the actors involved in them.

3.2. A note on the mediation of public and professional understanding

Cognizant of the fact that our research method, content analysis, is often used with the intention of knowing ‘real’ phenomena in a positivist epistemological sense, and given that our Foucaultian theoretical framing is rather more epistemologically interpretivist in nature, it is necessary to make explicit some presuppositions that underpin our approach. First, and lending precision to Foucault’s insights regarding (both the negative and productive) power of discourse,⁹ our analytic methodology reflects the possibility that human actors are subject to what Bourdieu refers to as ‘misrecognition’ (*méconnaissance*) (Bourdieu & Wacquant, 1992, p. 119). By this, we mean that both accounting and non-accounting actors are not always aware of the ‘dispositives’ in which they are embedded and their effects (Du Plessis, 2022; Jäger & Maier, 2015; Power, 2013) or the symbolic capital that they acquire or lose when they use particular words, labels, and expressions. Nor are they aware of how these words, labels and expressions come to infuse the ‘commonsense,’ and how the commonsense, in turn, shapes one’s disposition or ‘habitus’. Social actors misrecognize the symbolic capital inherent in many of the terms and definitions that they use, and when accounting-related actors use the terms fraud and corruption without any attempt to clarify their meaning (e.g. Waly, 2020), use definitions that have been roundly-criticized (for a critique, see Murphy & Albu, 2018, March), accept definitions that have no statutory authority (Power, 2013, p. 526), or draw on definitions that run counter to the logic of accountability (see Jeppesen, 2019, p. 3), we wonder about the symbolic capital that inheres in the definitions that they use. Their embeddedness in a specific dispositive (of security or discipline) and their reliance on commonsense or ‘doxic’ discourses (Bourdieu & Wacquant, 1992; Everett, Neu, Rahaman, & Maharaj, 2015; also Stenka & Jaworska, 2019, p. 5) is not unusual in the institutional field of accounting, as the terms ‘users’ (Stenka & Jaworska, 2019), ‘transparency’ (Nielsen & Madsen, 2009), ‘fairness’ (Stolowy, Gendron, Moll, & Paugam, 2019), and, notably, the ‘public interest’ (Baudot et al., 2017; Humphrey et al., 2021) are also discursively-operationalized in a habitual and seemingly unreflective way (see also the ethical principles of ‘integrity,’ ‘independence,’ and ‘objectivity’ in Everett, Green, & Neu, 2005). One assumes too that the public also often uses the terms fraud and corruption without any attempt to clarify their meaning. We think our analysis, for this reason, only enables us to get at the public’s ‘taken-for-granted’ or ‘hegemonic’ (Stenka & Jaworska, 2019, p. 2) meanings of these terms, not their very specific or ‘true’ meanings.

We also assume that the public misrecognizes the ways that the media shapes their understating of events and actions. Social actors “derive their knowledge from, among other things, what they read or hear via the media ... [and] ... the media plays an important role in how actors learn the conventions of assigned meaning, which helps them interpret reality” (Jäger & Maier, 2015, pp. 111–114). If it is indeed the case that the media ‘tell the public what to think about’ (Kuypers, 2002) then using the media to gauge ‘the problems of ordinary people’ (Flyvbjerg, 2002) becomes problematic. At the same time, deriving public understandings, through, for example, questionnaires, also becomes elusive, because these understandings are similarly shaped by the media. At best, one can only gauge ‘mediated’ public understanding. Cognizant that this understanding can be skewed by ideology, we purposely drew on news stories from a politically-broad spectrum of sources.

In summary, our content analytic approach satisfies the standards of validity and reliability prescribed in positivist accounting research. At the same time, we also make a number of post-positivist presuppositions regarding social actors, in particular, that they have a tendency to misrecognize their embeddedness within a dispositive (of security or discipline) and the normative, symbolic value of *doxic* understanding (the ‘commonsense’). These shape the meanings that social actors attribute to terms like fraud and corruption, the actions that they undertake to address these problems, and even their occupational identities. Most importantly, these

⁹ In using the term ‘power of discourse’ we are referring more to the causal power of social groups or ‘norm circles’ and the ‘regulating effect of utterances that occurs within them, not the direct, causal power of discourse *per se* (see Elder-Vass, 2011).

presuppositions—and the dispositives or ‘socio-technical network of elements’ (Power, 2013) in which they are embedded—have a direct bearing on how we as researchers come ‘to know’ how the professional auditor, and the public, interpret, value, and understand the terms ‘fraud’ and ‘corruption’.

4. Italy and the Italian National Healthcare System

Italy was chosen as our study site due to the frequent corporate illegality and accounting scandals in the country (Gabbioneta et al., 2013; Melis, 2011), the long-standing presence of organized-crime syndicates (Ravenda et al., 2015, 2018), and the endemic nature of corruption in public procurement (Grossi & Pianezzi, 2018; Manes Rossi, Brusca, & Aversano, 2018; Sargiacomo, Ianni, D’Andreamatteo, & Servalli, 2015). A variety of corrupt networks and alliances, along with weak institutions, a politicized bureaucracy, and fused relations between government and business, are seen to be dominant characteristics of corruption in this ‘elite cartel’ country (Johnston, 2005). The country also ranks poorly in Transparency International’s Corruption Perception Index (at the European level, it is considered one of the worst), and it regularly draws condemnation from international authorities. For example, the President of the European Commission, Jean Claude Juncker, only recently commented that “Italians need to work harder and be less corrupt” (*The Guardian*, May 31, 2018).

We focused on the public sector not only because of its increasing vulnerability to fraud and corruption (Changwony & Paterson, 2019), but also because the costs of these problems are directly borne by the public, not corporate shareholders, whose ‘distance from economic necessity’ (Bourdieu, 1987, pp. 57, 177) is not as great. This sector, and the relationship between procurement and accountability in it, also tends to be overlooked by accounting researchers (Grossi & Pianezzi, 2018). The healthcare sector was chosen because of the enormous expenditures made there: global annual government expenditures now amount to roughly USD 7.5 trillion, making it a key sector for misappropriation and waste (World Health Organization, 2018). The Italian healthcare sector, for its part, sees about €115 billion in annual spending, an amount that is covered by public funding (Italian Ministry of Health, 2019). Moreover, this sector is considered ‘vulnerable’ to fraud and corruption (European Commission, 2017).

In the Italian National Healthcare System (INHS), public health is an important right sanctioned by charter and guaranteed to every citizen, and government resources and organizations are mandated for the purpose. The INHS was initially established in 1978 by Law 833/1978, to address extant fragmentation and disorganization in the country (at both the national and local level) (Ianni, D’Andreamatteo, Lega, & Sargiacomo, 2016). At the time, Local Healthcare Units (LHUs) were key to the system, belonging to municipalities and tasked with delivering outpatient and hospitalization services (including day visits and day surgery). Over time, this model proved to be inefficient and ineffective at delivering quality care, largely because of the conduct of political delegates who managed the LHUs. These delegates appeared to have more interest in self-gain than citizen health. The funding model at the time was primarily founded on ‘historical spending’, which is to say, financial resources were assigned based on what was previously spent. This led to growing and at times irresponsible spending, which in turn fueled tax increases and criticisms of the ‘welfare state’ (Borgonovi, 2005; Castles, Leibfried, Lewis, Obinger, & Pierson, 2012). In the 1990s, an important and ‘innovative’ reform was launched via Law 502/1992 (later integrated and modified by Legislative Decree 229/99, a.k.a. the ‘Bindi’ reform), reflecting Italy’s move towards New Public Management ideas and practices (Hood, 1991, 1995). These changes led, first, to the ‘regionalization’ of healthcare and regional accountability for service delivery, with central monitoring and little involvement of the municipalities (except for advisory functions). The central government was also given exclusive power to set system-wide rules (Tediosi, Gabriele, & Longo, 2009). Second, the reforms led to the establishment of a new entity known as the Local Health Authority (LHA), which was tasked with providing outpatient services and hospitalization (both for acute care and long-term stays and rehabilitation). Third, the reforms led to the ‘independent’ public hospital and the rise of private healthcare providers. Finally, they also led to the introduction of a ‘competitive’ or ‘quasi-market’ cash-based system, which would ostensibly improve financial and healthcare performance. The current funding model for the system is outlined in Fig. 1.

In addition, the INHS, being mainly public, has been the subject of a series of measures to counteract fraud and corruption,



Fig. 1. General regional funding model (LHA-based) (Source: Sargiacomo, 2015, p. 72).

measures which are generally aimed at the entire public sector. In the 90s, in the aftermath of ‘Tangentopoli’, the Italian state’s interventions to fight fraud and corruption were mainly aimed at changing the rules of political party funding, besides establishing the Italian Medicines Agency in charge of regulating, authorizing, and monitoring the pharmaceutical sector in Italy. In 2003, policymakers implemented more direct initiatives to fight the phenomena, establishing a ‘High Commissioner for the Prevention of Corruption and other forms of illicit practice in public administration’ (Law N. 3/2003), then abolished in 2008. Since 2007, compared with the previous years, the Italian Parliament and Government have played a more active role. First, in 2007 Italy joined GRECO (the European Council’s Group of States against Corruption), an organization that the Council of Europe promoted to monitor states’ compliance with international anti-corruption standards. Further, in 2009, Italian policymakers established the ‘Independent Commission for the Evaluation, Integrity and Transparency of Public Administration - CIVIT’ (Law N.15/2009 and Legislative decree N. 150/2009). Later, they adopted additional measures such as the First Anti-Corruption Law (Law n. 190/2012) and the promulgation of the ‘Code of Public Contracts’ (Legislative decree N. 163/2006, repealed by Legislative decree N. 50/2016). In 2013, parliamentarians changed CIVIT in the ‘National Anti-Corruption Authority- ANAC’ (Law N. 123/2013), whose potential for action was enhanced further over the years (Law N. 114/2014; Law N. 69/2015). Some of the cornerstones of these interventions are a national agency (ANAC) that coordinates and evaluates the efforts of all the actors involved, the protection of whistleblowers, and the appointment of prevention and corruption officers in all public agencies. Simultaneously, internal auditing systems have begun to develop with a focus on the risks of fraud and corruption, even though they are still at an earlier stage of maturity (Langella, Vannini, & Persiani, 2023).

5. Analysis: media and public discourses of fraud and corruption in the INHS

We first note that fraud and corruption in the country’s healthcare system have become much more ‘visible,’ if not more intense (Nealon, 2007). There is a substantial increase in media exposure of late, and perhaps an increase in the problem itself, though, again, it is hard to say how many cases go undetected by law-enforcement agencies, the media, or organizational-oversight actors, including auditors. As the temporal distribution of fraudulent and corrupt activities that were made public shows (see Fig. 2), the average number per year was about seven different types of misconduct until 2016, at which point it increased to a high of 56 in 2018. Indeed, more than 40% of the different typologies reported were concentrated in the period 2014–2018. The following key-circumstances, in tandem with more free press in action (see table below), may have triggered both the unveiling of more cases, and broader exposure in the media. On the one hand, the pressures from key national and international institutions were becoming stronger than ever. For example, besides the aforementioned concern raised by Pope Francis (2014), the European Commission during the same year commented on the continuous challenges raised by corruption in Italy:

... corruption remains a serious challenge in Italy [...] a new wave of political corruption cases has emerged, involving a number of top regional elected officials and revealing illegal financing of electoral campaigns and political parties, as well as ties with mafia groups (European Commission, 2014, p. 13).

Responding to national and international pressure, Italy approved an update of its prior embryonic legislation at the end of 2015, thus launching a new three-year Anti-Corruption Plan 2016–2018 (ANAC Determination no. 12, 28 October 2015). Moreover, in 2017, the country was incorporated in GRECO. Importantly, the intensification of legislation culminated with the stipulation of the 2018–2020 Anti-Corruption Plan, which was set in action on 22 February 2018.

We also considered the location of the phenomenon (see Fig. 3). The case-numbers in the regions of Lombardy, Lazio, Campania, Puglia, Piedmont, and Sicily (in order of number of occurrences) comprise roughly 80% of the known variety of cases. These results are not surprising, as they roughly correspond to these regions’ populations, with only Puglia and Piedmont having slightly-higher-than-expected numbers.

Having identified the prevalence and location of corrupt and fraudulent acts, we then grouped them to create a classification or

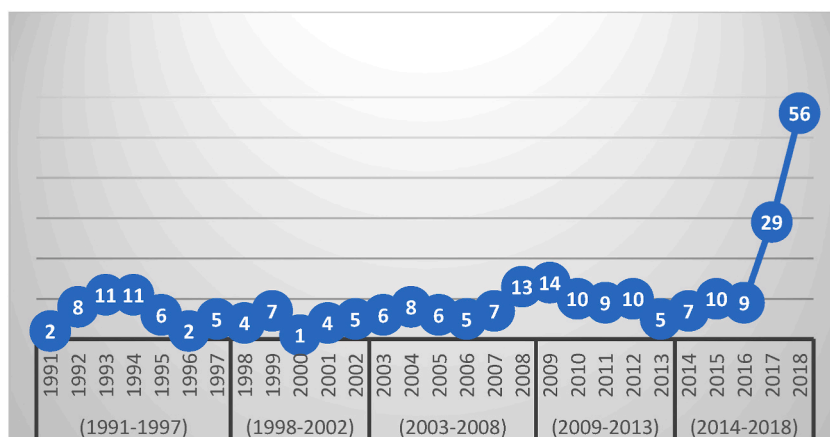


Fig. 2. Temporal distribution of fraudulent and corrupt acts as reported by media.

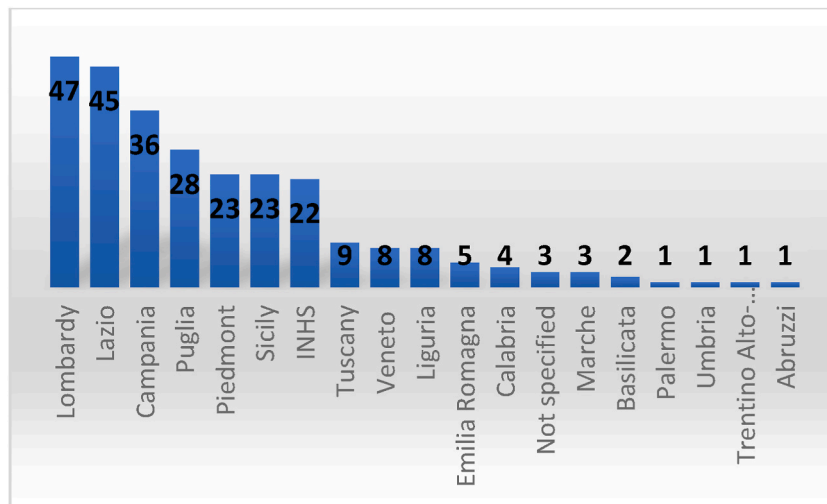


Fig. 3. Geographic distribution of fraud and corruption.

typology. This list (see Table 1) represents the acts that the media and public directly label ‘fraudulent’ or ‘corrupt,’ essentially providing a public, non-specialist definition of the terms. This *implicit definition* and association with ‘moral degeneration’ and challenge to society’s ‘agreed-upon norms’ (Nealon, 2007), is comprised of more than 40 diverse types of activity. To the extent that these acts overlap with the occupational domain of auditors, or might in future overlap with that domain, depending upon how the profession ‘envisions its social significance’ (Humphrey et al., 2021, p. 447), these are the acts with which auditing actors—practitioners, regulators, and academics—probably need to be most concerned.

Examining the frequency of cases, the largest group was in the area of procurement, followed by ‘claiming undue healthcare reimbursements’ and ‘pushing the introduction of new drugs in the INHS or prescription of drugs/medical devices’. These categories account for roughly 51% of the total. Regarding the first group, problems were identified in the procurement of products, supplies, equipment (the key sub-category) and the building or rebuilding of hospitals and hospital wards. In the second group, issues were related to the type of treatment, the number of patients, food costs (e.g., gluten-free food claimed by celiacs), the cost of drugs, and expense claims, both by healthcare service providers and individuals. The third important type of activity concerned bribery and healthcare professionals accepting money or favors in return for prescribing medical devices and drugs. This latter problem goes back at least as far as the 1990s, and the case of ‘Mani Pulite’.

Considering these acts from the perspective of ‘political’ vs. ‘commercial’ corruption (Jeppesen, 2019), of the 12 most important, which is to say all but the last quintile, the acts that ‘take place in informal vertical networks’ (i.e., political corruption) figure somewhat more prominently than acts that ‘take place in horizontal networks’ (i.e., commercial corruption) (Jeppesen, 2019, p. 4). For example, influencing public procurement procedures and favoring personal acquaintances in the delivery of services occur in vertical networks, and these acts slightly outweigh acts such as claiming undue reimbursements and demanding money to deliver services, which occur in more horizontal networks. Acts which are often classified as ‘asset misappropriation,’ such as committing absenteeism and stealing drugs are also significant, but far less prominent. This latter point is worth noting because these acts occur at a lower level in the organization, where control overrides tend to be difficult (Cullinan & Sutton, 2003). As such, audits focused primarily on controls may be helping prevent or detect these lower-level acts, but they be missing the most important types of acts that we found, especially in organizations where auditors are acting more as members of the management team than the oversight team (Roussy, 2013). At the same time, with such a high number of acts of political corruption—acts, it needs to be recognized, which don’t always lead to financial statement misrepresentations (Jeppesen, 2019)—an exclusive audit focus on financial statement assertions would be misguided. A combination of financial and performance audits, or ‘value for money’ audits (which have much wider terms of reference and scope for investigation (Everett, 2003), would appear to be appropriate in this domain. This is not to say, of course, that performance audits are without their problems, especially in relation to their tendency to overemphasize economy and efficiency at the expense of effectiveness (see Everett, 2003; Reichborn-Kjennerud & Vabo, 2017).

Concerning the issue of whether these acts overlap with the occupational domain of auditors, they have a role to play in the vast majority of them, especially where contracts, invoices, and statements of expenditure are involved (for a detailed description see Jeppesen, 2019, p. 5). Audits conducted to examine procurement records and processes, food and drug costs, and medical prescriptions would help reduce the number of problems in the target organizations (though see Neu et al., 2013). It would also appear to serve the public for auditors to prioritize the problem of bribery, especially as it relates to demanding money to deliver services, influencing public competitions, influencing public policy, and influencing research. Even where forms of corrupt organizing do not immediately invoke ideas of poor internal control, as might be the case with producing and trafficking in pharmaceutical drugs and human organs, one can imagine that, with enough effort, state or privately-contracted forensic auditors would be able to detect these problems. Finally, while analytical procedures such as benchmarking might not be as effective at preventing or detecting these problems as

Table 1
Classification of fraudulent and corrupt acts.

No.	Classification of Corrupt and Fraudulent Activities	Total
1	Influencing public procurement competitive procedures	58
2	Claiming undue reimbursements	48
3	Pushing introduction of new drugs in INHS or prescriptions of drugs/medical devices	31
4	Getting inappropriate certification	16
5	Not specified	12
6	Diverting patients to accredited private care	10
7	Committing absenteeism from work	9
8	Demanding money to deliver services	9
9	Influencing public competitions	7
10	Stealing drugs or forms for medical prescriptions	6
11	Getting or maintaining illicit authorizations and validations for health facilities	5
12	Favouring personal acquaintances in the delivery of services	4
13	Pushing funeral directors	4
14	Using public goods for private purposes	4
15	Influencing central or local public policy and regulations	3
16	Appropriating or not collecting prescription charges	3
17	Falsifying entry test to universities/colleges	3
18	Conducting irregular health and administrative inspections and controls	3
19	Manipulating data	3
20	Falsifying claims concerning one's status	2
21	Falsifying one's degree	2
22	Falsifying documents	2
23	Producing and trafficking in pharmaceutical drugs	2
24	Attributing funds improperly	2
25	Influencing experimental research and dissemination of results	2
26	Getting inappropriate authorisations for business activities	2
27	Threatening health and food safety	2
28	Impeding the collection of payables	2
29	Diverting funds	1
30	Using expired products	1
31	Committing extortion	1
32	Prescribing drugs illegally	1
33	Impeding reimbursement of costs	1
34	Inappropriate ownership of pharmacies	1
35	Pricing drugs inappropriately	1
36	Replacing health staff illegally	1
37	Substandard service/care	1
38	Favouring the payment of settlements to specific creditors	1
39	Selling-off public property/assets	1
40	Trafficking in human organs	1
41	Furnishing low quality products	1
42	Delivering unnecessary services	1
	Total	270

randomly-applied, substantive procedures (Cullinan & Sutton, 2002), they would still help prevent or detect many of the acts that we find (e.g., a computer-automated variance analysis of the number of employee sick days could be conducted).

It is important to emphasize that, usually, most of the acts listed above involve middle-level, if not top-level, administrators. With most material frauds occurring at these levels, and where the emphasis is placed on control-testing (Cullinan & Sutton, 2002), the possibility that many of these problems will escape both detection and prevention increases as many are subject to control-overrides. Substantive procedures, once highly resource-intensive and time-consuming but now more easily conducted through data analytics, need to be enlisted to uncover and/or prevent such problems. Challenges remain, however, in circumstances where internal auditors are viewed as 'keepers of secrets' or 'protective shields' of top organizational actors (Roussy, 2013). With few of the listed acts being directly related to financial statement misrepresentation, it is also worth noting that with current, dominant definitions of fraud in this professional field (see e.g., Cohen et al., 2012; Lennox et al., 2013), relatively few accounting researchers would see these problems as legitimate accounting issues, despite the profession's key role in fostering and maintaining hierarchical relations of accountability (Roberts, 1991). Performance audits, however, offer a means of expanding these definitions and the scope of audits, as the performance criterion of 'effectiveness' can be interpreted quite broadly (Everett, 2003; Reichborn-Kjennerud, 2014).

That being said, where the auditor's focus is highly circumscribed and limited to giving an opinion on historical financial information, and where a narrow view of fraud is maintained, symbolic power can be seen as effectively absolving auditors of responsibility for these problems, which, as a consequence, diminishes the auditor's 'social significance' (Humphrey et al., 2021, p. 447). This increases the likelihood that these problems will remain outside of the auditing 'performance gap,' rendering any suggestion that auditors might have a role in reducing them 'unreasonable'. Yet, studies suggest that in the case of public procurement audits improve government oversight (e.g., Di Tella & Schargrofsky, 2003; Lewis-Faupel, Neggers, Olken, & Pande, 2016; Olken, 2007; Zamboni & Litschig, 2018). Even the problem of employee absenteeism (found in nine of the 270 cases) could be seen as falling within the purview

of audit, if only in cases where auditors have become close, ‘trusted advisors’ of management (Roussy, 2013) or where they have been asked to specifically comment on issues of performance, efficiency, and ‘value for money’. This is similarly the case with a number of the acts listed; to weigh in on an issue like drug pricing, for example, would require that the engagement terms go well beyond the testing of assertions in the entity’s financial report. Humphrey et al.’s (2021) suggestion that audit needs to be seen as more than a subset of assurance seems apt in this problem domain.

We further examined the temporal distribution of offences across our five time-periods, and we note changes among some elements, but not others (see Table 2 showing that the temporal distribution of corrupt and fraudulent activities occurred at least four times in 219 of the 270 unique cases). For instance, there was an uptick over time in procurement fraud, fraudulent service claims, false certifications, and drug thefts/forms. Other problems, such as bribery and the diversion of patients to private-care facilities, were somewhat less prevalent. This suggests, again according to our theoretical framing, that public and media definitions of corruption and fraud in this context are themselves changing. For accounting’s ‘fight against corruption’ (Everett et al., 2007) to become a more publicly-relevant and ‘socially-significant’ fight, at least in the current Italian healthcare system, it probably needs to become a concentrated ‘fight against the influencing of public procurement processes’.

We further analyzed the geographic spread of the problems, with the summary of our findings shown in Table 3. Certain regions emerged as quite problematic, including Lombardy, Lazio, Campania, Puglia, Sicily, and Piedmont. Bribery and procurement-process influencing, as well as fraudulent service claims, dominated the list of problems in these regions. In general, although with varying magnitude, almost all regional health systems have had cases of fraud and corruption whose magnitude has captured the interest of the major national press.

Finally, we carried out an analysis to highlight, where possible, the ‘delinquent actors’ (Nealon, 2007) involved and the networks to which they belonged. Overall, 165 cases were analyzed for this purpose, and the results vary according to the level examined (central or local), the number of actors involved, and case complexity. Regarding the level of involvement, we identified numerous central-state actors, including: parliamentarians, ministers, and officials of independent bodies. Further, we identified regional-system actors, including: regional councilors, ministers, department officials, officials of regional independent bodies, managers, health professionals and administrative and technical staff working in Local Health Authorities and autonomous public hospitals, general practitioners and pediatricians, pharmacists, managers, and staff of accredited private-healthcare services. Along with these actors, the cases we examined also included patients, citizens, individual entrepreneurs and companies (who produce and sell drugs, medical devices and other goods and services), political parties, mafia-type criminal associations, town-council members, representatives of local churches, auditors (e.g., officers of the Corte dei Conti, which is Italy’s Supreme Audit Institution), members of the INPS (Italian National Social Security Institution), and even members of the ‘finance police’ (i.e., the Guardia di Finanza). With reference to the number of actors involved, the networks included as few as two and, on the upper end, significant numbers of organizational staff, which leads us to see many of the problems as ‘systemic’ (see Rhodes, 1997; Vannucci, 2009). We further examined these networks on a region-by-region basis. This analysis shows that the previously identified hot-spots also contain the widest array of delinquent actors, which was not particularly surprising.

With such a wide array of involved actors and with highly variable numbers of them, it is hard to say anything concrete in respect of the general composition or size of the networks. That being said, from the perspective of organizational leaders who believe that auditors should be ‘adding value’ (Roussy, 2013) by focusing exclusively on asset misappropriation by employees, it would seem that the value they are focusing on is more ‘key-performance-indicator value’ or ‘shareholder-value’ than ‘public-value’. Moreover, it also seems to be the case that fraud and corruption typically involve private and public actors, blurring the distinction that is often made in definitions of these terms (Everett et al., 2007). The seeming invariability of both a demand- and supply-side to these problems further supports Jeppesen’s (2019) assertion that auditors need to examine both potential ‘givers’ and ‘takers’ in their work (see also Sikka & Lehman, 2015). Business actors might be working as intermediaries in corrupt networks (Grossi & Pianezzi, 2018; Neu et al., 2013), and with New Public Management having taken hold in Italy, the transfer of services to the private sector will only make accountability more problematic (Grossi & Pianezzi, 2018) and corruption more likely (Changwony & Paterson, 2019). At the same time, there are broader implications here for accountants and auditors engaged in the anti-corruption fight: trust no one and expect a potentially-high number of complicit actors.

Finding that the actors and their networks varied in size, diversity, and geographic location, and seeing changes over time in the prevalence of the types of acts committed, we next turned our attention to the complexity of the ‘moral degeneration’ and challenge to society’s ‘agreed-upon norms’ (Nealon, 2007) that existed in this ever-changing environment, as we hoped to see if a dominant pattern of fraud and corruption emerged. In the following section, we consider a few of the more noteworthy challenges to society’s norms.

The first case involves an episode of corruption in Lombardy that began in the 1990s and that went public in 2011. A wide range of individuals acted to influence procurement and reimbursement processes for healthcare services provided to the regional health systems. The network included elected officials, accredited private healthcare providers, and private companies. The scheme involved a high degree of cooperation to shape the allocation of regional healthcare funds, and the exchange of remuneration (i.e., bribes, campaign-funding, consultancy services, the supply of medical equipment, and overpayment for healthcare services) and gifts (i.e., travel and luxury goods).¹⁰ The scheme crystalized around two healthcare providers, the largest private provider in the region and a

¹⁰ Initially, the network was much broader and included public officials of the regional Department of Health. The Court of First Instance acquitted the last condemned, while in 2018 the Appeal Court confirmed the sentence for the President of the Regional Council (whose punishment was increased) and two others accused (a businessman and an ex-councilor of the Regional Government). In 2017, in the case of bankruptcy of San Raffaele hospital, the Court of Cassation ordered a retrial by the Appeal Court, referencing the principal broker of this scandal.

Table 2
Most common types of fraud and corruption over time.

No.	Fraudulent and corrupt activities over time	(1991–1997)	(1998–2002)	(2003–2008)	(2009–2013)	(2014–2018)	Total
1	Influencing public procurement competitive procedures	10	4	12	8	24	58
2	Claiming undue healthcare reimbursements	4	6	9	14	15	48
3	Pushing the introduction of new drugs or the prescription of drugs and medical devices	3	2	11	6	9	31
4	Getting inappropriate certification	2	1	1	1	11	16
5	Not specified	5	0	2	2	3	12
6	Diverting patients to accredited private care	5	1	1	1	2	10
7	Asking for money to delivery healthcare services	4	1	2	0	2	9
8	Committing absenteeism from work	1	0	1	2	5	9
9	Influencing public competitions	3	0	0	1	3	7
10	Stealing drugs and forms for medical prescriptions	0	0	0	0	6	6
11	Getting illicit authorizations and institutional validations	1	0	1	1	2	5
12	Using public goods for private purposes	1	0	0	2	1	4
13	Favouring personal acquaintances in the delivery of healthcare services	0	0	0	0	4	4
14	Pushing funeral directors	1	1	0	1	1	4
	Total	39	15	40	38	87	219

Table 3
Most common types of fraud and corruption across regions.

Region	Recurrent cases of fraudulent and corrupt acts	No. of cases	Total cases	# cases/ total
Abruzzi	No recurrent cases	–	1	–
Basilicata	No recurrent cases	–	2	–
Calabria	No recurrent cases	–	4	–
Campania	Influencing public procurement competitions	10	36	27.8%
Emilia Romagna	Pushing the introduction of new drugs in the INHS or the prescription of drugs and medical devices and influencing public procurement competitions	2	5	40.0%
INHS	Pushing the introduction of new drugs in the INHS or the prescription of drugs and medical devices	10	22	45.4%
Lazio	Claiming undue healthcare reimbursements	15	45	33.3%
Liguria	No recurrent cases	–	8	–
Lombardy	Influencing public procurement competitions	12	47	25.5%
Marche	No recurrent cases	–	3	–
Not specified	–	–	3	–
Piedmont	Influencing public procurement competitions	10	23	43.5%
Puglia	Claiming undue healthcare reimbursements and influencing public procurement competitions (hospital construction)	6	28	21.4%
Sicily	Claiming undue healthcare reimbursements	5	24	20.8%
Trentino-Alto Adige	No recurrent cases	–	1	–
Tuscany	Influencing public procurement competitions	4	9	44.4%
Umbria	No recurrent cases	–	1	–
Veneto	Claiming undue healthcare reimbursements	2	8	25.0%
			270	

specialized healthcare trust, who produced false claims (false invoices and overcharging) and slush funds involving secret bank accounts. One of the principal players in the scheme was the President of the Regional Council, allegedly misappropriating public funds amounting to €30 million and €70 million in favor of the two lenders (the first offence is statute-barred, the second has been definitively convicted). The official was bribed by two long-standing friends, one of whom was a former regional councilor for health and the other an entrepreneur and consultant of a private healthcare provider, in exchange for various benefits (gifts, invitations, holidays) quantified at around €6 million. To more easily divert public funds, the official introduced an instrument known as ‘non-priceable functions,’ i.e., funding that could be disbursed yearly to providers by assessing the initiatives of individual entities. It was, in other words, a ‘slush fund,’ which has been identified as a key concern for auditors (see [Sikka & Lehman, 2015](#)) and which can be detected by strengthening the focus on the completeness and existence of recorded transactions ([Jeppesen, 2019](#)).

The second case occurred in Lazio, and involved a woman known as ‘Lady ASL,’ as well as elected officials, Ministry of Health officials, regional councilors, a manager, and administrative personnel of the LHA.¹¹ First making headlines in 2006, the scandal centered on the accreditation process for private providers. Lady ASL and her husband owned a network of private healthcare providers, and they brazenly issued a series of false documents to obtain accreditation by the regional healthcare system. They also sent false invoices and warrants to LHAs for healthcare services that were only partially or never provided. They ultimately siphoned off

¹¹ One of the sentences in this case has already been decided.

more than €80 million in public funds. Thanks to this amount, Lady ASL's family accumulated considerable real estate assets. The sums were first disbursed to two ghost companies, belonging to the two entrepreneurs. They stated, during the court proceedings, that they had been forced into implementing the corrupt system by managers and officials from the region and local health authorities, when they had presented themselves to the-then regional councilor to initiate a project for the rehabilitation of disabled children, who had difficulty in accessing public assistance. This case underlines the corruption that results when privatization is coupled with a lack of accountability (Changwony & Sutton, 2019).

Another, even more recent scheme, was discovered in 2018 in Campania. There, following the completion of a new hospital in the region, the operators of the scheme illegally obtained contracts for the supply of products and medical equipment. General managers and heads of administrative units of the LHA cooperated in the sale of electronic medical devices and influenced the public procurement procedures of the hospital (and other public service providers). The corrupt initiatives were allegedly initiated by companies supplying medical equipment, which were *de facto* administered by the partner of the director of the local health authority's goods and services procurement unit in exchange for bribes. In one case, the companies obtained a price 300% above the established market price, which even basic auditing scanning procedures should be able to detect. As auditing becomes more digitized, which potentially enables the scanning of an entire population rather than just a sample of data, these types of scams should be easier to detect.

Finally, at the beginning of the 1990s, a system of illicit authorizations to use pharmaceuticals in the INHS was discovered involving Duilio Poggiolini, the so-called 'King Midas of the INHS' and General Director of the pharmaceutical service of the Ministry of Health. Labelled 'Tangentopoli', this case saw Poggiolini accepting kickbacks from pharmaceutical companies in exchange for regulatory system 'favours'. The corrupt scheme involved, in exchange for bribes, interference in the administrative procedures for determining and reviewing the prices of medicines or their registration and/or classification in the Italian therapeutic handbook. At trial, Poggiolini presented himself as 'poor,' though it was later discovered that he had billions of lire stashed in his house and overseas bank accounts. This case points to the importance of examining the income, wealth, and lifestyles of high-level actors as a part of the audit process (see Jeppesen, 2019, p. 8).¹²

In considering these cases, we can see a pattern emerging that involves, most prominently, private-sector actors, entrepreneurs, and politicians, with significant involvement of health-system authorities (see Fig. 4).¹³ The cases also involve lapsed-controls, documentable evidence, accounting-related practices, and, sometimes, accounting actors. Returning to our Foucaultian framing and the notion of the 'dispositive', we are drawn to the idea that definitions of fraud and corruption can serve some interests more than others (Breit, Lennfors, & Olaison, 2015). One implication of this is that if auditors were to limit their understanding of these problems to the 'material misstatement of financial reports' and 'management's responsibility' then they will not be inclined to see that, at least in the field of healthcare, deep-pocketed private-sector actors—which means, in some cases, managers themselves—are a key source of the problem. Again, there is a supply-side *and* a demand-side in the market for fraud and corruption (Everett et al., 2007; Sikka & Lehman, 2015) and some actors have much more power and efficacy than others. Moreover, the definitions of the problem matter, because those definitions shape the nature of the solutions that are proposed and implemented (Power, 2013; Williams, 2013). As Arnold and Sikka (2001) and others (see Compin, 2008; Gabbioneta et al., 2013; Mitchell, Sikka, & Willmott, 1998) show, accountants and other financial experts are often needed to hide the proceeds of these schemes, so defining the problem as a 'risk that is management's responsibility' can exculpate a number of important, involved actors.

6. Discussion and conclusion

Responding to the call for more "research on the tempo of fraud and corruption processes" (Cooper et al., 2013, p. 445), this study examines the types and locations of the acts and actors that capture not the auditor's, but the public's, attention over time. Rather than starting from a pre-given definition of the terms—e.g., 'material misstatement in financial reports,' 'breaking the law', or 'the abuse of public power for private gain'—we inductively-derived a definition by examining the 'problems that concern ordinary people' (i.e., the 'mediated public interest') (Flyvbjerg, 2001). This public-interest focus led us to identify a number of specific practices—forms of 'moral degeneration' (Nealon, 2007)—that are seldom featured in either the accounting literature or public statements by professional auditors regarding their normative, occupational role. Our justification for this inductive, yet public-oriented approach is derived from Foucault's (2007, 2008) notion of the *dispositive*, which alerts us to the specific 'securitizing' manner in which the auditing profession currently views fraud and corruption (see Power, 2013), the alternate, 'individualizing' and 'disciplinary' manner in which the public views these problems, and the potential 'dispositional friction' (Du Plessis, 2022) that exists between these two sets of actors. We suggest that this dispositional friction only widens the current audit expectations gap.

Predictably, our analysis identified similar areas of concern found in the healthcare literature, especially concerning the procurement of drugs and medical devices (see Petkov & Cohen, 2016; Slot, De Swart, Weistra, van Wanrooij, & Raets, 2017; Vian, 2008). At the same time, we add a new level of detail to the accounting literature, both broadening the definitions of fraud and corruption that are found there (e.g., our method suggests that the trafficking of human organs and the falsification of one's degree are forms of fraud and corruption) as well as narrowing it (by identifying the prevalence of the various types). In comparing the diversity of cases across our different observation periods, we also documented a changing distribution of activities, which supports the idea that corruption and fraud are polymorphous and plastic, both temporally and spatially (Breit et al., 2015; Czepil, 2016; Johnston, 2005).

¹² This case perhaps points more to the importance of beneficial ownership registries and the improved vigilance of bank authorities regarding global capital movements (see Compin, 2008).

¹³ The sentence was handed down in 2000. Poggiolini was convicted of 25 cases of corruption.

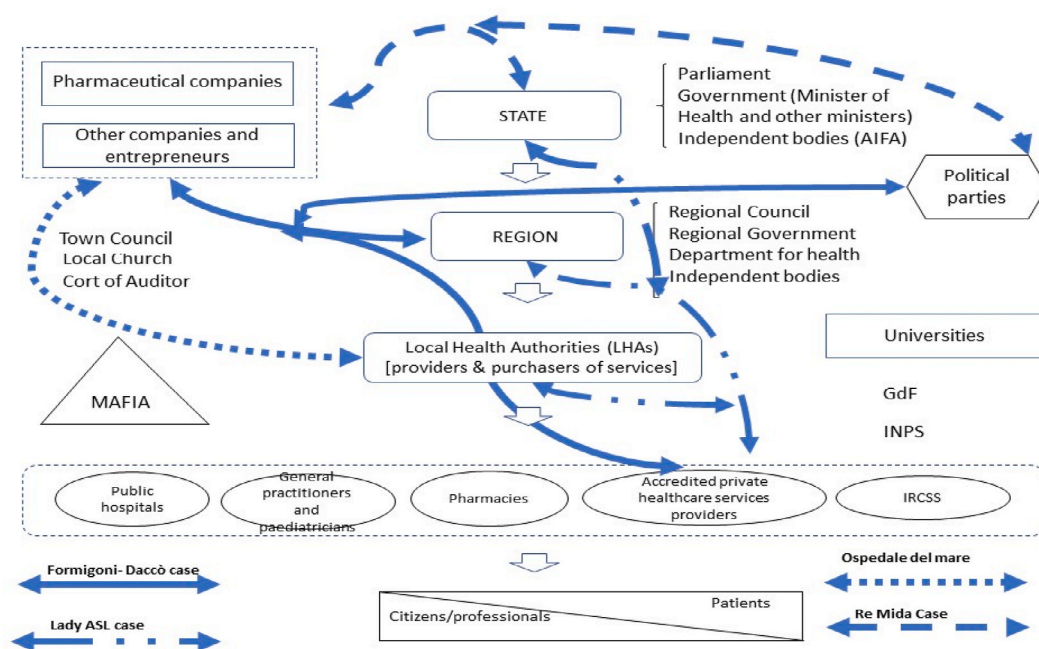


Fig. 4. Actor networks in fraud and corruption cases.

Examining this classification of wrong-doing from an accounting perspective, and concerning the practical implications of the study, our results suggest that there are *some* areas wherein accountants and auditors have a strong skill-set and substantial experience and they are well-positioned (if not well-motivated) to help prevent, detect, and/or mitigate these problems. The establishment of controls and audits respecting reimbursement claims, forms, payments, and pricing are all well-trodden ground for accountants (see Jeppesen, 2019). Yet, and to address Richardson's (2015) and Humphrey et al.'s (2021) calls to contribute to the emergence of 'what could be' rather than focus on the 'what is,' we also found some areas that potentially receive much less attention from accountants, including, most notably, procurement-bidding processes and processes wherein bribes are paid or favors and gifts provided. While there are problems in detecting and preventing these problems (see Humphrey et al., 1993; Jeppesen, 2019), and while auditors currently do not feel that it is their duty to detect and prevent them (Power, 2013), we remained concerned about this occupational group's almost exclusive focus on financial statement fraud and the misappropriation of organizational assets, not the often-financially-significant areas of bribery, gift-giving, and influence-peddling, even though the latter are written into at least one set of global audit standards (i.e. ISSAI 1240, 2018).¹⁴ The public, it would seem, does care a great deal about these latter problems 'in and of themselves', which means that auditors should probably care about them too.

Our study also provides insights into the location of fraud and corruption and the 'delinquent' actors involved, and here the study offers a number of public policy-related implications. In terms of spatial distribution, the phenomenon is well-spread across the country studied. Indeed, it has penetrated all of the country's territories, going beyond the rhetorical and atavistic divide that pits the wealthier northern region—where the level of healthcare is high—against the poorer, 'under-performing' southern region (Lo Scalzo et al., 2009). Two of the country's richer northern provinces (Lombardy and Piedmont), in fact, have a higher percentage of offences, and this is likely due to the large populations in these provinces and the proportionately larger amount spent on healthcare there; the presence of significant sums of money in these regions, it seems, provides a tempting target for the perpetrators of illicit acts. That being said, the challenges to society's agreed-upon norms that are prevalent in the country's healthcare system do not respect the north-south divide—they are democratically-distributed, with both north and south experiencing the same general problems: a) an undue influence over public procurement competitions; b) false claims for healthcare reimbursements; and c) the unwarranted promotion of, or encouragement to introduce and use, new drugs and medical devices, whether or not they are justified. These three categories, which represent 51% of all cases of fraud and corruption, are areas of critical concern across the country.

It is important to note here that our study was limited to the examination of these types of problems in only one country and only

¹⁴ The Association of Certified Fraud Examiners divides fraud into asset misappropriation, fraudulent statements, and bribery and corruption (Jones, 2011, p. 62), and so it is hardly unreasonable to suggest that accountants need to pay more attention in their work to bribery and problems with, for instance, rigged procurement processes (not to mention their professional members' important role in laundering and/or hiding the proceeds of illicit activity). Jeppesen (2019), in considering the International Standards of Supreme Audit Institutions, makes the argument that because "auditors are required to remain alert to the occurrence of abuse throughout the audit" (see ISSAI 1240:6), they have a responsibility to detect a variety of problems.

one economic sector in that country, and so further research examining the types and prevalence of fraud and corruption found in other national contexts and other sectors would be worthwhile. As these problems are not strictly functions of ‘industrial psychopathic deceit’ (Lokanan, 2015, p. 202), but larger, ‘structural forces’ and ‘institutional pressures and expectations’ (Gabbioneta et al. 2013; Morales et al., 2014) research that replicates this study in a variety of national contexts is warranted. We also did not identify much concern from the public regarding the problem of money-laundering, which from the perspective of fraud and corruption has a significant ‘family resemblance’ (Haugaard, 2010) as it is often needed to ‘wash’ the proceeds of illicit activity. Specific research examining this issue and the auditing profession’s response to it is also warranted (see Amara, Khlif, & El Ammari, 2020; Mitchell et al., 1998; Norton, 2018; Ravenda et al., 2018).

In analyzing the actors involved in fraudulent and corrupt acts, we found that the more or less durable networks to which they belonged were quite complex. They included large groups of individuals involved in procurement processes (for products, supplies, and equipment), the attribution of funds for biomedical scientific research, and claims for the reimbursement of healthcare services delivered by accredited private providers; actors involved in the accreditation of healthcare facilities; actors who authorize the introduction of new drugs in the market; and actors who recruit staff and appoint LHA directors (top- and middle-managers). The prevalence of these groups was not particularly high, yet their economic impact on the country’s health service is high, and this warrants specific actions in any effort to fight these problems. Another area of concern was the inducement of clinicians to prescribe and use ‘recommended’ drugs and medical devices. This underlines a point made by Neu et al. (2013, p. 524), who argue that “additional work is clearly needed on the social practices of preventing, detecting, investigating and prosecuting white-collar criminal activities”. Just as there is a skewed focus in western nations on the supply of drugs (i.e., cocaine, heroin, fentanyl, etc.) with little being done to help those who demand them (i.e., better public education in poor regions, addiction treatment, poverty alleviation, etc.), so too there is a skewed focus in the justice system on petty and blue-collar crime. If accountants and their professional spokespersons truly wish to safe-guard the public interest, as they claim (Baker, 2005; Boyce, 2014; Neu & Graham, 2005; Sikka, Willmott, & Lowe, 1989), then their actions should be genuinely aimed at detecting and preventing white-collar crime, since the monetary losses resulting from it are enormous (Johnson, 2005). Still, there remains little motivation in this regard among accounting-related actors (Humphrey et al., 1993; Jeppesen, 2019; Power, 2013) and, perhaps equally troubling, they are also often key enablers of the white-collar criminal economy (Cockfield, 2016; Compin, 2008; ICLJ, 2014; Mitchell et al., 1998), which suggests that their role is a highly complex, even contradictory, one. Research probing this complexity and the reasons for it, potentially starting from the idea that claims to serving the public interest are ‘hypocritical’ in an organized or institutionalized way (Humphrey et al., 2021; Nickell & Roberts, 2014), is also worth pursuing.

The use of large-scale data to study socially-constructed phenomena from a content-analytic perspective is relatively new to the academic field of accounting (Everett et al., 2015; Richardson, 2015). The current study extends this work, pointing not only to the utility of temporally- and spatially-analyzing those data, but also the potential for quantitative approaches in interpretive accounting research. In this study, we were able to identify precise fraud and corruption patterns in a country with over 60 million people. Rather than sampling from a population in that country, we were able to examine almost all of the country’s media news-releases in all of its regions. The main limitation of our approach, as we said, is that we only studied fraud and corruption in one country and one sector in that country. It would be worthwhile to use the approach we developed in this paper in other areas of the public sector, such as education, the military, law enforcement, housing, and transportation. While not concerning the public quite as directly, research identifying fraudulent and corrupt acts and actors in the private sector would also be insightful. Again, there is also a notable absence of concern regarding money-laundering in the sector we studied, which is unlikely to be the case in other for-profit domains (Norton, 2018), such as banking. Our study is also limited to Italy, which, as we said earlier, has a long history with these problems. Research in contexts that are considered ‘the least corrupt,’ such as the Nordic countries, New Zealand, and Singapore, would also be illuminating.

Another limitation of our approach is that it can only be carried out in countries with a high degree of press freedom, as it is not possible to use media coverage as a proxy for the public interest in countries where the media have been captured by powerful, vested interests. With Italy currently ranking ‘satisfactory’ in press-freedom, there is undoubtedly a degree of media-capture in the country, but not so much as to obviate news of corruption and fraud involving a good number of powerful figures who would prefer their ‘moral delinquency’ remains invisible. The results of the study suggest that our approach can be used in a host of other countries, including the vast majority of the OECD member-states, whose combined population is well over one billion people. Especially worthy contexts for the replication of the study are the UK, France, Germany, Norway, Sweden, Denmark, Finland, Australia, and Canada, which are seen as ‘free’ from a press-freedom point-of-view (see <https://freedomhouse.org>). That being said, it is an age when the media appear more concerned with ratings and viewer and readership numbers than what Charles Pierce (1931/1958/1959) referred to as ‘truth for truth’s sake’. And so while the public might have an interest in the media’s stories in these countries, that does not necessarily mean that the media always provide, or will continue to provide, a clear window on the reality of fraud and corruption (see Althaus, Cizmar, & Gimpel, 2009; Fransozi, 1987).

Besides being an age when many media sources are more concerned with ratings than truth, it is also an age of surveillance and audit (Power, 1993)—even surveillance capitalism (Zuboff, 2019)—and a preoccupation with fraud and corruption only justifies greater surveillance and policing (Morales et al., 2014; Nealon, 2007). Our analysis of a large data set can be viewed in light of this, as just another monitoring system that ‘totalizes’ and envelops a targeted population, part of neoliberalism’s growing ‘dispositive of security’ (Norton, 2018; also Power, 2013; Williams, 2013). We too rely on an analytic ‘intelligence technique’ or ‘moral technology’ (Power, 2013), which in its own way is part of the risk management apparatus or ‘ensemble of actors, practices, and things ... being done in the name of fraud and corruption risk’ (Power, 2013, p. 539; Williams, 2013). Yet, while we aim to contribute to this apparatus of governability (Power, 2013; Williams, 2013), our aim is also to produce or ‘perform’ a different kind of visibility, to ‘dialogically alter’ (Du Plessis, 2022) auditing’s dominant ‘dispositive of security,’ with its limited focus on fraud-as-material-misstatement and

asset misappropriation (however important these may be), and its tendency to view fraud and corruption as a ‘risk’ and ‘cost of doing business’ (Power, 2013). We hope to give voice to the public and better orient research towards the direct ‘concerns of ordinary people’ (Flyvbjerg, 2001). Fraud-as-bribery and fraud-as-unfair-public-procurement are just two of the more prevalent and costly types that our study finds. One could add fraud-as-tax-evasion, which is often facilitated by accountants and which undermines public services (ICIJ, 2014; Sikka, 2015); or corruption-as-influence-peddling, including by accounting firms via campaign donations (Elemes & Chen, 2022), to name only two, less visible, and less professionally-palatable types of ‘moral degeneration’. By recognizing the constitutive power of definitions, and by re-defining fraud and corruption as terms that ‘concern ordinary people,’ these latter types of problems could become professional accounting’s own objects of surveillance and discipline. In so doing, the accounting profession might begin to shift the boundary between the ‘reasonable’ and ‘unreasonable’ in a way that narrows, and not widens, its current expectations gap.

Data availability

Data will be made available on request.

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