The Effects of Resistance to Change in Audit Readiness and Procedures within the Federal Government

Dissertation Manuscript

Submitted to Northcentral University

School of Business Administration

in Partial Fulfillment of the

Requirements for the Degree of

DOCTOR OF BUSINESS ADMINISTRATION

by

SYLVIA CISNEROZ CRONKHITE

La Jolla, California

May 2020

ProQuest Number: 28023517

ProQuest.

ProQuest 28023517

ProQuest LLC
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

Approval Page

The Effects of Resistance to Change in Audit Readiness and Procedures within the Federal Government

By

SYLVIA CISNEROZ CRONKHITE

Approved by the Doctoral Committee:

DocuSigned by:

Corey Carpenter

E3BA92A479E04AF...

Dissertation Chair: Corey Carpenter

DBA

Degree Held

07/02/2020 | 17:04:11 PDT

Date

DocuSigned by:

Chad Sines

5181D71F06D04A7...

Committee Member: Chad Sines

DBA

Degree Held

07/02/2020 | 17:45:13 MST

Date

DocuSigned by:

Leila Sopko

1F89B29081C9435...

Committee Member: Leila Sopko

Ph.D., MBA

Degree Held

07/05/2020 | 16:06:40 MST

Date

Abstract

The problem to be addressed by this study is the effect that employee resistance to change has on audit readiness. Findings reported in GAO Annual Report reported deficiencies in the areas of audit readiness due to internal control mechanisms and organizational behavior factors. Furthermore, GAO has identified several areas where it cannot quantify an audit opinion within consolidated financial statements due to extensive material internal control weaknesses and organizational behavior factors that culminated in financial management problems rendering financial statements unsuitable. One aspect of behavioral challenges is active and passive resistance measures used by employees to resist workplace change. As noted in the GAO studies, organizational behavior plays a key role in audit readiness. Consequently, factors that contribute to employee resistance to change can have negative effects on an agency's ability and capability to remain audit ready successfully. The purpose of this qualitative study was to examine employee's resistance to change in audit preparedness. A phenomenological approach was used to explore areas where organizational resistance to change effect audit readiness procedures. Agency Theory was employed that best explains accounting practices and standards of a theoretical premise to understanding both organizational design and process from a principal-agent perspective. This approach focused on the interplay of management change and employee deliverable to the current audit readiness processes and procedures. The importance of this research study highlighted areas that continue to be deficient within the current practices and processes used today within the federal government. Finally, this study provided for uncovering additional barriers the FM community continues to face within the current practices of audit readiness have to auditable transaction and transparency. The recommendations for practices included strategic alignment framework, more involvement from leadership, professional

development to include all respective FM employees, follow up on current curriculum and build towards actual audit processes, submission, and accountability. And finally streamlining processes across the board for all respective agencies. Future research focuses on explore further audit readiness procedures among other organizations within the U.S. federal government and service components that encourages to further replicate and refine the exploration in audit readiness procedures efficacies.

Acknowledgements

There are no words that can describe the humbling process to writing a dissertation, and thankfully there is a God that delivered me in this experience. I cannot express enough my heartfelt gratitude to God and his mercy and grace in this accomplishment, for the "voice of the Lord is powerful; the voice of the Lord is full of majesty" (Psalm 29:4). Without him "I can do nothing…for every good and perfect gift comes from above." (John 15:5, James 1:17)

To my loving husband Jim who has been the key to unlocking a whole new world full of excitement, compassion, promise, and inspiration. Thank you for helping me achieve my goal and being the backbone to accomplishing my dreams, I dedicate this dissertation to you!

To my parents Daniel & Geneva Cisneroz who are no longer in this world. I owe you my everything with instilling in me the value of education and determination. I also dedicate this dissertation to you!

To my children, Aisha, Sydnee, Jessica, and Brittany my sincerest gratitude! Without your patience and understanding that came from me sitting many a day behind a computer and sacrificing our times together, I thank you from the bottom of my heart for your unconditional love and support. I also dedicate this dissertation to you!

To my sister Rosa Cisneroz Stewart and my brothers Gregory & David Cisneroz, you have been my foundational support since forever! You have cheered me on when I wanted to give up, you never let me quit, you never let me be afraid. Thank you for all the love and support you provide me throughout my life! I also dedicate this dissertation to you!

Table of Contents

List of Tables

List of Figures

Chapter 1: Introduction

Audit readiness within the U.S. federal government is vast and complex, and with over $2.4 trillion in assets to account for in keeping accurate, reliable and relevant financial accounts, financial improvement leading to audit readiness is paramount to the overall success (GAO, 2017). While an audit serves as the fundamental purpose in reinforcing confidence of financial information, audit readiness aids in assisting the federal government with direct support in debt control and money management that strengthens control against fraud, waste and abuse and meets the fiscal challenges towards good stewardship of public funds (Coburn & Cosby, 2016; Easton & Quinn, 2012). Audit readiness is caught between two areas of conflicting internal structures (Coburn & Cosby, 2016). On the one hand is the requirement to meet statutory guidance. On the other is the requirement to execute inherently governmental operations that cannot be quantified through traditional private sector structures. Consequently, the auditing process was developed and implemented to ensure financial transactions are conducted in an accountable fashion while fostering transparency in financial transactions.

According to the American Society for Quality (ASQ), an audit is an independent examination of a process or system to ensure compliance and conformity to law. An audit can apply to a whole or part of an organization such as a specific function, process or step. An audit can apply to any part of an organization or institution such as independent, corporate, state and federal governments. An audit measures the performance of the processes or steps an employee takes in doing a specific function and assess how well the function complies and conforms to law. In essence, an audit is analyzing employee performance on how well they are doing their jobs (Powers, 2018). The U.S. federal government uses an audit for a variety of reasons. Whether to improve upon internal controls, system anomalies, or training objectives, U.S. federal

government employees use audits to improve upon data management and compliance, but ultimately to show both the people of the United States and Congress the U.S. government is a good steward of public funds (Easton, 2014).

As funding requirements have grown in support of federal government programs, federal agencies have the statutory responsibility for confirming the overall business strength in processes and procedures in accountability and spending of government funds (Easton & Quinn, 2012). Since the 1940's, there have been several Presidential Commissions which focused on efficiency, effectiveness, financial management, internal controls, financial systems and accountability (King, 2013). Furthermore, the Inspector General Act (IGA) of 1976 was enacted to regulate audit compliance and foster financial stewardship of public coffers (King, 2013). The IGA also mandated oversight of compliance and auditing programs at the Cabinet Secretary level. Consequently, internal audits became the critical component for ensuring effective and efficient financial management.

The IGA was not the only statutory requirement for increasing accountability among civil servants, and improved management responsibility was the focus of the Civil Reform Act (CRA) of 1978. Along with internal audit and accountability, then came internal control of systems and reporting standards (Chan, 1994) under the Federal Managers Financial Integrity Act (FMFIA) of 1982 to assist with clarity and direction on financial reporting (King, 2013). In 1990, the Chief Financial Officer Act (CFO) was established within the federal government focusing on management and oversight, accountability, reliability, and timely financial performance on the everyday decision making of government accounting transactions (www.govinfo.library).

Furthermore, the Government Management Reform Act (GMRA) of 1994 was established to improve the efficiency of performance on statutory requirements; and then the

American Recovery and Reinvestment Act (ARRA) was established to improve transparency and accountability on reporting requirements. Finally, measures of auditability, accountability, internal controls of systems and reporting a unified governance towards improved efficiencies fostered the most recent directive to assist in financial improvement titled Digital Accountability and Transparency Act (DATA) which provides a uniform accounting system capable of standardizing government spending in an accessible, sharing IT data base (Lippuner, 2014). All these regulations were established to help in management operations and improving the stewardship of resources of taxpayers' dollars (Easton, 2014).

Annually, it is the responsibility of the United States Government Accountability Office (GAO) to issue updates of the U.S. federal agencies application and efforts in audit readiness to Congress (GAO Annual Report, 2017). In the GAO's latest report in 2017, there are still many findings which outline a series of financial management problems. First, the report highlighted the inability of the federal government to adequately account for and reconcile intragovernmental funding transactions between differing branches of government (GAO Annual Report, 2017). Second, the report noted a lack of clarity and timely visibility with regard to the accuracy and adequate details associated with published documents. Finally, audit results highlighted trends wherein end-to-end transactions were not effectively documented or accurately resolved (Easton & Quinn, 2012; GAO Annual Report, 2017).

Statement of the Problem

The problem to be addressed by this study is the effect that employee resistance to change has on audit readiness. Findings reported in GAO Annual Report reported deficiencies in the areas of audit readiness due to internal control mechanisms and organizational behavior factors (GAO Annual Report, 2017). Furthermore, GAO has identified several areas where it

cannot quantify an audit opinion within consolidated financial statements due to extensive material internal control weaknesses and organizational behavior factors that culminated in financial management problems rendering financial statements unsuitable (GAO Annual Report, 2016 & 2017; Johnson & Grim, 2013).

One aspect of behavioral challenges is active and passive resistance measures used by employees to resist workplace change. As noted in the GAO studies, organizational behavior plays a key role in audit readiness (GAO Annual Report 2016 & 2017). Consequently, factors that contribute to employee resistance to change can have negative effects on an agency's ability and capability to remain audit ready successfully. The lack of audit readiness then negatively contributes to a lack of accounting processing and excess or undocumented expenditures. These expenditures and undocumented funding transactions then contribute to the federal government's lack of financial accountability and the overall federal deficit (GAO Annual Report, 2016 & 2017).

Additionally, this lack of audit preparation in improving financial management operations austerely hinders the U.S. federal government in making sound decisions affecting the organization's audit procedures (GAO High Risk List, 2017). This is particularly important since, for example, the Department of Defense makes up approximately half of the federal government discretionary spending and over 70% of the federal government physical assets (GAO High Risk List, 2017). Furthermore, if change in audit readiness preparation is never understood, then the evidentiary support to audit readiness operations can never be established.

Purpose of the Study

The purpose of this qualitative study was to examine employee's resistance to change in audit preparedness. A phenomenological approach was used to explore areas where

organizational resistance to change affect audit readiness procedures. The study participant pool included 25 federal governmental employees that work within the financial management field in areas such as financial transactions and financial data base entries that may affect audit readiness processes and procedures. Participant inclusion increased, as necessary, until data saturation was achieved. Data was collected through purposive and snowball sampling and Delphi interviews with members of the American Society of Military Comptrollers (ASMC) and LinkedIn (Cresswell, 2013; Dane, 2011). Additionally, secondary data sources such as public websites were used to broaden refine data coding and themes to research study.

Theoretical Framework

Researchers use agency theory to resolve two primary problems between principal and agent relationships (Mahaney & Lederer, 2011). The first agency problem relationship is the misalignment of principal and agent desires or goals. The second agency problem relationship is the different risk tolerances between the principal and agent (Eisenhardt, 1989). Agency Theory (AT) general concept explains relationships between principals (employees/shareholders) and agents (government/executives) and analyzes the problems between the principal-agent relationship caused by an imbalance towards the desired goals (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). Thus, Agency Theory provides a view toward evaluating those relationships between organizations and employees that believe an agent will act in its own self-interest when there is an imbalance between the two principal-agent relationship goals (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). In order to withstand these concerns, agency theorist argues principals and agents should uphold effective communication to organization controls and information flow (Eisenhardt, 1989).

Research shows agency theory best explains accounting practices and standards of a theoretical premise to understanding both organizational design and process from a principal-agent perspective (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). In this concept, within the federal government, the principal representative is the government agencies while the organizations for those offices serving as the agents (Kim, 2011). This approach focused on the interplay of management change and employee deliverable to the current audit readiness processes and procedures. This did assist in developing a qualifying pattern and its impacts to audit readiness procedures efficacy within the U.S. federal agencies organization.

Using AT approach, the researcher explored the areas of management change, its culture (both implicit explicit) of the participants, their behavior and their interplay of audit readiness procedures, and how it affects audit readiness from the transaction design to the end result (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). Additionally, AT served to further explore the cultural and behavioral differences that may affect the relationship between the principal and the agent regarding principal agency positioning toward the requirements for audit readiness and the effects of change management resistance (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). Use of AT as the theoretical framework bounds the research and explores the depth and breadth U.S. federal governmental employees relate to the measures built within the Financial Improvement and Audit Readiness (FIAR) guidance. Finally, AT underpins the relationships and normative processes within audit readiness by focusing on the effects of change management and how this change impacts employee perceptions experience relative to cost and efficiency measurements (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011).

Nature of the Study

The purpose of this phenomenological qualitative research study was to explore employee's resistance to change management within the audit readiness. The qualitative research approach was appropriate in studies requiring exploring of a problem within areas where little information is known (Patton, 1990), and phenomenology provides for a more in-depth understanding into the phenomenon (Moustakas, 1994). A quantitative methodology could have been explored; however, there are few instances in social sciences where theory can be expressed in mathematical terms. Functionalism arose within the social science realms as a means to study the human interaction among various settings and environment (Stam, 2010). While it has potential to be problematic, it can be difficult to reduce hypotheses and research testing for an empirical means (Stam, 2010). Although empirical research can be used within social or behavioral sciences, the research in capturing the interactions among participants is more difficult to convert into mathematical equations (Stam, 2010; Wacker, 1998). The central focus of this phenomenological research was to explore and understand the conditions that may influence employee's influence relative to audit readiness processes and procedures.

A qualitative methodology was used to explore, discuss and understand a phenomenon (Cresswell, 2013; Krathwohl, 2009; Yin, 2003); consequently, the qualitative methodology is best suited within this framework. The qualitative methodology enables both broad and general questions in which the researcher can collect detailed data from the participants via differing methods such as statements, images or influences forming the basis of analysis developed by those context and themes (Cresswell, 2013; Dane, 2011; Krathwohl, 2009). In contrast, quantitative analysis is statistically based which uses correlation and/or variables to influence the outcome (Krathwohl, 2009). In this instance, the qualitative approach provides for the researcher

the ability to explore the phenomenon to a fuller contextual detail analysis and fact-finding interplay of social undercurrents within a natural setting (Cresswell, 2013; Dane, 2011).

There is some research that indicates the case study is the most prominent source of qualitative method research used, and while possible for this particular research study, the phenomenological research method was more appropriate for this study (Myers, 1997). Additionally, the problem to be studied is endemic across the federal government thus limiting the utility of a case study methodology. While case studies use empirical inquiry to research the contemporary phenomenon of real-life context, a case study may not adequately describe both the phenomenological aspects and context are not clearly apparent (Yin, 2003). Therefore, phenomenology allows for a rich exploration and is more appropriate for providing an in-depth exploration of human perception and experiences (Moustakas, 1994).

Research Questions

The resourcing of U.S. federal government agencies comes from Congressionally approved budgets received from publicly collected taxes. Internal to U.S. federal government agencies, organizations establish internal controls as a means to manage and execute budgets (Allison & Saint-Martin, 2011; Atkinson, 2011; Good, 2011; Hall, 2008; Jones et al., 2009). An audit's objective is to provide a fundamental level of assurance and trust in financial and accounting practices. The principal-agent relationship, as described in agency theory, is important in understanding how audits develop and affect the principal-agent relationship to audit readiness processes.

In this situation, if the relationship between principal and agent become misaligned between the two parties' goals, agency theory states then the agent will act for its own self-interest (Bryant & Davis, 2012; Kim, 2011; Mahaney & Lederer, 2011). If the misalignment of

the principal-agent results in negative and ineffective audit measures (Elyasi & Rahimi, 2012) then does employee resistance or organizational behavior affect audit readiness processes and procedures. If these changes have taken place, according to research articles, then how does it affect the principal-agent relationship and/or environment?

RQ1. To what extent does the emotional states of frustration influence audit readiness and organizational resistance to change?

RQ2. To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?

RQ3. To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?

RQ4. To what extent does the passive-resistance measure withholding information contribute to change resistance patterns in the audit readiness?

Significance of the Study

As the federal government continues to struggle with constant budget constraints (GAO Annual Report, 2017), a need exists to more effectively and efficiently use allocated resources to better manage programs. Understanding change management factors that impact how well employees understand audit readiness process is key to effective outputs and outcomes. Consequently, exploring factors that contribute to resistance to change within the employee workforce may yield significant results toward audit readiness efficacy.

In the past, as long as the money was available, government representatives had little need to concern themselves with financial matters in delivering a product (GAO Annual Report, 2016 & 2017; Johnson & Grim, 2013). The potential for fraud, waste, and abuse became too easy to not fall into a problematic trap (GAO, 2016). A way to potentially turn this around would be

to require more efficient measures to understanding finances which is based on effective auditing measures to processes and procedures (GAO Annual Report, 2016 & 2017; Johnson & Grim, 2013). This could potentially get government employees to evaluate cost management practices to find a correlation to gaps within the system to productivity and actual product cost. Understanding the roles between the two components could lead to better financial management and better budget processing, then ultimately to effective audit practices (Coburn & Cosby, 2016).

For example, before 2010 millions of dollars were reported missing for Afghanistan's rebuilding mission of the war-torn country infrastructure in which auditor's blame the U.S. Federal government flawed accounting practices as the source (Ehley, 2015). Subsequently, only 57 percent of the $795 million total amount spent for Afghanistan can be accounted for (Ehley, 2015). Other reports from Special Inspector General for Afghan Reconstruction (SIGAR) states two-thirds of the $1.1 billion-dollar defense budget did not meet requirements or specifications which followed years of lack of oversight by defense officials (Shinkman, 2016).

Results from these studies could be beneficial to the government federal agencies in determining how change management and resistance to change affect audit procedures. These results could lead to further review and analysis that lead to higher efficiencies (Elyasi & Rahimi, 2012; Prior & Uland, 2010). Additionally, this study provides further to the agency theory and its body of knowledge to management change principals within the audit readiness sphere.

Definitions of Key Terms

Term 1. Audit Readiness – mandated by federal government to become capable of allowing independent auditors a full scope review of financial records resulting in actionable opinions (FIAR, 2017).

Term 2. Chief Financial Officers Act – signed by President George H.W. Bush and was established to improve the government financial management reporting (CFO, 1990).

Term 3. Civil Servants – an individual employed by a government department or agency (Merriam-Webster, 2017).

Term 4. DOD – Department of Defense is an executive branch government agency that deals directly with national security and the United States Armed Forces (US DOD, 2017).

Term 5. GAO – United States Government Accountability Office is a government office that provides nonpartisan information to Congress (GAO, 2017).

Term 6. Federal Agencies – vary, but under the executive branch of the federal government with secretaries belonging to the Cabinet, have the majority of employees considered as civil servants (US DOD, 2017).

Term 7. Auditable Opinion – Auditor's certification and endorsement to the accuracy and adequacy of the disclosed information of the financial picture presented (Business Dictionary, 2018)

Summary

The purpose of the qualitative study was to identify why the U.S. federal government continues to fall short of a clean, unqualified auditable opinion. The areas affected by financial management governance are within training, internal controls, and financial management systems. Each intertwines to an overall output necessary in quality record keeping. As new and

improved methods of reporting are constantly being evaluated in support and preparation to audit readiness, how can an organization as large as the U.S. federal government become reliable and dependable in ascertaining the confidence needed in reporting and spending to the American people? It is imperative for the U.S. federal government to achieve and restore confidence back to the American people.

Professional development, improved competencies in application, consistency in financial data reporting amongst the differing branches, and financial resource constraints all play an important role in meeting towards an audit compliance atmosphere and solid process and procedures. How that is achieved is by understanding and identifying those deficiencies and where they potentially lack to provide U.S. federal government agencies and its people (employees) with the right tools to achieve its goal in audit readiness and its procedures. As more research and work is revealed within the financial and accounting functions, it was important to stay on track to uncovering and resolving its deficiencies towards an effective and efficient audit readiness reporting process.

Chapter 2: Literature Review

The purpose of this qualitative study was to examine employee's resistance to change in organizations and how it affects audit readiness and procedures. The literature review describes how principal and agent relationships shape U.S. federal government agencies mission towards audit readiness procedures (Taylor, 2015). The review of relevant works was organized around the research questions and in relations to agent theory issues, audit readiness, ethics, organizations, leadership and management, training, internal controls and systems, and behavioral aspects of employee resistance. The specific ethical topics include a brief historical aspect into ethics and why ethics and organizations play an integral part into shaping of principal agent relations (Brewer, 2015; Wickham & O'Donohue, 2012). An analysis how core values, morals, and ethics affect decision making processes within the U.S. federal government (GAO Annual Review, 2017). Finally, how federal agencies build toward creditable auditing standards and how training and education programs mediate resistance to change.

Audit quality and governance are further topics of discussion in the importance to a quality audit. Additionally, determining true representations for audit reporting are key as quality auditing is described as auditor's discovery and reporting of discrepancies within organizations accounting systems (Taylor, 2015). Although controversies exist among the differing attributes to audit quality in areas such as firm size, complexity, and industry specialization, prior research coupled with subjective evidence indicates auditing and its perception to quality are still fundamental to a credible reporting of financial reporting. Furthermore, the literature suggests outcomes of unqualified audit reporting are indicative of poor audit quality (Taylor, 2015).

The primary searchable databases used include EBSCO Host and ProQuest utilized within Northcentral University library resources. Relative to the study of this literature review, Table

2.1 below provides a detailed listing of search parameters used. Secondary sources used include GAO reports and testimony before United States House and Senate committees. In addition, other resources used were Google Scholar which proved opportunities to explore other works by seminal authors within the auditing and financial management fields. This facilitated a refinement of material searches of peer review quality to furthering data collection of challenges and understanding into auditing not easily assess through other library resources. Key words used to conduct literature searches but not limited included are listed in the table below. Table 2.1 lists the categories and search terms used for each.

Literature Review Categories and Search Terms	
Category	**Search Terms**
Audit Readiness	Audit, information systems, governance, governance structures, information and communication technologies, decision rights, private sector audit governance, public sector audit governance, audit governance U.S. federal governments, audit readiness military, governance military, and governance frameworks.
Internal Controls	Internal control, audits, U.S. governments, agency theory, employee influence, audit procedures, audit readiness, influence employee perception, change management, negative influence, behavior, federal government, change
Leadership and Managment	Auditing, audit governance, leadership, strategic objectives, organizational goals, strategic business objectives, strategic alignment U.S. federal governments, strategic alignment military, and business strategy alignment.
Resource Management	Auditing, information systems, governance, resources, resources allocation, financial managment, information and communication technologies, resource allocationU.S. federal governments, financial management U.S. federal governments, resources allocation military, and resource allocation business objectives.
Performance	Decision making U.S. federal governments, decision making military, decision making Armed Forces, decision making Army, decision making Navy, decision making Air Force, decision making Marine Corps, and decision making Joint Forces
Culture and Behavior	Auditing, auditing culture, governance culture, governance behavior, auditing and accounting culture, auditing behavior, auditing organizational behavior, U.S. federal governments culture, U.S. federal government organizational behavior, military culture, and military organizational behavior.

Table 2.1. Literature review search categories and search terms.

Accounting Organizational Culture and Behavior

Morgan (2006) noted that organizations are comparable to mini-societies and that they have their own characteristic patterns of culture and subcultures (Ruijer & Huff, 2016). Culture as noted by Schein, (2010), pertains to the beliefs, values, behaviors, and personalities that are collective among the organization representatives (Ruijer & Huff, 2016). Within organizational cultures, there are organizational structures driven by rules, policies, goals, and processes thereby creating organizational cultures that manifest into the way people think and respond and the circumstances in which they work (Ruijer & Huff, 2016). To better understand the impacts to organizational cultures within federal government constructs, this study aimed to explore government agencies participation towards transparency, contribution and partnership towards principal agent exchange (Ruijer & Huff, 2016; Meijer, 2015) that affect audit readiness.

Traditional government structure is depicted from a top-down or hierarchical perspective (Ruijer & Huff, 2016; Lee and Kwak, 2012). This construct is a traditional representative of interaction within the organizational structures and/or groups (Meijer, 2015; Ruijer & Huff, 2016) and a key factor to open government within organizational cultures. Open government represents the cornerstone within transparency, participation and collaboration. Transparency represents the window into seeing government interaction, participation is the voicing opinion to those interaction; and collaboration is the partnership between the principal and agent relationship (Ruijer & Huff, 2016). In theory, open government and organizational culture are critical elements to succeed for movement to occur but also cultural change and openness within government structures and operations (Ruijer & Huff, 2016).

However, two researchers note that management rules and processes toward accounting discipline are biased toward a favorable view of the respective agency (Balaciu, Bogdan, Feleaga

& Popa, 2014; Ruijer & Huff, 2016). Additionally, organizations may employ 'creative accounting' as a means to further a favorable view (Balaciu et al., 2014). Balaciu et al., (2014), stated accounting creativity, for the purpose of information accuracy, must be considered and used in order to present or sell a favorable image. Depending on the idea and degree of subjectivity, accounting options and policies accepted within the organization, interested parties may misrepresent the information. Consequently, managers may be left with determining how to present accounting information in an accurate fashion (Balaciu et al., 2014); thus, undermining the essential grounds for trust in accounting and financial reporting.

While creative accounting may be seen as alluring, creative accounting can also seriously affect trust when it undermines the normative processes (Balaciu et al., 2014). Creative accounting has caused financial scandals such as Enron and Tyco resulting in questions if reported accounting and financial reports truly exhibit factual information. Furthermore, it is the responsibility of the organization to legally and morally report relevant information that is trusted and not deceiving or a distorted image of the economic reality (Balaciu et al., 2014). Finally, the auditor is responsible for endorsing the financial data, ensuring and certifying social reliability of accounting information, and validating that factual financial statements reflect economic reality (Balaciu et al., 2014).

Balaciu et al., (2014) stated the activity of strategic management resulted in a contrary impact on quality and credibility to financial reporting which lead to an asymmetric increase of information between the principal and agent. This manipulation of financial results represented a current practice which misleads and leads investors to inaccurate allocation of resources (Balaciu et al., 2014). Applied to the concept of creative accounting, problems that stem from these accounting practices may result in reported financing outside the budget and information that led

to both legal and illegal facets to the financial statements (Balaciu et al., 2014). Consequently, the responsibility of management and the accuracy of financial statement representations must be highly correlated to present an accurate picture of the organization (Balaciu et al., 2014).

Within the federal government, the Government Accountability Office (GAO) has identified at risk programs within the federal governments largest and most complex funded programs and operations (GAO, 2017). These high-risk areas identified by GAO have significant potential for vulnerability within stated government conduct against "fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges" (GAO, 2017, p. 2). According to GAO improvement within these high-risk areas could save in billions of dollars, improve in public service, and strengthen government performance and accountability (GAO, 2017). GAO uses five critical aspects to assess high-risk areas of progression, which include leadership commitment, agency capacity, action plan, monitoring efforts and demonstrated progress (GAO, 2017). These five key elements are essential to making progress by both administration and agency leaders. Each action listed is not a standalone concept, some high-risk areas may institute taking more than one criterion in order to meet other actions address within the high- risk assessments. The goal is to ultimately eliminate high risk areas that impede effective government (GAO, 2017). Finally, to show progress, rating each criterion with a met, partially met or not met, allows for participants to analyze progression and its varying degrees towards management improvement.

Leaders versus managers behaviors. The word leadership can come across to people in both a positive and negative connotation (Kruse, 2013). Leadership, as defined by the online Merriam-Webster dictionary is "a position as a leader of a group, organization, etc.; the time when a person holds the position of leader; the power or ability to lead other people"

(www.merriam-websterdictionary.com). Leadership both inspires and influences others towards a goal. It stems not from authority or power but from social influence and this social influence maximizes the efforts of others towards achievement of a goal (Kruse, 2013). Interestingly enough, leadership does not necessarily entail a position of hierarchy, seniority, or come with a title. A leader can be anyone for any given reason; ultimately, a leader is not defined by his title, a leader exemplifies characteristic that provide an impetus to others. Maccoby (2000) stated leadership is an action and relationship between two or more individuals or groups that can energize an organization (Kruse, 2013). These people can either negatively or positively impact and influence the way audit readiness procedures are managed and applied (Kruse, 2013).

Managers have a different perspective but work hand in hand with leaders. They are not the same but can be in one person, linked together, complimenting each other if applied correctly. Managers are considered administrators because they are responsible for writing business plans, establishing budgets, and monitor progress (Kruse, 2013). Managers are problem solvers and focus on systems, structures, the near-term, and bottom-line. Ultimately, a manager follows orders, organizes the work, assigns the right people to a task, coordinates the results and ensures the job gets completed. This role is just as important as a leader, but the difference is that people look to their managers to not only assign the work but also to define the purpose of the work in order to maximize efficiency, as well as nurture skills, develop talent and inspire results (Kruse, 2013). Peter Drucker, the late management guru, was one of the first individuals to recognize this truth, identifying it as "knowledge worker" making a difference to how businesses were organized. Mr. Drucker wrote, "with the rise of the knowledge worker, one does not manage people, the task is to lead people, with a goal to make productive the specific strengths and knowledge of every individual" (Drucker, as referenced by Turner, 2013).

Leaders are a main influence on organization culture since they set organizational tone (Baldacchino, et al., 2016). Employees quickly learn organizational norms by observing leadership behavior. Employees will demonstrate leadership by example; however, if leaders are commonly known to engage in dysfunctional behavior, then the undertone of the leadership message is clear that such behavior is acceptable thereby creating a culture of dysfunction. Stress is also another that creates dysfunction within the organization and organizational pressures impact behavior thus causing internal issues within the organization (Baldacchino, et al., 2016).

Some research studies note leaders make people feel important and they can accomplish anything they set their minds to. Other areas where leaders can be effective within organizations or teams are by selecting great, talented people who work well with others. Maccoby (2000) stated a good leader will not be afraid of individuals who know more than they do, they see their strengths and they will utilize it (Maccoby as referenced by Kruse, 2013). Good leaders motivate people; they strengthen motivation by developing competence through coaching. Leaders keep employees focused, enabling them to see the big picture and convince them that what they do is essential to the organization's success. A good leader builds trust with their employees, which positively affects the principal agent relationship. They do this by doing and showing they mean what they say, along with providing transparency and involvement (Kruse, 2013). Providing this type of direction and influence can positively affect the way to building the right strategies into audit readiness structure and accountability (Musgray, 2014).

There also seems to be shift of focus on perspective towards individuals, groups and/or teams within leadership. This shift comes from a general understanding that in order to run a successful business, a group consensus from managers needs to synchronize through shared ideas, values, and goals about the future of its organization (Baldacchino, et al., 2016; Kruse,

2013). This focus helps to build towards leadership as one common social construct/process rather than an individual's own characteristics or personality traits (Baldacchino, et al., 2016; Kruse, 2013). This did help build towards trust and unity; unifying the organization, stabilizing it and giving strength to the continuity of the organization. Otherwise, if seen as an individual effort it could unintentionally build unnecessary walls towards change and negatively impact organizational goals. This tension could also build towards employees moving on their own, and not moving forward with the team and coming to uniformity towards audit readiness (Musgray, 2014).

From a top down approach, different layers/levels of managers can also be subject to negative experiences of applied pressure and undue stress throughout the organization (Baldacchino, et al., 2016; Kruse, 2013). This type of pressure from subordinate level managers may increase the workload but not necessarily in the area of the intended goals. Some of this could be due to people from different cultures or backgrounds within the principal agent relationship. It could also be gender bias and/or even age (Kruse, 2013). Although, the literature provided demonstrates what managers versus leaders are and the different traits they may carry, further exploration would be to include all the different facets and diversity that make up a managerial or leadership candidate and evaluate those groups of individuals for a true study to exceptional leadership quality.

Within any leadership setting, building teams who can understand and facilitate towards a shared role become stronger and more effective in making changes for the organization in a positive appropriate way (Baldacchino, et al., 2016; Kruse, 2013). These roles include not only the principal agent but also the followers to balance between continuity and change (Baldacchino, et al., 2016). This type of group interaction can work at all group levels of

management. At the lowest level it did allow employees opportunities to do cross work not necessarily in lined with their permanent job but towards new functions of different positions. It gives organizations flexibility to move people around and positions their offices to more efficient effective growth. Pulling groups together did increase the capabilities of an organization as well as expand their knowledge to better understanding their company's needs.

D'Cunha (2014) stated leadership is a catalyst for organizational performance. Leadership influences employee behavior and surroundings. Leaders should be selfless, trustworthy, honest, supportive and encouraging. Leaders should be motivated by more than just goals and growth; they should be caring and genuine towards their employee's growth, development and overall health and happiness (D'Cunha, 2014). These types of leaders promote good values, integrity and pride towards synergistic work environment. Overall, if one desires to instill organizational performance within the principal agent relationship a positive emotional climate is necessary to accomplishing that goal (D'Cunha, 2014; Kidron, Ofek, & Cohen, 2016).

Leadership support is critical to employee relations and ties into the overall audit performance with an organization (Kidron et al., 2016). Direct leadership not only influences the way other managers and employees within an organization accept audit findings, they also influence supporting reform and organizational change. The actual support of leadership is vital to the success and is a visible component in principal agent development and the evaluation process. This consensus plays into the concept towards involvement of the intended user and how it affects and positively influences the attitudes of employee's performance measurement and practices towards audit readiness (Kidron et al., 2016).

Other areas where leadership influence the audit process or practice is the use of audit information and the willingness of audit information acceptance towards recommendation

implementation. This process involves both the principal and agent learning organizational orientation which is the shift from interpreting judgment effectiveness to uncovering why processes or procedures fail or succeed and how they can be improved (Kidron et al., 2016). Critical to the relevancy of past and present auditing procedures, Kidron et al., (2016) noted, learning orientation is associated with audit findings aimed at organizational change which roots back to the organizational culture, not traditional organizational control or accountability functions. This could potentially lead to new ideas and change acceptance and an ability to implement a learning process across the organization.

Internal controls and accountability affect other areas of organizational culture relative to low levels of learning orientation. Here control-oriented organization focus on motivating organizations and employees through authorizing and sanctions of the auditing process that implies a hard-formulaic approach. Learning orientation implies a soft use approach that is open to problem solving and overall organizational improvement that leads to organizational change and improvement. Control orientation has greater impact towards the core business and reputation of the organization (Kidron et al., 2016).

Trust is a precursor to the principal and agent relationship. Kidron et al., (2016) stated the role of trust within an organization can depend on the strength and setting or situation. Noting each participant may have different roles, trust is the most important factor within the organizational relationship. Consequently, trust has been shown to mitigate the negative effects when sometimes negative feedback must be delivered. Kidron et al., (2016), stated trust can described as a three-dimension component of keeping commitments, negotiating honestly and taking care not to make excessive demands could be construed as taking advantage of the other.

In order to receive optimal expenditures from a monitoring and control orientation, depends on the level of trustworthy behavior within an organization.

Organizational Change Resistance

Change resistance is a part of the overall organizational change process that manifests from the employees' efforts to maintain status quo created by an undesirable attitude or behavior (Kidron, et al., 2016). Organizational change for the U.S. federal government within audit readiness should provide enterprise wide financial operations and support that delivers a level of financial management function towards audit compliance and financial function support while it standardizes business processes and sets the conditions towards an audit readiness environment (Coburn & Cosby, 2016).

Some likely triggers caused by organizational resistance to change can be technical barriers, political reasons, and cultural reasons. Technical barriers are classified as habitual in nature or an unwillingness towards change resistance. Political reasons are areas in which threats to alliances, groups or combination of groups that imply leadership problems or power struggles. Finally, cultural reasons influence whether employees either do not support or accept a new way of doing business (Kidron, et al., 2016). These types of resistance to change from a principal to agent theory concept may apply resistance to an individual's action to either the power an individual possess or resistance to change from the group who commands the power towards change.

Typically, the change processes have been theorized as problems in changing technologies, organizations and abilities, and impetus of employees (Ruijer & Huff, 2016). According to Lee and Kwak (2012), organizations are responsible in identifying and stimulating effective mechanisms with their employees to alter mindsets and behavior in order to effectively engage in

open government proposals. Contrastingly, Morgan (2006) noted effective change also depends on changes in quality and standards that guide action. Parker and Bradley (2000) stated effective change requires understanding of the current organization values and culture (Parker and Bradley as referenced by Ruijer & Huff, 2016). Culture is always evolving and can be shaped and reshaped when necessary when facilitating change process (Ruijer & Huff, 2016).

To enhance effective change process is by applying a network strategy. This process can be challenging within organizational hierarchies in sharing information, but beneficial when an organization can develop a networked approach (Ruijer & Huff, 2016). A network approach is relatively stable but complex within the organizational relationships, which in this instance of a network approach it serves as the organizational system (Ruijer & Huff, 2016). The difficulties to a network approach are found within hierarchical organizations. Specifically, their resistance to openness and is often obstructed by rigid boundaries or other organizational obstructions such as organizational cultures knowns as turfs that hold power or bureaucratic influences (Ruijer & Huff, 2016). Networks can be flat and loosely structured without boundaries, are flexible, and can shift to meet the needs of the organization. These networks then provide organizational members a shared interest with a mutual and beneficial exchange regarding the change process (Klijn & Edelenbos, 2012; Ruijer & Huff, 2016). Furthermore, networks develop a culture of trust and build towards an interdependent relationship that facilitate the establishment of a more open culture (Ruijer & Huff, 2016).

Organizational Ethics

The key to our nation's governing processes is found within the concept of accountability for use of public resources and government authority (GAO, 2018). Management and officials are responsible for providing to the public reliable, timely, and transparency to the programs

operated by the U.S. federal government within financial reporting (GAO Annual Report, 2018). Government auditing is essential in providing accountability and oversight to those in charged with governance (GAO Annual Report, 2018).

Management sets the tone for the ethical culture and behavior throughout the organization and must clearly communicate acceptable and expected behavior for each employee throughout all levels of an organization. This ethical tone is demonstrated by management and staff and is the essence to a positive ethical environment towards an audit readiness environment (GAO Annual Report, 2018). Improving audit readiness within the financial management processes will improve the reliability of budget justification in relation to financial spending, auditable record keeping, and decision-making information for business operations that improves the efficiency in budget spending (GAO Annual Report, 2018). Therefore, ethical conduct is critical for overall system integrity towards reliable and accountable audit readiness processes.

Ethics within an organization influence how employees will conduct themselves (Brewer, 2015). Individuals employed by the U.S. federal government agencies, depending upon the nature of their employment position, are required to undergo annual ethics training (Brewer, 2015). From an auditing perspective, annual ethics training is a requirement for all federal government personnel. According to Spalding and Franks (2012), ethics teaching involves four areas of education and training. These four areas are responsibility ethical corporate governance, ethical decision making, ethical leadership, and responsibilities to business and society (Brewer, 2015). What this process does is solidify the acknowledgment of an individual to their honesty and integrity are being held to a high standard (Brewer, 2015).

Ethical decision-making is as an action that takes into account the principles and values of a central role which determine what actions and behavioral attitudes are accepted (Brewer,

2015). Research found ethical decisions require development of an action plan especially when information is unclear and confusing or when ethical decision making cannot provide for a prediction with any degree of certainty (Brewer, 2015). As the federal government strives to promote honesty and integrity within the training programs of financial reporting, and in order to support and foster positive ethical values, ethics training will enable federal government employees to minimize unethical behavior. Studies have shown ethics continue to emerge as one of the most important principles to management that leads to positive relationships within organizational performance (Brewer, 2015). Ethical values show quality that is not only appreciated but also applicable to the contribution of what is good and right (Brewer, 2015). An organization that reinforces employee high ethical standards also contributes to the positive image of creditability and trust amongst their peers which if properly cultivated and developed can serve as a basis to improved performance (Brewer, 2015; Wickham & O'Donohue, 2012).

In the same respect, U.S. federal government employees are held to a higher standard when conducting ethics within the workplace (Brewer, 2015). Furthermore, ethical leadership as defined by Mihelic, Lipicnik, and Tekavcic (2010) is appropriate conduct that is demonstrated through personal actions and interpersonal relationships setting high standards that influence the values, morals and responsibilities of the organization. In essence, ethical leadership sets the tone through ethical decision making and behavior within an organization (Brewer, 2015). As a U.S. federal employee, one must uphold the law first and foremost, regardless of the degree of misbehavior (Brewer, 2015). This is especially true when one is doing business with outside sources. Outside sources consist of collaborative activity where the outsourcing between two or more entities work together to achieve shared societal goals strengthen their relationship. As stated by Babin, Briggs, & Nicholson (2011) "doing well by doing good," especially since

information and communication within our technology world has a huge impact on social relationships today (Babin, Briggs, & Nicholson as referenced by Brewer, 2015).

Furthermore, developing the standard and setting the tone towards ethical practices must be instituted from the top down. If the actions from organizational leaders do not display care or concern towards ethical practices, then chances are employees will not practice ethical conduct or exhibit core values. Core values consist of principles, values and mission written to portray what your organization represents, what the organizations expectations are, and what is important to the overall success of organizational goals. It is the soul of what the organization stands for and the foundation to success.

One ethical area of compliance was sought soon after the Enron catastrophe. Unethical practices designed to hide and conceal over billions of dollars of bad investments, business exchanges, and/or failed deals significantly contributed to Enron's decline and fall (Ojo, 2015). Several key players within the C-level executives and senior officers were involved in purposeful hiding billions of dollars of debt to stakeholders, employees, and the federal government by falsifying accounting and financial reports thus misleading the public and shareholders by reporting positive earnings (Ojo, 2015). Eventually, the bad practices revealed understated liabilities and overstated assets which culminated in Enron's bankruptcy.

Through the investigation initiated by the Security Stock Exchange, Enron was charged with misrepresentation and deliberately falsifying financial reports misleading the shareholders, employees, and public on their financial status and security fraud. Not only did Enron engage in fraudulent activity, they also convinced and encourage the accounting firm of Arthur Anderson to partake in these same types of activity in adjusting the books to mislead its customers (Ojo, 2015). This appalling fraudulent act consequently influenced the federal government to pass the

Sarbanes and Oxley Act of 2002 (www.congress.gov). This act established regulation of corporate governance and financial practices with the responsibility for financial reporting, periodic financial disclosure, management assessment of internal controls, as well as quality audits within accounting and auditing professionals (Ojo, 2015).

Ethical conduct related to the use and employment of technology is another key component. According to Akman & Mishra (2009) information technology is a power tool, and because of this, the ethical issues related to information systems are important for information technology (IT) professionals. Applying ethics in this rapidly growing environment is even more important today. Especially, since society and the body republic bear the consequences of bad behavior and the negative effects to overall productivity (Akman & Mishra, 2009).

There is an alarming increase of ethical challenges in the information technology (IT) world. Some that comes to mind include personal privacy, trade restrictions, fraud, and or illegal system access (Brooks, 2010). The more technological advanced we become, the more ethical issues seem to appear. In today's information world, the power of knowledge is at your fingertips; whether the knowledge/power is appropriate to retrieve or access, depends upon who you may ask and how they may use it (Brooks, 2010). Information technology touches almost every facet of our lives whether we like it or not. It is in our schools, our jobs, businesses, education and training. Today, if you don't use virtual based technology, personally or professionally, you are behind the power curve.

In the current financial reporting environment, the rapid evolution of information technology and increased integration of accounting systems provide opportunities for professional accounting firms and users to manipulate financial statement reporting (Guragai, Hunt, Neri & Taylor, 2017; Smieliauskas, Bewley, Gronewold, & Menzefricke, 2018). Although

Accounting Information Systems (AIS) are thought of as primarily technological, people interact within these systems, be it through development or use, and unethical decisions and behavior are at risk (Guragai et al., 2017). Research indicates a growing amount of unethical business practices within the IT world with little indications that continued AIS penetration will be reduced (Akman & Mishra, 2009). While there continues to be research on unethical behavior in the world of technology, there is little empirical research on ethical practices and unethical use of software within government and private sector organizations (Akman & Mishra, 2009).

Corporate Audit Governance

An audit failure occurs when audit reporting contains material misstatements to the financial statements (Husnin, Nawawi, Puteh & Ahmad, 2016). The generally accepted government auditing standards (GAGAS) provides guidance for performing financial audits and requires auditing organizations to follow the GAGAS general standards in professional judgement, performance of work, competence of staff and quality control. The U.S. federal government is subject the following rules and policies of GAGAS in reporting financial records to provide for timely information, transparency and accountability of the programs the U.S. federal government operates (GAO, 2018). As reported within the 2015 GAO annual report, deficiencies within the U.S. federal government's quality, quality control, quality assurance, and quality competence of financial reporting were affected most by audit quality (DODIG, 2015). Also noted, quality control and assurance deficiencies included not following policies and procedures, ineffective supervisory reviews and report contents was evident in quality and poor audit performance (DODIG, 2015). The U.S. federal government used these annual reports in order to share lessons learned and use it as a training tool to improve quality control systems and processes (DODIG, 2015).

Quality auditing can play a significant role to how the audit reporting occurs. Audit quality as described by Husnin, et al., (2016), is a vital practice for financial reporting affecting its reliability, enhancing transparency, and lessening earning manipulations while protecting the interest of the general public. Heretofore, lower audit quality reports can be misleading and provide for inaccurate information while higher audit quality reports can even be problematic when participation and agency interest become divergent causing agency problems (Husnin et al., 2016). For this reason, independent audits provide the oversight needed to mitigate agency problems. Independent audits also provide a monitoring tool and control measure within the process of financial reporting (Husnin et al., 2016). In cases where the roles of delegation from principal to agent have been reassigned, the agent may find the asymmetrical information advantageous causing agency problems resulting from separation of ownership and control (Husnin et al., 2016). The independent auditor acts as the monitoring role alleviating the problem between participant and agent (Husnin et al., 2016). As noted by Husnin et al., (2016) several factors influence audit quality including auditee feelings towards auditors, legitimacy of auditors, auditees perception of the value added by the principal agent (PA), willingness of auditees to follow up on auditor's recommendations, and auditees perceptions of the overall effect of the PA.

Audit versus auditor quality are a closely related concepts in which many scholars have provided differing definitions; ultimately audit quality is the outcome of an auditor's attributes while auditor quality is the performance of the audit (Husnin et al., 2016). However, Knechel, Krishnan, Pevzner, Stefchik and Velury (2013) suggest that, despite the plethora research, that audit quality remains a misunderstood construct (Brivot, Roussy, & Mayer, 2018). Knechel et al., (2013) described audit quality as socially constructed and its perception depends through the

eyes of the viewer (Brivot, et al., 2018). Knechel, et al., (2013) described execution of audit quality as well-designed audit process that motivates and influences auditors to not only understand the inherent uncertainty within the process but also to attune themselves to each organization's unique condition.

Furthermore, defining audit quality can encompass auditor discovery and reporting of inaccuracy or violation within the organization's accounting system. What this suggests are two important attributes to audit quality, competency and professionalism that reaches to attain compliance with minimum lawful or professional requirement (Husnin et al., 2016). Inversely, audit failures can be related to audit quality, meaning "the higher the failure rate, the lower the audit quality" (Husnin et al., 2016). Finally, many scholars agree that a quality auditor will consistently perform high quality work (Brivot et al., 2018; Husnin et al., 2016).

Other factors that contribute to audit quality include the size of audit firm, structure of audit, expertise of auditor's, audit fees and audit engagement (Husnin et al., 2016; Kim, Song, & Tsui, 2013; Sundgren & Svanstrom, 2013). The collective conclusion of most researchers noted the relationship between audit firm size and audit significantly improves monitoring capabilities thus larger firms with more resources and greater technical expertise tend to be more capable (Husnin et al., 2016). However, larger audit firms with superior investments show stronger resolve to disagree and, therefore, are perceived as more detached from the client-auditor relationship (Husnin et al., 2016). While smaller firms tend to disregard important audit procedures due to working a multitude of large jobs that constrain limited resources, consequently reducing audit quality (Husnin et al., 2016; Sundgren & Svanstrom, 2013). The illustration below depicts the five key drivers to audit quality that drive the culture within the

audit firm that demonstrates a useful framework to understanding and researching audit quality (Taylor, 2015).
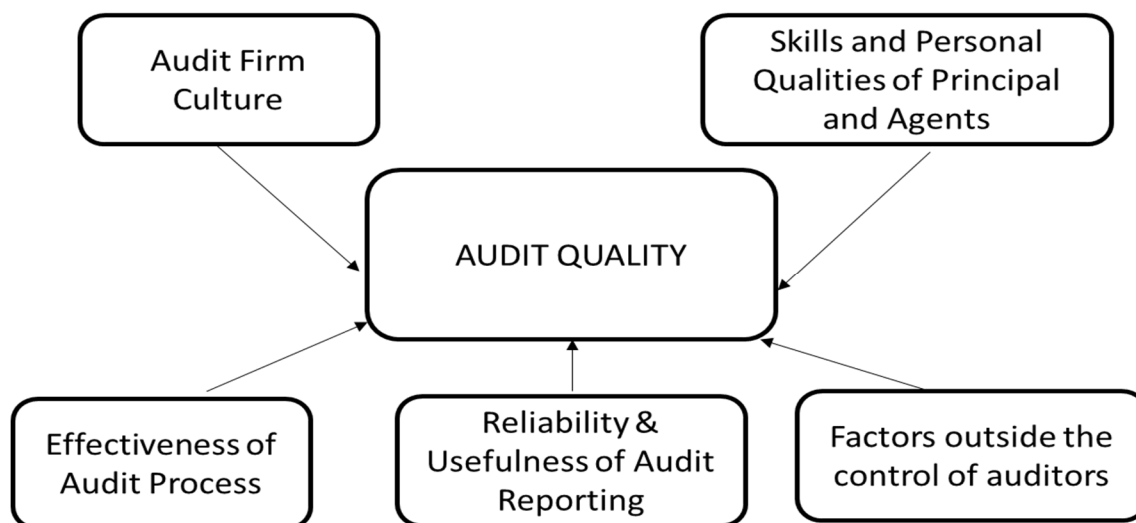
Figure 2.1. Audit quality framework adapted from U.K. Financial Reporting Council (Taylor, 2015).

These five key drivers: audit firm culture, skills and personal qualities of partners and staff, effectiveness of audit process, reliability and usefulness of audit reporting and factors outside the control of auditors demonstrate the linkage between audit quality and organizational or personal behavior (Taylor, 2015). The skills and personal qualities of partners and staff influence the auditor's knowledge and expertise on audit outcomes. The research reports to auditor performance and providing for a positive relationship between the parties involved and being positively correlated in error detection (Taylor, 2015). In addition, these drivers also provide for uncovering internal control deficiencies and identifies effectively compliance with Generally Accepted Auditing Standards (GAAS) policies and procedures (Kidron et al., 2016; Taylor, 2015). Furthermore, Knechel et al., (2013) stated that these underlying drivers of audit quality include factors to the audit process such as audit methodology design, ethical application of standards, and the availability of technical support increase the overall audit quality outcome

(Taylor, 2015). As Francis (2011) and Knechel et al., (2013) point out, the use of divergent frameworks for evaluating audit quality continue to highlight the complexity in understanding how those factors affecting stakeholder's perception in audit quality (Taylor, 2015).

Federal Government Auditing Legislation

Under the Sarbanes-Oxley Act (SOX), corporate responsibility the primary focus for firm governance. Orin (2008) stated when SOX was enacted the primary concern was setting a standard within a corporate culture. For example, Title III of SOX no longer allows corporate executives to deflect responsibility for their financial statement's inaccuracies. Title III also defines the interaction between external auditors and corporate audit committees as well as limits the allowable behavior of corporate officers. If the two conflict, this section of SOX contains civil penalties for non-compliance (www.sox.info). Some observers read the writing within this Title to be too broad of an area and suggested a more stringent approach should be used within corporations and auditing firms. For example, auditing firms should rotate out of a corporation after a 5-year period to avoid any conflicts of interest. Orin (2008) believed although this rule only applies to the lead or engagement partner for rotation, critics believe the firm in general should be a consideration (www.sox.info).

Other factors describing various proxies that contribute to audit quality fall under a total of 11 Titles within SOX (www.congress.gov). After more than 15 years since the creation of the SOX, the present state of audit quality continues to require refinement for greater oversight in auditing professions. Quality and careful processes are necessary for compliance of public companies that ensure audit independence and audit quality thereby ensuring investor protection and safeguarding public interest (Franzel, 2014). Within audit quality although there are

conflicting reports as to which Title is more important. For this study there are two important titles; they are Title II *Auditor Independence* and Title IV *Enhanced Financial Disclosure*.

Under Title II there are a few goals to be reviewed. Primarily, the goal of Title II of the Act is to limit the auditor's conflict of interest. Title II also addresses new auditor approval requirements, audit partner rotation, and auditor reporting requirements. Within Title II there are new provisions regarding auditor independence, which restricts auditing companies in providing non-audit services (e.g., consulting services) for the same clients in which they audit (www.congress.gov).

Title IV essentially mandates enhanced reporting requirements of financial transactions, to include off-balance-sheet transactions, pro-forma figures, and corporate officers stock transactions. Title IV also requires internal controls for assuring accuracy of financial reports and disclosures and mandates internal audit and reporting controls. Within the financial posture of companies, they are also mandated to provide prompt reporting of material changes. These provisions enhance power to The Securities and Exchange Commission (SEC) in reviewing corporate reports (www.sox.info). Bottom-line, what this really translates to according to Gordon (2006) is transparency or organizational transparency, which is the key mantra.

Although SOX garnered nearly unanimous support in the United States Congress, the legislation has also proved to be controversial. The primary debate regarding SOX relates to perceived benefits compared to its significant costs. Advocates contend the legislation is a necessary component of overhauling a broken accounting system and restoring confidence in public companies while significantly improving confidence that all companies are complying with the same set of standards. Opponents claim cost outweigh its benefits, thus reducing the United States' competitive edge in attracting international companies to base their corporate

headquarters in America and creating an unnecessarily regulatory environment for U.S. financial markets (www.sox.info). Finally, SOX offers insight into Agency Theory wherein Eisenhardt (1989) noted both misalignment of principal and agent desires or goals and the tangential relationship relative to the different risk tolerances between the principal and agent.

However, corporate governance cannot be achieved by strength of regulations alone. Governance must be based on self-disciplinary mechanisms that function separately from external factors (Husnin et al., 2016). Researchers speculate organizations with stronger corporate governance demand better audit quality for it implies a balance of power between the principal and agent that enhances audit function effectiveness (Huang & Chan, 2013; Husnin et al., 2016; Knyzaeva, Knyazeva, & Masulis, 2013). More specifically, audit/corporate governance can have varying implications towards audit quality (Baldacchino, Tabone, Agius & Bezzina, 2016). If corporate governance is overly concentrated to a particular interest group, the governance potentially becomes out of balance and unable to function effectively, thus allowing ownership the ability of expropriate especially when external mechanisms are weak (Husnin et al., 2016). This imbalance can also contribute to a tendency to abuse power in decision making that could influence management to manipulate financial statements (Husnin, et al., 2016).

Auditing within the Federal Government

Within the financial spectrum of the federal government, there have been many discussions and debate concerning auditability and transparency of accounting data and records for public awareness. Consequently, Knubel stated the federal government continues to be scrutinized for its "integrity and accuracy of "all" management information. To assist in reaching to an auditable and transparent state, internal auditing measures have increased becoming an important tool and mechanism to improving operations and organizational performance (Kidron et al., 2016).

Finally, budget constraints continue to be factor in future spending, bringing the federal government to the hard reality of making better choices. But in order to do that there must be an understanding not only how much money the federal government is currently spending but also on what products or services does the federal government is expend resources (Easton & Quinn, 2012). Especially when the growing importance towards audit readiness implies expectations towards results and recommendations designed to achieve better performance (Kidron, et al., 2016).

Two key elements to effective audit readiness processes within the U.S. federal government are management involvement and risk identification (Musgray, 2014). Identifying the risks involved in accomplishing organizations strategic goals relies upon the leaders and managers to uncover and achieve a workable state of auditable readiness (Musgray, 2014). Guidance provided by GAO are built on five components of readiness; internal environment, objective setting, event identification, assessment and monitoring and influences the way management runs an enterprise within the management process (Musgray, 2014). Internal environment incorporates the attitude of an organization and sets the foundation. Objective setting ensures the right objectives support and align with overall goals. Control activities are the policies and procedures established and implemented that aid effective change. Finally, strong information and communication ensure employees are carry out their responsibilities. These pillars build the foundation for a strong and comprehensive state of audit readiness (Musgray, 2014).

Another area uncovered through GAO's annual audit reporting of federal financial record keeping is the lack of timely support and visibility documenting details of the federal governments' financial records. GAO findings uncovered major deficiencies in gathering

financial facts against previously recorded spending transactions (Easton & Quinn, 2012). These problems present material weakness and prevent auditability in financial accounting records from an end-to-end perspective for areas such as internal controls and processing unsupported transactions. In one instance, according to DOD, there were over $80 billion dollars' in records completed in the year 2015 with unsupportable financial justifications. Unfortunately, this is only one example that contributes to the inability to provide the government with accrual based consolidated financial statements and qualified audit reports (Kemp, 2016).

The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer declared in their May Financial Improvement and Audit Readiness (FIAR) Plan Status Report that the U.S. federal government is on track to begin full financial disclosure into audit readiness (Comptroller Defense, 2017). While Congress believes the federal government is audit ready, they also state that being audit ready does not necessarily mean initial audits will result in clean opinions (Comptroller Defense, 2017). GAO reported (GAO Annual Report, 2017), from the 2015 and 2016 financial statement report, the federal government remains ready to improve but with no permanent long-term path.

Internal Controls & Accountability

Internal controls play a major factor toward getting the U.S. federal agency to audit readiness. However, the challenge is how to change it without disrupting the symmetry between efficiency and control (Leach, 2012). Internal controls have several categories, but the three main types are preventive, detective and corrective. Preventive controls are aimed at preventing errors to occur. Next, detective control is uncovering or discovering errors that may have occurred. Finally, corrective control is aimed at trying to fix error that have occurred (Valiente, 2017).

A major part to managing an organization is found within the internal controls because it is comprised of plans, processes, and procedures for meeting the organization's mission and goals. Consequently, internal controls act as the first line of defense in preventing and detecting errors or oversights (Leach, 2012). Internal controls provide several key components including support for maintaining compliance within your organizational goals and objectives; assisting organizations in running efficient and effective operations; reporting reliable information about organization operations and most importantly providing assurance to meeting organizational goals (Valiente, 2017). Internal controls can be anything such as a plan, a method, a policy, a standard or procedure to the organizations mission in which safeguards assets and manages effective stewardship of resources in achieving the organizations desired effect (Leach, 2012; Valiente, 2017).

According to GAO and the Standards of Internal Controls of the Federal government, there are five standards that support a strong internal control environment. Control environment, risk assessment, control activities, information and communication and monitoring. These standards, at a minimum, provide the necessary foundation for acceptable quality in governmental evaluation of internal controls (Leach, 2012). These standards provide management and employees the ability to establish and maintain positive and supportive attitudes, analyze risk, monitoring of policies and procedures of management directives, communication, and quality of performance in safeguarding assets.

As noted by Leach (2012) the ability to commit fraud depends significantly on the strength of its internal controls. Furthermore, research indicates an environment with fragile controls is ripe for abuse. Furthermore, the Association of Certified Fraud Examiners reports approximately 5 percent of revenue is lost to fraud within an organization's fiscal year (Leach, 2012). Using this

percentage as a baseline and the size of the federal budget, the monetary savings could be significant over the fiscal year (Leach, 2012).

One example where internal control weakness loom within the U.S. federal government are within the contracting domain (Leach, 2012). The U.S. federal government reports over $500 billion dollars spent in contracting cost over the course of one year. With excessively byzantine processes and procedures, potential for fraud in areas such as bribes, kickbacks, mischarges for labor can be prevalent. There have been reported cases where U.S. federal employees were arrested by authorizing and receiving payment for work never performed. Other cases involve submitting fraudulent claims for reimbursement of services or items never received (Leach, 2012).

There are four key areas to focus on regarding intergovernmental transactions and towards improving internal controls: financial reporting objectives, dependencies and risk, readiness and lastly change management (Kemp, 2016). Financial reporting all component would need to ensure internal controls are embedded the same across the board. Especially since the reports of material weaknesses continue to be an impediment in auditability when providing documentation for supporting accounting transactions (Serbu, 2017).

Dependencies and risk fall under the responsibility of the U.S. Treasury to ensure standardization of regulations. Within readiness, establishing areas of activities to keep track of ongoing progress and finally change management to include everyone from the top down or from the bottom up. This support needs commitment across the department in manpower and system changes to embracing new business processes. A complete overhaul, if you will, not only be required in IT systems but leadership as well (Kemp, 2016).

Internal controls, transparency and governance all embody the procedural approach to self-regulation and good financial accounting transaction and recording practices (Kemp 2016; Serbu, 2017). While not only are transparency and auditability needed but also ensuring that each transaction falls under ethical and compliance standards which ensure each transaction is indeed a moral and ethical procurement.

New Enterprise Resource Planning (ERP) systems have been established to inject internal controls and mandate separation of duties while training curriculums have been instituted to give personnel the needed background and understanding of financial regulations and responsibilities. Unfortunately, continuing political indecisiveness and federal government actions such as hiring freezes, furloughs, continuing resolutions (CRs), and government shutdowns have negatively impacted DOD record keeping and the efficient auditing processes. Moreover, perspectives, from the highest level to the lowest level, "readily admit the benefits of and need for improved processes and auditable financial statements" (Miller, 2017, p. 23).

The concept to internal controls is only a portion of an effective audit process, management and employee responsibilities are also key the auditing process. The partnership of the two in identifying risk and implementing the necessary controls also include the responsibility for ensuring internal controls are properly and ethically implemented. This not only ensures compliance but also establishes controls that are reasonable and follow statutory and regulatory requirements. Given declining discretionary federal spending, internal controls are critical to safeguarding U.S. federal agency resources (Miller, 2013).

There is ample research noting extensive debate amongst auditors and managers who bear the responsibility for establishing and maintaining internal controls (Miller, Proctor, & Fulton, 2013). As noted in the National Commission on Fraudulent Reporting (1987), there continues to

be an absence of conformity for the responsibility of internal controls over financial reporting.
As the passage of SOX mandated management responsibilities from a corporate perspective,
managers from all levels need to be educated on the roles and responsibilities set forth by
internal controls (Miller et al., 2013). Finally, effective internal controls assist organizations in
managing risk and the framework set by the Committee of Sponsoring Organizations of the
Treadway Commission (COSO) provides a solid foundation for role specific responsibilities.
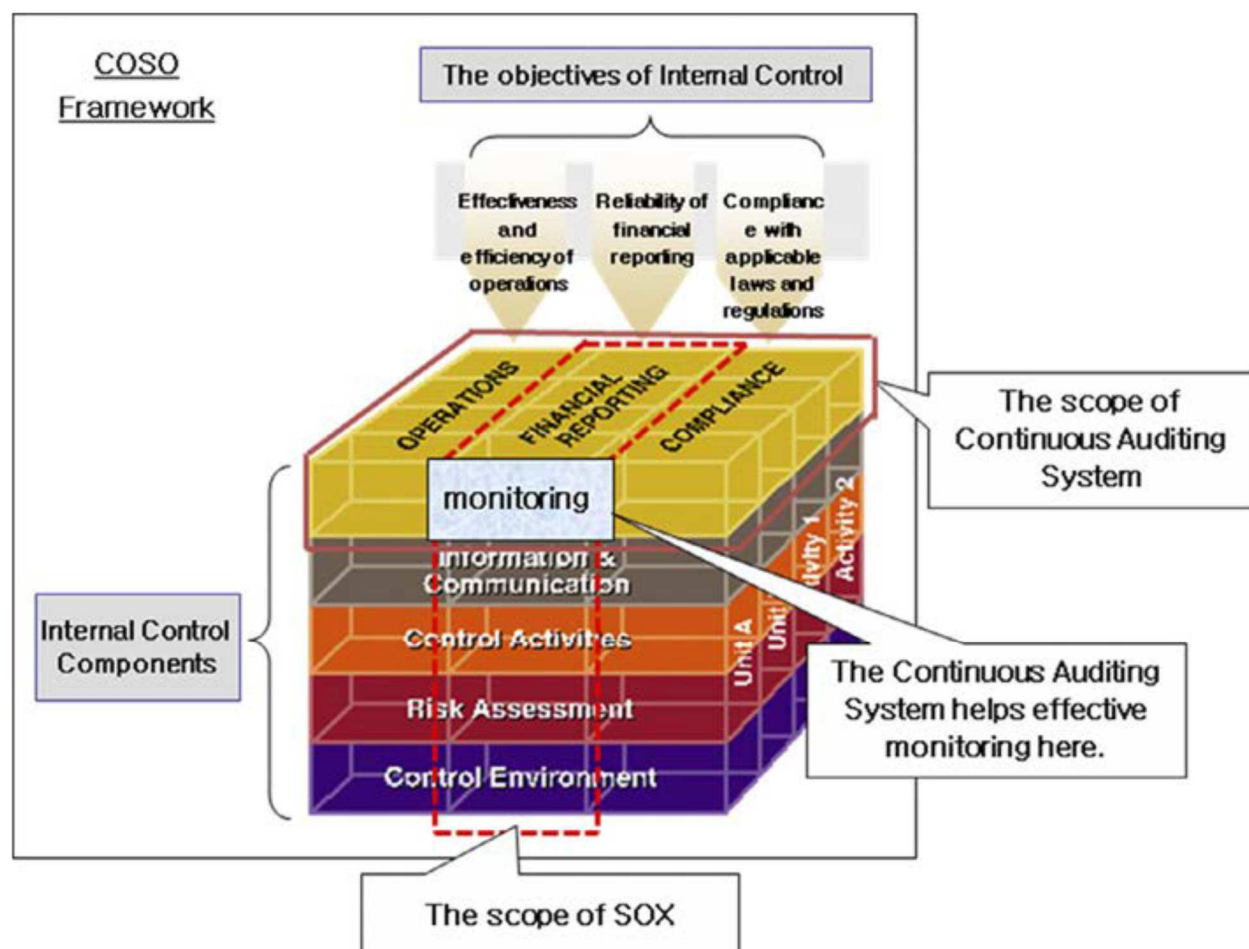

Figure 2.2. Relationship among internal control, internal control over financial reporting (SOX)
and CA system (Il-hang, Myung-gun & Woojin, 2013).

Figure 2.2 depicts the relationship among internal control objectives and internal control components of financial reporting. This framework shows the standard of internal control is illustrating the relationship amount internal control and internal control over financial reporting based on the SOX act. As stated before, internal controls act as the first line of defense in preventing and detecting errors or oversights (Leach, 2012). The macro viewpoint of this framework towards internal control baselines provides for ensuring the reliability of financial reporting. Consequently, assisting in the oversight towards audit readiness improvement within the U.S. federal government and building towards auditable financial reporting and compliance (Il-hang, et al., 2013). While the rest of the framework corresponds to the continuous auditing system in monitoring other internal control elements of the organization to improving the overall effectiveness and efficiency of internal control (Coburn & Cosby, 2016; Il-hang, et al., 2013; Leach, 2012; Miller, 2013).

Audit Training & Quality

According to the Military Deputy Assistant Secretary of the Army, Lt General Karen Dyson, the constant changing demands and the mandated requirements for Army financial records will be a continuous evolution for the financial management profession given the pace of advances in technology and business process improvements (Coburn & Cosby, 2016). The results of this evolution will be in how DOD can keep up with training and professional development demands while ensuring standardized business process compliance and sustain audit readiness to meet reporting requirements (Coburn & Cosby, 2016). Training is a vital component for organizational growth. Additionally, training involves a combination of skills development, knowledge transfer development, and sustained attitude change (Jayakumar &

Sulthan, 2014). These components are critical for reducing audit readiness failures within the U.S. federal government (Kemp, 2016).

Training is needed to improve business and financial oversight in the increasingly complex and changing financial management environment within the U.S. federal government (Coburn & Cosby, 2016). Training improves audit readiness by becoming more efficient, strengthening internal controls, and improving transparency of accounting records (Coburn & Cosby, 2016). The U.S. federal government realized in order to meet the full potential of introducing new systems, the U.S. federal government must be able to fully integrate and synchronize people, training, professional development, business process, and organizational structure. This can be accomplished by developing the right culture and tools needed for realizing and sustaining an improved financial management readiness posture.

Training provides individuals with an awareness to the rules and procedures relative to guiding performance in their current jobs (Jayakumar & Sulthan, 2014). Furthermore, Jayakumar & Sulthan (2014) stated organizational effectiveness can be enhanced through continuous training and development programs within an organization. The effectiveness of training also relies on how well training is perceived by the employees, the degree of information learned within the training and development activities, and how well it can effectively improve job performance. Finally, top management expressed the concepts noted above are all major contributors to effective training (Jayakuman & Sulthan, 2014).

Here, the key to effective training is communication; communication between leaders and employees will help managers to know the needs of the employees and develop training programs for the employee's and organizations future (Jayakuman & Sulthan, 2014). A subsequent measure with employee communication and effective training is feedback as

feedback creates a positive tool for training development improvement. Feedback from managers and feedback from employees' aids understanding and the training requirements of both parties in building to an accepted and effective program. Jayakuman & Sulthan (2014) stated that conducting a training program which meets the needs of the employees helps the employees extend the audit readiness efficacy within the organization.

Referencing current GAO reports and federal government (i.e. DOD) financial statements, there were several areas of material weaknesses identified (GAO Report, 2017). Here, training is noted as another area that should be incorporated into organizational practices. Yearly raining on subject matters such as ethical practices to remind people of what is expected. Additionally, continuously evaluating organizational weakness and taking opportunities to train in those areas is key. Furthermore, the training curriculum must involve preparing individuals for the skills and information needed to increase job performance. The financial management domain has also seen software programs that are either duplicative or fail to provide the financial management accounting functions for today's workforce. All these are contributors to audit readiness failure within the U.S. federal government (Kemp, 2016)

Currently, from the research gathered, there has not been any follow up from the implementation plans in place by agencies such as the United States Army in identifying whether the current curriculum and integration process of the newly design and developed financial systems are the in fact affecting the financial final output needed (Coburn & Cosby, 2016). There is ample information identifying the need for training and more streamlined processes as well as implementation of training curriculums to remediate the deficiency, but no proof as to the efficacy in making the necessary changes to an audit ready condition (Crouse, 2012). Detailed training and financial reporting system implementations have also been initiated within the Army

within the last five years; however, the efficacy of the implementations has yet to influence audit readiness and accountability (Steffens & Askins, 2015).

Moreover, professional development and employee skill sets is another area deficient within the financial management arena. The situation can be a cause for concern given the size of the federal budget and the management of billion-dollar budgets (Coburn & Cosby, 2016; Crouse, 2012). Although the CFO Act of 1990 changed the way governments were to report to financial management practices, government improvements are still lacking in several different areas. One is the continued development of a professional financial management workforce. The key element to getting to consistent reporting and eventually to an auditable state starts with a successful financial management reporting by financial management professionals. By more accurately reporting and tracking cost within a confined budget spending environment, a better understanding of audit requirements will be developed (Crouse, 2012).

Consequent to budget constraints and decreasing quality of service, the U.S. federal government will be hit hard with employee turnover. This will cause an overwhelming tidal wave of individuals with experience and knowledge leaving the federal workforce while newer and novice employees remaining behind (Crouse, 2012). To help in maintaining and retaining competent employees, the U.S. federal government started a program in 2016, titled the Financial Management Certification program for both military and civilian employees. The purpose of the program was to increase skills competency by requiring federal financial managers to obtain certification through 2 years of related work (DOD Instructions, 2013) (Crouse, 2012).

The certification path includes all financial management occupational fields for General Service (GS)01-GS15 Civilian grade, enlisted military ranks of E1-E9, and commissioned officer

ranks of O1-O8. Per the DOD instruction, each military department (Army, Air Force, and Navy) have built training programs to assist in facilitating the FM certification. Ultimately, the certification was projected to have all financial managers achieve a minimum rating by the end of fiscal year 2016 (Reid-Borland & Dezwarte, 2014). However, more information will be needed to assess if the U.S. federal government has met its timeline and requirements to training implementation and how effective audit readiness has become.

Information Technology Relative to Audit Readiness

Since the 1980's there has been major advances in information technology. The intent was for the internal control portion and accounting information system to be integrated into the enterprise resource planning (ERP) system thus computerizing the internal control process environment (Il-hang et al., 2013). The CA function contained a wide range of information collections that was divided into five approaches. Demand factors, theory and guidance, enabling technologies, application and cost benefit (Il-hang et al., 2013). Each of these categories had sub groups further defining each role and function and process to include transaction evaluation, measurement rule assurance validating accounting information and estimate assurance and consistency of aggregate data analysis (Il-hang et al., 2013). Thus, emphasizing errors and inefficiency could be reduced within this auditing process (Il-hang et al., 2013).

Unfortunately, there are over 100 different types of reporting mechanisms for inputting and documenting accounting transactions across the U.S. federal government umbrella. Many of these systems are considered legacy and may not meet the financial management IT requirements for current or future operations. These legacy IT systems contribute significantly to the audit readiness posture within the federal government. In 2012 the GAO mandated the Department of Defense to implement an ERP system in order to meet the financial and

accounting deficiencies within the current processes (Miller, 2013). However, the U.S. federal government cannot accurately account for auditable books and overall accounting records. For example, the Air Force has spent funds to combine hundreds of existing antiquated systems and the results highlight continued interoperability issues (Francis, 2013).

Furthermore, in 2017 Congress stated this is the year the U.S. federal government is to be audit ready, but due to the complexity of all these systems, there is no interoperable account to match transactions to records (Francis, 2013). Potentially, reducing financial management systems and implementing streamlined components capable of multiple accounting functions are needed in order to improve efficiency, reduce cost and simplify processes (Gillison, 2016). Figure 2.3 depicts the component flow.
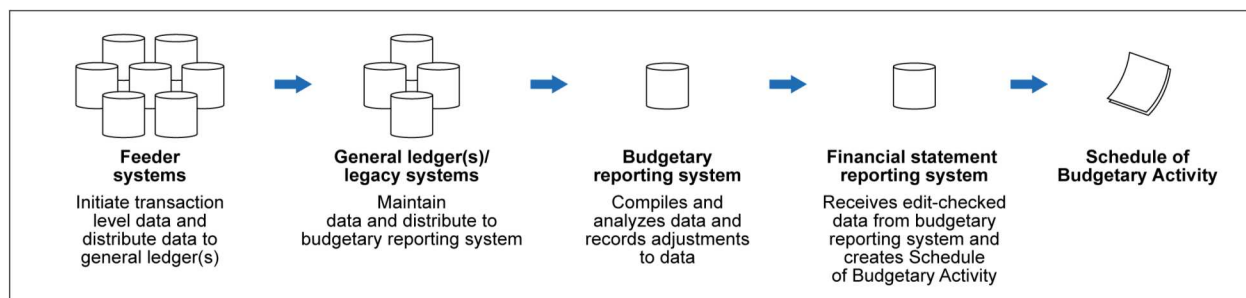
Source: GAO analysis of transaction data flow. | GAO-17-85

Figure 2.3. Flow of Financial Transaction Data for Military Services (GAO, DOD Financial Management Report, 2017, p. 14).

The need for updated more accurate accounting and reliability measures are more important today due to development of new and improved technology. Gone are the days of slow data input and processing negatively impacting accuracy and reliability. Within the U.S. federal government, the Department of Defense is known for its use of antiquated systems. For example, the Air Force uses over 100 systems in order to meet all its financial and data recording needs (Kemp, 2014), As times change and technology change, the federal government has a

chance to leapfrog technology trends by developing and implementing next generation IT (Kaina, 2015). Kaina (2015) stated we can do more training with less if innovation and creativity guide our way ahead. Within the FM certification program for U.S. federal agency, the curriculum is based on the individual need to building the right competencies towards job responsibilities and ultimately development (Kaina, 2015). Finally, the federal government must pursue initiatives that achieve an auditable trail of financial reporting, a complete data analysis/report is required to locate the deficiencies, as well as accounting documentation to include closure of an accounting record.

Implementation of a continuous auditing (CA) system within the financial industries is also another means to system application and oversight. There are recent studies noting internal auditing has shifted from a historical legal and regulatory reviews to promotion of efficiency and proactive risk management (Il-hang, Myung-gun & Woojin, 2013). Basically, instead of the internal auditors servicing as policemen ensuring compliance, internal auditors serve in the capacity of a consultant enhancing objectives towards risk managements and by taking actions to address core audit readiness issues (Il-hang et al., 2013). In order to apply this type of transition within the internal auditing functions organizations must consider three changes: 1) switching from periodic to CA auditing, 2) moving from an auditing approach that is dependent on information data collection and change towards using the CA system; and 3) adopting a risk-based auditing support system (Il-hang et al., 2013).

Continuous auditing provides for real time financial information and this approach is nearly impossible when executing a traditional auditing approach (Il-hang et al., 2013). As new technological advances occur, CA will become more relevant and reliable enabling timely information and lower organizational cost. Furthermore, Il-hang et al., (2013) proposed a theory

that CA is necessary for taking advantage of the advance in information technology in the ERP environment (Il-hang et al., 2013). Furthermore, Il-hang et al., (2013) noted numerous studies that have explored the theory and implementation of CA within the ERP environment and believe it will contribute further into the concept and practical resolution enhancing overall effectiveness of auditing environment.

The concept and outline to CA system towards a professional auditing methodology enables independent auditor's written assurance of reports within a short period of time (Il-hang et al., 2013). CA can be thought as auditing personnel utilizing the auditing infrastructure. CA serves as the main infrastructure mechanism to continuously monitor the auditing system. CA uses transaction data within each stage of ERP accounting process by automatically extracting abnormal data (Il-hang et al., 2013). ERP maximizes transparency of financial reporting, enhances operational efficiency and improves business processes in timely information monitoring (Il-hang et al., 2013). The CA-ERP information flow is depicted in figure 2.4.
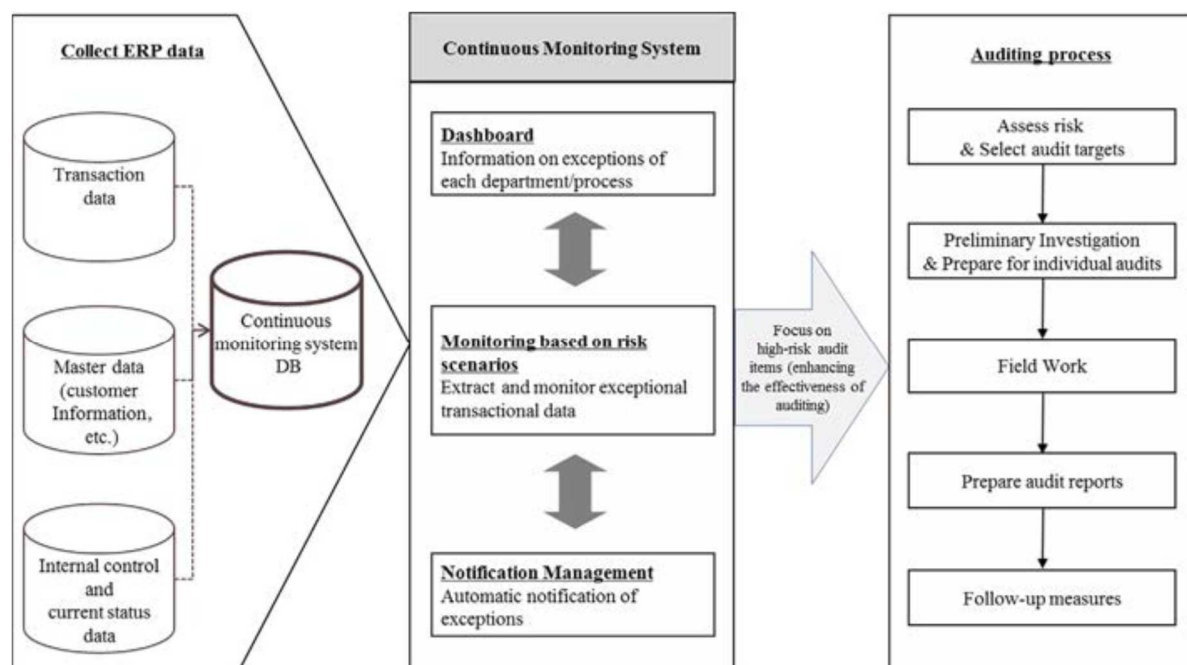

Figure 2.4. Conceptual map of the CA system (Il-hang et al., 2013).

Culture and Behavioral Acceptance

One such area found in research speaks to the roadblocks within the cultural and behavior acceptance of organizational change within the U.S. federal government. The complexity of financial recording is so massive it is hard to compress into a simple task process (Ahlers, 2014). Viewed holistically, the whole process relies on the internal controls and better management to foster change and increase process understanding. The author identifies that the top leaders within U.S. federal agencies are the responsible and accountable party in achieving this task, but they can't do it alone (Ahlers, 2014). It will take a concerted effort by all federal employees to make it work. This entails not just the financial managers, or the program analyst, or the technician supplying the paperwork in order to approve an order but requires every layer of the workforce to make this an achievable goal.

This information correlates to other issues identified such as, unraveling the truth to the U.S. federal government's mindset. In one example, Ahlers (2014) identified the Army, as well as DOD in general, is guilty of jut "checking the boxes" because of overwork, unexperienced workforce, and unqualified personnel completing the job. Organizational change requires personnel preparing themselves for quality check inspections by reading standard operating procedures (SOP) in preparation for another inspection, management and employee oversight, and senior leader direction to overcome change resistance (Ahlers, 2014).

Furthermore, the author even admits to this type of action becoming roadblocks toward the Army's ability to reach a non-opinion state towards auditability. The author believes that the true connection of understanding and its impact is not fully understood, especially where it really matters, at the very first level of interaction among Army soldiers. The impacts are great, and soldiers who do not understand or relate to how their decisions affects the financial world, can

affect the accounting and financial record and, ultimately, impact auditing capabilities. Consequently, understanding whether this may be a systemic issue or isolated problems will provide insight within the cultural and behaviorally aspect to preparation of audit readiness and resistance to change.

The United States Coast Guard is another example of complexity and increasing issues in overseeing the financial audit performance mandated by Congress (GAO Annual Report, 2017). While they have already achieved an audit opinion, the Coast Guard has the same level of responsibilities as the other services in areas such as development training, internal controls, and system processes necessary to retain a clean auditable opinion. In conjunction with these requirements come new responsibilities and new levels of understanding in order to meet statutory and regulatory compliance measures. Since the Coast Guard falls under Department of Homeland Security (DHS), the Coast Guard must refine their training plan to aid in meeting new systems and new requirements that continue with auditing responsibilities and a clean modified opinion. As baby boomers retire and millennial come into the workforce, the mindset of these two very different groups will change the way behavior and cultural differences manifest (Serbu, 2017). The need to ensure development and training stays on the right track will be a heavy task to accomplish but necessary in keeping to transparency, processes and accountability regardless of which generation is accomplishing the task.

Aristotle stated poetically, 'educating the mind without educating the heart is no education at all' (Boutwell, 2015). This is true when it comes to training and education development with the U.S. federal government financial management staff. In order to meet with success and progression for an audit readiness environment, not only do you have the challenge of changing

processes, policies, internal controls, and potentially systems but you also have to change the mindset of individuals in order for this process to succeed (Boutwell, 2015).

Efferin and Hopper (2007) stated there are few studies that cover the influence of culture and ethnicity within business practices. These cultural differences could lead to behavior that impact financial transactions; based on these findings it would be beneficial to examine if auditors are influenced by cultural or ethnic differences (Husnin et al., 2016). Other findings report to the threat of audit quality by personnel's poor performance and negligent behavior, commonly referred to as Dysfunctional Audit Behavior (DAB) (Baldacchino, Tabone, Agius & Bezzina, 2016), which can impact the inability in identifying material misstatements of financial statement reporting (Baldacchino et al., 2016). Furthermore, DAB is described as agency problems between principal and agent relationships (Baldacchino et al., (2016). That DAB may be conceived as more in the interest by the principal, regardless, DAB reduces audit quality and increases the risk that inappropriate actions were executed due to dysfunctional behavior in determining the findings within the organization's financial statement.

Time budget pressures internal to audit firms were found to be the common theme for DAB factors that adversely influence an auditor's action by alluring them into taking shortcuts thus threatening audit quality (Baldacchino et al., 2016). Time budgets are described as insufficient time for staff to finish assigned work. Although time budgets are important to effective audit planning. studies seek to uncover what other contributing factors cause dysfunction to those pressures (Baldacchino et al., 2016). Another factor to consider are the personal characteristics of auditors that affect audit behavior and influenced by leaders through their actions that set the tone to employee behavior. Studies noted cultures of DAB acceptance

and perceived reinforcement by supervisors to under reporting of time, inappropriate request made to personnel and its impact on audit readiness (Baldacchino et al., 2016).

Finally, military affiliates also carry a different cultural and behavioral concept that is unique. The cultural framework that makes up the military profile include practices that provide a common foundation for its members (Stephenson, 2016). By examining the culture and behavior of organizations, researchers uncovered unique insights not otherwise discovered during a functional analysis (Stephenson, 2016). Inversely, negative impacts from culture and organizational behavior affected decision making relative to mission command and audit readiness (Fraher & Grint, 2018; Teodor, Liviu, & Tiberius, 2018).

Theoretical Framework

Understanding both theory and the theoretical frameworks associated with research methods is a critical element to the overall research process. Theory assist to explain relationships between the phenomena and concept as well as provide for research and analysis towards building the framework (Koh, 2013). While theory does not necessarily provide for a fixed meaning, theory can be considered the glue in binding the differing research problems within a given area (Gelso, 2006; Koh, 2013). In addition, theory provides for generalizations across research disciplines and can be considered the codification towards thought and action which provide for foundations to application and understandable constructs (Liden, 2013).

Theory can also be used to contribute to practical application in several ways, such as experimentation and application support and theory development and refinement (Liden, 2013). In addition, research conclusions completed by nonacademic organizations provide for further validation or refutation of conclusion, leading to further questions, research and hypothesis to additional investigation. This iterative process provides for the research and application in

further refinement in to the theory. Alternatively, theory serves to inform and expand both opportunity for research and application in the most current or tangent discipline through the iterative process, research can serve to identify apertures or hindrances within the body of knowledge when applied to real world events (Liden, 2013).

Theory may also serve as an integrative functionality between the underpinning theoretical framework and the application either by research or real-world practice by holistically integrating both previous research and propositions that allow for both the research and or practitioner in understanding previous conclusion and limits and assisting in determining potential current real-world applications (Ashkanasy, 2016; Liden, 2013; Taylor, 2015). Consequently, translating theory into application can come with problems such as overarching theoretical framework in complex phenomena or within quantitative and qualitative methods that could potentially yield to differing results from similar research problems, therefore highlighting the challenges from use of theory as the framework in research and development (Ashkanasy, 2016).

Agency Theory

Agency problem is an age-old problem that has evolved since the evolution of joint stock companies in which every organization has suffered from in some shape, form or fashion and with evident literature to prove it (Panda & Leepsa, 2017). Agency problems have continued to be widely witnessed in many academic fields, in areas such as accounting, finance, economics, political science, sociology, organizational behavior, and marketing (Panda & Leepsa, 2017). Furthermore, the extensive existence towards agency problems within differing types of organizations has made this agency theory as one of the most important theory in the finance and economic literature (Panda & Leepsa, 2017).

There are three main roles to auditing objectives, monitoring, information and insurance (Taylor, 2015). To ensure better use of resources entrusted to the agent by the principal is the primary objective of the auditors monitoring roles (Taylor, 2015). Taylor (2015) states, from this viewpoint certain agency problems inherent to the separation of ownership and control can effectively be reduced through auditing. The classical agency theory state two important problems or agency costs arising from principal and agent ownership, moral hazard and separation of ownership (Taylor, 2015). Moral hazard refers to the absence of principal problem (Taylor, 2015), instead of managers serving in the interest of the owner, managers engage in self-interested behavior (Taylor, 2015).

In separation of ownership, management creates a diverse ownership structure which accidently leads to other major cost, adverse selection (Taylor, 2015). Adverse selection describes organizational structure that made monitor management activities more difficult for owners, this enabled managers to slack in agreed upon effort causing major agency cost (Taylor, 2015). Therefore, agency theory has been acknowledged as the one theory useful in providing explanation towards performance-based accountability (Taylor, 2015).

There is other research that explains issues within companies have in deciding their financial methods not only towards amount but also in regard to source, type, and structure of the financing (Djohanputro, 2015). The underlying factors companies may consider within financing are availability of funds, cost of capital and ability to control the company (Djohanputro, 2015). Here, according to accounting literature, research shows agency theory best explains accounting practices and standards of a theoretical premise to understanding both organizational design and process from a principal-agent perspective (Djohanputro, 2015; Panda & Leepsa, 2017). The

issues of the agency problem and its solution revolve around agency theory (Panda & Leepsa, 2017).

Methodology

Quantitative, qualitative and mixed methods are three forms of research methods available for research studies. Toloie-Eshlaghy, Chitsaz, Karimian, and Charkhehi (2011) state qualitative methods are designed to assist the researcher in understanding human beings in their social and cultural living behavior (Brewer, 2015). According to Toloie-Eshlaghy et.al. (2011), qualitative research methods primary goal is to grasp phenomena in from the views of participants and in substantial and specific social grounds.

Quantitative research is used in testing hypotheses in determining relationships between differing variables and measures frequencies in observations (Brewer, 2015). Quantitative data can be counted or measured and have traditionally been considered more rigorous than qualitative methods (Brewer, 2015). Finally, mixed method research is considered pragmatic within research design and guided by the research questions with of two or more quantitative and qualitative strategies for the same project (Brewer, 2015). Basically, the study design should fit the subject (Brewer, 2015).

For the research study, qualitative methodology provides for a range of approaches that aims to generate an in-depth understanding and interpret people's social learning, material circumstances, experiences and perspectives and histories (Brewer, 2015). Qualitative studies are strong theoretical traditions applying rigorous methods that can be used to understand complex social phenomena in seeking answers through a systematic and interpretive practice that stress how social actions and social experiences are created and sustained (Brewer, 2015). Qualitative researchers plan for broad contingencies that posture for opportunities after a study has begun

(Brewer, 2015; Kemparaj & Chavan, 2013); thus, using a qualitative method for this research study.

Within the qualitative method there are many designs such as ethnography, phenomenology, narrative research, grounded theory and case studies (Brewer, 2015; Cresswell, 2013). The phenomenological study focuses on shared experiences within a common group, this phenomenological approach allows for a broader understanding of the phenomenon by exploring the group experiences and dynamics and how each member understands the phenomenon under review (Cresswell, 2013). Cresswell (2013) stated that phenomenological research provides a grasp of the very nature of the thing. In addition, Cresswell (2013) notes Moustakas (1994) in which phenomenological research provides for a description of what and how the individuals experience the phenomenon.

This section of the literature review provides a summary and findings related to employee's resistance to change in organizations and how it affects audit readiness and procedures. The database used focused on primary resources residing in scholarly peer-reviewed articles, journals related to audit readiness and organizational behavior, dissertations and books on research methods and practices. Peer review articles are defined as an expert assessment of submitted materials ensuring valid articles are accepted, invalided articles are rejected, and messy articles are improved (Brewer, 2015).

Summary

The U.S. federal government has an extremely large responsibility, it is responsible for providing support to the military forces and warfighters needed not only to deter from war but also to protect and secure our country and our nations interest (GAO Annual Report, 2017; DOD, 2017). For example, the Department of Defense supports timely, accurate information to

military, DOD Civilians, family members, Congress, and the American public. Like the Department of Defense, the Under Secretary of Defense (Comptroller) also has an extremely large responsibility providing both advice and support to the Secretary of Defense on budgetary issues (DOD, 2017; USDOC, 2017). This support can include but not limited to financial management, accounting, management control, contract and audit support of the President's budget (DODFMR, 2017). It is the responsibility of each U.S. federal government employee to ensure and sustain not only the commitment of the President's intent to invest, secure, and prepare from both threats and challenges funding towards military readiness, ground force strength and combat capabilities (DODFMR, 2017).

It is also the commitment of U.S. federal government to instill a capable and fully functioning and auditable financial statement account to accounting transaction, transparency, fiscal stewardship and improving the financial information needed to managing government spending (USDOC, 2017). As well as the responsibility of the U.S. federal government to "make every dollar count…to account for taxpayer's dollars and produce timely, reliable and accurate financial information" (Zellars, 2012, p. 15). To do this it will take strong, sound financial stewardship to accurately provide timely advice and quality judgement to government spending (Easton & Quinn, 2012).

The potential outcomes to the agency theory research of investigation helped in gaining insight towards how internal controls operate and the effects from operational gaps and possible deficiencies in accounting documentation to transaction posting. The investigation for financial reporting would contribute to exposing control and accountability and assist in oversight to better performance. There is still more research and work to be revealed within the accounting and auditing functions companies are responsible for, but it is up to the people to make sure the

practices continue to be true and honest and encourage businesses to grow. Lastly, emphasis to training and employee curriculum to fashioning surety investigation could result in improved performance of documented training provided. Also, potentially disclose areas of weaknesses, duplication, and identification of legacy systems used and the need for discontinuation of those systems.

The quality of the results from the potential investigations could lead to assisting the U.S. federal government in finding solutions to auditability and financial statement reporting. These are crucial in providing the government and the general public transparency and accountability of financial related accounts and give more strength to the purpose of its mission and procuring investments. The most important message that needs to be relayed is the consolidated effort of not only an organization in doing the right thing, but also the employees, the shareholders and even its customers. Management approach to establishing and enforcing core values will be the best course of action in preventing bad behavior; but in order to do that organizations will need to provide continuous training to employees on ethical practices and the dos and don'ts of the organization's mission.

Leaders and managers provide for a more in-depth look to the makeup, mechanics, qualities and traits they represent within the corporate structure. As we become more in tuned to what those expectations are between the two, a better appreciation can be obtained and understood in building to a stronger relationship. Leadership is a process, involves influence, occurs within a group context, provides direction and involves goal attainment (Chin, 2010). Leadership inspires, motivates and develops while focusing on people and building trust which is essential to the relationship of employers and their employees or principal-agent concept. They

have strategic goals that look to the horizon while challenging the status quo. They are about the future but understanding to the needs of the here and now (Chin, 2010).

As we continue to move forward in preparing for auditability, the mindset of all involve needs to change. The U.S. federal government needs to be more astute to auditability and transparency in all its processes and procedures. The process to getting to an auditable state and organizational success is for all to come to an understanding of who they are and what they represent and the importance to the role they play. They are to be good stewards of the government, who have a responsibility in ensuring ethical practices in government spending and win back the trust of the American people.

Chapter 3: Research Method

The problem to be addressed by this study is the effect that employee resistance to change has on audit readiness. Findings reported in GAO Annual Report reported deficiencies in the areas of audit readiness due to internal control mechanisms and organizational behavior factors (GAO Annual Report, 2017). Furthermore, GAO has identified several areas where it cannot quantify an audit opinion within consolidated financial statements due to extensive material internal control weaknesses and organizational behavior factors that culminated in financial management problems rendering financial statements unsuitable (GAO Annual Report, 2016 & 2017; Johnson & Grim, 2013).

One aspect of behavioral challenges is active and passive resistance measures used by employees to resist workplace change. As noted in the GAO studies, organizational behavior plays a key role in audit readiness (GAO Annual Report 2016 & 2017). Consequently, factors that contribute to employee resistance to change can have negative effects on an agency's ability and capability to remain audit ready successfully. The lack of audit readiness then negatively contributes to a lack of accounting processing and excess or undocumented expenditures. These expenditures and undocumented funding transactions then contribute to the federal government's lack of financial accountability and the overall federal deficit (GAO Annual Report, 2016 & 2017).

Additionally, this lack of audit preparation in improving financial management operations austerely hinders the U.S. federal government in making sound decisions affecting the organization's audit procedures (GAO High Risk List, 2017). This is particularly important since, for example, the Department of Defense makes up approximately half of the federal government discretionary spending and over 70% of the federal government physical assets (GAO High Risk

List, 2017). Furthermore, if change in audit readiness preparation is never understood, then the evidentiary support to audit readiness operations can never be established.

The purpose of this qualitative study is to examine employee's resistance to change in audit preparedness. A phenomenological approach was used to explore areas where organizational resistance to change affect audit readiness procedures. The study participant pool included approximately 25 federal governmental employees that work within the financial management field in areas such as financial transactions and financial data base entries that may affect audit readiness processes and procedures. Participant inclusion increased, as necessary, until data saturation was achieved. Data was collected through purposive and snowball sampling and Delphi interviews with members of the American Society of Military Comptrollers (ASMC) and LinkedIn (Rosenthal, 2016). Additionally, secondary data sources such as public websites were used to further refine data coding and theme context (Rosenthal, 2016).

The first section of the chapter focused on research methodology and design followed by population and research sample. Follow-on sections detailed study materials, instrumentation, procedures, and data collection methodology and analysis. Finally, delineation of ethical processes employed by the researcher is described.

Research Methodology and Design

There have been many regulations and policies established to improve the accounting structure and record keeping (Defense Technical Information Center (DTIC), 2019) and significant progress has been made in improving federal financial reporting in preparing consolidated financial statements over the last decade (GAO Annual Reporting, 2017). However, the issues within the financial transactions that shape audit readiness continue to affect accrual based consolidated financial reporting statements as well as reported assets and inventory within

the federal government systems (GAO Annual Reporting, 2017). The Financial Improvement Audit Readiness (FIAR) has been erected to mitigate a solution to audit readiness and has become part of the everyday process to getting the U.S. federal government audit ready for auditability and transparency of accounting data and records for public awareness (Easton, 2014; OSD, FIAR Guidance, 2016).

Coupled with improving audit readiness within the federal government, capable leadership enables stronger and more effective changes for the organization. Consequently, leaders foster a positive environment by building effective teams who can understand and facilitate activities towards a shared role (Schweiker, 1997). These roles include not only the principal agent but also the followers which form a balance between continuity and change (Schweiker, 1997). When there is a lack of collaboration and compromise within an organization, conflict management arises and becomes the central issue between leaders and employees (Emerson, 2016; Ward, 2017).

For the study, a qualitative methodology was best suited to exploring employee resistance to change in audit readiness (Dane, 2011; Johnson & Grim, 2013). This approach was focused on the interplay of agency cultural and behavioral factors to guidelines and training against the differing business applications in order to explore impacts to audit readiness efficacy within the U.S. federal agency organization. Using phenomenology, the researcher explored the areas of culture (both implicit explicit) of the participants, their behavior and their interplay of audit readiness and change management (Cresswell, 2013; Dane, 2011). For example, employee resistance to change actions that permeate through internal culture and behavior aspects can impact audit readiness from both the bottom up and the top down. In other words, participants within the executive level play a major role influencing resistant measures even though they are

not usually interacting with the individuals who perform the work (Cresswell, 2013; Emerson, 2016; Schweiker, 1997; Ward, 2017).

Given the organizational behavioral constructs, using broad and general questions allowed the researcher to collect detailed and instructive views from the participants via statements, images, and impressions which form the basis for analysis of the context and themes (Cresswell, 2013; Dane, 2011; Krathwohl, 2009).

Additionally, qualitative research methods provide the opportunities for a deeper understanding of the phenomenon through the experiences and perceptions of the research participants (Cresswell, 2013; Dane, 2011; Krathwohl, 2009). Contrarily, a quantitative methodology focuses on statistical analysis and determinations of correlation and causality (Cresswell, 2013; Dane, 2011; Krathwohl, 2009). Consequently, a quantitative methodology is not suited for generating and in-depth understanding of the cultural and behavioral activities that affect audit readiness (Cresswell, 2013; Dane, 2011; Krathwohl, 2009).

Finally, the chosen methodology design was based on the nature of the research questions (Brewer, 2015). The phenomenological research design provided for an in-depth look in information pertaining to U.S. federal government participation within the accounting transaction and how culture and behavior influence auditing performance. The phenomenological research design enables an environmental collection of data specific to the topic along with exploring topical dynamics associated with the study (Brewer, 2015). As stated by Pathak, Bijayini, and Kalra (2013), a qualitative research study provides the voice of the participants involved.

Structured and semi-structured interviews with research participants was used to collect data. Data collected through the interviews was used to assist in further exploring the phenomenon, how resistance to change and emotional behaviors impact audit readiness, and how

the individual perceives audit readiness and their challenges to maintain an audit ready condition (Brewer, 2015). Data was further refined using secondary data sources and open-source websites detailing audit readiness within the federal government (Rosenthal, 2016).

Population and Sample

The population was military, governmental civilians, and contracted employees within the U.S. federal government. The study explored how resistance to change affects cultural and behavioral conditions and audit readiness among the population. U.S. federal government personnel who perform the day to day transaction of identifying, recording, and reconciling financial management transactions were interviewed providing feedback to quality of work, training, and system processes or application in today's workforce. Information identified was used to build data analysis metric to accuracies, consistencies and gaps not normally seen on a day to day transaction but took a holistic view of simple yet intricate pieces of evaluating data comprehension and how it measured towards data input/output processes of employees (Coburn & Cosby, 2016; GAO Annual Report, 2017). As with any qualitative research design, the whole focus of this study is to find the organizational behavior gaps relative to financial management recordings and to explore how to better process and prepare financial records in accordance with regulation of audit readiness (Coburn & Cosby, 2016; GAO Annual Report, 2017).

The sample was selected from a pool of federal employees that are members of the American Society of Military Comptrollers (ASMC) organization. These members include both current and retired federal employees and civilian and military personnel which make up the financial management personnel workforce within the Department of Defense, as well as contracted civilians who provide financial management support (ASMC, 2018) to U.S. federal government. The participants were comprised of officers, governmental civilians, and contracted

U.S. federal government employees both former and present who are/were affiliated with and members of the American Society of Military Comptrollers (ASMC) organization. They are individuals selected from the tactical, operational and strategic levels of the community working for the U.S. federal government. Sampling was purposive with the number of participants to be 25 or until saturation was meet. Additionally, snowball sampling may be required to fully explore the phenomenon (Rosenthal, 2016). The pool was made up of at a minimum 70% U.S. federal government civilian employees and 30% active duty military.

Given the objectives of the study, this population provided adequate suitability. One element of the study was to examine the cultural and behavioral inhibitors to audit (GAO Annual Report, 2017). The population is well grounded in audit readiness and understands the required processes to maintain an audit ready condition. The population of military and governmental civilians provides a suitable mix of differing backgrounds and education thereby assisting the generalization of the study conclusions. Additionally, the population traditionally operates under written guidance and directives that can be used to augment data veracity and perceptions (Brewer, 2015; Rosenthal, 2016).

As the purpose of the research study is to determine cultural and socio-behavioral influences relative to audit readiness, a purposive sample of at least 25 financial management professionals provide the baseline for exploring the phenomenon focused on developing codes and themes within the research problem construct (Dane, 2011). In contrast to random sampling methods used in quantitative analysis, qualitative analysis centers on exploring the breadth and depth of the research participants (Dane, 2011). This focus provides a rich narrative and the open-ended approach more fully explores the phenomenon than statistical analysis (Cresswell, 2013; Dane, 2011; Marshall & Rossman, 2006).

Qualitative methodologies employ smaller sample sizes than would not normally be found in a quantitative methodology (Cresswell, 2013; Krathwohl, 2009). For the phenomenological research study, the sample size was deliberately small as the research was focused on obtaining and analyzing the participant's perception and attitudes of the phenomenon. At a minimum, the sample size started at 25 and gradually increase until data saturation was achieved. Finally, purposive sampling was more appropriate for selecting participants that possess detailed knowledge and comprehension of the research phenomenon (Cresswell, 2013; Dane, 2011).

Materials/Instrumentation

This qualitative method study approach is to help identify cultural and behavioral aspects to audit readiness (Cresswell, 2013; Emerson, 2016; Schweiker, 1997; Ward, 2017). This study encapsulated to forms of data collection. The structured interview was used to collect data from the research participants. The interviews were conducted face-to-face, telephonically, or with videoconferencing means (Skype). Interviews were recorded and a transcription service was used to transcribe each of the participant interviews (Brewer, 2015). Once transcripts were complete, they were returned to participants for cross-checking and validation purposes (Rosenthal, 2016). Finally, secondary data sources that are available through Congressional testimony, U.S. Government Accountability Office (GAO) and Office of Management and Budget (OMB) open source websites was used for data triangulation.

The participants were asked questions that focus on audit readiness and the perceived organizational behavior and cultural obstacles that impact audit readiness. More specifically, the questions elicited responses that describe resistance to change and principal agent challenges within the financial management community of the federal government. In this fashion, the

researcher can explore the research phenomenon and more richly detail the experiences of the participants (Brewer, 2015).

For this study, the interview tool was adapted from previous research on audit readiness within the federal government via reported findings in GAO Annual Report reported deficiencies in the areas of audit readiness (GAO Annual Report, 2017). The secondary data collection instrument was Congressional testimony, U.S. Government Accountability Office (GAO) and Office of Management and Budget (OMB). These secondary sources were used to augment the primary instrumentation tool.

Data Collection and Analysis

Prior to the start of data collection, an application for permission was obtained for the Institutional Review Board of Northcentral University (IRB). Participants were selected through purposive sampling (Cresswell, 2013; Dane, 2011) from associated professional organization members. Participants were sent email invitational notices, followed by telephone calls to potential participants in soliciting their participation in this research study. Participants accepting recruitment will be provided with an acceptance letter which will contain the limits of the study and include consent approval acknowledgement. Each interview was audio taped for subsequent transcription from a third party. Additionally a waiver was included noting transcription, storage and destruction process (Dane, 2011; Rosenthal, 2016).

For this study, there are two forms of data collection. The first used semi-structured interview utilizing open ended questions (Cresswell, 2013; Dane, 2011). During this phase the researcher used interview techniques noted by Krathwohl (2009) to explore the phenomenon. The second form of data collection used secondary resources such as Congressional reports, testimony, and open source federal web sites on audit readiness in the federal government. These

tools are selected because they are recommended methods to data collection for a qualitative study analysis (Cresswell, 2013; Marshall, Cardon, Poddar, & Fontenot, 2013).

Within the first method of interviewing, interviews were semi-structured and proceeded from a macro to micro content exploration (Cresswell, 2013; Dane, 2011). The interview material will include areas of knowledge, experiences and opinions of operational audit readiness practices and procedures. Interviews were conducted on an individual basis versus group and face-to-face whenever possible through Skype as the primary means and/or telephonically as the secondary source when face-to-face is not possible (Koepsell, Brinkman, & Pont, 2015; Rosenthal, 2016). Each interview was anticipated to last approximately 50 minutes to over an hour to include notes taken during the interview process. The interviews were recorded and secured in personal home office fireproof safe (Brewer, 2015; Dane, 2011; Rosenthal, 2016). Interview recordings were later transcribed to enhance validity of the sessions and support data coding methodology (Rosenthal, 2016). Any electronic versions of transcripts are locked and secured in a home office fireproof safe. The combination to the safe is maintained only by the researcher (Rosenthal, 2016).

In some instances, some interviews may need to be conducted electronically versus face-to-face due to geographic locations or movement of personnel rotations (Brewer, 2015). Nevertheless, ethical considerations were addressed through subjected coding and information obtained will not contain any identifiable information. There are also no compensational or explicit privileges or entitlements for participation in this research study since the researcher is a peer to the participant ranking pools (Rosenthal, 2016).

Coding was used to identify key concepts and themes relative to the research. There are several methods that can be successfully employed, and the researcher used NVivo analytical

software tools (Brewer, 2015; Rosenthal, 2016). The first coding categories focused on context codes (description of phenomenon and participants), situational codes (interaction relative to setting and study topics), and participant perspectives toward audit readiness (Rosenthal, 2016). Once the coding process developed and researcher insight was gained, coding was adjusted as needed. Additionally, coding was used to assist in research generalizations. Finally, coding was compared to other qualitative literature in the field of audit readiness which can be used for triangulation or as a means to rethink coding parameters (Brewer, 2015; GAO Annual Report, 2016; GAO Annual Report, 2017).

This data collection procedure contains both advantages and disadvantages. Advantage is the ability to explore in-depth cultural and or behavioral attitudes and perceptions towards audit readiness and mission accomplishment and the interrelationship between principal and agent (Taylor, 2015). Since this is the foundational purpose for this study the opportunity to attain clear and concise results should be maximized. Also, the approach of individual interview can regulate group dynamics in uncovering a stronger picture of environment and underlying phenomenon (Krathwohl, 2009; Venkatesh, Brown, & Bala. 2013).

Assumptions

The purpose of this research study is to determine the effects that employee's resistance to change management in audit readiness and procedures within the U.S. federal government. Within this study framework, several assumptions were made:

1) The sample selected from the selected pool is adequate to answer the research questions.

2) Those selected individuals of research participants honestly describe their experiences relative to audit readiness and procedures within the U.S. federal government during their interview process.

3) Research participants possess the requisite experience in providing descriptive details for the phenomenon under this research.

Limitations

Potential participants for this study comprise of individuals from multiple geographical locations and potentially limit accessibility. The recommended requirement of 25 participation could potentially cause an inability to recruit the required number for this study. Other limitations could include

1) Data obtained from participants was based on personal experience and may not be backed up with quantitative or statistical analysis.

2) There is limiting research on the effects of employee resistance to change in audit readiness.

3) There may be barriers during the recruitment process when accessing the participants in scheduling conflicts, unwillingness to participate or accessibility.

Delimitations

The study was conducted using a sample of personnel with specific experience within the U.S. federal government. These personnel will have experience ranging from two or more years to twenty plus years and range in age and in rank; there will be inherent restrictions within the study participants. This study focused on both leader and follower or principal and agent concept within the U.S. federal government located in Europe and the United States.

Ethical Assurances

Data for this study was not be collected until the Institutional Review Board (IRB) approved study. Ethical risk can be present within any type of research for the researcher. The research process has potential in creating oppositions between the desired research and the ethical bearing in regard to benevolence, fairness and informed consent. Evaluation of this risk is an integral part of the research linking human subjects (Hey & Kimmelman; 2016). The researcher has the responsibility to ensuring federal regulations and appropriate guidelines are followed.

The research study presumes minimal risk should be involved. The definition to minimal risk involves ascertaining whether during the testing or research process any discomfort was involved greater than those experienced within a normal daily routine (Koepsell, Brinkman, & Pont, 2015). This definition coincides with the codified regulation 45 Code of Federal Regulations (CFR) 46 ethical codes for human research and in keeping to the qualitative study, used interview questions that are not of a personal nature but that address the difference between the audit readiness and procedures in meeting mission requirements (Hey & Kimmelman, 2016). In addition, the researcher used study parameters that have been employed in similar approved studies, reducing the risk of untried methods for human subject research (Hey & Kimmelman, 2016).

Informed consent is both the moral and ethical accountability on the part of the researcher and is another critical aspect to conducting research on human subjects. Thus, ensuring that participants understand and are clearly informed of the parameters of the study, aware of their rights and are freely consenting to participation within the research study (Rhodes, 2005). Informed consent must not include any area in which the researcher specifically targets a

vulnerable group or individual in which recent regulatory guidelines include but not limited to the mentally ill, mentally handicapped, pregnant women, children, prisoners and the elderly (Rhodes, 2005). For the proposes of this research study, all participants are adult, mentally competent, civilian or military U.S. federal government employees or contractors working for the U.S. federal government.

Within the informed consent process, the researcher must also guard against coercion. Coercion as described here is any undue influences designed to increase participation within the study parameters (Rhodes, 2005). As a means to increasing participation, coercion could also be considered as a sense of duty or obligation in improving audit readiness governance (Rosenthal, 2016). For the purpose of this research study, the NCU Informed Consent Form was used. This form clearly described the study to be performed, the risks associated with the research study and the anticipated benefits. Additionally, the NCU Informed Consent Form detailed the confidentiality actions to ensuring anonymity of the participant and contained information on how data will be protected from unauthorized use or disclosure and identify those personnel with access to the information (Rosenthal, 2016). Finally, for the study, participants were assigned random descriptors that will not allow for linkage between the participant and the information obtained (Brewer, 2015).

During the early portions of the research once IRB approved research study, the researcher provided the NCU Informed Consent Form to the participants and mitigated any non-consensual participation among the sample (Rosenthal, 2016). The researcher clearly articulated to the participants the ability to withdraw from the study at any time and with no negative recourses via both personal and written communication (Koepsell, Brinkman, & Pont, 2015).

It is the primary researcher's responsibility in maintaining the privacy and confidentiality of the participants in the research study (APA, 2017). For the research study, privacy of participants is maintained through an encryption of electronic data and storage in a password protected storage device (Rosenthal, 2016). The password will be alphanumeric and special characters, contain longer than 10 characters and include a non-dictionary searchable word combination. The use of random descriptors will be used during the research process and participants were counseled against revealing too much personal information during the interview process prior to any discussion (Koepsell, Brinkman, & Pont, 2015). In addition, to determine if the identity of participants may be correlated or inferred research questions will be reverse engineered (Koepsell, Brinkman, & Pont, 2015). Lastly, the electronic data collected will only be kept for three years and then destroyed by using a commercial electronic data deletion program designed to remove all data (Rosenthal, 2016).

The interview process included tape recordings used for later transcription and coding. Prior to the interview and as part of the informed consent process, participants were notified that recordings will be made for use in the research study and again informed in writing of the use of recorded devices used within the conversations (Koepsell, Brinkman, & Pont, 2015). Participants were notified they will be allowed to withdraw from the study if desired (APA, 2017). All documents generated for the proposes of this research study will be stored in a lockable filing cabinet located in the researcher's home (Rosenthal, 2016). In a separate location the key will be maintained thus reducing the opportunity for negligent disclosure of information. All paper documents used for the purpose of this research study will be destroyed after three years using a National Security Agency approved cross-cut shredder (Rosenthal, 2016). The interview products kept in electronic form, will mirror secured electronic data storage procedures used for

privacy. The electronic data will be maintained for three years and destroyed using a commercial electronic data deletion program designed to removing all data (Rosenthal, 2016).

At all times confidentiality was maintained throughout the researcher's study and followed the established guidelines for NCU and other intuitional review bodies. The information obtained from this research study will only be shared with mentors, dissertation chairs, and the minimum required personnel necessary to aid in coding and analysis (APA, 2017). Every participant was notified at the outset of the participation period of the established confidential measures and agreed in writing that they understand and accept the confidentiality measures (APA, 2017; Rosenthal, 2016). Ensuring clear lines of communication between the researcher and participants thus furthering the professional relationship while maintaining a clear delineation between researcher and participant (APA, 2017). Finally, only relevant data to the research study will be maintained preserving the integrity of the ethical research process (Rosenthal, 2016).

The handling of data will be conducted according to the guidelines from 45 CFR 46 (Rosenthal, 2016). Careful segmentation of the research data will occur between the researcher and those assisting in the research (Koepsell, Brinkman, & Pont, 2015). Any personally identifiable information collected through interview recordings and notes were removed before coding assistance is sought. In addition, through random cohort of participants codes and descriptors, all data was anonymized to the maximum extent possible. Lastly, participants were notified both in person and in writing they can withdraw from the study at any time and any data collection obtained would be immediately destroyed (Dane, 2011; Rosenthal, 2016).

The environment of privacy and confidentiality, negligence and data handing should be minimized (Koepsell, Brinkman, & Pont, 2015). The application of using log books and detailed

accounting entries of data access should assist in negligent disclosures regarding privacy and confidentiality (Rosenthal, 2016). In addition, random descriptors and the securing maintenance of both paper and electronic data should reduce negligent disclosures and personal mistakes that could result in disastrous consequences. Privacy of every participant is protected via encryption of electronic data and storage in a password protected storage device using secure non-dictionary searchable word combinations (Dane, 2011; Brewer, 2015). Finally, in an effort to reducing mistakes or negligent disclosure of participant information, education is key to those supporting this research study.

Summary

The purpose for the qualitative study was to examine why U.S. federal government agencies continue to fall short of an auditable opinion (GAO Annual Report, 2017). A phenomenological approach was used to determine to what extent resistance to change in audit readiness and procedures resides in the U.S. federal government communities and the efficacy to audit readiness. Purposive sampling was used, and data collection was conducted via video teleconference or telephonic interviews (Rosenthal, 2016).

The researcher chose a qualitative approach as the focus of the research study as this methodology more fully allows the researcher to explore the phenomenon and describe the interplay of social dynamics in a natural setting (Cresswell, 2013; Dane, 2011). Additionally, the use of phenomenology supports the exploration of the culture in resistance to change within the U.S. federal government and the consequent impacts to audit readiness and procedures efficacy. The quantitative methodology was not pursued as this type of methodology is statistically oriented toward determining correlation or causality (Krathwohl, 2009).

As with many studies involving audit readiness, the use of a qualitative methodology is seldom employed (Cresswell, 2013; Dane, 2011; Krathwohl, 2009). However, the literature review highlights the efficacy of addressing audit readiness through a methodology that focuses on more than statistical analysis and encompasses the culture, behavioral and sociological implications resident within audit readiness procedures (Dane, 2011; Krathwohl, 2009). As new and improved methods of reporting are constantly being evaluated in support and preparation to audit readiness, the interplay of the culture in resistance to change could easily be influenced by the behavioral pattern's resident in the principal agency relationship (Brewer, 2015; Dane, 2011).

Finally, the ethical assurances, assumptions, limitations, and delimitations were used for this research study. For the research, ethical conduct with regards to human subject studies are critical. Informed consent and confidentiality to data handling and procedures were delineated along with a risk analysis in keeping with the guidelines of 45 CFR 46 were conducted and adhered to throughout the research study process (Rosenthal, 2016).

Chapter 4: Findings

The purpose of this research study was to explore employee's resistance to change in audit preparedness and its effects on audit readiness and procedures. The first section of the chapter will focus on trustworthiness, credibility, dependability, confirmability and transferability of the data that the study offers. Followed by the data collected correlates to the research questions which were addressed individually. Next, evaluation of the findings was provided relating to the theoretical and conceptual framework as discussed in Chapters 1 and 2; and finally, summary to the key points presented in this chapter (Brewer, 2015).

A phenomenological approach was used to explore areas where organizational resistance to change affect audit readiness procedures. The central focus of this phenomenological research is to explore and understand the conditions that may influence employee's influence relative to audit readiness processes and procedures. Concentrating on the interaction between employees' active and passive resistance to change and organizational behavior factors provide for developing patterns, impacts, and impediments towards audit readiness within the federal government (GAO Annual Report, 2017). Consequently, misalignment between the two parties' goals could result in negative and ineffective audit measures. Finally, this study serves to explore and highlight influences within the federal government and the financial management community on audit readiness processes and procedures (Coburn & Cosby, 2016).

Furthermore, the behavioral challenges to active and passive resistance measures used by employees to resist workplace change can have negative effects on an agency's ability and capability to remain audit ready successfully(Coburn & Cosby, 2016; GAO Annual Report, 2017). The lack of audit readiness then negatively contributes to a lack of accounting processing and excess or undocumented expenditures. These expenditures and undocumented funding

transactions then contribute to the federal government's lack of financial accountability and the overall federal deficit (GAO Annual Report, 2016; GAO Annual Report, 2017).

For this study, a phenomenological approach was used. This provided a construct for the researcher a focus on audit processes from each of the participants based on experience, training, and information sharing. The researcher developed a list of 20 interview questions (some with subsets) to explore and identify change management factors that impact how well employees understand audit readiness processes. The questions were divided into categories that align to service background, management decision making, training, audit readiness in military organizations, and information sharing. Appendix A contains the letter for Call for Participants criteria, Appendix B contains the letter of Informed Consent, and Appendix C contains the interview guide.

Each study participant completed the informed consent form with an explanation provided by the researcher on the purpose of the study. After receiving the written consent of the participants, interviews were conducted either telephonically or face-to-face with each participant and interview recorded for transcribing at the desired selected time with each interviewee lasting approximately 40 minutes. All participants interviewed were assigned a unique participant code controlled via a random number generator. In addition, use of specific organizations and/or personnel were intentionally anonymized to ensure confidentiality. A total number of 25 participants using a random numbering indicator from 1-50, volunteered with data saturation occurring by interview number 15. The researcher continued the interview process with all 25 volunteered participants as a means to ensure sufficient data collection and to further explore mutual experiences and commonalities among the participants.

Each interview, participant provided verbal feedback captured through recordings. The recordings were then transcribed into word documents and were reviewed the first time by the researcher with macro categories and broad themes captured. A second review was completed to further refine coding and themes, with theming categories focused on word repetition, key words in context, and missing or gaps in information (Cresswell,2013; Krathwohl, 2009). Finally, the use of QSR International's NVivo 12 qualitative data analysis software tool was used to strengthen and validate data coding information, classification, and themes (Brewer, 2015).

Trustworthiness of the Data

Trustworthiness, credibility, dependability, confirmability, and transferability in a qualitative study provide for the framework that the study offers and are crucial to the usefulness and integrity of the study findings (Connelly, 2016; Yin 2014). For research credibility in a qualitative study, it is imperative human experiences descriptions be recognized by individuals who share similar experiences (Brewer, 2015). This study approach through a qualitative methodology, explored and discussed areas in resistance to change using phenomenology in understanding culture and behavior and the interplay of audit readiness and change management (Cresswell, 2013; Dane, 2011). Given the organizational behavioral constructs, using broad and general questions empower the researcher to collect detailed and instructive views from the participants provide for the theme, context and analysis of study findings (Cresswell, 2013; Dane, 2011; Krathwohl, 2009). Consequently, a quantitative methodology is not suited for generating and in-depth understanding to cultural and behavioral activities that affect audit readiness resistance to change (Cresswell, 2013; Dane, 2011; Krathwohl, 2009).

Furthermore, this qualitative study enables the researcher to learn important things that otherwise would not be discovered such as unexpected barriers, lack of ownership and other

steps in the process into audit readiness (Brewer, 2015; Connelly, 2016; Yin 2014). This allows for the researcher to establish contacts from a network of financial management professionals who helped in the full study (Brewer, 2015; Connelly, 2016; Yin 2014).

Participants were solicited for the study after obtaining IRB approval and screened to ensure the criteria was met of U.S. federal government participation with accounting transaction experience and explained within the Informed Consent Template. The phenomenological research design enabled an environmental collection of data specific to the topic along with exploring topical dynamics associated with the study (Brewer, 2015). As stated by Pathak, Bijayini, and Kalra (2013), a qualitative research study provides the voice of the participants involved. The criteria of the study for participation included having a knowledge of financial and accounting governance, financial transaction base entries, and accounting systems applications. Are military, government civilians, or government contractors. Familiar with the accounting and financial statutory regulations. Understand the general cultural and behavioral attitudes for military service. Have knowledge and experience in military operations, financial transactions and systems with military decision making, and participants selected from the financial community must have appropriate training in financial and accounting practices and procedures.

Credibility as stated by Cope (2014), is the representation by the research of the truth to the data and its interpretation provided by the participants (Brewer, 2015). Credibility, or the confidence in truth of the study, is analogous to internal validity and typically used in qualitative approaches (Brewer, 2015). Here, the study conducted used standard procedures to include prolonged engagement, member-checking and reflective journalizing exploring the efficacies to audit readiness procedures (Brewer, 2015; Connelly, 2016).

As described by Yin (2014), there are four tests commonly used to judge qualitative analysis studies, construct validity, internal validity, external validity and credibility. Construct and internal validity provide for enhancement though patterns analysis situation coding, context and environmental. ExpressScribe software was utilized as a tool to facilitate accurate transcriptions, which were reviewed for accuracy of translation and reviewed with participation to increase understanding and correctness. To further ensure internal validity QSR NVivo 12 analytics software tool was used for construct validity, internal validity and coding triangulation (Connelly, 2016). Additionally, coding was compared to other qualitative literature in the field of audit readiness which was used for triangulation and a means to clarify coding parameters (Brewer, 2015; Connelly, 2016).

This study used other academic or institutional documents including federal regulations and directives related to financial management and audit readiness and extensive literature reviews and cross referencing to maintain external validity. The interview guide was adapted from previous research on audit readiness and its findings deficiency from GAO reporting's on compliance thereby furthering external validity and transferability. The study sample was focused on U.S. federal agencies and service component connections thereby reducing transferability among other operational forces within the U.S. federal government.

Confirmability provides for the researcher's ability to demonstrate collected data from participants are that of the participants (Brewer, 2015; Connelly, 2016); it also provides for neutrality in preventing biases to eliminate subjectivity inherent in research studies (Connelly, 2016). In addition, confirmability provides for researcher member-check with study participants reflecting participant's experiences with the phenomenon versus researcher bias (Connelly, 2016). To mitigate the potential for reflexivity compromise recordings were conducted with

extensive note taking and transcriptions taken during the interview process. Furthermore, for coding triangulation, the QSR NVivo 12 analytics software was used to mitigate the reflexivity on the part of the researcher (Brewer, 2015; Connelly, 2016).

Table 4.1 summaries the participant's service affiliation. The researcher did not align Service affiliation to Service Component higher headquarters or Combatant Commands due to the limited service connection affiliation and small financial management community are well known within this tight knit community. Aligning services and specific Combatant Commands could compromise the anonymity and privacy of each of the participants via reverse-engineering questions and answers transcribed during the interview process (Brewer, 2015; Connelly, 2016).

Results

The purpose of this qualitative study was to explore and identify personal viewpoints and perceptions on the effects of resistance to change in audit readiness and procedures within the federal government. Results from this study, describe certain themes derived as a result of the participant's responses and the behavioral and cultural processes which both positively and negatively affect audit readiness procedures. Additionally, the outcome of this research study will serve to better inform how resistance to change affect the cultural, behavior and impact to the decision making and strategic alignment of audit readiness procedures.

Demographic data pertaining to the study participants was compiled during the interview process and is shown in Table 4.1 found below. Each study participant's gender, years of experience and professional background were presented in Table 4.1. Within the sample, 28% of the participants were male (7/25) and 72% were female (18/25). The men and women within the U.S. federal government, service components, comprise of 54,565 in total (Scheiner, 2019). These individuals consist of active duty, government civilian employees and contractors working

for the U.S. federal government (Scheiner, 2019). The preponderance of the participants were U.S. federal civilian employees making up 84% of the participant pool. In addition, 12% of the participants were active duty and the remaining 4% were contractors. Furthermore, the participant's functional roles were made up of 68% in Budget and Finance backgrounds, with the remaining 32% were Accounting and Auditing professions. Finally, the number of years in experience ranged from 4 years up to 30 years of federal government service within the budget and accounting profession. Participants with 10 years of experience or less consisted of 28% (7/25) of the participant pool. Participants with 11-15 years of experience 24% (6/25); 16-20 years of experience 24% (6/25); 21-25 years of experience 12% (3/25); and 26-30 years of experience totaled 12% of the participation pool (3/25).

Participant Demographics				
Participant	Gender	Years of Service	Service Affiliation	Functional Role
P01	Female	19	United States Army	Budget/Finance
P02	Female	28	United States Air Force	Budget/Finance
P03	Female	26	United States Air Force	Accounting/Finance/Budgeting
P04	Female	8	United States Army	Finance/Auditing
P06	Female	12	United States Air Force	Accounting/Finance/Auditing
P07	Male	19	United States Air Force	Budget/Finance
P08	Female	5	United States Army	Budget Analyst
P09	Female	8	United States Air Force	Budget/Finance
P10	Female	20	United States Army	Budget/Finance
P12	Female	16	United States Army	Budget/Finance/Accounting
P13	Female	15	United States Air Force	Auditor
P14	Male	8	United States Air Force	Budget/Finance
P15	Male	12	United States Army	Auditing/Budget
P16	Female	30	United States Army	Budget/Finance/Acquisition
P17	Female	10	United States Army	Budget/Finance
P18	Male	6	United States Army	Budget Analyst
P19	Female	13	United States Air Force	Budget/Finance/Auditing
P20	Female	11	United States Air Force	Budget/Finance/Auditing
P21	Male	4	United States Army	Accounting/Finance/Auditing
P23	Female	25	United States Air Force	Budget Analyst
P24	Female	20	United States Army	Budget/Finance
P30	Male	25	United States Army	Budget Analyst
P32	Female	24	United States Air Force	Budget Analyst
P36	Male	20	United States Army	Budget/Finance/Program Mgr
P37	Female	12	United States Army	Accounting/Budget/Finance

Table 4.1 Study Participants Demographics

Five macro themes were identified with 21 micro themes emerging within the coding and analysis process. The participant's responses were reviewed first time by the researcher to identify categorical baseline to word repetition, key words in context and finally searching for missing or gaps of information to indication within sub-textual trends. Table 4.2 summarizes coding and themes to research questions and participant responses that will be further discussed with each research question.

Categories	Codes	Micro Themes	Macro Themes
Word - Repitition			
	Frustration	Not clearly identified	Training
		Wasn't their job	Accountability
	Accountability	No one is held accountable	Processes/Procedures
		asking for things out of your control	Processes/Procedures
		Having to train the auditors to audit us	Lack of Understanding
		some steps are redundant	Procedures
	Resistance	management not enforcing regulation	Training/Accountability
		FM not having accounting experience	
		CBT worse method of training - waste of time	Training
	Timelines	Answering audit samples turnaround to inquries sometimes 100+ was a 5-6 day limitation, unrealistic	Processes/Procedures
	Anger/Frustration	Not knowing what the auditor wants	Knowledge/information sharing
		answering the same question 4-5-6 times	
Key Words in Context			
	Audit is not new	Everyone should be accountable	Lack of understanding
		Everyone should be involved not just FM	Processes/Procedures
	Key Stakeholders	Not enforcing audit readiness activities	Processes/Procedures
		Management impedes obtaining strategic goals	
		Management just checking the box	
		Management not as involved as they should be	Lack of understanding
		DoD across the board not working at the same level	Accountability
	Lack of Understanding	Why did my sample go wrong	Training
Missing Information Search			
	Manpower	More work to do with less help	Processes
	FM/Budget	If you're not an accountant you don't need audit training	Training/Understanding
	Communication	Slow communication or no communication from the top down	Knowledge/information sharing

Table 4.2 Research Themes and Codes

Research Question 1

Research question 1 (RQ1) focused on how the emotional states of frustration influences change. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" There were several interview questions that approached this topic from differing perspectives. The first was building to a general understanding of participant's perspective from service background, education and training to the courses that influence the audit readiness practices and procedures. The second was the participant's perspective on whether the training impacted management decision making in audit readiness procedures. Several areas came to light that provide for both positive and negative effects to the audit readiness acceptance in their practices and procedures. First, is the overall frustration of the basic level of understanding to audit readiness. The training does not provide for the understanding of audit readiness' intent and the role of the participants. In addition, participants felt frustration with the training ranging from: felt training as just a process that doesn't cover much; training does not actually provide for an explanation to an actual audit request; and what to do when it comes to an audit inquiry. Finally, collecting data is labor intensive, auditors do not know the government processes, and participants continually having to train the auditors on what it is they are looking at. This lack of understanding can manifest into a lack of procedures that could negatively affect the audit readiness outcome.

Another area identified was the lack of accountability towards compliance to include management and finally the inconsistency across the differencing organizations. The lack of accountability provides for a negative environment that affects the entire organization and a

perspective that no one cares about the outcome. Also, questioning why each of the organizations provide for their own process that still does not produce a right result.

Additionally, most of the participants noted that managements role in ensuring audit readiness compliance are not aligned with the strategic goals of the organization. Most of these participants felt as though management neither understood the intent or management didn't have enough time to making it their priority. Other participants found management role was productive and supportive but the resistance in change came from slowly moving decisions being made from higher levels and didn't understand how the organization would facilitate the change of audit readiness practices. Participants noted there is no consistency, in the federal government in our audit readiness across the board. As well as decisions made take an extensive amount of time for update and follow through from the highest level of management down to the lowest levels out in the fields.

Training was another factor from participant perspective in areas of deficiencies. Management saw training as only an accounting function responsibility, while budgeting personnel respond to the audit inquires. Training was limited to budgeting personnel to potentially one or two individuals, causing barriers to information sharing and overall understanding to audit readiness activities. Leaving a sense of void to not knowing why the audit sample or individual pulling the audit sample goes wrong.

Question 1.3. Question 1.3 asked the participants to respond to frustration or apprehensions understanding audit readiness from the course materials provided. The preponderance of the participants stated the training provided was not clearly identified to those that particularly had professional backgrounds in the budget and finance fields. Additionally, the participants with accounting or auditing education and experience were more knowledgeable

than others. Finally, training was not expanded to the whole financial management community. If you were not in the accounting field, training was selective to just a few. This seems as a disservice because there is more than just one person involved, more than just the accounting side of the house.

> Participant 01 stated:
>
> For myself, I was a little disillusioned with not being able to get more solid answers so that we could be successful. I think others also felt frustrated in that they did not have good answers. We expect the financial experts that Commands or others to be able to provide us that information. And sometimes the trainers aren't the ones who actually have all the answers. So it's really discouraging for all of our participants. I know for my team, my members were very frustrated and disappointed, discouraged, I think is the best word. And for me, I was very frustrated that they had not defined the training process and what was clearly looked for upfront before they gave us our sample packets.

> Similarly, Participant 03 stated:
>
> I feel like it was kind of being played out as it went along. These folks that were involved in the FIAR initiative, I think they were doing their best to get it going and in places they could. But, you know, at the time that I remember it going, you know, there was also that time limit on it. So everybody was kind of in a hurry. It was more like this is what we have to do instead of them explaining the big picture of why and what it affected… I think there is a lot of frustration, I think, for you have some that just don't want to change no matter what the reason is.

In addition, Participant 12 stated "From higher headquarters, they have a different way or processes on their end. And so the way they presented the materials does not exactly align with how we're doing our processes here… the materials that are presented I don't understand."

Participant 20 stated in addition to frustration:

> We're not consistent, in the federal government in our audit readiness. And then, of course, everything takes so long to update. Sometimes when the new form of audit readiness gets sent out to the field, we're still practicing old methods. Well, the integration of both can be either a duplicate work effort or it can be a conflict of work effort and time…sometimes we ask for too much or redundancy of the same information in a different view.

While the preponderance of the participants felt the frustration of audit readiness and understanding, some participants such as participant P37 saw audit readiness not expounded out into the community.

> P37 stated:
>
> My concern has always been the understanding of the community that is not in financial management, I should say, the lack of understanding from the community that is not in financial management because this seems to be focused towards the financial part of the audit ability. But it actually involves everyone that works in government...other employees that work in other type of environment and have other type of responsibilities don't take it as seriously as I think the services in the government in general.

Participant 04 stated:

So, it was really frustrating at first, even with me understanding financial

statement on its own, how it was actually going to be facilitated…I think the

initial trainings were just very here's what it is. Here's how it's gonna work. But

no one really understood how it was going to work or what was going to be asked

and how that was going to work out. So I think the frustration was, you know,

everyone in Army wants to be successful and wants to support this, but it's

challenging when it's very much unknown. Unclear. So that's what happened.

In contrast, Participant 13 stated they did not experience any frustration with the course

materials, "I think it has more to do with the fact that we are auditors so we kind of understand

the process of readiness and what needs to happen." As well as P04 stated they personally did

not experience any frustration in the course materials because background and degree were in

accounting, the information taught on audit readiness was much easier to understand and how

audit works.

Question 1.6. Question 1.6 asked the participants to respond to how course materials

influenced audit readiness practices and procedures towards management decisions. In this

section, participants were evenly split between both the negative and positive impacts to

management decisions from audit readiness. While all the participants knew the initial setup was

imminent, the decisions to those initial requirements participants had varying opinions as to the

purpose and intent. Those in the direct line of audit readiness preparedness felt positive about the

changes made, while those at the technical level, felt changes made were robotic and non-

efficient.

P02 noted:

From my perspective, it developed a whole lot of different things in my work area… and provided more information to the lower levels so that they understand. The exact thing that they needed to be doing on a certain task. Sometimes things will not change, but there are locations when it's almost like an overkill. Because not all of the transactions or the stuff that we're doing to arrive to a certain goal and know the end goal of the task is incorrect. We're not following regulation because of audit readiness is being scrutinized now. Every single step makes it a lot harder for the lower level folks to do their job because of the things that they need to be doing. And some of those steps are redundant… which for each frustration, not just with me, but also with the people that's working with me or for me.

Participant 07 stated "all of a sudden we might have a new procedure not because it makes sense, but because we have to meet the goals of audit readiness. And so that adds layers to me and bureaucracy. And it's not efficiencies because we're just doing something to check a box. Not that you really believe in it."

Similarly, P17 states "I think if we got it, it would improve management decisions. Since they didn't get it, now there is that missing link to making more informed decisions because you don't have that basic to that foundation. So how will you make well informed decisions if you don't understand."

Participant 19 stated:

In FM, I think management was frustrated with having to do audit readiness because they think they saw it as more work and more of a burden instead of trying to make sure that things were done right…I found that a lot of people were

not happy with management because they just guessed of what they're supposed to be doing, instead of actually knowing and that's very frustrating, you're doing double the work.

P32 states "you try to say I've learned this in a course, and they were like, I don't care. I've always done it like this. But I do it this way or I don't care. This is what I want to do. And I'm going to do it. And yes. you feel a lot of his frustration when you are at mid management and the higher ups are making that decision that they don't care what you learn and how to do it right, they're just going to do it how they are used to doing it."

In contrast, Participant 30 stated "depending on the levels of courses, if they're informative enough and they certainly give managers enough information to make better decision about what they need to be doing… it opened my eyes a little bit more because I had always been kind of on the periphery a little bit and I wasn't as involved as I could have or should have been."

Similarity P16 notes:

The forces in the training are very important, something you start at ground level. I know the organization brought on a lot of courses like training that are offered at South Carolina University…getting the new analysts and the new accountants to actually be using regular business and regular ERP instead of getting trained in the old school ways…I think that's a really big shift of mind because I think we've brought in so many people that do understand that now and do understand the importance that there's no way we're going to turn back…we're definitely on the right direction.

Finally, Participant 01 articulates:

The decisions made now are more aligned to audit readiness "management should be looking for us to make sure that we have identified everything that we need prior to making financial decision…our funding document checklist, the process that we are using is now more clearly defined. The requirement was always in place, but it wasn't clearly identified, and people weren't necessarily going through all the steps. By using this process, the management decisions that are made for each of these individuals, especially the larger expenditures, are better aligned for management to make those decisions, for us to support those decisions

Question 2.4. Question 2.4 asked the participants to respond to whether the role of management in ensuring audit compliance and whether they have encountered resistance to change from management or other employees towards audit compliance. The preponderance of the participants did in fact experience resistance to change, not only from other employees but from management as well. Most of these participants felt as though management neither understood the intent or management didn't have enough time to making it their priority but expected quick action towards the audit inquiries. Participants felt leadership was more involved in obligations and not in audit readiness. Therefore, from the participant's perspective, the audit readiness procedures did not align to the strategic goals from the budget side.

Furthermore, participants felt frustration internally, between the differing branches of accounting and finance. Participants experienced barriers between the two sides receiving no support when asking for assistance to answering audit inquiries. Communication flowing only one way, and not from division to division.

A smaller pool of participants found managements' role was productive and supportive but the resistance in change came from slow decision making made from the highest levels and

didn't understand how the organization as a whole would facilitate the change. Subsequently, the organizations holistically are slow to communicate the importance of change to all parties involved, down to the lowest levels. Finally, there was a small number of participants who were neutral towards management role ensuring audit readiness, they saw no change either way just another step to checking the box.

Participant 07 noted:

> You know, it's interesting. I don't think I've seen resistance to change from management. I may have heard every once in a while…we're just going to do it because we got to do it. So they're not really saying, hey, I agree. like I bought in. And they're just saying, let's just check the box.

The preponderance of the participants pointed out a frustration towards management's lack in role responsibilities. Participant 08 states "Yes, I have experienced frustration with management. This is a relief for the audit readiness because they don't understand the process. And with their length of service with the Department of Defense, they just were resistant to the change that was coming and they didn't have any desires or want to know what to do better and then stay on top of that."

Similarly, Participant 03 stated there is no management role ensuring audit compliance, "there is none here and it makes me very, very mad and very wondering why some people are sitting in a GS 14 15 job doing RA work...which impedes to the strategic goals"

Participant 09 states "Well that's not their priority. I mean, maybe it is in the end game…their priorities are always obligations, what they look like or what happened after that. I don't know that they care unless they work in accounting. So, as a budget analyst and you're

trying to answer an audit, it would be beneficial if your leadership was more involved in that piece and understood what was happening on the floor."

Additionally, Participant 23 notes:

Management at times are not properly trained. I find many times that I'm more trained than my management. I'm looking for leadership to pass it on down rather many times it's the other way around…also, management change in the seat, in the rotation especially when you are dealing with the uniform person, the rotation is often and again, not fully it's just a place holder, person is not fully trained to be in that role…I've been affected by the feelings, why try to improve or follow the guidelines when you know I don't have the support. Where do you end up, your back to business as usual.

In contrast, P01 "I think our management for my command is definitely supportive…I think everyone recognizes its increased workload maybe in the day to day procedures… no frustration with management, not in their role towards audit readiness, frustration is sometimes in the follow through…everyone is responsible, everyone has their part."

Question 3.2. Question 3.2 asked the participants to respond to experience with frustration with management or other employees during audit readiness activities. While the majority of participants experienced the frustration on the onset to audit readiness procedures, to a minuscule degree, frustration has lessened throughout the years since the onset of audit readiness was first initiated. Audit readiness is still not very well understood, and it is not seen as everyone's responsibility to do. Participant 21 stated "during the audit readiness activities? Yeah. Because I think that FIAR and audit readiness is such a sometimes-taboo subject. But also, at the same time, it's not very well understood. And so, if something requires that audit readiness or

FIAR compliance, general it shot down to our level as the FM or finance people, and we kind of just manage it from our level. Nobody else really sees it as their job to do that… Sometimes it makes you feel like that they don't necessarily care if we aren't compliant, not as long as their job gets done. And a lot of the time after the fact, we are cleaning up that mess and causes a lot more work for us."

Participant 09 notes:

> Yes, we're trying to answer audit questions and trying to understand what they're looking for in order to answer them properly, so they don't come back with six different questions, you know, every two weeks. You just want to answer once. Yes, frustrated with your coworkers that should be helping you answer these questions… But yeah, all of us were frustrated, and possibly angered a little bit of it too.

Similarly, Participant 06 "if the answer does not align up to what you are accustomed to doing or knowing that I think you need to investigate further to find out why. From my experience, with my organization, it is because this is how it's always been done. Hear that a lot in the organization and it upsets my coworkers because when a question is asked, the answer is to give back to me. I'm getting tired of hearing you say, how you did things at your organization."

Participant 04 noted:

> Yeah, there is. I will say there is quite a lot of frustration at all levels with the audit continuing to occur. While we are trying to correct something though, we are limited with resources and people and time and money. And so when we are at all levels trying to correct something that has been found, that takes time. And so

there is frustrations of we're undergoing audit testing, the same things that we are currently trying to fix. There's not going to be a new finding. It's going to be the same thing because we've already identified it and we're trying to fix it…I think there are still frustrations out there. And unfortunately, you know, we can't change the audit, so it's going to continue to happen.

Furthermore, Participant 30 stated

In this organization no, because other than Joint Reconciliation Program there's just not that much that happens from a true audit perspective. In my previous organization, yes because of how much it impacted the things that we had to do day to day work. I spent 30 to 40 percent of my time dealing audit readiness type of things. And it was just me and a couple other people, it really just overtook our jobs and it was difficult to do what you need to do because you were so overwhelmed with audit readiness and there wasn't any more staff to help you do the work.

As noted earlier, frustration has lessened somewhat while preforming audit activities, Participant 36 states, while frustration was definitely apparent in doing something they hadn't had to do in the past, "learning how to do it the right way and then just making it part of their now day to day routine. So initial frustrations, but once people learn what they have to do, they just do it instantly and just move on."

Question 3.3. Question 3.3 asked the participants to respond to how well they manage change within their organizations. There was a two-way split between change management perspective with co-workers or employees with 20 plus years of tenure and frustration with management. Overall, the preponderance felt frustration due to the lack of understanding and

what they needed to do and the lack of time to do it in. Other resistance measures were from co-workers who had long tenure because they didn't like change and saw it as just more work. Others felt frustration for management's lack of caring, didn't feel as though they were being taken seriously, and no accountability towards people not doing their jobs.

Participant 01 stated:

> There's frustration just in changing processes, but I think that some people don't want to be told how to do their business. Other people are looking at why are we doing things in such a standardized manner and why aren't they? Why aren't other people having to do the same as us? A lack of standardization could be perhaps some frustration for some of us. And then perhaps some lack of follow through from the top down. When we talk about how we could make this better if we did this and there like how we should get somebody to make sure we do that, but then the next cycle comes through. And it's not really pushed. They intend well, I think about the follow through is not always there… it's frustrating to see that other folks in our organization are not working to the same level. And I can't judge why they're not doing that. But I also know that they're not being held accountable, too.

Participant 03 noted:

> I would say the management within the finance world is absolutely resistant to change. Just like I feel like they're in a position where they come to work and they can keep everybody in their seat for their eight hours and manage. They're managing people, they're managing people's time. They're not managing the work and they're not managing the big picture of what we're here to do…But I would

say that there's a common denominator of everybody is just frustration. And, you

know, it's just sad.

Similarly, Participant 15 stated:

Yes, I've experienced several different times with management in the sense that

we want to make a decision on something and so we'll go to him with different

courses of action. And somehow, the time is not there. There's not enough care

given to that audit decision to be made. So therefore, it's kind of left up to that

person that came there for that person's assistance to kind of do it themselves and

then deal with the brunt of the aftermath…it was definitely frustrating just

dealing with that and not really feeling that, you know, management isn't really

taking you seriously or understanding what you're saying.

Furthermore, Participant 24 noted that although change is inevitable, and coworkers don't

like change and fight it tooth and nail, the end result is that you still have to do it anyway.

Finally, Participant 32 noted:

If you think about it, at base level, a lot of them are younger, so they manage

change a lot easier. As you move up in levels of organization you get to a point

where when you are at a higher level and people have been doing the same thing

all the time, the same way, they're very resistant to change. . So if you if you talk

to younger employees the change is really good. The older ones, like, no, I don't

want to learn. This is why they're doing this. I'm not going to do it if not. And

they leave there, they retire. Some of them just give up.

Question 3.6. Question 3.6 asked the participants to respond to frustration with

management or other employees withhold of information to audit readiness. The preponderance

of the participant pool experienced some level with individuals withholding information when operating in an audit readiness task, process, or procedures. There were a minuscule few that never encountered any such withholding to their knowledge during their tenure working for any U.S. federal agency. The preponderance of the participants felt that those that withheld information used it as leverage to make themselves more knowledgeable or powerful. Other participants felt as though the withholding of information would open up doors to things others were trying to hide, mistakes made whether unintentional or not, and it leading to losing their jobs. Participant 37 stated "I have experienced maybe, you know, some information being withheld just because some individuals felt that they, in that manner or that they would have more power….does it cost frustration? Yes. you know, there may be conflict associated with it."

Similarly, Participant 21 notes:

> Yes, I have. At least with my situations. I feel that knowledge is power and people tend to hold on to information and withholding from sharing information because that's their job, that's their livelihood. They feel like if they divulge anything, then somebody else can possibly improve on that or we'll take that and maybe see their job is less important…it's just and they can hold that power. It is very frustrating because I like to think that there's a lot of cliché, but that we're all one team and that we can all help each other improve, because I know that there are probably a few individuals that will step on anybody to get what they want.

Similarly, Participant 06 states:

> Yes, I have worked with people like that before. Fortunately, it wasn't many people, but people, I feel, do that because knowledge is power. They feel threatened if someone else knows that knowledge. And I believe that that's the

reason that they withhold all that knowledge. I don't think they're withholding it because they don't want things to succeed. I think they hold it because they feel they're going to be replaced…it made me feel angry and resentful towards that person. In addition, Participant 04 notes withhold of information is twofold intentionally and unintentionally. Unintentionally, from an audit perspective, and not fully understanding or knowing the intent to the questions posed by the auditors, information was left out because those responding didn't see the information as value added. Intentionally, those responding to an audit knew that whatever the information would provide is wrong or they're going to get in trouble for it, regardless of how big or small the incident may be, sometimes there are ulterior motives behind the withhold.

Research Question 2

Research question 2 (RQ2) focused on the emotional states and how anxiety influence resistance to change. Specifically, RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" There were several interview questions that approached this topic from differing perspectives. The first was to capture how the participant's knowledge and understanding affect resistance to change from the perspective of fear or the unknown. The preponderance of the participants did not address anxiety within their responses. It appears from the data collection, participants in their minds, are conflating anxiety and frustration and combining them within their responses.

Question 1.3. Question 1.3 asked the participants to respond from the training course executed of those courses did they ever experience any apprehension understanding audit readiness from the materials provided. The preponderance of the participants stated the training

provided was not clearly identified to those that particularly had professional backgrounds in the budget and finance fields, the participants with accounting or auditing education and experience were more knowledgeable than others.

Participant 02 stated:

> From some of the materials that we're provided… very hard to understand. And then because some of them can be hard to understand in the very detailed, then that makes the material very long and complex. Which means that some people, when they first look at the material, they already are feeling apprehension because the initial thought is that that's more work for the workforce.

Question 2.4. Question 2.4 asked participants to respond to any experience of apprehension towards management role ensuring audit compliance and strategic alignment. Participant 02 states while audit readiness should have been practiced all along:

> FM community learned how to do short cuts in order to do a job…because there's more work to do with less manpower. It's going back to those basic in actually following the steps that it's making the completion of the tasking a lot longer. From that perspective, it creates frustration from the workers; but apprehension towards management, I think that kind of goes hand in hand. If management forces the workforce to actually do something to the "t", then it creates that negative environment in a way that the workers feel that management is just creating more work for them.

Similarly, Participant 15 notes:

> Sometimes there's apprehension in the sense that say, you know, say you're is a questionable decision about something…like minds will come together and we'll

try to come up with a strategy for something. However, it might not be in the best interests of FIAR. And there's no one really pushing that emphasis to say how is this going to be, audit wise, versus how we're just going to just do it? And I think that there should be more of a push to be audit ready.

Question 3.1. Question 3.1 asked the participants to respond to how well they manage change and if they experienced any resistance to new methods of doing business. The preponderance of the participants believed resistance to change is inevitable when it is first introduced for reasons, they do not fully understand why the change is necessary. Some of the participant's state while resistance may be the onset to the introduction of change, for some, once they build to a better understanding they change from resistance to acceptance. Participant 02 states she believes its human nature to be resistance to change, when there is something new "Everything is just apprehensive about the change. But once you really want to really understand why we're changing and if we're changing for the good or changing for just for the sake of changing, there's a different change… then once they understand what we're trying to actually, you know, trained to do and what we're trying to accomplish, then it changes from apprehension, frustration to OK."

Research Question 3

Research question 3 (RQ3) focused on how the active-resistance measures, such as fault finding, contribute in resistance to change. Specifically, RQ3 posed "To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?" As with earlier research questions, two interview questions were used to elicit responses from participants. The first question focused on audit readiness processes or methodology. The second question investigated areas in which information sharing, or lack

thereof, contributed to fault finding and the overall resistance towards audit readiness. The majority of the participants have experienced some form of resistance and fault finding within audit readiness, either with its practices and/or methodology. For these experiences, participants categorized it as people's natural instinct to be resistant to change; however, others felt as though the fault finding was their mechanism toward not understanding and knowing what the full intent is to audit readiness and the questions asked.

Question 3.4. Question 3.4 asked the participants to respond to experiences of someone fault finding with the process or methodology of audit readiness. The majority of participants stated experienced fault finding from individual who are just argumentative, others see that their inputs are more important, so they always have better ideas. There were also a small number of participants that acknowledged being the contributor to fault finding behavior. Other participants didn't understand the intent towards audit inquiries and auditors' questions, felt as though invisible barriers harden the task and blocked information from flowing to the differing divisions causing frustration and redundancy toward completing the task. This also impeded the package submission, making it impossible to obtain because the rules keep changing before, during and after the audit readiness process. Finally, lack of auditor's knowledge of military organizations causes financial managers to train and educate the auditors on military guidance, policies and procedures.

Participant 07 notes he not only experienced the fault finding but was also a participant of one who verbalize such actions:

> Absolutely, I've done it personally. And, you know, it's funny when you think
> about it. Oh, I mean, let's be honest. I admit to it and never think, well, my mind
> being that person….so maybe I need to change the way I'm approaching…It's

been more of a hey, it's here. There's nothing we can do about it. We kept it may

not be happy with it, but we'll do it. It's just we're not going to do it with the vigor

that we would. Something that we think is important.

Similarly Participant 23 states "I believe it's mostly me that they would find fault or the

method…I think it's probably me to question because as far as knowing what's above

…sometimes it may not be necessary for dealing with someone at a certain level to say, no, these

are not a need to know. You know that kind of stuff. They don't feel that it is necessary to pass it

on."

Participant 21 noted experiencing frustration:

Yes, I have. And again, people are resistant to change, and some people just are

argumentative, and they like to argue. I've been in many teams like that as well.

So, yes… I was initially very up most of the time. I'm very frustrated. It seems

like the more I get into situations like that, the better I do because I try to step

back and take it from their point of view. But initially I can be frustrated. I think it

does frustrate most people when you get people, certain individuals that have that

personality that are steam rollers…Everything's going to change or not change.

Everything's going to be that particular person's idea.

Participant 09 states:

I wish there was a dictionary or thesaurus out there that helped us speak the same

language as the auditor. That's probably it. That's probably the main problem. I

think their process is not clear anyway. That's just because it's not really. Like

they're not educating the budget people on it. I think it's mostly in the accounting

section until the budget needs to answer an audit. I think we need to break that

barrier. I think we need to get more education on our side of the house because we're the ones answering the questions, not just accounting. And most time, it's not accounting answering it. It's budget. So I think we need to break that barrier…frustrated.

Similarly, Participant P18 notes:

YES! There is that thing called the perfect package, and not everybody agrees that the perfect package is perfect. Yeah. And even sometimes when we submit our samples in that perfect or perfect package format, it still gets kicked back as wrong. Because not everybody agrees that it's the perfect package. So, yes, there is there is a bit of consternation or frustration with but putting together package in and getting it exactly how they want it because it seems to change every time we do it.

In addition, Participant 30 states:

Yes. One particular employee always had a better idea or a different way to do it and was always the outlier…I always give this individual as there was 10 people in a room and nine of us all agreed on this way. But this one person did not…Well, it affected everybody and its basically fairly negative person. Unfortunately, this person was in a team lead position…it was very challenging for all the other employees and supporters of this employee to deal with, because we would make a decision in the room and then she would go behind and change the decisions.

In Contrast, Participant 37 "Not so far, the only problem I have had is understanding the understanding that I have of the joint reconciliation program, the way that it's morphed to what it

is today is some of the other activities that are required, such as the management, the internal

control program (MICP). And I see how the two should work in concert to achieve the goals of

financial improvement and audit readiness, but there really are not there."

Finally, Participant 04 noted:

> No, not everyone will always be happy in the approach that is done. I think there
> was a lot of frustration in the beginning. I think we've done a good job of trying to
> help continue the communication. I think a lot of times the frustrations come out
> when either the expectations aren't clearly identified and explained, or the people
> don't feel heard. But there's still always going to be frustrations in how you think
> you have a pretty good 90 percent solution. And someone still frustrated with that.

Research Question 4

Research question 4 (RQ4) focused on how the passive-resistance measures toward

withholding information contribute in resistance to change. Specifically, RQ4 posed "To what

extent does the passive-resistance measures withholding information contribute to change

resistance patterns in the audit readiness?" As with earlier research questions, three interview

questions were used to elicit responses from participants on the passive aggressive measures in

resistance to change. The preponderance of the participants felt the withholding was intentional

as if those withholding information saw it as a means to being more powerful and/or more

knowledgeable. Others viewed the withholding as unintentional, as not fully understanding the

intent to the questions. Finally, others saw it as more work and didn't have the time, were too

busy in doing the research or they didn't see it as their responsibility.

In addition, the language spoken by auditors to the budgeting community is very foreign

and not natural between the two entities. Information flow from an auditor perspective to a

budget analyst is not fully understood and vice versa. Auditors do not understand military; participants within the financial community are continually training the auditors on their jobs and on the information they are looking at. This constrains communication for a collaborative environment to exist.

Question 3.4. Question 3.4 asked the participants to respond to experience of someone withholding information needed for audit readiness processes. Negative withholding moves towards a toxic environment. It lowers confidence level, starts to divide teams, creates a culture of worry and destroys the cohesiveness and trust within the organization and participants. In addition, participants believed not providing information creates more questioning and more work at the time of the audit inquiry. Participant 04 states "purposefully withheld. Whether that is because they know in their heart of hearts that they're that whatever it is, this is wrong or they're going to get quote unquote cocked or it's really they want to appear to be the smartest in the room and want you want someone else to have to dig for that information and call them out on it. So there's sometimes ulterior motives."

Similarly, Participant 06 states:

> Yes, I have worked with people like that before. Fortunately, it wasn't many people, but people, I feel, do that because knowledge is power. They feel threatened if someone else knows that knowledge. And I believe that's the reason that they withhold that knowledge, I don't think they're withholding it because they don't want things to succeed. I think they hold it because they feel they're going to be replaced.

Additionally, Participant 08 states "Oh, absolutely. People have withheld information on purpose, because they felt like it was being impeding on their proprietary information. Similarly,

Participant 15 states, "I definitely have, and they withhold information in this one specific instance because of the fact that they wanted to I guess they wanted to reap the benefits of having the sole ability to influence this process." Another Participant 21 felt as though the withheld of information was due to those individuals feeling "knowledge is power and people tend to hold on to information and withholding from sharing information because that's their job, that's their livelihood."

Participant P16 notes:

> Absolutely. In some of those employees who didn't want to get on board would purposely hold information or try to make things look more difficult than they actually were, just to hope that things would change… Yeah, I know employers to withhold or change or adjust their information to try to keep their objectives.

Participant 32 states, "I think I've experienced people that are holding information only because one they felt they didn't want to lose the power. You know, like there were people I worked with that didn't want to share information because they felt like it was to our program and they didn't want to share it, while some withhold because they know that there's something in there that they haven't done and they don't want it coming to light…it was a power control." Finally, Participant 37 also believes "some folks think that withholding information makes them more powerful… you know, some information being withheld just because some individuals felt that they in that manner or that they would have more power. But I don't I don't think that is something that is widespread, that impedes, you know, asking question."

Contrary to intentional withholding, Participant 02 states "I think if I have experienced someone withholding information that might be needed for, an audit, I think the reason behind that is that if the auditor does not ask for specific something, then you don't provide them more

that the information they're requesting." Similarly, participant 04 states the "the culture of having auditors here, information has been unintentionally withheld. They want to help because the individual who has that information doesn't think it was important to add, because maybe the question was too simple."

Additionally, Participant 10 notes "I don't think that there was so much withholding information. I think it's just that there was something that was required of the team that the team did not understand why.

Participant 14 states "Without knowing that they were doing so intentionally, they think it's just a matter of once you hear a desk audit on you…Okay, well, that being why I need it. When she started looking at the details, you see the person sometimes get a little attacked for a little, I guess, then anger at the process, not knowing that it's a pretty standard process…I know that it's not intentional."

Question 3.6. Question 3.6 asks asked the participants to respond to experience of frustration or apprehensions from information withholds needed for audit readiness. Participants experienced lack of sharing information that, if uncovered, would lead to negative findings in past or current practices. Other negative aspects of withholding information involve individuals feeling threatened or they want to feel more valuable. Not sharing information when participants feel everyone should know, especially those individuals that it directly affects their job responsibilities. Other experience frustration with employees didn't want to take the time to do the researching. Lastly the effects of frustration towards withholding due to the lack of manpower that would lead to doing extra work.

Participant 32 states:

There was a lot there that was a part of a directory that would not share information because there was some work in the contract that was not done correctly. And so, it was frustrating because they wouldn't share all the information that they were using to do contract with OSC at that time, and you kind of felt like, OK, I'm worried now. Because you're not sharing information. Am I getting involved with something that I shouldn't be and then you get the frustration as to why are you not telling me everything.

Participant 06 notes:

I think it's a self-preservation on their part that I don't think they're meaning to be mean necessarily, but I think they feel threatened and just preserving their status in the team. I guess they want to have the answers so that when you go, you know that even though they could have helped you, they want you to look foolish or like you don't know as much so that they're more valuable.

In addition, Participant 21 states:

Yes, with one of my one of my positions. I worked with management to clean up the audit at the end of the year and respond to those questions. And I felt like it was something that we should share with everybody. Whereas the management decided that that was not something that everybody needed to know. And their rationale behind that was, again, this is management, this is supervision. We don't need to necessarily get them involved, get everybody else involved, even though it really affects that level of individual their responsibilities and their jobs. They just didn't see the reason why it was important for them to know.

Similarly, Participant 17 notes:

The other employees, yeah, because they just felt that they don't have sufficient information or sometimes they would even say that they don't have time to do all this research here…they get frustrated because it's a repeating tasker; especially the older age, they don't really like to do that just because again, they feel it's an added worked for them. They haven't done it before and now they're doing it and they don't feel they have enough manpower to have that extra help to do the research.

Finally, Participant 20 states "Yes. Have had that happen and I think sometimes we and the government culture we've adopted, you know if we share, there's a possibility that we will lose the position that we have, and the historical aspect. For employees that have been with an agency for a longer time and not always. But I've encountered that sometimes it's hard for people to share."

Question 3.9. Question 3.9 asks asked the participants to respond to experiences of withholding information from a team in order to look better and the impacts to the audit readiness processes. Many participants noted individuals withhold information due to insecurities, or fear they will be replaced, or losing their jobs. Other participants believe the information held makes those individuals look better; Similarly, participants experienced frustration and contention building up and loss of trust, ruins the harmony of the team. This state creates a culture of apprehension towards continuing this type of behavior. This also builds toward frustration, loss of time and feeling undervalued which negatively affects unit cohesiveness.

Participant 04 states:

Yes, I have been on things like that, and I think some of it is the insecurity or fear

of that they will be replaced or that they're not important or that and the subject

matter expert, they need to come to me and delays our ability to do that.

Ultimately led, what has been detrimental to teams to withhold that information.

Frustrated at times. And I can't think of another word to say that would feel bad.

Yeah, I feel bad and I feel bad for those individuals that feel that that they can't be

openly share and don't feel valued to contribute and collaborate in a group setting.

Additionally, Participant 08 states "Yes, been on a team where management withheld

information so that they could kind of like save the day. And it doesn't do anything for the team,

and it doesn't do anything for a process."

Similarly, Participant 06 notes:

Yes, of course. I'm sure we've all done that. Again, it all goes back to my earlier

response. I think they do a lot out of to make themselves look better and out of

self-preservation, probably because they don't feel confident about their position

there's just some like that and it's frustrating to work with them…is lowers our

confidence level as well. Later we find out someone knew this and could have

contributed, will help and helped us. We know that we look bad and a boss.

Additionally, Participant 07 states

Well certainly been a part of offices were that goes on where both bosses and

folks, just team members, they do withhold information because they can be the

one with the answer. And it makes them get a feel of accomplishment or

superiority… It's very frustrating. People will close off themselves. They'll stop

sharing information, especially with that individual. They'll also start to push that

individual away, keep them from being a part of the group. And it really starts to divide the team. It makes it very unproductive.

Moreover, Participant 14 notes:

Oh, I had been on a team that one person was trying to look better than another person and they always shrank back to see that they knew more than they actually did…that could lead to a lot of contention…it made me feel like my team members is pretty angry about it. And I live in a culture that they're trying to one up against each other. I'm like it really is no point because we're all working on the same goal.

Similarly, Participant 21 states

Yes. I've been in the discussions where in one particular instance we were in a team meeting and our supervisor came to us and said very generic and very really not at all information. Not all details about what was going on. But they said this is what's happening. Don't talk about it. And they told us specifically not to talk about it, not to bring it up. Again, really frustrating…I think it really hurts morale. I think people get frustrated with that, they get upset…it can really hurt the organization.

Participant 17 notes:

There was one wherein she was the lead for four in the Army, for MIPRs in that time I was new. She withheld information. I don't know why, but when you withheld information, especially to a new person, it was frustrating…it just ruined the harmony in the team. It was not good.

Moreover, Participant 20 states "YES, I have and I think it is correct to say sometimes people do it so they can appear more knowledgeable. I can say that I've seen people do that. It was much more of a frustration. And then, you know, and then it creates a culture of worrying because you're always thinking is a person always going to be like that, do I need to keep a guard up all the time." Similarly, Participant 24 states "I've been on a team where employees withheld information, which was the location of some file. Right, which only certain team members had the knowledge. And I found that in casual conversation where they were after I had been searching. I wasn't too happy. I was annoyed. Yeah, and unfortunately, it would have been a simple fix to."

Participant 32 states:

> Yeah, I think you and I have worked on teams like that where they wouldn't give you the information because they want to act like they know more. They know they want to look better in the thing…so, yes, we all have been on those kind of team to work our way up…because people just like, if you don't care to hear me, then I don't care to give you any information. We just start setting up walls and people are just like, yeah, whatever I'm here, but I'm not going to contribute because you're not going to listen anyway… so it just makes it so negative all in there. And it shows to the others where you don't respect my opinions, why should I respect yours.

Finally, Participant 37 states "Yes, I've been in an organization where this point towards management was actually giving the upper level leadership wrong information…when you go to work in that state of mind, that in being accused of something that is not true, there is a lack of

understanding, there is a lack of communication, there is a lack of support of the leadership of

the command…destroys unit cohesiveness."

Interview Question Categories	Participant Responses
Service Background	Professional experience and tenure range from 4-30 years
	Professional expereience ranged from budget to accounting to auditing
Training	Frustration - not expanding training out to everyone, not just a selected few
	Frustration - training materials presented do not align with how we're doing our processes
	Frustration - CBT training was the worst/didn't learn anything
	Frustration - if you're not in accounting you're not getting the proper training (told don't need it)
	Frustration - online training very hard to understand
	Frustration lack of understanding, lack of experience
	Frustration - some steps are redundant
Management Decision Making	Intimidation - management acts as a "bully" does not take the time to educate people because they don't know
	Furstration - management just checking the box
	Frustration - management not involving the right people before decisions are made
	Frustration - management does not know what is expected
	Frustration - management not enforcing regulations/guidance themselves
Audit Readiness in Military Organizations	Frustration - not every transaction can be answered by a FM person
	Everyone is responsible everyone has a part
	Increased workload in the day to day procedures
	Not focused on the strategic goals, just focused on making sure we're successful for the audit
	Frustration - more work to do with less manpower
	Frustration - offices, not FM, don't care about FIAR
	Frustration - trying to fix every single finding without looking at the operational impacts
	Frustration - same mistakes are being made over and over
	Frustration with management because they don't understand the process
	Frustration - the process of making screen shots that does not give a true picture
Information Sharing	Frustration - invisible walls within FM between budget and accounting
	Frustration - lack of standardization
	Frustration - people are not being held accountable
	Employees/stakeholders do not understand
	Frustration - negative affects to withohold of information
	Frustration - fault finding not my lane , not my problem to fix
	Communication/information shared is not good within the organization
	Frustration - not having enough time to making decision impacting processes
	Frustration - it makes you feel like they (management) don't necessarily care
	Would love to see management get more involved

Table 4.3 Participants Responses

Evaluation of the Findings

The findings for this study were evaluated around the research question and the resultant

coding and themes. The research intended to explore and assess how resistance to change effect

audit readiness processes and procedures. Open-ended questions built to the exclusive insights

and general understanding within the financial management fields of U.S. federal government

entities, how experience and training provided for a knowledge background towards audit

readiness and what the impeding factors contribute to successful audit processes. Five themes emerged from the study data analysis. The themes identified include training, accountability, processes and procedures, lack of understanding and information sharing.

Theme 1. Training. Research question 1 identified professional background and training were key components to understanding audit readiness procedures. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" Within this research study, the preponderance of participants noted frustration from the training materials provided. Training materials do not align with actual audit procedures nor covers actual processes when receiving audit inquiry. Information does not reflect what is done in the fields or under regulation. As noted within the research findings DODIG, 2015 quality control and assurance deficiencies included not following policies and procedures with evident in the report findings in quality and poor audit performance. Information is not well defined, people struggle to understand it, and they just go through the motion "checking the box" in order to complete. Participants perspective is training did not help in understanding audit sample gathering and if they failed, understanding where/how did the sample go wrong. This concept agrees with prior research and evidence indicates auditing and its perception to quality are still fundamental to credible reporting (Taylor, 2015).

Additionally, participants felt ostracized from audit training opportunities. If you're not an auditor, the priority of training is not provided to the rest of the FM community. Additionally, they were told it is not their role, yet they had to teach auditors how to audit the government. Furthermore, participants felt invisible barriers to training opportunities unless you were in accounting, yet the preponderance of the responsibility to answering audit inquires comes from the budget side of the house. This study mirrors the DODIG, 2015 annual report where shared

lessons learned were used as a training tool to improve quality control systems and processing and contradicts the perception of participants.

There is also a misperception that audit readiness is just a financial management responsibility, when in fact, it is not. Participants felt that other offices outside of FM do not take audit readiness seriously. Yet, not all of the material needed in answering audit inquiries is in FM control. Offices such as logistics, contracting, and supply utilize their own systems in processing transaction not connected to actual FM oversight or input, but feeds into the accounting system when money transactions are involved. This lack of communication between the varying offices can contribute to barriers to building towards audit compliance. Similar to Balaciu et al., 2014 noted that auditors are responsible for endorsing the financial data; however, this study contradicts some findings where the work to providing for a good auditable transaction also relies on the financial management team to ensuring reliable data and act as the first line of defense.

Theme 2. Accountability. Research questions 1, 2, 3, and 4 identified that methods of accountability and processes are not in place concerning audit readiness activities and responsibilities. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ3 posed "To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, participants noted no accountability for their actions towards audit readiness transactions. Those not directly responsible for the audit, don't have the time, don't care, or are not held accountable. Participants felt frustration from individuals who turn a blind eye to the requirement, leading to willfully choosing not to do what is correct. Here the study confirms findings noted by Baldacchino, et al., (2016) wherein leaders are commonly known to engage in dysfunctional behavior, then the undertone of the leadership message is clear that such behavior is acceptable thereby creating a culture of dysfunction and organizational pressures impact behavior thus causing internal issues within the organization. Additionally, the study mirrors findings by Kidron et al., (2016) in which direct leadership not only influences the way other managers and employees within an organization accept audit findings, they also influence supporting reform and organizational change. Frustration with management not getting involved and not knowing what is going on, increasing a workload but not necessarily in the area intended (Kruse, 2013). Moreover, individuals not paying attention to their responsibilities, they just don't care to do it the right way; they know it will take more time, more work and more effort, feel as it is not their responsibility. Management oversight to employee's participation in audit readiness is not there, a lot of times they just don't care. Finally, this study confirms findings by Balaciu et al., (2014) wherein management and the accuracy of financial statement representations must be highly correlated to present an accurate picture for the organization.

In addition, participants felt frustration from co-workers with regard to the same mistakes are being made over and over, nothing getting fixed, and there is no supervisor-employee accountability. Similar to this study, the GAO Report (2018) noted management sets the tone throughout the organization and must clearly communicate acceptable and expected behavior for each employee. Participants felt frustrated, people pressed for time, don't put audit readiness as a

priority, never gets resolved, and no one is held accountable. Here the study confirms Baldacchino et al., (2016) which noted time budget (insufficient time for staff to finish assigned work) pressures internal to audit firms were found to be the common theme that adversely influence an auditor's action by alluring them into taking shortcuts thus threatening audit quality. Moreover, participants saw a lack of guardianship on the processes, people are resistant to change everyone saw it as more work, continuing to do their own thing.

Theme 3. Processes and Procedures. Research questions 1, 2, and 4 identified methods for processes and procedures and determined the negative impacts to audit readiness outcomes. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, nearly all participants noted inconsistencies in processes coupled with the lack of standardization across the board causing frustration and lack of follow through from the top down. Traditional government structure is depicted from a top-down or hierarchical perspective (Ruijer & Huff, 2016; Lee and Kwak, 2012). This study confirms the findings by Baldacchino, et al., (2016) and Kruse (2013) in which the top down approach, different layers/levels of managers can also be subject to negative experiences of applied pressure and undue stress throughout the organization. Additionally, Ruijer & Huff (2016) and the 2017 GAO Report noted a lack of clarity and timely visibility with regard to the accuracy and adequate details thus contributing to causing difficulties within hierarchical organizations. Guidance provided by higher headquarters is confusing, not well defined, or the guidance does

not match the intent. Other participants felt as though they are reinventing the wheel and that not all agencies use the same standards or training. Finally, DOD across the board is not consistent regarding audit readiness training, processes, or procedures.

Additionally, participants felt management just guessed at what they were supposed to do and don't understand the process or intent. Management decisions toward audit readiness practices or procedures across the board differ. GAO (2017) considers high risk areas of progression included leadership commitment. Frustration with management decisions, not flowing, losing focus then in the end let's just make it fit. Management doesn't understand involvement, at the lower level of the actual procedures and practices to audit readiness. This consensus plays into the concept towards involvement of the intended user and how it affects and positively influences the attitudes of employee's performance measurement and practices towards audit readiness (Kidron et al., 2016). Not pushing the emphasis to say this is how it's going to work. Participants felt management not on board, not their priority, they don't support the need for change, not their responsibility, management just saw it as more work. This study mirrors Balaciu et al., (2014) in which the degree of subjectivity, accounting options, and policies accepted within the organization, interested parties may misrepresent the information.

Finally, participants felt frustrated with policies taking a long time to change, working with outdated practices because of the lag time in getting it out to the workforce, and contradictions or conflicts in producing an end product. Similar to Ruijer and Huff (2016) and Lee and Kwak (2012), traditional government structure is depicted from a top-down or hierarchical perspective and this construct is a traditional representative of interaction within the organizational structures and/or groups. In contrast, few participants noted, the current processes

in place don't impede audit readiness procedures but just delays it. Other concerns include slowly moving decisions and not doing current processes for the sake of audit.

Participants don't believe the governmental culture has truly accepted audit readiness for its intended purpose but just reporting it through senior leadership that everything is ok. Management not focused on strategic goals, just focused on making sure we're successful for the audit. This study confirms Balaciu et al., (2014) in which the activity of strategic management resulted in a contrary impact on quality and credibility to financial reporting which leads to an asymmetric increase. Moreover, fixing every single finding without looking at the operational impacts or the strategic goals. In addition, the definition of a perfect package is never perfect, it changes from submission to submission.

Interpretation of JRP is not the same way across the board. Participants noted if financial improvement portions were in place more could get done. No consistency to changes made across the board, no formalized policy. Participants feel when samples are pushed down, they are not privy to all sides of the audit inquiry, don't have a full understanding to the process, just going through the motion. Transparency represents the window into seeing government interaction, participation is the voicing opinion to those interaction; and collaboration is the partnership relationship. This study extends the findings in which theory, open government and organizational culture are critical elements to succeed for movement to occur but also cultural change and openness within government structures and operations (Ruijer & Huff, 2016). Others feel the requirement to making abundant amount of screen shots to audit sampling packages does not give a true picture, does not provide value, just redundancy and a lot of wasted time. In addition, Participants felt handicapped with some systems and system limitations. Seeing a lot of wasted time and resources, double, triple checking old legacy systems, requiring data extraction

from many separate systems, not just one repository. This causes delays in answering to audit inquiries and/or discrepancies to providing the right information in a timely manner. Finally, this study continues the findings noted by Easton and Quinn (2012) and the GAO Annual Report (2017) wherein the lack of clarity and timely visibility with regard to the accuracy and adequate details associated with published documents results in trends in which end-to-end transactions were not effectively documented or accurately resolved.

  Theme 4. Lack of Understanding. Research questions 1, 2, 3, and 4 identified methods towards the lack of understanding that determined the negative impacts to audit readiness outcomes and resistance to change. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ3 posed "To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

  Within the research study, nearly all participants noted the lack of understanding toward the intent of audit readiness practices. Many participants noted the complexity of the training course materials provided. Additionally, the lack of direction in meeting the need or intent to responding to actual audit samplings coupled without proper guidance and finding expectations are not clearly identified. This study continues the findings noted by Musgray (2014) in which individual effort could unintentionally build unnecessary walls towards change and negatively impact organizational goals. Finally, both Baldacchino, et al., (2016) and Kruse (2013) noted the

group consensus from managers needs to be synchronized through shared ideas, values, and goals about the future of its organization.

Participants felt resistance to change when offices did not understand why the additional questions were being asked or the additional scrutiny to old practices. This study confirms findings noted noted by Husnin et al., (2016) in which several factors influence audit quality including auditee feelings towards auditors, legitimacy of auditors, auditees perception of the value added, willingness of auditees to follow up on auditor's recommendations, and auditees perceptions of the overall effect. Finally, participants felt frustration when asked by auditors to provide data for an audit inquiry and two weeks later answering the same questions again. Doing the same thing over and over and not getting to a right result wasted time and resources. This study continues the work by Knechel et al., (2013) and Brivot, Roussy, and Mayer (2018) which suggest that, despite the plethora research, that audit quality remains a misunderstood construct.

Lastly, FM is having to train the auditors how to audit the government. Here, Auditors do not understand government business and Participants noted frustration when they failed audit inquiries, even when they did not know what was expected of them. Moreover, lack of understanding to regulations and guidance, where the guidance originated, and the fact the Auditors were not enforcing it themselves. Quality auditing can play a significant role to how the audit reporting occurs. Audit quality as described by Husnin, et al., (2016), is a vital practice for financial reporting affecting its reliability, enhancing transparency, and lessening earning manipulations while protecting the interest of the general public.

Theme 5. Information sharing. Research questions 1 and 4 identified methods regarding information sharing that influenced the negative impacts to audit readiness outcomes and its resistance to change. Specifically, RQ1 posed "To what extent does the emotional states

of frustration influence audit readiness and organization resistance to change?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, nearly all participants experienced a significant lack of communication from the top down. This study compliments the findings by Baldacchino, et al., (2016) and Kruse (2013) that noted within any leadership setting, building teams who can understand and facilitate towards a shared role become stronger and more effective in making changes for the organization in a positive appropriate way. These roles include not only the principal agent but also the followers to balance between continuity and change (Baldacchino, et al., 2016). At the lowest level it did allow employees opportunities to do cross work not necessarily in lined with their permanent job but towards new functions of different positions. It gives organizations flexibility to move people around and positions their offices to more efficient effective growth. Pulling groups together did increase the capabilities of an organization as well as expand their knowledge to better understanding their company's needs. Additionally, information sources are still very stagnant or withheld because management and or employees didn't understand the process. Other findings report to the threat of audit quality by personnel's poor performance and negligent behavior, commonly referred to as Dysfunctional Audit Behavior (DAB) (Baldacchino, Tabone, Agius & Bezzina, 2016), which can impact the inability in identifying material misstatements of financial statement reporting (Baldacchino et al., 2016). Moreover, participants noted there is not a singular voice managing information sharing, leadership is slow to communicate and provided no steady guidance. Similarly, management initiatives change, and organizations don't learn about it until 6 months later. This study mirrored the work by Il-hang et al., (2013) in which continuous auditing provides for real time financial

information and this approach is nearly impossible when executing a traditional auditing approach. Finally, participants felt frustration with management not sharing consistently with all employees and information was not uniformly provided which caused frustration and anger among the differing offices.

Summary

The purpose of this qualitative study was to examine the effects of resistance to change have in audit readiness procedures. The objective of this study was to explore the impacts organizational cultures within federal government and agency participation affect audit readiness practices towards transparency, contribution and partnership towards principal agent exchange (Ruijer & Huff, 2016; Meijer, 2015). One aspect of organizational behavioral and challenges is active and passive resistance measures used by employees to resist workplace change and play a key role in audit readiness (GAO Annual Report 2016 & 2017). Consequently, factors that contribute to employee resistance to change can have negative effects on an agency's ability and capability to remain audit ready successfully.

Participant detailed analysis of the results was described along with the findings of this study. The noteworthy findings and emergent themes were extracted from the interview questions from participant responses. Participant's interviews were conducted telephonically and recorded for transcription. Each participant was assigned a unique participant code provided via random number generator (Rosenthal, 2016). Furthermore, use of any specific government organization were generalized to ensure confidentiality. A total number of 25 participants volunteered with data saturation occurring after 15 participants (Brewer, 2015; Rosenthal, 2016). The researcher first reviewed the transcribe interviews for macro categories and broad themes. A second review was conducted and further refined themes and coding capturing categories that

focused on word repetition, key words in context, missing or gaps of information (Rosenthal, 2016). Finally, QSR International's NVivo 12 qualitative data analysis was used to enhance and validate data classification, coding and themes (Brewer, 2015; Connelly, 2016; Rosenthal, 2016).

Five macro themes with 10 micro themes emerged in the coding analysis. This research study and its findings were consistent with previous research on public sector audit findings within government agencies increased the body of knowledge with an exploratory focus on audit readiness. Chapter 5 presents the interpretation for these findings as well as recommendations for future research.

Chapter 5: Implications, Recommendations, and Conclusions

Audit readiness within the U.S. federal government is vast and complex, requiring oversight of a financial budget over $2.4 trillion in assets, and which must keep accurate, reliable and relevant financial accounts (GAO Annual Report, 2017). While an audit serves as the fundamental purpose in reinforcing confidence of financial information, audit readiness aids in assisting the federal government with direct support for debt control and money management that strengthens controls against fraud, waste and abuse, and meets the fiscal challenges towards good stewardship of public funds (Coburn & Cosby, 2016; Easton & Quinn, 2012). Audit readiness is caught between two areas of conflicting internal structures (Coburn & Cosby, 2016); on the one hand is the requirement to meet statutory guidance and on the other is the requirement to execute inherently governmental operations that cannot be quantified through traditional private sector structures.

There have been many regulations and policies established to improve the accounting structure and record keeping (Defense Technical Information Center (DTIC), 2019), and significant progress has been made in improving federal financial reporting in preparing consolidated financial statements over the last decade. However, the issues within the financial transactions that shape audit readiness continue to affect accrual based consolidated financial reporting statements as well as reported assets and inventory within the federal government systems (GAO Annual Report, 2017). The Financial Improvement Audit Readiness (FIAR) regulation has been promulgated to implement a solution to audit readiness and has become part of the everyday process to getting the U.S. federal government audit ready thus meeting auditability and transparency of accounting data and records for public awareness (GAO Annual Report, 2017; OSD FIAR Guidance, 2016).

Coupled with improving audit readiness within the federal government, capable leadership enables stronger and more effective changes for the organization. To whit, leaders foster a positive environment by building effective teams who can understand and facilitate activities towards a shared role (Schweiker, 1997). When there is a lack of collaboration and compromise within an organization, conflict arises and becomes the central issue between leaders and employees (Emerson, 2016; Ward, 2017).

The problem to be addressed by this study is the effect that employee resistance to change has on audit readiness. Findings reported in GAO Annual Report noted deficiencies in the areas of audit readiness due to internal control mechanisms and organizational behavior factors (GAO Annual Report, 2017). Furthermore, GAO has identified several areas where it cannot quantify an audit opinion within consolidated financial statements due to extensive material internal control weaknesses and organizational behavior factors that culminated in financial management problems rendering financial statements unsuitable (GAO Annual Report, 2016 & 2017; Johnson & Grim, 2013).

The purpose of this qualitative study was to examine employee's resistance to change in audit preparedness. A phenomenological approach was used to explore areas where organizational resistance to change affects audit readiness procedures. The study participant pool included 25 federal governmental employees that work within the financial management field in areas such as financial transactions and financial data base entries. Participant inclusion increased, as necessary, until data saturation was achieved (Koepsell, et al., 2015; Rosenthal, 2016). Data was collected through purposive and snowball sampling followed by interviews with members of the American Society of Military Comptrollers (ASMC) and LinkedIn. Moreover,

the limitations and assumptions as provided in Chapter Three did not change and still remain valid.

This research study, a qualitative methodology was best suited to exploring employee resistance to change in audit readiness (Dane, 2011; Johnson & Grim, 2013). This approach focused on the interplay of agency cultural and behavioral factors to guidelines and training against the differing business applications in order to explore impacts to audit readiness efficacy within the U.S. federal agency organization. Using phenomenology, the researcher explored the areas of culture (both implicit explicit) of the participants, their behavior and their interplay of audit readiness and change management (Dane, 2011; Johnson & Grim, 2013).

The researcher developed a list of 20 interview questions, some with subparts, to explore and highlight efficacy within the federal government and the financial management community on audit readiness processes, procedures, management engagement, and information sharing. The research questions were further divided into areas of training, military decision making, information sharing, and how participants experienced withholding information and fault-finding among team members relative to changes affecting audit readiness outcomes. Initially, each participants interview was transcribed by the researcher coded toward uncovering macro categories and board themes (Brewer, 2015). Secondly, each participants interview was reviewed to further refine themes and coding categories focused on uncovering in kind word repetition, key words in context, and gaps or missing information (Dane, 2011; Krathwohl, 2009). Lastly, the qualitative data analysis software, QSR International's NVivo 12, was used to augment and validate data coding, classification, and triangulation (Rosenthal, 2016).

The framing of the research study outlined four principal research questions:

- To what extent does the emotional states of frustration influence audit readiness and organizational resistance to change?

- To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?

- To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?

- To what extent does the passive-resistance measure withholding information contribute to change resistance patterns in the audit readiness?

The results showed five macro themes with 10 micro themes identified through the coding analysis of the collective data: Theme 1 – Training; Theme 2 – Accountability; Theme 3 – Processes and Procedures; Theme 4 – Lack of Understanding; Theme 5 – Information sharing. The five themes noted above will be defined and addressed within the implications portion of the study. The additional sections within this chapter consist of recommendations for practices, recommendations for future research and finally conclusion in this dissertation manuscript.

Implications

The first macro theme, training, centered around the professional background and knowledge of understanding to audit readiness procedures within their respective organizations. Research question 1 identified that professional background and training were key components to understanding audit readiness processes. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" According to research, audit measures the performance of the processes or steps an employee takes in doing a specific function and assess how well the function complies and conforms to law. In essence, an audit is analyzing employee performance on how well they are doing their

jobs (Powers, 2018). The preponderance of the participants felt the current curriculum did not provide financial management (FM) employees the basic essentials to sound audits nor align with actual audit procedures that cover processes when receiving audit inquiries.

Findings from this theme have notable implications. First, training information does not reflect what is done in actual practice or in accordance with regulation. The effectiveness of training relies on how well training is perceived by the employees, the degree of information learned within the training and development activities, and how well it can effectively improve job performance. Curriculum information is not well defined, people struggle to understand it, and participants noted they just go through the motions "checking the box" to complete the required online training, which leads to stopped learning, stopped trying. Participants felt that training did not help in understanding audit sample gathering or reasons for audit failures. Consequently, these are factors that contribute to employee resistance to change and negatively effect on an agency's ability and capability to remain audit ready. Moreover, the lack of audit readiness then negatively contributes to a lack of accounting processing and excess or undocumented expenditures.

Other effects to training were the invisible barriers to training access across the board. Participants felt that, unless you were in an accounting position, audit training was not provided. This is counterproductive since FM analysts have been tasked to answering audit inquires. As stated within the Literature Review, some likely triggers caused by organizational resistance to change can be technical barriers, political reasons, and cultural reasons. These barriers impact the interplay between employees and management thus affecting the cultural reasons and influence whether employees either do not support or accept a new way of doing business (Kidron, et al., 2016). These types of resistance to change from a principal agent theory concept may apply

resistance to an individual's action to either the power an individual possess or resistance to change from the group who commands the power towards change; and change processes have been theorized as problems in changing technologies, organizations and abilities, and impetus of employees (Ruijer & Huff, 2016).

Furthermore, Coburn & Cosby (2016) noted training and the results of FIAR will influence how DOD can keep up with training and professional development demands while ensuring standardized business process compliance and sustain audit readiness to meet reporting requirements. However, there is a perception in which the participants do not believe the DOD culture has truly accepted audit readiness for what it is supposed to do. This mindset change will be difficult to change since the preponderance of the participant's perspective is that the military is focused on mission accomplishment and not audit readiness. Adding to their resistance, management and employees saw more work for the workforce and not enough manpower to meet the objectives or improvements towards audit readiness, just a shift from one priority with another. This created a barrier towards non-compliance and resistance in audit readiness practices.

D'Cunha (2014) stated leadership is a catalyst for organizational performance. A majority of the participants noted that not all of management is on board toward the acceptance of what audit readiness measures should be in place, that management does not take audit readiness seriously, or does not believe it is their responsibility to accomplish tasks related to audit procedures. This causes employee resistance to change and plays into the concept towards involvement of the intended user and how it affects and influences the attitudes of employee's performance when people are pressed for time. Participants felt management does not put audit readiness as a priority. As stated previously, participant's perception noted that the military is

focused on mission accomplishment and not audit compliance. This type of behavioral action allows for employees to copy management in the negative approach towards acceptance of audit readiness. Adding to this difficulty, employees are then told to move on to the next priority, citing nothing ever gets resolved since management seems focused on execution and not audit readiness. As noted by Kidron et al., (2016), leadership support is critical to employee relations and ties into the overall audit performance with an organization. All these factors into audit readiness resistance in training and not viewed as an important aspect to audit readiness compliance.

The second macro theme centered around accountability. Research questions 1, 2, 3, and 4 identified methods of non-accountability within organizational structures in which processes and/or employee actions, both within and outside the organizational chain, are not in place concerning audit readiness activities and responsibilities. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ3 posed "To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, participants noted zero accountability for individuals who willfully choose not to do what is correct towards audit readiness processes and/or procedures. Additionally, within the FM community, participants experienced resistance to change in enforcing regulations and guidance in audit practices. Furthermore, participants felt it was not part of their jobs or they did not have enough time because they saw it as a more workload and

there was not enough manpower to cover the additional work. Moreover, participants outside of the FM community, stated they encountered individuals who did not feel as though it is their responsibility to track or enforce those changes initiated due to audit readiness practices. These high-risk areas identified by GAO have significant potential for vulnerability within stated government conduct against "fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges" (GAO Annual Report, 2017, p. 2). Consequently, improvement within these high-risk areas could save in billions of dollars, improve in public service, and strengthen government performance and accountability.

Finally, participants felt bullied, as though they were being scared into audit readiness changes or new practices for the sake of calling it audit readiness and not necessarily teaching them what audit readiness means or the importance of it. If corporate governance is overly concentrated to a particular interest group, the governance potentially becomes out of balance and unable to function effectively, thus allowing ownership the ability of expropriate especially when external mechanisms are weak (Husnin et al., 2016). This imbalance can also contribute to a tendency to abuse power in decision making that could influence management to manipulate financial statements (Husnin, et al., 2016).

Participants also felt intimidated to just do what they were told because management feels that if they do change their policies, then it's a sign of weakness on their part as a leader. Leaders are a main influence on organization culture since they set organizational tone (Baldacchino, et al., 2016) and employees quickly learn organizational norms by observing leadership behavior. Employees will demonstrate leadership by example; however, if leaders are commonly known to engage in dysfunctional behavior, then the undertone of the leadership

message is clear that such behavior is acceptable thereby creating a culture of dysfunction. Otherwise, if seen as an individual effort it could unintentionally build unnecessary walls towards change and negatively impact organizational goals. This tension could also build towards employees moving on their own, and not moving forward with the team and coming to uniformity towards audit readiness (Musgray, 2014).

The third macro theme centered around processes and procedures. Research questions 1, 2, and 4 identified methods for processes and procedures and determined the negative impacts to audit readiness outcomes. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, nearly all participants noted inconsistencies in processes coupled with the lack of standardization causing frustration and lack of follow through from the top levels down to the lowest levels in audit activities. The preponderance of the participants felt if the standardization in financial management improvement portions were in place, more accurate work could get done. Furthermore, many participants noted management's perspective is that audit readiness was not their priority, not typically on their minds, the practices do not make sense or they are redundant and truly do not provide for efficacies to audit readiness improvements.

In addition, participants noted inconsistencies in audit readiness practices across the board wherein each organization interprets audit readiness practices and/or procedures differently. For each of the participants perspective organizations, noted as each organization

seems to be reinventing the wheel. Moreover, these differing organizations are experiencing the same mistakes, slowing down progress which builds to frustration creating dissension between employees and management towards obtaining audit readiness goals. Some participants alluded to management not focusing on the strategic goals but just making sure an audit was successful for the sake of successful, and just doing it for the sake of audit readiness. One consistently repeated phrase was "just checking the box."

The findings from this theme have notable implications. Lack of standardizations within the processes and procedures in audit readiness cause frustration within the FM community. This type of behavior feeds into the resistance to change in areas such as technical, political, and cultural environments resulting in an unwillingness towards change from employees that threatens the alliance between the employees and management. Finally, cultural reasons can influence whether employees either do not support or accept a new way of doing business (Kidron, et al., 2016). In addition, continuing political indecisiveness and federal government actions such as hiring freezes, furloughs, continuing resolutions (CRs), and government shutdowns have negatively impacted DOD record keeping and the efficient auditing processes. Moreover, perspectives, from the highest level to the lowest level, "readily admit the benefits of and need for improved processes and auditable financial statements" (Miller, 2017, p. 23).

Furthermore, changes for the sake of changing does nothing towards improving the efficacy in audit readiness or understanding the operational impacts to the organization and on limited budgets. This left participants with unanswered questions and no timeline to a resolution or corrective action in audit readiness compliance, thus feeling the organizational focus is centered on obligations, execution and not audit readiness.

Comparatively, decision making at the highest levels appears extremely slow. Participants noted that guidance provided by higher headquarters is confusing, not well defined, or the guidance does not match the intent and very slow to materialize through standardization directives. From a top down approach, different layers/levels of managers can also be subject to negative experiences of applied pressure and undue stress throughout the organization (Baldacchino, et al., 2016; Kruse, 2013). This type of pressure from subordinate level managers may increase the workload but not necessarily in the area of the intended goals. Better use of data leads to increased reform (Vergun, 2020) and the DOD decision making process is complex and long enduring, which can be both slow and burdensome at the lowest levels where execution takes affect (Vergun, 2020). It also is not provided for in a timely manner especially at the lowest levels. This process then delays the audit readiness procedures causing additional frustration to participants that don't feel as they are being heard or taken seriously.

The fourth macro theme centered around the lack of understanding. Research questions 1, 2, 3, and 4 identified methods towards the lack of understanding that influenced negative impacts to audit readiness outcomes and resistance to change. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ2 posed "To what extent does the emotional states of anxiety influence audit readiness and organizational resistance to change?" RQ3 posed "To what extent does the active-resistance measures of finding fault contribute to change resistance patterns in the audit readiness?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, nearly all participants noted the lack of understanding with regard to the intent of audit readiness practices and frustration with the training materials

provided. In addition, participants noted the complexity of the training course materials provided created inconsistencies within DOD processes in which not all agencies use the same standards or same training. Finally, not all employees working within the organization are working at the same levels thus, causing more discrepancies in reporting of audit readiness activities.

The findings from this theme have notable implications. First, many participants noted the complexity of the training course materials provided. Additionally, the lack of direction in meeting the need or intent in responding to actual audit samplings coupled without proper guidance and finding expectations are not clearly identified. Furthermore, participants felt resistance to change when offices did not understand why the additional questions were being asked or the additional scrutiny to old practices were being questioned. This toxic combination continued the constraints in audit readiness practices.

Second, training courses do not align with audit readiness practices nor clearly identify how an audit inquiry is to be conducted. Training is needed to improve business and financial oversight in the increasingly complex and changing financial management, and improves audit readiness by becoming more efficient, strengthening internal controls, and improving transparency of accounting records (Coburn & Cosby, 2016). A significant amount of the participants stated training does not clearly define or teach what it means to be audit ready or auditable, especially from an audit sampling perspective. Finally, training does not articulate the importance of audit readiness or never clearly states what is required from an audit inquiry, what to look for, or how it is defined.

Moreover, auditors do not understand governmental business operations. What was identified within this research study was that the FM community was teaching independent auditors how to audit government accounts. This is a rare and an unprecedented encounter that

speaks to the discrepancies and language barriers felt between FM and auditors. As noted by Husnin et al., (2016) several factors influence audit quality including auditee feelings towards auditors, legitimacy of auditors, auditees perception of the value. Furthermore, defining audit quality can encompass auditor discovery and reporting of inaccuracy or violation within the organization's accounting system. Participants became resistant to change after several iterations of audit inquiries continued to be returned for insufficiencies in audit responses.

Finally, there continues to be a barrier of communication between the auditor and the financial analyst. Participants felt as they were speaking two totally different languages with the auditors and FM personnel. This leads to inadequate audit inquiry submissions by FM personnel that foster repeated requests originating from the same inquiry by the audit agency while the FM community continues trying to decipher the code to a "perfect" package submission and success. Additionally, this study mirrors the research that is outlined with GAO reporting in which these high-risk areas could save in billions of dollars, improve in public service, and strengthen government performance and accountability (GAO Annual Report, 2017).

The fifth macro theme centered around information sharing. Research questions 1 and 4 identified methods regarding information sharing that influenced the negative impacts to audit readiness outcomes and its resistance to change. Specifically, RQ1 posed "To what extent does the emotional states of frustration influence audit readiness and organization resistance to change?" RQ4 posed "To what extent does the passive-resistance measures withholding information contribute to change resistance patterns in the audit readiness?"

Within the research study, nearly all participants experienced a gap in communications starting from the top levels on down. Additionally, findings from this research study noted no single repository to data information and collection. The accounting systems within DOD are

either antiquated, separate systems entirely, and/or standalone systems in general. Unfortunately, there are over 100 different types of reporting mechanisms for inputting and documenting accounting transactions across the U.S. federal government umbrella (Kemp, 2014). Audit inquiries require gathering documentation from many different systems, not just one repository system, causing multiple personnel participation in order to provide for an audit request. The assumption is that FM provides the answer to audit inquiries when in reality it may not be a FM function. This creates copious work and/or time for the end user; it also creates room for error when multiple systems are being used to creating accounting transactions which affect internal controls to financial reporting.

The findings from this theme have notable implications. First, participants believed information flow is not consistent or is not being shared down to the lowest levels. Participants also experienced periods of withholding information either due to lack of understanding themselves, management not caring, no steady guidance from DOD, processes or procedures are constantly changing and organizations not aware of change until many months later, or due to power control. This causes frustration within the workplace, no uniformity to information receipt since not everyone is either aware or privy to the differing standardizations, instructions change but the information flow becomes bottlenecked.

Secondly, participants felt leadership was not invested or interested in enforcing the rules which leads to a breakdown in communication and barriers to instituting fundamental practices towards audit readiness processes. Within this theme, this research study was consistent with the findings noted by GAO Annual Report (2015) and the DODIG (2015) reports on quality control and assurance deficiencies included not following policies and procedures, ineffective supervisory reviews and report contents was evident in quality and poor audit performance.

Although the reports state these findings were used in order to share lessons learned and used as a training tool to improve quality control systems and processes, information flow continues to be a battle of resistance in information sharing and not filtering down to the lowest level.

Recommendations for Practice

Strategic alignment framework - Align the strategic framework and stakeholder group guidance toward a unified strategic goal. Currently they do not align and you have two separate entities that never intermingle both internally and externally to FM offices and divisions. One method to enhance effective change process is by applying a network strategy. This process can be challenging within organizational hierarchies in sharing information to the strategic framework, but beneficial when an organization can develop a networked approach (Ruijer & Huff, 2016). These networks then provide organizational members a shared interest with a mutual and beneficial exchange regarding the change process and strategic alignment (Klijn & Edelenbos, 2012; Ruijer & Huff, 2016). Furthermore, developed networks cultivate a culture of trust and build towards an interdependent relationship that enable the establishment of a more open culture (Ruijer & Huff, 2016). Finally, the federal government must pursue initiatives that achieve a strategic alignment to auditable trail in financial reporting which include a complete data analysis/report required to locate the deficiencies, as well as accounting documentation to include closure of accounting records. Agency or organizational leadership should identify the true players to the process of audit readiness that are more inclusive than FM that provide for a cohesive approach towards strategic alignment.

More involvement from leadership - You need support from leadership toward understanding what's happening in audit readiness and how it relates to the mission and performance in FM jobs, know what analyst are doing to answering those audit inquiries more

effectively and efficiently and building to a network of information in sharing those dos and don'ts to effective audit inquiry results. It would be beneficial if leadership was more involved and understood what was happening on the floor. Senior leaders should also articulate the full intent to audit readiness objectives and how it affects the warfighter and budget constraints. Otherwise, nothing will change, resources and time will continually be wasted, communication barriers will continue to be in place and resistance to change will continue to be the same.

Professional development - Moreover, professional development and employee skill sets is another deficiency within the financial management arena. The situation can be a cause for concern given the size of the federal budget and the management of billion-dollar budgets. Key leaders should focus on breaking barriers toward more available training for all respective financial management employees. Accountability cannot be enforced if the proper training does not ensure correct information was received and to the proper audience. Jayakuman & Sulthan (2014) stated that conducting a training program which meets the needs of the employees helps the employees extend the audit readiness efficacy within the organization. Effective training is based on communication between leaders and employees. This understanding will help managers know the needs of the employees and develop training programs for the employee's and organizations future.

Developing a more conducive training curriculum that gets to the root of audit readiness responsibilities, identifying the true steps in what audit readiness objectives are, and change the mindset of what it means. Senior leaders should address the conflict between efficiency and inclusiveness in the FM world, that is, as more policy actors are allowed to attend meetings/training, the efficacy of the meetings inevitably declines. This bleeds into accountability to those not enforcing audit readiness practices. The need to ensure development

and training stays on the right track is necessary in keeping to transparency, processes and accountability regardless of which division or department is accomplishing the task. Provided research could help in gaining insight towards how internal controls operate and the effects from operational gaps and possible deficiencies in accounting documentation to transaction posting. The investigation for financial reporting would contribute to exposing control and accountability and assist in oversight to better performance.

Systems Improvement - Streamlining processes across the board for all respective agencies. National Security Act (NSA) of 1947 allowed the military services to develop their own systems (NSA, 1947) in information reporting and accounting reconciliation in which research states as "system resembling a hodgepodge of unilateral service plans rather than a unified Department of Defense program" (Cramer & Mullins, 1964, p. 37). Over the years, this has allowed for grossly spending in research and develop of such systems for all U.S. federal governments to enact in establishing financial systems independently throughout the differing services. Thus, confirming to the taxpayers, the lack of good stewardship in spending government funds. History is fundamental part of leadership development (Brewer, 2015). Recommending a historical context or comparing contemporary cases with events in the past could provide for a richer more robust development in implementation to future business practices that contribute value added in shaping the behavior in people (Brewer, 2015).

Process Improvement – Foster baseline audit readiness processes across all the servicing activities instead of every office fending for themselves. Information is still very stagnant or withheld because management and or employees didn't understand the process. Participant's noted there is not a singular voice to information sharing, slow to communicate, no steady guidance, initiatives change, and organizations don't learn about it until 6 months later.

Additionally, organizations should build toward that data analysis in order to provide detailed training and financial reporting system implementations that influence audit readiness and accountability correctly and efficiently (Steffens & Askins, 2015). Focusing intergovernmental transactions and improving internal controls, in areas such as financial reporting objectives, dependencies and risk, readiness and change management (Kemp, 2016) would ensure financial reporting and internal controls are embedded the same across the board. Especially since the reports of material weaknesses continue to be an impediment in auditability when providing documentation for supporting accounting transactions (Serbu, 2017). This lag or knowledge hiding in information sharing affects organizational efficacy, lowers confidence and trust, suggest fear of losing power which ultimately causes division amongst each member.

Recommendations for Future Research

To explore further audit readiness procedures among other organizations within the U.S. federal government and service components, other researchers are encouraged to further replicate and refine the exploration in audit readiness procedures efficacies. There is ample information identifying the need for training and more streamlined processes as well as implementation of training curriculums to remediate the deficiency (Crouse, 2012).

The findings and recommendations of this study could be useful for U.S. federal agencies in furthering and improving audit readiness effectiveness within each of the respective organizations. However, little research has been conducted on audit readiness curriculum and the organizational impacts to audit readiness preparedness. This study provided additional insights into the impacts resistance to change affect the audit readiness process and added to the body of research relative to U.S. federal agencies. In addition, the themes identified within this study and

its findings are consistent to the previous research studies conducted within the private and public sectors of organizations.

Future research recommendations to pursue increasing the size/composition of the study use participants from somewhere other than ASMC. As this study was limited to the members within the body of ASMC, a non-profit educational and professional organization for persons, military and civilian, involved in the overall field of military comptrollership. Expand boundaries that include other functional organizational, disciplinaries such as program managers, supply officers or logistics personnel, that also contribute to the FM functions and oversight that feed into the accounting systems and transactional accounting. Expanding this pool to include more participants from differing services differing disciplines would also serve to further expound and supplement current study findings.

The preponderance of the participants noted research into training styles, patterns related to audit readiness current curriculum. There has been no follow up from current curriculum implementation and the efficiencies to those training materials and its impacts. This aperture offers expansive opportunities for future research in exploring both the intricacies and prioritizations in conducting future training for FM personnel in audit readiness activities more aligned to audit sampling request. Future research may expose areas that expose areas of weakness and provide for improvement that have not been considered since the implementation of FIAR.

Finally, the research study noted macro levels of differing systems within organizations affects resistance to change. Future research could focus into systems incompatibilities across the federal government and the influences on audit readiness. Within this context, understanding the focus of each service component and the differing accounting system usage that builds to a joint

uniformity could expose opportunities in improved productivity, cost savings, and the same language to audit readiness across the board.

Conclusions

This research study pertaining to the effects in resistance to change in audit readiness and procedures within the federal government provide for relevant facts to the negative affects these resistance measures continue to encompass audit readiness within the federal government. Professional development, improved competencies in application, consistency in financial data reporting amongst the differing branches, and financial resource constraints all play an important role in meeting towards an audit compliance atmosphere and solid process and procedures. The purpose of this qualitative study was to examine those phenomenal effects in resistance to change in audit preparedness and describe cultural behavior relative to the influences and contribute to U.S. federal government agencies audit readiness processes and procedures.

The importance of this research study in addressing the research study problem was intended to gain insight and knowledge from the effects of resistance to change in audit readiness practices. Moreover, this study highlighted areas that continue to be deficient within the current practices and processes used today within the federal government. Finally, this study provided for uncovering additional barriers the FM community continues to face within the current practices of audit readiness have to auditable transaction and transparency.

The findings from this study further provide to the body of this research in exploring limiting areas, continual barriers, limited and unexplored research for academic focus. The recommendations for practices included strategic alignment framework, more involvement from leadership, professional development to include all respective FM employees, follow up on current curriculum and build towards actual audit processes, submission, and accountability. And

finally streamlining processes across the board for all respective agencies. In addition, future research focuses on explore further audit readiness procedures among other organizations within the U.S. federal government and service components that encourages to further replicate and refine the exploration in audit readiness procedures efficacies. Increase size/composition of the study outside of ASMC organization reaching out to differing stakeholders and researching macro levels of differing systems incompatibilities across the federal government and the influences on audit readiness.

References

American Psychological Association (2017). *Various portal pages*. Retrieved from https://www.apa.org/

Ashkanasy, N. M. (2016). Why we need theory in the organization sciences. *Journal of Organizational Behavior, 37*(8), 1126-1131. doi:10.1002/job.2113

Babin, R., Briggs, S., & Nicholson, B. (2011). Emerging markets corporate social responsibility and global outsourcing. *Communications of the ACM, 54*(9), 28-30. doi: 10.1145/1995376.1995387

Balaciu, D.E., Bogdana, V., Feleaga, L., & Popa, A.L (2014). "Colorful" approach regarding creative accounting. An introspective study based on the association technique. *Accounting and Management Information Systems; Bucharest, 13*(4), 643-664. Retrieved from https://search-proquest-com.proxy1.ncu.edu/accountingtaxbanking/docview/1646783784/abstract/EEA8A6E67A1746E4PQ/7?accountid=28180

Baldacchino, P.J., Tabone, N., Agius, J., & Bezzina, F. (2016). Organizational culture, personnel characteristics and dysfunctional audit behavior. *IUP Journal of Accounting Research & Audit Practices; Hyderabad, 15*(3), 34-63. Retrieved from https://search-proquest-com.proxy1.ncu.edu/accountingtaxbanking/docview/1813526373/abstract/481CCB58F050428CPQ/1?accountid=28180

Bendickson, J., Muldoon, J., Liquori, E., & Davis P.E. (2016). Agency theory: the times, they are a-changin'. *Management Decision, 54*(1), 174-193. Retrieved from https://search-proquest-com.proxy1.ncu.edu/docview/1759323435?pq-origsite=360link

Bosse, D.A., & Phillips, R.A., (2016). Agency theory and bounded self-interest. *Academy of Management Review, 41*(2), 276-297. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=5&sid=44ed6a46-54a7-4e07-be0e-b6f85af392e7%40sessionmgr4006

Brewer, G.T. (2015). Government employees' perceptions of government purchase card violations: an exploratory case study. *University of Phoenix, ProQuest Dissertations Publishing 2015, 3727506*. Retrieved from https://search-proquest-com.proxy1.ncu.edu/pqdtglobal/docview/1724666156/abstract/82035B6D493B46B4PQ/1?accountid=28180

Brivot, M., Roussy, M. & Mayer, M. (2018). Conventions of audit quality: The perspective of public and private company audit partners. *Auditing: A Journal of Practice & Theory, 37*(2), 51-71. doi: 10.2308/ajpt-51772

Brown, A. (2014). The place of ethnographic methods in information systems research. *International Journal of Multiple Research Approaches, 8*(2), 166-178. doi:10.5172/mra.2014.8.2.166

Bryant, P., & Davis, C. (2012). Regulated change effects on Boards of Directors: A look at agency theory and resource dependency theory. *Academy of Strategic Management Journal, 11*(2), 1-15. Retrieved from http://www.alliedacademies.org/

Carausu, D.N. (2015). Monitor and control in companies: An agency theory approach. *Journal of Public Administration, Finance & Law, 2015 Special Issue*, 46-60. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=4&sid=8766b3b1-6c63-4231-9c6f-e594a0b36927%40sessionmgr4010

Chan, M., Watson, J., & Woodliff, D. (2014). Corporate governance quality and CSR disclosures. *Journal of Business Ethics, 125*(1), 59-73. doi:10.1007/s10551-013-1887-8

Coburn, D.C. & Cosby, C.J. (2016). Leading change: The United States Army financial management command's critical role in the Army's drive toward audit readiness. *Armed Forces Comptroller, 61*(4), 9-13. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=2cf57833-78c7-4341-94d1-370c245efcce%40sessionmgr102&vid=19&hid=117

Cramer, D. & Mullins, G. (1964). Lessons learned from prior attempts at National Security Reform. *Thomas Jefferson Program in Public Policy*. Retrieved from https://www.wm.edu/as/publicpolicy/documents/prs/nsr.pdf

Cresswell, J. (2013). *Five qualitative approaches to inquiry*. Thousand Oaks, CA: Sage Press.

Crouse, V.A. (2012). Building audit capability. *Armed Forces Comptroller, 57*(3), 36-37. Retrieved from

http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=6c78be83-7456-4b65-bffc-1d38d54a1088%40sessionmgr104&vid=35&hid=113

Davis & Davis. (2010). Provisions of SOX - Compliance Policy (2014). Retrieved from http://sox.info/provisions.htm

Dane, F. (2011). *Evaluating research: Methodology for people who need to read research.* Thousand Oaks, CA: SAGE Publications, Inc.

D'Cunha, H. (2014). Leading with a difference. *Leadership Excellence Essentials*, *31*(7), 13. Retrieved from http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=f6c706dd-dc84-44f3-8d52-a2a30ef1dd10%40sessionmgr4008&vid=5&hid=4110

Department of Defense Instruction. (2013). *Under Secretary of Defense (Comptroller)*. Retrieved from https://fmonline.ousdc.osd.mil/Assets/documents/docs-certification/130026p.pdf

Devos, J., & Van de Ginste, K. (2015). Towards a theoretical foundation of IT governance - The COBIT 5 case. *Electronic Journal of Information Systems Evaluation, 18*(2), 95-103. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/eds/detail/detail?vid=1&sid=0044d588-1bc4-40fb-8819-c117de1df594%40sessionmgr103&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=109261833&db=edb

DOD Financial Management – High Risk Issues. (2016) *U.S. Government Accounting Office*. Retrieved from http://www.gao.gov/key_issues/dod_financial_mangement/issue_summary

DOD Financial Management Regulations. (2017). *U.S. Government Accounting Office*. Retrieved from http://comptroller.defense.gov/FMR.aspx

Djohanputro, B. (2015). The dominance of the agency model on financing decisions. *Gadjah Mada International Journal of Business, 17*(2), 157-178. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=28&sid=da33932e-20fb-415f-acbb-1a926f8f3ad8%40sessionmgr4009

Easton, M. (2014). Financial audit readiness: The big picture what's it means for your organization. *American Society of Military Comptrollers*. Retrieved from http://www.asmconline.org/wp-content/uploads/2014/06/49-Easton.pdf

Easton, M., & Quinn, J. (2012). Auditing our budgetary resources…An opportunity and a responsibility. *Armed Forces Comptroller, 57*(3), 16-19. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=100c9278-ab8f-4139-a0d1-79a245cf718a%40sessionmgr104&vid=3&hid=113

Ehley, B. (2015). $45 Billion in tax dollars goes missing in Afghanistan. *The Fiscal Times*. Retrieved from http://www.thefiscaltimes.com/2015/04/01/45-Billion-Tax-Dollars-Goes-Missing-Afghanistan

Elyasi, Y., & Rahimi, M. (2012). The causality between government revenue and government expenditure in Iran. *International Journal of Economic Sciences & Applied Research. 5*(1), 12-145. Retrieved from http://www.ijesar.org/

Emerson, G. (2016). Conflict management strategy effectiveness. *Management and Conflict Systems, 31*, 53-74.

Enron Corporation – Company profile, information, business description, history, background information on Enron Corporation. (2014). Retrieved from http://www.referenceforbusiness.com/history2/57/Enron-Corporation.html

Federal Manager's Daily Report (2017). DOD-Wide financial statement audit begins. *FEDweek*. Retrieved from http://www.fedweek.com/federal-managers-daily-report/dod-wide-financial-statement-audit-begins/

Financial Improvement and Audit Readiness (FIAR) Guidance (2016). *Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer*. Retrieved from http://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Guidance.pdf

Financial Improvement and Audit Readiness (FIAR) Plan Status Report (2017). *Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer*. Retrieved from http://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Plan_May_2017.pdf

Financial Improvement and Audit Readiness (FIAR) Guidance (2017). *Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer*. Retrieved from http://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Guidance.pdf

Fiscal Year 2016 Budget of the U.S. Government. *Office of Management and Budget, 2016*. Retrieved from https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

Fraher, A., & Grint, K. (2018). Agonistic Governance: The antinomies of decision-making in US Navy SEALs. *Leadership, 14*(2), 220-239. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/eds/detail/detail?vid=0&sid=e6469967-e73a-4b24-89c5-61ab9b1faf8f%40sessionmgr4010&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=000430024700005&db=edswss

Frances, D. (2013). Why the D.O.D. can't balance its books. *The Fiscal Times*. Retrieved from http://www.thefiscaltimes.com/Articles/2013/02/11/Why-the-Defense-Department-Cant-Balance-Its-Books

Franzel, J.M. (2014). A decade after Sarbanes-Oxley; the need for ongoing vigilance, monitoring, and research. *Accounting Horizons, 28*(4), 917-930. doi: 10.2308/acch-50868

Gillison, A.P. (2016). Defense finance and accounting service reduce legacy system initiative. *Armed Forces Comptroller, 61*(3), 47-48. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=6c78be83-7456-4b65-bffc-1d38d54a1088%40sessionmgr104&vid=39&hid=113

Guragai, B., Hunt, N.C., Neri, M.P., & Taylor, E.Z. (2017). Accounting information systems and ethics research: Review, synthesis, and the future. *Journal of Information Systems, 31*(2), 65-81. doi: 10.2308/isys-51265

Hey, S. P., & Kimmelman, J. (2016). Do we know whether researchers and reviewers are estimating risk and benefit accurately? *Bioethics*, *30*(8), 609–617. https://doi-org.proxy1.ncu.edu/10.1111/bioe.12260

Hoe, J., & Hoare, Z. (2012). Understanding quantitative research. *Nursing Standard, 27*, 52-57. Retrieved from https://search-proquest-

com.proxy1.ncu.edu/pqdtglobal/docview/1724666156/abstract/82035B6D493B46B4PQ/1?accountid=28180

Huang, H.H., & Chan, M.L. (2013). Long-term stock returns after a substantial increase in the debt ratio. *Applied Financial Economics, 23*(6), 449-460.

Husnin, A.I., Nawawi, A., Puteh, S., & Ahmad, S.A. (2016). Corporate governance and auditor quality – Malaysian evidence. *Asian Review of Accounting: Bingley, 24*(2), 202-230. Retrieved from https://search-proquest-com.proxy1.ncu.edu/accountingtaxbanking/docview/1781098802/abstract/EEA8A6E67A1746E4PQ/6?accountid=28180

Il-hang, S., Myung-gun, L., & Park, W. (2013). Implementation of the continuous auditing system in the ERP-based environment. *Managerial Auditing Journal, 28*(7), 592-627. doi: 10.1108/MAJ-11-2012-0775

Jayakumar, G.S., & Sulthan, A. (2014). Modelling: Employee perception on training and development. *SCMS Journal of Indian Management, 11*(2), 57-70. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=19&sid=5531ec59-fbf4-4f6d-baa0-84b222ffc9d3%40sessionmgr4007

Jiang, Z. (2019). Why withholding information at work won't give you an advantage. *Harvard Business Review*. Retrieved from https://hbr.org/2019/11/why-withholding-information-at-work-wont-give-you-an-advantage

Johnson, L., & Grim, R. (2013). GAO cannot audit federal government, cities department of defense problems. *HuffPost News*. Retrieved from https://www.huffingtonpost.com/2013/01/18/gao-audit-federal-government-defense_n_2507097.html

Kemp, M.L. (2016). Improving DoD's Intragovernmental financial reporting. *Armed Forces Comptroller, 61*(2), 9-13. Retrieved from http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=3fe876f8-a7a0-40bb-aca7-58b194fe3e03%40sessionmgr4006&vid=2&hid=4205

Kemp, M.L. (2014). Improving DoD's Inter/Intra-governmental financial reporting: Phase 1 – Campaign plan to improve the end to end process for reimbursable activity. *Armed*

Forces Comptroller, 59(1), 30-34. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=42c51a17-ba6f-491c-8614-0046c3e1feed%40sessionmgr102&vid=8&hid=111

Kemparaj, U., & Chavan, S. (2013). Qualitative research: A brief description. *Indian Journal of Medical Sciences, 67*(3 and 4), 89-98. doi: 10.1007/s10551-011-0956-0

Kessel, M. (2011). Sarbanes-Oxley overburdens biotech companies. *Nature Biotechnology, 29*(12), 1081-1082. doi: 10.1038/nbt.2059

Kidron, A., Ofek, Y., & Cohen, H. (2016). New perspective on the black box of internal auditing and organizational change. *Managerial Auditing Journal, 31*(8), 804-820. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/detail/detail?vid=18&sid=da33932e-20fb-415f-acbb-1a926f8f3ad8%40sessionmgr4009&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=118289199&db=bth

Kim, J.B., Song, B.Y., & Tsui, J.S. (2013). Auditor size, tenure, and bank loan pricing. *Review of Quantitative Finance and Accounting. 40*(1), 75-99.

King, D.L. (2013). Comprehensive output measurement: The missing link in U.S. federal government performance reporting. *Virginia Polytechnic Institute and State University, ProQuest Dissertation and Theses, 2016, 3585768*. Retrieved from http://search.proquest.com.proxy1.ncu.edu/pqdtglobal/docview/1512636547/121FBE6D426F4E72PQ/1?accountid=28180

Klijin, E.H., & Edelenbos, J. (2012). The influence of democratic legitimacy on outcomes in governance networks. *Administration and Society 45*(6), 627-650.

Knechel, W.R., Krishnan, G.V., Pevzner, M.B., Stefchik, L., & Velury, U. (2013). Audit quality: Insights from the academic literature. *Auditing: A Journal of Practice and Theory, 32*(1), 385-421.

Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B., & Velury, U. K. (2013). Audit quality: Insights from the academic literature. *Auditing, 32*, 385. doi: 10.2139/ssrn.2040754

Knubel, J. (2014). Financial Audit Journey. Why does it matter? Where are we? What have we learned? *Armed Forces Comptroller, 55*(1), 8-11. Retrieved from http://connection.ebscohost.com/c/articles/49718686/department-defense-financial-audit-journey

Knyazeva, A., Knyazeva, D., & Masulis, R.W. (2013). The supply of corporate directors and board independence. *Review of Financial Studies, 26*(6), 1561-1605.

Koepsell, D., Brinkman, W.-P., & Pont, S. (2015). Human participants in engineering research: notes from a fledgling ethics committee. *Science & Engineering Ethics*, *21*(4), 1033–1048. https://doi-org.proxy1.ncu.edu/10.1007/s11948-014-9568-2

Krathwohl, D. R. (2009). *Methods of educational and social science research: The logic of methods* (3rd ed). Long Grove, IL: Waveland Press.

Kruse, K. (2013). What is leadership? *Forbes.* Retrieved from: http://www.forbes.com/sites/kevinkruse/2013/04/09/what-is-leadership/#29f205a7713e

Koh, K. (2013). Theory-to-research-to-theory strategy: A research-based expansion of radical change theory. *Library and Information Science Research, 35*33-40. doi:10.1016/j.lisr.2012.09.003

Lee, G., & Kwak, Y.H. (2012). An open government maturity model for social media based public engagement. *Government Information Quarterly, 29*, 492-503.

Leach, R.A. (2012). Internal control – Its where not to cut government. *Armed Forces Comptroller, 57*(3), 46-49. Retrieved from http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=19b0f19b-dd0d-4641-81a9-c37e91df4c84%40sessionmgr104&vid=13&hid=117

Lippuner, D. (2014). Something's gotta give! *The Journal of Government Financial Management, 63*(1), 26-30. Retrieved from http://search.proquest.com.proxy1.ncu.edu/docview/1510293186/7F58438DAC0247F0PQ/18?accountid=28180

Lidén, G. (2013). What about theory? The consequences on a widened perspective of social theory. Quality & Quantity: *International Journal of Methodology, 47*(1), 213-225. doi:10.1007/s11135-011-9512-3

Marshall, B., Cardon, P., Poddar, A., & Fontenot, R. (2013). Does sample size matter in qualitative research?: A review of qualitative interviews in is research. *Journal of Computer Information Systems, 54*(1), 11-22.

Meijer, A.J. (2015). E-government innovation: Barriers and strategies. *Government Information Quarterly, 32*, 198-206.

Merriam-Webster, 2017. Dictionary. Retrieved from: https://www.merriam-webster.com/dictionary/civil%20servant

Miller, J.A. (2013). Decision support: Time-Tested tactics. *Armed Forces Comptroller, 58*(3), 30-33. Retrieved from http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=8&sid=ee6db004-7c2e-4a57-993c-03841bc71d38%40sessionmgr4007

Miller, J.A. (2017). Are we there yet? The unfinished journey to DOD auditability. *Defense AT&L, 46*(5), 22-24. Retrieved from https://www.dau.edu/library/defense-atl/DATLFiles/Sep_Oct_2017/Miller.pdf

Miller, K.C., Proctor, T.Y., & Fulton, B. (2013). Teaching managerial responsibilities for internal controls: Perception gaps between accounting and management professors. *Journal of Accounting Education, 31*(1), 1-16. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/detail/detail?vid=8&sid=74ffbdea-752d-401a-bbc6-71e0e629062f%40sessionmgr4008&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=86157353&db=bth

Musal, S. (2016). DOD: F-35 is over budget and late, but getting better. *Medill News Service*. Retrieved from: http://dc.medill.northwestern.edu/blog/2016/04/26/dod-f-35-is-over-budget-and-late-but-getting-better/#sthash.LeKuphpB.dpbs

Musgray, J.L. (2014). Enterprise risk management (ERM): Supporting your manager's internal control program and audit readiness. *Armed Forces Comptroller, 60*(3), 23-24. Retrieved from

http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=13&sid=cca9
01b8-4355-404e-8e20-d3cf8a8bd33e%40sessionmgr4006

National Security Act (1947). Retrieved from https://history.state.gov/milestones/1945-
1952/national-security-act

Ojo, M. (2015). Financial statement transparency and auditor responsibility: Enron and
Andersen. *International Journal of Auditing, 6*(3), 277-286. Retrieved from
https://www.researchgate.net/publication/227839047

Panda, B., & Leepsa, N.M. (2017). Agency theory: Review of theory and evidence on problems
and perspectives. *Indian Journal of Corporate Governance, 10*(1), 74-95. Retrieved from
https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/detail/detail?vid=30&sid=da33932e-
20fb-415f-acbb-
1a926f8f3ad8%40sessionmgr4009&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=
123877352&db=bth

Pathak, V., Jena, B., & Kalra, S. (2013). Qualitative research. *Perspectives in Clinical Research,
4*(3). 192. Retrieved from
https://www.sciencedirect.com/science/article/pii/S0964339704001168

Powers, M. (2017). Financial Statement Audit 101. *American Society of Military Comptrollers*.
Retrieved from www.milsuite.milbook/groups/2018/european-pdi/overview

Rhodes, R. (2005). Rethinking research ethics. *The American Journal of Bioethics: AJOB*, 5(1),
7–28. Retrieved from
http://proxy1.ncu.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db
=mdc&AN=16036651&site=eds-live

Rosenthal, M. (2016). Methodology matters: Qualitative research methods: Why, when, and
how to conduct interviews and focus groups in pharmacy research. *Currents in Pharmacy
Teaching and Learning, 8*, 509-516. doi:10.1016/j.cptl.2016.03.021

Ruijer, E., & Huff, R.F. (2016). Breaking through barriers: the impact of organizational culture
on open government reform. *Transforming Government: People, Process and Policy;
Bradford, 10*(2), 335-350. Retrieved from https://search-proquest-
com.proxy1.ncu.edu/accountingtaxbanking/docview/1826809807/abstract/1EBF3E8DEA
C4806PQ/23?accountid=28180

Sarbanes-Oxley Act 2002. (2014). Retrieved from http://www.soxlaw.com/introduction.htm

Scheiner, G. (2019). Unlock your potential: Charting a successful DoD FM career. Retrieved from https://higherlogicdownload.s3.amazonaws.com/ASMCONLINE/63b81227-dba4-4a2e-b100-9635243fe985/UploadedImages/WS_109_109___Unlock_Your_Potential__Charting_a_Successful_DoD_FM_Career.pdf

Serbu, J. (2017). As key deadline approaches, DOD remains biggest obstacle to government wide audit. *Federal News Radio*. Retrieved from https://federalnewsradiocom/dod-reproters-notebook-jared-serbu/2017/01/key-deadline

Shinkman, P. (2016). SIGAR: Millions of U.S. dollars wasted in Afghanistan. *U.S. News & World Report.* Retrieved from https://www.usnews.com/news/articles/2016-03-16/millions-of-us-dollars-wasted-in-afghanistan-according-to-new-watchdog-report

Smieliauskas, W., Bewley, K., Gronewold, U., &Menzefricke, U. (2018). Misleading forecasts in accounting estimates: A form of ethical blindness in accounting standards? *Journal of Business Ethics, 152*(2), 437-457. doi: 10.1007/s10551-016-3289-1

Society for Human Resource Management. (2014). Retrieved from http://www.shrm.org/templatestools/samples/policies/pages/cms_014093.aspx

Spalding, A.D., & Franks, R.A. (2012). Business ethics as an accreditation requirement: A knowledge mapping approach. *Global Conference on Business & Finance Proceedings, 7*(2), 224-236.

Steffens, T. & Askins, S. (2015). FY2015 Army schedule of budgetary activity audit: Crossing the starting line. *Armed Forces Comptroller, 60*(1), 28-30. Retrieved from http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=19&sid=cca901b8-4355-404e-8e20-d3cf8a8bd33e%40sessionmgr4006

Stephenson, H. (2016). Mission Command-able? Assessing organizational change and military culture compatibility in the U.S. Army. *Journal of Military & Strategic Studies, 17*(1), 104-143. Retrieved from https://eds-a-ebscohost-

com.proxy1.ncu.edu/eds/detail/detail?vid=0&sid=844f2743-8d3b-48dc-a32d-0f80fcc10f86%40sessionmgr4006&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=118333091&db=tsh

Sundgren, S., & Svanstrom, T. (2014). Auditor-in-charge characteristics and going concern reporting. *Contemporary Accounting Research, 31*(2), 531-550.

Tan, J.C.K., & Lee, R. (2015). An agency theory scale for financial services. *Journal of Services Marketing. 29*(5), 393-405. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/detail/detail?vid=8&sid=44ed6a46-54a7-4e07-be0e-b6f85af392e7%40sessionmgr4006&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=108464609&db=bth

Taylor, J.E. (2015). An examination of the relationship between audit quality and related audit factors: The federal single audit act (1998). *Capella University, ProQuest Dissertations, 2015, 3731704*. Retrieved from https://search-proquest-com.proxy1.ncu.edu/pqdtglobal/docview/1734861737/abstract/CEC343789A75449APQ/1?accountid=28180

Teodor, F., Liviu, C., & Tiberius, T. (2018). Decisional culture – Impact on asymmetry. *Annals: Series on Military Sciences, 10(1*), 3-9. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/eds/detail/detail?vid=0&sid=4a28911b-e5dd-4e10-bc3e-c4586d435e2c%40sessionmgr4006&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=edsdoj.154c75f86ad142f89ed24c1beb4caa98&db=edsdoj

The Chief Financial Officers Act (1991). *United States General Accounting Office Accounting and Financial Management Division.* Retrieved from https://www.gao.gov/special.pubs/af12194.pdf

Tolole-Eshlaghy, A., Chitsaz, S., Karimian, L., & Charkhchi, R. (2011). A classification of qualitative research methods. *Research Journal of International Studies, 20*, 106-123. Retrieved from https://search-proquest-com.proxy1.ncu.edu/pqdtglobal/docview/1724666156/abstract/82035B6D493B46B4PQ/1?accountid=28180

Townsend, S.K. (2014). The jumpstart our business startups act takes the bite out of Sarbanes-Oxley; Adding corporate governance to the discussion. *Iowa Law Review, 99*(1). 893-918. Retrieved from

http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=abf6ee73-5910-4047-a304-b0184f0ada44%40sessionmgr4005&vid=5&hid=4102

Turner, R (2013). Design Leadership: Securing the strategic value of design. *Gower Publishing, Ltd*. Retrieved from https://books.google.de/books?id=76VL2J0MS1QC&printsec=frontcover&dq=editions:XV4-U_O5nVoC&hl=en&sa=X&ved=0ahUKEwiKlYfBusXPAhXI2CwKHc2oD54Q6wEIHTAA#v=onepage&q&f=false

U.S. Department of Defense (2017). U.S. Department of Defense agency. Retrieved from: https://www.usa.gov/federal-agencies/u-s-department-of-defense

U.S. Department of Defense (2017). A-Z index of U.S. government departments and agencies. Retrieved from: https://www.usa.gov/federal-agencies/a

U.S. Government Accountability Office (GAO) 2017. About GAO. Retrieved from: https://www.gao.gov/about/index.html

U.S. Government Accountability Office (GAO) 2016, 2017. GAO Annual Report. Retrieved from: https://www.gao.gov/annual_index/2016_2017

U.S. Government Accountability Office (GAO) 2017. DHS Financial Management. Better use of best practices could help manage system modernization project risks. Retrieved from: https://www.gao.gov/products/GAO-17-799

U.S. Government Accountability Office (GAO) 2017. GAO High Risk List. DOD Financial Management. Retrieved from: https://www.gao.gov/highrisk/dod_financial_management/why_did_study

U.S. Government Accountability Office (GAO) 2017. High Risk Series. Progress on many high-risk areas, while substantial efforts needed on others. Retrieved from: https://www.gao.gov/assets/690/682765.pdf

U.S. Government Inspector General, U.S. Department of Defense (2015). Summary report on Audit Quality at the DoD Audit Organization. Retrieved from: https://www.oversight.gov/sites/default/files/oig-reports/DODIG-2016-031.pdf

U.S. Government Inspector General, U.S. Department of Defense (2018). Summary report on Audit Quality at the DoD Audit Organization. Retrieved from: https://www.oversight.gov/sites/default/files/oig-reports/DODIG-2016-031.pdf

Valiente, C. (2017). Achieving compliance with internal controls. *ISSA Journal, 15*(2), 38-46. Retrieved from https://eds-a-ebscohost-com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?vid=3&sid=e907c121-2ba5-40b5-afe7-fe71e94b6d6f%40sessionmgr4008

Venkatesh, V., Brown, S.A., & Bala, H. (2013). Bridging the qualitative-quantitative divide: Guidelines for conducting mixed methods research in information systems. *MIS Quarterly, 37*(1), 21-54. Retrieved from: http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/detail/detail?sid=7632056c-2ec9-46f5-b265-746d58d53179%40sessionmgr4005&vid=0&hid=4110&bdata=JnNpdGU9ZWhvc3QtbG12ZQ%3d%3d#db=bth&AN=85634550s

Vergun, D. (2020). DOD moves to use data more effectively in decision-making. *DOD News*. Retrieved from: https://www.defense.gov/Explore/News/Article/Article/2085331/dod-moves-to-use-data-more-effectively-in-decision-making/

Ward, A.L. (2017). Exploring conflict management: A qualitative study on the lack of compromise and collaboration in historically black colleges and universities in Mississippi. *Northcentral University, ProQuest Dissertations Publishing, 2017, 10641906.* Retrieved from https://search-proquest-com.proxy1.ncu.edu/pqdtlocal1006252/docview/2002355941/fulltextpdf/DB51D61D8DB047CEPQ/12?accountid=28180

Warren, D.E., Gaspar, J.P., & Laufer, W.S. (2014). Is formal ethics training merely cosmetic? A study of ethics training and ethical organizational culture. *Business Ethics Quarterly*, *24*(2), 85-117. doi: 10.5840/beq2014233

Wickam, M., & O'Donohue, W. (2012). Developing an ethical organization: The role of ethical intelligence. *Organization Development Journal, 30*(2), 9-29.

Willits, S.D. & Nicholls, C. (2014). Is the Sarbanes-Oxley act working? *CPA Journal, 84*(4), 38-43. Retrieved from

http://eds.b.ebscohost.com.proxy1.ncu.edu/ehost/pdfviewer/pdfviewer?sid=a1abd87a-4588-4fb8-8702-16922436653c%40sessionmgr113&vid=4&hid=126

Wynn, J.D., & Williams, C.K. (2012). Principles for conducting critical realist case study research in information systems. *MIS Quarterly, 36*(6), 787-810. Retrieved from: http://eds.a.ebscohost.com.proxy1.ncu.edu/ehost/detail?sid=d2da702f-f4ec-4899-962e-546a01e92503%40sessionmgr4001&vid=0&hid=4110&bdata=JnNpdGU9ZWhvc3QtbG12ZQ%3d%3d#db=bth&AN=78166759

Yin, R.K. (2014). *Case study research: Design and methods* (5th ed). Thousand Oaks, CA: SAGE Publications, Inc.

Appendices

Appendix A: Call for Study Participants

Appendix B: Informed Consent Template

Appendix C: Interview Guide / Interview Questions

Appendix D: IRB Study Approval Letter

Appendix A: Call for Study Participants

CALL FOR STUDY PARTICIPANTS

Dear (requested participants name), my name is Sylvia Cronkhite. I am a doctoral student with Northcentral University, and this is part of my training. I am conducting a research study exploring audit readiness within the federal government.

1. The purpose of the study is to explore and understand the experiences and thoughts of 25 government financial and accounting professionals relate to the reporting of financial records.

2. Study volunteers will be asked to participate in individual interviews. The interview seeks your experiences and thoughts of whether cultures and behavior has influenced audit readiness and processes within federal governments.

3. The interview should last no more than 1hour. The interview will be scheduled when you are available. The interview will be conducted over the phone or Skype.

4. You are eligible to participate if:

   1. Have knowledge of financial and accounting governance, financial transaction base entries, and accounting systems application.
   2. Are either military, government civilians, or government contractors.
   3. Familiar with the accounting and financial statutory regulations.
   4. Understand the general cultural and behavioral attitudes for military service.
   5. Have knowledge and experience in military operations, financial transactions and systems with military decision making.
   6. Participants selected from the financial community must have appropriate training in financial and accounting practices and procedures.

5. You may not participate in this research if you:

   1. Do not have knowledge of financial and accounting governance, financial transactions base entries, and accounting systems application.
   2. Not either military, government civilians, or government contractors.
   3. Not familiar with the accounting and financial statutory regulations.
   4. Do not understand the general cultural and behavioral attitudes for military service.
   5. Do not have knowledge and experience in military operations, financial transactions and systems with military decision making.
   6. Do not have appropriate training in financial and accounting practices and procedures within the financial community.

If this study interest you, and you would like to participate, please email me at s.cronkhite2588@o365.ncu.edu or contact me at (719) 596-6534.

Appendix B: Informed Consent Form

Introduction:

My name is Sylvia Cronkhite. I am a student at Northcentral University. I am conducting a research study exploring audit readiness within the federal government. This study is to explore and understand the experiences and thoughts of 25 government program managers, financial and accounting professionals on how differing military services relate to the reporting and auditability in financial records. I am completing this research as part of my doctoral degree. Your participation is completely voluntary. I am seeking your consent to participate and use your interview answers in this study. Reasons you might ***not*** want to participate in the study include concerns with remaining anonymous or a desire not to be involved in research. Reasons you might want to participate in the study include an opportunity to explore how military members make decisions. I am here to answer your questions or concerns during the informed consent process.

PRIVATE INFORMATION

Private information may be collected about you in this study. I will make the following efforts to protect your private information, including:

1. Privacy will be maintained by encrypting your data. Storage will be in a password protected storage device.
2. Random descriptors will be assigned and used during the research process. Participants will be advised not to reveal too much personal information during any interviews or discussions.
3. Interview questions will be designed to eliminate any associations of participant identity.
4. All interview paper products will be stored in a fire-proof safe in the researcher's home.
5. All interview paper products will be destroyed after seven years using a National Security Agency approved cross-cut shredder.
6. Electronic data will be kept for seven years. After seven years, it will be deleted using a commercial electronic data deletion program to remove all data traces.

Even with this effort, there is a chance that your private information may be accidentally released. The chance is small but does exist. You should consider this when deciding whether to participate.

Activities:

If you participate in this research, you will be asked to:

1. Participate in an interview that should last no more than one hour.
2. Agree to tape recording of the interview. You may still participate if you choose not to be taped.

Eligibility:

You may participate in this research if you:

7. Have knowledge of financial and accounting governance, financial transaction base entries, and accounting systems application.
8. Are either military, government civilians, or government contractors.
9. Familiar with the accounting and financial statutory regulations.
10. Understand the general cultural and behavioral attitudes for military service.
11. Have knowledge and experience in military operations, financial transactions and systems with military decision making.
12. Participants selected from the financial community must have appropriate training in financial and accounting practices and procedures.

You may not participate in this research if you:

7. Do not have knowledge of financial and accounting governance, financial transactions base entries, and accounting systems application.
8. Not either military, government civilians, or government contractors.
9. Not familiar with the accounting and financial statutory regulations.
10. Do not understand the general cultural and behavioral attitudes for military service.
11. Do not have knowledge and experience in military operations, financial transactions and systems with military decision making.
12. Do not have appropriate training in financial and accounting practices and procedures within the financial community.

I hope to include 25 people in this research.

Risks:

There are minimal risks in this study. Some possible risks include: Accidental disclosure of personnel information that could link the participant to the research study.

To decrease the impact of these risks, you can:

1. Stop participation at any time.
2. Skip any questions you may not wish to answer

Benefits:

If you decide to participate, there are no direct benefits to you.

The potential benefits to others are:

1. Improve understanding of legislative action on military financial support.
2. Improve understanding of how service culture and behavior influence financial and accounting practices and procedures.

3. Improve understanding of how audit readiness affects financial governance within the federal government.

Confidentiality:

The information you provide will be kept confidential to the extent allowable by law. Some steps I will take to keep your identity confidential are:

1. A random number will be assigned in place of your name.
2. Any references to the timing or location will be replaced with generic terms.
3. If you choose to withdraw from the study, anything you have provided will be immediately destroyed.

The people who will have access to your information are: myself, my dissertation chair, and my dissertation committee. The Institutional Review Board may also review my research and view your information.

I will secure your information with these steps:

1. All electronic information will be stored on a laptop computer. Only the researcher will have the log-in and password information. The laptop computer will not be connected to the internet.
2. All data files will be encrypted using 256-bit commercial encryption.
3. All written files will be secured in a fire-proof safe. Only the researcher will have the combination to the safe.
4. Transportation of electronic or paper files will be locked within in a standard Department of Defense courier bag. Only the researcher will have the bag key.

I will keep your data for 7 years. Then, I will delete electronic data and destroy paper data.

Audiotaping:

I would like to use a tape recorder to record your responses. You can still participate if you do not wish to be recorded.

Please sign here if I can record you: _____

Contact Information:

If you have questions for me, you can contact me at: S.Cronkhite2588@o365.ncu.edu or at 719-596-6534.

My dissertation chair's name is Dr. Corey Carpenter. He works at Northcentral University and is supervising me on the research. You can contact him at ccarpenter@ncu.edu.

If you contact us, you will be providing your phone number or email address. This information will not be linked to your responses.

If you have questions about your rights in the research, or if a problem has occurred, or if you are injured during your participation, please contact the Institutional Review Board at: irb@ncu.edu or 1-888-327-2877 ext. 8014.

Voluntary Participation:

Your participation is voluntary. If you decide not to participate, or if you stop participation after you start, there are no penalties. You will not lose any benefit to which you are otherwise entitled.

Signature:

A signature indicates you understand this consent form. You will be given a copy of the form for your information.

Participant Signature   Printed Name   Date

_____   _____   _____

Researcher Signature   Printed Name   Date

_____   _____   _____

Appendix C: Interview Guide

INTERVIEW GUIDE

<u>Service Background / Management Decision Making:</u>

1. Please describe your professional experience.

2. Please describe any service training courses or schools you have taken for audit readiness.

     In your own words, what is the focus of those courses?

3. How were these courses executed? Web based, on the job, formal, in classroom setting?

     Did you ever experience any frustration or apprehension understanding audit readiness

from the materials provided? Why or why not?

     How does this affect your emotional state of mind? From your perspective, how does it

affect the emotional state of mind of others working for you or with you?

4. What were the best methods learned towards audit readiness? Why?

     How does this affect your emotional state of mind? From your perspective, how does it

affect the emotional state of mind of others working for you or with you?

     How did it that make you feel?

5. What were the worst methods learned towards audit readiness? Why?

     How does this affect your emotional state of mind? From your perspective, how does it

affect the emotional state of mind of others working for you or with you?

     How did it that make you feel?

6. How do these courses influence audit readiness practices/procedures to management decision?

     Did you ever experience any frustration or apprehension with management or other

employees to the decisions made from the course material provided? Why or why not.

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

Audit Readiness in Military Organizations:

1. What do you know about Financial Improvement and Audit Readiness?

2. In your own words, what does Financial Improvement and Audit Readiness (FIAR) mean to you?

3. In your own words, describe how audit readiness improvement influences the strategic goals of your organization.

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How does it make you feel?

4. From your perspective, describe the role of management in ensuring audit compliance and strategic alignment.

Have you ever experienced frustration or apprehension towards management's role in audit readiness? Why or why not?

Is the strategic framework or stakeholder group that provides guidance on audit readiness procedures align or impede to the strategic goals? Why?

Have you ever experienced resistance to change from management or other employees to ensuring audit compliance?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How did that make you feel?

5. Describe how your organization manages the audit readiness processes.

Do the organizational processes impede attaining audit readiness goals? Why or why not.

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How does it make you feel?

Information Sharing:

1. How is information shared within your organization?

2. From your perspective, have you experienced frustration or apprehension with management or other employees during audit readiness activities?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

If so, how does that make you feel?

3. How well do you manage change within your organization? Are you or other employees resistant to new methods of doing business? Why or why not?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How does it make you feel?

4. Have you been working on a project or audit readiness process where someone always finds fault with the process or methodology?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How did it make you feel?

5. Have you experienced someone withholding information that may be needed for audit readiness processes or understanding? If so, why do you think they withheld the information?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How did it make you feel?

6. Have you ever experience frustration or apprehension with management or other employees withhold of information to audit readiness?

7. What experiences have you had in information sharing leading to fault finding?

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How did it make you feel?

8. How well do you work with a team?

From your perspective, what impact do team members have on audit readiness processes/practices and information sharing?

How does this affect your emotional state of mind? From your perspective, how does this affect the state of mind of others working for you or with you?

How does this make you feel?

9. Have you been on a team where either management or other employees withheld information in order for them to look better or more knowledgeable? If so, describe how it impacted audit readiness process.

How does this affect your emotional state of mind? From your perspective, how does it affect the emotional state of mind of others working for you or with you?

How did it make you feel?

Appendix D: IRB Study Approval Letter

IRB Study Approval

NCU Approved Date Stamp
August 21, 2019

Northcentral University

2488 Historic Decatur Road, Suite 100, San Diego, CA 92106 | www.ncu.edu

Date: August 21, 2019
PI Name: Sylvia Cronkhite
Chair Name (if applicable): Corey Carpenter
Application Type: Initial Submission
Review Level: Exempt - Category 2
Study Title: The Effects of Resistance to Change in Audit Readiness and Procedures within the Federal Government

Approval Date: August 20, 2019
Expiration Date: August 19, 2020

Dear Sylvia:

Congratulations! The purpose of this letter is to inform you that your IRB application has been approved. Your responsibilities include the following:

1. Follow the protocol as approved. If you need to make changes, please submit a modification form requesting approval of any proposed changes before you make them.
2. If there is a consent process in your research, you must use the consent form approved with your final application. Please make sure all participants receive a copy of the consent form.
3. Continuing review is required as long as you are in data collection or if data have not been de-identified. Failure to receive approval of the continuing review before the expiration date means the research must stop immediately.
4. If there are any injuries, problems, or complaints from participants, you must notify the IRB at IRB@ncu.edu within 24 hours.
5. IRB audit of procedures may occur. The IRB will notify you if your study will be audited.
6. When data are collected and de-identified, please submit a study closure form to the IRB.
7. You must maintain current CITI certification until you have submitted a study closure form.
8. If you are a student, please be aware that you must be enrolled in an active dissertation course with NCU in order to collect data.

Congratulations from the NCU IRB. Best wishes as you conduct your research!

Respectfully,

Northcentral University Institutional Review Board
Email: irb@ncu.edu

2488 Historic Decatur Rd., Suite 100, San Diego, CA 92106 USA
www.ncu.edu · p: 928-541-8014 · f: 928-515-5519