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The influence of 'Timing' on the effectiveness of the Internal Audit function

CHAPTER OVERVIEW

The focus of this paper is on the factors that determine the timing of the risk warning message communication by the internal auditor and hence that might be of influence on the effectiveness of Internal Audit (IA). While there has been a lot of research on various factors influencing IA effectiveness, to our knowledge, no attention has been paid for exploring timing in relation to IA effectiveness. In this study we investigate which factors determine the right timing (not too learly and not too late) for the internal auditor to communicate the risk warning message so that IA will be more effective. For the purpose of our study we defined IA effectiveness as the extent to which the auditee is willing to listen to the risk warning messages and implement the internal auditor's advice. We applied a Focus Groups research method by performing Focus Group interviews with internal auditors as well as auditees that were asked to freely discuss about these timing factors from their experience.

To our knowledge, this exploratory study is first within the research of IA effectiveness that obtained an overview of and insight in the various factors that might influence the right timing for communication of the risk warning message by the internal auditor. In general, the internal auditors and the auditee's agree with each other with regard to the importance of these timing factors for the effectiveness of the IA. There where discrepancies were noted in this respect, more alignment between the internal auditors and the auditees is required as to the right time to act.

In this paper we discuss the results and the implications of our qualitative study, both for research and practice of internal auditing. With this study we contribute to the knowledge of the factors influencing the IA effectiveness as well as the better understanding of 'timing' in decision making processes.

Keywords: timing factors, internal audit effectiveness, internal auditor, risk warning messages, focus groups

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4.1 INTRODUCTION

"Timing matters. And it matters in every aspect of business: from the launch of a new product to decisions about when to change strategic direction, spin off part of a company, accept a counteroffer, or invest in new equipment. History is full of innovative products and services that failed because they were too early. The market wasn't ready. The technology had too many bugs. Supporting infrastructure didn't exist. More commonly, in a world racing on steroids, the fatal flaw is being late. We should have moved more quickly. Our strategy would have worked if only we had executed earlier. Timing is everything. Act too early or too late, and the results can be disappointing – or even disastrous." (Albert, 2013, p.1).

If the timing is everything in every aspect of the business to make a difference between success and disaster, it is also a relevant factor for the effectiveness of the Internal Audit (IA). With our study we aim to investigate these timing factors that may be of influence on the IA effectiveness.

The internal Auditor performs the audit according to prescribed audit methodology and standards. The audit process has its own planning and sequential steps and own rhythm. At the same time, the internal auditor operates in a dynamic organizational environment that has its own tempo and dynamic. In certain situations the internal auditor needs to communicate the findings and recommendations (i.e., the risk warnings) even though the audit investigation is not yet finalised, simply because the time is right to act and make a difference. In other situations the auditor considers to wait and holds reporting of findings and recommendations since the time is not right yet.

This brings us to the question 'which timing related factors determine that the time is right (not too early and not too late) for the internal auditor to communicate the risk warnings to the auditee so that the auditee will follow the internal auditor's advice?'

We know little about when is the time right for the internal auditor to communicate the risk warnings to the auditees. Lenz et al, (2014) found that the IA function can be considered effective when organizations follow their internal auditors' (independent) advice for improvement. According to Lenz and Sarens (2012) the IA report is an output that is effective when it may trigger intended change, and it is that intended change - that specific outcome and possibly lasting impact that accomplishes the desired improvement - that matters. And if the timing of 'when to act' is everything and it matters (Albert and Bell, 2002), we make the assumption that the timing of the internal auditor's trigger of the intended change matters in being effective.

Prior research on factors influencing IA effectiveness has tended to focus predominantly on factors such as the acceptance and implementation of the audit recommendations, the size of the audit department, compliance with the auditing standards, the positioning of the IA department in the organization and relation with the Audit Com-

mittee, and interaction with line managers (Arena and Azzone, 2009), top management support (Cohen and Sayag, 2010; Van Peursem, 2005; Mihret and Yismaw 2007), staff expertise, executing the audit plan, audit communication (Mihret and Yismaw, 2007), organizational support' (Sarens and De Beelde, 2006a and 2006b). Lenz and Hahn (2015) performed an comprehensive review on the available literature on effectiveness of IA and we note timing has not been addressed as a factor for IA effectiveness. Recent research by Nuijten (2012), Nuijten et al, (2014) and Nuijten et al, (2016) focussed on causes of deaf effect (the reluctance of the message recipient to hear risk warnings issued by the messenger) on strategic topics such as continuation of an escalating IS-project and suggested that deaf effect can be considered as a deficiency in the IA's effectiveness.

Despite the abovementioned and many other studies on the effectiveness of IA, our knowledge of the relevance of timing factors on the IA effectiveness is limited. Similarly, in the organizational literature there are not much studies on point-moment problems i.e. as a situation unfolds, when is the right moment to act (Albert and Bell, 2002).

With our research we aim to examine which timing related factors have influence on the IA effectiveness, which for the purpose of this study we relate to the deaf effect (Nuijten et al, 2012; 2014; 2016) i.e., the auditee's willingness to listen or not to listen to the internal auditor's risk warning message. We furthermore address an important theoretical gap concerning the effectiveness of IA and timing factors and aim to contribute to an improved understanding of the factors influencing IA effectiveness in general. With this study we also aim to contribute to the organizational literature of timing by providing input to better understand timing factors in decision making processes in general.

From a practical perspective, we aim at providing the internal auditors relevant input so that they can use the information about the right timing of their communication of risk warning messages to more effectively convince the auditees to accept and implement audit recommendations.

We address our questions in a qualitative research by using the Focus Groups interviews research method.

The paper is organised as follows: we start with a brief overview of the literature on the IA effectiveness and timing in general. We further describe our research question and research methodology. Then we further elaborate on our results followed by a discussion on the implications of our study for research as well as practice. In the Annexes we present the Focus Groups interview guide including the questions we used in our study as well as the comprehensive coding list including the code definitions that emerged from our study.

4.2 LITERATURE REVIEW

Our literature review aims to address an important knowledge gap concerning the IA effectiveness and the factors that determine the right timing for communicating the risk warnings by the internal auditor. During our literature review we were able to find a lot of research on effectiveness of the IA function; however we could not find researchers who specifically paid attention to the timing factors in terms of 'when is the right timing for the internal auditor to act', how and why these factors contribute the internal auditor's effectiveness.

Below we view a number of examples of recent literature to show the knowledge gap in the area of IA effectiveness, concerning the timing of the internal auditor's communication of the risk warning messages to the auditee.

We first start with a brief overview of timing literature from the organizational research followed by an overview of literature from the area of effectiveness of IA.

Timing in the organizational literature

Albert and Bell (2002) comprehensively examined the organizational literature and concluded there is a little research on point-moment problems i.e. as a situation unfolds, when is the right moment to act? (Albert and Bell, 2002). In the literature, timing questions are mostly focused on sequencing problems (Lieberman & Montgomery, 1988), rate problems (Eisenhardt, 1989; Brown and Eisenhardt, 1998, Gersick, 1989), synchrony problems (Perlow, 1999), deadlines (Waller et al, 2001), and duration and coordination (Ancona et al, 2001a). Twersky and Kahneman (1974) have examined errors and biases in decision making heuristics, but not specifically how these errors and biases influence the decision when to act (Albert and Bell, 2002). In the area of innovation literature, Tyre and Orlikowski (1994) examined the patterns of timing of adaptations of technologies that support productive operations. Rogers (1983) states that when organizations rush and introduce new technologies too early, they fail to identify and correct problems that later hamper productive use of the technology.

Mitchell and James (2001) examined the role of timing in theory development and research methodology and found that in any investigation of a causal relationship between X and a Y, the time when X and Y occur and are measured is crucial for determining whether X causes Y, as well as the true strength of that relationship. They however did not examine when is the right time of X and Y to occur so that their causal relationship is the strongest. Blount and Janicik (2001) examined how organizational actors respond when timing changes affect their own personal schedules and asserted that the successful timing of organizational activities depends not only on effective planning and coordination but also on temporal responsiveness-the ability of organizational actors to adapt the timing of their activities to unanticipated events.

Although the importance of timing is acknowledged in the literature (Blount and Janick, 2001, Ancona, et al, 2001b, Lawrence 1988, Albert and Bell, 2002), we still do not know much about when is the right point of moment to act. Hence, we know little about when is the right moment for the internal auditor to communicate the risk warning message to the auditees so that the auditee is more willing to listen to this risk warning message.

Internal Audit effectiveness

In the literature various scholars have defined 'effectiveness' in general and 'effectiveness of IA' in particular. According to Dittenhofer (2001) something is "effective" when it is adequate to achieve a desired condition. In relation to the internal auditing process, Dittenhofer (2001) posited that the achievement of the internal auditing process is when internal auditing accomplishes the task described by the internal auditing objective'. From that perspective, effectiveness is synonymous with the achievement of goals.

Internal auditing as an independent activity that helps organizations to improve their operations (IIARF, 2015). In this respect, Lenz (2013) pointed out that the IA function can be considered effective when organizations follow the internal auditors' (independent) advice for improvement (Lenz, 2013).

Furthermore, Sawyer (1995) considers management's commitment to use audit re Sawyer (1973) stated that management acceptance of, and support for, the Internal Audit function has long been seen as critical to the success to that function. commendations and its support in strengthening internal audit is vital to audit effectiveness (Sawyer, 1995). And Lenz and Sarens (2012) consider the IA report is effective when it brings to the intended change and accomplishes the desired improvement, which is all what matters.

In the internal auditing literature we could find a lot of research on effectiveness of the IA function; however we could not find researchers who specifically paid attention to the question which timing factors determine the right time of the internal auditor's communication of risk warnings, how and why these factors contribute the Auditee to listen or not to listen to the Auditor's risk warning message.

We address this knowledge gap below in this paper by showing some examples of researches in the area of IA effectiveness.

Mihret and Yismaw (2007) conducted a case study to identify factors impacting the Internal Audit effectiveness and stated that the Internal Audit is effective if it meets the intended outcome it is supposed to bring about. They used a model in their case study, which considers four potential factors – internal audit quality, management support, organizational setting, and Auditee attributes to explain audit effectiveness. They showed that interaction of these factors improves audit effectiveness; however their model did

not consider the 'when' (timing) aspect of the Auditor's communication of the risk warning messages to the Auditees.

Cohen and Sayag (2010) conducted an empirical examination of the IA effectiveness determinants and found evidence showing that next to top management support, organizational independence and career and advancement, also the quality of audit work in terms of compliance with formal standards as well as a high level of efficiency in the audit's planning and execution improves the audit's effectiveness. The timing factors however are not part of these determinants of the IA effectiveness. Mihret et al, (2010) provided propositions and research agenda on potential antecedents of internal audit effectiveness and its possible association with company performance. The timing of the Auditor's communication is however not mentioned among these antecedents of internal audit effectiveness. Similarly, Arena and Azzone (2009) summarise three approaches employed in the extant literature to evaluate IA effectiveness: (1) those using the level of implementation of internal audit recommendations (Mihret and Woldeyohannis, 2008; Arena and Azzone, 2009); (2) output or outcome measures (using opinion of internal audit customers, for example management (Arena and Azzone, 2009) and (3) process measures (compliance with the Statements for the Professional Practice of Internal Auditing) (Al-Twaijry et al, 2003). According to Soh and Martinov Bennie (2011) in practice, the most commonly employed measures of IA effectiveness are still related to its efficiency with regard to delivery of the annual IA work plan and the acceptance and adoption of IA recommendations. These measure still do not include the timing of the communication of the risk warning messages by the Internal Auditor.

Based on survey data from 46 heads of internal audit (chief audit executives, CAEs) in private organizations in Germany, Lenz and Sarens (2012) and Lenz et al, (2014) identified four key dimensions or categorical blocks of effectiveness of IA functions: organization, IA resources, IA processes and IA relationships. Although quite comprehensive tough, this study do not include the timing dimension that may be of influence on the effectiveness of the internal auditor.

Another paper worth mentioning here is the paper of Lenz and Hahn (2015). Recently, Lenz and Hahn (2015) performed a comprehensive review on the available literature on effectiveness of IA. By generally considering publications from 1999 onward, their paper provided a synopsis of what academic literature says about IA effectiveness. When providing a review of the existing empirical literature on IA effectiveness, Lenz and Hahn (2015) distinguished two different streams, the "supply-side" perspective, i.e. empirical studies based on self-assessments of the Auditors, and the "demand-side" perspective, i.e. empirical studies based on other stakeholders' perspectives. While Stream 1 and stream 2 address important factors of the internal audit effectiveness, the subject matter related to role of the timing factors in the internal audit effectiveness is still under-examined area.

Elliott et al, (2007) do not examine the timing factors as to the right moment for the internal auditor to act but in their paper they make the assertion that IA reports are not always well received, they are sometimes not perceived well and their findings are not always viewed as particularly significant, at times as trivial. This could be an indication that there are factors that could be determinants of the 'right moment' for the Internal Auditor to communicate the risk warnings so that the Auditee will view his/her message as particularly significant in trivial moments and will listen to it.

The above examples of studies on IA effectiveness do not consider the timing factors that may be of influence on the effectiveness of the IA. Therefore with this study we are attempting to identify the timing factors influencing the right moment for the internal auditor to communicate the risk warning message to the auditee so that the auditee will be willing to listen more to this risk warning message. This is related to both the timing of the reporting/communicating the risk warning messages (when is the best time to address a potential audit issue) by the internal auditor as part of planned audit engagements but also to the communication of the risk warning messages outside audit assignments (like for example during account management meetings with auditees or other occasions when the auditor has contact with the auditee).

4.3   RESEARCH QUESTION

We define the following research question:

	Research Question	Type of Question
1	*Which timing factors are proposed to be of influence on the Auditee's willingness to listen or not to listen to the Auditor's risk warning message?*	Why (Causal relationship)
	1.1 *How do the timing factors influence (in general) the Auditee's decision to listen (or not to listen) to the risk warning message?*	How

Based on our literature review for the purpose of this study, we define the effectiveness of IA function as Auditee's willingness to listen or not to listen to the Auditor's risk warning message.

In this study we do not use a model based on a specific theory on which to base our analysis of the timing factors we want to explore.

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4.4   RESEARCH METHOD

In this section we elaborate thoroughly our systematic approach we employed for data gathering and their analyses. In line with Gioia et al, (2012) in this section we explain exactly what we did in designing and executing the study and the procedures we used to define our categories, themes, and dimensions.

Focus Groups interviews design

This study is a qualitative exploratory study based on a Focus Groups interviews method.

Focus groups are first mentioned as a market research technique in the 1920s (Basch, 1987) and were used by Merton in the 1950s to examine people's reactions to wartime propaganda (Kitzinger, 1994). Morgan (1997) defines Focus Groups as a research technique that collects data through group interaction on a topic determined by the researcher. "A Focus Group isn't just getting a bunch of people together to talk" (Krueger and Casey, 2009, p. 2). A Focus Group is a special type of group in terms of purpose, size, composition and procedures. It is a way to better gather information to understand how people feel or think about an issue, product or service. Focus Groups are used to gather opinions (Krueger and Casey, 2009, p. 2). The group is 'focused' in the sense that it involves some kind of collective activity – such as viewing a film, examining a single health education message or simply debating a particular set of questions (Kitzinger, 1994).

Focus Groups are relatively inexpensive and can provide fairly dependable data within a short time frame (Sekaran and Bougie, 2013, p. 113).

The purpose of our study is to identify the timing factors that may be of influence of IA effectiveness and look for any patterns of these timing factors. We intend to use the qualitative data obtained in our Focus Groups interviews to deeper understand the phenomenon under investigation and for later quantitative testing in our next study. The output of the session is a list of ideas and behavioural observations, which we aim to use for quantitative testing in further research. In exploratory research, the qualitative data that Focus Groups produce may be used for enriching all levels of research questions and hypotheses, and for comparing the effectiveness of design options (Blumberg et al, 2014, p. 157). Therefore we believe that this method will be most suitable to apply in our study.

In our Focus Group interviews we were interested in what the internal auditors and the auditees think about the timing factors that may influence the effectiveness of IA function as well as how they think and why they think as they do. According to Sekaran and Bougie (2013) Focus Groups discussions on a specific topic at a particular location and at a specified time provide the opportunity for a flexible, free-flowing format for the members. Therefore we invited the participants to talk freely in their native language on

the subject and we used unstructured open- ended questions. This was in accordance with the approach by Sekaran and Bougie (2013) who say that the unstructured and spontaneous responses are expected to reflect the genuine opinions, ideas, and feelings of the members about the topic under discussion (Sekaran and Bougie, 2013, p. 113-114).

The goal of our study is to go 'in-depth' into the topic, and therefore we spend large amount of time conducting the research with a relatively small number of people. Therefore our study is not intended to generalize.

We planned two Focus Groups interviews with representatives of Internal Audit and two Focus Groups interviews with representatives of management (the 'Auditee') within a large Dutch financial institution. This is in line with the Focus Groups approach (Kitzinger, 1994) according to which many 'focus group studies' rely on no more than 4 or 5 groups, and this may be a perfectly adequate number when working with particular populations (Kitzinger, 1994). Morgan (1997, p. 43-45) recommends conducting three to five Focus Groups interviews to obtain trustworthy answer to the research question as more groups seldom provide meaningful new insights and are costly. Additionally, we applied a mix-and-match design according to Morgan (1997). This implies that next to the four homogenous Focus Groups, we planned one mixed Focus Group interview (three representatives of internal auditors and three representatives of the auditee together). By having a mixed discussion, we aimed at obtaining new statements that would not come up among those who will share the same perspective (Morgan 1997, p. 68).

Our decision of whom to invite in the Focus Groups interviews was driven by the purpose of our study In Focus Group research the strategy is to use "purposeful" sampling whereby the researcher selects participants based on the purpose of the study (Krueger and Casey, 2009, p. 64; Morgan 1997, p. 35). According to Morgan (1997) a randomly sampled group is unlikely to hold a shared perspective on the research topic and may not even be able to generate meaningful discussion. As the purpose of our study is to explore and understand the timing factors that are of influence on the right timing the internal auditor to communicate the risk warning message to the auditees so that the auditee will be willing to listen or not listen to this message, we distinguished two types of participants in our study: the internal auditors and the auditees. Separating the participants in two groups was based on the procedures by Krueger and Casey (2009) who recommend doing so in order to be able to compare and contrast how the internal auditors and auditees talk about the issue under investigation. (Krueger and Casey, 2009, p. 66-67).

In line with Morgan (1997), we composed our Focus Groups of homogenous groups of people – people with something in common that is relevant to the topic of the study. The goal is homogeneity in background and not in attitudes (Morgan, 1997, p. 35-37).

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Thus, our Focus Groups were homogenous in nature as we defined two Focus Groups consisting of internal auditors and two consisting of representatives of the auditee and one mixed group of internal auditors and auditees.

All the Focus Group interviews were conducted by the researcher. Each Focus Group consisted of six participants. This choice was made based on the approach of Krueger and Casey (2009) who defined the ideal size of a Focus Group for most non-commercial topics to be five to eight participants. According to Krueger and Casey (2009) the quality of the study is not dependent on the size of the sample but the intent is to achieve 'theoretical saturation' which is akin to redundancy (Krueger and Casey, 2009).

Most of the research participants in our Focus Groups already knew each other. This choice was based on available guidance we could find in the literature. Decisions for choice between strangers and acquaintances should rely on the basic criterion of whether a particular group of participants can comfortably discuss the topic in ways that are useful to the researcher (Morgan, 1997, p. 37-38). At the other hand, we could not avoid that the participants were acquaintances to each other due to the organizational setting in which we conducted our research. The fact that research participants already knew each other had the additional advantage that friends and colleagues could relate each other's comments to actual incidents in their shared daily lives (Kitzinger, 1994). According to Morgan (1997), in some cases, it may be almost impossible to recruit a full group of acquaintances (e.g. among service recipients); in other cases, it may be almost impossible to avoid (e.g. in organizational settings).

Tables 4-2 throughout 4-6 in Annex 2 provide an anonymized insight into the background of our respondents.

Data collection

Throughout the study we used accepted systematic procedures for data collection, data handling and data analysis. The conclusions of our study are drawn on the level of the Internal Audit function being our unit of analysis (the 'thing') we study (Blumberg et al, 2014; Sekaran and Bougie, 2013). The data for the purpose of this study has been collected at individual level of observation i.e. the level of internal auditor and auditees.

As explained earlier, we conducted five Focus Group interviews of approximately 1 hour. With the fifth interview we reached the goal of 'saturation', which was the point at which additional data collection no longer generated new understanding about the topic (Morgan, 1997, p. 43).

Each Focus Group interview lasted approximately 1 hour and was tape recorded.

For conducting our interviews we created and followed accepted protocol according to Krueger and Casey, (2009) to ensure that results are trustworthy and accurate (see Appendix 1). To determine whether the topic will work in a Focus Group setting we discussed the approach with and obtained input from other professionals.

We asked open-ended questions about the timing factors that may be of influence of IA effectiveness during the interview. For Krueger and Casey (2009), open-ended questions are a hallmark of Focus Group interviewing. These questions imply that a few words or a phrase are insufficient as an answer and they trigger explanations, descriptions or illustrations (Krueger and Casey, 2009, p. 200-202).

During the interviews, the researcher listened carefully to the participants. The researcher took brief minutes by writing key words and phrases per participant. During the interviews, we asked participants to explain their responses if these were unclear to us. At the end of each interview, a summary of the key findings was created by the researches and the participants were asked to confirm or adjust the summary if incorrect or incomplete (Krueger and Casey, 2009, p. 200-202).

From each taped recorded interview we produced a literal transcript that was executed by an independent service provider. This resulted in approximately 25 pages transcript per interview. The transcripts were checked by the researcher for completeness and correctness and corrected where necessary.

Coding

First Cycle coding

The purpose of our data analysis is to identify the factors determining the right timing for communicating the risk warning message by the internal auditor and hence that may be of influence of IA effectiveness. We also looked for any patterns of these timing factors. We performed our data analysis by using the text analysis software Atlas.ti.

Based on the iterative coding approach of Saldana (2013), we divided our coding into two stages: First Cycle and Second Cycle coding. For the First Cycle coding we applied the coding procedures for descriptive coding according to Miles et al, (2014). A descriptive code assigns labels to data to summarize in a word or short phrase – most often a noun – the basic topic of a passage of qualitative data and eventually provide an inventory of topics for indexing and categorizing (Miles et al, 2014, p. 74).

We developed a coding scheme with codes that emerged after conducting all our interviews. This coding scheme included different descriptive codes by which we identified and classified specific words or phrases in the text related to the timing factors. As we could not find previous studies that explore the timing factors related to the effectiveness of the IA function, our coding approach was not set before going to the interviews and we did not define in advance a list of codes or phrases based on theory regarding the timing factors. Our codes emerged from and were defined during the First Cycle coding process.

According to Miles et al, (2014, p. 81-85) codes will drive the retrieval and organization of the data for analysis and therefore they must be precise and their meaning shared amongst analysts. Miles et al, (2014) explain that whether codes are pre-specified or

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developed along the way, clear operational definitions are required so they can be applied consistently by a single researcher over time, and multiple researchers will be thinking about the same phenomena as they code (Miles et al, 2014, p. 84). Similarly, as we developed our codes iteratively along the way, we made clear and precise rules and definitions for each code we applied. Each code definition included the description of the code (the 'what') and whether the source of the code was the Auditor or the Auditee (the 'who'). According to Weber (1984), the advantage of codes that are explicit, clear and precise is that such explicit codes should generate similar results in different context, which can establish a high level of reproducibility.

Based on the approach of Miles et al, (2014) we further discussed our code rules and definitions with other researchers that resulted in their improvement and fine-tuning as the study proceeded.

Second Cycle coding

In the First Cycle coding we initially summarized segments of data and detected reoccurring patterns. We then proceeded with the Second Cycle coding by pattern coding. With pattern coding as a Second Cycle method, we grouped these summaries into a smaller number of categories, themes, or constructs (Miles et al, 2014, p. 86). This is also in line with the Second Cycle approach by Saldana (2013) who prescribed collapsing the original number of First Cycle codes into a smaller number as the data is reanalysed and this way it could be found that larger segments of text are better suited to just one key code rather than several smaller ones (Saldana, 2013, p. 206-209).

Consistent with this approach, we grouped the First Cycle codes in categories or themes resulting in key codes including the codes that have something in common with each other. For this we followed an iterative process again as we did during the First Cycle coding (Miles et al, 2014, Saldana, 2013, p. 70-93). Consequently we improved the themes by eliminating duplicate or redundant themes, combining and reorganising the themes.

All the individual codes, their coding definitions along with a list of words, phrases and sentences that qualify for receiving a code as well as the code categories are provided in the Coding schemes in tables 4-8 throughout 4-25 in the Appendix 3. The categories we defined and the category definitions according to which the individual codes were assigned to a category can be found in table 4-7, in the same Appendix of this paper.

4.5   RESULTS

As described in the previous section, we scanned all five transcripts of the Focus Group interviews for specific words and phrases that can be associated with the factors that

determine the right timing for the internal auditor to communicate the risk warning message to the auditee.. After completion of our coding procedures, we proceeded with performing an analysis to see what timing factors were indicated by the internal auditors and the auditees when talking about IA effectiveness and we analysed the differences.

During the iterative coding and analysis we identified various timing factors which were mentioned by the internal auditors and the auditees to be of importance for the IA effectiveness. This list might be useful since it could be used in future research of IA effectiveness in specific as well as the timing in general.

Table 4-1 lists the timing factors mentioned by the internal auditors and the auditees per category in alphabetical order (based on Atlas.ti). It shows how often timing factors were mentioned by the internal auditors and the auditees during the interviews. We conducted five Focus Group interviews and the fifth interview reached the point of 'saturation' as the additional data collection no longer generated new timing factors. In the two interviews with only internal auditors and one mixed interview, which together lasted approximately three hours, there were in total 109 instances of timing factors. Similarly, in the two interviews with only auditees and one mixed interviews, which together also lasted approximately three hours, there were in total 102 instances of timing factors.

As with other qualitative methods of data collection, there are no hard and fast rules when it comes to reporting results. Our study sought to obtain perceptions of people on a complex topic. According to Krueger and Casey (2009) no instrument is available to measure the multiple views obtained on a complex concept (Krueger and Casey, 2009, p. 201). According to Morgan (1997), there are three basic factors that influence how much emphasis a given topic should receive in interpreting and reporting focus group data: how many groups mentioned the topic, how many people within each of these groups mentioned the topic, and how much energy and enthusiasm the topic generated among participants (Morgan 1997, p. 63).

Additionally, according to Morgan (1997) quantitative uses of coding are possible as these could be useful in analysing data from focus groups (Morgan, 1997, p. 61). According to Miles et al, (2014) in qualitative research a lot of counting occurs when a theme or a pattern is being isolated as this is done based on something that (a) happens a number of times and (b) consistently happens in a specific way. The estimations we make in our qualitative analysis like "important", "significant", or "recurrent", are, in part, based on counting, comparisons, and weights (Miles et al, 2014, p. 282).

Table 4-1. Summary of occurrences of timing factors by Auditors and Auditees

Category Timing factors	Occurrences Auditors	Occurrences Auditees
Alignment	9	9
Audit issue classification	5	9
Audit opinion	1	1
Audit procedures	19	19
Auditee's agenda	13	13
Change	10	8
Character	3	1
Content	2	0
Design phase	3	0
External factors	1	2
Focus	1	6
Incidents	3	6
Preference	5	5
Project	4	7
Regulator	2	3
Relation Auditor-Auditee	4	1
Strategic events	8	3
Type of audits	16	9

Simple counting of codes without performing any statistical tests was applied for analysing content of Focus Groups in the study of Morgan and March (1992). Also Shively (1992) has used comparisons between ethnic groups by descriptive counting. Similarly, in their school improvement study, Miles et al, (2014), did a content analysis of the responses, totalled them and derived a display of the results (Miles et al, 2014, p. 283).

Following the examples in the abovementioned studies, we first analysed the data collected from our Focus Groups interviews by counting how often certain timing factors were mentioned during the interview and by which group. Although we paid attention to how frequently the timing factors were mentioned by the internal auditors and the auditees, we did not assume that what is said most frequently is most important. Krueger and Casey (2009) advise that sometimes a really key insight might have been only said once in a series of groups (Krueger and Casey, 2009, p. 121). Krueger and Casey (2009, p. 127) further advise to pay attention to frequency, but counting things up as numbers can be misleading in focus groups reports. In line with Krueger and Casey (2009, p.127), we did not include numbers in our analysis but we used modifiers like no one, some, a few, most or all.

We devoted some more space to explaining and comparing the emerging themes and patterns derived of our data from the internal auditors and the auditees. We compared and contrasted across groups and described what was said in the groups (Krueger and

Casey, 2009, p. 121). As advised by Gioia et al, (2012), we included informant quotes to be able to see the linkages among the quotes in the text and the identified concepts/themes and dimensions.

Identified timing factors

In the below section we describe the outcomes of our analysis of the timing factors. Our first outcome is the list of timing factors influencing the IA effectiveness that were identified by the internal auditors and the auditees in the Focus Groups interviews. We identified in total 47 timing factors (refer to table 4-8 throughout 4-25 in Appendix 3) and we categorised these into 18 timing factors categories (refer to table 4-1 above).

   The second outcome of our study is obtaining an insight of which timing factors are the internal auditors' and auditees' opinions in line which each other (with regard to number of occurrences) as well as in their opinions that differ from each other (with regard to number of occurrences).

   As earlier described in this paper, we first counted how often the identified timing factors were mentioned during the Focus Groups interview and by which group. But we did not assign any importance based on the number of occurrences of the mentioned timing factors (Krueger and Casey, 2009).

   The full excel overview of the timing factors, the number of their occurrences and quotes can be obtained from the researcher upon request.

Balanced view

In this paper first we show (in alphabetical order) the timing factors identified in our study for which we see a pattern of balanced view (i.e. equal number of occurrences) between the internal auditors and the auditees. We continue with examples of different views (differences in number of occurrences) as to the role that these timing factors may have for determining the right timing for the internal auditor to act and hence for the IA effectiveness.

Alignment

For the timing factor *alignment* both the internal auditors and the auditees showed a balanced view i.e. equal number of occurrences. (refer to table 4-8 in Appendix 3). From the various identified alignment timing factors (refer to table 4-8 in Appendix 3), the auditees mentioned *the alignment among the three line of defence functions* the most. One of the auditee's said (quote translated from Dutch): *"It is nonsense if the Auditor reports on a certain issue when the second line is not yet ready with its investigation"*. This is in line with what the internal auditors said as one of the internal auditors said (quote translated from Dutch): *"The alignment among the first, second and the third line of defence is very important for the timing: first line identified issues first, thereafter second line does its check*

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and the third line (internal auditor) comes after the first and the second line have done their job. This way, the Auditor will be able to communicate the right message to Auditee".

Audit opinion

The analysis of our data showed that the internal auditors and the auditees mentioned this factor in equal instances (only once) but their views were different with regard to the content of the timing factor. So, one of the auditee's said (quote translated from Dutch): *"The auditor is always too late in communicating the audit opinion. The audit opinion is based upon a situation at an X-point of time and at the time that his message comes to upper management it is too late as they are more up to date and have already resolved the issue".* While one of the internal auditors said (quote translated from Dutch): *"The acceptance of the auditor's message depends on the context defined by the auditor. And if the auditor has created a context by communicating an audit opinion of the report as 'weak, he can start with communicating this audit opinion early so that the auditee will react on the issues smoothly. If the audit opinion is 'adequate' and this is early communicated then nobody will pay attention to the audit issues".*

Audit procedures

The analysis of the interviews shows that *audit procedures* (refer to table 4-11 in Appendix 3) as a timing factor was mentioned most frequently and in equal occurrences by both the internal auditors and the auditees. This may be an indication that both the internal auditors and the auditees recognised the *audit procedures* equally as an timing factor and they both consider this timing factor to have an equal influence on the right moment the internal auditor to communicate the risk warning message to the auditee.

From all the combined instances of *audit procedures* identified during the interviews with internal auditors, the audit procedures related to having *periodic update meetings with the auditee* during the audit and the audit procedures related to having *sufficient audit evidence prior to communicating the risk warning message* were mentioned the most. With regard to the audit procedures related to the periodic update meetings, one of the internal auditors said (quote translated from Dutch): "*We introduced weekly update meetings with the auditee because they requested these meetings from us. The auditees did not want to be surprised by us if we communicate our issues at the end of the audit. And this has to do with the timing*". This was confirmed by the internal auditee as one of the auditees said (quote translated from Dutch): "*The best practice that I experience is that I agree with the Auditor to have weekly meetings during the audit. Even if we seat half an hour together to discuss about potential audit issues, that helps me in the discussio*n later *on and in taking action for resolving the issues*".

With regard to the *audit procedures related to having sufficient audit evidence prior to* com*municating* one of the internal auditors said (quote translated from Dutch): *"At one*

hand as an auditor you want to signal a high risk issue as soon as possible but at the other hand you still have to properly investigate the matter in order to determine the impact of the issue". This seems to be partly in line with the expectation of the auditee as one of the auditees said (quote translated from Dutch): *"There should be an evidence of course, there should be a feeling that something is wrong, but I do not like to wait six months to hear of it. I want the Auditor to walk into my office right away and inform me about the issue"*.

From all the combined instances of *audit procedures* identified during the interviews with auditees, the *audit procedures related to the factual accuracy* of the identified audit issues by the internal auditor and the *audit procedures related to the auditor's audit time schedule* were mentioned the most. One of the auditees said the following regarding the audit procedures related to the factual accuracy of the identified audit issues (quote translated from Dutch): *"The moment when the Auditor aligns the factual accuracy of the audit issue with the Auditee is of crucial importance for acceptance of the audit recommendations by the Auditee".* This was found also addressed by the internal auditors as one of the internal auditors said (quote translated from Dutch): *"We can communicate our audit issue at once but in our methodology we have to do a factual accuracy check before we communicate our audit issue. So, the communication is done in several steps"*.

Auditee's agenda

As with the audit procedures, the combined instances of the *auditee's agenda* as a category of timing factors was in general also identified significantly more often compared to the other identified timing factors (refer to table 4-12 in Appendix 3). The auditees and the internal auditors indicated this factor in equal number of occurrences. Specifically, from the interviews we noted that *the auditee's agenda related to too busy periods* of the auditee throughout the year was mentioned in equal instances by the internal auditors and the auditees. As an illustration, one of the auditees said (quote translated from Dutch): *"I have experienced very often when we have very busy periods we ask the Auditor to come one month later because then we can be able to listen to his message"*. This view is shared by the internal auditors as one of the internal auditors said (quote translated from Dutch): *"I am doing an audit within a department and I know, two weeks in the month you are not welcome as they are doing their reconciliations and closures. In this period the Auditee is not receptive for our message"*.

From the collected data in the interviews we noted some instances when the internal auditors mentioned *the auditee's agenda related to their appraisal cycles by the end of the year* to have a role in determining the right timing of the internal auditor's risk warning message. For instance, one of the internal auditors said (quote translated from Dutch): *"We notice that in the last time it is more and more difficult to us to report on audit issues as we are moving towards the end of the year because everyone wants to have a clean sheet at the end of the year. And this has to do with the Auditees appraisals and KPI's and that kind of*

things". This view was also expressed by the auditees in two instances during our interviews. For instance, one of the auditees said (quote translated from Dutch): *"Sometimes I have the feeling that we do not want to get any audit issue from the Auditors at the end of the year. This has to do with our various KPI's etc. etc."*. It is interesting to note that in all four interviews this timing factor was mentioned by both the internal auditors and the Auditees; however in the fifth interview which was mixed interview with internal auditors and auditees this timing factor was not mentioned at all by both parties. This may indicate that the appraisal cycles and the KPI's of the auditees is a sensitive topic and the internal auditors and the auditees presumably do not feel comfortable to discuss this topic in a mixed Focus Group interview.

Another factor influencing the timing of the internal auditor's risk warning message identified by the auditees is the *auditee's agenda related to the occasions when the auditees are themselves busy improving their organization*. In this respect, one of the auditees said (quote translated from Dutch): *"Nothing is more annoying than when we are long busy by ourselves with building something and the Auditors come later with his message 'by the way you have forgotten to build a dual control somewhere'. Then it is too late, it costs much money and much hassle"*.

Only one internal auditor in the interviews mentioned this timing factor in relation to the effectiveness of the IA. The internal auditor said (quote translated from Dutch): *"You are aware that the Auditee knows that many things are not in order and they have many things to do on their own to improve. In these cases you report issues that are already known to Auditee and I ask myself if this is effective with regard to timing of our audit communication"*.

Preference

The *preference* as a timing factor was also mentioned in equal number of occurrences by the internal auditors and the auditees. They both have a similar view regarding the role of this timing factor for the IA effectiveness. As an illustration, one of the auditee's said (quote translated from Dutch): *" I want to be informed by the auditor about the issues as soon as possible and prefer they not to wait till the audit is finalised. Timely interaction with the auditor is for me very important so that I can take timely action. For acceptance of the auditor's issues I find this very important"*. This is in line with what the internal auditors said as one of the internal auditors noted (quote translated from Dutch): *"My own experience, actual more personal rule, is that the earlier you communicate your message to the Auditee the better. In a later stage you can communicate these issues again but then is much more easier"*.

Different view

Below we proceed with showing the timing factors identified in our study for which we see a pattern of different view (with regard to number of occurrences) between the internal auditors and the auditees as to the role that these factors may have for determining the right time of the internal auditor to communicate the risk warning message and hence to the effectiveness of IA function.

Audit issue classification

Audit issue classification as a combined timing factor was mentioned more often by the auditees compared to the internal auditors (refer to table 4-9 in Appendix 3). The *risk indication* was mostly mentioned by the auditees to be a determinant for the right timing of the internal auditor's risk warning message. As an illustration, one of the auditees said (quote translated from Dutch): "*The earlier I know of a high risk issue the better. But I have now received a report with two high risk issues in it, which I see after two months from the start of the audit. I think, this way I cannot take the Auditor seriously*". One of the internal auditors said (quote translated from Dutch): *"For critical or high risk findings we have our audit rules to communicate the message directly at the moment we have identified the risk"*.

Change

On the basis of the interviews, we noted that *change* as a category of timing factors was identified frequently (refer to Table 4-13 in Appendix 3). The internal auditors indicated the this timing factors more often than the auditees. From the combined instances, *change in staff* as a timing factor was indicated by the internal auditors and by the auditees the most. One of the internal auditors said (quote translated from Dutch): *"Recently in two audits we experienced that Auditee said to us that we are too early because they have just appointed new management"*. The opposite was said by one of the auditees (quote translated from Dutch): *"If the manager of a certain department has just started, the Auditor is more than welcome to give a kind of 'baseline' recommendations"*.

   Change in processes as a timing factor was viewed in equal occurrences by both the internal auditors and the auditees. In this respect, one of the auditees said (quote translated from Dutch): *"If I have to start with designing an purchase process tomorrow, then I want to have the Auditors with their recommendations day before yesterday"*. This is in line with what one of the internal auditors said (quote translated from Dutch): *"In cases when the Auditee is redeveloping a certain process, it is much cheaper and effective if we look at the process change at the moment of the change and give our recommendation during this change instead waiting to do the audit as planned by the end of the year"*. Interestingly, one another internal auditor said the opposite of what the colleague has said (quote translated from Dutch): *"I think we have become much more flexible because if the auditee is in the middle of remediation or revising a process or has any other issues to solve, you*

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have to have a good reason to do the audit. It is much better to postpone it till the auditee has finished".

Character

The factor *Character of the internal auditor* as a timing factor was mentioned only once by the auditees compared to the internal auditors who mentioned this factor twice during the interviews. One of the internal auditors said (quote translated from Dutch): *"There is something in the character of the auditor that determines the timing of his/her communication. I used to know auditors that can connect with management more easy than others"*. While one of the auditee said (quote translated from Dutch): *"I think that sometimes the auditor are too nice. Or they do not dare to report their issues immediately but wait long and hesitate to communicate their message"*.

External factors

The external factors related to *market developments* as a timing factor was identified once by the internal auditors and in two instances by the auditees and both groups agree with regard to the meaning of this timing factor. During the Focus Groups interviews one of the internal auditors said (quote translated from Dutch): *"I think the timing of the auditor's message should go along with the developments in the outside market"*. While one of the auditees illustrated this timing factor as an indicator for the IA effectiveness through an example saying (quote translated from Dutch): *"If you look what happens with the oil sector at the moment, then this should be trigger for the auditor to look at the impact of these outside developments within the organization at that moment and not wait until 2018 when it could be too late"*.

Focus

With regard to *focus* as a timing factor, we noted notable discrepancy between the number of occurrences in the Focus Groups interviews with internal auditors and auditees. While the internal auditors mentioned this timing factors only once, the auditees talked about the importance of both internal auditor's focus and auditee's focus as timing factor in six instances. So, one of the auditee's said (quote translated from Dutch): *"When we have certain topics that are very important, we want the auditor to look at these at a certain moment. My experience is that the auditor is very sensitive in such moments and respond to it accordingly"*. One of the auditors said (quote translated from Dutch): *"In times when certain topics are very topical to management you do not have to do much as an auditor to have an impact"*.

Incidents

The *incidents* as a timing factor were mentioned in some more instances by the auditees compared to the internal auditors. One of the auditees said (quote translated from Dutch): *"Let me tell you an example. When we had a recent cybercrime incident, the Auditor came afterwards when the incident has already happened. It was too late. The calf had been droned already! Where was the Auditor one year before this incident happened"*? This is also illustrated by one of the internal auditors who said: "*There are several topics, such as cybercrime incidents, where timing does not play any role. In this case you do not need to think about when it would be a good timing to report on this topic but you can do that at any time because the Auditee is alert for this topics"*.

Project

Both the internal auditors and the auditees identified *Project* as a timing factor that has a role in determining the right moment for the internal auditor to communicate the risk warnings to the auditees. The internal auditors mentioned this factor in less occurrences than the auditees did. One of the internal auditors pointed out the exact moment for the internal auditor to act and said (quote translated from Dutch: *"The 'go-no go' decision moment of a project is an important moment to report your issues so that the Auditee can take additional actions for issue resolution.* Similarly, one of the auditees emphasised the moment when the internal auditor is too late with his risk warning messages and said (quote translated from Dutch):*" If you want to audit a project then give your input during the project or prior to start of the project. But do not come afterwards to give me a kind of a 'report mark' when I have already finalised the project".*

Regulator

The *Regulator's requests and investigations* were also identified to be a timing factor that plays a role for the right moment for the internal auditor to act i.e. to communicate the risk warning message. Both the internal auditors and the auditees identified this timing factor with a slight difference as to the number of the occurrences in favour of the auditee. With regard to this factor, one of the internal auditors said (quote translated from Dutch): *"It can be that timing is also determined by the regulators. If we know that the regulator will come in to do a certain research, then we can report our recommendation earlier to the Auditee and they will be more ready to listen to us".* This was also confirmed by one of the auditees who said (quote translated from Dutch): *"There are regulatory driven audits resulting from regulator involvement or regulator's letters, and there is little to do as to the timing of these audits. They should be done and we have little to say about it".*

Relation Auditor-Auditees

The *Relation between the Auditors and the Auditees* was recognised by both the Auditors and Auditees as a timing factor relevant for the effectiveness of the Internal Auditor. The Auditors mentioned this timing factor more often as the Auditees identified this factor in only once instance. So one of the Auditors said (quote translated from Dutch): *"If the auditor has a good relation with the Auditee and the auditor is trusted by the Auditee, then the auditor knows that at the moment he communicates his message to the Auditee he will listen to the auditor's message. So, in this case you cannot make much mistakes with the timing of your message". The* Auditee said (quote translated from Dutch): *"In the past, the relation with the auditors was not so good and in these times the auditor's messages were not easy accepted. by us no matter the timing of the message".*

Strategic events

The *Strategic events* as a timing factor was mentioned much more often by the internal auditors compared to the auditees. With regard to the *Strategic events related to critical management decisions* (e.g. related to Initial Public Offering (IPO), go-no go decisions, decision to continue or discontinue a business), one of the internal auditors said (quote translated from Dutch):*" In the times of the IPO, the Auditee was much more ready to listen to our recommendations and came directly into action".* This timing factor was also identified by the auditees during the interviews as one of the auditees said (quote translated from Dutch): *"Prior to the IPO, we had several audit issues that we paid insufficient attention to. At the moment when IPO decision was close, suddenly these audit issues became very important and we had to resolve them as soon as possible".*

Type of audits

As it can be seen from table 4-1, the timing factor related to the *type of audits* was perceived by the internal auditors also to have an impact on the IA effectiveness. The auditees recognise this timing factor as well but in much smaller number of instances. From all identified types of audits during the interviews (refer to table 4-25 in Appendix 3), we noted that the auditee did not mention the role of the timing in *continuous auditing, audits on existing processes, maintenance audits, post-mortem audits and theme audits*. We assume the reason for this could be that auditees are not familiar with the different types of audits or they are aware of these but have no experience with regard to the role of the timing for communicating the risk warning message to them by the internal auditor. The internal auditors considered all the identified types of audits to play a role in the timing of the internal auditor's risk warning message.

For both the internal auditors and the auditees the *timing in mandatory audits and soft controls audits* during the interviews were recognised in equal number of occurrences. One of the internal auditors said the following about the timing factors in mandatory

audits (quote translated from Dutch): *"If we say to the Auditee that a certain audit must be done tomorrow, than this audit is mandatory audit and the timing is different from the regular planned audits. For it brings sense of urgency on all sides and the communication of the audit issues goes more smooth"*. The auditees showed a different view related to this factor as one of the auditees said (quote translated from Dutch): *"The mandatory audits have to be simply done no matter whether we find it nice or not nice. The timing in these audits has no role as the audit must be done. But for many other types of audits I think that the Auditor has to make better link with my management agenda, and in this case the timing is very important to me"*.

The internal auditors and the auditees find the *timing related to soft controls audits* to be important but showed different views during the interviews. For example one of the Auditors said (quote translated from Dutch): *"When you want to include behaviour issues in your message, then the right timing to do that is the final closing meeting and not before that. In this meeting the Auditee will show their culture and you can include that in your audit opinion"*. While one of the auditees said (quote translated from Dutch): *"If the Auditor has found governance or soft controls related issues, I think he/she should put these issues on the table as soon as possible"*.

From our interviews with the internal auditors we noted one interesting metaphor as to the right time the internal auditor to act in so called post-mortem audits. In this occasion, one of the internal auditors said (quote translated from Dutch): *"If you do a kind of post-mortem audit just after the placing of the 'monument', this is a right timing, but six months later you are too late"*.

Timing factors identified by the internal auditors but not by the auditees and vice versa

We conclude this section by showing the timing factors mentioned by the internal auditors but not by the auditees and vice versa.

From the data collected during the Focus Groups interviews we identified that the auditees did not identify content of the internal auditor's message and design phase as timing factors for the effectiveness of the internal auditor. These factors were however identified by the internal auditors although small number of instances. So, with regard to the *content* of the internal auditor's message, one of the internal auditors said (quote translated from Dutch): *"At the moment when you communicate something to people and they understand what you want to say, they cannot do something else then accept your message. This is the right moment for the auditor to push ahead towards solutions"*. With regard to *design phase* one of the internal auditors said (quote translated from Dutch): *"You can already look at the design of something. And then you are in time because then the Auditees want to have your advices and learn from you"*.

Also, the timing factor *Character of the auditee* was mentioned only once by the internal auditors during the interviews but not mentioned by the auditees. The internal auditor who identified this factor and said (quote translated from Dutch): *"There other 'soft' factors that play a role for the auditor to choose how to approach the Auditee and when. Because if you know in advance that the Auditee is a surly person, then you have to think carefully about what would be a handy timing to approach this person".* Only two internal auditors identified the timing factor *Strategic events-separation & integration* emphasising its great importance. To illustrate this, one of the internal auditors said (quote translated from Dutch): *"I was involved in a very important separation and integration programme where every hour was of a crucial importance for the Auditee. In this situation, the Auditee wanted to know of my audit concerns within 5 minutes".*

As to the timing factor related to the *audit procedures concerning the auditor's audit time schedule* one of the of the auditees said (quote translated from Dutch): *"Because the audit department had to finalise all audits of the previous year till January 2016, it is my perception that the internal Auditors communicated their risk messages and reports before the deadline in a hurried way instead of having finalised their investigation properly. So, in this case the internal deadlines determined the timing of the auditor's message".* Interestingly, this timing factor was not mentioned by the internal auditors in the Focus Groups interviews. This may indicate that the internal auditors do no perceive this factor to play a role in the determination of the right timing for the internal auditor to communicate the risk warning message. This shows that the internal auditors and the auditees have different opinions with regard to this timing factor and its role for the IA effectiveness.

4.6   DISCUSSION

In this section we will be discussing the main findings of our study, the implications of our study for research and practice and the limitations of the study and suggestions for further research.

Main Findings

As our study was exploratory in its nature we firstly achieved to identify the timing factors that may be of influence on the IA effectiveness and obtain a better understanding thereof. The overview of these timing factors we provided with this study can help internal auditors and auditees to identify the right timing for communication of the risk warning messages by the internal auditors and hence can be useful for managing the effectiveness of the IA effectiveness.

Secondly, the analysis of the data generated during all five Focus Groups interviews, revealed that the timing factors indicated by the participants are multiple and diverse,

dependable whether these were indicated by the auditees or the internal auditors. In majority of the instances, we noted that both the internal auditors and the auditees recognise these timing factors to be relevant for the effectiveness of the IA. In a small number of instances the internal auditors and the auditees expressed a different view of the timing factors. This information identified in our study could be of used by the internal auditors and the auditees to start a discussion with each other and align their understanding as to when is the right timing for communicating risk warning message by the internal auditor in such a way that the internal auditor can have the most impact for the organization.

Thirdly, during the Focus Groups discussions it appeared that the timing factors emerging from our discussions were experienced by the participants as 'eye opener' as they recognised to have not yet thought of these timing factors and their possible impact on the effectiveness of the internal auditor.

The timing factors identified in our study can be of importance to both the internal auditors and the auditees as these can facilitate them to better attune with each other as to when is the right time to communicate the risk warning message by the internal auditors and better adapt the timing of their activities to unanticipated events.

Implications for theory and practice

As discussed earlier in this paper, prior research on effectiveness of the IA function (Lenz and Hahn, 2015) was mainly focussed on the 'supply-side' perspective Internal Audit (e.g. the role of the Chief Audit Executive, the skills and competencies of the internal auditors, the organizational specifics, its politics and culture, the support from senior management and the impact of the board, directly or through the audit committee (AC)). The 'demand-side' perspective of the other stakeholders (e.g. whether management will or will not implement recommendations made by the internal auditor) is still under-examined area (Lenz and Hahn, 2015). Our study adds a new dimension to this 'demand-side' perspective as our study results showed that the timing are recognized by both the internal auditors and the auditees as an important element for accepting the internal auditor's recommendations by the auditees and hence an important factor for IA effectiveness. Our study indicates that the timing of the communication of the risk warning messages by the internal auditor to the auditees do matter in perceiving the internal auditor's warning messages to be significant in trivial moments of time Elliott et al, (2007).

Next, our study adds the timing dimension to the Mihret and Yismaw's (2007) model of IA effectiveness, which considers four potential factors – internal audit quality, management support, organizational setting, and auditee attributes – to explain audit effectiveness. The interaction between these factors and the timing factors we identified in this study may potentially improve audit effectiveness.

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Our study resulted in an overview of different factors determining the right moment for the internal auditor to act. Based on the statements given by the internal auditors and the auditees during the Focus Groups interviews, we could distinguish three groups of timing factors as shown below:

1. *Standard timing factors* emerging from regular 'business as usual' situations. Examples are timing factors related to alignment, audit procedures and auditee's agenda. These timing factors could be easily recognised and are repetitive in their nature.
2. *Mandatory timing factors* emerging from regulator's requests that are unavoidable and cannot be postponed. These timing factors could also be easy to identify by both the internal auditors and the auditees as the timing emerges from a mandatory event whose timing is known on beforehand.
3. *Special timing factors* emerging from exceptional situations that require special attention by the auditees and the internal auditors. These are not standard and easy to identify timing factors as these occur based on unanticipated and complex events. Examples are timing factors related to incidents, audit issue risk classification, change, strategic events, projects, audits abroad, and soft controls audits.

Based on the assertion made by Mitchell and James (2001) that the successful timing of organizational activities depends not only on effective planning and coordination but also on temporal responsiveness - the ability of organizational actors to adapt the timing of their activities to unanticipated events, we assume that the ability of the internal auditor to adapt the timing of the communication of the risk warning messages to standard ('business as usual'), mandatory or special (unanticipated) events within the organization is a very important element for the IA effectiveness.

We furthermore believe that our study provides input that could be used as an interesting path for obtaining more support to the Music Theory concepts, similarly to what Albert and Bell (2002) did in their paper. By applying Music Theory concepts such as tonality, rhythm, musical shape, and harmony, Albert and Bell (2002) analysed why the FBI launched its assault upon David Koresh's compound in Waco, Texas, when it did. In their paper Albert and Bell (2002) advised that to understand timing, one must understand the mechanisms that create and release tension, that generate a sense of movement and pattern, and that stimulate the need for and produce closure and rest. Similarly, in further research we could do more research work based on these Music Theory concepts to be able to better understand the identified timing factors in our study and deploy these more effectively in the area of internal auditing and its effectiveness.

Our study has also practical implications. During the interviews the participants indicated they were unaware of the timing factors that may play a role in the effectiveness of the internal auditor's risk warning message. Consequently, an important practical implication of this study is that the internal auditors and the auditees became aware of

the existence of factors determining the right timing for the internal auditor to act as well as and the role thereof for the IA effectiveness. Our study did not aim at providing a recipe for determining the right timing of the communication of the risk warnings but provided and overview of the these timing factors, which we recommend to the internal auditors and auditees to use when they enter in a discussion about the timing as these could help them is determining the right moment to act.

Our study has also practical implications for the skills required from the internal auditor dependable on the type of timing factors that influence the internal auditor's effectiveness. A potential implication could be that in standard ('business as usual') situations, the organization will require internal auditors who are more skilled for performing repetitive and predictable tasks while for special and unanticipated events the internal auditors would be required to possess skills of agility and communication sensitivity. Distinguishing between different timing factors and linking these with the required internal auditor skills will presumably contribute to upgrading the IA function.

The knowledge about the existence of timing factors identified in our study as well as the awareness of their diversity and different nature, can further contribute to the internal auditors and the auditees to attune with each other the right moment of the action and improve their skills and responsiveness as well as to better adapt the timing of their activities to predictable or unpredictable events. We presume our study provides the internal auditors with useful indicators of the timing factors to better manage and improve the effectiveness of IA.

Limitations and suggestions for further research

We finalise this paper with stating the limitations and giving suggestions for further research.

Our study is an important first step towards understanding the timing factors as to when is the right time to act for the internal auditor in the context of IA effectiveness. Our study has however some limitations, which we discuss below.

Our study is exploratory in nature and it is based on interviews only within one large financial institution in The Netherlands. Therefore, one should be cautious in generalising the outcomes of this study. It is possible that the results would be different in other settings as there may be other timing factors that may also affect the right moment of the internal auditor's communication of the risk warning message. In the follow up of this study we could further explore the effect of the timing factors on the IA effectiveness in different settings like smaller financial institutions, insurance companies, within The Netherlands and/or abroad.

During our interviews, timing factors related to audits performed abroad were mentioned in very small instances. As the timing factors may be different for audits abroad

due to many reasons, further research is needed to obtain better view on and the importance of these timing factors for the IA effectiveness.

Also, our study provided first insights into the timing factors that determine the right timing for the internal auditor to communicate the risk warning messages to the auditee. These timing factors have different meanings and can be interpreted in various ways with regard to their importance for the IA effectiveness. Further quantitative research is needed to obtain empirical support to be able to make further analysis of these timing factors for the level of their importance and making comparisons thereof between groups. In the next study it could be therefore interesting to consider performing a Q methodological study that could provide more qualitative and quantitative support for the timing factors identified in our study, enabling ranking and comparisons of the factors for their importance by Q methodological factor analysis.

Our study could also be followed up by further investigating whether the timing factors we identified could be of influence on the deaf effect (i.e., reluctance of the message recipient to hear risk warnings of the messenger) for risk warning messages being as mediator or moderator between the internal auditor and the deaf effect.

Despite the limitations, our study shows the importance and the relevance of a scientific examination of the timing factors that may affect the effectiveness of the IA function. Academic studies that have (qualitatively as well as empirically) examined the role of the timing factors in the effectiveness of IA are, to our knowledge, not yet available. We believe our study opens up new challenges for future research and we encourage others to advance our understanding of the timing factors in the context of the IA effectiveness.

APPENDIX 1.

Focus Group Interview protocol

Introduction Interview with Internal Auditor:
Good afternoon and welcome. Thanks for taking the time to join our Focus Group interview. We invite you to tell us about your experiences about the timing factors that influence Auditees' decision to continue or redirect a risky-course of action after your reported your risk warning message (written or oral).

   The internal auditor performs the audit according to prescribed audit methodology and standards The audit process has its sequential steps and own planning. At the other hand, the audit takes place in a dynamic organizational environment that has its own tempo and dynamic.

   In our study we propose that the timing for reporting of the risk warning message by the internal auditor influences the effectiveness of the internal auditor (to listen or not to listen to the risk warning message by the internal auditor).

Introduction Interview with Auditees:
Good afternoon and welcome. Thanks for taking the time to join our Focus Group interview. We invite you to tell us about your experiences about the timing factors that influence your decision to continue or redirect a risky-course of action after the internal auditor reported to you his risk warning message (written or oral).

   The internal auditor performs the audit according to prescribed audit methodology and standards The audit process has its sequential steps and own planning. At the other hand, the audit takes place in a dynamic organizational environment that has its own tempo and dynamic.

   In our study we propose that the timing for reporting of the risk warning message by the internal auditor influences the effectiveness of the internal auditor (to listen or not to listen to the risk warning message by the internal auditor).

For both interviews with Internal Auditor and Auditee:
Please talk freely about the timing factors or conditions that were of influence on your decision to listen or not to listen to the auditor's risk warning message.

   We want to tap into your experiences and your opinions about these timing factors.

   There are no right or wrong answers. All points of view are welcome. Please feel free to share your point of view even if it differs from what others have said.

   Our study is not aimed to reach agreement on the content but on better understanding (causes, indicators and effects) of the timing factors related to IA effectiveness.

We will capture and transcript for methodological reasons. Of course we maintain full confidentiality on the information you share with us. We will exclude all names or identities from our transcription.

Please talk freely. If you have a cell phone, please put it on a quite mode.

Our study consists of two questions related to the timing factors that may be of influence on the IA effectiveness within ABN AMRO Bank. The questions are:

Questions for the Internal Auditor:

Question 1: Which timing factors are proposed to be of influence on the Auditee's willingness to listen or not to listen to the auditor's risk warning message? (Why)

Question 2: How do the timing factors influence (in general) the Auditee's decision to listen (or not to listen) to the risk warning message?

Questions for the Auditee:

Question 1: Which timing factors are proposed to be of influence on your willingness to listen or not to listen to the auditor's risk warning message? (Why)

Question 2: How do the timing factors influence your decision (in general) to listen (or not to listen) to the risk warning message?

APPENDIX 2.

Anonymous Description of Respondents

Table 4-2. Anonymous Description of Respondents in first Focus Group interview

Role and experience	Gender	Nationality	Age	Auditor/Auditee
Head Internal Audit, >25yrs	Male	Dutch	50-55	Internal Audit
Director Audit, >20yrs	Male	Dutch	50-55	Internal Audit
Director Audit, >20yrs	Male	Dutch	50-55	Internal Audit
Senior audit manager, >15yrs	Male	Dutch	45-50	Internal Audit
Senior audit manager, >15yrs	Female	Dutch	40-45	Internal Audit
Senior audit manager, >20yrs	Male	Dutch	55-60	Internal Audit

Table 4-3. Anonymous Description of Respondents in second Focus Group interview

Role and experience	Gender	Nationality	Age	Auditor/Auditee
Director Audit, >20yrs	Male	Dutch	40-45	Internal Audit
Senior audit manager, >20yrs	Male	Dutch	50-55	Internal Audit
Audit manager, >15yrs	Male	Dutch	40-45	Internal Audit
Audit manager, >10yrs	Female	Dutch	30-35	Internal Audit
Senior auditor, >10yrs	Female	Dutch	35-40	Internal Audit
Senior auditor, >5yrs	Female	Dutch	30-35	Internal Audit

Table 4-4. Anonymous Description of Respondents in third Focus Group interview

Role and experience	Gender	Nationality	Age	Auditor/Auditee
Chief Operating Officer, >25yrs	Male	Dutch	55-60	Auditee
Head of department A, >20yrs	Male	Dutch	45-50	Auditee
Head of department B, >20yrs	Male	Dutch	50-55	Auditee
Head of department C, >15yrs	Male	Dutch	45-50	Auditee
Head of department D, >20yrs	Female	Dutch	40-45	Auditee
Officer department E, >20yrs	Female	Dutch	45-50	Auditee

Table 4-5. Anonymous Description of Respondents in forth Group interview

Role and experience	Gender	Nationality	Age	Auditor/Auditee
Head of department F, >25yrs	Male	Dutch	55-60	Auditee
Head of department G, >20yrs	Female	Dutch	45-50	Auditee
Account manager department H, >10yrs	Male	Dutch	30-35	Auditee
Business manager department I, >20yrs	Male	Dutch	45-50	Auditee
Risk officer department J, >15yrs	Male	Dutch	40-45	Auditee

Table 4-6. Anonymous Description of Respondents in fifth Focus Group interview

Role and experience	Gender	Nationality	Age	Auditor/Auditee
Senior audit manager, >15yrs	Male	Dutch	45-50	Internal Audit
Audit manager, >10yrs	Male	Dutch	35-40	Internal Audit
Senior auditor, >10yrs	Female	Dutch	30-35	Internal Audit
Chief Operating Officer, >25yrs	Male	Dutch	55-60	Auditee
Head of department K, >20yrs	Male	Dutch	45-50	Auditee
Head of department L, >25yrs	Male	Dutch	55-60	Auditee

APPENDIX 3.

Iteratively developed coding schemes and coding categories

Table 4-7. Code categories and definitions

Category Timing factors	Category definition
Alignment	Relation between the timing factors and the alignment between the auditors and the external accountant, or between the auditors and first and second line of defence functions, or the alignment with the audit plan with respect to type of audits to be executed, or the alignment between the audits and the budget needs of the auditees.
Audit issue classification	Relation between the timing factors and the risk classification of audit findings or the severity of the audit issues identified by the auditor.
Audit opinion	Relation between the timing factors and the audit opinion reported by the auditor as a result of the audits.
Audit procedures	Relation between the timing factors and the auditor's procedures related to the planned time schedule during the audit, or to the audit principle of executing the audit activities with due care, or to the audit procedures related to supporting the audit issues by the auditor by sufficient evidence before communicating the audit issue, or to the audit procedures related to the auditor's factual accuracy check during the audit, or to the audit activities of the auditor during the fieldwork phase of the audit, or to communicating the initial observations in the orientation phase of the audit, or to the audit procedures related to the quarterly audit opinion that the auditor reports to the auditees, or to update meetings of the auditor with the auditee throughout the audit.
Auditee's agenda	Relation between the timing factors and the occasions when auditee's staff is absent due to e.g. holiday or any other reason, or the auditee's end of year appraisal cycle, or when management is busy working on their own solutions within the organization or periods when auditee is too busy with various activities.
Change	Relation between the timing factors and changes in applications within the auditee's organization, or changes in laws or regulations, or changes in staff within the auditee's organization, or when the auditee is engaged in process change.
Character	Relation between the timing factors and the personal character of the auditee or the personal character of the auditor.
Content	Relation between the timing factors and the moment when the auditee understands the content of the auditor's message.
Design phase	Relation between the timing factors and the auditor looking at the design phase of a process, control, systems etc. before its implementation.
External factors	Relation between the timing factors and outside market developments.
Focus	Relation between the timing factors and the shift of audit focus related to what topics they find important, or the shift of auditee's focus related to what topics they find important.
Incidents	Relation between the timing factors and incidents or events that trigger alertness by management.
Preference	Relation between the timing factors and the personality trait (unrelated to other situations) of the auditee as to when to communicate audit issues or the personality trait (unrelated to other situations) of the auditor as to when to communicate audit issues.

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Table 4-7. Code categories and definitions (*continued*)

Category Timing factors	Category definition
Project	Relation between the timing factors and projects done by auditees.
Regulator	Relation between the timing factors and the regulator's requests and investigations.
Relation Auditor-Auditee	Relation between the timing factors and the relation between the auditor and the auditee.
Strategic events	Relation between the timing factors and the critical management decisions made by the auditee specifically when reference is made to Initial Public Offering (IPO), go-no go decisions, decision to continue or discontinue a business line, strategical issues, or the separation or integration programmes of the auditee.
Type of audits	Relation between the timing factors and various types of audits such as audits abroad, continuous audits, audits on existing process, maintenance audits, audits on management request, mandatory audits, post-mortem audits, soft control audits and theme audits.

Table 4-8. Coding scheme for Alignment

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Alignment external auditor	when a reference is made to alignment of activities between the auditors and the external accountant	external accountant, externe auditor, vierde lijn partijen	external accountant, external auditor, fourth line of defence parties	Auditor: "The impact of the internal auditor is bigger if he can align with the external auditor. For example the moment when the organization makes a change of the external auditor, that is the moment when the internal auditor can report on relevant topics much earlier than initially planned". Auditee: "The timing is not adequate for the auditor when he comes with the same issues one or two weeks after the external auditor or the regulator or the second line have reported on these same issues".
Alignment 3 Lines of Defence	when a reference is made to the alignment of activities between the auditors and first and second line of defence functions	Eerste lijn, tweede lijn, derde lijn, planning tweede lijn, risk control self-assessment (RCSA)	first line, second line, third line, planning second line, risk control self-assessment (RCSA)	Auditor: "The alignment among the first second and the third line of defence is very important for the timing: first line identified issues first, thereafter second line does its check and the third line (internal auditor) comes after the first and the second line have done their job. This way, the internal auditor will be able to communicate the right message to Auditee". Auditee:" It is nonsense if the internal auditor reports on a certain issue when the second line is not yet ready with its investigation".
Alignment audit plan with auditee's needs	when a reference is made to the auditee's desire for alignment with the audit plan with respect to type of audits to be executed	audits in continue stroom, audits in golfjes of thema's, gefragmenteerd audit plan	audits in continuous stream, audits in waves or theme's, fragmented audit plan	Auditee: "Many audit issues communicated by the internal auditor for me as an Auditee are not very much important. Sometimes I get audit recommendations for applications or platforms that will be abandoned within one or two years . So, I do not invest anything there. I find that internal auditors do not sufficiently take into considerations what are my priorities, management agenda and objectives. I do not need audits in an continuous flow but more in wavelet's or themes".

Table 4-8. Coding scheme for Alignment (*continued*)

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Alignment with auditee's budget needs	when a reference is made to the auditee's need for alignment between the audits and the budget needs of the auditees	extra budget, budgetrondes, geen budget voor	extra budget, budget cycles, lack of budget	Auditor: *"For the timing of the auditor's message it is important whether the timing is aligned with the Auditee's decision making process related to budgets. For example, if they need an extra budget to resolve an issue then the auditor is more effective if he communicates the audit issue before the Auditee's budget rounds".*

Table 4-9. Coding scheme for Audit issue classification

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Risk indication	when a reference is made to risk classification of audit findings	high risk, critical risk, hoog risico, critical finding, high finding	high risk, critical risk, critical finding, high finding	Auditor: "For critical or high risk findings we have our audit rules to communicate the message directly at the moment we have identified the risk. Auditee: I think there is a direct correlation between the height of the risk indication of an audit issue and the timing. The earlier I know of a high risk issue the better. But I have now received a report with two high risk issues in it which I see after two months from the start of the audit. I think, this way I cannot take the auditor seriously".
Severity of audit issues	when a reference is made to the severity of the audit issues identified by the auditor	ernst van wat je vindt, ernstig, sense of urgency	severity of the findings, serious, sense of urgency	Auditor: "What I find to be important for the timing is the severity of the audit issues we have identified. For example, recently we found one very severe issue at the very beginning of our audit. Normally we would wait with communication of an audit issue after we have investigated the matter completely, but in this case we started the communication with the Auditee directly. And because the sense of urgency of this issue was very high, the Auditee was ready to listen to our message straightaway".

Table 4-10. Coding scheme for Audit opinion

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Audit opinion	when a reference is made to the audit opinion reported by the auditor as a result of the audits	weak, adequate, zware rapport	weak, adequate, heavy report	Auditor: "The acceptance of the auditor's message depends on the context defined by the auditor. And if the auditor has created a context by communicating an audit opinion of the report as 'weak, he can start with communicating this audit opinion early so that the auditee will react on the issues smoothly. If the audit opinion is 'adequate' and this is early communicated then nobody will pay attention to the audit issues. Auditee: "The auditor is always too late in communicating the audit opinion. The audit opinion is based upon a situation at an X-point of time and at the time that his message comes to upper management it is too late as they are more up to date and have already resolved the issue".

Table 4-11. Coding scheme for Audit procedures

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Audit procedures-audit time schedule	when a reference is made to the auditor's procedures related to the planned time schedule during the audit	planning, vertraging, interne deadlines, deadline, audit gedreven door tijdsdruk, auditor's time schedule	planning, delay, internal deadlines, deadline, audit driven by time pressure, auditor's time schedule	Auditee: *"Because the audit department had to finalise all audits of the previous year till January 2016, the internal auditors communicated their risk messages and reports before the deadline in a hurried way instead of having finalised their investigation. So, in this case the internal deadlines determined the timing of the auditor's message".*
Audit procedures-due care	when a reference is made to the audit principle of executing the audit activities with due care	zorgvuldigheid, review niet klaar	due care, not ready	Auditor: *"If you communicate the audit issues too soon without handling the issue with due care by executing all the necessary audit activities, this can result in you doing things twice and then you are not effective anymore".*
Audit procedures-evidence	when a reference is made to the audit procedures related to supporting the audit issues by the auditor by sufficient evidence before communicating the audit issue	goed verhaal hebben, evidencing, evidence, onderbouwing, goed onderzoeken	to have a good story, evidencing, evidence, supporting documentation, properly investigate	Auditor: *"You can be also too early in communicating the audit message. You do not have a good story yet but you want to do something with it. This is in my opinion dangerous".* Auditee: *"There should be an evidence of course, there should be a feeling that something is wrong, but I do not like to wait six months to hear of it. I want the Auditor to walk into my office right away and inform me about the issue".*
Audit procedures-factual accuracy	when a reference is made to the audit procedures related to the auditor's factual accuracy check during the audit	factual accuracy	factual accuracy	Auditor: *"We can communicate our audit issue at once but in our methodology we have to do a factual accuracy check before we communicate our audit issue. So, the communication is done in several steps".* Auditee: *"The moment when the auditor aligns the factual accuracy of the audit issue with the Auditee is of crucial importance for acceptance of the audit recommendations by the Auditee".*

Table 4-11. Coding scheme for Audit procedures (*continued*)

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Audit procedures-fieldwork	when a reference is made to the audit activities of the auditor during the fieldwork phase of the audit	tijdens de veldwerk, audit werkzaamheden	during fieldwork, audit activities	Auditor: "My experience is that we try shortly after the end of the fieldwork to give a kind of PowerPoint presentation to the Auditee and during this presentation we communicate our message. The audit report comes later, after this presentation and is more a confirmation of what has been said during the presentation". Auditee: "The issues should be communicated directly when they are spotted. The audit report at the end of the audit should be formality, the audit report is not the communication of the audit findings but during the fieldwork the issues should be communicated and clarified".
Audit procedures-orientation phase	when a reference is made to communicating the initial observations in the orientation phase of the audit	tijdens de oriëntatie fase van de audit	during the orientation phase of the audit	Auditor: "If you want to have an impact on the Auditee during the audit, you should communicate your concerns and observations when you perform the orientation phase of the audit. So, the auditee knows already in early stage about the risks".
Audit procedures-quarterly reporting	when reference is made to the audit procedures related to the quarterly audit opinion that the auditor reports to the auditees	elke kwartaal een audit opinion, eind van het kwartaal, kwartaalparadigma	quarterly audit opinion, end of the quarter, quarterly paradigm	Auditor: "The quarterly audit reporting is of static nature and my opinion is that we should not report our audit opinion each quarter but at the moment when the audit issue occurs". Auditee: "I find that the auditors live in a quarterly paradigm. And this is because the Audit Committee wants to have a quarterly audit opinion. But this is not my managerial timing paradigm. I can understand that this quarterly report must be produced by Audit due to the Audit Committee, but this does not fit into my timing when I am busy with my managerial challenges".

Table 4-11. Coding scheme for Audit procedures (*continued*)

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Audit procedures-update meetings	when a reference is made to update meetings of the auditor with the auditee throughout the audit	update meetings, wekelijkse meetings, tweewekelijkse meetings, bila gesprek, periodiek overleg	update meetings, weekly meetings, bi-weekly meetings, bilaterally meeting, periodic meeting	Auditor: "We introduced weekly update meetings with the Auditee because they requested these meetings from us. The Auditees did not want to be surprised by us if we communicate our issues at the end of the audit. And this has to do with the timing. Auditee: "The best practice that I experience is that I agree with the Auditor to have weekly meetings during the audit. Even if we seat half an hour together to discuss about potential audit issues, that helps me in the discussion later on and in taking action for resolving the issues".

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Table 4-12. Coding scheme for Auditee's agenda

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Auditee's agenda-absence staff	when a reference is made to occasions when auditee's staff is absent due to e.g. holiday or any other reason	niet mensen voor de blok zetten voor de vakantie, drie man niet zijn, er niemand is	people to put on pressure before holidays, three people absent, nobody is present	Auditor: "You should not push people before they go on holiday. If you want to discuss your audit report just before the Auditee leaves on holiday, that is not the right timing for your communication. I know how my agenda looks like one day before my holiday and this is the case with Auditee's agenda as well. So, you need to align the timing of your audit communication with the Auditee's agenda". Auditee: "You can influence the timing of the audit. If you do not want to have an audit in a period when there are three key people absent you can ask the auditors to re-plan the audit. It is nonsense to do audit when key staff is absent".
Auditee's agenda-end of year appraisal	when a reference is made to the auditee's end of year appraisal cycle	beoordelingsscores, eind van het jaar, KPI's, clean sheet, afrekenmethodiek, beoordeling, PPP cyclus	appraisal scores, end of year, KPI's, clean sheet, appraisal method, appraisal, PPP cycle	Auditor: "As soon as we move towards the end of the year it is more and more difficult to communicate heavy issues or audit reports because these have an impact on Auditee's appraisal scores. This does not say that our issues are incorrect but simply we get more resistance from management because of their appraisals. Auditee: "Sometimes I have the impression that by the end of the year we do not want to have any audit issues due to our KPI's etc..."

Table 4-12. Coding scheme for Auditee's agenda (*continued*)

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Auditee's agenda- themselves busy with solutions	when a reference is made to occasions when management is busy working on their own solutions within the organization	zelf begonnen zijn, zelf aan het bouwen zijn, we zijn er mee bezig, uitgevoerd	started by their own, building up something by their own, we are busy with it by ourselves, implemented	Auditor: "You are aware that the Auditee knows that many things are not in order and they have many things to do on their own to improve. In these cases you report issues that are already known to Auditee and I ask myself if this is effective regarding timing of our audit communication". Auditee: "We have started with improving data quality. We know that we have issues with data quality and we are busy with building it. Then the auditor comes six months later and wants to look at the same issues again. The timing is not convenient, the auditor is too late".
Auditee's agenda- too busy periods	when a reference is made to periods when auditee is too busy with various activities	twee weken per maand ben je niet welkom, eind van de kwartaal, begin van de kwartaal, drukke tijd, drukke periodes, druk, piekmomenten, druk hebben	two weeks per month not welcome, busy time, busy period, busy, peak times, to be too busy	Auditor:" I am doing an audit within a department and I know, two weeks in the month you are not welcome as they are doing their reconciliations and closures. In this period the Auditee is not receptive for our message". Auditee: "I have experienced very often when we have very busy periods we ask the auditor to come one month later because then we can be able to listen to his message".

Table 4-13. Coding scheme for Change

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Change in applications	when a reference is made to changes in applications within the auditee's organization	applicaties	applications	Auditor: "When the Auditee is doing projects or changes in applications, they want to have the auditor's recommendations when they are in phase of the change and not later after the implementation".
Change in laws and regulations	when a reference is made to changes in laws or regulations	veranderingen in wet-of regelgeving, regulatory, wet niet af, MiFID	changes in laws or regulations, regulatory, law not ready, MiFID	Auditor: "During changes in laws and regulations, the Auditee can be helped by us if we come early enough with our recommendation so that they have sufficient time to correct things". Auditee: "When the laws and regulations have changed but they are not ready yet and we are not ready yet with our organization, this is not a good timing for the auditor to come".
Change in process	when a reference is made to occasions when the auditee is engaged in process change	proces aan het herzien, verandering, designproces, herontwerp van proces, bouwen, proces, proces in verandering	revising of process, change, process design, redevelopment of process, building up, process, process in change	Auditor: "In cases when the Auditee is redeveloping a certain process, it is much cheaper and effective if we look at the process change at the moment of the change and give our recommendation during this change instead waiting to do the audit as planned by the end of the year". Auditee: "If I have to start with designing an purchase process tomorrow, then I want to have the auditors with their recommendations day before yesterday".
Change in staff	when a reference is made to changes in staff within the auditee's organization	afdelingshoofd nieuw, minder mensen, reorganisaties, managementwisseling, veranderen van management, nieuw management, manager begint net	new head of a department, less employees, reorganization, change of management, management change, new management, manager just started	Auditor: "When the department head is newly appointed, he/she is much more open to hear of our recommendations". Auditee: "If the manager of a certain department has just started, the auditor is more than welcome to give a kind of 'baseline' recommendation".

Table 4-14. Coding scheme for Character

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Character Auditee	when a reference is made to the personal character of the auditee	stug	surly	Auditor: "There other 'soft' factors that play a role for the auditor to choose how to approach the Auditee and when. Because if you know in advance that the Auditee is a surly person, then you have to think carefully about what would be a handy timing to approach this person".
Character Auditor	when a reference is made to the personal character of the auditor	psychologie van de auditor, lief, durven niet	psychology of the auditor, too nice, do not dare	Auditor: "There is something in the character of the auditor that determines the timing of his/her communication. I used to know auditors that can connect with management more easy than others". Auditee:" I think that sometimes the auditor are too nice. Or they do not dare to report their issues immediately but wait long and hesitate to communicate their message".

Table 4-15. Coding scheme for Content

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Auditee's understanding of auditor's message	when a reference is made to the moment when the auditee understands the content of the auditor's message	inhoud, op moment dat mensen begrijpen	content, the moment when people understand	Auditor: "At the moment when you communicate something to people and they understand what you want to say, they cannot do something else then accept your message. This is the right moment for the auditor to push ahead towards solutions".

Table 4-16. Coding scheme for Design phase

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Design phase	when a reference is made to the auditor looking at the design phase of a process, control, systems etc. before its implementation	design, design fase van proces, opzet van controls	design, design phase of a process, design of controls	Auditor: *"You can already look at the design of something. And then you are in time because then the Auditees want to have your advices and learn from you".*

Table 4-17. Coding scheme for External factors

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
External factors-market development	when a reference is made to outside market developments	externe factoren, ontwikkelingen in de markt, buitenwereld	external factors, market development, outside world	Auditor: *"I think the timing of the auditor's message should go along with the developments in the outside market".* Auditee: *"If you look what happens with the oil sector at the moment, then this should be trigger for the auditor to look at the impact of these outside developments within the organization at that moment and not wait until 2018 when it could be too late".*

Table 4-18. Coding scheme for Focus

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Audit focus	when a reference is made to the shift of audit focus related to what topics they find important	verandering van focus binnen audit	change of audit focus	Auditee: *"Almost ten years ago when we had the first internet banking attack, internal audit was very much involved in recommending solutions to manage the issue. In 2012 there was another internet banking attack and the internal auditor did not pay much attention to this incident but came half an year later when we were ready with resolving the issue. Due to change in their own audit focus, the timing as to when the auditor will do the audit and communicate results also changed".*
Auditee's focus	when a reference is made to the shift of auditee's focus related to what topics they find important	belangrijk vinden, IPO, actueel	to find important, IPO, topical	Auditor: *"In times when certain topics are very topical to management you do not have to do much as an auditor to have an impact.* Auditee: *"When we have certain topics that are very important, we want the auditor to look at these at a certain moment. My experience is that the auditor is very sensitive in such moments and respond to it accordingly".*

Table 4-19. Coding scheme for Incidents

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Incidents	when a reference is made to incidents or events that trigger alertness by management	cybercrime, alertheid, aangifte krijgen, groot vraagstuk, systems down, fraude, puinhoop, overtreding wet en regelgeving, incidenten, mis gaat	cybercrime, being alert, important question, fraud, mess, breach laws and regulations, incidents, going wrong	Auditor: "There are several topics, such as cybercrime incidents, where timing does not play any role. In this case you do not need to think about when it would be a good timing to report on this topic but you can do that at any time because the Auditee is alert for this topics". Auditee: "Let me tell you an example. When we had a recent cybercrime, the auditor came afterwards when the incident has already happened. It was too late. The calf had been droned already! Where was the auditor one year before this incident happened"?

Table 4-20. Coding scheme for Preference

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Auditee's preference	when a reference is made to the personality trait (unrelated to other situations) of the auditee as to when to communicate audit issues	zo snel mogelijk, gedurende de audit, meteen rapporteren	as soon as possible, during the audit, report immediately	Auditee: "I want to be informed by the auditor about the issues as soon as possible and prefer they not to wait till the audit is finalised. Timely interaction with the auditor is for me very important so that I can take timely action. For acceptance of the auditor's issues I find this very important".
Auditor's preference	when a reference is made to the personality trait (unrelated to other situations) of the auditor as to when to communicate audit issues	rapporteer meteen, de regel hoe eerder hoe beter, zo snel mogelijk	report immediately, the rule the earlier the better, as soon as possible	Auditor: "My own experience, actual more personal rule, is that the earlier you communicate your message to the Auditee the better. In a later stage you can communicate these issues again but then is much more easier".

Table 4-21. Coding scheme for Project

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
	when a reference is made to projects done by auditees	project, audit issue form, veranderingen, projecten	project, audit issue form, changes, projects	Auditor: *"The 'go-no go' decision moment of a project is an important moment to report your issues so that the Auditee can take additional actions for issue resolution.*
Project				Auditee:*" If you want to audit a project then give your input during the project or prior to start of the project. But do not come afterwards to give me a kind of a 'report mark' when I have already finalised the project".*

Table 4-22. Coding scheme for Regulator

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
	when a reference is made to regulator's requests and investigations	regulator, ECB	regulator, ECB	Auditor: *"It can be that timing is also determined by the regulators. If we know that the regulator will come in to do a certain research, then we can report our recommendation earlier to the Auditee and they will be more ready to listen to us".*
Regulator involvement				Auditee: *"There are regulatory driven audits resulting from regulator involvement or regulator's letters, and there is little to do as to the timing of these audits. They should be done and we have little to say about it".*

Table 4-23. Coding scheme for Relation Auditor-Auditee

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Relation Auditor-Auditee	when a reference is made to the relation between the auditor and the auditee	kwaliteit van de relatie, intensiever, vertrouwensrelatie, vertrouwd, verhouding	quality of the relation, more intensive, trust, trusted, relation	Auditor: "If the auditor has a good relation with the Auditee and the auditor is trusted by the Auditee, then the auditor knows that at the moment he communicates his message to the Auditee he will listen to the auditor's message. So, in this case you cannot make much mistakes with the timing of your message". Auditee: "In the past, the relation with the auditors was not so good and in these times the auditor's messages were not easy accepted. by us no matter the timing of the message".

Table 4-24. Coding scheme for Strategic events

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Strategic events- critical management decisions	when reference is made to critical management decisions made by the auditee specifically when reference is made to Initial Public Offering (IPO), go–no go decisions, decision to continue or discontinue a business line, strategical issues	IPO, go–no go decision, besluit wel of niet doorgaan met een businesslijn, strategische issues, beursgang	IPO, go–no go decision, decision to continue or discontinue a business line, strategical issues	Auditor:" *In the times of the IPO, the Auditee was much more ready to listen to our recommendations and came directly into action".* Auditee: *"Prior to the IPO, we had several audit issues that we paid insufficient attention to. At the moment when IPO decision was close, suddenly these audit issues became very important and we had to resolve them as soon as possible".*
Strategic events- separation & integration	when a reference is made to separation or integration programmes of the auditee	separatie-of integratieprogramma	separation or integration programme	Auditor: *"I was involved in a very important separation and integration programme where every hour was of a crucial importance for the Auditee. In this situation, the Auditee wanted to know of my audit concerns within 5 minutes".*

Table 4-25. Coding scheme for Type of audits

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Type audits-audits abroad	when a reference is made to the role of timing factors in audits executed abroad	audit in het buitenland, buitenland audits	audits abroad	Auditor: "In audits abroad the Auditee wants to know of the audit issues at the moment before you leave. Thus, the closing meeting at the end of your stay is very important because in this meeting you communicate your message to the Auditee". Auditee: "In audits abroad everything must happen within two or three weeks. Everybody is focused and communication is smooth".
Type audits-continuous auditing	when a reference is made to continuous auditing	continuous auditing, continuous communication	continuous auditing, continuous communication	Auditor: "In continuous auditing we also have to have continuous communication".
Type audits-existing process	when a reference is made to audits on existing processes	regulier proces, bestaande processen	regular process, existing process	Auditor: "In the audits of existing process we have a window of opportunity when we identify a serious issue for example related to client files. But in existing processes it is more difficult to the Auditee to implement changes".
Type audits-maintenance audits	when a reference is made to maintenance audits	onderhoud audit	maintenance audit	Auditor: "The timing is very important as from the start of each audit in order to come to good results. First you have to see if it is a good moment to do the audit, will it have added value to the Auditee or it is a kind of maintenance audit no one is waiting for".
Type audits-management requests	when a reference is made to audits on request of management	op aanvraag, klant vraagt, niet planbaar	on request, asked by the client, not plannable	Auditor: "The timing depends on whether the audits are audits on management request or routine audits". Auditee: The best timing for the auditor is when the Auditee requests the audit. If the Auditee has issues and want the auditor to investigate these, this is a perfect timing for the auditor to do well in the audit".

Table 4-25. Coding scheme for Type of audits (*continued*)

Code	Code definition	Associated Words / Phrases (Dutch)	Translation	Interview example (translated)
Type audits-mandatory	when a reference is made to mandatory audits	audit aanbeveling verplicht, audits door wet en regelgeving, audits die moeten gebeuren, verplichte audits	mandatory audit recommendation, audits prescribed by law and regulations, audits that must happen, mandatory audits	Auditor: "If we say to the Auditee that a certain audit must be done tomorrow, than this audit is mandatory audit and the timing is different from the regular planned audits. For it brings sense of urgency on all sides and the communication of the audit issues goes more smooth". Auditee: "The mandatory audits has to be simply done no matter of we find it nice or not nice. The timing in these audits has no role as the audit must be done. But for many other types of audits I think that the auditors has to make better link with my management agenda, and in this case the timing is very important to me".
Type audits-post-mortem audits	when a reference is made to post-mortem audits	post-mortem	post-mortem	Auditor: "If you do a kind of post-mortem audit just after the placing of the 'monument', this is a right timing, but six months later you are too late".
Type audits-soft controls	when a reference is made to audits on soft controls related aspects such as culture and behaviour, ton at the top, governance	cultuur, gedrag, tone at the top, governance, cultuur	behaviour, tone at the top, governance, culture	Auditor: "When you want to include behaviour issues in your message then the right timing to do that is the final closing meeting and not before that. In this meeting the Auditee will show their culture and you can include that in your audit opinion". Auditee: "If the auditor has found governance or soft controls related issues, I think he/she should put these issues on the table as soon as possible".
Type audits-theme audits	when a reference is made to theme audits	thema audits	theme audits	Auditor: "At the moment you do a theme audit which gets a great attention by the Auditee, I think you do not need to do much in order to have an impact".