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Examination of Transformation Effects on Audit Support Professionals

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<p>The purpose of this development project was to create a description of Group Audit Coordinator (GAC) work within the Assurance Transformation in financial years 2019, 2020 and 2021. Assurance Transformation means developing the audit delivery model and the related tools and methods in accordance with the company's strategy. It aims to standardise, centralise and automate audit processes. Group Audit Coordinators are a group of ten people, working as coordinators and supporting teams mainly with audits in listed companies. The role of this group of professionals needs to be renewed along with the evolving audit processes. The focus of the development project was on the operating model change, which took place in spring 2019.</p> <p>Existing knowledge was used to gain better understanding of the factors included in changing change the operating model in an organisation. The theoretical framework focused on overall changes in the audit industry, areas in transformation projects and characteristics and building blocks of change. In addition, issues regarding the nature of work groups and organisational restructuring were discussed.</p> <p>The objective of the current state analysis was to obtain understanding of the Assurance Transformation processes, and how things were done in the current state. The current tasks of Group Audit Coordinators were explained. The data was gathered from various sources to identify the key elements of the different tasks of this group of professionals' and possible future state alterations to the job description. The outcome was a description of Group Audit Coordinator work in financial years 2019, 2020 and 2021. The position of Group Audit Coordinator within the new operating model was described.</p> <p>During the research project, additional areas for further development were identified as the transformation process develops. In addition to the role of the Group Audit Coordinator, there are other supporting positions in the audit organisation, which need a closer evaluation along the change process. This aspect remains as a development area for the future of the overall audit transformation programme.</p> <p>Large transformation processes go through several phases and they take a considerable length of time. The operating model of the company develops over time and it is open to changes. Communication and role modelling hold an important role of successful transformation in an organisation.</p>	
Keywords	Audit, transformation, GAC

Abstract

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1 Business Challenge, Objective and Outcome

1.1 Overview

The audit industry is facing challenges in advance of technology and the massive amount of available information. The focus areas of the company's growth strategy such as technology, digitalisation and risk assurance services reflect the overall trend of the whole industry. Globalisation, new regulation and other market challenges that push the clients to reshape their operations require the company also to renew the audit services.

There is an ongoing change of audit service model; "Assurance Transformation" (AT) process in the company. Assurance Transformation means developing the audit delivery model and the related tools and methods in accordance with the company's strategy. It aims to standardise, centralise and automate audit processes.

1.2 Business Challenge

One of the areas within the Assurance Transformation is the current and future position of Group Audit Coordinators (GAC). Group Audit Coordinators are a group of ten people, working as coordinators and supporting teams mainly in listed companies' audits. The role of this group of professionals needs to be renewed along with the evolving audit processes. GACs need to be on top of new technological tools to be able to assist audit teams effectively. They have an important role in ensuring fluent and high quality internal and external customer service during the course of the audit. GACs are the key communication point regarding many administrative tasks related to audit thus saving the audit team manager and partner time to focus on the audit work itself.

Definition of the Business Challenge started with a discussion with the Transformation Manager. During the conversation, there was a suggestion to investigate the role of Group Audit Coordinator within the change process. During the Transformation process planning it has been identified that GACs hold an important part of the process, and they were keen on have a person in that specific role to research the topic further.

1.3 Case Company

The case company is one of the leading professional services organisations in the world with globally more than 236 000 people in 158 countries. In Finland there are more than 1 000 professionals offering consulting, deals, tax, legal, audit and other assurance services to growing businesses, family businesses, listed companies and public organisations. The main office is in Helsinki and there are offices in 20 cities around Finland.

Audit and Assurance line of service includes over 300 professionals. The services include financial statement audit, actuarial services, support in IFRS reporting, capital market transactions, and finance and investment audit. Audit clients include big international listed companies, small and medium-sized companies, associations and foundations as well as the public sector.

1.4 Objective, Scope and Outcome

The objective of this development project is to create a description of Group Audit Coordinator work within the Assurance Transformation in financial years 2019, 2020 and in 2021 in light of specific Assurance Transformation process topics. In this development project, the focus of the Assurance Transformation process topics is on the change of audit operating model taking place in spring 2019. The scope of this development project is limited to GAC work only. The scope of this development project is limited to areas, which have a direct effect on GACs' daily work. These areas are; the process of changing the job title, efficient use of technological tools related to audit coordination (Aura, CAM, Connect), and Service Delivery Center coordination. The thesis outcome is a description and position of Group Audit Coordinator work within the Assurance Transformation process in financial years 2019, 2020 and 2021.

1.5 Key Terms/Concepts

An audit is a statutory inspection of companies', societies' and foundations' financial period accounting, financial statements, annual reports and management.

AFS Authorization of Services is the company network internal tool to request additional services to be performed for clients.

Aura is an audit documentation tool.

Group Audit Coordinators (GACs) assist Group Audit Managers and Partners with all administrative and coordinating tasks in large, global clients with several subsidiaries. They have profound knowledge of the client and can assist in various tasks, which require understanding the client.

CAM (Connect Audit Manager) is an internal collaboration tool of the case company global network supporting co-working on multi-location audits.

Connect is external collaboration tool for communicating with the clients.

Favro is a project management tool.

SDC (Service Delivery Center in Finland and in Poland) is centralised service center assisting audit teams in planning, executing and completing audit tasks.

1.6 Thesis Outline

The thesis is organised in seven chapters. In chapter 1, the business challenge, objective, outcome and the case company are introduced. In addition, key terms relevant to the research project are clarified.

The second chapter will cover the research design; research approach, data collection and analysis and finally credibility and trustworthiness of the research project. Methods such as interviews, questionnaires, direct and participant observation and company documents are used to gather evidence and for concluding the research project. As the author of the thesis is herself part of the group introduced earlier in Business Challenge section, several sources are required to support the subjective approach.

The third chapter will cover the existing knowledge, which forms the literature framework for the research project. The areas of literature that are drawn on in this thesis include overall changes in the audit industry, areas in transformation projects and characteristics and building blocks of change. In addition, issues regarding the nature of work groups in an organisation and organisational restructuring are discussed.

In the fourth chapter, current state analysis is performed and the key findings presented.

In the fifth chapter, an initial proposal is presented. Sixth chapter presents validation of the proposal.

In the seventh chapter, discussion and conclusions are presented. Chapter 7 includes practical implications and evaluation of the thesis.

2 Research Design

2.1 Research Approach

This development project aims to solve an issue relating to change process in Audit line of service of the case company. This development project is conducted by a qualitative research method using multiple means of collecting data. Data is collected by conducting interviews, issuing a questionnaire, performing direct and participant observation, and using internal company documents as a data source.

Interviews can be used as the primary or only approach in a research project, or use them in combination with other research methods. In a development project, in which the researcher herself is already an actor, an interview is an efficient tool of obtaining data. (Robson and McCartan, 2016, p. 285). In this project, a semi-structured interview has been used. There has been a checklist of topics to be covered, but the wording and order of questions are modified according to the flow of the interview. Additional questions can be asked unplanned, based on the interviewee responses. (Robson and McCartan, 2016, p. 285).

A questionnaire is a common qualitative research method of collecting data from and about people. (Robson and McCartan, 2016, p. 243). In this development project, the questionnaire is sent using Google Forms. This particular tool was selected because Google is the current technology environment used in the case company.

Observation is a widely used qualitative research method used to observe, to record and analyse the actions of people in a defined situations. (Robson and McCartan, 2016, p. 319). An advantage of this technique is its directness. Data from observation complements the information obtained by other techniques such as interviews and questionnaires. In a “real-life” research project the data from observation obtains information on what people actually do. (Robson and McCartan, 2016, p. 320).

Internal company documents are used to get in-depth understanding of the transformation process and to describe the Group Audit Coordinator work.

2.2 Research Design

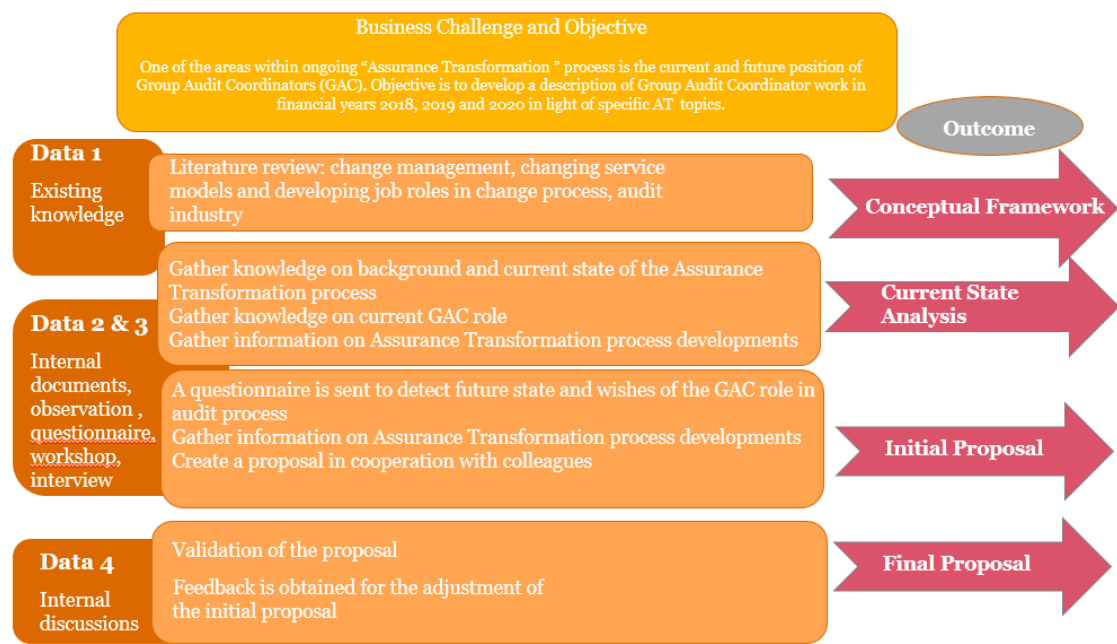
The development project begins with literature review. This approach was chosen to gain better understanding of the factors behind large changes and indicate what their effects are in an organisation. The literature review covers areas such as overview of the audit industry and the challenges the industry faces in the future. Features of transformation and Kotter's eight steps of successful transformation is studied. The concept of organisational change and its characteristics is studied and interpreted. The function of work groups in an organisation and the issues regarding organisational restructuring are described. The studied literature includes journal articles, company internal material and published books. (Data 1).

Next phase is to conduct a Current State Analysis. In this phase, the current state of Assurance Transformation process is described and the current tasks of Group Audit Coordinators are explained. Data is gathered by methods such as studying internal company documents and performing observation in meetings. In addition, a survey questionnaire is sent to the managers of audit teams who work with GACs. Information on Assurance Transformation process development is obtained by performing observation in AT office meeting, GAC group meeting and audit group meeting. A survey questionnaire is sent to 22 team managers to detect the current and future state and wishes of the GAC role in audit process. The key process stakeholders are Assurance Transformation Office and Steering Group, Group Audit Coordinators and their manager, as well as internal customers who are audit team managers working with GACs. (Data 2)

In initial proposal section, data is gathered to create the proposal in cooperation with selected individuals. Data is gathered first by organising a brainstorming session with the operating model change project group. In this session, the current state of GAC role is evaluated and next steps agreed on. Secondly, a workshop is organised for the GAC group to gather their thoughts and ideas of GAC role in the operating model change. Moreover, data is gathered by interviewing GACs supervisor. The outcome is the tentative description of GAC work in align with AT process. The proposal is presented to operating model project team. (Data 3)

In the next phase, validation of the proposal, feedback is obtained for the adjustment of the initial proposal. This is conducted by discussing with selected key process stakeholders. (Data 4)

2.2.1 Visualisation of Research Design



2.3 Data Collection and Analysis

In this research project, data is collected to gather evidence for current state analysis, building the proposal and validating it. Visualisation of data collection is presented in chapter 2.3.1.

The first data round is gathering existing knowledge on the subject matter. The areas covered in the literature review have been determined by the general developments of the industry, and understanding of the characteristics of transformation in an organisation is broadened.

The second round of data is gathered for the Current State analysis. Data is gathered by studying internal company documents and performing observation in meetings. In addition, a survey questionnaire is sent to the managers of audit teams who work with GACs. The objective is to obtain understanding of the Assurance Transformation process, and how things are done in current state. The current tasks of Group Audit Coordinators are explained. A survey questionnaire is sent to team managers to detect the current and future state and wishes of the GAC role in audit process.

The third data round is gathered from the operating model project group as a basis for building the proposal. Written notes are taken in a meeting with the project group. The

framework for the workshop is created based on the notes and issues covered. The proposal is co-created with the target group of the research project. The data for the proposal is gathered from a workshop with the target group and by discussing with the target group's supervisor.

The fourth data round, validation of the proposal is made by gathering feedback from the GAC supervisor and operating model project group.

2.3.1 Visualization of Data Collection

Data Round	Data Type	Data Source	Date & Approach	Recording	Purpose
Data 2 Current State Analysis	Assurance Transformation	Internal documents	February - March 2019	Transcribed	Gather knowledge on background and current state of the transformation process
	Questionnaire	Selected audit team managers	March 2019 Sent via GoogleForms	Analysis of the results	To detect current state and future wishes of the GAC role in audit process
	Description of current GAC tasks and tools	Internal documents	February - March 2019	Transcribed	Gather knowledge on current role
	Observation	Assurance Transformation Office meeting, GAC meeting, Operating model kick-off	8 March 2018 4 March 2019 21 March 2019	Written notes	Gather information on Assurance Transformation process developments
Data 3 Building the proposal	Meeting/participant observation	Operating model project team	25 April 2019	Written notes	Gather initial thoughts for the proposal
	Workshop	GAC	29 April 2019	Written notes	Create a proposal in cooperation with colleagues
Data 4 Validation of the proposal	Internal discussion	GAC supervisor	6 May 2019	Written notes	Feedback is obtained for the adjustment of the initial proposal
	Written notes	Operating model project team	15 May 2019	Written notes	

2.4 Credibility and Trustworthiness

The thesis starts with gathering existing knowledge on the subject matter. Data for the literature review is consisting of written material by known experts of change and known consulting companies.

Data for the current state analysis is gathered from company internal documents, which are composed by the dedicated group of professionals and approved by the audit line of business leaders. The data is complemented by gathering information from actual persons going through the change and working with GACs in a form of a questionnaire. There are written notes made for the each meeting participated.

The proposal is co-created in a workshop for the GAC group. There is a loose framework for the workshop, which is based on the discussion with the operating model project team.

The proposal is validated in two parts. The first is to present the initial proposal to the GAC supervisor and receive his comments. Minor adjustments to the proposal are conducted following the first validation. The second validation occurs by sending the proposal to the operating model project team and receiving their comments.

3 Literature review

3.1 Introduction

Literature review begins with an overview of the audit industry and the challenges the industry faces in the future. The purpose of explaining the challenges is that the transformation project of the case company has its foundation in the general development of the industry. By performing the transformation, the case company aims to meet these challenges in an effective way. Secondly, features of transformation and Kotter's eight steps of successful transformation is studied. The third part focuses on the concept of organisational change and its characteristics. The fourth and fifth parts explain the function of work groups in an organisation and address the issues regarding organisational restructuring.

3.2 Future of Audit

For decades, the audit has remained generally unchanged, and it must do more in the future still maintaining the basic confidence for investors and capital markets. The audit industry is facing challenges in advance of technology and the massive amount of available information. The audit process needs to evolve and provide thorough and relevant information on an organisation's financial condition and performance. The core elements such as pass or fail audit opinion that auditors are mandated to provide, need to expand, while still maintaining quality. There is a need for more discussions between regulators, public company boards, investors and capital markets to result in benefits of this change in the audit industry. To succeed, an audit firm needs to have the knowledge and ability to use analytics. The audit process needs to develop in a direction in which future risks are early detected. A deeper understanding of the business is required. (Liddy, 2014)

Historically, data has been something that a company owns and usually has been structured and human-generated. Technology developments have broadened the definition to include "Big data". The term used to define large amount of unstructured and machine-generated information. Big data resides outside of corporate limits. (Ramlukan, 2015). Analytics is a concept that means the process of and tools for analysing data. By using analytics, auditors are able to use wider data sets to draw conclusions and identify key risks. This will increase quality and business value. Close

cooperation between businesses and regulators is needed to achieve these goals. (Ramlukan, 2015).

There are significant opportunities that big data and analytics can provide a business, and the transformation of the audit has a significant role in increasing the value to the users of financial statements. By efficient use of technology, the audit can provide deeper insights and foresights into the organisation's operations. The auditors are required to exercise judgement that is more professional and new skills as the companies' operations and business models have become more complex. (Ramlukan, 2015).

The change of operating environment comes with many challenges. It concerns issues such as auditor independence, data security and transparency among others. Dialogue between clients and auditors is essential. It should be considered how much information is shared and how it should be restored and protected. For professionals working in audit industry, there will be a need for more training in areas such as risk management, supply chain, forensic and IT. (Liddy, 2014).

3.3 Transformation

Transformation as a term is widely used in today's business world. It can be used to describe organisational transformations, where organisational roles are redesigned, strategic transformation, where business model is changed or it can be used for a digital reinvention. (Bucy et al., 2016). Transformation, as it is ongoing at the case company of this research project, can additionally mean an intense programme to enhance performance, to improve and deliver the full potential of what already exists in the company. This transformation involves acquiring new digital opportunities and rethinking of strategy.

An effective transformational initiative requires a designated transformation office to oversee the progress. Transformation office needs to have power to make decisions and a leader who is constantly in contact and in collaboration with senior leaders of the organisation. Transformational improvements success requires ambition, development of skills, challenging existing mind-sets and a full commitment to execution. (Bucy et al., 2016).

3.3.1 Kotter's eight steps to transforming an organisation

Companies go through different change efforts with a same basic goal. Changes need to be made in the way business is conducted in order to cope with more challenging market environment. The change process goes through several phases that usually take a considerable length of time. It is essential to realise that for a successful change, these phases need to be recognised. (Kotter, 2007). Kotter's eight steps to transformation outline critical success factors, which have become one of the most cited framework in studying the transforming business endeavours. The steps are:

- 1) establishing a sense of urgency
- 2) creating the guiding coalition
- 3) developing a vision and strategy
- 4) communicating the change vision
- 5) empowering a broad base of people to take action
- 6) generating short-term wins
- 7) consolidating gains and producing even more change and
- 8) institutionalising new approaches in the culture.

(Kotter, 2012, p.23).

The first four steps help opening the current conditions. Phases five to seven introduce many new practices. The last stage makes the changes to become part of lasting corporate culture. (Kotter, 2012, p. 24).

The eight steps are illustrated in Figure 1 below.

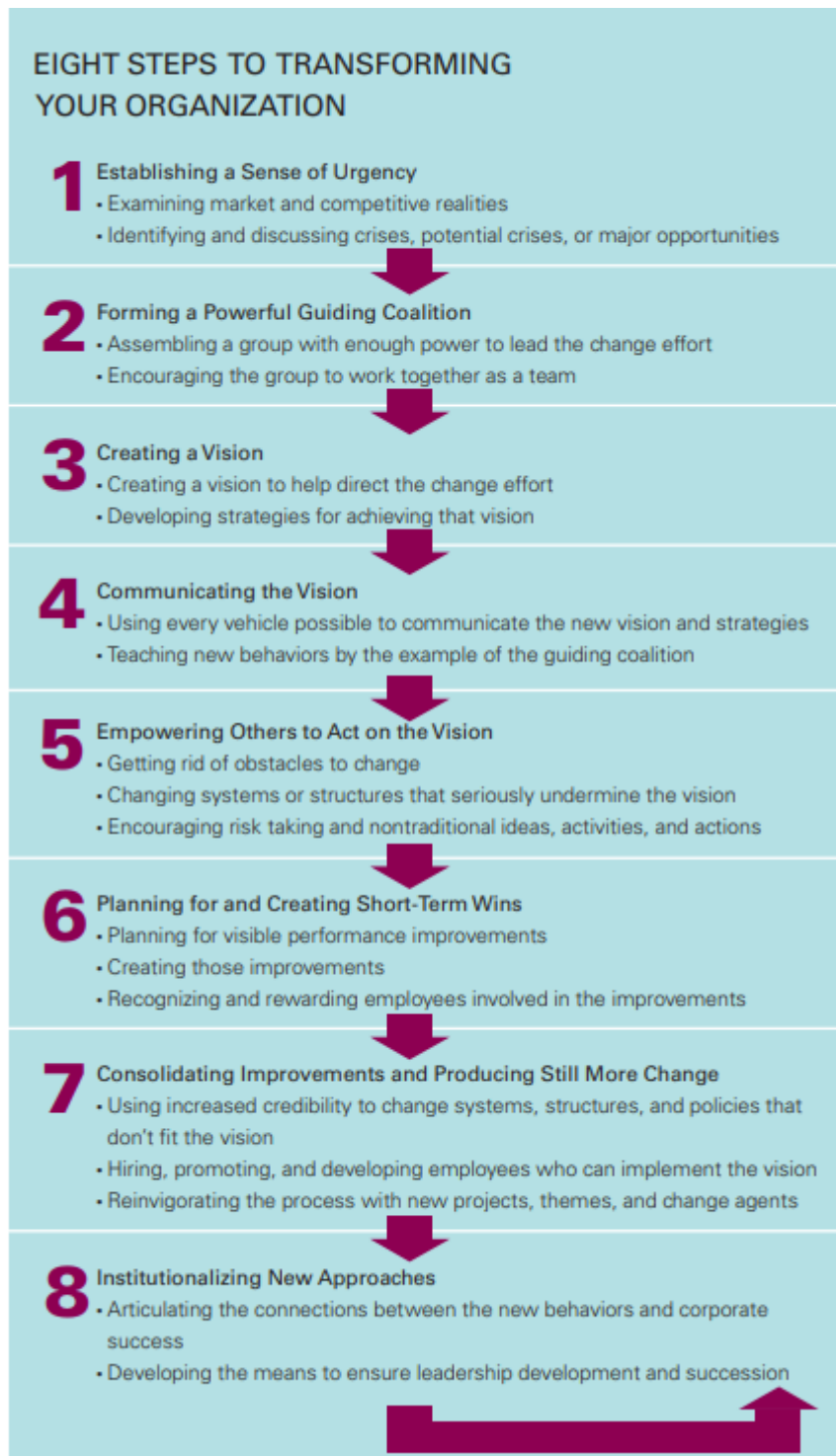


Figure 1: John P. Kotter. "Leading Change - Why Transformation Efforts Fail". Harvard Business Review. 2007.

According to Kotter, many people try to transform organisations by undertaking only steps five, six and seven, especially if it seems that a single decision will produce most of the needed change. It occurs that the steps are swiftly gone through but never finalised. In many occasions, people fail to reinforce earlier steps as they move on. If

one of the earlier stages are neglected, there is not enough solid base on which to proceed with the transformation. (Kotter, 2012, p. 25).

In his article “Leading Change - Why Transformation Efforts Fail”, published in Harvard Business Review in 2007, Kotter describes the errors that are often made in relation to the eight steps presented above. The eight errors are the following.

Error 1: Not establishing a great enough sense of urgency

Getting the transformation program started requires cooperation of many individuals. It is sometimes underestimated how difficult it is to get people out of their comfort zone. Change always demands leadership, patience and courage to face difficult situations and opposition to change. The message of the needed change from the leadership needs to be clear, stating that continuing as usual is no more acceptable. (Kotter, 2007).

Error 2: Not creating a powerful enough guiding coalition

Companies that fail in phase two often underestimate the difficulties of producing change. This is related to underestimating the importance of a powerful guiding coalition. Many transformation programs may start with just few people, but in successful cases, the coalition grows over time. The coalition preferably consists of people with who have power in terms of titles, information and expertise, reputation and relationships. (Kotter, 2007).

Error 3: Lacking a vision

The vision of the future state developed by the guiding coalition should be relatively easy to communicate and it should be appealing. If there is no sensible vision, a transformation effort can result to confusing projects that lead the organisation either to wrong direction or to nowhere at all. Kotter gives a useful rule of thumb:

“If you can’t communicate the vision to someone in five minutes or less and get a reaction that signifies both understanding and interest, you are not yet done with this phase of the transformation process”. (Kotter, 2007).

Error 4: Under-communicating the vision by a factor of ten

Credible communication is the key to make employees believe in change and its possibilities. Even if a good transformation vision has been developed, without credible and effective communication, and, most importantly behaviour of the leadership, it is not likely that the transformation will be very successful. In addition to newsletters, speeches and other ways of corporate communication, it is essential that the leaders act according to the vision created. According to Kotter,

“Nothing undermines change more than behaviour by leaders that is inconsistent with their communication.” (Kotter, 2007).

Error 5: Not removing obstacles to the new vision

Possible obstacles blocking the desired change, such as reluctant individuals or restrictive organisation structures need to be confronted and handled in order the change to proceed. Difficulties can arise from narrow job categories that can restrict productivity and broaden the view. It may be that compensation make the people choose more easily their own benefit instead of the new vision. If the obstacle is a person, the situation should be handled fairly and in a way that it is true to the new vision. (Kotter, 2007).

Error 6: Not systematically planning for, and creating short-term wins

As real transformation takes time it is important to involved people’s motivation to reward them with recognition, promotions or monetary compensation. In a successful transformation, managers actively find ways to obtain performance improvements and establish goals. Urgency levels can drop when it is realised that a wider change takes a long time. There should be a commitment to create short-term wins. The urgency level is kept up and analytical thinking is increased clarifying or revising vision. (Kotter, 2007).

Error 7: Declaring victory too soon

New approaches that come with transformation effort are fragile and subject to regression. That is why victory should not be declared too early, instead it should be first patiently seen that the changes sink in a company’s culture. The problems that are described above can all be obstacles to successful transformation, but it is declaring victory too soon that has a substantial risk the whole effort will collapse. Instead, the short-term wins should be used to support the credibility of the process and then go

after the systems and structures that have not yet been confronted before. (Kotter, 2007).

Error 8: Not anchoring changes in the corporation's culture

There are two factors especially important in institutionalising change in corporate culture. First is to show people how the new approaches, behaviours and attitudes have helped in improving the situation. The second factor is to take sufficient amount of time to ensure that the management really commits to the new approach. Change results are more likely to last when they root into the social norms and shared values of a company, when it becomes "the way we do things around here". (Kotter, 2007).

3.4 Understanding organisational change

Changes in the operating environment of the case company call for a change in GACs working role in order to comply with development.

Organisational change refers to the level of difference that makes an impact on the way people think about their organisation. It affects certain aspects on people's jobs and how they carry out their duties.

"Thus, organisational change can be defined as an alteration of a core aspect of an organisation's operation". (Helms Mills et al., 2009, p.4).

Core aspects include the structure, technology, culture, leadership, goal or personnel of an organisation. The change of these aspects can range from restructuring a single department or the entire company to introduction of new technology or a change of thinking of a group or department. The fundamental thought here is the extent to which its impact is felt within the organisation. (Helms Mills et al., 2009. p. 9).

According to studies, resistance to change occurs very often in organisational changes. There are several factors that cause resistance and there are ways for managers to overcome them. Researchers Patrick Connor and Linda Lake argue that:

"People tend to resist change or alterations of the status quo. This resistance is broader than simple opposition to a particular change; more widespread than a particular group's or individual's refusal to accept a specific change. There is simply

the wish in most people to maintain the consistency and comfort the status quo holds.” (Helms Mills et al. 2009, p.132).

Connor and Lake have categorised the sources of resistance into three groups: barriers to understanding, barriers to acceptance and barriers to acting. Barriers to understanding occurs when the employees do not understand the need for the change because of poor communication. The details and possible impact are not communicated efficiently. Barriers to acceptance happens when employees refuse to accept the change as it is taking them out of their comfort zone. Barriers to acting results from the lack of needed skills and training that the change requires. When these causes of resistance are understood by the managers leading the change, the success is more likely to happen. There are methods to reduce the resistance, which are timely communication, training and support, reward changes in the right direction and commit organisational resources to the change. (Helms Mills et al., 2009, p.133-134).

3.4.1 The four building blocks of change

Organisational changes are always difficult and challenging, and today’s dynamic and urgent environment sets even more pressure to the organisations’ aim to succeed. Bashford and Schaninger (2016) state that there are four key actions to change mind-sets and behaviour thus leading to a better chance of the transformation to succeed. These building blocks are; fostering understanding and conviction, reinforcing changes through formal mechanisms, developing talent and skills, and role modelling. (Bashford and Schaninger, 2016). These ideas are presented below in Figure 2.

An essential factor in changing a behaviour in transformation is that the “why” behind the transformation is clearly communicated by the leaders. It should be clear to all stakeholders where the company is headed, why it is changing and why the change is important. (Bashford and Schaninger, 2016).

Reinforcement, such as additional bonuses or increased pay, may act as a positive factor for desired behaviour. This concept is usually an established mean to increase motivation in organisations. However, there are other factors to consider. The focus could also be to celebrate the real difference that a specific work performance has gained and to emphasise collaboration and purpose. (Bashford and Schaninger, 2016).

Employees are more open to change if they believe they have the skills and opportunities to behave in the new way. With help of today's advanced technologies, it is possible to develop working habits and skills to meet the organisations' changing requirements. If people believe that their own effort will increase performance, they are more motivated to achieve their goals. (Bashford and Schaninger, 2016).

Role modelling takes place both unconsciously and consciously. In organisational changes, it would be beneficial for the company to realise, that the behaviour of key transformation leaders have a major impact on how people align their thinking. (Bashford and Schaninger, 2016).

Exhibit

The influence model, with its four building blocks of change, still works.

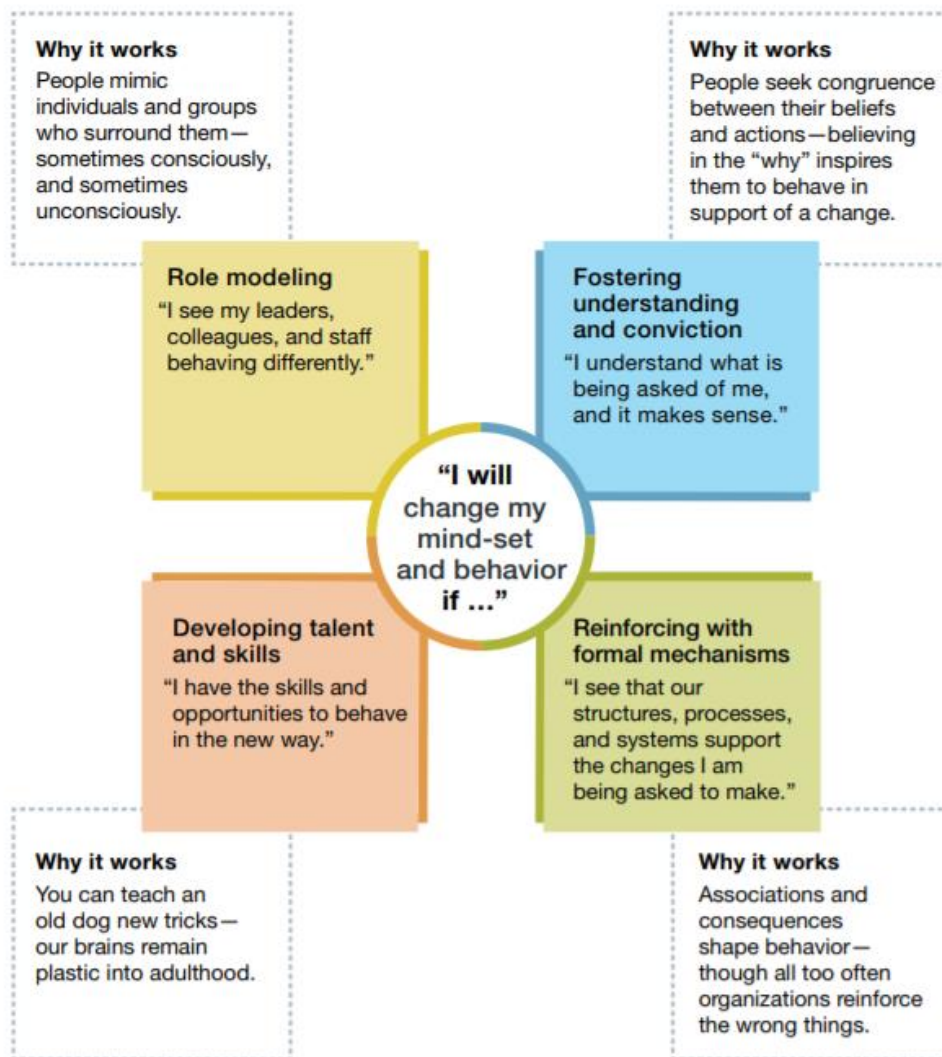


Figure 2: The Influence model. McKinsey Quarterly (2016).

3.4.2 Lewin's three-step model

Kurt Lewin (1890-1947) is one of the most important in the field of studying organisational change. The influence of his background as a German Jew and personal tragedies experienced during the Second World War are evident in Lewin's work. He emphasised his research on issues of social change, prejudice and social harmony. Lewin's best known work include *action research, field theory, group dynamics and three-step model*. (Helms Mills et al., 2009, p.42-43).

The three-step model is often described as Lewin's most important input to organisational change. However, when he developed the model Lewin was not thinking only of organisational issues. Lewin saw that the four concepts formed an integrated approach to analysing, understanding and bringing about change at the group, organisational and societal levels. (Burnes, 2004).

During his studies, it became evident to Lewin that the results of changes in organisation were short-lived; people often returned to their old behaviours after the change had been implemented. He concluded that in order for the change to be permanent, old habits needed to be discarded permanently and new had to be established. In 1947, he developed a model known as Three-Step Model of Change to lead to permanency of change. (Helms Mills et al., 2009, p.47).

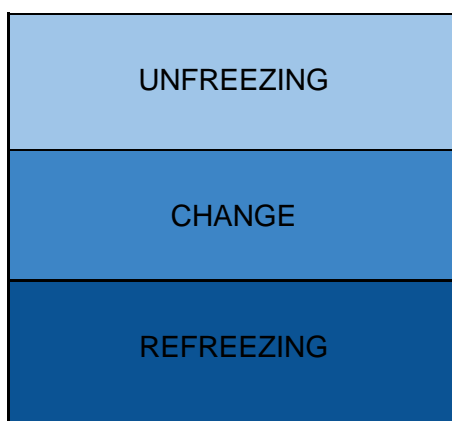


Figure 3: Lewin's three-step model of change (Helms Mills et al., 2009, p.48)

1. Unfreezing

It is essential that the members of a group or organisation understand the need for change. They will need to desire the change. It needs to be communicated clearly that the existing way of doing things is no longer acceptable.

2. Change

At this stage, the change is actually taking place and the organisation starts to move to the desired state. New policies, procedures, structures as well as behaviours, attitudes and values need to be developed to reach the target.

3. Refreezing

During the refreezing stage, the changes are reinforced and supported. The organisation's systems need to be consistent with the change.

(Helms Mills et al., 2009, p.47- 48).

This change model suggests that the organisational change requires significant commitment and openness both before and after the change has occurred. (Helms Mills et al., 2009, p.49). Lewin's model is still one of the best known models of change, but there is also criticism towards it. The model was developed in a significantly different time. Newer tools are needed in today's global and diverse business environment. Some argue that today's organisations do not have the time to "unfreeze" and "refreeze". Still, many of the models that have been developed after Lewin, have similar features to his model. It is remarkable that his notions and attention on group behaviour remain relevant in today's team-based organisations. (Helms Mills et al., 2009, p.49).

3.5 Nature of work groups in an organisation

Group Audit Coordinators form a group of ten professionals supporting the work of audit teams. Each GAC have their own client portfolio and individual tasks, but the working methods and tools are common for the group.

Work groups influence the behaviour of their members, often promoting consistency in the working methods. It has become a custom to work in groups and teams in today's organisational life. Team synergy can potentially improve organisational performance. The term "psychological group" is used to describe individuals who acknowledge that

they are part of a group and who have a shared sense of collective identity. They relate to each other in a meaningful way. A work group can be defined as follows: “two or more employees in face-to-face interaction, and each aware of positive interdependence as they endeavour to achieve mutual work-related goals”. (Bratton et al., 2007, pp. 298-299).

Groups in organisations can be formal or informal. Formal work groups are created to allow collective action on assigned tasks. Managers are to see that the behaviour of a formal work group is directed toward organisational goals and strategy. Through job design, which means dividing the tasks and assigning responsibility, the foundation of formal group is developed and restructured. (Bratton et al., 2007, p. 300). The structure of work group influences the way members relate and interact with one another and social relations are formed between members. A group structure is a stable pattern, which is formed through roles and group norms. (Bratton et al., 2007, p. 303). Groups typically enforce norms that facilitate the group’s survival and allow members to express the central values of the group. A new group member will assess the norms for work effort from how most individuals in the group behave. The members of the group in turn observe the extent to which the new member’s behaviour matches the group norms. (Bratton et al., 2007, p. 306).

All group members are expected to carry out certain functions when they interact with each other. Role ambiguity - uncertainty on the group member’s part about what is expected, and role conflict - conflicting requests from more than one source, have negative impact on the group’s performance. Group should have a formal or informal leader, who can influence communications, decision making and learning, thus playing an important part of group’s outcomes. (Bratton et al., 2007, p. 304).

Work-based learning is an important aspect when studying interaction within groups. Expanding workers’ skills and empowering them to make decisions have significant implications for learning in the workplace. In today’s working life, there is a need to acquire new knowledge and technical skills to perform new tasks, instead of learning a narrow set of skills. Learning derives from experimenting, reflecting on previous action, engaging in dialogue and sharing and building on their individual knowledge. Adopting a culture of learning has an impact on work organisation, employment relations and leadership style. (Bratton et al., 2007, p. 308).

For group efficacy, it is essential that the design of the group incorporate adequate resources, effective control systems, role clarity and leadership. The group's processes supporting group development, norms, cohesiveness and learning are important for the group to work efficiently. (Bratton et al., 2007, p. 304).

3.6 Organisational restructuring

Formal work organisations are created to produce goods or services and to pursue goals that individuals alone cannot achieve. To accomplish its strategic goals an organisation needs to divide the work to be done among its members and then coordinate the work. Organisation structure is a concept that refers to the formal division of work or labour. It describes the formal pattern of relationships, which form a base for organisational activities. (Bratton et al., 2007, p. 393).

The work is divided horizontally into specific tasks that need to be performed, either into jobs, sub-units or departments. This horizontal division of labour is concerned with specialisation on the part of the workforce. The vertical division in turn is concerned with planning, decision making, monitoring and controlling of the work. When business operations expand and control becomes more difficult, the organisation structure needs to be evaluated and restructured. In addition, it might lead to a greater degree of specialisation of workforce. (Bratton et al., 2007, p. 393-394).

Specialisation, or division of labour, means the allocation of work tasks to categories of employees or groups. Specialisation occurs when employees focus their effort on a particular skill, task or customer or territorial area. These areas are graphically illustrated with organisation charts. By organisation design, a structure is created that fits best a strategy, technology and environment. New structures are designed to reduce costs, to reset priorities, to shift people and align capabilities and to respond changing operating environment. From an employee's perspective, an organisation structure affects job satisfaction, commitment, motivation and perceptions about expectations and obligations. (Bratton et al., 2007, p.394-395).

A divisional structural arrangement can group employees together in one of three ways: by the products or services on which they work, by the sets of customers they serve, or by the geographical locations in which they operate. The advantage of divisional structure is improved decision making, as division managers, who have knowledge of

the certain division, are allowed to make many decisions independently. (Bratton et al., 2007, p.402-403). In the case company's case, the divisions, or "portfolio teams", the grouping will be made by the sets of customers they serve.

3.7 Summary and conclusions

The audit industry is developing constantly as new technologies and regulations emerge. To achieve transformation deriving from the need of increasing data analytics, cooperation between businesses involved as regulators is essential. Audit transformation involves acquiring new digital opportunities and rethinking of strategy.

Kotter describes in his eight steps to successful transformation the factors that are critical when a company is conducting a change program. The first steps open the current conditions. The next steps introduce many new practices. The last stage makes the changes to become part of the company culture. It is to be noted, that large transformation efforts require considerable amount of time to become lasting. Transformation is not to be seen merely as an organisational change, but it is a change of way in thinking. Resistance of change occur very often in transformation process. People often resist the change of the status quo and wish to maintain the consistency and comfort of the current situation. Understanding actions that have an effect on successful transformation, helps leaders to plan the change efforts.

Transforming the organisation to enhance performance requires rethinking of division of labour. To accomplish its strategic goals an organisation needs think how the work is divided and then coordinate the work. For the employees, this structure affects job satisfaction, commitment, motivation and perceptions about expectations and obligations.

4 Current State Analysis

4.1 Assurance Transformation (AT)

Assurance Transformation means developing the audit delivery model and the related tools and methods in accordance with the company's strategy. It aims to standardise, centralise and automate audit processes. The audit transformation program aims to bring significant improvement to the way the audits are performed at the case company. The case company has invested considerable amount of effort and resources to the program and it is considered number one priority initiative at the company. The program is governed by a steering group under which there is a named program leader. The steering group includes company CEO and assurance leader among the leaders of audit units. The program leader manages the program management office, which is responsible for the several projects in the overall program. Program management office has its own resources responsible for administration and strategy and execution. There are several identified projects within the transformation program, each having named project leaders. (Company, 2018).

4.1.1 Background

The audit transformation program started in 2017. At the beginning of 2018 the vision and roadmap was clarified to lead to the desired result. The vision was expressed in the form of a narrative describing the program's destination. The narrative "Auditing 2021" covers the key areas that are improvements in the professional identity of employees, management of time and use of technology.

The targets for the program are focused on three dimensions. The first is personnel satisfaction improvement through the transformation program. The second is about quality improvement, the program is one contributor in reaching the quality rating of the network. The third is to improve profitability through the transformation efforts. (Company, 2019).

4.1.2 Current State

The operating unit of the case company has grown to a size that has made the current methods for resourcing and managing daily operations challenging. There are over 300 professionals working in the audit unit. Currently the client teams are mixed and matched from this group and audit professionals work in many non-related teams. It has been identified that this state is not a manageable setting for planning, prioritising or monitoring of work effectively. There is no visibility to the true workload of individuals or teams. Surprises during the audit work and unclear expectations are currently burden on individual professionals without support from a more nearby group. (Company, 2019)

In spring 2019, one of the major initiatives of the transformation program, implementation of new operating model, is going to take place. Under the new model, audit personnel are working in a group of approximately 25 persons on a predefined client portfolio. In addition, there will be an implementation of a common framework for project management and effective teamwork. (Company, 2019).

The renewal of operating model aims to enable more effective teamwork, flexible and coordinated resourcing and more transparency to each employees' workload. A pilot team has been established to gain real life experience for the new model. The pilot team has been operating since autumn 2018. (Company, 2019).

The vision for new operating model has three dimensions. First is that instead of mixing and matching over 300 professionals in the audit line of service, there will be nine portfolio teams with 20-25 professionals. The portfolio team has its own client portfolio, which it is responsible for. The second dimension is that planning and resourcing the work relating to portfolio teams' clients is executed in the portfolio team. Planning and problem solving relating to resourcing is primarily performed at that level. The third dimension is that a new level of emphasis is placed on leading and managing the daily operations of the portfolio team. This includes identifying and implementing management practises from within the case company as well as from other industries. (Company, 2019).

4.2 Group Audit Coordinator

4.2.1 Current role

Group Audit Coordinators are a group of ten people, working as coordinators and supporting teams mainly in listed companies' audits.

The main tasks of GACs include assisting with audit instructions, Connect and Connect Audit Manager tools, reconciliation of group reporting package, assisting with Aura documentation, cooperation with SDC, budget follow-up, invoicing, non-audit fee reporting, assisting with AFS process and assist in preparing audit committee presentations.

Currently, GACs are working from one to six client teams per person. The amount of clients in each one's portfolio is related to the size and amount of tasks performed. The portfolios are reviewed annually with the supervisor. Changes in portfolios are subject to changes in personnel and clients during the year. The client teams that GACs are supporting are currently not allocated according to any specific organisational groups. Hence, the audit teams and their partners and managers may be in different organisational groups and they may work with several different GACs in their client teams. There are challenges in relation to overlapping schedules as well as working with several different teams, resulting in time-consuming processes.

To detect the most important tasks in view of the managers of teams, a questionnaire was sent to 22 persons. The respondents were chosen based on the GAC current portfolios. Team managers are persons who collaborate most with GAC in coordinating the practical administrative and coordination work. The questionnaire was sent on 14 March 2019 via Google Forms and received seven responses. The assumption is that the amount of responses was low due to the changing operating model that has brought about several surveys. Taking into account the situation at the company, it was a satisfactory result. From the responses, the following GAC tasks were identified as most important for managers:

- Coordinating all the practical things relating to management of an audit including meetings and general communication

- Helping out with drafting and sending audit instructions to foreign and domestic audit teams. Following up the reporting to assure that the reports are received in accordance with the agreed timetable.
- Creating and delivering summaries of the reporting directly into audit documentation tool Aura.
- Technical help with creating quarterly Audit Committee Powerpoint reports
- Budgeting
- AFS follow-up
- Non-audit fees follow-up
- Invoicing
- Drafting Engagement letters
- Setting up Connect Audit Manager (CAM)

On a scale from 1 (fully disagree) to 5 (fully agree), 85,7% fully agreed with the question 3 "I consider GAC's work helpful in audit coordination". The tasks currently included in GAC job description are comparable to the tasks the respondents identified as the most important to their work as managers. To conclude, GAC work is considered important and the current tasks meaningful in managing audit coordination.

In the questionnaire, the team managers were asked to identify possible areas, that they feel GAC could give more support to the team. From the responses, the following issues were identified:

- Maybe the SDC coordination, what ever practical things that you can imagine.
- Taking an even more active role in documenting everything related to GAC work in Aura.
- The more proactive the GAC is the better. Preparing for example the Audit Committee materials well in advance as the timetables are set for the whole year.
- Documentation of work received from countries.
- Preparing SDC requests
- Follow-up of SDC's tasks to see if they have met the deadlines, and sending reminders if needed. Taking care that SDC has all the material they need.
- Budgeting and follow-up of budget. Preparing a draft budget based on manager's guidance/previous year's hours.
- There should be more best practices/templates that GAC could suggest to the manager, e.g. budget templates.

- GAC's should share best practices more with others GAC's.

From the responses, SDC coordination was mentioned several times. It is anticipated that the GACs would take a more active role in tasks relating to preparing and following-up SDC requests. In addition, the sharing of best practices between teams was considered important.

The Connect suite of tools is an important part of GAC current job description as well as one of the areas in Audit Transformation. To detect the managers' insights of the issue they were asked in question 4 "GAC I work with has sufficient skills in using the Connect suite of tools (Client Base, Connect Audit Manager, Connect)". On a scale from 1 (fully disagree) to 5 (fully agree), 42,9% of the respondents fully agreed. This indicates that the skills are sufficient, but they could be even stronger. Documentation of work to Aura was mentioned as well in the responses. It is important that GAC's be on top of new technological tools to be able to assist audit teams effectively. 85,7% agreed with the question 5 "GAC I work with has sufficient other technical skills to support me in audit coordination". The result indicates that it would be beneficial to arrange more technical training to master the relevant tools.

To detect initial thoughts of team managers relating to GAC role in connection to the change of operating model, they had a possibility comment this in the questionnaire. The question was included to gather preliminary information for the building of the thesis proposal. The respondents were asked if they believed that the new operating model would bring new possibilities to widen and/or change the GAC's role in their client teams. From the responses, the following issues were identified:

- Bring best practices to all engagements, for example audit instructions and AFSs.
- Reminding people of Favro tasks.
- Be the back office support in almost any client case that is needed.
- Centralize more GAC's under specific portfolio teams where it could be possible to work with only one GAC, who is responsible of all of one manager's clients. This could save time.
- Better structure.
- More support also to smaller clients.

At the time of the questionnaire, the operating model change has not yet been implemented thus leading to general ideas if not concrete. However, from the responses it can be interpreted that centralising and restructuring the GAC role is considered important and beneficial for work that is more efficient.

Currently, GAC position coming along the operating model change has not yet been decided. At the time of initial phase of operating model change, GACs are not part of portfolio teams and therefore not attending their weekly meetings. This may lead to inefficiency and uncertainty of expectations. There will be challenges in information sharing and communication if GACs are not aware of portfolio teams' current issues or tasks. The Audit Transformation team is considering the expected GAC role in portfolio teams.

4.2.2 Key areas in Assurance Transformation

Assurance Transformation means developing the audit delivery model and the related tools and methods in accordance with the company's strategy. It aims to standardise, centralise and automate audit processes. These targets are directly linked to GAC work as they have a central role in audit teams' activities. In chapter 1.4, the scope of this thesis was defined to cover the most important areas in connection with the transformation process and GAC work. These areas are; the process of changing the job title, efficient use of technological tools related to audit coordination (Aura, CAM, Connect), and Service Delivery Center coordination.

In connection with the start of AT, it became topical to re-evaluate of then existing job title of GACs; Client Account Assistant. The title did not make clear the actual tasks of this group. The title was used within the company in various departments containing different tasks from each other. Client Account Assistant was generally interpreted as general administrative assistant tasks. This resulted in proposal of the change of the job title. Based on voting among the target group, Group Audit Coordinator was elected for the proposed new title. The change of title was approved by the audit line of service management at the end of year 2017.

GAC's need to be on top of new technological tools to be able to assist audit teams effectively. They have an important role in ensuring fluent and high quality internal and external customer service during the course of the audit. GAC's are the key

communication point regarding many administrative tasks related to audit thus saving audit team manager and partner time to focus on the audit work itself. The Connect suite of tools is an important part of GAC current job description as well as one of the areas in Audit Transformation. Connect tools are the company's network global tools, which are used in international clients' audit coordination. GACs are responsible of setting up and maintaining the databases in collaboration with the audit team manager. In addition, GAC's are responsible of documenting their work into audit documentation tool Aura.

Sharing of best practices is an important issue within standardising and centralising processes. Work performance becomes more efficient if each team does not need to think separately the same processes, which are mandatory to execute in audit coordination. As described above, audit team managers considered important that GAC would take a more active role in SDC coordination. Now, preparing SDC requests and following-up is for the most part audit teams' junior members' (Associate/Senior Associate) responsibility. Consequently, transferring the SDC coordination to GAC would release audit team members' time for the actual audit work thus enhancing their professional development.

5 Building the proposal

Building the proposal started with a brainstorming session with the operating model project group on 25 April 2019. The purpose of the meeting was to investigate the initial thoughts of the project group of GAC position in the change process. In the session the project leader, the resourcing manager and audit transformation manager were present.

The common understanding of the group was that for the GACs the current general work tasks or the client teams they work in would not change at this stage. The operating model change had been commenced with a kick-off in 21 March 2019. Large transformation processes go through several phases and they take a considerable length of time. It takes time for the new operating model to take its place in the mind-set of people. As Lewin (1947) described in his three-step model, at the second stage, “change”, is where the actual change occurs and the organisation moves to the desired state. This is the stage where the new policies, procedures, structures as well as behaviours and attitudes are developed. Therefore, it is not deemed necessary to undergo too extensive change at once. The operating model develops over time and is open to changes.

The GACs remain in the administrative audit groups as until now. They will not be a part of the new established portfolio teams as such, but operate in the client teams under the portfolio teams. That being the case, the GACs will not operate in support role for the portfolio teams in general, but only for the client teams. However, some changes in the current client portfolios could bring added value for the client teams and GAC.

The project group highlighted the importance of the usage of Favro, which is the new tool for managing the audit tasks. It was considered important that the GACs attend the future trainings of the tool. The client manager is the most important point of contact in the daily operations of GAC. Coordination of the audit is performed in collaboration with the client manager and GAC. It is the responsibility of the GACs themselves to discuss with the manager the possible need to attend at least some of the weekly meetings of portfolio teams. The attendance for the meetings would be especially important when the agenda is including the tasks where GAC is involved with in the audit cycle. However, it is to be noted that the more different managers or portfolio teams GAC works with, the more inefficient time will lapse in different meetings. If one GAC would

focus on just few or one portfolio team, it could bring synergies and efficient cooperation.

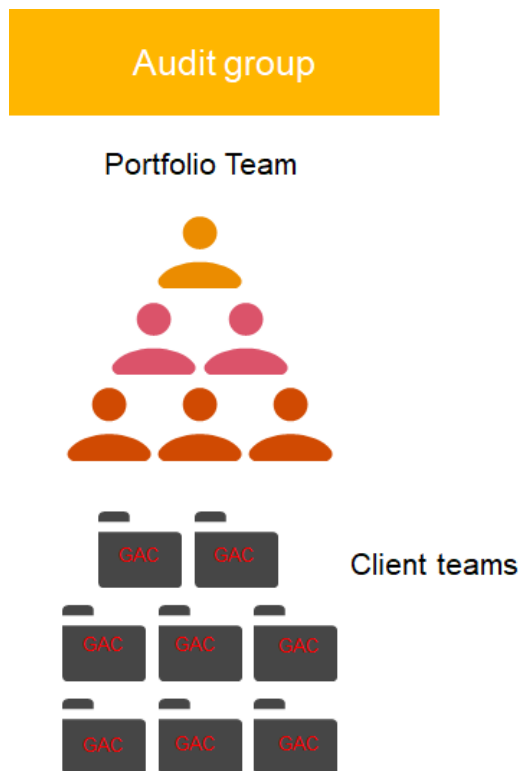


Figure 4: GAC role in the new operating model

It was agreed with the project group that a separate meeting among the GACs would be held to gather ideas and comments of the issue, and subsequently present the proposal to the project group. In this phase, the manager and supervisor of GACs would be involved to deliver feedback and comments for the proposal.

The workshop for GACs was organised on 29 April 2019. Seven GACs, including the author, participated in the meeting. Those who could not participate had the opportunity to send their comments by email. The framework for the workshop was based on the issues discussed in the previous operating model project group meeting. In addition, there was time to discuss and develop additional issues relating to the daily tasks. Bratton et al. (2007) describe a working group as individuals who have a shared sense of collective identity and who relate to each other in a meaningful way. It has been studied that team synergy can potentially improve organisational performance. For this group of professionals, the synergy is reinforced by establishing opportunities to express opinions and ideas in an informal way.

In summary, the concept of GACs remaining in administrative audit groups and not in portfolio teams was considered logical, as the clients they are involved with might be in different portfolio teams. However, the question of information sharing and awareness of important dates was raised. Here the importance of collaboration with the client manager was emphasised. GACs need to be synchronised with the portfolio team deadlines as regard to their tasks. In addition, it was agreed on that all GACs attend Favro trainings. One of the GACs has already used the tool in one of her client engagements and shared her initial experience of the tool. An understanding of the meaning of the tool for GAC work was clarified through demonstrating a practical example in an actual engagement.

The results of the questionnaire sent to audit team managers were discussed. The current tasks were recognised as important. From the responses, SDC coordination was mentioned several times. It was expected that GAC would take more active role in preparing and coordinating the SDC requests. Currently, GACs are preparing and coordinating the requests relating to their own coordination tasks only. In view of the needed knowledge of actual audit requests, it would not be efficient for the GAC to prepare and issue other requests than those relating to their own tasks. SDC coordination is needed for all client teams, including those who have no GAC. Therefore, this will need to be part of normal portfolio team tasks. Very often, the requests require answering follow-up questions that require audit professionals skills. Consequently, it would be unnecessarily time consuming if GAC had to separately approach audit team members to be able to answer these questions.

Support in budgeting and follow-up of budget was identified as well from the responses. Currently there are several different methods of this task depending on the client team. The company's current tools are not providing an efficient solution to meet the information needs. There is a new Power BI budget template under development, which will be released during spring 2019 for the use of GACs. The main responsibility for budgeting lies within the client teams and should be performed efficiently as part of portfolio teams tasks related to audit planning.

Sharing of best practices is an important part of successful working methods. GACs gather regularly in meetings where topical issues are discussed and experiences shared. In addition, majority of GACs are located in adjacent seats in the office thus making the information sharing more fluent. This results to increased learning experience through active collaboration.

Moreover, relevance of having a named GAC for some smaller clients was questioned. In some cases, the GAC tasks are limited only to invoicing. As there is a separate role for invoicing; Job Specialists, this task is overlapping with GAC tasks. The role of GAC is wider and requires knowledge of the certain client. Therefore, the possibility to move the smaller clients invoicing tasks to Job Specialists could be considered.

5.1 Description of Group Audit Coordinator work

Based on the information gathered, which are described in the previous sections, the following description of Group Audit Coordinator work is presented below.

5.1.1 FY19

The GACs remain in the administrative audit groups as until now. They will not be a part of the new established portfolio teams as such, but operate in the client teams under the portfolio teams. The current general work tasks or the client teams they work in do not change at this stage. The Connect suite of tools is an important part of tasks and the use will be continuously supported. GACs attend the trainings of the new Favro tool and start using it in their client engagements. The client manager is the most important point of contact in the daily operations of GAC. It is to be discussed with the client manager of the need to attend the meetings of the portfolio teams. The possibility to move some of the smaller clients invoicing tasks to Job Specialists should be considered. In addition, all GACs need to have sufficient access rights to edit client information in the client data system. Sharing of best practices continues with regular meetings and trainings.

5.1.2 FY20

There will be changes in GACs' as well as audit professionals' client portfolios as certain clients will depart due to rotation requirements. GAC portfolios will be re-evaluated at this stage at the latest. Centralising GACs in certain portfolio teams is an aspect that would be considered at this stage. Smaller clients' invoicing tasks have been moved to Job Specialists. Budget follow-up will be enhanced with the use of Power BI. All clients need budget follow-up and analyses of overruns in order to develop

the working practices. Sharing of best practices continues with regular meetings and trainings.

5.1.3 FY21

New operating model has been in force for two years. It is to be considered if GACs would preferably be part of portfolio teams supporting the entire portfolio teams compared to client teams respectively. Centralising under specific portfolio team could result to new responsibilities and tasks. Job description will be re-evaluated. One aspect of the future tasks can be moving some of the current tasks to SDC and shape GAC role more towards to be technical support in portfolio teams. Subsequently, continuous training of the tools is increasingly important to achieve effective support for the teams. Sharing of best practices continues with regular meetings and trainings.

6 Validation of the proposal

This section explains the validation process and introduces the final outcome of the thesis.

The validation of the proposal was conducted in two phases. First, the initial proposal was discussed with the manager of GAC group. The manager expressed his thoughts of the proposal and gave practical implications on the issues described. Finally, the proposal was communicated to the operating model change project group for their review and comments. A member of the group, the Transformation Manager provided her comments, which were focused on the use of project management tool Favro. Favro is used to follow-up the different stages of the audit process and it provides information to the portfolio team leaders and audit client team managers of the overall situation. It is used to monitor the workload of the auditors, who have been assigned with different audit tasks in the tool. In this context, the tool is applicable to GACs as the manager can monitor their assigned tasks as well. At the current stage, this has been piloted in one audit team with a GAC, and it would be an ideal model to all teams where GACs are involved.

The final outcome of the thesis represents the main results of the initial proposal. At this point, there will be not major change in the GAC role. However, in the coming two years, a careful consideration is needed to shape this particular role to meet the need deriving from new operational model and its operations. Overlapping tasks and inefficient methods of working are areas that will need more focused planning.

7 Discussion and conclusions

In the seventh chapter, discussion and conclusions are presented. The chapter includes practical implications and evaluation of the thesis.

The audit industry is in constant change. The tools and methods of working need to develop to meet the requirements of the clients and regulatory environment. As the industry changes, new skills and perspective towards the audit work develops as well. During this thesis project, I have had a chance to familiarise myself more deeply with the change process in the audit line of business of the company. It has provided me a wider view of the requirements and issues that need to be taken into consideration when planning a transformation. The change of operating model is not about an organisational change merely but it is to do with change the way of thinking. Researching this process has given me a chance to review the current methods of working and identify the needs for more efficient and comprehensive role of GAC. In the thesis, I have described concrete responsibilities and tasks of GAC and how they could be developed further.

Mastering specific coordination tools is an essential part of GAC work. Therefore, it is crucial that efficient training and support is available. Here a proactive approach of GACs themselves plays an important role. In a large organisation such as the case company it is needed to have a manager to support and promote this group's issues.

Transformation efforts take a considerable length of time and go through several stages. Communication and role modelling hold an important part of successful transformation in an organisation.

During the thesis process, I have been able to identify other issues that will need to be further investigated as the transformation process develops. In addition to GAC role, there are other supporting positions in the audit organisation, which need a closer evaluation along the change process. This aspect remains as a development area for the future of overall audit transformation programme.

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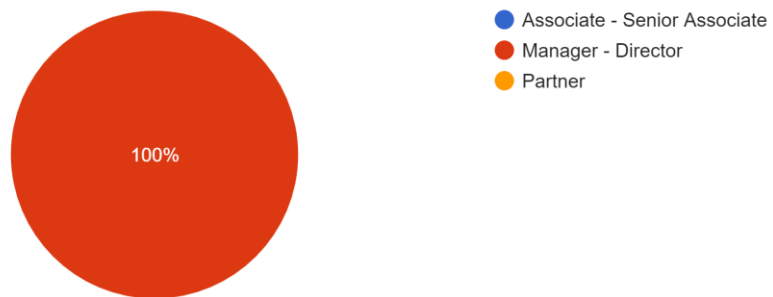
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Appendix 1: The questionnaire to the audit team managers

1) I am

I am

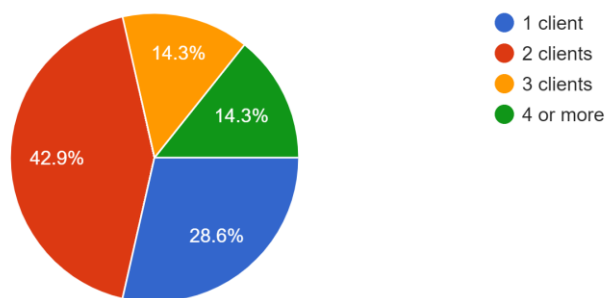
7 responses



2) I work with a GAC in an audit client team.

I work with a GAC in an audit client team.

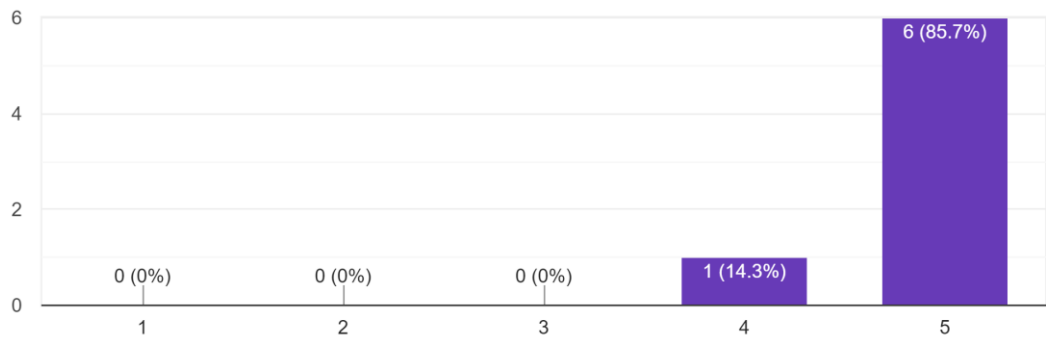
7 responses



3) I consider GAC's work helpful in audit coordination.

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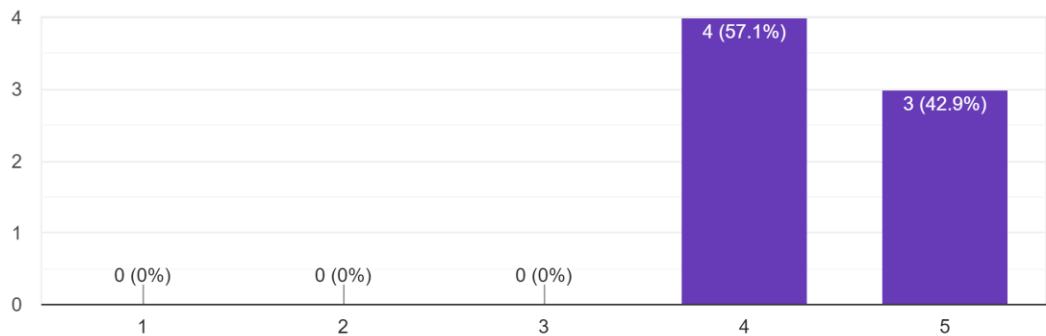
7 responses



4) GAC I work with has sufficient skills in using the Connect suite of tools (Client Base, Connect Audit Manager, Connect).

GAC I work with has sufficient skills in using the Connect suite of tools (Client Base, Connect Audit Manager, Connect).

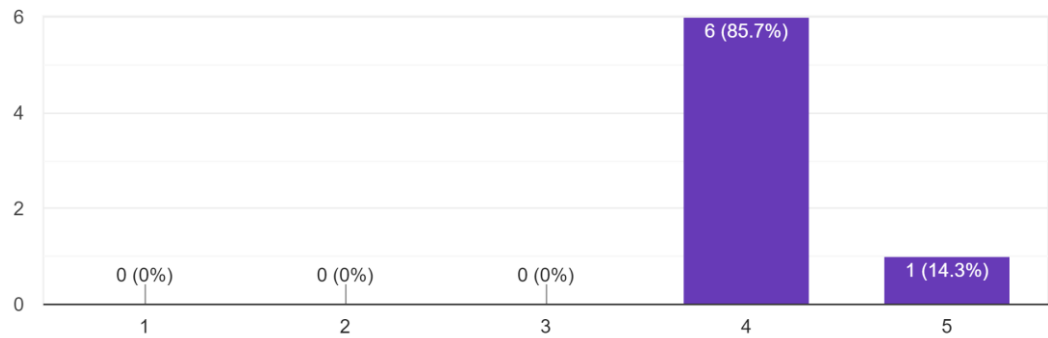
7 responses



- 5) GAC I work with has sufficient other technical skills to support me in audit coordination.

GAC I work with has sufficient other technical skills to support me in audit coordination.

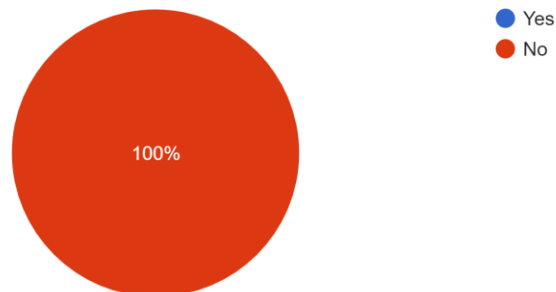
7 responses



- 6) In my team(s), it is primarily GAC's task to create requests to SDC.

In my team(s), it is primarily GAC's task to create requests to SDC.

7 responses



If no, whose task is it?

7 responses

Team member
Senior Associate
It depends on the client and whether Finnish or Polish SDC is utilized.
Audit associates
Team
associate
Team (dedicated A/SA)

7) What are the most important areas in which GAC supports you in your clients?

What are the most important areas in which GAC supports you in your clients?

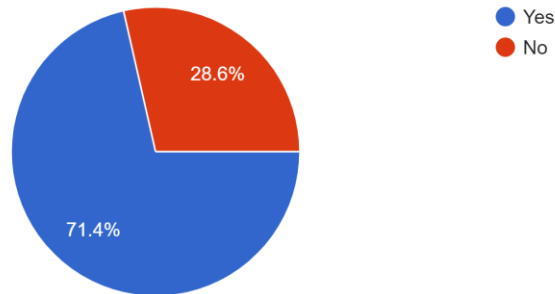
7 responses

Coordinating all the practical things for example meetings, communicating and following up component auditors, audit instructions, billing, AFSs, etc.
Helping out with drafting instructions and AC reports. Sending out the instructions and chasing them to make sure we have all back in time. Also its important to get a good summary of the reporting directly into AURA. Non audit work follow and AFS approvals.
Coordination work and contacting component teams, helping with AC presentations, invoicing etc.
Coordination, preparing the reports, budgeting, invoicing
Coordination
Group coordination, interoffice reporting (reminding the component teams), invoicing, technical help with AC-reporting
<ul style="list-style-type: none"> - AFS follow-up - Non-audit fees follow-up - Invoicing - Engagement letter and draft instructions - Setting instructions and deliverable to CAM - Follow up of components reporting

8) Are there areas you would wish more support from GAC?

Are there areas you would wish more support from GAC?

7 responses



If yes, what are the areas?

5 responses

Maybe the SDC coordination, what ever practical things that you can imagine.

Taking an even more active role in documenting everything related to their work in Aura.

The more proactive the CAG is the better (e.g. we know when AC meetings are so the presentations can be well prepared in advance quite far)

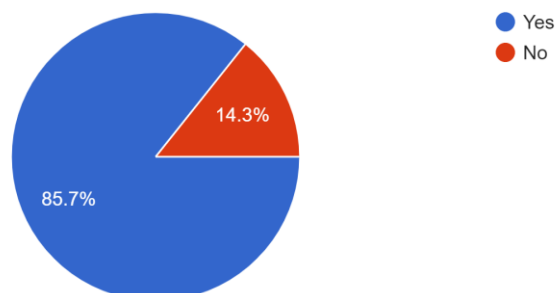
Documentation of work received from countries

SDC-requests, follow-up of SDC's tasks (e.g. if they have met the deadlines, reminders if needed), taking care that SDC has all the material they need. Also budgeting and follow-up of budget. Preparing a draft budget based on manager's guidance/previous year's iPower hours. Also there should be more best practices/templates that CAG could suggest to the manager, e.g. budget templates. Probably CAG's should share best practices more with others CAG's.

9) I believe that the new operating model brings new possibilities to widen and/or change the GAC's role in my client teams

I believe that the new operating model brings new possibilities to widen and/or change the GAC's role in my client teams

7 responses



If yes, how?

5 responses

Bring best practices to all engagements, for example audit instructions, AFSs etc

I think it is to each team to decide. But if possible it could be about helping to manage the clients, reminding people of Favro, be the back office support in almost any client case that is needed.

Centralize more CAG's under specific portfolio teams where it could be possible to work with only one CAG who is responsible of all of my bigger clients. Saves time a lot.

Better structure

More support also to smaller clients

10) Other comments

Other comments

1 response

The GAC work is extremely important and what I think is important is that all the GACs at PwC would work even more together to share best practices.

Appendix 2: removed from the public version