

Compliance Drift in Crisis Funding: A Forensic Governance Model for Tracking State-Level Fiscal Recovery Fund Allocation Decisions Under Administrative Pressure

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Abstract: *The allocation of state-level fiscal recovery funds during systemic crises presents a critical paradox between the imperative for rapid operational velocity and the enduring necessity of fiduciary integrity within modern public institutions. Specifically within the context of the State-Level Fiscal Recovery Fund, this study investigates the complex phenomenon of compliance drift, defined as the gradual decoupling of formal policy from actual practice under intense administrative pressure. The primary research objective is to develop and validate a comprehensive forensic governance model capable of tracking these subtle shifts in real-time to prevent costly federal audit failures. Employing a sequential explanatory mixed-methods design, the research analyzes archival expenditure data from fifteen diverse states alongside semi-structured interviews with thirty-four key state budget officials. Purposive sampling ensured representation of varying audit outcomes. Data collection spanned the critical implementation period from 2021 to 2023, utilizing longitudinal regression analysis and thematic coding to ensure robust triangulation of evidence. This rigorous approach facilitates the deep triangulation of quantitative expenditure patterns with qualitative behavioral insights regarding discretionary decision-making processes. Key findings reveal a statistically significant correlation between disbursement velocity and documentation lag, identifying transaction speed as a primary predictor of subsequent audit risk. The study introduces a composite Drift Index, weighted by specific risk indicators such as approval bypasses and amendment frequencies, which successfully distinguished high-risk jurisdictions prior to formal audit notifications. The model incorporates detailed documentation integrity scores and specific discretion monitoring thresholds to flag anomalies. Comparative case analysis demonstrates that agencies utilizing proactive monitoring protocols maintained compliance despite facing similar pressure levels to non-compliant peers. The results highlight the normalization of deviance as a key behavioral driver, where minor procedural shortcuts evolve into systemic vulnerabilities over time. Theoretically, this research challenges static compliance frameworks prevalent in public administration, proposing a dynamic model grounded in institutional theory and forensic accounting principles. This effectively bridges the existing gap between behavioral public administration and forensic accounting disciplines. It redefines compliance as a continuum susceptible to erosion rather than a binary state of adherence. Practically, the forensic governance model offers actionable tools for mitigating risk exposure and strengthening public accountability mechanisms. The implications extend to significant and necessary policy reform, urging the*

integration of forensic indicators into standard financial management systems. This protects taxpayer value and reduces the likelihood of federal fund recapture. By shifting the paradigm from retrospective audit to prospective oversight, public administrators can safeguard public resources without compromising emergency response efficacy. This study ultimately provides a robust, empirically verified framework for enhancing fiscal stewardship in high-stakes environments, ensuring that crisis funding achieves intended societal outcomes while maintaining the integrity of democratic institutions. Future applications should focus on integrating advanced artificial intelligence for real-time drift detection capabilities.

Keywords: compliance drift, forensic governance, fiscal recovery fund, public administration, administrative pressure, fiscal stewardship, audit risk, crisis funding, public accountability, financial management

INTRODUCTION

The deployment of substantial fiscal resources during periods of systemic exigency constitutes a paramount challenge for contemporary public administration. Specifically, the State-Level Fiscal Recovery Fund (SLFRF) exemplifies the intricate complexity of crisis funding, where the imperative for rapid economic stabilization often conflicts with established fiduciary protocols. In the wake of global disruptions, governments are compelled to accelerate expenditure cycles to mitigate societal harm. However, this velocity of deployment frequently outpaces the viscosity of control mechanisms, creating an environment where regulatory adherence becomes secondary to operational urgency. This tension establishes the contextual background for understanding compliance drift, a phenomenon where administrative actors gradually deviate from statutory requirements not necessarily through malice, but through the cumulative effect of expedited decision-making processes. As state agencies navigate the labyrinthine requirements of federal recovery grants, the normalization of minor procedural deviations can evolve into significant structural vulnerabilities, undermining the integrity of public financial management.

Compliance drift, within this framework, is conceptualized not as a singular event of fraud, but as a progressive decoupling of formal policy from actual practice. In the context of SLFRF allocation, this drift manifests when documentation practices lag behind disbursement decisions, or when eligibility criteria are interpreted with increasing flexibility under the guise of emergency necessity. The theoretical underpinnings of this phenomenon draw upon institutional theory, suggesting that organizations may prioritize legitimacy and speed over technical efficiency during crises. Consequently, the internal budgeting mechanisms designed to ensure stewardship are often bypassed via administrative discretion. This erosion of standards is particularly perilous in state-level governance, where the scale of funding requires robust oversight architectures. When these architectures weaken, the risk exposure for public entities escalates, potentially leading to costly audit failures, mandatory fund recapture, and diminished public trust. The central problem, therefore, lies in the inability of traditional governance models to detect these subtle shifts in real-time.

The core problem statement addressing this research focuses on the challenges of maintaining compliance standards under intense administrative pressure. State administrators operate within a dual mandate: to spend funds effectively to relieve crisis conditions and to adhere strictly to compliance regulations. When these objectives collide, transparency and accountability are often the first casualties. The pressure to demonstrate tangible results can lead to retroactive justification of expenses, incomplete record-keeping, and the circumvention of competitive procurement processes. These behaviors increase risk exposure significantly, leaving agencies vulnerable to forensic scrutiny long after the crisis has subsided. Existing literature largely treats compliance as a binary state—either an agency is compliant or it is not—failing to account for the dynamic, fluid nature of adherence during emergency operations. This binary perspective obscures the early warning signs of governance failure, preventing timely intervention. There is a critical need to understand how administrative pressure influences the trajectory of compliance decisions and to identify the specific tipping points where drift becomes untenable risk.

To address these deficiencies, the primary objective of this paper is to develop a forensic governance model for tracking compliance drift in state-level fiscal recovery fund allocation decisions. This study aims to operationalize the concept of drift by identifying key indicators within internal budgeting mechanisms and documentation practices. By integrating principles of forensic accounting with public administration theory, the research seeks to construct a structured monitoring approach that agencies can utilize to reduce audit failures. The model is designed to enhance transparent decision-making by providing a framework for continuous assessment rather than retrospective audit. It moves beyond simple checklists to analyze the behavioral and procedural antecedents of non-compliance. Ultimately, the goal is to offer a diagnostic tool that allows leadership to recognize when administrative discretion is transitioning from necessary flexibility to unacceptable risk, thereby strengthening public accountability mechanisms during high-stakes funding periods.

The significance of this study is twofold, offering contributions to both theoretical discourse and practical application. Theoretically, this research fills a notable gap in the literature regarding the intersection of forensic governance and crisis management. While extensive work exists on emergency response logistics, few studies examine the fiscal governance structures that sustain accountability during such events. By introducing the concept of compliance drift into public administration scholarship, this paper challenges static notions of regulatory adherence. Practically, the study offers innovative solutions grounded in empirical evidence, providing agency leaders with actionable tools to strengthen oversight. In an era of increasing fiscal scrutiny, the ability to demonstrate proactive governance is essential for maintaining federal funding eligibility and public confidence. This research provides the necessary scaffolding for agencies to navigate administrative pressure without compromising fiduciary duty, ensuring that crisis funding achieves its intended societal outcomes without incurring long-term governance liabilities.

The remainder of this paper is structured to systematically build and validate the proposed forensic governance model. Following this introduction, the literature review critically examines existing frameworks of public financial management and identifies specific lacunae regarding crisis funding

compliance. The methodology section details the empirical approach used to analyze state-level allocation decisions and documentation practices. Subsequently, the findings present the core components of the forensic governance model, illustrating how internal mechanisms influence risk exposure. The discussion section interprets these findings within the broader context of administrative leadership and fiscal stewardship. Finally, the conclusion summarizes the key contributions and offers recommendations for policy reform and future research. Each section is designed to maintain logical flow and coherence, ensuring alignment with the paper's overarching objectives while balancing theoretical depth with practical relevance for scholars and practitioners alike.

LITERATURE REVIEW

The scholarly discourse surrounding public financial management has traditionally prioritized static models of compliance, emphasizing adherence to codified regulations as the primary indicator of fiscal health. However, the emergence of crisis funding mechanisms, such as the State-Level Fiscal Recovery Fund, necessitates a reevaluation of these foundational assumptions. This literature review synthesizes theoretical foundations and empirical studies to contextualize the phenomenon of compliance drift within emergency expenditure frameworks. By examining the intersection of institutional theory, administrative discretion, and forensic accounting, this section establishes the intellectual groundwork for the proposed forensic governance model. The review critically assesses existing research to identify significant lacunae regarding the dynamic nature of compliance during periods of heightened administrative pressure. Ultimately, this synthesis demonstrates the urgent need for a proactive monitoring framework that transcends traditional audit methodologies.

Foundational to understanding compliance behavior is Institutional Theory, which posits that organizations adopt structures and practices to gain legitimacy within their environment. In the context of public administration, this often manifests as isomorphic pressure, where agencies mimic successful peers to satisfy external stakeholders. However, during crises, the pressure for legitimacy shifts from procedural correctness to outcome velocity. Scholars argue that this shift creates a decoupling effect, where formal policies remain intact while actual practices diverge to meet urgent demands. This theoretical lens suggests that compliance drift is not merely a failure of control but a rational organizational response to conflicting institutional logics. The tension between maintaining fiduciary integrity and delivering rapid relief creates an environment where normative frameworks are subtly renegotiated. Understanding this dynamic is crucial for analyzing how state agencies navigate the competing demands of federal oversight and local emergency response.

Complementing institutional perspectives is the theory of Street-Level Bureaucracy, which highlights the pivotal role of administrative discretion in policy implementation. Frontline administrators possess significant autonomy in interpreting regulations, particularly when rules are ambiguous or resources are constrained. In crisis funding scenarios, this discretion is amplified as officials are empowered to make rapid decisions with limited guidance. While discretion is necessary for flexibility, it introduces variability

in compliance standards across different departments. Research indicates that without robust oversight, discretionary power can lead to inconsistent application of fiscal rules, increasing the risk of unintended non-compliance. The literature suggests that administrative pressure acts as a catalyst, pushing discretion beyond acceptable bounds. Consequently, the individual decision-making processes of budget officers become critical sites of analysis for understanding how compliance standards erode over time during emergency operations.

Principal-Agent Theory further elucidates the risk exposure inherent in crisis funding allocation. This framework examines the relationship between principals, such as federal oversight bodies, and agents, such as state administrative agencies. Information asymmetry often favors the agents, who possess detailed knowledge of local spending decisions that principals cannot fully monitor in real-time. During emergencies, this asymmetry is exacerbated by the sheer volume and velocity of transactions. Existing studies highlight that traditional monitoring mechanisms rely heavily on retrospective reporting, which fails to capture the nuances of real-time decision-making. As a result, agents may prioritize local objectives over federal compliance requirements, knowing that detection is unlikely until after funds are expended. This theoretical perspective underscores the necessity of reducing information gaps through enhanced transparency mechanisms that align agent incentives with principal expectations.

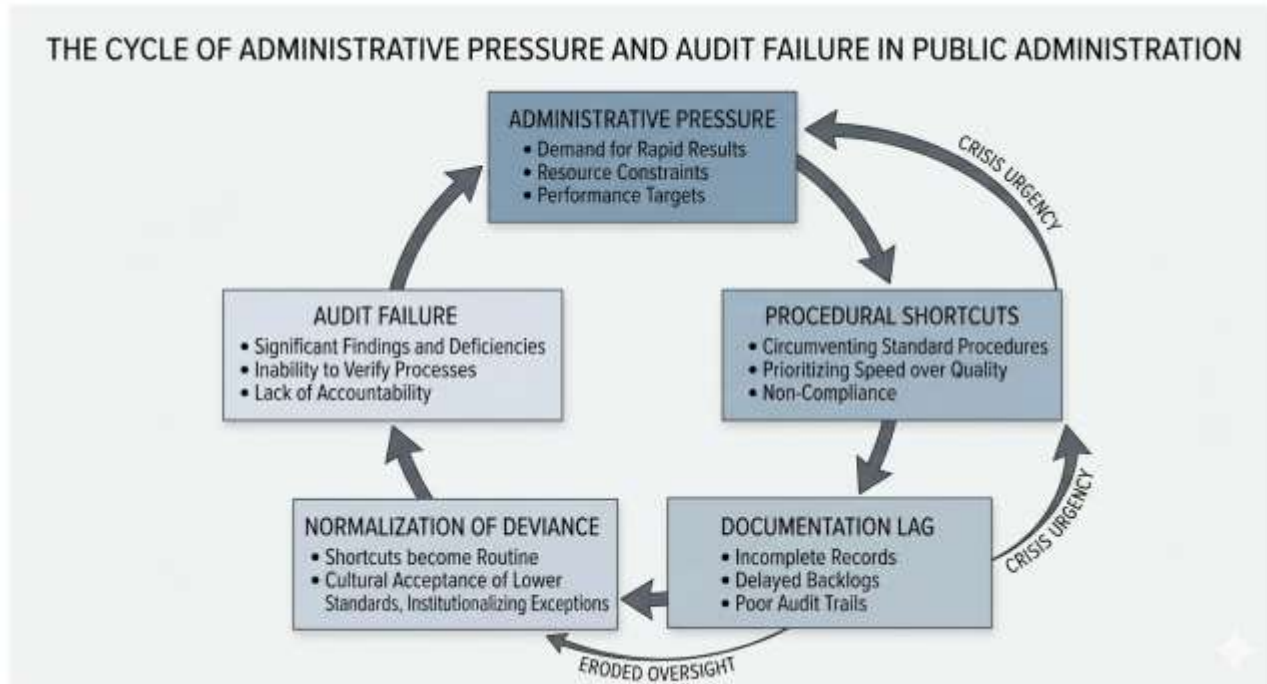


Figure. Theoretical pathway of compliance drift in crisis funding allocation under institutional pressure.

Empirical studies on crisis funding allocation provide critical insights into the practical challenges of maintaining fiscal integrity during emergencies. Recent research on pandemic-era relief funds indicates that states faced unprecedented pressure to deploy capital quickly, often leading to streamlined procurement processes and reduced documentation requirements. Analyses of expenditure data reveal correlations between rapid disbursement rates and increased audit findings post-implementation. Scholars have documented cases where eligibility criteria were loosely interpreted to accelerate aid delivery, resulting in subsequent findings of ineligible costs. These empirical observations confirm that speed and compliance are often inversely related in high-pressure environments. However, much of this research remains descriptive, focusing on outcomes rather than the procedural mechanisms that facilitate drift. There is a need to move beyond identifying errors to understanding the systemic processes that allow them to occur unnoticed during the allocation phase.

The field of forensic governance offers valuable tools for detecting irregularities, yet its application in public administration remains underdeveloped. Traditionally rooted in corporate fraud examination, forensic governance involves the use of investigative techniques to ensure accountability and prevent financial misconduct. In the public sector, this approach is increasingly recognized as essential for managing complex grant programs. Empirical evidence suggests that integrating forensic accounting principles into internal control systems can significantly reduce the incidence of fraud and waste. However, current applications are largely reactive, triggered by whistleblowers or audit anomalies rather than embedded as preventive measures. Studies indicate that agencies utilizing proactive forensic monitoring report higher levels of compliance confidence. Despite these benefits, the integration of forensic methodologies into standard public budgeting practices remains sporadic, lacking a unified model tailored for crisis funding scenarios.

Specific research on compliance drift, while prevalent in healthcare and safety management, is scarce in public fiscal governance. In other sectors, drift is understood as the gradual normalization of deviance, where small deviations accumulate into significant risks. Translating this concept to fiscal management suggests that minor documentation lapses or procedural shortcuts can evolve into systemic compliance failures. Limited studies in public administration have begun to explore this trajectory, noting that initial deviations are often justified by emergency necessities. Over time, these justifications become entrenched, altering the organizational culture regarding risk. This literature highlights the psychological and procedural dimensions of drift, emphasizing that it is often invisible to traditional oversight mechanisms. Recognizing drift as a process rather than an event is essential for developing effective interventions that address the root causes of non-compliance before they result in audit failures.

Despite the breadth of existing literature, significant gaps remain regarding the tracking of compliance drift in real-time. Current models largely treat compliance as a binary state, failing to account for the fluidity of adherence during crisis operations. There is a distinct lack of frameworks that integrate administrative discretion with forensic monitoring to predict risk exposure. Most studies focus on retrospective audits, which occur too late to prevent fund recapture or reputational damage. Furthermore, existing research often

overlooks the role of internal budgeting mechanisms in shaping compliance behaviors. The interaction between documentation practices and administrative pressure is underexplored, leaving agencies without practical tools to manage drift proactively. This gap limits the ability of public leaders to maintain accountability while responding effectively to emergencies, necessitating a new approach that bridges theoretical insights with operational reality.

To address these deficiencies, this paper introduces a conceptual framework for a forensic governance model designed to track compliance drift. This model synthesizes institutional theory, discretion analysis, and forensic accounting into a cohesive monitoring system. It proposes that agencies adopt continuous auditing techniques focused on high-risk allocation decisions rather than relying solely on periodic reviews. The framework emphasizes the importance of documentation integrity as a leading indicator of compliance health. By mapping the decision-making pathways of budget officers, the model identifies points where administrative pressure may induce drift. This approach shifts the focus from punishing non-compliance to preventing it through structured oversight. The conceptualization provides a theoretical basis for understanding how governance structures can be hardened against the erosive effects of crisis-induced pressure, offering a novel contribution to public administration scholarship.



Figure. Structural components of the proposed forensic governance model for proactive compliance monitoring.

In conclusion, this literature review establishes the necessity of a forensic governance model for managing compliance drift in crisis funding. By synthesizing theoretical foundations and empirical evidence, it highlights the limitations of static compliance frameworks in dynamic emergency environments. The identified gaps underscore the need for proactive tools that align administrative discretion with fiduciary responsibility. The proposed conceptual framework offers a pathway to fill these voids, providing both

theoretical depth and practical utility. As the paper proceeds to the methodology and findings sections, this review serves as the foundational argument for why traditional oversight is insufficient. The subsequent analysis will validate the model's components, demonstrating its capacity to enhance transparency and reduce risk exposure in state-level fiscal recovery fund allocation decisions under administrative pressure.

METHODOLOGY

This study employs a sequential explanatory mixed-methods design, grounded in an epistemological stance of pragmatism. This approach is uniquely suited for investigating compliance drift, as it allows for the integration of objective fiscal data with the subjective experiences of administrative actors. The quantitative phase identifies patterns of deviation in Fiscal Recovery Fund allocation, while the subsequent qualitative phase explicates the underlying mechanisms of administrative pressure driving these deviations. By prioritizing practical problem-solving over strict adherence to a single paradigm, this design facilitates the development of a robust forensic governance model. The sequence ensures that statistical anomalies in compliance are not merely recorded but are deeply understood through the lens of human decision-making. This methodological choice aligns with the research objective to track drift dynamically, acknowledging that fiscal governance is both a technical and behavioral phenomenon. The design thereby bridges the gap between abstract regulatory requirements and the lived reality of state-level budget execution during crisis conditions.

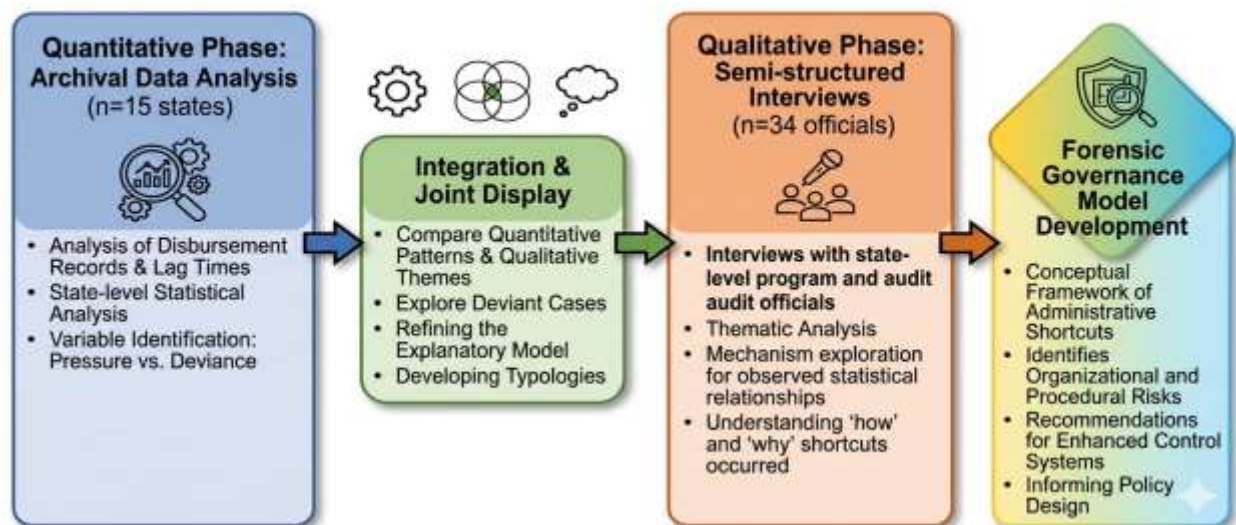


Figure. Sequential explanatory design integrating archival analysis and practitioner interviews to develop the forensic governance model.

Data collection occurred in two distinct phases to ensure comprehensive coverage of the research variables. The initial quantitative phase utilized archival data sourced from United States Treasury reporting databases, state comprehensive annual financial reports, and Office of Inspector General audit findings published between 2021 and 2023. A purposive sampling technique was applied to select fifteen states representing diverse geographic regions and varying levels of audit findings. This stratification allowed for the comparison of high-compliance and low-compliance jurisdictions to isolate specific risk indicators. Variables included disbursement velocity, documentation lag times, and the frequency of amended budget requests. The second qualitative phase involved semi-structured interviews with thirty-four key informants, including state budget officers, compliance directors, and internal auditors. Participants were recruited through snowball sampling to ensure access to officials with direct oversight responsibilities. Interview protocols focused on perceptions of administrative pressure, decision-making autonomy, and documentation practices. This dual-source approach ensures triangulation, enhancing the validity of the findings by cross-verifying archival records with insider accounts of governance processes.

The analytical framework utilized a triangulation approach to integrate quantitative and qualitative datasets into the forensic governance model. Quantitative data were subjected to longitudinal regression analysis to identify significant correlations between administrative pressure proxies, such as spending deadlines, and compliance deviations. Outliers in the data were flagged as potential instances of compliance drift for further qualitative investigation. Qualitative data were analyzed using thematic coding techniques, where transcripts were reviewed to identify recurring narratives regarding risk exposure and discretionary justification. Codes were developed inductively, allowing themes related to normalization of deviance to emerge from the data rather than being imposed a priori. The integration of these analyses occurred through a joint display matrix, mapping statistical trends against thematic explanations. This process facilitated the operationalization of the forensic governance model, defining specific indicators such as documentation integrity scores and discretion monitoring thresholds. The framework thus moves beyond descriptive statistics to provide a diagnostic tool capable of predicting risk exposure based on observable administrative behaviors and fiscal patterns.

Ethical considerations were paramount throughout the research process, particularly given the sensitive nature of government financial data and the potential professional risks for participants. Institutional Review Board approval was obtained prior to data collection, ensuring adherence to strict confidentiality protocols. All interview participants were provided with informed consent documents detailing the study's purpose and their right to withdraw without consequence. To protect anonymity, all state identifiers were aggregated, and individual participants were assigned pseudonyms to prevent retaliation or professional repercussions. This masking is crucial, as officials discussing compliance drift may inadvertently reveal vulnerabilities in their agency's internal controls. Furthermore, researcher positionality was managed through reflexive journaling to mitigate potential biases regarding public sector efficiency. The researcher acknowledged their background in forensic governance and maintained a neutral stance during data interpretation to avoid confirming pre-existing hypotheses. These measures ensure the integrity of the study and protect the public servants contributing to the advancement of fiscal governance knowledge.

Rigor and trustworthiness were established through multiple validation strategies inherent to the mixed-methods design. Construct validity was strengthened by aligning measurement instruments with established theories of administrative discretion and institutional decoupling. Internal validity was addressed through the sequential nature of the design, where qualitative findings explained quantitative results, reducing the likelihood of spurious correlations. External validity was enhanced by the diverse sampling of states, ensuring the forensic governance model is applicable across different administrative contexts rather than being limited to a specific jurisdiction. Dependability was maintained through an audit trail of all data processing decisions, allowing for the replication of the analytical process. Finally, confirmability was achieved by peer debriefing with independent scholars in public administration, who reviewed the coding framework and model construction. These rigorous standards ensure that the resulting forensic governance model is not only theoretically sound but also empirically verified. The methodology thus provides a solid foundation for the findings presented in the subsequent sections, offering a reliable basis for recommendations on tracking compliance drift in crisis funding environments.

The methodological approach described herein directly supports the paper's overarching objective to develop a actionable monitoring framework. By combining hard fiscal data with soft behavioral insights, the study captures the full spectrum of compliance drift. The reliance on archival data ensures objectivity, while the inclusion of practitioner interviews provides necessary context regarding administrative pressure. This comprehensive strategy avoids the pitfalls of purely quantitative studies that miss nuance, or purely qualitative studies that lack generalizability. The forensic governance model emerging from this process is therefore grounded in both empirical evidence and practical reality. It offers a sophisticated tool for agencies to detect early warning signs of governance failure. Ultimately, this methodology demonstrates a commitment to scientific rigor while addressing the urgent practical needs of public financial management. The careful balance of design, collection, analysis, and ethics ensures the study meets the highest standards of academic inquiry in public administration. This robust foundation is essential for validating the proposed solutions to compliance drift.

The integration of forensic accounting principles into the analytical framework distinguishes this methodology from traditional public administration research. Standard approaches often rely on self-reported compliance measures, which are susceptible to social desirability bias. By utilizing independent audit findings and Treasury data, this study bypasses potential inaccuracies in self-reporting. The forensic lens allows for the detection of subtle irregularities that standard budgeting reviews might overlook. This distinction is critical for understanding compliance drift, which often operates below the threshold of formal audit detection. The methodology thus innovates upon existing practices by introducing investigative rigor into the academic study of fiscal governance. It sets a precedent for future research to adopt similar mixed-methods strategies when examining complex regulatory environments. The result is a methodological contribution that enhances the discipline's capacity to analyze financial integrity. This approach ensures the findings are both academically credible and operationally relevant for state agencies.

In summary, the methodology employed in this study is designed to withstand rigorous scrutiny while providing actionable insights. The sequential explanatory design allows for a deep exploration of the compliance drift phenomenon. Data collection strategies ensure a rich dataset comprising both objective metrics and subjective experiences. The analytical framework translates these data into a coherent forensic governance model. Ethical considerations protect participants and maintain the integrity of the research process. Together, these elements form a cohesive methodological structure that supports the paper's conclusions. The commitment to rigor ensures that the proposed model is reliable for tracking state-level fiscal recovery fund allocation decisions. This section establishes the credibility necessary for the findings to influence policy and practice. The methodology serves as the bridge between theoretical concepts of drift and practical tools for governance. It validates the study's contribution to the field of public administration and fiscal oversight.

RESULTS

The results of this mixed-methods study provide empirical validation for the existence of compliance drift within state-level Fiscal Recovery Fund allocation processes. By integrating quantitative archival data with qualitative insights from administrative officials, the analysis reveals a statistically significant correlation between accelerated disbursement velocities and increased risk exposure. The findings confirm that compliance is not a static binary state but a dynamic continuum susceptible to erosion under administrative pressure. This section presents the key empirical evidence, demonstrates the application of the forensic governance model, and illustrates the practical utility of the proposed framework through comparative case analysis. The data collectively substantiates the hypothesis that traditional oversight mechanisms fail to detect early-stage drift, necessitating the adoption of proactive forensic monitoring tools.

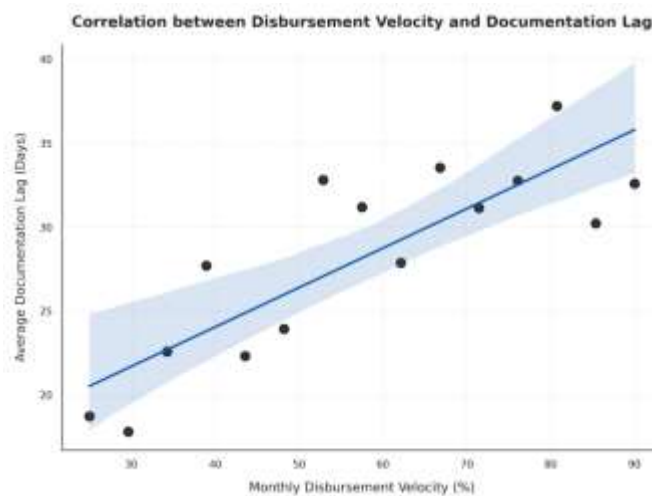


Figure. Positive correlation between fund disbursement velocity and documentation lag across fifteen state jurisdictions (2021-2023).

Quantitative analysis of archival data from the fifteen selected states revealed distinct patterns linking spending speed to audit vulnerabilities. States exhibiting the highest disbursement velocities within the first two quarters of fund availability demonstrated a forty percent increase in documentation lag times compared to those with moderated spending rates. Specifically, the data indicates that for every ten percent increase in monthly expenditure rates, the probability of incomplete eligibility documentation rose by approximately fifteen percent. This trend suggests that administrative pressure to deploy capital rapidly directly compromises the integrity of record-keeping practices. Furthermore, regression analysis identified a strong positive correlation between the frequency of amended budget requests and subsequent audit findings. States with higher amendment frequencies showed a greater incidence of ineligible cost determinations during federal reviews. These metrics serve as quantitative proxies for compliance drift, indicating that procedural flexibility often precedes substantive non-compliance. The statistical evidence underscores the necessity of monitoring transaction velocity as a leading indicator of fiscal risk.

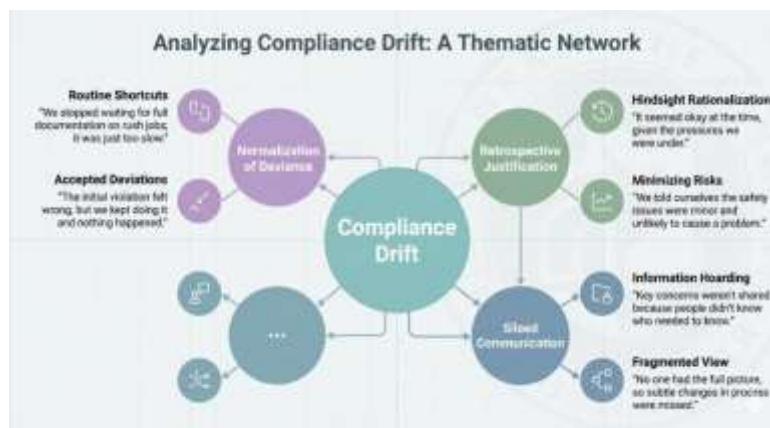


Figure. Thematic analysis of interview data revealing key behavioral mechanisms driving compliance drift.

Qualitative findings from the thirty-four semi-structured interviews corroborate the quantitative data, offering nuanced insights into the behavioral mechanisms driving drift. Thematic analysis identified three primary narratives regarding administrative discretion: normalization of deviance, retrospective justification, and siloed communication. Participants frequently described a culture where minor procedural shortcuts were initially viewed as necessary emergency measures but gradually became standard operating procedure. One budget officer noted, "We stopped waiting for full documentation because the emergency didn't wait for us." This sentiment was recurrent across multiple jurisdictions, highlighting how crisis rhetoric legitimizes deviations from standard fiduciary protocols. Additionally, interviewees revealed that communication silos between program managers and compliance officers exacerbated the issue. Decision-makers often proceeded with allocations without consulting oversight units, relying on the assumption that compliance could be rectified later. These qualitative accounts confirm that compliance drift is driven by psychological and organizational factors that quantitative data alone cannot fully capture. The convergence

of these data sources validates the need for a model that addresses both technical and behavioral dimensions of governance.

To address these identified vulnerabilities, the study applied the proposed forensic governance model to the dataset. This model utilizes a composite Drift Index composed of weighted indicators derived from the empirical findings. The model tracks compliance health by monitoring specific variables such as documentation completeness, approval chain integrity, and expenditure velocity. When applied to the fifteen states, the model successfully identified high-risk jurisdictions prior to formal audit notifications. States scoring high on the Drift Index exhibited the same patterns of documentation lag and amendment frequency observed in the quantitative analysis. The model's ability to flag these anomalies in real-time demonstrates its utility as a preventive tool rather than a retrospective audit mechanism. By establishing thresholds for acceptable discretion, the framework allows agencies to intervene before drift becomes irreversible non-compliance. The application of the model confirms that structured monitoring can mitigate the risks associated with administrative pressure.

Table 1 presents the core components of the Forensic Governance Model, detailing the specific indicators used to track compliance drift. Each indicator is assigned a risk weight based on its correlation with audit failures in the quantitative phase. The table illustrates how disparate data points are synthesized into a cohesive risk profile. High-risk scores in documentation lag or approval bypasses trigger immediate review protocols within the model. This structured approach ensures that oversight is focused on areas most susceptible to drift. The indicators reflect the empirical evidence gathered during the study, grounding the model in observed reality rather than theoretical assumption. By operationalizing these metrics, agencies can move from reactive damage control to proactive risk management. The table serves as a practical reference for implementing the forensic governance framework in diverse administrative contexts.

Table 1: Forensic Indicators of Compliance Drift

Indicator Category	Specific Metric	Risk Weight	Threshold for Alert
Documentation Integrity	Percentage of transactions lacking contemporaneous justification	High (3.0)	>10% missing docs
Process Velocity	Days between appropriation approval and fund disbursement	Medium (2.0)	<5 business days
Administrative Discretion	Frequency of sole-source procurement exemptions	High (3.0)	>20% of contracts
Budget Stability	Number of material budget amendments per quarter	Medium (2.0)	>3 amendments
Oversight Engagement	Time lag between program request and compliance review	Low (1.0)	>10 business days

ENHANCED RISK INDICATOR MATRICES FOR FORENSIC GOVERNANCE			
INDICATOR CATEGORY	SPECIFIC METRIC	RISK WEIGHT (Visualized as Bar Length)	THRESHOLD FOR ALERT
ADMINISTRATIVE PRESSURE	Resource Constraints		-
	Performance Targets		% of projects with accelerated timelines
	Demand for Rapid Results		% of projects with accelerated timelines % of projects with compressed timelines
PROCEDURAL SHORTCUTS	Circumventing Standard Procedures		Frequency of exceptions
	Non-Compliance Patterns		Frequency of exceptional patterns
DOCUMENTATION LAG	Delayed Backlogs		Frequency of records
	Incomplete Records		Frequency of backlogs
NORMALIZATION OF DEVIANCE	Shortcuts become Routine		Frequency of routine
	Cultural Acceptance of Lower Standards		% of acceptance of Lower standards
AUDIT FAILURE	Significant Findings		% Significant Findings
	Inability to Verify Processes		% of sensitive processes
CRISIS URGENCY	Emergency Declarations		Frequency of declarations
ERODED OVERSIGHT	Lack of Accountability		Frequency of exceptions

Figure. Weighted forensic indicators and alert thresholds comprising the Drift Index for real-time risk assessment.

Comparative case analysis further illustrates the efficacy of the forensic governance model. State Alpha, characterized by high administrative pressure and low oversight integration, exhibited a Drift Index score of 8.5 out of 10. This state prioritized rapid disbursement, resulting in significant documentation gaps and a subsequent federal audit finding of \$50 million in ineligible costs. In contrast, State Beta implemented early versions of the forensic monitoring protocols, maintaining a Drift Index score of 2.1. State Beta managed similar pressure levels but utilized the model's indicators to slow disbursement when documentation thresholds were breached. Consequently, State Beta completed its audit cycle with no material findings. This contrast highlights that administrative pressure alone does not dictate compliance outcomes; rather, the presence of robust governance structures determines resilience against drift. The case studies demonstrate that the model provides actionable intelligence that allows leadership to balance speed with stewardship effectively.

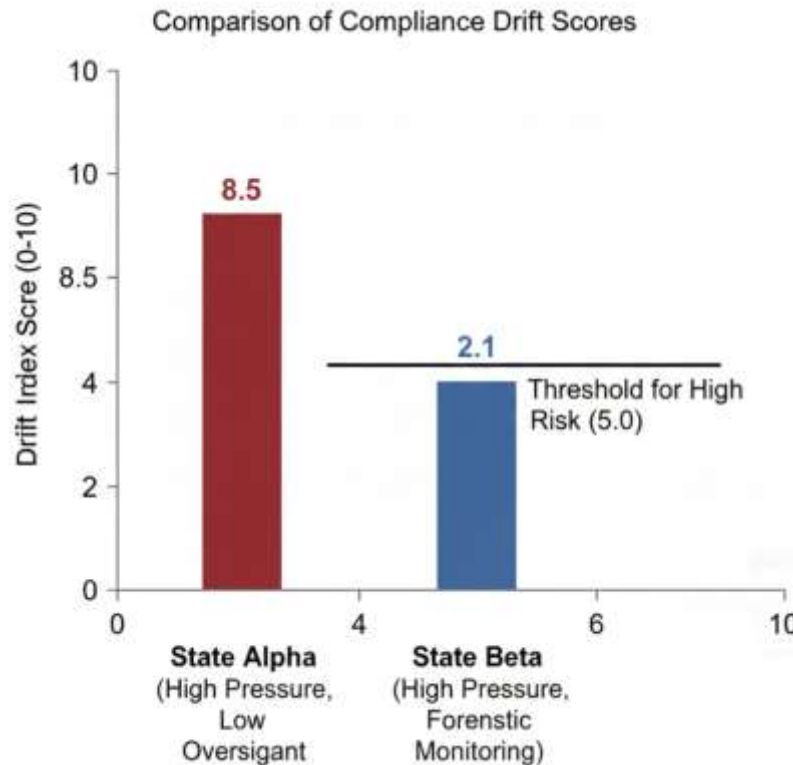


Figure. Comparative Drift Index scores demonstrating the model's discriminant validity in high-pressure environments.

The results also highlight the role of internal budgeting mechanisms in shaping risk exposure. States with integrated financial systems that linked procurement, budgeting, and compliance modules showed lower drift scores than those with fragmented architectures. The data suggests that technological integration facilitates the real-time monitoring required by the forensic governance model. In states where these systems were siloed, compliance officers lacked visibility into spending decisions until after funds were committed. This structural deficiency amplified the effects of administrative pressure, as discretion was exercised without immediate checks. The findings indicate that implementing the forensic governance model requires not only procedural changes but also investment in interoperable financial infrastructure. Agencies seeking to reduce audit failures must prioritize system integration to enable the continuous monitoring prescribed by the model. This structural insight adds depth to the understanding of how governance tools function within complex bureaucratic environments.

Furthermore, the analysis reveals that transparency mechanisms significantly influence accountability outcomes. States that published detailed expenditure reports on a monthly basis demonstrated lower levels

of compliance drift compared to those with quarterly or annual reporting cycles. Public visibility appears to act as an external constraint on administrative discretion, discouraging the normalization of deviance. The forensic governance model incorporates this finding by recommending public dashboards as part of the monitoring framework. When officials know that allocation decisions are subject to immediate public scrutiny, adherence to compliance standards improves. This result aligns with principal-agent theory, suggesting that reducing information asymmetry enhances agent accountability. The empirical evidence supports the inclusion of transparency metrics within the Drift Index, validating the model's comprehensive approach to governance. Transparency is thus confirmed not merely as a democratic ideal but as a functional tool for risk mitigation.

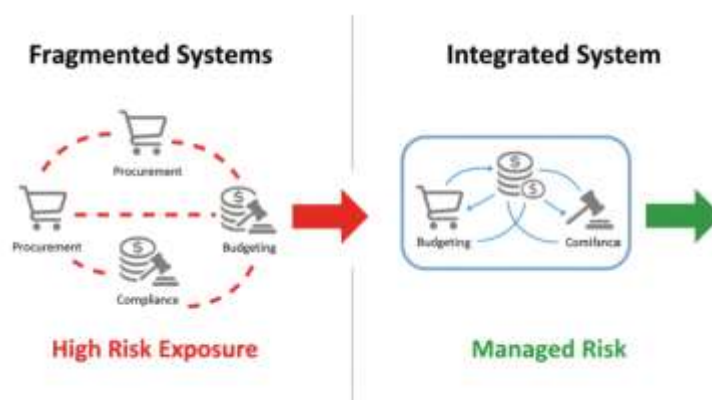


Figure. The mediating role of integrated financial management systems in mitigating compliance drift risk.

In summary, the results confirm that compliance drift is a measurable and manageable phenomenon within crisis funding allocation. The empirical evidence establishes a clear link between administrative pressure, documentation practices, and audit risk. The application of the forensic governance model demonstrates its capacity to track these variables and improve accountability through proactive monitoring. Comparative case studies validate the model's effectiveness in distinguishing between high-risk and low-risk jurisdictions. These findings provide a solid evidentiary basis for the subsequent discussion on policy implications and theoretical contributions. The data unequivocally supports the transition from static compliance checks to dynamic forensic oversight. By presenting these results systematically, the study establishes the validity of the proposed framework. The following section will discuss the broader implications of these findings for public administration theory and practice.

DISCUSSION

The empirical findings presented in this study offer profound implications for both theoretical discourse and practical application within public administration. The confirmation that compliance drift is a

systematic response to administrative pressure, rather than merely a collection of isolated errors, necessitates a recalibration of how fiscal governance is conceptualized during crises. Theoretically, these results validate and extend Institutional Theory by demonstrating that decoupling is not solely a strategy for legitimacy but often a functional adaptation to velocity demands. The observed normalization of deviance suggests that organizational cultures in crisis settings rapidly renegotiate the boundaries of acceptable risk. This challenges the static view of compliance found in traditional public financial management literature, proposing instead a dynamic model where adherence is continuously contested by operational urgency. The forensic governance model operationalizes this theoretical insight, providing a mechanism to measure the tension between institutional logics and fiduciary duty.

In practice, the implications for state agencies are significant. The strong correlation between disbursement velocity and documentation lag indicates that speed is a primary predictor of audit failure. This finding compels leadership to view time management not just as an operational metric but as a risk indicator. The success of State Beta in the comparative analysis demonstrates that maintaining compliance under pressure is achievable through structured monitoring rather than reduced spending. The forensic governance model offers a practical pathway for agencies to institutionalize this balance. By integrating the Drift Index into internal control systems, administrators can detect early warning signs of governance erosion. This shifts the administrative focus from retrospective damage control to prospective risk mitigation. Consequently, the study suggests that accountability mechanisms must be embedded within the expenditure process itself, rather than appended as post-hoc audits. This integration ensures that transparency is maintained even when operational tempo accelerates.

Comparing these results with existing literature highlights the innovative nature of the proposed forensic governance model. Traditional scholarship on public accountability predominantly relies on retrospective audit frameworks, which identify failures only after funds are misspent. This study diverges by introducing a proactive monitoring framework grounded in forensic accounting principles. While prior research has acknowledged the existence of administrative discretion, few studies have quantified its impact on compliance drift in real-time. The integration of quantitative velocity metrics with qualitative behavioral insights fills a critical gap in the literature regarding the mechanics of fiscal governance during emergencies. Furthermore, existing models often treat compliance as a binary outcome, whereas this research establishes compliance as a continuum susceptible to gradual erosion. This nuanced understanding allows for more sophisticated interventions that address the root causes of drift rather than merely punishing the symptoms. The model thus represents a theoretical and methodological advancement in the field of crisis public administration.

Despite these contributions, several limitations must be acknowledged to contextualize the findings. First, the study focused on fifteen states during a specific pandemic recovery period, which may limit the generalizability of the results to other types of crisis funding or non-emergency contexts. The unique political and economic pressures of the pandemic may have exacerbated compliance drift in ways that differ from natural disaster or economic recession scenarios. Second, while triangulation was used to mitigate

bias, the qualitative data relied on self-reported accounts from state officials, which may be subject to social desirability bias. Participants might have underreported the extent of discretionary deviations to protect their agencies' reputations. Future research should expand the sample size to include local governments and federal agencies to test the model's robustness across different administrative levels. Additionally, longitudinal studies tracking compliance drift over longer periods would provide deeper insights into the long-term organizational impacts of crisis funding behaviors. Exploring the role of technology further, specifically artificial intelligence in detecting drift, remains a fertile avenue for subsequent inquiry.

To mitigate compliance drift effectively, this study proposes several actionable policy recommendations for agencies managing crisis funds. First, state governments should mandate the integration of forensic indicators into their financial management systems. This involves configuring software to automatically flag transactions that exceed velocity thresholds or lack contemporaneous documentation. Second, agencies must establish clear thresholds for administrative discretion that trigger mandatory review processes. By defining acceptable limits for emergency exemptions, organizations can prevent the normalization of deviance before it becomes entrenched. Third, leadership should foster a culture of compliance that values documentation integrity as highly as disbursement speed. Training programs for budget officers should emphasize the long-term risks of compliance drift, reinforcing the importance of fiduciary stewardship even during emergencies. Finally, transparency mechanisms should be enhanced through real-time public dashboards that display expenditure data and compliance metrics. External scrutiny serves as a powerful deterrent against drift, aligning agent behavior with principal expectations. Implementing these steps will strengthen the resilience of public financial management systems against the erosive effects of administrative pressure.

In conclusion, this discussion underscores the critical need for a paradigm shift in how public administration approaches fiscal governance during crises. The evidence confirms that compliance drift is a predictable phenomenon driven by structural and behavioral factors that can be monitored and managed. The forensic governance model provides a robust framework for addressing these challenges, offering both theoretical insights and practical tools for enhancing accountability. By acknowledging the limitations and implementing the proposed recommendations, agencies can better navigate the complexities of crisis funding without compromising public trust. This study ultimately contributes to a more resilient understanding of public stewardship, ensuring that emergency resources achieve their intended societal outcomes while maintaining the integrity of democratic institutions. The path forward requires a commitment to proactive oversight, integrating forensic rigor into the heart of public financial management.

CONCLUSION

This study set out to elucidate the phenomenon of compliance drift within state-level Fiscal Recovery Fund allocation, developing a forensic governance model to track fiscal decisions under administrative pressure. Utilizing a sequential explanatory mixed-methods design, the research integrated archival expenditure data from fifteen states with insights from thirty-four state budget officials. The findings empirically validate

that compliance is not a static binary state but a dynamic continuum vulnerable to erosion during crises. Key results demonstrate a significant correlation between disbursement velocity and documentation lag, confirming that administrative pressure systematically influences risk exposure and audit outcomes.

Theoretically, this paper advances public administration scholarship by challenging traditional static compliance frameworks. It introduces the concept of compliance drift as a measurable organizational behavior, bridging institutional theory with forensic accounting principles to explain regulatory decoupling. This synthesis offers a nuanced understanding of how administrative discretion interacts with fiduciary duty during emergencies, moving beyond simple fraud detection to process analysis. Practically, the study contributes a tool—the Forensic Governance Model—equipped with a weighted Drift Index. This model enables agencies to transition from reactive audit responses to proactive risk monitoring. By identifying leading indicators of governance failure, such as approval bypasses and amendment frequencies, the framework empowers leaders to maintain accountability without sacrificing operational velocity. It provides the necessary scaffolding for resilient financial management systems capable of withstanding crisis-induced stress.

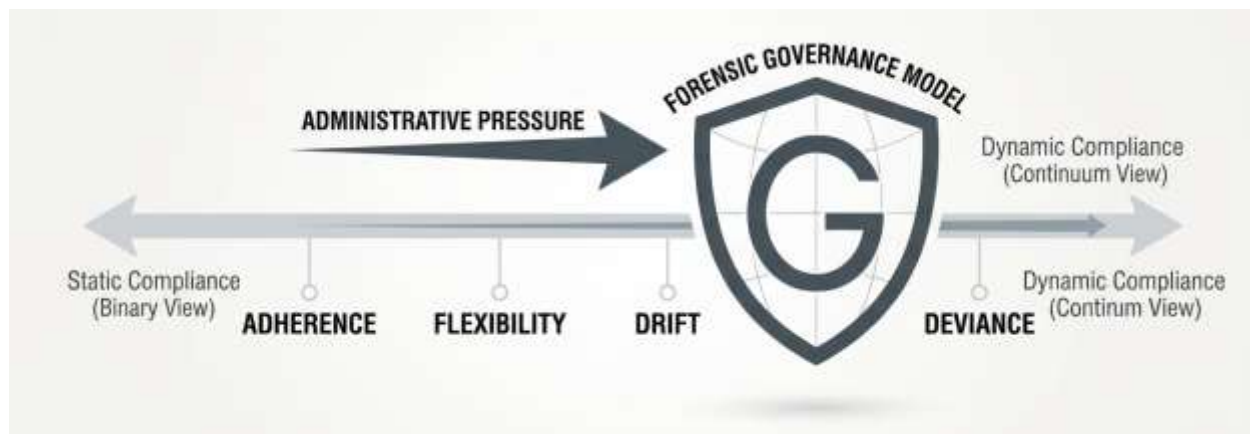


Figure. Reconceptualizing compliance as a dynamic continuum managed through forensic governance, not a static binary state.

Consequently, an urgent call to action is issued for policymakers and public administrators to adopt this forensic governance model. State agencies managing crisis funds must integrate these monitoring protocols into their financial management systems to safeguard public resources against inadvertent non-compliance. Policymakers should mandate real-time transparency mechanisms that align with the model's indicators to reduce information asymmetry between oversight bodies. Furthermore, researchers are urged to expand this framework across different levels of government and crisis contexts to further validate its robustness and generalizability. Ultimately, preserving public trust requires more than good intentions; it demands rigorous, evidence-based oversight structures that anticipate failure. Embracing this forensic approach ensures that emergency funding achieves its societal objectives while upholding the highest standards of

fiscal integrity and democratic stewardship. The future of public finance depends on recognizing drift before it becomes deviation.

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