



The State of Audit Efficiency

Insights and strategies to meet realization targets

Executive Summary

The accounting industry is undergoing a transformative period marked by **increasing reliance on technology, evolving client demands, and significant workforce challenges.**

Despite these advancements, audit teams remain burdened by inefficiencies, resource constraints, and client-related delays.

This report highlights the challenges firms face in managing audit engagements to understand the key obstacles they need to overcome to achieve sustainable growth.



Key Findings

Systemic issue of budget overruns and missed deadlines

26% of engagements exceed their planned completion dates, highlighting persistent delays in audit timelines.

28% of audits, on average, surpass their allotted hours, reflecting widespread issues due to budget overruns.

The realities of achieving realization targets

64% Target Average Realization Rate for audit engagements – far below the ideal 100%, indicating firms frequently absorb additional hours leading to poor ROI.

25% of audit engagements fail to meet realization targets, underscoring inefficiencies, unexpected complications, and process bottlenecks.

What type of problems are audit teams encountering?

87% of respondents cite client delays as a common issue, which disrupt engagement timelines and create bottlenecks that ripple through the audit process.

89% report challenges with receiving accurate data from clients, often resulting in incomplete or an inability to perform audit testing, requiring additional follow-ups.

Challenges in requesting and assessing support documents

95% of survey respondents identified “Document Requests” (PBC or otherwise) as an area of struggle, showcasing widespread difficulties across firms.

95% of respondents reported challenges in assessing information and securing necessary PBC and support documents, reflecting significant inefficiencies in this critical phase.

Findings

To address these challenges, firms must invest in **process automation, standardized workflows, and client education.**

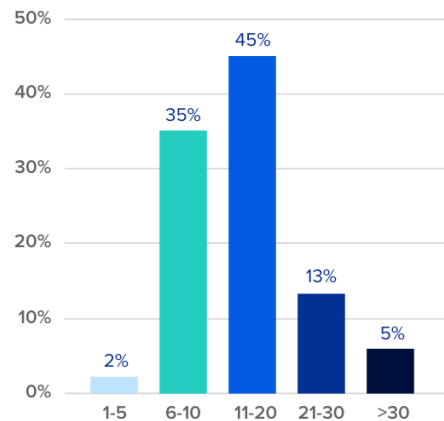
Embracing AI and cloud-based tools can alleviate administrative burdens, improve documentation accuracy, and enhance client experiences. By focusing on efficiency and leveraging technology, firms can not only meet current audit demands but also position themselves as competitive, client-centric leaders in the industry.

Background, Information & Demographics

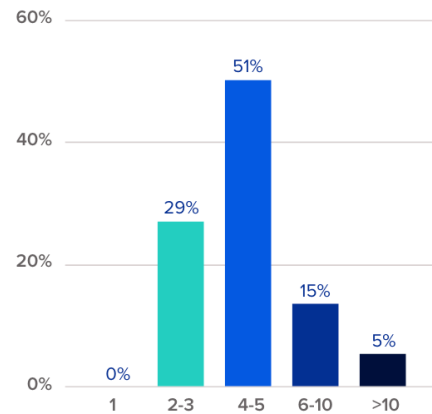
The survey targeted **full-time accountants in North America with at least one year of experience** in public accounting, specifically those involved in audit engagements.

Respondents were required to either hold a CPA license or be actively working toward earning it. The survey data below offers further insight into the profile of auditors who participated in the study.

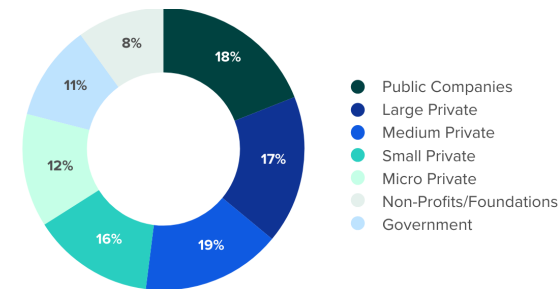
of audit engagements per year



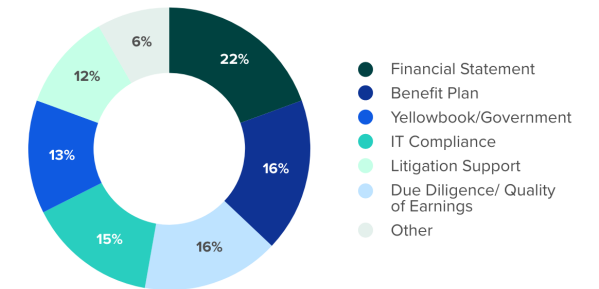
of concurrent audit engagements (at any time)



Breakdown of audits by organization type



Breakdown of time spent by audit type



FINDING 1:

Systemic Issue of Budget Overruns and Missed Deadlines

Audit firms of all sizes face the challenge of **managing budgets and meeting planned timelines** during engagements.

These systemic issues not only impact a firm's bottom line but also strain client relationships, highlighting the need to improve efficiency, while maintaining audit quality.



How often do audit engagements encounter problems?

23% of audits encounter meaningful problems that significantly disrupt the engagement process, equating to nearly one in four audits.

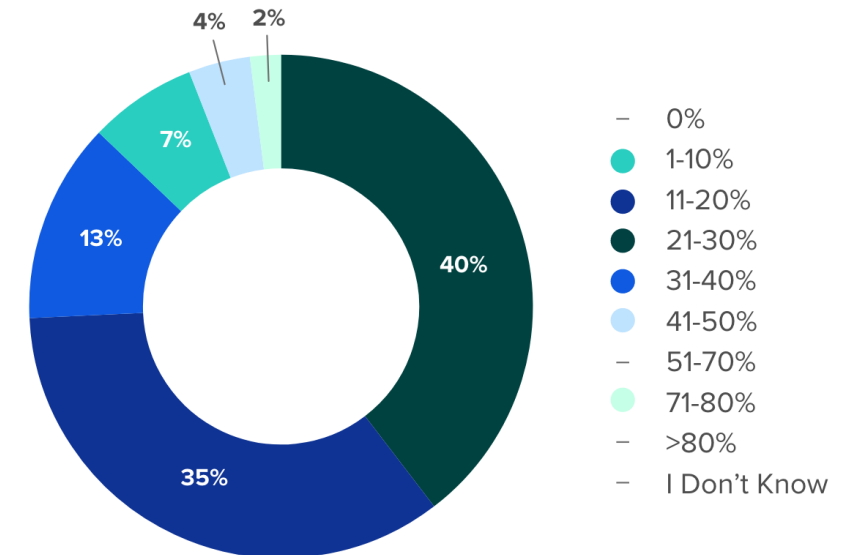
These issues are even more prevalent among non-Big 4 firms, suggesting that smaller firms may struggle to maintain the same level of efficiency and preparedness as their larger counterparts.

Resource constraints are a key factor contributing to these challenges. Limited staffing and expertise can hinder firms' ability to manage complex engagements. Additionally, firms with less robust technology infrastructures may face greater difficulties coordinating tasks and ensuring smooth workflows, further exacerbating delays and inefficiencies.

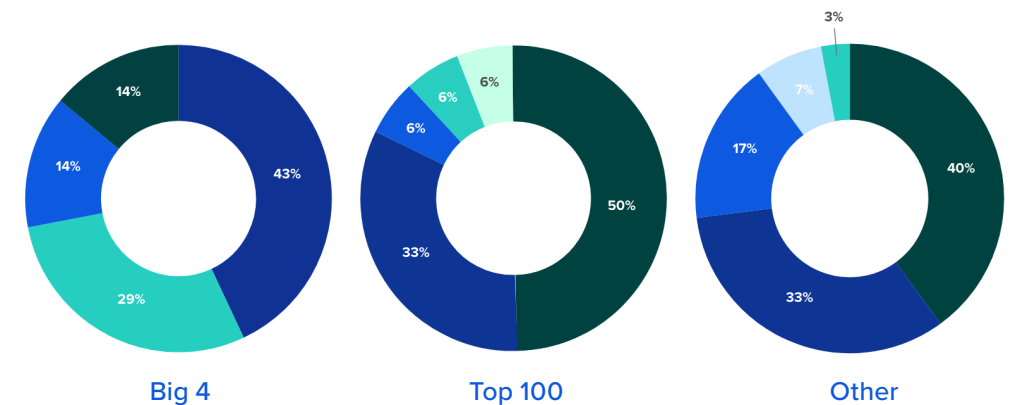
This reality raises important questions:

- Are firms equipped with sufficient resources to handle client demands?
- Could investments in new technology help bridge the gap and reduce the frequency of meaningful problems?

% Encounter meaningful problems



% Encounter meaningful problems by firm type



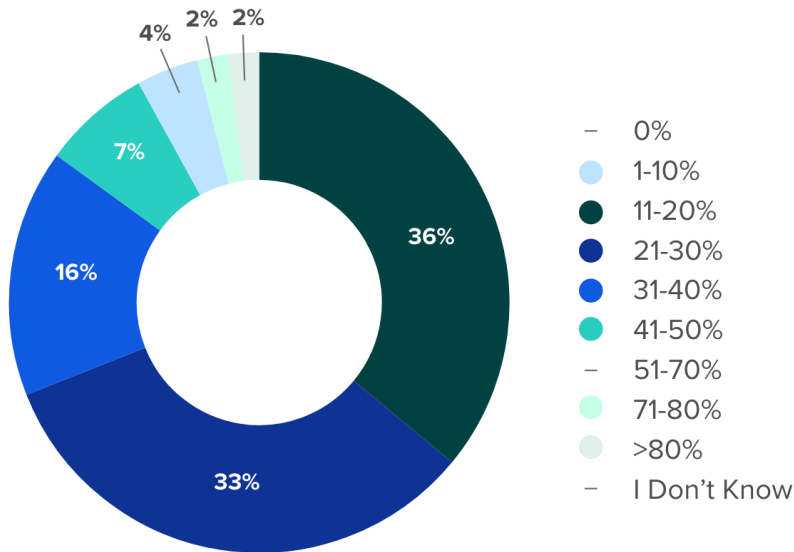
Delays in meeting planned completion dates

Delays in completing audits on time are common, with **26% of engagements exceeding their planned completion dates.**

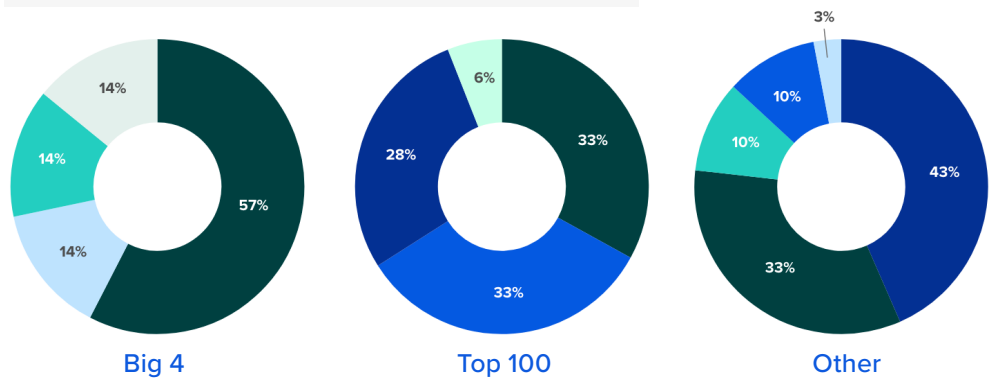
Surprisingly, larger audit firms, including the Big 4 and Top 100, experience even higher rates of deadline overruns—**28-29%, more frequently than smaller firms.**

One explanation for this trend is the complexity of the clients and engagements typically handled by larger firms. However, this does not excuse the delays; instead, it underscores the need for better process optimization across all firm sizes. From enhanced coordination with clients to streamlined workflows, **opportunities exist for firms to minimize these delays and ensure timelier completion of audit engagements.**

% Extended beyond completion date



% Extended beyond completion date by firm type



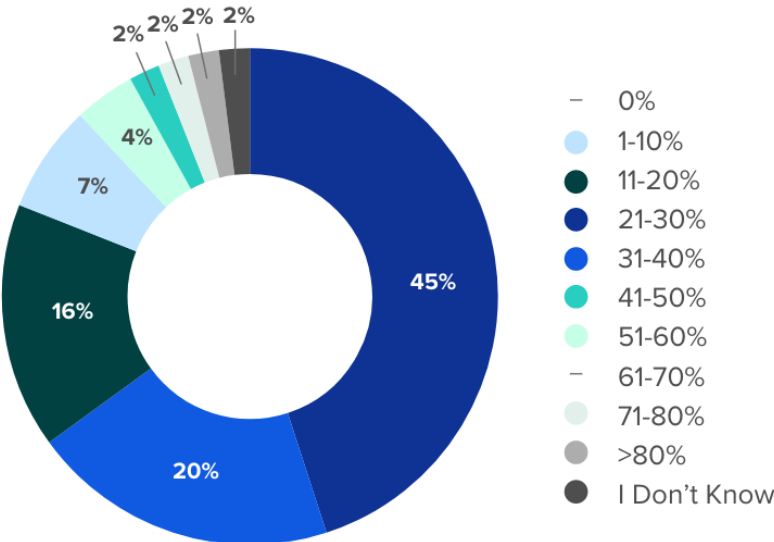
Exceeding budgeted hours

Budget overruns are another widespread issue, with **28% of audits exceeding their allotted hours on average**. However, the rate of overages varies significantly by firm size.

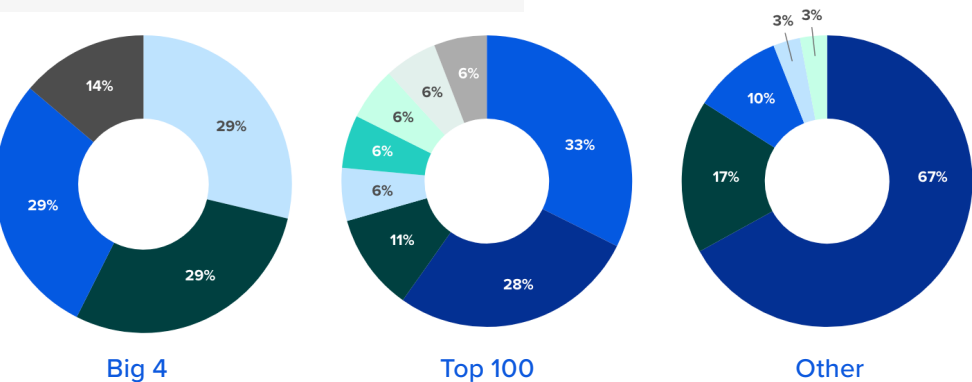
The Big 4 report the **lowest rate of budget overages at just 18%**, which may reflect their ability to effectively manage budgets and set realistic expectations. Additionally, the Big 4 benefit from extensive resources and manpower, allowing them to handle even the largest and most complex engagements while maintaining control over costs. Their market dominance also enables them to bill a premium for services, reducing the pressure to operate within tighter margins.

In contrast, Top 100 firms face the **highest rate of budget overruns at 35%**. This may be driven by intense competition, where firms propose lower rates to secure new business, only to encounter challenges that result in exceeding budgeted hours. For these firms, balancing competitiveness with sustainable pricing strategies is essential to avoid eroding profitability.

% Exceeded budgeted hours



% Exceeded budgeted hours by firm type

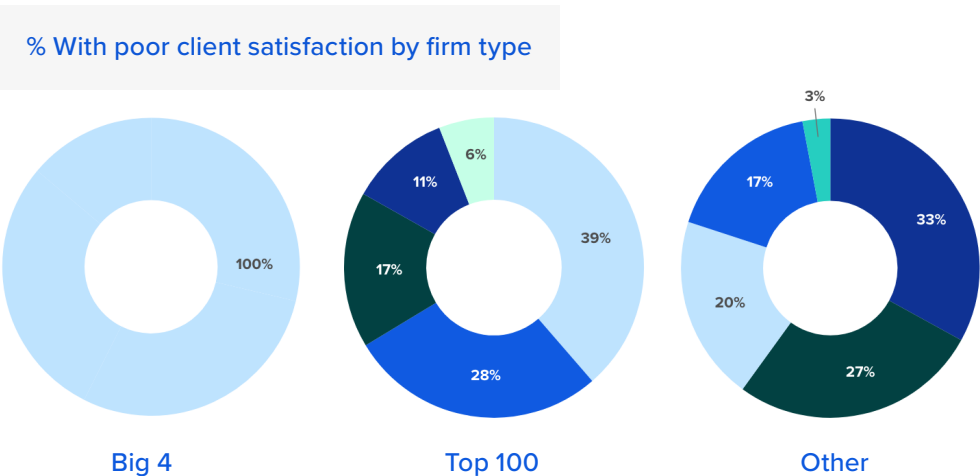
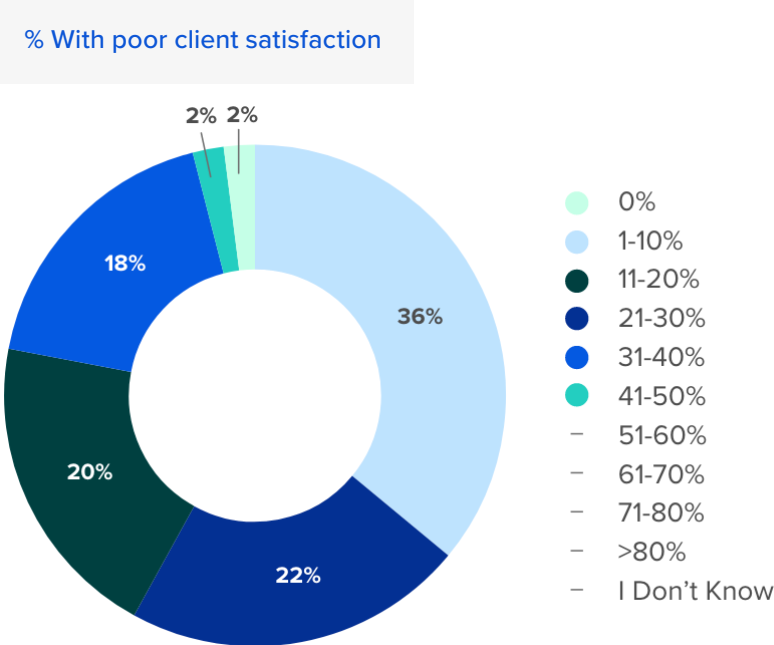


Challenges in client satisfaction

Firms outside the Top 100 are disproportionately affected by client satisfaction challenges, **with lower satisfaction scores reported compared to their larger counterparts.**

Limited resources and staffing constraints often result in less time dedicated to client relationship management. The challenge of juggling a high volume of engagements at once further strains audit teams' capacity to deliver a consistently high-quality client experience.

To improve satisfaction, firms with a leaner team makeup should **consider leveraging technology solutions that replicate the efficiency and capabilities of larger firms.** By streamlining workflows, automating routine tasks, and freeing up time for relationship management, auditors can enhance client interactions and deliver greater value during engagements.

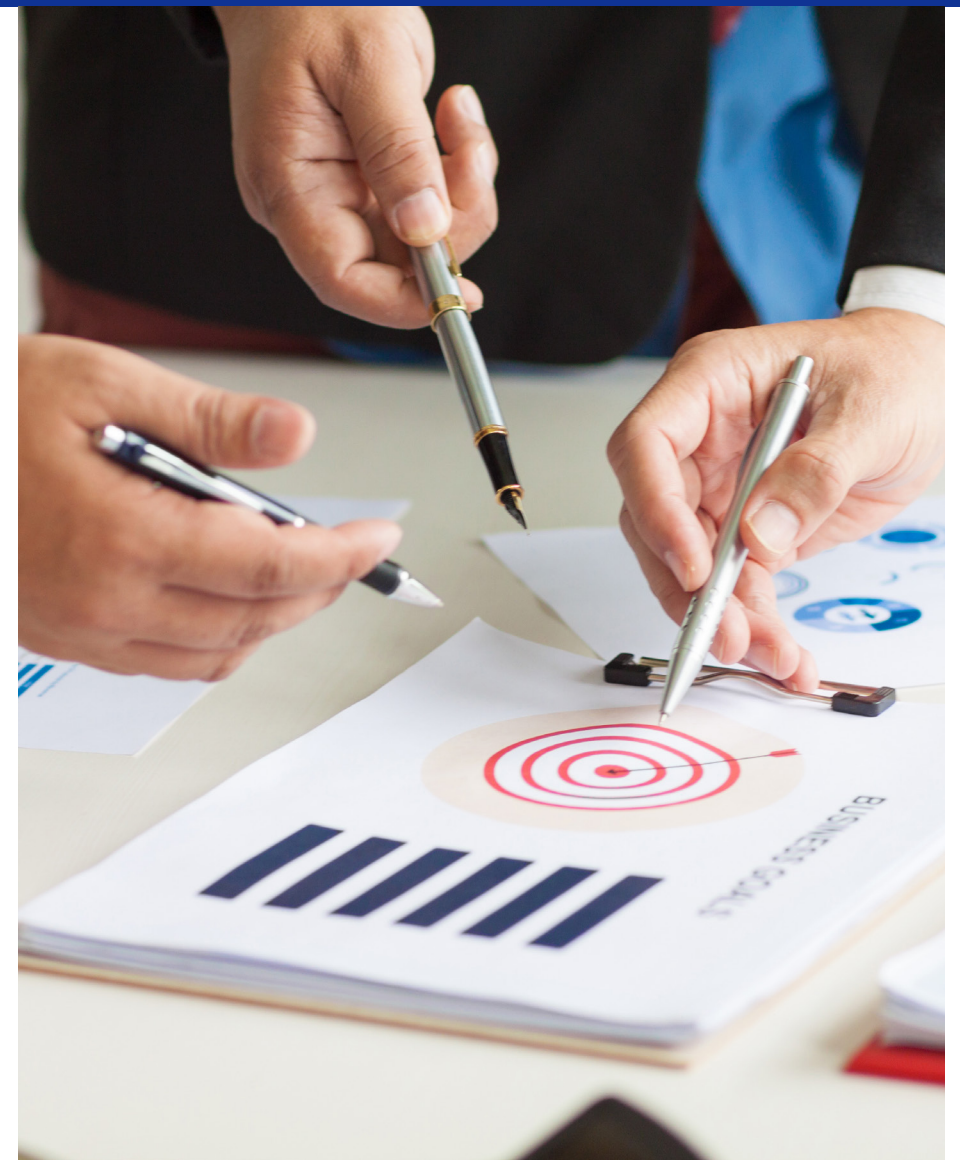


FINDING 2:

The Realities of Achieving Realization Targets

Realization targets are a vital benchmark for audit firms, shaping their profitability, client satisfaction, and overall operational efficiency.

However, despite their importance, achieving these targets remains a persistent challenge, underscoring systemic inefficiencies and highlighting the need for improved resource management and strategic interventions.

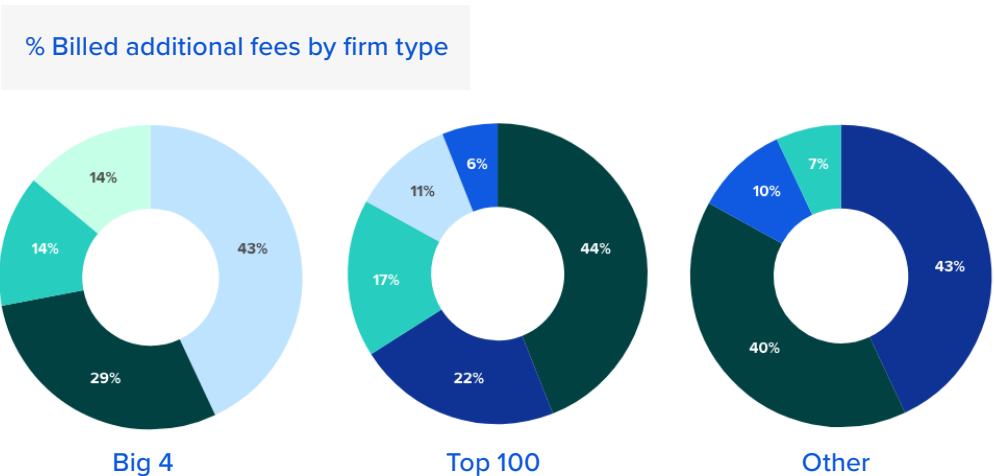
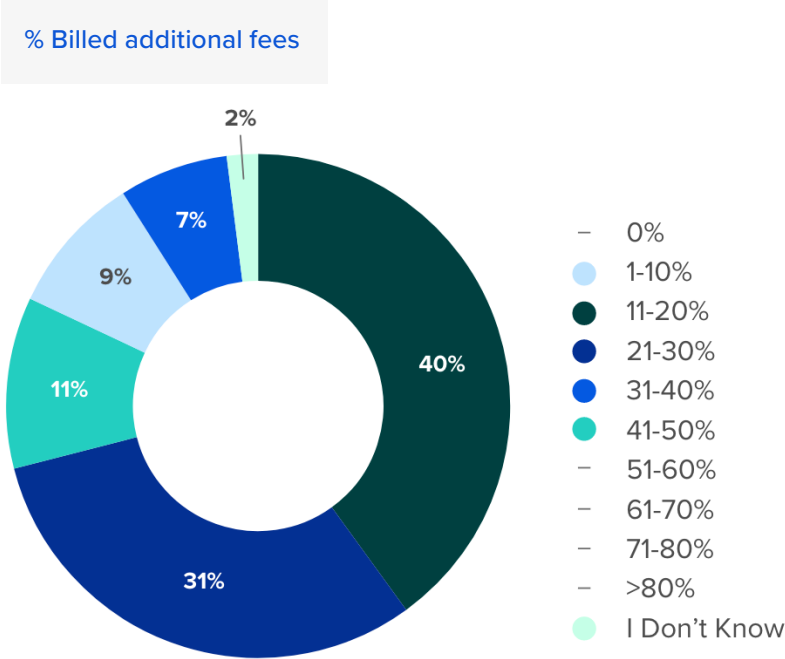


Percentage of audits that bill more than quoted

One significant indicator of realization challenges is the percentage of audits that exceed originally quoted fees. On average, **22% of engagements fall into this category, though this rate varies significantly across firm sizes.**

Big 4 firms report a relatively low rate of 15%, likely due to their ability to accurately quote fees, manage large-scale engagements, and command premium rates that mitigate the need for engagement billing adjustments.

In contrast, **firms outside the Big 4 see rates between 22-23%.** These higher percentages are often driven by competitive pressures to underquote fees to win engagements, leading to budget overages that negatively impact client trust and satisfaction. For non-Big 4 firms, this creates a delicate balancing act between staying competitive and ensuring client relationships remain strong.



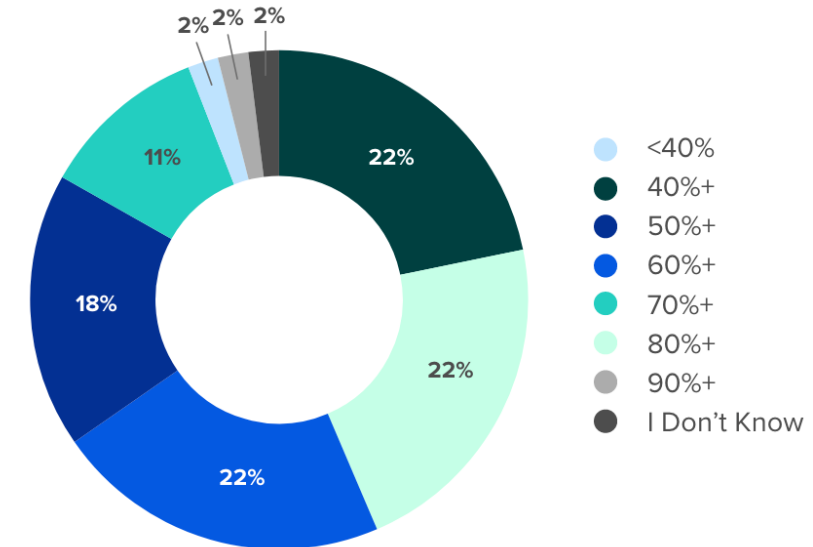
Target realization rates from firms big & small

Target realization rates, a measure of the proportion of planned billable hours successfully converted into revenue, **average 64% across firms** but vary widely by size.

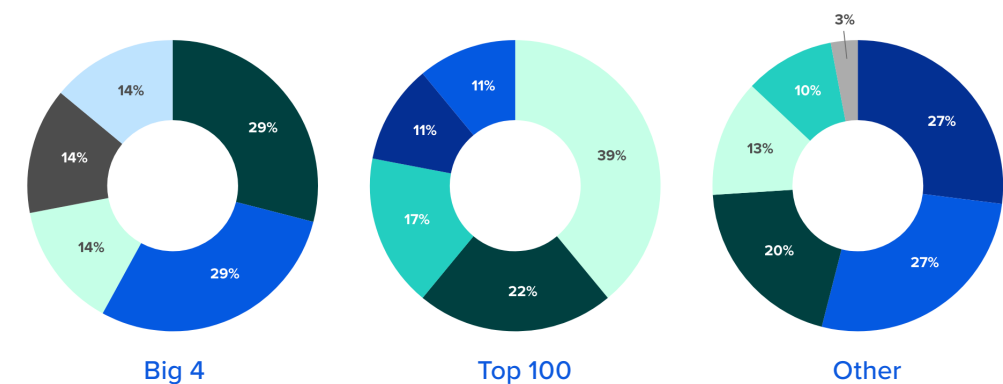
Big 4 firms, with target realization rates at **54%**, may absorb additional hours to preserve client relationships and ensure engagement quality.

Meanwhile, Top 100 firms had the highest target realization rates at **69%**, often tracking within a range of **50% to 89%**. This reflects an emphasis on operational rigor and ability to manage engagements efficiently while maintaining profitability. Firms outside the Top 100 targeted realization rates of around **63%**, recognition that there may be a struggle to meet realization targets due to limited staff and resources.

Target realization rates (avg: 64%)



Target realization rate on audits by firm type



Reality of achieving realization targets

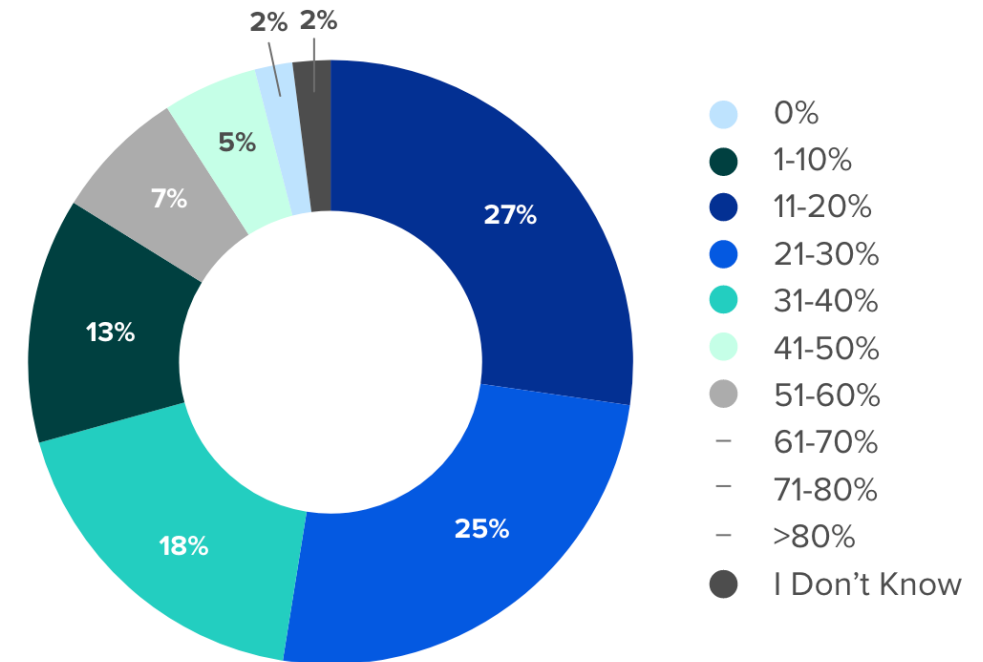
Despite conservative target benchmarks, **25% of audit engagements fail** to meet realization targets. This shortfall highlights inefficiencies stemming from limited resources, unexpected complications, and other process bottlenecks.

Non-Big 4 firms, with fewer resources, often face the brunt of these challenges, grappling with unforeseen complications such as client delays or insufficient documentation that add time and complexity to engagements.

The persistent challenges in achieving realization targets underscore the need for firms to address inefficiencies within their audit processes. Whether through refining pricing strategies, improving engagement planning, or leveraging technology for workflow optimization, **firms have opportunities to proactively mitigate realization shortfalls.**

These steps are crucial for long-term profitability and client satisfaction to ensure a more efficient and sustainable approach to audit engagements.

% Not achieving target realization (avg: 25%)



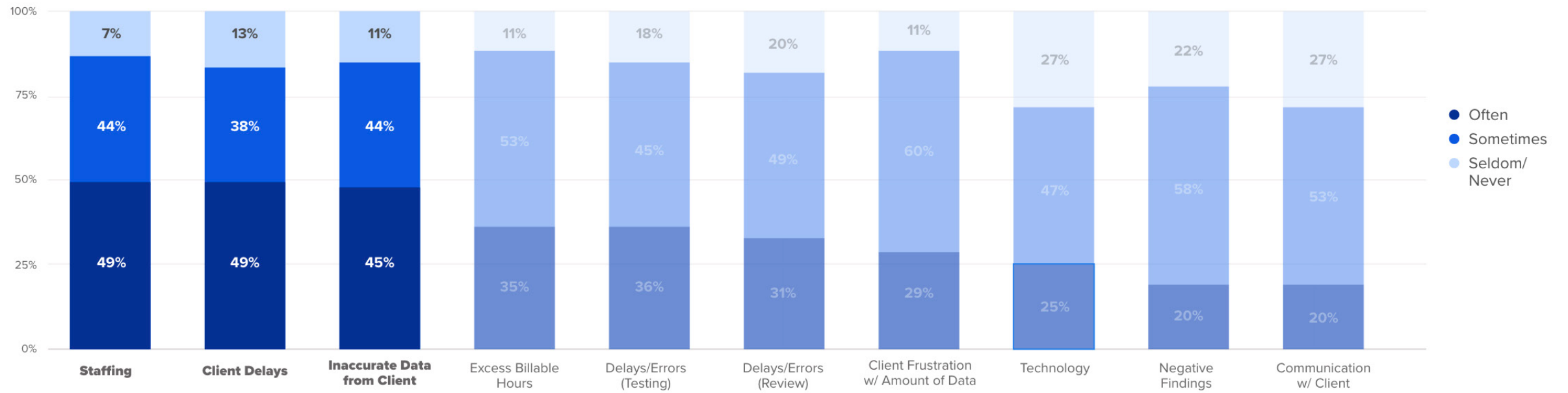
FINDING 3:

What Type of Problems Are Audit Teams Encountering?

The audit process is plagued with challenges that create significant bottlenecks for engagement teams. These pain points not only delay audits but also lead to **inefficiencies, excess billable hours, and strained client relationships**. Understanding and addressing these systemic issues is critical to improving audit efficiency and satisfaction across the board.



The Biggest Challenges Facing Audit Firms



Staffing and retention

One of the most pressing issues is staffing, with **93% of respondents identifying it as a problem** they experience frequently. Limited availability of qualified staff increases the workload on existing team members, that could lead to burnout and reduce overall team effectiveness.

Client-related issues

Client-related problems also dominate the audit landscape.

- **Client Delays:** 87% of respondents cite client delays as a common issue. These delays disrupt timelines, creating bottlenecks that ripple through the audit process.
- **Inaccurate Data from Clients:** 89% report challenges with receiving accurate data. This often results in incomplete or erroneous testing and necessitates additional follow-ups.

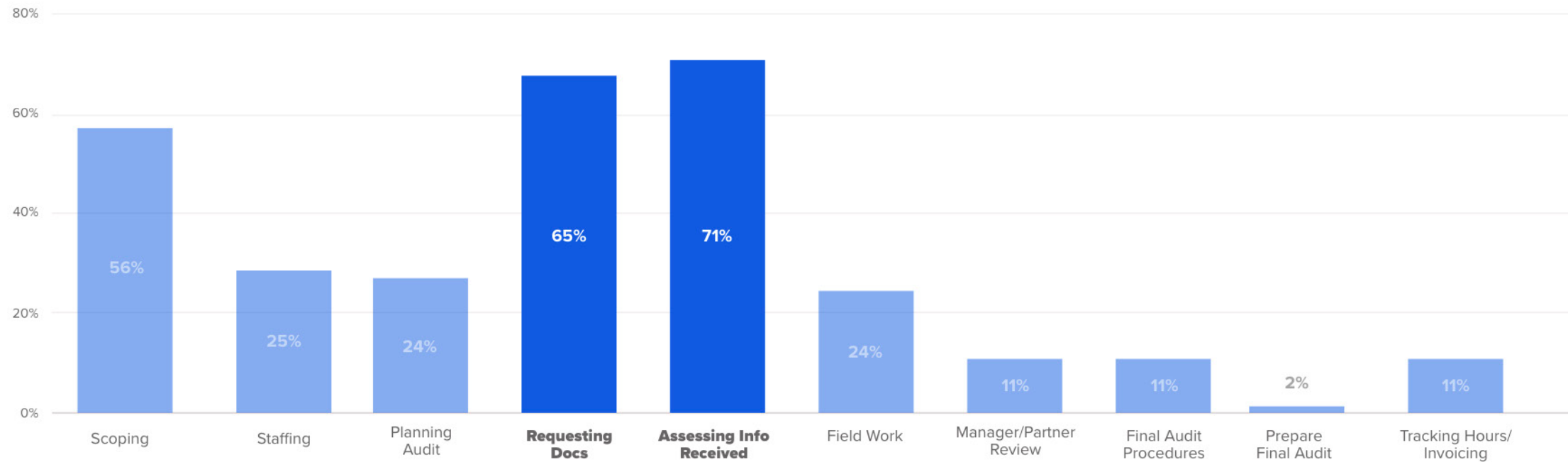
These client-related problems **contribute to downstream effects**, including delays in testing and review, excess billable hours due to repeated requests, and increased client frustration. Additionally, clients may feel overwhelmed by the volume of requests, particularly when data inaccuracies force auditors to re-request information.

The domino effect

Challenges frequently begin with Prepared by Client (PBC) requests at the start of an engagement. When these initial requests are incomplete or inaccurate, **they trigger a cascade of inefficiencies** throughout the audit, compounding time and resource constraints.



The Main Challenges Audit Teams Face During Engagements



% of time audit step was mentioned as a struggle

Document requesting

Requesting documents is one of the most cited struggles, with **65% of respondents** identifying it as a top challenge. The complexity of managing document requests can delay progress, frustrate clients, and increase administrative burdens on audit teams.

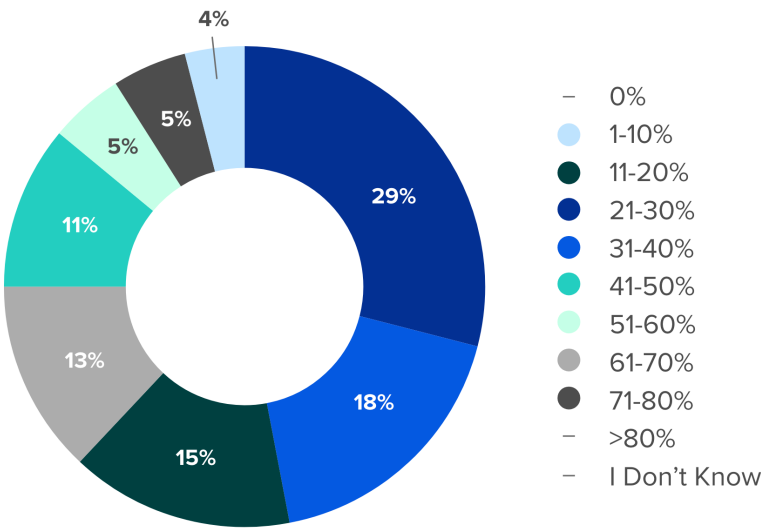
Assessing information received

A greater challenge lies in assessing the accuracy and completeness of client-provided information, reported by **71% of respondents** as a major struggle. Inaccuracies or incomplete information require follow-ups, which add to the engagement’s timeline and erode audit efficiency.

Frequent issues with incomplete or inaccurate support documents

One of the most glaring inefficiencies is the frequency with which support documentation is complete and correct on the first request. Across firms, the weighted average shows that **only 36% of requests meet these criteria on the first attempt**.

% of requests fulfilled correctly the first time (avg: 36%)



Firm-specific findings.

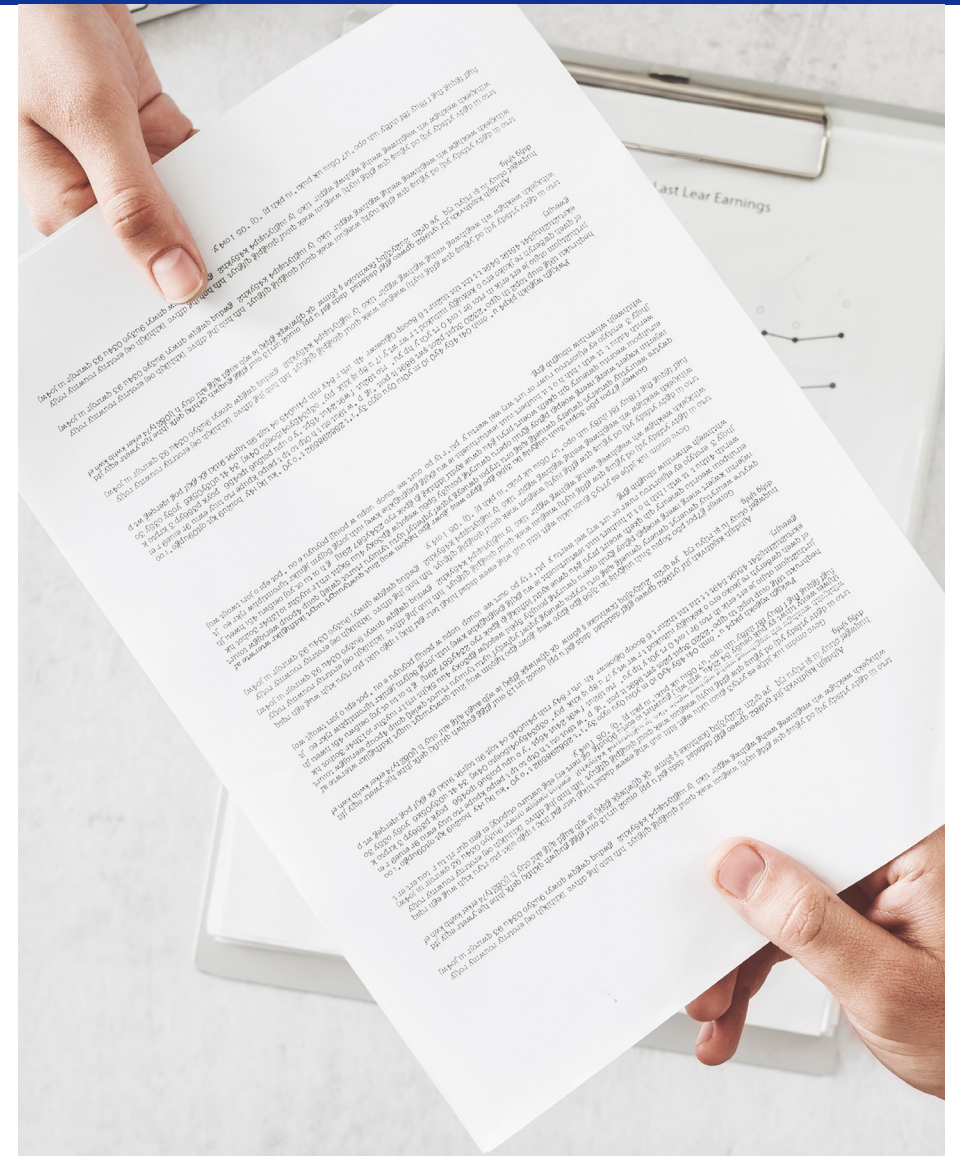
- **Big 4 firms:** Documentation is accurate **35% of the time**. Their resources and client expectations may contribute to this relatively low figure.
- **Top 100 firms:** A relatively higher accuracy rate, with **41%** of documentation provided correctly on the first attempt. Notably, **22%** of Top 100 firms report achieving a high accuracy rate of **61-70%** of the time, suggesting the presence of effective processes or tools that could serve as a model for other firms.
- **Other Firms:** Achieve **34% accuracy on average**, reflecting the broader challenges faced by smaller firms with fewer resources.

FINDING 4:

Challenges in Requesting and Assessing Support Documents

The **document request** and **assessing** phases represent two of the most significant pain points in audit engagements, as highlighted by the survey findings.

These stages often lead to inefficiencies, delays, and frustrations, negatively affecting both audit teams and client satisfaction.



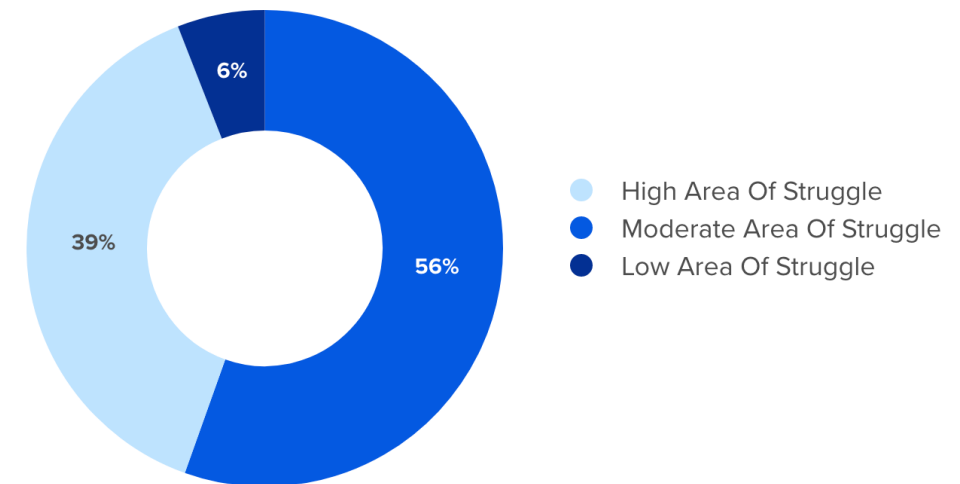
The ongoing struggle of document requests

The process of **requesting documents** remains a notable struggle across firms of all sizes.

According to survey data, **39% of respondents** identified document requests as a “High Area of Struggle,” while 56% described it as a “Moderate Area of Struggle.”

Persistent challenges in this area often stem from unclear initial requests, limited client understanding of requirements, and inefficiencies in managing the request process.

Requesting PBC & Support Documents: Level of Struggle



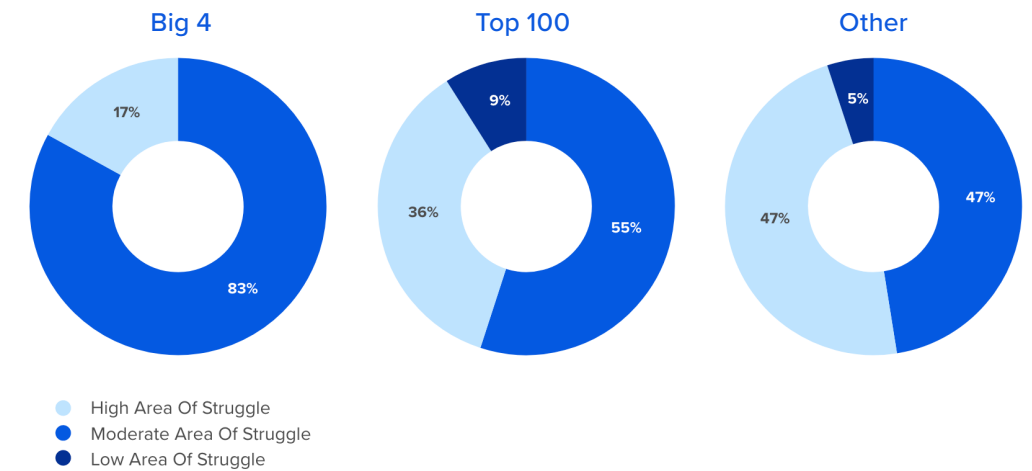
Increased struggles the smaller the firm

Smaller firms encounter the **greatest difficulties** with document requests.

- **Big 4 Firms:** Only 17% report a “High Area of Struggle,” likely benefiting from advanced tools and well-established processes.
- **Top 100 Firms:** Face moderate struggles, with 36% identifying document requests as a major issue.
- **Other Firms:** Smaller firms experience the highest levels of struggle, with 47% noting this as a significant problem, potentially due to less robust tech stacks.

These findings suggest that resource constraints and limited technology adoption can exacerbate the challenges associated with document requests.

Requesting PBC & Support Documents: Level of Struggle by Firm Type



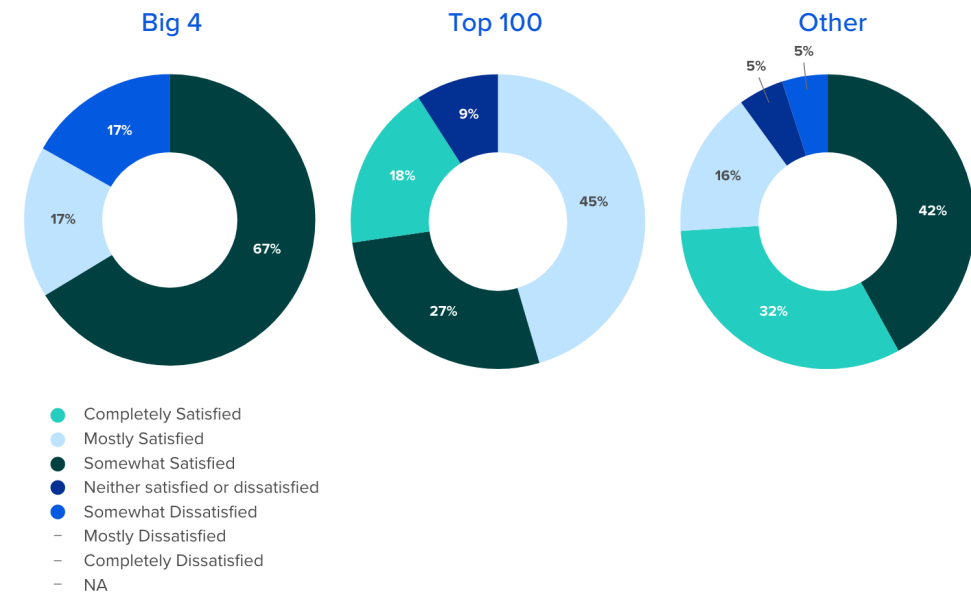
Time allocated to manage client requests

Time allocation for **managing document requests** varies significantly across firm sizes:

- **Big 4 Firms:** Higher satisfaction, with 67% reporting being “Somewhat Satisfied,” although 17% still express dissatisfaction.
- **Top 100 Firms:** Only 27% are “Somewhat Satisfied,” highlighting room for improvement.
- **Other Firms:** Mixed satisfaction levels, with 42% “Somewhat Satisfied.”

Despite some positive responses, these figures indicate that all firms could benefit from enhanced efficiency in managing document requests. Streamlining this process could improve client relationships and alleviate frustrations within audit teams.

Requesting PBC & Support Documents: Satisfaction with Time Allocation by Firm Type



Assessing support documents is a major pain

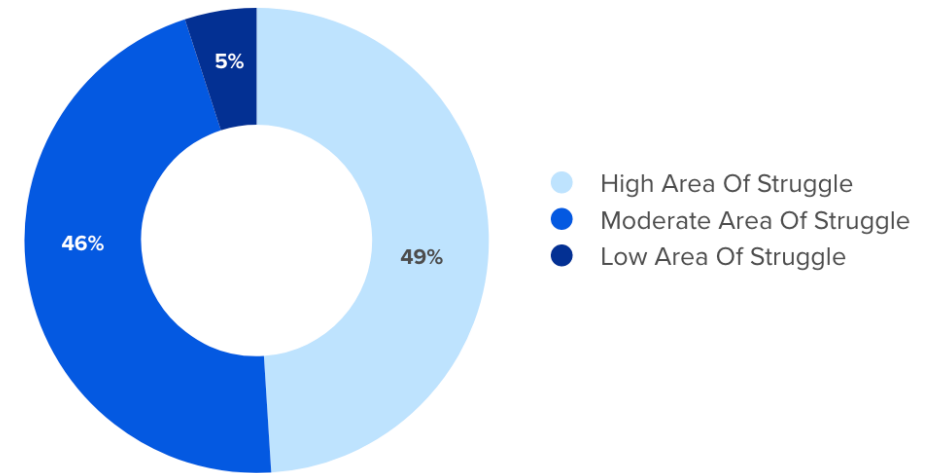
The assessment phase emerged as the most significant pain point in the audit process.

A staggering **95% of respondents** reported challenges in assessing information and securing necessary support documents. Of these:

- **49%** identified the assessment phase as a “High Area of Struggle.”
- **46%** considered it a “Moderate Area of Struggle.”

This consistent feedback underscores a universal challenge across firm sizes and team levels, indicating the urgent need for improvement.

Assessing Received PBCs: Level of Struggle



Impact on workflows

The assessment phase involves significant back-and-forth communication to clarify incomplete or inaccurate documentation.

This process not only delays audits but also strains both client relationships and audit team morale.

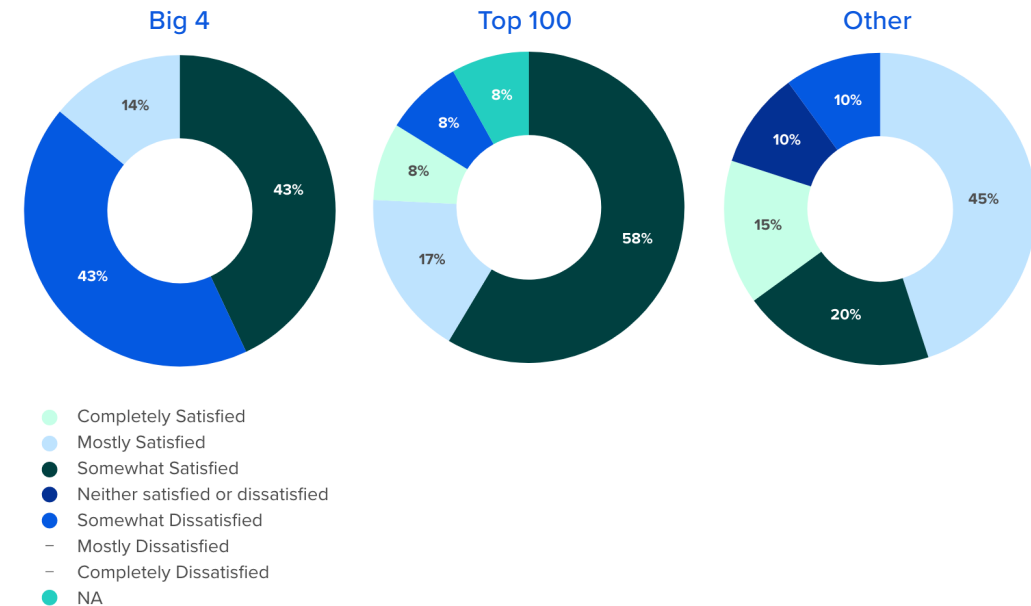
Time allocated to the assessing phase

Survey results indicate dissatisfaction with the time required for assessing support documents:

- **Big 4:** 43% reported being “Somewhat Dissatisfied,” with another 43% “Somewhat Satisfied.”
- **Top 100 Firms:** Higher satisfaction levels, with 58% “Somewhat Satisfied,” but only 8% reported dissatisfaction.

Overall, there were very few respondents across all firm types who expressed complete satisfaction with the time spent on this phase, emphasizing the need for optimization.

Assessing Received PBCs: Satisfaction with Time Allocation by Firm Type



Challenges and inefficiencies in the assessing phase

The assessment phase is dominated by **manual and repetitive tasks**, which are burdensome and detract from more valuable activities such as audit testing and financial analysis. This inefficiency:

- **Frustrates Teams:** Audit staff may feel their time is wasted on low-value work, impacting morale.
- **Strains Client Relationships:** Repeated follow-ups for clarifications or corrections create friction with clients.

Addressing these inefficiencies through technology and process improvements could enable audit teams to focus on high-impact tasks, ultimately enhancing both the quality of audits and the client experience.



CONCLUSION:

Addressing Systemic Challenges in the Audit Process

Widespread inefficiencies undermining audit team success

This survey data underscores systemic inefficiencies that hinder audit engagements, impacting firms' ability to meet budgets, adhere to timelines, and achieve realization targets. Issues such as staffing shortages, client delays, and inaccurate data ripple across engagements, driving up costs and eroding client satisfaction. These challenges are not limited to smaller firms; even larger firms struggle with complexity and resource allocation.

Document requests and assessment: the core pain points

The most significant struggles lie in requesting and assessing client-provided documentation. Document requests are often delayed or incomplete while assessing received information is a labor-intensive and often error-prone process. These stages create bottlenecks, increase billable hours, and frustrate clients, especially when re-requests are required.

Opportunities for improvement with an optimized tech stack

Despite these challenges, firms have opportunities to modernize their audit processes. Streamlining workflows through document management tools and automating manual tasks in the assessment phase can address inefficiencies. AI-powered solutions, though currently underused, offer the potential to improve accuracy, reduce delays, and elevate team efficiency. Strategic adoption of technology can also empower smaller firms to compete with larger players by improving accuracy and client communication.

A path forward for enhanced audit success

Firms that invest in process improvements and modern technology will be better positioned to overcome inefficiencies. By addressing these systemic challenges, firms can improve realization rates, optimize resources, and deliver more consistent, timely, and satisfying client experiences. Embracing these changes is essential for firms to remain competitive and achieve long-term success in the evolving audit landscape.

About Suralink

Suralink is the leading platform for modern audit teams, designed to transform the way firms manage client collaboration, secure document sharing, and critical sign-offs. By addressing challenges like poor communication, document retrieval delays, and inefficient workflows, Suralink helps firms streamline audit workflows, more securely, and with an exceptional client experience.

Why Suralink?

- **Enhanced efficiency:** Streamline request tracking, secure file sharing, and e-signature workflows to save time and meet tight deadlines.
- **Exceptional client experience:** Provide clients with an intuitive, user-friendly platform that simplifies collaboration and reduces frustration.
- **Unmatched security & compliance:** Safeguard sensitive data with advanced encryption, multi-factor authentication, and SOC 2 compliance to meet industry standards.

Suralink's all-in-one platform empowers audit teams to reduce administrative burdens, improve collaboration, and focus on delivering high-quality results. Whether managing complex engagements or routine audits, Suralink ensures your team works smarter, not harder.

Core Features & Benefits

Request List Management



Team accountability:

Assign team members to specific clients and requests for clear ownership.



Real-time insights:

Interactive dashboards provide live tracking of request statuses to optimize workflows.



Automated notifications:

Keep clients and teams on schedule with real-time updates and deadline reminders.



E-Signature:

Streamline electronic signoffs with a user-friendly drag-and-drop interface, robust audit trail tracking, and enhanced security through knowledge-based authentication (KBA).

Secure File Sharing

- **Effortless uploads:** Drag-and-drop functionality for seamless file sharing, with unlimited cloud storage.
- **Integrated convenience:** Send and receive large files directly via Microsoft Outlook using the built-in add-in.
- **Data protection:** Generate secure document links as needed to maintain confidentiality.



Ready to transform your audit process?

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