OPINION

WHY AUDIT DELAYS HAPPEN – A PRACTITIONER'S PERSPECTIVE FROM INSIDE THE ENGAGEMENT

Omar Mughal
Partner
omar@raa-auditing.com

Inside the complexity behind extended audit timelines, and what finance leaders, boards, and auditors can do about it.

Audit delays are often viewed through narrowly missed deadlines, prolonged reviews, or inefficiencies in the audit process. In practice, however, delays are rarely caused by a single breakdown. They are the visible outcome of an interdependent process involving multiple stakeholders operating under increasing regulatory, technical, and commercial pressures.

Having been closely involved in a number of audits across my career, one observation stands out, audit delays are not anomalies, they are systemic signals of stress within the broader financial reporting ecosystem. Yet the default narrative in many boardrooms remains overly simplistic: ***audit delays are an auditor problem***. That assumption not only misreads reality but also prevents the very fixes that would make timelines more predictable.

REFRAMING THE NARRATIVE

Audit delays are not a one-firm phenomenon. They surface across industries, jurisdictions, and company sizes. They are also not solely auditor driven. In our experience, delays typically crystallize at the intersection of four interdependent spheres:

- management's financial close process,
- auditors' execution,
- governance structures, and
- external dependencies such as regulatory deadlines or third-party confirmations.

Recognising this ecosystem is the first step toward meaningful solutions.

KEY DRIVERS OF AUDIT DELAYS

Quality of the Financial Close Process

When the month-end or year-end close is compressed, incomplete account reconciliations, unjustified journal entries, and last-minute top-side adjustments become almost inevitable. In practice, a rushed close creates a cascade: auditors spend the first weeks unpicking corrections that management itself was unable to finalise. Weak balance sheet substantiation especially around intercompany balances, revenue cut-off, and manual provisions directly extend audit fieldwork.

Preparedness of Audit Evidence

Delays in “Prepared by Client” (PBC) deliverables remain one of the most underestimated friction points. What is often overlooked is not just lateness, but the quality of what is provided. Schedules that are not audit-ready, unsupported by underlying data, inconsistently formatted, or reliant on a single key individual force multiple rounds of follow-up. When PBC lists are treated as a compliance exercise rather than a real-time collaboration tool, entire testing phases stall.

Complexity of Accounting Judgments

IFRS Accounting Standards have shifted the weight of the audit toward forward-looking estimates such as Expected Credit Loss (ECL) models under IFRS 9, impairment of goodwill and long-lived assets, fair value hierarchies, onerous contract provisions, and going concern assessments. Each requires robust management support and, from an audit lens, a thorough challenge cycle. Iterations are not inefficiency, they are the natural consequence of evaluating whether assumptions are reasonable. In sectors such as real estate, financial services, and energy, these dialogues routinely extend the timetable.

Evolving Audit and Regulatory Expectations

Audit quality standards have risen materially. Regional regulators are scrutinising audit files with a rigor that demands deeper documentation, increased skepticism, and more granular evidence from the design of controls testing to the validation of external data sources. This heightened bar often translates into additional procedures and internal consultation, especially on judgments that would have previously been cleared with less formal challenge. The result is a longer, but undeniably more defensible, audit process.

Systems and Data Constraints

Many large organisations in the region operate fragmented Enterprise Resource Planning (ERP) landscapes, a legacy of organic growth, acquisitions, or decentralised operations. Disparate systems create data integrity risks, manual interventions, and reconciliation burdens that directly impair audit efficiency. When auditors cannot rely on system-generated reports without extensive data validation, timelines stretch.

Late or Significant Transactions

Material transactions completed close to, or even after, the reporting date, mergers and acquisitions, debt restructurings, asset impairments, or shareholder reorganisations, inevitably demand expanded testing. These events often surface complex accounting considerations late in the cycle, compressing the window for technical analysis, valuation reviews, and disclosure drafting.

Governance and Review Layers

Multiple review tiers exist on both sides: management review, audit committee review, engagement quality review within the audit firm, and, in some cases, additional oversight from group auditors or joint audit arrangements. While each layer strengthens integrity, the back-and-forth cycles can accumulate. In practice, a quality review query raised in the final week before signing can trigger a chain of additional procedures that extend the timeline by days or weeks.

Resource Constraints - On Both Sides

The global scarcity of skilled finance and audit talent is real. During peak season, both management teams and engagement teams are stretched. Key finance personnel often manage parallel workstreams, while audit teams operate at high utilisation. A single absence or capacity bottleneck in a critical area such as tax provisioning, valuations, group consolidation can ripple through the entire timeline.

"Audit delays are rarely caused by a single issue; they are the result of interconnected gaps across processes, people, and data."

THE HIDDEN REALITY: AUDIT IS ITERATIVE, NOT LINEAR

Boardroom conversations sometimes assume an audit is a sequential checklist that progresses in a predictable straight line. The reality is iterative. New information emerges as testing deepens. For instance, findings in revenue recognition may trigger adjustments to deferred tax or management compensation disclosures. Each cycle of auditor inquiry and management response is not a sign of disorganization, it is the mechanism through which the final report gains its credibility. What appears to be a delay to the outside observer is often that feedback loop playing out.

THE IMPACT OF AUDIT DELAYS

Beyond the obvious regulatory risk, including potential breach of filing deadlines enforced by free zone authorities and mainland registrars, audit delays erode investor confidence. They signal, whether fair or not, a lack of control over financial processes. Internally, they disrupt management bandwidth, shift focus from forward-looking strategy and sometimes cascade into credit facility covenants or transaction timetables. The reputational cost, for both company and auditor, is material and long-lasting.

PRACTICAL SOLUTIONS

Audit timeliness is a shared design challenge, not a negotiation between opposing sides. Three groups must perform together:

Management

- Build and agree a more structured calendar with early cut-off dates for significant judgment areas;
- Treat PBC lists as live tools, define clear owners, enforce quality standards before submission, and avoid reliance on a single individual;
- Invest systematically in finance systems, automation of reconciliations, and data governance to reduce manual intervention; and
- Escalate complex transactions early, ensuring the auditor is briefed before year-end.

Auditors

- Strengthen interim work and risk assessment to identify pressure points well before final fieldwork;
- Communicate proactively with management and audit committees on anticipated areas of iteration as this socializes the timeline before delays occur; and
- Ensure engagement teams are sufficiently resourced, with clear escalation pathways to resolve technical queries without unnecessary lags.

Those Charged with Governance (TCWG)

- Boards or Audit committees should actively track milestone achievement throughout the cycle, not just review the final draft;
- Set clear accountability frameworks with realistic timelines, grounded in the complexity of the entity's operations and IFRS Accounting Standards judgments; and
- Foster a culture where open challenge between management and auditors is seen as healthy, not adversarial.

CONCLUSION

Audit delays are rarely the product of a single failure point. They are a symptom of how well or how poorly the financial reporting ecosystem functions. In markets where regulatory expectations continue to tighten, and where the sophistication of business transactions grows each year, timely audits are increasingly a function of organisational maturity, preparation, and transparent collaboration. The firms that recognise this shift and invest in it will not only meet deadlines; they will deliver greater confidence to all stakeholders.

When an audit timeline extends beyond expectation, it is not just a compliance signal. It is a signal that somewhere in the ecosystem, alignment needs to be rebuilt. The most effective leaders read that signal early, and act on it together.

How can we help

At RAA Auditing, we take pride in delivering audit and assurance services which go beyond regulatory requirements. We provide expertise by, enhancing transparency, and support informed decision-making by providing reliable assurance. We offer extensive expertise and a commitment to quality, ensuring that your stakeholders can rely on your financial reporting.

Who we are

RAA Auditing is a UAE registered audit firm which has experience in the multi jurisdictional regime, within the country, from the north of UAE at Ras Al Khaimah Economic Zone to the south at Abu Dhabi Global Market.

Our teams are internationally trained, certified auditors, who bring a breadth of skills and expertise, coupled with a personalized approach and a commitment to service excellence.

Our audits aim to help clients mitigate risk, improve operational efficiencies, and safeguard their business by providing clarity on issues that matter.

Dubai
Office 8, 8th Floor, Al Gurg Tower 3,
Baniyas Road, Rigga Al Buteen
Dubai, UAE

+971 (0)4 294 9203

ADGM
Office 3808-C5.D008, 38th Floor,
Addax Port Office Tower, Tamouh,
Al Reem Island, Abu Dhabi

Dubai
Office 1701 B-012
Fahidi Heights, Al Hamriya
Dubai, UAE

www.raa-auditing.com