

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

more real estate and/or equipment leases in their portfolios describe lease accounting implementation as "difficult."

Sep. 17, 2019



Just 26.3% of public company executives report that their implementation of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board **lease accounting standards** is complete, according to a recent Deloitte poll.

“Most of our U.S. public company clients have completed initial compliance activities, but very few have fully completed their broader lease implementation

efforts,” said [Sean Torr, Deloitte Risk & Financial Advisory](#) managing director,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

[Mark Davis, Audit & Assurance](#) partner and Deloitte private leader, said, “Just as private organizations can be large and complex, so can their lease portfolios. Even though the [new, FASB-proposed extension](#) would give U.S. private companies an extra year to implement the standard, that does not mean they should slow their efforts or wait until next year to get started. Many private entities have a lot of hard work still to do to hit the deadline.”

To assess how complete an organization's lease accounting implementation efforts are, consider asking questions such as these:

On people:

- **Are professionals appropriately prepared?** Have enough well-trained, highly-skilled professionals been hired to manage the implementation? Is it clear who is responsible for which aspects of lease accounting? Have communications and trainings been developed, tailored to specific highly involved groups of employees and vendors? Do stakeholders across the organization have a support structure in place?
- **Do external stakeholders understand the financial statement impacts of new lease accounting standards?** How clearly has the organization communicated with its lenders and investors about lease accounting impacts to operations and financial statements?

On process:

- **Which internal controls for lease accounting are ready?** Are controls around manual processes for interim lease accounting solutions in place? Has anyone considered the effects of transitioning data to the cloud? Has appropriate alignment with auditors been established?

- **Have policies been appropriately updated?** Are data collection and systems

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

accounting policies?

- **What is the organization's planned information technology approach?** Have lease accounting software and systems been tested from end-to-end? Have end users of lease data been engaged early and often? Have auditors been engaged to explain their planned approach to testing lease systems? Has anyone looked at how various software user groups have overcome IT-related implementation challenges?

Accounting • Advisory • Auditing • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved