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Accounting Compliance

Many state and local governments and some public higher ed institutions must comply by putting all leased assets on their balance sheets in 2020.

Mar. 04, 2020



Work to adopt the mandatory Governmental Accounting Standards Board (GASB) lease accounting standard (GASB 87) has not begun for half of those employed in state and local governments (51.4%) and public higher education institutions (50%), per a [Deloitte poll](#) of professionals working at organizations subject to GASB standards. GASB 87 is effective for fiscal years beginning on or after Dec. 15, 2019.

Possibly because few entities have begun lease accounting work or because the organizations manage large numbers of leased assets, 45.9% of state and local government and 49.5% of public higher education institution professionals expect to spend more time and effort on lease accounting implementation — or preparation work to achieve compliance — in the year ahead.

“It’s great to see so many entities ramping-up work in coming months to comply with the GASB lease accounting standard. Compliance with this mandatory

accounting rule demands a lot of cross-functional teaming within organizations, as

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higher education institution).

Blake Rodgers, [Audit & Assurance](#) partner, Deloitte & Touche LLP, added, "Because of the diversity in the volume and complexity of lease portfolios, adoption plans for the lease accounting standard vary between entities subject to GASB standards. Some may still be waiting to start lease accounting work. Others may have built cross-functional teams of professionals in accounting, finance, operations, legal and IT working actively and efficiently to manage the effort. As with most large organizational changes, preparation and strong collaboration are integral for successful lease accounting adoption and for managing any unexpected challenges that may arise during implementation. There's no time to delay."

Early questions leaders can ask to assess how far along their organization's lease accounting efforts are include:

- **What leases do we hold?** How many leases and what types of leases do we have? Are those lease agreements on paper or available electronically? Do the leases we have include all the data we'll need to use for lease accounting calculations required by GASB 87?
- **Which teams hold the leases themselves?** How can we create a multi-disciplinary team to help manage lease accounting implementation work? Which functions should be represented on that team? What resources will be needed to support the lease accounting project management team?
- **How can we build a lease accounting implementation plan?** Can we build a detailed roadmap outlining how we'll manage efforts that may span various business units, file types, IT systems and geographies? How fast will we have to execute the plan to ensure we have appropriate and accurate lease data in our 2020 financial statements?

- **How much time will it take to get the data we need from the leases we have,**

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