

5 Roadblocks to Avoid on Your Path to Lease Accounting Compliance

When you're on a tight schedule to arrive at your destination on time, you can't afford to take any detours. Map out your path to compliance with the new lease accounting standards, avoiding these five common roadblocks.



WARNING:
DELAYS AHEAD

Lease Complexity

Anticipate where you might encounter traffic jams.

Are you a multinational organization that needs to account for the varied reporting requirements and accounting standards of different countries? Do you have a large variety of lease types such as operating, capital, real estate, equipment, embedded or variable payments? Get a sense of how much time these will add to your journey when mapping out your path.

MILE
1



Software Selection

Check that your engine is well-oiled before hitting the road.

Do you have 50 or more leases? If yes, do you have the internal resources to manually separate lease components, group leases and record judgments? Are you confident in your ability to maintain an audit-ready subledger and accurate disclosures? Software can accelerate compliance but can take months to select and implement. Make sure you've got an engine with the power to get you to your destination.

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2



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Data Collection

Pack the right items for your trip so you're not caught unprepared.

Where are all your lease contracts? Do you have embedded leases that you need to properly account for? Contracts in foreign languages? Hard copies forgotten in a drawer somewhere? Your auditors will require you to prove the completeness of your lease population, and collecting contracts and abstracting data will take longer than you think. Start packing early to avoid leaving essentials behind.



CAUTION:
DANGEROUS
CURVES AHEAD

MILE
4

Change Management

Prepare for twists and turns along your journey to compliance.

Are your management, operations, treasury, IT, procurement and accounting teams prepared for this transition? Have you established workstreams, processes and controls with clear roles, responsibilities and accountability? Change management may be the most critical factor in achieving compliance. If you're driving, you'll want to make sure your travel companions are all in the right seats.

Day 2 Operations

Plan out the first thing on your itinerary after you arrive.

What's next after you achieve compliance? How will your transition affect your lease and buy process and how you extract, input and maintain lease data? What about your organizational design and the implementation of controls? Planning your Day 2 itinerary in advance will help you avoid wasting precious time at your destination and ensure a successful trip for everyone.

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Congratulations!

You've reached your destination.

RGP can guide your organization on the journey to ASC 842, IFRS 16 and GASB 87 compliance, helping you avoid common roadblocks.

Don't delay.

Contact leases@rgp.com to chart your path or visit our [Lease Accounting Resource Center](#) today.