



Office of the
Washington
State Auditor
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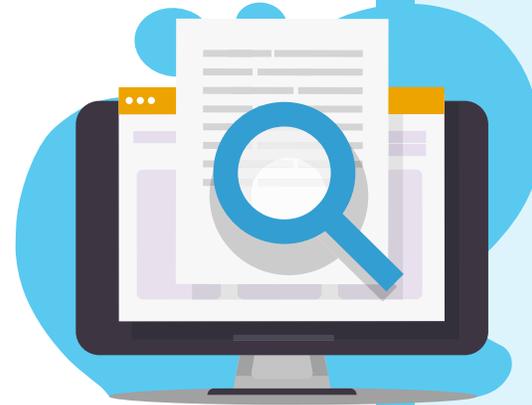
Best Practices for Implementing Accounting Standards

The Governmental Accounting Standards Board (GASB) releases new accounting standards nearly every year, and state and local governments have to evaluate and implement them. For each new standard, staff must assess the applicability and effect of changes to accounting systems and reporting. Some changes may be simple to implement, or may not even affect the government's reporting. Other changes may take careful planning and many steps to ensure a smooth, successful implementation.



State and local governments should have processes and controls in place to identify, assess and implement new accounting standards. Each new standard is different, but the best practices for handling changes are the same. Those that adopt them can then successfully implement accounting changes year after year.

It is important that your government assign someone to identify and analyze new accounting standards. This employee should have strong accounting and research skills, as well as the authority to solicit cooperation from other departments when needed. Once leadership has made this determination, the employee can then work to implement the following best practices.



Set yourself up for success before GASB announces changes

- **Find ways to stay informed of recently issued standards or other changes.** You and all members of your financial statement preparation team should subscribe to publications that announce new accounting standards, such as the free quarterly GASB Outlook (you can subscribe [here](#)). It is critical that you are aware of recently issued standards. It is also valuable for all team members to stay informed of upcoming changes so they can participate in planning discussions.

GASB has issued a new standard—it is time to start reading, learning and researching

- **Start right after issuance.** Read all new GASB standards, from start to finish, promptly upon issuance.
- **Attend technical training.** You and other key team members should attend training classes to enhance and confirm your understanding of new standards.
- **Capture your actions early.** Write down any questions you have as you learn about a new standard and document the tasks you have accomplished with respect to it. This will provide foundational information useful for developing an implementation plan.
- **Assess impact.** Assess how the accounting standard will affect your government's accounting records and financial statements.



Create and execute your implementation plan

- **Decide on your implementation timeline.** Decide whether you will implement early or adhere to the published deadline. Making this decision will inform your implementation plan and the timelines you establish for the planned tasks.

- **Collaborate with others for complex implementations.** For complex accounting standards, it can be helpful to work through challenges with a peer group. You may want to check with your association to see if there are opportunities to join or create a working group.
- **Develop an implementation plan.** Implementation plans should detail each task and assign a responsible person and a due date. It is okay if the plan changes and evolves over time as you learn more; the important thing is to get started early so you have time to prepare. Here is a list of areas to consider including in your implementation plan:



- › Detail steps to gather any additional information you need to evaluate the accounting standard, determine its effect or implement it.
- › List steps to resolve any outstanding technical questions. Address questions as they arise because the answers can affect other areas in your implementation plan, or even lead to follow-up questions. GASB offers a service where you can submit [technical inquiries](#) and receive answers.
- › Consider internal and external stakeholders who may need to be involved or might be affected by the implementation. Assess how and when you will need to communicate with them, and what assistance you might need from them.
- › Determine if you need to modify or add new accounts to your chart of accounts.
- › Assess the need to update your financial statement preparation worksheets, forms, templates, or system reports.
- › Evaluate if you will need to change your financial statement presentation or note disclosures. Compare your draft against examples from GASB statement appendices, associations like the Government Finance Officers Association (GFOA), industry publications like those from PPC, CCH or Wiley, *SAO's Budgeting, Accounting and Reporting System (BARS Manual)*, or a peer government's draft statements.
- › Consider whether you need to change your internal control processes. Some changes might be necessary to gather new or different information on an ongoing basis.
- › Evaluate if you need to make software or other programming alterations. It is important to incorporate the change into your system, as an accounting standard will have lasting effects.



- › Verify if the standard is prospective or retroactive. If the latter, evaluate the information you will need to calculate a change in accounting principle (equity adjustment).
 - › Determine if you need to contract with a third party, such as hiring a consultant to assist with implementation.
 - › Identify key decisions that may require an update to your accounting policy.
- **Review the plan with your team.** Review the draft implementation plan with your entire financial statement preparation team so they can provide feedback. This will help ensure the team has a shared understanding of the plan going forward.
 - **Brief leadership and the governing body.** Inform leadership and the governing body about new accounting standards that significantly affect the financial statements, especially if they might require additional resources to implement. By involving the governing body, you help it fulfill its responsibility of overseeing the financial reporting process.
 - **Stay up to date and confirm your conclusions.** Read relevant articles or GASB implementation guides, attend trainings or conferences, and network with peers. Then, compare initial conclusions about the accounting standard change to any new information, and verify whether those conclusions are still accurate.
 - **Be transparent about your progress.** You and any staff assisting with the implementation plan should save research and tracking documents centrally so that all members of the financial statement preparation team can access them. That way, any team member can check in on progress or reference the information as needed.



Time is ticking—monitor your progress and stay on track

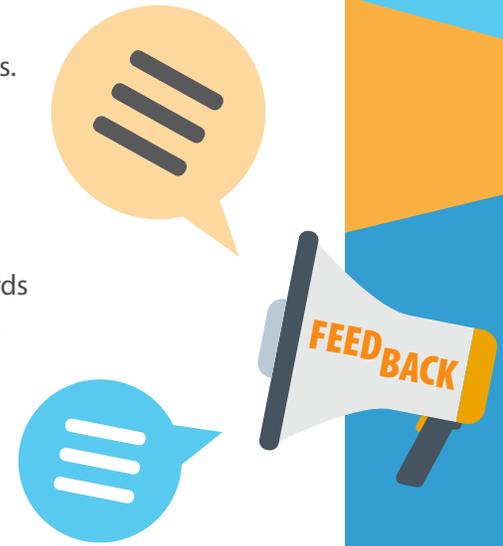
- **Follow up on progress.** Monitor and track your progress on the implementation plan for any new accounting standard to ensure you will complete all tasks within your timeline.
- **Verify staff is keeping documentation.** The implementation plan and research and tracking documents summarize your controls over implementation of new standards. Your auditor will likely evaluate your control processes, and this documentation is key evidence to support your actions and efforts.



- **Communicate progress upward.** Communicate implementation progress with leadership and possibly the governing body. Your updates might be a simple notification that implementation is complete, or they might include more details on key decisions reached and final effects to your government's financial statements.

Implementation is complete, but future adjustments may be needed

- **Consider results of external audits.** Your government's financial auditor will review the implementation of new accounting standards and may have feedback about your internal controls, assumptions, underlying calculations or presentation. Make good use of this feedback by making further adjustments.
- **Seek feedback so you can continue to evolve.** Implementing a new standard can lead to new systems and data collection processes. It may also lead to workarounds, manual processing or off-book adjustments. If your government did not achieve the ideal during the implementation period, keep working to solicit feedback and streamline processes in the future.



For assistance

This resource was developed by the Center for Government Innovation at the Office of the Washington State Auditor. For specific questions about financial accounting or reporting, please submit them using our [HelpDesk in the client portal](#).

Please send any other questions, comments, or suggestions to Center@sao.wa.gov.



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