
CAQ Releases Audit Committee Tool for New Leases Accounting Standard

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Earlier this week, the Center for Audit Quality released [Preparing for the New Leases Accounting Standard](#). This latest tool is designed to assist audit committees understand and oversee the implementation of the new leases standard, another high-profile accounting change, which takes effect on January 1, 2019 for calendar-year public companies.

The new tool is divided into the following four sections and includes example questions for audit committees to ask management and their auditors: (a) understanding the new leases standard, (b) evaluating the company's impact assessment, (c) evaluating the implementation project plan, and (d) other implementation considerations. As noted in the new tool, implementation of the new standard will require "significant effort" and will require involvement from multiple functional areas, including "accounting, tax, financial reporting, financial planning and analysis, investor relations, treasury (e.g., debt covenants), operations, procurement, legal, information technology, and real estate." Commenting on the "several steps" necessary to implement the new standard, SEC Deputy Chief Accountant [Sagar Teotia](#) emphasized last September that these "steps can potentially be time consuming and are another reminder of why getting started as soon as possible is a best practice." With the second quarter for calendar-year companies now underway, audit committees may want to review the various considerations set forth in the new tool or consult some of the many accounting firm resources cited in the tool.

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