



## **Eight practical benefits of an accounting adviser**

And how a collaborative teaming model may improve their value

Tightened budgets. Constrained resources. A scarcity of talent. Evolving requirements. And constant pressure to be more strategic and add greater value. For in-house accounting and reporting functions, solving for these can pose a real challenge. Luckily, it's one that can be addressed by engaging an accounting adviser.

While the range of services provided by an accounting adviser varies, it's typically customized to a company's individual needs. Common tasks include technical accounting research and analysis, ongoing accounting policy advice, quarterly and periodic impairment assessments, assistance with preparation of quarterly and annual financial statements and disclosures—to name a few. Additional responsibilities may include tasks tailored to a specific capital markets transaction such as an IPO, acquisition, or divestiture.

Here, we examine eight possible and valuable benefits an effective accounting adviser can bring to your accounting and reporting function. You may also consider utilizing a cosourcing model, which involves collaborative teaming of your internal resources with an external accounting adviser. A cosourcing model grants access to experienced professionals, uplifts finance teams operating under limited resources, promotes team synergy, and frees in-house experts to prioritize strategic initiatives.

ACCOUNTING ADVISERS CAN:

## 1 BRING AN EXPERIENCED PERSPECTIVE

Today's finance teams are facing a growing shortage of accountants, which can make it hard to find talent with the experience and technological know-how to meet all your accounting and reporting needs. Other accounting and reporting teams are tasked with increasing responsibilities despite operating under resource constraints.

Accounting advisers, utilizing their deep and diverse experience as specialists across industries for both public and private companies, can fill knowledge gaps and bring an experienced perspective to guide you towards an informed accounting conclusion. They can assess the financial implications of potential agreements and present alternative approaches to help you structure your transactions with the intent of achieving preferred accounting results.

The foremost accounting advisers grasp the complexities and issues facing the marketplace and bring technical industry knowledge, auditor backgrounds, and a deep understanding of complex analyses and documentation.

## 2 LEAD AN OPEN DIALOGUE

Leveraging an accounting adviser allows you to have open, early-stage conversations about the accounting consequences of various potential future transaction structures, including accounting models for current or historical transactions. An accounting adviser can also weigh in on the accounting implications of an arrangement (e.g., liability and equity considerations of a proposed financial instrument arrangement) or other topics that you might not feel prepared to discuss with your independent auditor in the early stages of research.

**Examples include:**

- When entering into financial instrument arrangements, have the liability vs. equity considerations of the proposed terms been considered?
- What are the implications for future transactions if you decide to account for revenue from a third-party deal as an agent instead of a principal?
- Have new arrangements that involve use of assets been properly evaluated to determine if they contain one or more leases?

Openly working through table-setting discussions like the ones above can help you develop multipronged supporting positions.

## 3 TRANSLATE THE NUANCES OF ACCOUNTING GUIDANCE

Many nonfinance leaders want to understand the rationale behind the accounting impacts of the strategic decisions their companies make. An accounting adviser who speaks the languages of both auditor and c-suite can help you educate leaders on the nuances of complex accounting guidance and put you in a better position to be effective in communicating those impacts. They can also advise you on how to prepare high-quality work products and policy memos.

Having a firm grasp of these details is a significant benefit when you're presenting conclusions to your audit committee and independent auditor. It may also be helpful when seeking to secure needed resources and budget from your board.

## 4 ADVOCATE FOR A CHOSEN APPROACH

Not only can an accounting adviser help you flesh out your approach to complex accounting issues; they can also join you in discussions with your independent auditor to assist with articulating and supporting your conclusions. For example, it's common when dealing with highly judgmental accounting issues for a company and its independent auditor to have differing initial views. Engaging an accounting adviser can help you speak the auditor's language, present your conclusion and the rationale behind it, and help your auditor better understand your perspective.

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## 5 EXAMINE ALTERNATE ANGLES

In some cases, due to time constraints and limited internal resources, companies might opt for the most straightforward accounting conclusions even though they recognize that exploring alternative paths could potentially be more beneficial. For example, an entity may enter into a new transaction resulting in one accounting treatment under existing generally accepted accounting principles (GAAP) but would prefer a different and more favorable treatment if the entity adopted a new accounting standard early. An accounting adviser with significant technical and industry knowledge can enhance understanding of diverse accounting conclusions.

Companies should consider teaming with accounting advisers on a consistent basis, as doing so gives you the opportunity to have knowledgeable professionals on your side to advise you as you work toward a preferred accounting treatment.

## 6 ADDRESS THORNY ISSUES EARLY

It's every finance leader's nightmare: A tough accounting issue isn't addressed early enough or with the appropriate amount of effort. In a rush, you compile an analysis at the eleventh hour, present it to your independent auditor for review, and hope that it aligns with management's decision criteria.

When cosource teams collaborate with management processes, they are strategically positioned to offer proactive insights, disseminate leading industry practices, and assist in spotting thorny issues early. They can help you evaluate the implications of complex transactions, leading to earlier identification and resolution of issues and fewer sleepless nights. When people with experience analyze your transactions in a timely manner, it may reduce last-minute fire drills.



## 7 IMPROVE INTERNAL CONTROLS

Internal controls are an important part of how accounting departments function and how they're evaluated. A company's independent auditor assesses whether an entity's internal controls are well designed, properly implemented, and operating effectively. Many significant deficiencies and material weaknesses arise from not having the appropriate GAAP or Securities and Exchange Commission (SEC) reporting experience. An accounting adviser may help fill that knowledge gap. Incorporating an accounting adviser into your team can be a strategic method to improve internal controls and evaluate your company's progress. Beyond acting as an evaluator of your internal controls, an accounting adviser may also assist in assessing your control environment and facilitate the alignment of your processes with the relevant internal control framework.

Furthermore, an accounting adviser's review of agreements and proposed accounting prior to finalizing conclusions and recording journal entries may serve as an extra layer of control in complex transactions—one your independent auditor is likely to appreciate.

## 8 IMPROVE AUDIT READINESS

An accounting adviser is well positioned to help liaise directly with independent auditors. With their assistance, you may increase your ability to provide them with a thorough and comprehensive analysis to independently evaluate your positions taken.

When choosing accounting advisers, opt for those with an auditing background, as they'll bring a profound understanding of complex analyses and documentation to the table. Also, look for an adviser with the ability to communicate effectively with your in-house team using audit-specific language and terminology and who can instill confidence that your approaches to complex accounting issues are sound. Finally, they should also have experience with both public and non-public financial reporting and should be able to understand all different angles of a transaction, see potential alternative viewpoints, and be able to advocate for your chosen approach.

## ENERGIZE YOUR ACCOUNTING BY CONSIDERING A COSOURCING MODEL

Utilizing an accounting adviser to navigate complexities can enhance the quality of your accounting approach, thereby benefiting your organization. These eight possible benefits of an accounting adviser cumulatively result in a better work product. This can potentially reduce auditor interaction time and audit costs while easing the rise in base audit fees over time.

By layering in a cosourcing model, you can benefit from the collaboration that arises from a teaming environment. Cosourcing teams provide strategic insights that can help clients work through critical challenges and seize opportunities. They can also assist with technical accounting and financial reporting matters on a recurring, pre-established, and consistent basis—all tailored to a client's unique needs.

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## START A COSOURCING CONVERSATION TODAY

If you're looking for a provider with deep industry experience who understands both the accounting and reporting complexities you're facing, as well as emerging issues facing the marketplace, we should talk.

Our teams have auditor backgrounds, so they bring a deep understanding of complex analyses and documentation to your engagement. We can provide consistent assistance on a regular and predetermined basis. Best of all, services can be tailored to your unique needs, from navigating accounting events and strategic transactions to standards implementation, assurance, financial reporting, and more.



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