Far from the black-and-white world that many outside a company's accounting function imagine, gray can be accounting's primary color. That's because many accounting questions are complicated, and there's often a high degree of judgment required when applying the rules.

Documenting complex transactions and the related accounting conclusions can be extremely challenging given today's standards for internal controls over financial reporting. At the same time, finance departments are expected to create value across the entire business, and finance leaders are expected to play a key role in many corporate decisions. All of this makes it critical that accounting and financial reporting are handled efficiently and with an eye toward what's important for the organization as a whole.

While an organization's independent auditors can be helpful in identifying applicable guidance and discussing the application of such guidance in practice, there are limits to the amount and type of advice an independent auditor can provide due to applicable independence regulations. The accounting world is a tough place to go it alone but having an accounting adviser can help you resolve your pressing issues, and potentially lower the overall cost of your financial statement audit. Here are eight things an effective accounting adviser may do for you.

**1. BRING AN EXPERIENCED PERSPECTIVE**

Every day, preparers face complex scenarios that present challenges in determining the proper accounting.

Need to determine whether you're a principal or an agent for third-party products that you resell to a customer? Assessing whether your employee share-based payment awards should be liability- or equity-classified? Unsure if an embedded feature requires bifurcation from a convertible debt instrument?

For tough, frequently asked questions like these, accounting advisers can pull from their deep and diverse experience as specialists across industries, for both public and private organizations, to advise you as you reach an informed
accounting conclusion. They can also evaluate the accounting impacts of potential arrangements and present alternative approaches to help you structure your transactions with the intent of achieving preferred accounting results.

2. **LEAD AN OPEN DIALOGUE**

Using an accounting adviser allows you to have open, early-stage conversations about the accounting consequences of various potential future transaction structures, accounting models for current or historical transactions, or other topics that you might not feel ready to discuss yet with your independent auditor.

If you conclude it’s appropriate to account for revenue derived from one third-party arrangement as an agent instead of a principal, what will it mean for anticipated future transactions? When considering whether to enter into an arrangement for the right to use an asset, is everyone in agreement as to whether lease accounting would need to be applied?

Openly working through table-setting discussions like these can help you develop multi-pronged supporting arguments for your positions.

3. **EXPLAIN THE NUANCES OF ACCOUNTING GUIDANCE**

Many non-finance leaders want to understand the rationale behind the accounting impacts of the strategic decisions their companies make. Accounting advisers can help you educate them on the nuances of complex accounting guidance, putting you in a better position to succeed in communicating those impacts, as well as advising as you prepare high-quality work products and policy memos.

Having a firm grasp of these details is beneficial when 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**

After helping you flesh out your approach to an accounting issue, an accounting adviser can join you in discussions with your independent auditor to assist with articulating and supporting your positions.

For example, it’s common when dealing with highly judgmental accounting issues for a company and its independent auditor to have differing initial views. Your adviser can help you speak the auditor’s language, present your conclusion and the rationale behind it, and help your auditor understand your perspective.

5. **EXAMINE ALTERNATIVE ANGLES**

In some situations, companies short on time and internal resources may take the path of least resistance when reaching accounting conclusions, even if they suspect an alternative path may be preferable. For example, an entity may enter into a new transaction which would result in one accounting treatment under existing generally accepted accounting principles, but a different and more favorable treatment if the entity early-adopted a new accounting standard. Preparers running low on time or manpower might not be inclined to go through the effort of an accelerated implementation of the new standard.

Working with an accounting adviser allows you the opportunity to have someone on your side who will advise you as you work to achieve the 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. You scramble to put together an analysis at the last minute, throw it over to your independent auditor, and cross your fingers that it passes muster.

Using an accounting adviser to help evaluate the implications of complex transactions can lead to earlier identification and resolution of issues and fewer sleepless nights. When people with experience analyze your transactions timely, you may reduce last-minute fire drills with your independent auditor.

7. **IMPROVE INTERNAL CONTROLS**

Internal controls are an important part of how an accounting department functions and how it’s evaluated. A company’s independent auditor assesses whether an entity’s internal controls are well-designed, properly implemented, and operating effectively. Bringing in an accounting adviser is a step toward assessing that they are.
When a company enters into a complex transaction, an accounting adviser’s review of agreements and the proposed accounting prior to finalizing conclusions and recording journal entries may serve as an extra layer of control. And it’s an extra layer that your independent auditor will likely appreciate.

Beyond serving as an important part of your internal controls, an accounting adviser can also help you evaluate your control environment as a whole and help you align the processes you have in place with the relevant internal control framework.

**8. IMPROVE AUDIT READINESS**

With the assistance of an accounting adviser, you may increase your ability to provide the company’s independent auditors with a thorough and comprehensive analysis for them to independently evaluate your positions taken. Accounting advisory services may help to provide a company confidence that their approaches to complex accounting issues are sound.

**Energize your accounting**

When an accounting adviser is used to help navigate complexities and paint a clearer portrait of a well-reasoned accounting approach, the investment may benefit not only your accounting department but also your entire organization. These eight things an accounting adviser can do for you ultimately add up to one result: helping you prepare a better work product. A higher-quality product may reduce independent auditor interaction time and possibly the overall cost of the audit while providing relief from upward pressure on base audit fees over time.

Tapping the experience and knowledge of an accounting adviser allows you to better understand and address complex accounting challenges. And that can translate to letting you spend less time on your audit, and more time and attention on your business.

**Start the conversation**

If you’re looking for knowledgeable, experienced professionals who can help you develop an accounting approach that fits your specific needs and answers your biggest questions, we should talk.

Deloitte’s on-call accounting advisory services provide flexible and scalable solutions for your complex accounting issues. Our team can help you navigate challenges related to accounting events, strategic transactions, standards implementation, and assurance and financial reporting.

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