

CHECKLIST FOR A **SMOOTH YEAR-END CLOSE**

Getting through year-end can be a stress-filled, time-pressured, and an overall chaotic effort for controllers and accounting teams. Alleviate the madness with a proactive process. Based on years of helping clients power through the close and preparing for the audit, our handy checklist will set you up for a **smoother experience**.

PLAN IT OUT

GATHER THE TEAM

Pull together the right team. Remember to include both internal and external constituents and stakeholders.

FACTOR IN FLEXIBILITY

Something always goes wrong - from late adjusting journal entries to unexpected audit requests. Factor in extra time to deal with surprises.

BUILD A CALENDAR

Plot out deliverables and share the expectations and deadlines with the rest of the team.

LOOK OVER LAST YEAR'S AUDIT

What worked well and what wasn't so great? Check in with last year's team and get their perspective on what went well and what caught them off guard. Craft your plan around what you discover - build on your successes and avoid repeating missteps.

ADDRESS THE AUDITORS

Minimize the surprises. Bring up significant changes and risks with your audit partner. Discuss areas of concern your auditor may have with your company, including past results and any changes in audit focus. Air out the trouble spots ASAP.

DEFINE ROLES & RESPONSIBILITIES

BREAK IT OUT

List every deliverable and schedule used in compiling the financial statements, footnotes and audit requests (PBCs).

ASSIGN RESPONSIBILITY AT ALL LEVELS

Name who will own each deliverable (preparer and approver) and due date.

REVIEW THE AUDITOR PBC LIST WITH THE AUDITOR

Make sure you clearly understand what is required - don't assume (e.g., does "listing of all journal entries" mean all non-automated journal entries or all journal entries including system-generated entries? Is there a specific format required for any deliverable?).

TRACK PROGRESS

Schedule and conduct regular status meetings with all key stakeholders. Make sure the deliverables are on schedule, or reassign resources if a gap opens up.

CONDUCT THESE REVIEWS BEFORE YEAR-END

- REVIEW THE PRIOR YEAR'S SAB 99**
Have you dealt with all the underlying issues?
- REVIEW SOX DEFICIENCIES**
Were last year's problem areas addressed?
- ASCERTAIN IF YOU ARE SUBJECT TO ANY NEW ASUs**
Have you reviewed and formally documented why you're not subject to any new ASUs?
- REVIEW RECONCILIATIONS**
We often find companies performing roll-forwards rather than true account reconciliations. Roll-forwards make footnote disclosures and audit schedules a challenge if you have to chase down underlying transactional data and supporting documentation.

- REVIEW LARGE/UNUSUAL TRANSACTIONS**
Do you have a properly prepared technical accounting memo to support the transaction's accounting entries? Does it cite the appropriate authoritative guidance? Where's the supporting documentation?
- REVIEW HIGH-RISK AREAS**
Ensure your accounting is accurate and properly supported for the tricky spots like debt (changes in debt, restructuring), equity (including options, RSUs, repricings, modifications, stock-based compensation) and revenue.
- GOING CONCERN ANALYSIS**
Preparing this in advance gives you more time to take action (i.e. obtain financing) to alleviate an issue.

COMMUNICATE WELL

- KEEP EVERYONE INFORMED**
Have a plan for updating the team throughout the process. Schedule regular status meetings with key stakeholders ahead of time.
- PREPARE FOR PROBLEMS**
Who needs to be updated ASAP when you're thrown a curve ball, and what's the best way to share the information?

STAY CALM & SUPPORT THE TEAM

- BE CREATIVE**
Teams are more stressed and tired than ever - overstressed and overtired people are more prone to burnout and making mistakes. Find ways to ease the stress for you and the team. Every culture is different and you know your team best - find what works for you.

Here are some ideas to think about:
 - Have a meal delivered to your team's homes
 - Hold a contest for the oddest audit questions
 - Send notes of appreciation, gift cards, treats, or another tangible sign that you noticed the hard work - and that you care
 - Hold office hours for your team to come to you with any concerns they may have or just to chat
 - Gift your team the Calm app to unwind

SPECIAL AREAS FOR CONSIDERATION

Due to the continued impact of COVID and the economic environment and some regulatory changes, there are a few areas that may need extra attention:

- IMPAIRMENT TESTING**
Build a flexible model to stress test your assumptions, especially regarding demand for product/services and disruptions to supply chain
- CONTRACT MODIFICATIONS**
Review your accounting treatment for any contract modifications such as renegotiated lease terms and other concessions, extended payment terms or other concessions granted to customers or modifications to equity awards, to name just a few. ASU 848 'Reference Rate Reform', provides optional expedients for contract modifications resulting from changes to reference interest rate indices.
- REDUCTION IN FORCE (RIF)**
If you've had a RIF, remember to reassess overhead allocations and expected term assumptions on equity awards. International post-employment benefit plans may have different recognition timing than US plans.
- ACCOUNTING ESTIMATES**
Review and update assumptions for accounting estimates, such as revenue reserves, variable revenue consideration, impairment of right of use assets and intangible assets, etc.

NEED TO CALM THE CHAOS FOR YOUR YEAR-END CLOSE? WE'RE HERE TO HELP.

Reach out to us at: sales@roseryan.com

ABOUT ROSERYAN

Award-winning RoseRyan's tailored advisory expertise out of Silicon Valley helps solve evolving companies' finance and accounting challenges so they can take their businesses to the next level. Our deeply experienced and innovative consulting professionals integrate seamlessly with your team to bridge the gaps and unlock the potential in your organization.

Find out more at www.roseryan.com



FIND US AT
roseryan.com

sales@roseryan.com
510.456.3056 x 400