



perspective
GAINED

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HOW ACCOUNTING DEVELOPMENTS WILL IMPACT YOUR BANK

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AGENDA

- 1 ACCOUNTING UPDATES**
- 2 ON THE HORIZON**
- 3 INTERNAL CONTROLS FOR CECL**

OBJECTIVES

- Understand recently issued accounting updates and potential impacts to financial institutions
- Become knowledgeable about the FASB agenda and future projects
- Enhance your CECL implementation strategy with considerations of internal controls that may not be a part of your current ALL model

RECENTLY ISSUED ASUS

ASU No. 2018-15

Intangibles – Goodwill and
Other – Internal-Use Software
(Subtopic 350-40)

ASU No. 2018-11

Leases (Topic 842)

ASU No. 2018-07

Compensation-Stock Compensation
(Topic 718)

ASU No. 2018-02

Income Statement – Reporting
Comprehensive Income (Topic 220)



OTHER HIGHLIGHTS

- Statement of Financial Accounting Concepts – Disclosure
- ASU No. 2016-01, Financial Instruments-Overall (Subtopic 825-10)

1

HEDGING:

FASB to consider guidance re use of last of layer method

2

BUSINESS COMBINATIONS

3

OVERNIGHT INDEX SWAP RATES

LIBOR replacements

4

DISCLOSURES BY BUSINESSES RECEIVING GOVERNMENT ASSISTANCE

5

CECL TRANSITION RESOURCE GROUP AND AICPA AUDIT GUIDE



PULSE OF THE ROOM

**HOW MANY HAVE PUSHED THEIR
RETIREMENT DATE FORWARD TO
PRE-CECL EFFECTIVE DATE?**

INTERNAL CONTROLS FOR CECL

WHAT'S CHANGING?

- Increased vendor involvement and reliance
- Additional emphasis on core data
- Reliance on peer data and forecasting data
- Allowance for loan commitments and other off-balance sheet items
- Allowance for debt securities
- More in-depth management review

LURKING ITEMS

- Controls over loan commitment data and off-balance sheet items
 - Have you included these items in your model, and considered their (potentially significant) impact?
- Management review controls
 - Have you considered the depth of this function, and the extent to which procedures should be documented?
 - What warrants further investigation and has that been defined?
 - Has further investigation been documented?
- Renewed emphasis on timeliness of charge-offs
- Controls over development of an allowance for debt securities
 - Has your review of peer data and information from investment advisors been adequately documented?



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