

Mastering High-Volume Transactions for Accounting and Compliance

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Agenda

High Volume Accounting Scenarios

Mastering ASC 606

- Complexities and Compliance

CECL 326

- Implementation and Ensuring Accuracy

Tooling and Software Solutions

- Automation, Accuracy, and Scale

Data Management Practices

- Best practices for being audit ready like data lineage and provenance.



High Volume Accounting Scenarios

High Volume Accounting Scenarios

Mastering ASC 606

- Solve challenges like backdated adjustments, complex multi-channel sales, and deferred revenue in subscription models, ensuring ASC 606 compliance with high transaction volumes.

Complexities and Compliance: CECL 326

- Automate expected credit loss calculations for businesses managing large volumes of customer data and frequent payment delays, reducing manual intervention and errors.

Automation and Scalability

- Streamline high-volume transaction processing, like reconciling thousands of daily payments and tracking dynamic stand-alone selling prices, to reduce manual workloads.

Data-Driven Accounting

- Handle decentralized, large datasets that exceed Excel's limits, using analytics to accurately process discounts, credits, and cancellations while maintaining compliance and reporting accuracy.



CPE Activity Question

Which high volume accounting scenario are you most concerned about for your organization?

- A. Ensuring ASC 606 compliance**
- B. Automating expected credit loss calculations**
- C. Streamlining transaction processes**
- D. Leveraging data to make timely decisions**

ASC 606 Model Refresh



ASC 606

ASC 606 provides a clear framework for revenue recognition and aligning period and performance, enabling greater transparency, accountability, and auditability of financial statements.

Challenges:

- **Fragmented Data Sources:** Contracts often exist in multiple systems, like CRMs, invoicing, POS, and payment processors
- **From Policy to Reality:** Bridging the gap between theoretical revenue policy to actual transaction data can be complex and time-consuming
- **Dynamic Contract Data:** Contracts change over time
- **Multiple Performance obligations:** Performance obligations on the same contract can be varying schedules and types



CPE Activity Question

What is your organization's greatest challenge in adhering to ASC 606?

- A. Fragmented data sources**
- B. Bridging the gap between theoretical and actual revenue**
- C. Changing contracts**
- D. Varying types and schedules in revenue recognition**

High Volume Industries & CECL 326

CECL 326 is an accounting standard that requires businesses to estimate and recognize credit losses over the life of their financial assets.

In context of high volume industries, CECL 326:

- **Data Volume and Accuracy:** Managing and updating large volumes of customer data while ensuring accuracy in credit loss estimates across multiple systems and risk buckets
- **Dynamic Estimates:** Continuously adjusting and reversing credit loss estimates based on real-time changes and actual payments
- **Bad Debt Process Management:** Creating consistent, scalable processes to track and account for bad debt effectively across thousands of transactions
- **Compliance and Reporting:** Ensuring compliance with CECL requirements while maintaining clear and accurate financial reporting in a fast-paced, high-transaction environment



CPE Activity Question

How do you intend to start effectively implementing CECL 326?

- A. Utilize advanced data analytics & machine learning**
- B. Segment portfolios based on risk characteristics**
- C. Implement scalable technology solutions**
- D. Simplify approach for smaller balances and uniform pools**



Tooling and Software Solutions

Operating vs Accounting Systems: There are a variety of systems that can be helpful in ASC 606 and CECL implementation and compliance, and every organization has a unique set of needs.

Some things to consider:

- Decentralized vs centralized operating model changes the accounting approach
- Identifying contracts and financial transactions in operating systems
- Breaking down problem areas: Revenue, Expenses, Payroll, Budget, and Taxes
- The right questions to ask before looking for a tool
- Never wait till the end to consider: Tax



CPE Activity Question

Which problem area are you hoping to find a tool to manage?

- A. Revenue**
- B. Expenses**
- C. Payroll**
- D. Budget**
- E. Taxes**

Data Management Practices

Q: *From an audit perspective, all numbers need detailed anatomic support: How do you backup the story that your GL tells?*

A: *Lineage and Provenance*

As you begin automating processes, consider:

- Point-in-time financial data means operational data is ever changing
- The same report run in January and June may tell two different stories because of evolving data
- Change data capture

Automating journal entry processes takes the accountant out of nitty-gritty spreadsheet numbers, and puts you in a strategic role within your organization



CPE Activity Question

Are you interested in receiving additional resources or information related to today's topic?

A. Yes

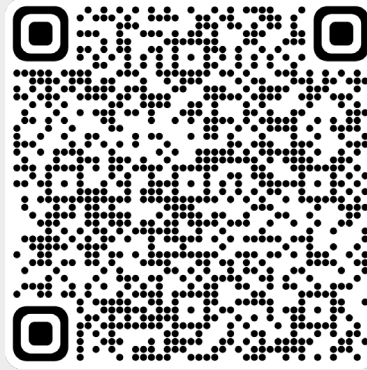
B. No

Questions

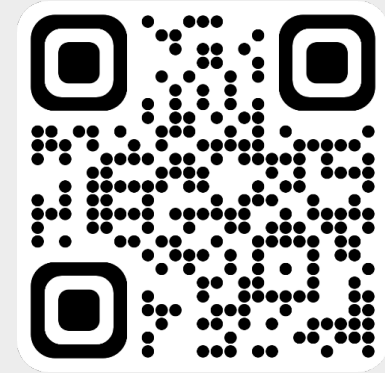




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