

Data Quality Committee
Conference call
September 29, 2021
Meeting Notes

Attendees

Committee Members

Campbell Pryde, Shelly Wavrin, Jennifer Liu, Glad Sully, Amit Varshney, Pranav Ghai

Absent

Adrian Cloutier, Heather Krupa, Mohini Singh, Charles Kessler

Staff

Ami Beers, David Tauriello, Michelle Savage

Observers

Louis Matherne, Iza Ruta, Vivek Baid

Welcome

- Campbell welcomed attendees and introduced Shelly Wavrin, Toppan Merrill as new Chair of the DQC. Shelly walked through the agenda.

Minutes Approval

- Motion to approve minutes from June 29, 2021 DQC meeting, by Campbell Pryde, seconded by Glad Sully
- Vote (For 6, 0 Against)
- Motion passed. June 29, 2021 DQC meeting minutes approved.

Review and Approval of Version 16 DQC Rules

- Campbell explained that the version 16 rules were out for public review through August 31, 2021. There have been a few changes from public review.
- DQC_0117 - Financial Statement Tables Dimensional Cross Check - This rule evaluates if the dimensional values reported in the financial statements are equal to the reported sum of these dimensional values. Both the dimensional values and the aggregate value need to be reported in the financial statement. The rule checks a limited amount of axes. The axis aggregations checked by the rule are as follows:
 - StatementClassOfStockAxis

- ProductOrServiceAxis'
- PropertyPlantAndEquipmentByTypeAxis
- LongtermDebtTypeAxis
- RelatedPartyTransactionsByRelatedPartyAxis
- StatementBusinessSegmentsAxis
- FinancialInstrumentAxis
- LimitedPartnersCapitalAccountByClassAxis
- PartnerTypeOfPartnersCapitalAccountAxis
- FiniteLivedIntangibleAssetsByMajorClassAxis
- InformationByCategoryOfDebtSecurityAxis

The rule was amended from public review version to exclude cases that conflicted with Figure 13b-1a of the FASB Revenue Recognition Guide. This related to excluding revenue from contract with customer line items. Due to use of inline XBRL, filers are not using a renderer to check filings and as a result, there are errors.

- DQC_0118 - Financial Statement Tables Calculation Check of Required Context - This rule evaluates each line in the financial statements representing an aggregation based on the elements defined in the calculation linkbase. If the sum of the child elements does not equal the value reported for the aggregation then an error is reported. The rule will only run for the period representing the required context. The rule was amended from the public review version to exclude cases that conflicted with Figure 13b-1a of the FASB Revenue Recognition Guide. This related to excluding revenue from contract with customer line items.
- DQC_0119 - Income Before Tax Equity Method (NO CHANGE FROM PUBLIC REVIEW) This rule is intended to identify those cases where the company uses the element `IncomeLossFromContinuingOperationsBeforeIncomeTaxesMinorityInterestAndIncomeLossFromEquityMethodInvestments` in an inappropriate manner. This rule will increase consistency on income statements.
- DQC_0120 - Incorrect Line Item Reference - This rule is intended to identify those cases where the company uses an extensible list item that refers to a balance sheet line item that does not exist on the balance sheet. In the note disclosures, filers are required to report which balance sheet items financing and operating lease amounts appear. The rule checks that the values provided for the following extensible list items are legitimate balance sheet line items that appear in the calculation linkbase of the balance sheet:
 - `FinanceLeaseLiabilityCurrentStatementOfFinancialPositionExtensibleList`
 - `FinanceLeaseLiabilityNoncurrentStatementOfFinancialPositionExtensibleList`

- FinanceLeaseRightOfUseAssetStatementOfFinancialPositionExtensibleList
- OperatingLeaseLiabilityNoncurrentStatementOfFinancialPositionExtensibleList
- OperatingLeaseLiabilityCurrentStatementOfFinancialPositionExtensibleList
- OperatingLeaseRightOfUseAssetStatementOfFinancialPositionExtensibleList

The rule was updated from public review to include search for “statement of financial position” as well as “balance sheet”.

There was a question as to whether the rule checks for amounts in the balance sheet. Campbell indicated that the rule does not check for this, but there should be a separate rule for this.

Action item: Add to version 17 a rule to check the lease line item has sufficient balance to support the amount of the item with the extensible list.

- DQC_0121 - Incorrect Transition Elements Used - (NO CHANGE FROM PUBLIC REVIEW) This rule is intended to identify those cases where the company reports line items that have been transitioned because of changes in accounting standards. The rule identifies those elements that should no longer be used by the filer. The taxonomy includes updated elements that reflect the new accounting standards and they should be used. In many cases the filer is unaware that an element has been transitioned and continues to use it until such time as it is deprecated and can no longer be used. This rule helps identify these elements so that filers can replace the transition elements with elements that reflect current US-GAAP. This rule has a lot of errors.
- DQC_0122 - Components of Equity on the Balance Sheet - (NO CHANGE FROM PUBLIC REVIEW) This rule is intended to identify those cases where the company reports the components of equity or partners capital on the balance sheet. If one of these two dimensions are included as part of the balance sheet then the rule will return an error identifying the number of facts using the axis reported in the balance sheet.
 - StatementEquityComponentsAxis
 - PartnerCapitalComponentsAxis
- DQC_0123 - Missing Components of Equity Axis (NO CHANGE FROM PUBLIC REVIEW) The rule identifies where a company has reported classes of stock but has not indicated if they are common or preferred or treasury components of equity. The rule identifies facts reported using one of the following line items using the class of stock axis without any other dimensions:
 - StockholdersEquityIncludingPortionAttributableToNoncontrollingInterest or

- StockholdersEquity
- DQC_0124 - Breakdown of Lease Liabilities & Assets Across Financial Statement Lines Items (NO CHANGE FROM PUBLIC REVIEW) The rule flags an error when lease liabilities and assets are present but have not been included in the presentation linkbase of the financial statements. The intent of the rule is to allow filers to check that their filing is consistent with the FASB's XBRL implementation guide and US-GAAP. If the extensible list item or Balance Sheet Location Axis is not used then the rule will report an error.
- Campbell explained that Version 16 includes updates to existing (previously approved) rules.
 - DQC_0057 – Cash Flow Opening and Closing Balances – updated rule to restrict use of the following elements representing the opening and closing balances on the statement of cash flow:
 - CashAndCashEquivalentsAtCarryingValueIncludingDiscontinuedOperations
 - CashAndCashEquivalentsAtCarryingValue
 - CashCashEquivalentsAndFederalFundsSold
 - Cash
 - CashEquivalentsAtCarryingValue
 - CashAndDueFromBank
 - DQC_0062 – No Fact Value for Change in Cash – updated rule to allow for extension elements where change in cash is split between discontinued and continuing operations
 - DQC_0065 – Interest Paid Net (Operating) Not on Cash Flow – updated rule to check for the occurrence of interest paid under the following additional abstract items:
 - SupplementalCashFlowElementsAbstract
 - NoncashInvestingAndFinancingItemsAbstract
 - AdditionalCashFlowElementsAndSupplementalCashFlowInformationAbstract
 - CashFlowNoncashInvestingAndFinancingActivitiesDisclosureAbstract
 - DQC_0115 – Fact Value Consistency Over Time (IFRS) – updated rule to exclude the following elements:
 - FinanceIncome
 - FinanceCosts
 - MiscellaneousOtherOperatingIncome

- MiscellaneousOtherOperatingExpense
 - InvestmentIncome
 - InterestExpense
 - InterestIncomeOnFinancialAssetsDesignatedAtFairValueThroughProfitOr Loss
 - InterestExpenseOnFinancialLiabilitiesDesignatedAtFairValueThroughProfitOrLoss
- DQC_0116 – Line Items Requiring the Asset Acquisition – Updated rule to add the elements (see v.16 summary posted with meeting materials for list of elements).
- The effective date for version 16 is proposed for November 30, 2021.
- Motion to approve rules DQC_0117, DQC_0118, DQC_0119, DQC_0120, DQC_0121, DQC_0122, DQC_0123, DQC_0124, and update changes to rules DQC_0057, DQC_0062, DQC_0065, DQC_0115, DQC_0116 effective November 30, 2021, by Campbell Pryde, seconded by Pranav Ghai
- Vote (For 6, 0 Against)
- Motion passed. DQC_0117, DQC_0118, DQC_0119, DQC_0120, DQC_0121, DQC_0122, DQC_0123, DQC_0124, and update changes to rules DQC_0057, DQC_0062, DQC_0065, DQC_0115, DQC_0116 effective November 30, 2021 approved.

Review of Version 17 Rules for Public Review

- Campbell explained that Version 17 currently includes 6 rules. Campbell stated that these rules are not ready to be approved for public review. The rules will be approved via email to be put out for public review on November 15, 2021. Campbell provided a summary of the rules:
 - DQC_0125 - Lease Cost Cannot be Negative - Lease costs can be negative in those cases where the lease is subleased to another party and the sublease income exceeds the lease cost. This rule identifies those cases where the lease cost is negative and no sublease Income is reported.
 - DQC_0126 - FS Calculation Check with Non Dimensional Data - This rule identifies those cases where the calculations defined for the face financial statements (Statement of Changes in Shareholders Equity is not covered) in the company provided calculation linkbase do not match the actual values reported. The rule works through every element in the statement and checks if it has any calculation children. If it does it takes the values of the children in the default and checks that they add to the parent value.

- DQC_0127 - Incorrect Dimensional Item Used on Financial Statements - This rule identifies those cases where the dimensional structures defined for the face financial statements (Statement of Changes in Shareholders Equity is not covered) in the company provided definition linkbase do not match the actual values reported. The rule has 2 components to operate on financial statements with and without tables with dimensions. This applies to US GAAP and IFRS filings.
- DQC_0128 - Dimensional Values Larger than the Default - The rule identifies a list of dimensions that should not have negative values and determines if any of the dimensionalized monetary values are greater than the default value. This uses the same list of elements used by rule DQC_0015 for validating negative items. The rule only checks dimensionalized values that appear on the following axes:
 - US GAAP
 - PropertyPlantAndEquipmentByTypeAxis,
 - StatementClassOfStockAxis,
 - LongtermDebtTypeAxis,
 - srt:ProductOrServiceAxis,
 - FiniteLivedIntangibleAssetsByMajorClassAxis,
 - DebtInstrumentAxis
 - IFRS
 - ClassesOfPropertyPlantAndEquipmentAxis,
 - ClassesOfOrdinarySharesAxis,
 - ProductsAndServicesAxis,
 - ClassesOfIntangibleAssetsOtherThanGoodwillAxis,
 - BorrowingsByNameAxis
- DQC_0129 - Dimensional Equivalents IFRS - This rule evaluates whether a fact expressed with no dimensions is equal to the same fact expressed in a table with dimensions. In addition, this rule determines if the dimensional value should be the inverse of the same value represented as a line item. This is equivalent to DQC_011 for US GAAP filings.
- DQC_0130 - Earnings Per Share Calculation IFRS - This rule evaluates if the value reported for earnings per share metrics matches the value calculated from its components

Trends in filings

- Shelly presented three trends that the group have seen in actual the filings. Many of these issues are addressed in version 16 and 17 rules.
 - Transition elements – many filers use line items that should no longer be used after adoption of new accounting standards. New elements have been added to the US GAAP taxonomy which are not being used correctly. Shelly provided an example a filer continuing to use transition elements after adoption of the new accounting standard.
 - Inconsistent dimensions – many filers have dimensional values on the face financial that are not well behaved (not a breakdown of line items). Shelly provided an example of revenues reported on the income statement with different line items

- used in the same dimension where the dimension default value was not equal to the dimensional breakdown (calculation inconsistency).. Shelly mentioned that a number of rules in version 16 are implemented to detect inconsistent dimensions.
- Inline filings – lack of review of EDGAR renderer – many filers have moved away from utilizing the renderer to review their filings. Some tagging errors are easy to capture when reviewing the XBRL rendering in the inline document. Shelly provided an example of a structural error due to lack of review. DQC rules in version 16 and 17 will help detect these structural errors.
 - Campbell mentioned that the SEC is considering to phase out the EDGAR renderer. Therefore, the rules will address common error that would be detected using the renderer.
 - Shelly presented the analysis of the DQC rules through Q2 2021. The analysis showed a 33% reduction for Q1 2020 to Q1 2021. However, errors for the second quarter 2021 increased by 6,800 errors from the first quarter of 2021. This primarily related to new IFRS rules which became effective in May 2021 (version 14). The top DQC errors included:
 - Axis with Inappropriate Members DQC_0104 (IFRS filings)
 - 2 filers made up 8,800 in errors for Q2. These filers used an inappropriate extension default domain member on the Consolidated and separate financial statements [axis]. The remaining errors under this rule are insignificant.
 - Axis with Inappropriate Members DQC_0001 (US GAAP filings)
 - Errors have reduced since the rule has been included in the DQCRT. The most common axes with errors include Statement of Business Segments [axis], Equity Components [axis], Range [axis] and Fair Value, Hierarchy [axis].
 - Negative Values DQC_0015 (US GAAP filings) and DQC_0080 (IFRS filings)
 - The errors from these rules have decreased over time. DQC_0015 has been included in the 2020 DQC Rules taxonomy.
 - Sibling Child Relationships DQC_0081
 - There has been a significant decrease in errors for this rule (approximately 9,000 errors in Q1 2020 vs. 3,200 in Q2 2021). Common errors include:
 - Cost of Goods and Services Sold being presented as a child of Operating Expenses
 - Convertible Notes Payable, Current being presented as a sibling of Notes Payable, Current
 - Financial Statements with No Associated Calculation DQC_0099
 - The rule became effective January 2021 for US GAAP filers. Approximately 1,400 errors in Q1 and Q2 of 2021. Some common errors include no calculation for Preferred Stock Value, no calculation for Equity section due to dimensions, parenthetical values not tagged in the parenthetical link role.
 - DQC will continue to add language to rule messages

- Campbell noted that many of the errors relate to one filer and may be due to particular vendors. Campbell demonstrated the results of errors from the XBRL website graphs that related to one vendor.

IFRS/ESEF Alignment

- Campbell discussed potential issues related to ESMA filings. Some countries have mandates under ESEF while others are filing voluntarily. Some jurisdictions have implemented audit requirements. Some of these companies are filing in the US to the SEC. However, the same report cannot be used for both the US and other countries because there are different requirements.
- DQC does not want to put out conflicting rules, so coordination will be needed. There may be issues due to the fact that the European filings are subject to audit.
- It is difficult to access the filings because they are filed within each country (no central repository). XBRL.org has provided access to these filings on their website.
- There has been a proposal to XII to establish a DQC in the European market.
- DQC will continue to publish IFRS rules for use in the SEC filings.
- ESMA has adopted an anchoring approach for extensions to link a base element. They use the wider-narrower arc role for this relationship. The SEC allows for this and is looking at requirements for anchoring. Campbell stated that the DQC should have a position on anchoring and proposed starting an effort to look at this for the US market. Campbell mentioned that as part of building the DQC rules, relationships (metadata) have been developed that could be leveraged for this effort and the relationships could be published along with the rules going forward.
- Louis observed that most of the focus is around what preparers need to do. Auditors are involved in this due to the fact that there is an audit requirement. There has not been much consideration to date for how to use the data.
- Pranav stated that the most important part is the utility of the information and it is really important to get this message across.

Meeting adjourned 11:25PM, after which the DQC held a closed session.