

**Data Quality Committee  
In Person Meeting  
Washington D.C.  
May 17, 2016  
Meeting Notes**

**Attendees**

Committee Members

Mike Starr, Chase Bongirno, Emil Efthimides Pranav Ghai, Campbell Pryde, Lou Rohman, Mohini Singh, Amit Varshney\*

Absent

Craig Lewis, Minu Palani, Jeffery Naumann

Staff

Ami Beers, David Tauriello, Marc Ward, Susan Yount

Observers

Louis Matherne

*\*participation by phone*

**Welcome**

- The Chair welcomed the participants and introduced the agenda.

**Minutes Approval**

- Motion to approve minutes from April 6, 2016 DQC meeting by Emil Efthimides, seconded by Mohini Singh.
- Vote (For 7, 0 Against)
- Motion passed. April 6, 2016 DQC meeting minutes approved.

**Contributed Rules/Public Review**

- [The working group of service providers has been meeting weekly to discuss, edit and approve the second set of Committee rules, which were part of the contributed rules..](#) All rules submitted today have been approved by the working group. Campbell Pryde has developed test cases for the rules, and developers will use them to test the coding of the rules.
- DQC\_0015
  - Amendments to the rule:
    - Add UnallocatedFinancingReceivablesMember on the axis FinancingReceivablePortfolioSegmentAxis to Member Exclusion list
    - Remove line items from rule:
      - FairValueMeasurementWithUnobservableInputsReconciliationRecurringBasisLiabilitySettlements
      - DisposalGroupIncludingDiscontinuedOperationOperatingExpense

- Motion to approve amendments to DQC0015 by Lou Rohman seconded by Emil Efthimides
    - Vote (For 7, 0 Against)
    - Motion passed. Amendments to DQC0015 approved.
  - Additional elements per List of Elements spreadsheet distributed in meeting materials.
    - Elements have been approved by WG. 187 additional line items to be added to rule. Aggregate impact of the additional elements is approximately 15,000 errors in the 2014 filings.
    - Original goal of Committee was to get into open source rules that cover 80% of error impact. Committee should review this in light of available resources as we discuss future priorities. We will need to look at elements that were put aside during the review. Some rules are impacted by the current rules in the EFM and if the requirements were changed it may reduce errors in the filings. For example, the current EFM requirement that items reported on the same line in the html use the same element impacts the errors in the statement of cash flows and statement of equity.
    - Motion to approve additional elements to DQC\_0015 by Lou Rohman, seconded by Chase Bongirno
    - Vote (For 7, 0 Against)
    - Motion passed. Additional elements to DQC0015 approved.
- DQC\_0013 – Elements can be negative if the income before tax element is negative. Additional elements added include:
  - EffectiveIncomeTaxRateReconciliationDeductionsEmployeeStockOwnershipPlan Dividends
  - EffectiveIncomeTaxRateReconciliationNondeductibleExpenseMealsAndEntertainment
  - EffectiveIncomeTaxRateReconciliationDeductionsExtraterritorialIncomeExclusion
  - EffectiveIncomeTaxRateReconciliationNondeductibleExpenseCharitableContributions
  - EffectiveIncomeTaxRateReconciliationRepatriationForeignEarningsJobsCreation ActOf2004
  - Motion to approve additional elements to DQC\_0013 by Emil Efthimides seconded by Chase Bongirno
  - Vote (For 7, 0 Against)
  - Motion passed. Additional elements to DQC\_0013 approved.
- DQC\_0014 – Elements are not negative if they have an axis and member associated with them. Additional elements added to rule include:
  - PriceRiskDerivativeLiabilitiesAtFairValue
  - DerivativeAssetsNoncurrent
  - ConversionOfStockSharesConverted1
  - ConversionOfStockAmountConverted1
  - OtherLiabilitiesNoncurrent
  - CostOfServices

- ConversionOfStockSharesIssued1
  - Motion to approve additional elements in DQC\_0014 by Lou Rohman, seconded by Emil Efthimides
  - Vote (For 7, 0 Against)
  - Motion passed. Additional elements to DQC\_0014 approved.
- DQC\_0005 – Amend rule to exclude Forms S-1 and S-11. False positive results detected for S-1 and S-11 filings.
  - Motion to approve amendment to rule DQC-0005 by Lou Rohman, seconded by Emil Efthimides.
  - Vote (For 7, 0 Against)
  - Motion passed. Amendments to DQC\_0005 approved.
- Contributed Rules for Public Review - Rules will be released for public review for 60 day period.
  - Per discussion with FASB, rule DQC\_0001 and Guidance on Tagging Axis and Members was updated to allow 2 extension members on the Hedging Designation Axis and add Aircraft Type Member to Product and Services Axis.
  - Service providers of the Center should test the rules during the public review period and provide comments. A meeting of the providers should be set up to discuss.
  - Motion to approve Rules for public review by Chase Bongirno, seconded by Emil Efthimides
  - Vote (For 7, 0 Against)
  - Motion passed. Second set of rules for public review approved.

***Action Item – set up call with service providers to explain that rules should be tested and comments provided during public review period.***

### **Results of Approved Rules on As Filed Data**

- An analysis was presented that showed quarterly results of running approved rules. Errors decreased 66%<sup>1</sup> for the first quarter 2016 v. 2015. Results for 2015 versus 2014 showed no reduction in errors. Largest reduction in errors was in the negative value rule. The results showed that both large and small filers had decreases in errors.
- A draft of a communications plan has been started and will be shared with Committee to review. The Committee should publicize the results of the reduction in errors from applying the Committee's open source rules. Committee will issue a press release and it is encouraged that individual communications also be distributed by Center members subsequent to the Committee communication.
- There was a question regarding whether it is possible to tell who is using the rules. Beyond the certified applications, the Arelle application on the XBRL US website has been run approximately 6,000 times. Need to build awareness of the use of the rules.

### **Element Selection**

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<sup>1</sup> Analysis is preliminary.

The Chair stated that mission of the Committee is to address concerns about, and to improve the utility of, XBRL financial data filed with the SEC. It became apparent with the work of extensions, that element selection is a critical component of improving usability.

- There are 2 Guiding Principles in the discussion document.
  1. Element selection is based on the disclosure requirements under US GAAP and not how the elements are described in the printed financial statements.
  2. Materiality used in printed financial statements is the same judgment that is used for element selection.
- Guidance necessary to implement principles:
  - Extension use is limited to defined, specific cases, and in those cases extensions are connected to the most appropriate standard element.
  - The location of the disclosure in printed financial statement is not relevant for element selection purposes.
  - Use most current US GAAP Taxonomy.
- Guidance is for items disclosed on the Income Statement and Balance Sheet and related components of aggregations and disaggregations regardless of where they are disclosed in the financial statements.
  - Use of guidance will simplify the element selection process and will result in a improvement in usability of the data.
  - Except as noted in Section 5, the guidance in this discussion document complies with Regulation S-T 405 and the EFM requirements for element selection and extension use.
  - Linking unnecessary extensions to standard elements does not provide a meaningful improvement in usability.

**The Committee discussed the following explicit representations in the Discussion Document:**

- Focusing on the required disclosure (as opposed to the description of, or label for, such requirement in the printed financial statements) will simplify the element selection process and will result in a significant improvement in the usability of the data.
- Except as noted in Section 5, the guidance in this discussion document is a reasonable interpretation of how to apply existing SEC Regulation S-T 405 and the EDGAR Filer Manual (EFM) requirements for element selection and extension use
- Linking unnecessary extensions to standard elements does not provide a meaningful improvement in usability

*Conclusion: Committee concurred with the representations with the following revisions:  
Revised the third representation as follows: Using the most appropriate standard element is more meaningful than linking an unnecessary extension (i.e., an extension that is not explicitly permitted by the guidance) to a standard element.*

## The Committee discussed the following issue (in bold type) and related questions

- **Is issuing guidance now on a portion of data is premature?**
  - Does this concern also apply to the discussion document?
  - What is the benefit of issuing a discussion document now to obtain feedback as we are expanding the guidance to other areas?
    - Statements of Cash Flows
    - Shareholders' Equity
    - Topical areas (debt, financial instruments, commitments and contingencies)
    - Eliminating unnecessary tagging (e.g., debt covenants, litigation)
  - Should we elicit feedback on when to finalize guidance?

*Conclusion: Add the following question to the Discussion Document:*

*Should guidance be issued piece meal or should effectiveness for guidance be delayed until guidance covers all XBRL financial data submitted to the SEC?*

*(Subsequently revised the discussion document to ask an open-ended question about the transition period for applying the guidance to apply the Framework for Element Selection and Extension Use.)*

- **Guidance for balance sheet and income statement has limited impact on improving usability**
  - How should we prioritize our priorities for developing guidance for element selection and extension use?
  - Statements of Cash Flows
  - Shareholders' Equity
  - Topical areas (debt, financial instruments, commitments and contingencies)
  - Eliminating unnecessary tagging (e.g., debt covenants, litigation)
  - Should we elicit feedback on the priorities for developing guidance?

*Conclusion: Approve next steps at June 29, 2016 DQC meeting.*

- **Disclosure requirements are the basis for element selection. Some have expressed that this guiding principle will result in a loss of information based on the belief that the description of the required disclosure contains additional information**
  - Why will preparers object to this guidance?
  - What are the challenges for preparers in changing their approach in selecting standard elements?

*Conclusion: There was agreement that the disclosures requirements are the appropriate basis for element selection.*

- **Materiality judgments should be the same - use of the most appropriate standard element for Other for immaterial amounts**
  - Would the use of an extension with a link to the most appropriate standard element provide useful information that can be ingested in an automated process?

*Conclusion: There was general agreement with the guiding principle that materiality judgments should be the same and that the use of the standard element for Other for immaterial amounts is consistent with the guiding principle.*

- **Limiting use of extensions - some believe that description of required disclosure can be an important communication and that the failure to capture the communication results in a loss of fidelity; others believe that in many cases, an extension is not a faithful representation of the disclosure requirement under US GAAP.**

- Is this issue consistent with the purpose of XBRL data?
  - Enabling automated processing and analysis of data
  - Providing comparability for the same disclosure
- What are the criteria for distinguishing between personal preference and communication?
- Is the location of the communication important?

*Conclusion: Add the following question to the Discussion Document:*

*Does the benefit of automating the process of ingesting XBRL data outweigh the use of an extension to capture the additional that management might include to communicate a required disclosure?*

- **Limiting Use of Extensions – some question whether there is a need to limit extensions.**

- How would the usability of the data be improved if the use of extensions were discretionary as long as there was an appropriate anchor or connection for them?
- What are the other issues, if any, if the use of extensions is discretionary?

*Conclusion: Using the most appropriate standard element is more meaningful than linking an unnecessary extension (i.e., an extension that is not explicitly permitted by the guidance) to a standard element.*

- **Extension Connections – some Committee members have question whether there is a need to decide on how (the method) to connect extensions before deciding where to connect extensions and whether dimensions can be used on the balance sheet and income statement.**

- How does the method for connecting extensions influence to what the connection is made?
- Why is one more important than the other?
- Should the discussion draft be more specific that the DQC is considering the use of dimensions on the balance sheet and income statement?

*Conclusion: Add a question to the Discussion Document regarding the use of dimensions on the balance sheet and income statement.*

- **Limiting what is required to be tagged – some are concerned that there is a risk of increasing tagging errors if aggregate amounts are not tagged when the components of the aggregation are separately disclosed and there is no standard element for the tag.**

- Would not tagging aggregate amounts in this situation result in a loss of relevant information?
- Since compliance would be easy to validate, what is the risk of increasing errors?
- Do we need a change in the specification that calculates amounts instead of using a calculation link for facts?

*Conclusion: Change discussion document to specify that registrants should use an extension for an aggregate amount where there is no standard element and the components of the aggregation are separately disclosed and connect the extension to the components of the aggregation.*

- **Location is not relevant - there is a concern that this is not universally true since the discussion document only addresses location of aggregations and disaggregations. Some committee members believe location is not relevant; others believe it is.**

- When is location relevant?

*Conclusion: Location is not relevant for element selection.*

- **Guidance needs SEC enforcement to be effective**

- How do the SEC's actions to improve data quality impact the efforts of the DQC?

*Conclusion: Committee needs to demonstrate that its guidance and validation rules improve the usability of the data.*

## 2016 Priorities

- Priorities for 2016 are Contributed Rules and Extension Guidance. For extension guidance the objective was to start with balance sheet and income statement and then move to other statements.
- We need to consider the next steps and whether to modify the objectives for element selection and extension use, for example:
  - Develop validation rules on Element Selection and Extensions on the Balance Sheet and Income Statement
  - Develop guidance for Statement of Cash Flows and Statement of Stockholders Equity
  - Develop guidance for topical areas (e.g., Debt, Income taxes)
  - Look at items that don't need to be tagged and make recommendations to SEC

***Action Item – Committee will ask the SEC staff which areas they are interested for improved XBRL tagging.***

The meeting concluded at 4:20.

## Future agenda topics

- Does there need to be a change to the specification to enable the calculation of amounts instead of using a calculation link for elements?