Data Quality Committee
Webcall
April 19, 2017
Meeting Notes

Attendees
Committee Members

Absent
Craig Lewis

Staff
Ami Beers, David Tauriello, Susan Yount

Observers
Louis Matherne, Andie Wood*

Welcome
- Chair welcomed Committee members. Introduced Sarah Powell as a new Committee member.

Minutes Approval
- Motion to approve minutes from February 15, 2017 DQC meeting, by Emil Efthimides, seconded by Pranav Ghai.
- Vote (For 11, 0 Against)
- Motion passed February 15, 2017 DQC meeting minutes approved.

Cash Flow Guidance
Campbell presented the topics from the guidance document on statement cash flows.
- Identification of the cash flow statement use cashflowabstract element
- Open/close balance on cash flow
  - Guidance recommends element used for opening and closing balance should always be the same and includes the broader element including restricted cash.
• There was a discussion of whether it is appropriate to use different elements on
the balance sheet from the cash flow statement when no restricted cash is
included in the balance.
• Data consumers agreed that cash/cash equivalents on balance sheet is
consumed separately from net change in cash and reconciling items on cash flow
statement.
• Consistent element selection over time is important for consumers.

**Action item - Confirm with FASB technical staff meaning of new guidance for 2017
(what is intention of the new guidance in standard?).**

• Report gross items on cash flow statement.
  • There is an EFM rule that requires filers to use the same element when a
    concept is reported on the same line in the financial statement. (e.g.,
    proceeds/payments are reported gross but on the same line over 2 periods;
    therefore, filers use a net element to report the information for both periods).
  • Guidance requires issuers to use separate line items that represent gross
    amounts for each period.
  • Net elements are used for common practice when subtotals are shown.

**Action item – Recommend to SEC that EFM rule to require the same element to be
used when a concept is reported on a line over multiple periods be removed.**

• Movement of elements between classes on the cash flow statement
  • Elements should not be moved from one activity classification to another section
    (financing v investing).
  • Different elements should be used for different reporting requirements.

• Issuance costs on equity issuance
  • Proceeds are received in one period and costs are paid in a later period.
  • Same issue due to EFM rule, report gross amounts.

• Noncontrolling interests
  • Do not extend. Instead, when there are reduction in holdings use
    ProceedsFromSaleofSubsidiarytSockOwnership element or if increase use
    PaymentstoPurchaseSharesofSubsidiary.

• Aggregate movements in cash flow statement
- Guidance stipulates which elements to use for aggregate increase and decrease.

- No accrual items in cash flow
  - Accrual items should not be used in the cash flow statement (these include items defined in the income statement or movement in the shareholders equity statement)

- Net income reconciliation
  - When presenting an indirect cash flow statement, the filer reconciles from net income to operating cash flows for the period.
  - Use element ProfitLoss as starting point in the cash flow statement

- Calculation weights and balance attribute
  - Net Cash provided by (Used in) Operating Activities should be treated as a debit balance
  - Guidance and rules make it clear that expenses (e.g., depreciation) must be added to net income.

- Calculation Linkbase
  - Calculation associated with cash flow statement must be included in the role associated with cash flow statement.
  - Calculation linkbase must start with a single duration element representing increase or decrease in cash for period.

- Increase/Decrease items with different balance type
  - Increase/Decrease items defined in rollforwards without balance attributes should not be used on the statement of cash flows.

- Discontinued Operations
  - When a filer includes discontinued operational line items in the operating activities section of cash flow statement, use elements from the taxonomy where they exist (e.g., DepreciationAndAmortizationDiscontinuedOperation)
  - If no line items are defined, create extensions with the suffix “DiscontinuedOperations” and link to base taxonomy element.
  - Guidance for links to base taxonomy elements will need to be defined.

- Dimensions on cash flow statement, use when
  - dimension applies to all values (separate legal entities).
disaggregating into company specific items that match members already used in another part of the filing and the implicit default equals the total.

- Foreign exchange
  - Guidance stipulates which element to use whether or not exchange rate effect is reported.

*Action item – Note if any other issues should be covered in Cash Flow Guidance.*

**Analytics and SEC Viewer**
- Demonstration of Idaciti tool to show potential uses of inline XBRL using SEC inline XBRL viewer as a base.
- Provides trend analysis of tag selection over time using visuals.
- Points out areas where filers change tags over periods.

**Proposed Framework to Ensure Consistency and Comparability of XBRL Data**
- Updates to document based on comments received from SEC Professional Group, XBRL US Board members, FASB Taxonomy staff and Bob Hertz, former FASB Chair.
- Comments received from SEC Professional Group
  - Support for Framework and disclosure-driven approach to select elements and standardize modeling.
  - Necessary to revise taxonomy to enable consistent tagging; multiple ways to tag the same information is challenging.
  - Use of extensions should be limited; link custom tags to a standard element.
  - Approach will enable tagging by those responsible for preparation of financial statements.
  - Support for selecting standard elements using the same materiality judgments used when preparing printed financial statements.
  - Concerns about how to tag entity specific information that is not required to be disclosed
  - Challenging to tag aggregations of immaterial items.
- Comments received from FASB staff
  - Concern about loss of information where there is a difference between the standard element used for an item and how the filer describes the item.
  - Use of extensible enumerations or dimensions might be better way to capture information rather than custom label. Committee recommends use of custom label; however, this will need to be validated.
  - Use of extensions should be consistent with design of taxonomy.
Reporting requirements are not specific resulting in different interpretations and some disclosures of numeric information that is not common.

Reg S-X permits the combination of immaterial with material amounts (open question to SEC staff).

- Framework will not be issued as a standalone document; instead, guiding principles will be used to develop future guidance on topic areas.

Rule Results
- DQC rule results from Q42015 through Q12017 show increased number of errors checked.
- Potential errors have decreased by 74%

Guidance for Income Statement and Analysis of Revenue
- Analysis shows there are 3 different elements that are used to tag net income although the elements represent different requirements under Reg S-X reference. Guidance will recommend to use Net Income Loss, including Portion Attributable to Noncontrolling Interest. The element in the taxonomy currently has 5 references to the Consolidation topic with no reference to Reg S-X or Income Statement topic. Will make a recommendation to add reference.
  - Existing EFM rule to use most specific tag causes confusion for filers will recommend removing this rule.
  - Element selection criteria in EFM will need to be revised.
- Revenue Analysis
  - Desired end state
    - Filers are able to use element selection process from Framework to select standard elements that are consistent with reporting requirements.
    - Users are able to rely on calculation structure of the taxonomy to identify revenue at any level of aggregation or disaggregation.
  - Impact of applying guidance on revenue
    - Reduction in extensions.
    - Changed 20% of standard elements to another standard element
    - Inconsistent use of standard elements has bigger impact on use of data than use of extensions.
  - Guidelines for modeling revenue
    - Every reporting requirement should have an element associated with it.
    - Every element should have a clear purpose that is consistent with the Framework.
    - Every revenue element should have only 1 reference.
    - Every revenue element should have 1 calculation parent.
  - Findings of existing revenue elements in taxonomy include 390 elements.
    - Elements roll up to more than one parent.
There are disconnected nodes where elements do not roll up to revenue, cannot use calculation structure to find total revenue.

- Preliminary analysis of revising elements in the taxonomy to align with Reg S-X, reduces total amount of revenue elements and all roll up to total revenue.
- Preliminary review of IASB criteria for common practice elements may be a good starting point.

**Extensible Enumerations**

- **User feedback to FASB**
  - Prefer line items over dimensions.
  - String elements provide no structure.
  - Enumerated lists cannot be augmented.
- **Explanation of extensible lists:**
  - Are line items.
  - Can be augmented.
  - Reuse existing elements as facts.
  - Provides less complex hypercubes (need fewer dimensions).
  - Values are constrained to a specific list.
  - Connects lists to line items using dimensional structure.
  - Enables multiple values to be applied.
- **When to use**
  - Dimensions should be used to disaggregate information.
  - If not a disaggregation, use line item element with extensible list to provide additional information.

**Entity Specific Disclosure Task Force Update**

- Task Force is writing a paper that will be published that will include use cases and recommendations.
- Recommendations include:
  - Use inline xbrl as a practice when working with entity specific disclosures.
  - Scenarios when not using a preparer extension taxonomy.
  - Scenarios with open systems.
    - Calculations relationship are most useful.
      - Mitigation actions suggested when calculations do not work that will be passed to specification working group (i.e., inconsistencies due to incomplete calculations).
      - Recommend policies for using calculations.
  - Anchoring concept is open.
    - Link entity specific disclosure to base taxonomy element.
    - Recommendations will be business focused (i.e., not syntax)
    - Limited ways to use existing specification to anchor.
• A draft will be available for Europe meetings in June.

**XBRL US comment letter**
- XBRL US conducting surveys of issuers and service providers to incorporate results into comment letter.
- Draft will be distributed to Committee to obtain feedback from data consumers.

*Action Item – Schedule calls to review draft of XBRL US letter.*

**FASB Exposure Draft**
- SEC published approval of 2018 FASB Advisory fee with a request for a study of the efficiency and effectiveness of the taxonomy.
- FASB will issue a request for comment.
  - Improvements of process – recommend exposure of new elements for ASUs concurrent with ASU exposure.
  - Improvement of taxonomy
    - Allow use of dimensions on face financial statements
    - Use dimensions only for disaggregations.
    - Reference project to align elements for disclosure driven element selection approach.
    - Additional guidance
  - Other
    - Taxonomies used for other purposes outside of SEC submissions. Does FASB have responsibility (i.e., earnings releases)?
    - Discussion of audit requirements.
- Outreach to various groups in May.
- Public roundtable in July.
- Formal response to SEC in September.
- DQC will respond to invitation to comment.

**SEC Meeting**
- Meeting with staff on April 20.

Meeting adjourned 5:00.