

Data Quality Committee
Webcall
April 19, 2017
Meeting Notes

Attendees

Committee Members

Mike Starr, Chase Bongirno*, Emil Efthimides, Pranav Ghai, Sarah Powell*, Campbell Pryde, Lou Rohman, Mohini Singh, Steve Soter*, Amit Varshney*, Christine Tan (representing Emily Huang)

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.