

Data Quality Committee
Conference call
January 25, 2023
Meeting Notes

Attendees

Committee Members

Campbell Pryde, Brian Bracey, Shelly Wavrin, Jenifer Liu, Charles Kessler, Pranav Ghai, Glad Sully, Mohini Singh

Absent

Adrian Cloutier, Amit Varshney

Staff

Ami Beers, David Tauriello

Observers

Louis Matherne

Welcome

- Shelly welcomed attendees and introduced new Committee member Brian Bracey from CIGNA. Shelly introduced the agenda.

Minutes Approval

- Motion to approve minutes from September 21, 2022 DQC meeting, by Mohini Singh, seconded by Campbell Pryde
- Vote (For 8, 0 Against)
- Motion passed. September 21, 2022 DQC meeting minutes approved.

Review and Approval of Version 20 DQC Rules

- Campbell explained that Version 20 covers rules for BDCs. The rules are as follows:
 - Rule DQC_0142 – Typed Dimension Axis Restriction - This rule checks that the new typed dimensions to support Business Development Corporation (BDC) filings are defined correctly (no change from public review).
 - Rule DQC_0143 – Derivative Position Extensible Enumeration - This rule checks that the extensible enumeration element DerivativePositionExtensibleEnumeration can only use two values. The two allowed values are: CallOptionMember and PutOptionMember (no change from public review)

- Rule DQC_0144 – No Balance Attribute in Financial Statements - This rule checks that extension monetary elements included in the balance sheet, income statement, cash flow statements and shareholders equity statements include a balance attribute (no change from public review). There was a question by a DQC member as to whether it would be appropriate for the rule to check footnotes. Campbell mentioned that it should only check face financial statement elements.
- Rule DQC_0145 – Inappropriate Cash Flow Presentation – This rule looks at the presentation linkbase of the cash flow statement and income statement to determine that elements have been presented correctly. This rule was updated from the public review to allow the following exceptions these elements can be used in the financing and investing sections of the cash flow statement (Presentation):
 - PaymentsForProceedsFromOtherDeposits
 - IncreaseDecreaseOfRestrictedInvestments
 - ProceedsFromPaymentsForInSecuritiesSoldUnderAgreementsToRepurchase
- Rule DQC_0146 – Incorrect Period Reported - This rule identifies incorrect period durations used in the income statement of the 10-K. The rule identifies where a company has reported a 10K but the majority of the values reported on the Income Statement are for a period other than a year (no change from public review).
- Rule DQC_0147 - Incorrect Sign of Elimination -This rule identifies when a filer enters a positive value for an element using the elimination member (on the consolidated items access) when it should be negative (no change from public review).
- Rule DQC_0148 – OCI Items in Income - This rule identifies if OCI items have been included in the calculation of net income (no change from public review).
- Campbell noted that there were changes made to existing DQC Rules that will be updated in this version.
 - DQC_0043 Incorrect Weights in Operating Cash Flows- This rule was expanded with an added suffix of .9875. The rule also checks that the sign of discontinued operations on the cashflow statement is the same as the sign on the income statement. In many cases, companies were flipping the sign between the statements and used IncomeLossFromDiscontinuedOperationsNetOfTaxAttributableToReportingEntity for one value and IncomeLossFromDiscontinuedOperationsNetOfTax for the other value. The sign of these two elements should be the same if there is no noncontrolling interest. This rule was also expanded with an added suffix of .9873 that checks for a negative calculation between Net Income and Cash Flows from Operating Activities. Net Income should always make a positive contribution to cash from operations. In some cases, companies were flipping the sign and the weight of Net Income.
 - DQC_0049 Single Calculation Tree for Changes in Cash Flows – This rule was updated for the 2022 taxonomy to correctly identify root elements used inappropriately in the filer’s extension taxonomy. In 2022, the element CashAndCashEquivalentsPeriodIncreaseDecreaseExcludingExchangeRateEffect was deprecated. This deprecated element in the rule was updated with the element

CashCashEquivalentsRestrictedCashAndRestrictedCashEquivalentsPeriodIncreaseDecreaseExcludingExchangeRateEffect.

- DQC_0118 Financial Statement Tables Calculation Check of Required Context – This rule was updated so that it would not run if the company had used the axis PledgedStatusAxis.
- DQC_0121 Incorrect Transition Elements Used - Updated the rule not to run for an 8-K or a 6-K filings.
- DQC_0135 Extensible Enumeration for Financial Statement Captions - Updated rule to not run when broken down using the following axis:
 - EnvironmentalRemediationSiteAxis
 - DerivativeInstrumentRiskAxis
 - DerivativeInstrumentsGainLossByHedgingRelationshipAxis
 - Also updated the message on the rule to indicate that the not disclosed flag can be used to clear an error. The extension element must use the extensible enumeration value as a prefix.
- DQC_0141 Inconsistent Accrued Interest Elements - Updated the rule to match accrued interest and excluding accrued interest to match by class. This means one class can include interest and another class can exclude interest as long as they are consistent between the classes of:
 - AccountsRec
 - DebtSecuritiesHeldToMaturity
 - AvailableForSaleSecuritiesDebtSecurities
 - DirectFinancingLeaseNet
 - FinancingReceivable
 - NetInvestmentInLease
 - SalesTypeLeaseNet
- Campbell stated that this version will also include updates to DQC_0015 for non-negative elements for the 2023 taxonomy
- DQC_0080 – Campbell will add new elements for the updated IFRS taxonomy
- Motion to approve rules DQC_0142, DQC_0143, DQC_0144, DQC_0145, DQC_0146, DQC_0147, DQC_0148 and updates to previously approved rules DQC_0043, DQC_0049, DQC_0118, DQC_0121, DQC_0141, DQC_0015, effective March 31, 2023, and rule DQC_0080 effective May 1, 2023, by Pranav Ghai, seconded by Charles Kessler
- Vote (For 8, 0 Against)
- Motion passed. DQC_0142, DQC_0143, DQC_0144, DQC_0145, DQC_0146, DQC_0147, DQC_0148 and updates to previously approved rules DQC_0043, DQC_0049, DQC_0118, DQC_0121, DQC_0141, DQC_0015, effective March 31, 2023 and rule DQC_0080 effective May 1, 2023.

Introduction of Version 21 DQC Rules

- Campbell introduced new version 21 rules to the DQC. The FASB had raised a number of items to be incorporated to comply with their guidance.

- Segment reporting – This rule will detect incorrect use of consolidated items axis, will check the calculations of segments and the use of the operating segment axis.
- NonCurrent Assets Element Check – This rule will check for the use of long-lived assets on the balance sheet
- Hypercube Check – The rule will check for use of random hypercubes on face financial statements
- FDII, GILTI and foreign tax Rules – These rules will check the tax reconciliation for use of extensions for these situations which have been added to the taxonomy.

Future Meetings

- Ami presented the future dates for DQC meetings for the remainder of the year.

Meeting adjourned 12:50PM.