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AICPA Update

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Association of International Certified Professional Accountants

US Market Adoption of Inline XBRL

- SEC Order provided for acceptance of voluntary filings using inline XBRL (June 2016)
 - Approximately 235 filings to date (approximately 80 filers)
 - Not all vendors have full capabilities to provide iXBRL solution
 - Initial feedback from preparers is there is no urgency to convert until SEC mandate
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SEC Proposed Rule

- Proposal would require companies and mutual funds to use Inline XBRL and embed tags rather than provide this data in separate XBRL exhibits.
 - Phase in period over 3 years (2 years for mutual funds)
 - Eliminate requirement to post the Interactive Data File on the filer's website
 - There is no change to the positions pertaining to the exclusion of the Interactive Data File from the officer certifications and **assurance requirements.**
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AICPA Comment Letter – Expectation Gap

- Explain risk and encourage the SEC to consider how best to further communicate its position on auditor involvement. Recommendations include:
 - It is critical that the SEC communicate that the XBRL formatted information is not part of the audited financial statements
 - within the amendments to Regulation S-T,
 - in the SEC’s inline XBRL viewer, or
 - through other public communication
 - Additional options may include disclosure within the filings or additional language in auditor reports

AICPA Comment Letter – Options for Auditor Involvement

- Because auditor involvement will be of great value to users, demand may evolve, filers are likely to want some level of auditor involvement
 - Today, AUPs and consulting engagements are provided (no opinions provided)
 - In future,
 - Additional guidance is needed for auditors to perform a separate attestation engagement to provide an opinion on the accuracy and consistency of the XBRL formatted information and issue a report.
 - It may be preferable (more efficient) for the auditor to perform procedures over the XBRL tags in conjunction with the financial statement audit; therefore, it would be helpful for the PCAOB to develop standards or interpretative guidance on type and extent of XBRL procedures and how the auditor should report on their conclusions.

AICPA Comment Letter – Data Quality

- Benefits of iXBRL and impact on data quality
 - Expected improvement in review process; however, use of inline XBRL will not eliminate all errors
 - Encourage the FASB to develop recommendations that will reduce the complexity of tagging options in the taxonomy
 - Recommend that the SEC encourage filers to use available guidance and validation rules issued by the XBRL US Data Quality Committee
- Implementation of iXBRL requires changes to preparer workflows and an understanding of new features of iXBRL

FASB Study on Efficiency and Effectiveness of Taxonomy

- SEC requested FASB to conduct a study of efficiency and effectiveness of Taxonomy (2018 budget approval process)
 - FASB issued Invitation To Comment/Held Roundtable meeting
 - Recommend changes to taxonomy maintenance process to align with development and exposure process of FASB Accounting Standards Updates
 - Recommend prioritization to address incorrect and incomplete references to FASB Codification in Taxonomy
 - FASB will submit formal recommendations to the SEC along with the 2018 budget request.
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XBRL US Center for Data Quality

- Market initiative formed by XBRL US and an alliance of XBRL service providers
- Center addresses concerns about, and improvement for the utility of, XBRL financial data as currently filed with the SEC
- Center channels support and action through its Data Quality Committee (DQC)
- FASB and IASB staff permanent observers to DQC
- Semiannual meetings with SEC staff

Committee members include:

- Service providers
- Software vendors
- AICPA
- CFA Institute
- Analysts
- Data aggregators
- Academia

DQC Mission and Objectives

- Develop unambiguous guidance on how to tag financial data using XBRL.
 - Develop freely available, automated validation rules to verify compliance with guidance and to prevent or detect tagging errors.
 - Obtain input through public exposure of its proposed guidance and validation rules and incorporate the input, as appropriate, in the final approved guidance and validation rules.
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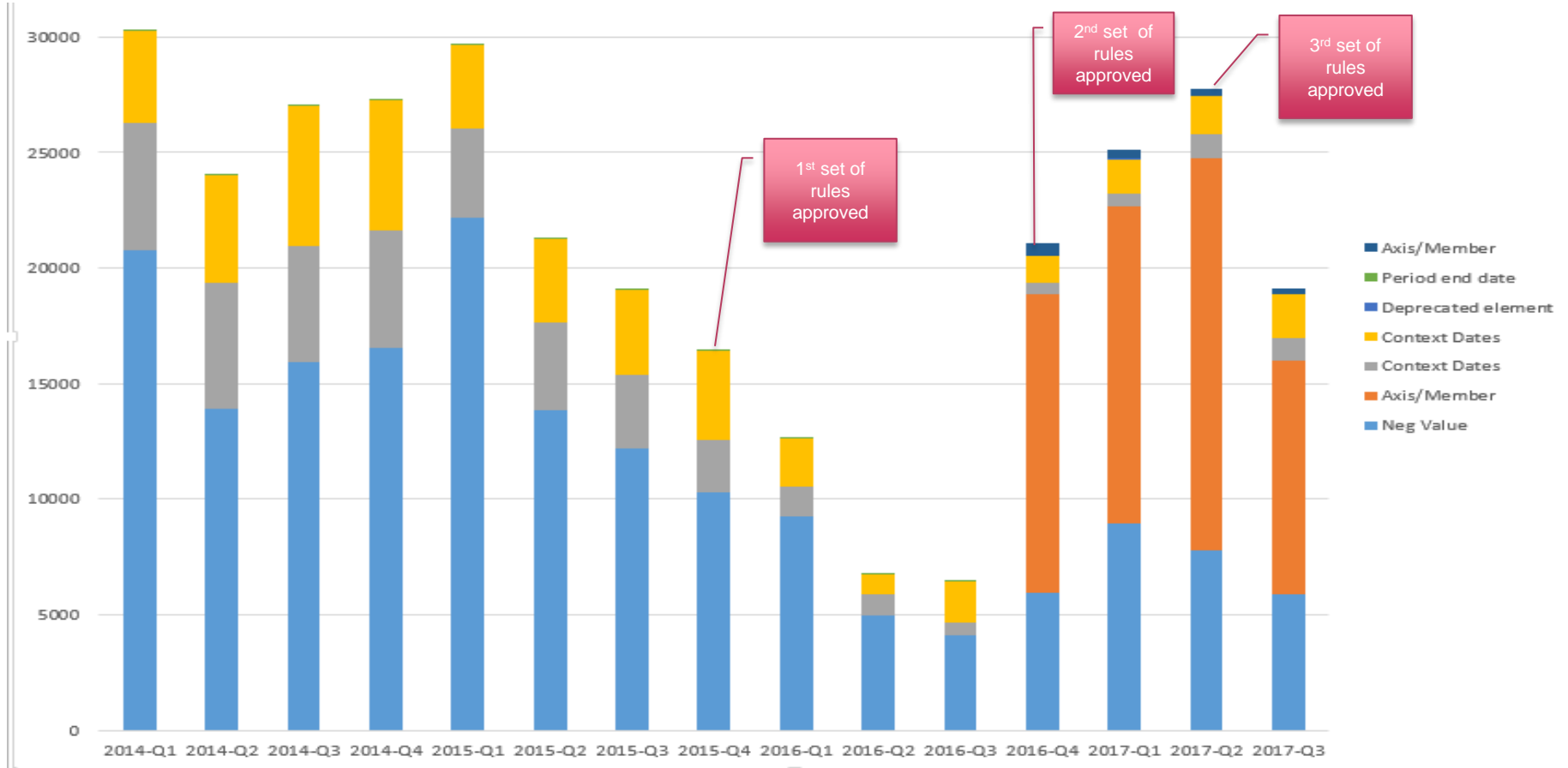
DQC Guiding Principles for Element Selection

- The primary consideration for element selection must be based on the reporting requirements prescribed by the SEC for public companies and, where applicable, widely-recognized common disclosures.
 - The data modeling for reporting requirements must be standardized with a bias for enhancing utility.
 - Extensions, when allowed, must be linked to an element in an SEC approved taxonomy.
 - Element selection must be based on the same materiality judgments as was used when preparing the financial statement disclosure.
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DQC Guidance and Validation Rules

- Three sets of rules are approved, published, and freely available in Arelle open source platform covering:
 - Inappropriate negative values
 - Incorrect axis/member combinations
 - Incorrect context dates
 - Deprecated elements used in filing
 - DQC to focus on topical areas
 - Next release covers guidance and rules for tagging statement of cashflow
 - Includes document covering guidance based on new ASU effective 1/1/18
 - Rules test compliance with DQC guidance on cashflows
 - Rules approved by DQC effective date 1/1/18
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Results of Errors for DQC Rules





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Thank you