Data Quality Committee
February 17, 2016
Webcall
Meeting Notes

Attendees

<u>Committee Members</u>

Mike Starr, Chase Bongirno, Emil Efthimides, Pranav Ghai, Craig Lewis, Jeffery Naumann, Campbell Pryde, Lou Rohman, Mohini Singh, Amit Varshney

<u>Absent</u>

Minu Palani

<u>Staff</u>

Ami Beers, David Tauriello, Susan Yount

<u>Observers</u>

Glenn Doggett, Louis Matherne, Seung-Woo Lee

Minutes Approval
- One change was proposed on the minutes from the January 7, 2016 DQC meeting. Revised language was discussed to provide more context regarding the Committee's preliminary conclusion of the acceptance of incomplete calculation relationships due to allowing dimensions on the face financial statements.
- Motion to approve minutes from January 7, 2016 DQC meeting, as revised for the preceding change, by Campbell Pryde, seconded by Craig Lewis
- Vote (For 10, 0 Against)
- Motion passed. January 7, 2016 DQC meeting minutes approved.

Use Cases for XBRL
- Pranav presented a use case of a model using both XBRL and non XBRL data to project revenues for oil companies.
- Oil service revenues for 15 quarters for 25 companies were included in the model.
- The model looked at the relationship of revenues to oil futures to forecast fourth quarter revenues.
- Interim results are available on calcbench.com.
- Actual revenues for the fourth quarter for many of the companies have been reported at amounts close to the projected forecast.
- This use case is a demonstration of how XBRL information can be used to project industry results.

Contributed Rules Workstream
- Service providers should run as-filed data on existing DQC rules and analyze results:

- o Determine whether there are false positives where possible updates to the rules will be necessary
- o A bigger data set is needed to analyze the results. 10k filings will need to be analyzed.
- o There may be unintended consequences of use of the rules where some filers may extend elements to avoid validation errors.

Action item - Discuss results in DQC April 2016 meeting and with SEC staff at the May 2016 meeting.

- We will need to discuss how to establish a process to further develop rules at a future meeting.
  - o We will need to make the market aware that we will be open to receive feedback on cases of false positives and possible modifications to an existing rule.
  - o Disclosure specific prescribed guidance is needed. In situations where the committee is working on updated guidance (e.g., dimensions), we will need to consider making it clear that the rule is based on existing guidance and that the Committee is considering updated guidance. This should be clearly communicated in the rules.
- DQC_0001 Axis with Inappropriate Members
  - o Three axis were added to the rule to be approved for coding.
    - ▪ DQC_0001.71 DefinedBenefitPlanByPlanAssetCategoriesAxis
    - ▪ DQC_0001.72 AwardDateAxis
    - ▪ DQC_0001.74 SubsequentEventTypeAxis
  - o Motion to approve rules DQC_0001.71, DQC_000.72 and DQC_0001.74 to be coded by Chase Bongirno, seconded by Lou Rohman
  - o Vote (For 10, 0 Against)
  - o Motion passed. DQC approved rules DQC_0001.71, DQC_000.72 and DQC_0001.74 to be coded pending completion of test cases.
  - o Campbell stated that we received feedback that many people use the Range Axis (DQC_0001.61) for different ranges other than the three that were approved in the January 2016 meeting for use with this Axis (i.e., minimum, maximum, weighted average). The working group recommends to hold coding the Range Axis until guidance can be provided. The working group is currently working on a guidance document.

Action Item – Put DQC_0001.61 on HOLD.

- DQC_0013 Negative Values With Dependence
  - o This rule will test whether an element has a negative value depending if another value in the document meets a specified criteria.
  - o The elements that are included in the rule are for the Income tax reconciliation rates.
  - o The rule tests whether negative amounts are used for the income tax reconciliation rates when the element NetIncomeLossBeforeTax is positive. The rule will not fire when there is a net loss.

- o There was a question as to whether a negative amount for the Federal statutory rate would impact the elements to be tested. This rule will not address this situation because the rule will not run when there is a loss.
- o This rule only runs when the element NetIncomeLossBeforeTax is used. If the element does not have a value, the rule will not run.
- o Motion to approve rule DQC_0013 to be coded by Chase Bongirno, seconded by Craig Lewis.
- o Vote (For 10, 0 Against)
- o Motion passed. DQC approved rule DQC_0013 to be coded pending completion of test cases.
- DQC_0014 Negative Values With No Dimensions
  - o This rule tests whether the element has a negative value when it is tagged in the default (no dimensions).
  - o Motion to approve rule DQC_0014 for coding by Lou Rohman, seconded by Chase Bongirno
  - o Vote (For 10, 0 Against)
  - o Motion passed. DQC approved rule DQC_0014 to be coded pending completion of test cases.
- DQC_0015 Negative Values (additional elements)
  - o Additional elements are being proposed to be added to the rule.
  - o There was a question as to the frequency of negative values for each of the items proposed. An analysis was provided for 2014 filings for the occurrence of negative values for the proposed elements.
  - o Motion to approve additional elements to be added to rule DQC_0015 for coding by Lou Rohman, seconded by Chase Bongirno
  - o Vote (For 10, 0 Against)
  - o Motion passed. DQC approved additional elements to be added to rule DQC_0015 to be coded pending completion of test cases.
- Amendments to Existing Rule DQC_0015
  - o Proposal for changes to existing rule DQC_0015 Negative Values in order to eliminate false positive results. Proposed changes include:
    - Changes to Member Exclusion list include
      - Change "Reconciliat" TO "Reconcili"
      - Add the Axis ErrorCorrectionsAndPriorPeriodAdjustmentsRestatementByRestatementPeriodAndAmountAxis
      - Add the Axis AdjustmentsForChangeInAccountingPrincipleAxis
      - Add the Axis AdjustmentsForNewAccountingPronouncementsAxis
      - Add the Axis ProspectiveAdoptionOfNewAccountingPronouncementsAxis
      - Add the Axis QuantifyingMisstatementInCurrentYearFinancialStatementsByNatureOfErrorAxis
      - Add the Member SubsidiaryIssuerMember to the Legal Entity Axis
    - Remove line items
      - AllocatedShareBasedCompensationExpense
      - ExcessTaxBenefitFromShareBasedCompensationFinancingActivities

- InterestCreditedToPolicyOwnerAccounts
- PaymentsForProceedsFromFederalReserveBankStock
- NoncashOrPartNoncashAcquisitionNetNonmonetaryAssetsAcquiredLiabilitiesAssumed
  - o There was a question about how often AllocatedShareBasedCompensationExpense is entered negative. There were examples of erroneous tagging. This should be reviewed for future inclusion in the rule.
  - o There was a question as to whether the proposed amendments to rule DQC_0015 should be issued for public review and comment. The Committee discussed and agreed that these changes will be updated without a public review because the changes are considered to be a minor, improvement of the rule rather than a substantive change to the rule, and consequently, members of the Committee did not believe it was necessary to subject the change to public exposure.
  - o It was mentioned that there is an avenue for the public to provide comments to existing rules on github.
  - o Motion to approve proposed Amendments to existing rule DQC_0015 (changes to member exclusions list and removal of line items) effective immediately without public review by Lou Rohman, seconded by Chase Bongirno
  - o Vote (For 10, 0 Against)
  - o Motion passed. DQC approved approve proposed Amendments to existing rule DQC_0015 (changes to member exclusions list and removal of line items) effective immediately without public review.
- DQC_0018 Deprecated Element is Used in the Filing
  - o This rule tests whether a deprecated element is used in a filing.
  - o Motion to approve rule DQC_0018 for coding by Chase Bongirno, seconded by Lou Rohman
  - o Vote (For 10, 0 Against)
  - o Motion passed. DQC approved rule DQC_0018 to be coded pending completion of test cases.

Extension Workstream

Property, Plant and Equipment

- The Taxonomy contains two ways to model property, plant and equipment - as line items, and as members on a dimension. Filers use line items on the balance sheet and both approaches (line items and dimensions) in the footnotes.
- Examples of property, plant and equipment footnotes from two companies in the same industry were presented (one dimensionalized, the other used line items)
- The Committee discussed which method is preferable for modeling property, plant and equipment (line items or dimensions).
  - o Either approach will result in the need for extensions.
  - o For line items approach, calculation relationships will be preserved and if this approach is implemented new line item elements will need to be created in the taxonomy.
  - o Some members expressed that using dimensions were preferable because it is easier to determine that information is related to property, plant and equipment because there is a link back to the parent.

- o Some members expressed that line items would be easier to handle.
- o This will be an open question for the draft paper.

Services Revenue
- An example for services revenue was presented. The example showed revenue and cost of revenue broken out by segment.
- The Committed discussed whether filers should use the Segment Axis on the income statement if revenues are disaggregated by segment or whether extensions should be used.
- Members expressed that using the Segment axis in this case would be prefereable.
- Several members expressed that they would not want to see line item extensions for this disclosure.

Action item - Draft Guidance will be available for the April meeting. Additional examples will be added to the document.

Wrap up
The Chair communicated that the next meeting was originally scheduled as a webcall, however the meeting will be held in person on April 6, 2016 in New York instead.

The Chair acknowledged the following individuals who have helped on the Contributed Rules Working Group: Joan Berg (Merrill), Anna Kwok (Workiva), Chase Bongirno (Vintage), Lisa Teofilo (Workiva), Shelley Wavrin (Merrill), Joel Stiebel (Merrill).

Meeting adjourned 5:00PM