

XBRL <<<<<<<

By Kristine Brands, CMA

SEC and FASB Filing Updates Regarding XBRL >>>

There are several recent developments affecting the 2009 eXtensible Business Reporting Language (XBRL) Reporting Mandate from the Securities & Exchange Commission (SEC) that you need to be aware of when preparing 2013 filings. The SEC is signaling a focus on filing quality by enforcing extension element requirements and rolling out the Accounting Quality Model (AQM). Addi-

tion element is a customized XBRL tag that a filer creates if the element doesn't exist in the taxonomy being used. In February 2013, the SEC began enforcing the use of units of measure that are defined in the XBRL International Units Registry (UTR) (www.xbrl.org/utr/utr.xml). EDGAR (Electronic Data Gathering, Analysis, and Retrieval) filings that violate this requirement will be rejected. The UTR is a stan-

XBRL financial statement filings. Expect additional restrictions on extension element use in the future.

Accounting Quality Model

The SEC's Accounting Quality Model that was discussed briefly in the December 2012 XBRL column is taking shape and is predicted to be in use by the end of 2013, if not sooner. The model is populated with XBRL data collected from SEC financial filings (i.e., 10-Ks and 10-Qs). The objective is to identify companies' outlier data or, in the words of Craig Lewis, director of the SEC's Division of Risk, Strategy, and Financial Innovation and the Commission's chief economist, "data that stick out from the pack" by showing signs of earnings management. Fraud detection isn't the main goal of the AQM; rather, it's to promote high-quality financial reporting. There are concerns that the model will flag "false positives"—results that don't represent the dark side of earnings management—and legitimate accounting disclosures instead. The model is being designed to minimize "false positives." Financial statements that indicate

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tionally, the Financial Accounting Standards Board (FASB) recently released two guides to help filers tag their financial statements: the *U.S. GAAP Financial Reporting Taxonomy Implementation Guide—Subsequent Events* and the *Definition Components & Structure* style guide. This column summarizes these developments.

standardized list of units of measure, such as euro (EUR) or gallon (gal), that are attributes of an XBRL concept. For example, if a company's Accounts Receivable account were assigned the XBRL tag `AccountsReceivableGrossCurrent`, it would also be assigned a unit of measure attribute for the account's applicable currency, such as euro (EUR) or U.S. dollar (USD). The broad implication of this announcement is that the SEC is taking steps to discourage the use of unnecessary extension elements, a practice that undermines comparability of

Extension Enforcement

The creation of extension elements for units of measure is now prohibited if the unit of measure already exists. An exten-

fraudulent reporting could be referred to the SEC's Office of Compliance Inspections and Examinations (OCIE) or the Division of Enforcement for further review. The AQM and its objectives are a strong signal from the SEC that the Commission isn't going to back down from its XBRL filing requirement. The model facilitates achieving the Commission's mission, which is the "responsibility for facilitating the provision of accurate and fairly stated financial statements to the public," Lewis says.

FASB XBRL Tagging Resources

In February 2013, the FASB released drafts of two guides to provide additional guidance for applying the U.S. GAAP Taxonomy (UGT) during the financial statement tagging process. The first in a series of implementation guides to help filers structure disclosures is the *U.S. GAAP Financial Reporting Taxonomy Implementation Guide—Subsequent Events*. This valuable resource presents a detailed model that filers can use as a model to understand how to comply with Level 4 detailed tagging for footnote disclosures. The Guide uses an

example and shows the linkage between the UGT and the footnote disclosure. The FASB also released a style guide, *Definition Components & Structure*,

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that's a helpful reference to the UGT to explain and clarify the meanings used in its design criteria. You can find the publications on the FASB's website at www.fasb.org. The comment period for both guides is open until April 13, 2013. You can send comments to xbrlguide@fasb.org.

Implications for 2013

The honeymoon period for the 2009 XBRL Reporting Mandate is over as the SEC takes steps to improve the quality of XBRL filings and to enforce the submission of quality filings. Filers need to implement processes and internal controls to ensure quality filings, and they must take ownership of the tagging process, even if they outsource the process. Many companies outsourced

XBRL tagging during the initial phases of the Mandate, so it may be a good time to consider bringing tagging in-house. Excellent tagging software and tools are

available to facilitate the process. Better yet, companies should consider embedding XBRL into their enterprise resource planning (ERP) system by using XBRL-GL and then automating the XBRL filing disclosure process. Filers need to review tagging choices, eliminate unnecessary extensions, and adopt the 2013 UGT. While audits of XBRL tags aren't required (yet), engaging auditors to review tagging choices and the quality of filings prior to submission will improve filing quality. **SF**

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