XBRL ‹‹‹‹‹‹

By Kristine Brands, CMA

An IMA Member Shares His XBRL Filing Experience

The Securities & Exchange Commission (SEC) issued its 2009 XBRL Reporting Mandate to require U.S. publicly listed companies to file their regulatory filings (i.e., Forms 10-K and 10-Q) using eXtensible Business Reporting Language (XBRL) tagged data. As of June 2013, more than 9,300 U.S. publicly traded companies have filed more than 71,000 submissions. This column examines the Mandate filing experience of Tom Smith (a pseudonym), an IMA® member and a CMA® (Certified Management Accountant) who is controller of a small community bank in the Southeast.

The Tagging Process

Tom's bank went public almost three years ago and began complying with the mandate in 2011. Because the bank is a small and medium-sized enterprise (SME) with a market capitalization of less than $700 million, it was able to take advantage of the phase-in rules allowing it to tag its core financial statements at the detail level and block tag the footnotes for the first year's filing. Block tagging allows tagging the footnote as one unit rather than at the detailed level that requires tagging each

number and significant accounting policy in the footnote. The bank used the bolt-on approach, meaning that XBRL tags are assigned to the final draft of the HTML financial statements and aren't embedded in the company's general ledger.

The bank chose to outsource its tagging to a large, third-party XBRL provider and then moved to another provider that

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was cheaper and that provided direct communication between the XBRL representative/tagging specialist who has banking industry knowledge. Tom believes that his bank's small size and heavy regulatory requirements (i.e., the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010) make it cost

effective to outsource the tagging. Once the bank has prepared its preliminary draft of financial statements and footnotes, Tom sends them to the provider, who prepares a spreadsheet listing the financial statement account balances, footnote information, and the corresponding XBRL tags. Tom reviews the spreadsheet and works with the provider to answer questions about tagging choices and to correct errors and make any revisions or updates to the draft. After his final review, Tom gives final approval for the filing, and the provider submits the filing to the SEC and sends Tom the SEC's filing confirmation.

A Few Challenges

Tom experienced some challenges with the tagging process. He found that some basic tags he had expected were missing, which forced the addition of an extension element—a custom XBRL tag to address a specific reporting requirement. For example, the bank commonly reports its total escrows on the balance sheet, but there was no escrow tag. He added the extension element and called the Financial Accounting Standards Board's (FASB) Taxonomy Development

group to discuss the omission. The group was responsive to his suggestion. He also found that the nearly 20,000 concepts in the XBRL U.S. Generally Accepted Accounting Principles (U.S. GAAP) Taxonomy (UGT) could make it challenging to find and identify the best tag for less common or new reporting concepts.

The bank doesn't plan to adopt XBRL-GL (Global Ledger) to enable embedding XBRL tags at the transaction level in the foreseeable future because it uses proprietary banking software that can't be modified cost effectively. Tom plays an active role in the tagging and review process because he wants to make sure his company "gets the tagging right the first time" with a benefit of increasing efficiency and productivity of the overall XBRL process.

XBRL Education

Tom learned about XBRL and the Mandate requirements by attending webinars offered by his XBRL provider, XBRL U.S., attending meetings of professional organizations, and by reading this column. He believes that the best education is the experience he gained by participat-

ing in his company's XBRL filing process. He is weighing the value of pursuing an XBRL certification in the future but is unsure that it will contribute to his company's compliance effort.

XBRL Wish List

Because banking has heavy disclosure and technical requirements that create additional burdens on small filers, Tom's wish list includes the creation of a small

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bank industry group to share best tagging practices and example filings and to recommend new tags for the UGT. He would like to be able to download a small bank industry subset of the UGT banking taxonomy to allow him to identify tags used most frequently by his industry peers. He also hopes for improved search capability in the Yeti tool—a Web browser interface that lists the UGT and is used for tag selection.

Another suggestion is for more XBRL training that provides continuing professional education (CPE). He's hopeful that IMA will offer more XBRL webinars, publish more *Strategic Finance* XBRL articles that share tagging experiences, and would consider starting an IMA XBRL preparer's *LinkUp IMA* group.

Good Advice

Tom advises companies facing initial Mandate compliance to start planning early. Even if a company outsources tagging to an XBRL provider, it needs to understand the tagging process and have a strong understanding of its tagged financial statements and disclosures. He also predicts that XBRL SEC filing requirements will grow, so companies should choose an XBRL provider that can leverage XBRL-tagged data and other digital data information for other applications and paper reporting requirements to shareholders. **SF**

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