**Data Quality Committee**

**Conference call**

**February 12, 2020**

**Meeting Notes**

**Attendees**

Committee Members

Campbell Pryde, Joan Berg, Chase Bongirno, Adrian Cloutier, Charles Kessler, Pranav Ghai, Mohini Singh, Amit Varshney,

Absent

Emily Huang, Heather Krupa, Sophie Sharp

Staff

Ami Beers, David Tauriello

Observers

Louis Matherne

**Welcome**

* Chair welcomed Committee and introduced attendees.

**Minutes Approval**

* Motion to approve minutes from November 12, 2019 DQC meeting, by Chase Bongirno, seconded by Mohini Singh
* Vote (For 8, 0 Against)
* Motion passed. November 12, 2019 DQC meeting minutes approved.

**Review and Approval of Version 11 DQC Rules Proposed Effective Date May 15, 2020**

* Joan explained that the rules were sent to Committee for review. Two rules were omitted due to false positive results.
  + DQC\_0088 was omitted from the rule set. Through discussions, Campbell determined that the rule was not correct. There is no specific requirement for lease expense but there is with lease cost.
  + For rule DQC\_0090, operating lease is being omitted from rule (finance leases will remain). There was a discussion about what problems are being seen with the rule. Campbell explained that other items are being included in reconciling items for operating lease liabilities. The errors seem to be related to underlying accounting errors rather than just XBRL tagging errors. Disclosures have been made on quarterly filings and we expect these to be cleared on the 10-Ks. Rule is being held until we see more analysis in annual filings.
* Rules proposed with effective date of May 15, 2020. The effective date is the date that the rules become effective for filers and errors will be published on XBRL US website. Certified software will be effective on that date. However, rules will be available on XBRL US website for filers to use as soon as they are approved.
* Motion to approve Rule Set 11 effective May 15, 2020 which includes updates to DQC\_0001 and DQC\_0080 and rules DQC\_0085, DQC\_0086, DQC\_0087, DQC\_0089, DQC\_0090 by Chase Bongirno, seconded by Charles Kessler.
* Vote (For 8, 0 Against)
* Motion passed. Approved Rule Set 11 effective May 15, 2020 which includes updates to DQC\_0001 and DQC\_0080 and rules DQC\_0085, DQC\_0086, DQC\_0087, DQC\_0089, DQC\_0090.

**Introduction of rules for Version 12**

* Campbell explained that rules are being developed and tested. Rules will be presented and proposed for public review at next meeting. The version 12 rules will include:
  + Scaling for Percentages – Rule flags percent amounts with a value greater than 1000%. Sometimes effective tax rates will go above this amount, so that element will be excluded from the rule.
  + Scaling for Shares – Rule will look for consistency between shares outstanding at date of report (DEI) and shares outstanding reported in the statement of equity. Rule will flag those amounts with large differences.
  + Fiscal Maturities – There was a change to the 2020 US GAAP taxonomy for the elements used to report maturity schedules. The elements for the remaining fiscal year and following years to be used on the schedules were clarified by FASB. We expect that filers will not update their tagging for 2020 taxonomy.
    - The rule will flag when there are no values in year 1 but there are values reported in year 2 and beyond.
    - At yearend, the rule will flag values for the element “remaining fiscal year”.
    - Campbell asked if these rules should be applied to 2019 taxonomy.
  + Nonpostive values (IFRS taxonomy) – This rule will brings in rules from IFRS formula linkbase. Certain amounts should be negative. Rule will check to make sure certain elements are entered as negative.
  + Aggregating elements (IFRS) – Rule checks amounts across periods and compares to aggregated amounts. (similar to rule DQC\_0084 Durational Aggregation for US GAAP)
* Working group will analyze rules and run impact analyses.

**Analysis of Negative Value Rule**

* Joan explained that the analysis provided a list of errors for DQC\_0015 (negative values). At last meeting, there was a question about which elements had largest impact. We looked at top 100 elements that flagged error and we will plan to share results with SEC staff at next meeting.
* Joan explained that the analysis shows data January 2019 - January 2020 for the top 10 elements. All of the elements in the analysis are usually presented on the financial statements in brackets (some are on the statement of cashflow or in a reconciliation). However, the amounts should be entered as positive amounts with negated labels.
* There was a question about PolicyholderBenefitsAndClaimsIncurredNet, for insurance companies. Campbell explained that the element represents the claims costs for insurance companies net of reinsurance. It is expected that this item would not be negative, or there would be a profit in this element. Some companies may be putting adjustments in this account that should be tagged with a different element. The working group will analyze this element in its upcoming meeting.
* Last quarter shows approximately 5,000 errors on this rule. This is one of the rules that FASB is incorporating into 2020 DQC rules taxonomy. Joan explained that we anticipate that visibility gained in the taxonomy will help to reduce errors.
* There was a question about how these elements were tested. Joan explained that the working group drilled down on which companies had errors and analyzed a selection of errors. The working group did not identify instances of legitimate exceptions.
* The other rule that has large amounts of errors is DQC\_0001 (7,000 last quarter) and we will plan to review the errors for the next meeting and will also present results to SEC staff in the April meeting.

**Future meetings/Other Business**

* Campbell noted that all Center members are up to date with rules in their tools. Since rules have been posted on website, there has been a lot of interest in correcting errors and awareness is beginning to increase. Campbell requested committee members to socialize the listing of errors on the website to continue to raise awareness.
* Next meetings
  + April 1, 2020 in person Washington D.C.
  + July 15, 2020 phone meeting
  + October 7, 2020 in person Washington D.C.

Meeting adjourned 12:45PM.