Members report smooth transition

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While public company filers have reported a slight increase in time and costs with the mandated use of eXtensible Business Reporting Language (XBRL), the transition has gone smoothly for more than a year after the deadline for full compliance went into effect, according to both NYSSCPA members and a survey by Financial Executives International (FEI). Still, for those who have experienced a bumpier ride, XBRL's maker says it plans to roll out additional training early next year to help companies better understand how tagging and filing works.

XBRL is a computer markup language that uses a standard set of definitions, or "taxonomies," to enable automatic extraction and exchange of financial data. The data can easily be read by computers and fed into analytic tools, allowing investors to access specific information from a filer's reports much faster than if they had to manually search through lengthy corporate documents, according to the Securities and Exchange Commission (SEC).

The SEC approved the mandated use of XBRL for public companies in 2008, with the final rule released to the public in April 2009, though implementation ran in phases. Domestic and foreign large accelerated filers with a worldwide public common equity float over $5 billion had to start using XBRL in June 2009; all other large domestic filers were required to use the language starting in June 2010, and all other filers, including small public companies, were required to use XBRL by June 2011.

In September 2010, shortly after the mandate was extended to all large domestic filers, the NYSSCPA published a comment letter noting that the requirement could pose a practical difficulty in both time and expense, given that many firms outsourced the XBRL conversion to financial printing companies, which needed extra time to process the data. However, this was mainly because XBRL was a relatively new technology at the time, according to SEC Practice Committee member **Steven R. Leidenfrost**.

More than one year after the mandate was required of all filers, CPAs working with public companies say the main considerations have been logistical. **Philip H. Weiner,** also a member of the SEC Practice Committee, said that filers need to get their data prepared about a week before the actual filing deadline, so that the printers can tag it for XBRL. If a 10Q filing is due next Monday, he explained, you'll need to have everything [in] five days before—whereas before the mandate, "there was a little more time," he said.

Matthew D. Murphy, another CPA who works with smaller filers, agreed. The mandate, he explained, has "accelerated the timeline for clients, because you can't get it to the printer at the last minute."

The FEI, an advocacy group for financial executives, polled 5,000 FEI members and other financial statement preparers last fall about the impact of XBRL and found that 72 percent of large accelerated filers and more than 90 percent of all other filers reported one day or less delay due to XBRL. The most significant challenge reported was getting educated on the tagging system.

Indeed, Campbell Pryde, president and CEO of XBRL U.S., which was spun off in 2006 from the AICPA and sets technical specifications for the language nationwide, said that since the mandate went into effect, the company has observed some common errors and inconsistencies in the use of XBRL that point mainly to a need for education on using the system. The most common errors include using incorrect calculation weights across financial statements, using out-of-date or "retired" XBRL tags reported—for example, tags from a previous release of the taxonomy—and reporting negative values for concepts that are expected to have a positive value.

"One of the things we've noticed, with the rollout of the SEC program, is there is quite a bit of misinformation in the system," he said. "We're updating all the costing to try to get a lot more consistency in the filings that are coming out, not just to try and address people's concerns about quality but to get people a consistent training across the board."

Pryde said that XBRL U.S. is working on improving how companies report data to government regulators, with an eye toward streamlining the process of collecting information. With thousands of reports submitted to various agencies like the IRS and SEC, he said, the same information is being reported but in different formats.

He added that XBRL U.S. is looking to expand the number of government agencies that use the program. While he said there are ongoing conversations about this matter across governmental entities, the agencies the company is particularly interested in are the Federal Reserve, the IRS and the Department of Labor. "The more agencies that use XBRL," he said, "the more information that can be shared between them, and the better [the] analytics can be applied."

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