

XBRL—Issues and IAASB Task Force Proposals**Consultations to Date**

1. Formal consultations have taken place with:
 - Institute of Chartered Accountants of England and Wales (ICAEW) XBRL Assurance Working Group
 - Fédération des Experts Comptables Européens (FEE)
 - IAASB Consultative Advisory Group (CAG)
 - IFAC Small and Medium Practices (SMP) Committee
 - American Institute of Certified Public Accountants (AICPA) XBRL Task Force
 - XBRL International Assurance Committee (AC) (formerly known as the XBRL International Assurance Working Group)

Key Themes Arising from the Consultations to Date

2. The Task Force has identified a number of key themes for the IAASB to consider in determining a way forward:
 - While the number of jurisdictions requiring regulatory and other filings in XBRL is growing, there does not seem to be a consensus as to whether XBRL will replace traditional paper-based financial statements as the primary means of filing financial statements in the near future. There was acknowledgement that this could happen, and therefore it is important to ensure that the IAASB is in a position to respond to the environment should it change rapidly in one or more jurisdictions.
 - Those jurisdictions that do require XBRL for regulatory filings have not indicated any intent to change current practice—that is, no required auditor involvement in XBRL filings.
 - However, the risk emerging in practice is that preparers are not adequately equipped with the skills or training necessary to properly tag financial statements and disclosures to meet regulatory and other filing requirements.
 - This deficiency has resulted in reliance on third-party service providers to provide solutions, and a question regarding how auditors can assist preparers in meeting their XBRL filing requirements. The phase out of limited liability provisions for accelerated filers in the U.S. also may lead to increased requests for auditor association with XBRL filings (to date, such requests have been minimal).
 - National standard setters and other interested parties, such as IFAC Member Bodies, may develop their own solutions to meet jurisdiction-specific needs – while doing so has its advantages; it also can lead to divergence in practice and the widening expectation gap.

- Due to the time necessary for the IAASB to develop authoritative pronouncements, it is important that the IAASB be in a position to respond as practitioner needs evolve, and the IAASB should initially consider what services practitioners may be requested to provide on a voluntary basis.

The key issues discussed by the Task Force about how to move the project forward are highlighted below.

Auditor Association with XBRL Data

3. Survey results released in March 2009 by CFA Institute¹ indicates meaningful changes in expectations related to necessary reviews and audits of the XBRL tagged filing to ensure the proper XBRL tags are assigned to the reported amount in accordance with the applicable taxonomy. 41% of respondents expected an integrated audit by an independent auditor, 27% expected a separate audit by an independent auditor, 16% expected management certification but no audit, 13% expected a separate non-audit by an independent reviewer,² and 4% did not believe assurance or management certification was necessary. The survey surmised that the decrease in expectation for an integrated independent audit was offset by the increase in expectation of having separate audits or reviews of the XBRL tagged filing, in particular due to the “bolt-on” approach for XBRL reports in mandates such as the one for U.S. public companies.
4. Other consultations indicate that, in general, users of XBRL tagged-data expect that auditors will have performed procedures on XBRL-tagged data. Some incorrectly assume that, because the rendering in XBRL appears the same as the paper-based financial statement presentation, there is no additional work effort on the part of the auditor to give assurance on this data.
5. Users’ views towards auditor association with XBRL-tagged data may differ depending on what form the XBRL filing takes, for example:
 - (a) When XBRL tags are included within financial statements being subjected to an audit (which could be the case with some inline XBRL filings required by UK tax authorities, depending on the chosen method of preparation);
 - (b) When tags are subsequently added to audited financial statements (i.e., as exhibits to the audited financial statements in the U.S.); and
 - (c) When financial statements to be audited are produced by XBRL rendering (i.e., XBRL is used at the transactional level and in effect becomes part of internal controls over financial reporting.)

The Task Force is therefore challenged with a broad remit, as XBRL is used in each of these three ways in various jurisdictions. One Task Force member noted that the view of XBRL-tagged data may be that the data has been audited, but not as presented in XBRL.

¹ See http://www.cfainstitute.org/Survey/xbri_member_survey_report_2009.pdf.

² The focus of the “review” would be on the appropriateness of the XBRL tagging of the reported amounts; accordingly this is not necessarily a review as currently defined by the IAASB’s standards.

6. The issue of auditor association, and the expectation gap, is in some ways broader than XBRL. This matter was raised in the IAASB strategy questionnaire, and responses may indicate possible solutions that could be explored. With respect to XBRL, the Staff Q&A noted that the ISAs do not preclude an auditor from referencing the precise financial information or including an Other Matter paragraph in the auditor's report to clarify his association (or lack thereof) with XBRL-tagged data.
7. Discussion with the AICPA XBRL Task Force has also indicated that, despite the recommendation in the Center for Audit Quality's XBRL Alert, auditors are not differentiating between the audited financial statements and the XBRL exhibits filed with the U.S. Securities and Exchange Commission (SEC) in their auditor's reports.
8. The question then becomes what more can or should be done to educate users of the XBRL-tagged data, in particular those that are accessing discrete numbers from the financial statements for analysis, that the auditor has not performed procedures with respect to that data.

Task Force Recommendations

9. The following position has been communicated in a Staff Audit Practice Alert – existing ISAs do not require auditors to perform procedures on XBRL-tagged data as part of a financial statement audit and, accordingly, the auditor's report in accordance with the ISAs on the financial statements does not cover the process by which XBRL data is tagged or the XBRL-tagged data that results from this process; therefore, no assurance is obtained and no conclusions or opinions are expressed on the accuracy, consistency or completeness of the XBRL-tagged data.
10. While the Task Force acknowledges that the preliminary consultations have validated that the issue exists and the IAASB's view may need to evolve as XBRL usage develops, the need for further action at this time is unclear. Communicating with preparers and users of financial statements has been difficult for the IAASB, and doing so may require leveraging the work of others. In this regard, the Task Force preliminarily considered the following options to address the issue of auditor association:
 - (a) More actively advocating the use of an Other Matter paragraph in the auditor's report;
 - (b) Using the planned discussion paper by IFAC's Professional Accountants in Business (PAIB) Committee (see paragraph 29 below) to explain preparers' responsibilities for the accuracy of the data in more detail and reiterate that auditors are not typically involved with XBRL-tagged data;
 - (c) Liaising with investor groups such as the CFA Institute to influence their future communication initiatives to clarify this issue for users of XBRL-tagged data;
 - (d) Encouraging regulators to make clear in their filing requirements that auditors are not expected to perform procedures or give assurance on the XBRL filings (for example, as is done in the U.S.); or

- (e) Exploring with those setting taxonomies, such as the International Financial Reporting Standards (IFRS) Foundation,³ whether the tags themselves or tuples could give visibility to the fact that the underlying financial information is not individually audited – by being labeled unaudited or linking to the auditor’s report that describes audit of the financial statements as a whole.
11. The Task Force has mixed views on whether the use of an Other Matter paragraph in the auditor’s report is an appropriate solution. However, the Task Force agreed that it is important that regulators be made aware of the challenges and risks of the tagging process as they seek to require or promote the use of XBRL and the current views of the IAASB about auditor association. One member of the Task Force expressed concern that, should use of XBRL-tagged data increase without communication about auditor association, auditors in particular jurisdictions may be expected to perform audit procedures although not technically required to do so. The Task Force also agreed that it is important for regulators to understand that, while ISAE 3000⁴ has been used to provide assurance on XBRL-tagged data, it was not intended for that purpose and, should regulators choose to require assurance in the future, it will take some time for the IAASB to develop a new assurance standard responsive to this need. See further discussion on the planned involvement of regulators in paragraph 37.
12. Broader consultation on this issue would be useful, therefore the Task Force intends to incorporate the matter into its planned consultations (see further discussion in paragraphs 35-36).

Matters for IAASB Consideration

1. Does the IAASB believe the issue of auditor association needs to be addressed further at this time beyond what the Task Force is recommending? If so, which of the options in paragraph 10 would the IAASB consider appropriate?

Professional Standards to Report on XBRL-tagged Data and the Tagging Activity

13. Discussions at the FEE Roundtable, the ICAEW XBRL Assurance Task Force, and the Assurance Track at the XBRL International Conference indicated that management and audit committees see the agreed-upon procedures (AUP) engagement as a meaningful way of obtaining “comfort” that management’s tagging has been accomplished in accordance with the regulatory requirements.
14. Statement of Position (SOP) 09-1,⁵ issued under the authority of the Auditing Standards Board (ASB) in April 2009, has been favorably received in the U.S. and other jurisdictions. This is included as **Agenda Item 8-B**. However, it is important to note that the SOP is

³ Formerly known as the IASC Foundation.

⁴ ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁵ SOP 09-1, *Performing Agreed-Up Procedures Engagements that Address the Completeness, Accuracy, or Consistency of XBRL-Tagged Data*

guidance to another standard issued by the ASB, AT section 201.⁶

15. However, the disadvantage of an AUP engagement is that it does not result in a public report by the auditor or practitioner. While this may not be an important point for XBRL filings done for tax authorities, it fails to address user perceptions about auditor involvement when XBRL filings are made publicly available.
16. The Task Force is aware that auditors are providing assurance on XBRL-tagged data using ISAE 3000 as a basis for doing so – audit reports have been issued on financial statements presented in XBRL by explaining that the report covers a specific view of the XBRL-tagged data (e.g., when an instance document is prepared and a specific viewer is used). In addition, as inline XBRL become more common and the auditor's report is included in a document in which XBRL tags are embedded, more guidance is likely to be requested by auditors.
17. The XBRL International AC has also raised the question of whether XBRL can be considered a special purpose financial reporting framework and whether, for purposes of reporting, the concepts in ISA 800⁷ or ISA 805⁸ could usefully be applied by practitioners to be able to point whether tagging on particular items had been done appropriately. The Task Force has not fully considered this but expects to do so before the December 2010 IAASB meeting.

Task Force Recommendations

18. The AICPA XBRL Task Force has reported growing use of the AUP engagements in the U.S. and members of this group believes that the work they have done to date to establish relevant procedures for an AUP engagement could be leveraged to develop an attestation engagement. The Task Force also notes that the ICAEW XBRL Assurance Task Force is developing their own AUP guidance to respond to the need in the UK to address iXBRL filings.
19. While the Task Force agrees that an AUP engagement could be performed using ISRS 4400,⁹ that standard is not consistent with how compliance with ethical requirements is dealt with in the ISAs. ISRS 4400 explicitly requires compliance with the Code, whereas ISA 200¹⁰ requires the auditor to comply with relevant ethical requirements, explaining in the application material that this ordinarily comprises Parts A and B of the Code. The XBRL Task Force is also aware that the Reviews and Compilations Task Force believes

⁶ AT (attestation standards) section 201, *Agreed-Upon Procedures Engagements*. At present, the U.S. Public Company Accounting Oversight Board (PCAOB) does not have similar guidance, although they had issued a Staff Alert when the SEC launched its voluntary filers program.

⁷ ISA 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*

⁸ ISA 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*

⁹ International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*

¹⁰ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

that ISRS 4400 could be usefully updated to complement the work being done on the review and compilation standards. Finally, while national standard setters and others may apply ISRS 4400 in conducting AUPs, without guidance on how to apply it specifically to engagements on XBRL divergent practices are likely to develop over time.

20. The Task Force believes the work of the AICPA could be leveraged to develop international guidance for agreed-upon procedures with respect to XBRL, recognizing that the US guidance is assertion-based, while extant ISRS 4400 is not. Doing so would allow the IAASB to respond more timely to an area of increasing demand and ensure that the requirements related to an AUP engagement are correctly specified and in line with the Clarified ISAs. Should ISRS 4400 be later revised, conforming amendments, as necessary, could be made to ISRS 44XX. This approach is not inconsistent with the approach taken in developing ISAE 3402¹¹ and later revising ISAE 3000.
21. If the IAASB agrees to develop guidance for AUPs dealing with XBRL, one issue to consider is how best to do so since ISRS 4400 has not been redrafted in the Clarity conventions. While the current *Preface to the International Standards on Auditing, Quality Control, Assurance, Review and Other Related Services* (the Preface) allows for the issuance of Practice Statements relating to ISRSs, attempting to do so while the IAASB is continuing to deliberate the status and authority of its Practice Statements does not seem worthwhile.
22. It therefore seems necessary that, should the IAASB agree to pursue work in this area, it will need to determine which of the following approaches is preferable:
 - (a) Developing a topic-specific ISRS 44XX dealing with XBRL; or
 - (b) Revising and clarifying ISRS 4400 first, then developing guidance (in the form of a Practice Statement or Staff Publication) relating to XBRL illustrating how the concepts in ISRS 4400 could be applied.
23. On balance, the Task Force would recommend the former. Subject to the IAASB's views, the Task Force proposes developing a project proposal for the IAASB's consideration at its September 2010 meeting. The Task Force is of the view that this would represent a meaningful first step; however, it understands that more may be necessary as the XBRL Research Team's work progresses and the landscape evolves. To this end, the exposure draft accompanying proposed ISRS 44XX could seek to understand how the IAASB might further respond to any demands for standards or guidance on XBRL. The Task Force acknowledged, however, that given the difficulties in obtaining feedback from regulators (as discussed in paragraph 32), there is a risk that in devoting resources to developing a new AUP standard, the IAASB may not be in a position to respond to other assurance needs should demand increase on a rapid basis.
24. One Task Force member is of the view that it may be more meaningful to develop a new assurance standard based on ISAE 3000 to address the circumstance in which an auditor's report is issued on XBRL-tagged data with which a financial statement might be rendered

¹¹ International Standard on Assurance Engagements (ISAE) 3402, *Assurance Reports on Controls at a Service Organization*

(e.g., focus on the underlying data). Doing so would work towards demand in certain jurisdictions where auditors are being asked to adapt to deal with continuous auditing.

Matters for IAASB Consideration

2. Does the IAASB believe that addressing an XBRL AUP engagement would be a useful first step in the project?
3. If so, does the IAASB have views on whether guidance or a standard on AUP engagements on XBRL should be developed?

Reliance on Auditors and Practitioners when Entities Are Unable to Prepare Their XBRL Filings

25. Discussion at the March IAASB CAG meeting, as well as the SMP Committee meeting, indicated a concern among preparers of SMEs that they may not have the expertise to prepare XBRL-tagged data. In their view, more education and training is necessary to enable preparers to become familiar with the technology and software that can be used to support XBRL tagging, as well as to enhance their understanding of the taxonomies so that the tags can be properly applied and avoid unnecessary creation of extensions.
26. Further discussion at the SMP Committee meeting, in particular in relation to the audit environment in India, indicated that in many cases SMPs are being asked to file their clients' financial statements with the appropriate authorities because the entities themselves do not have the transmission capabilities (including in HTML or PDF format). In jurisdictions where this is common, there is a concern that entities who are required to file financial statements in XBRL will assume that their auditors will do the tagging process for them. Filing financial statements on behalf of the client may have ethical implications for the auditor and, as it relates to XBRL, may warrant clarification in the engagement letter that auditors will not be responsible for tagging the underlying financial statements on behalf of their clients.
27. A question then arose in this context whether the auditor could be separately engaged by the client to prepare their XBRL filings. While the *Code of Ethics for Professional Accountants* developed by the International Ethics Standards Board for Accountants (the IESBA Code) does not specifically address this circumstance, the Code prohibits a firm from assuming a management responsibility for an audit client. Tagging on behalf of an audit client could potentially be seen as the auditor taking responsibility for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework and therefore assuming a management responsibility. The level of judgment involved in the tagging process may be seen as impairing the auditor's independence. However, in order to do the tagging, it would be necessary for a practitioner to have a general understanding of the entity's financial statements in order to select the correct tags, which may lead management to seek to engage the auditor.
28. SMPs also questioned whether the process of preparing an entity's tagged data could be seen as a compilation engagement. Based on **Agenda Item 7-B**, it may be possible to conclude an XBRL compilation engagement could be performed in light of the following proposed definitions:

- (a) Compile – To apply accounting and reporting expertise to present financial information in accordance with an applicable financial reporting framework.
- (b) Compilation engagement – An engagement in which a practitioner compiles financial information of an entity under the terms of an engagement, and issues a report to accompany the compiled financial information. As applicable in the circumstances a compilation engagement may also include collecting, classifying or summarizing underlying information of the entity.

Task Force Recommendations

29. The Task Force is aware that IFAC's PAIB Committee¹² is in the process of drafting an information paper, tentatively titled *XBRL and the Professional Accountant (in Business)—Benefits, Issues, Country Overviews and Resources*. Planned for approval in September 2010, the objectives of the paper are as follows:

- (a) To create awareness on the importance of XBRL for professional accountants;
- (b) To provide guidance on how professional accountants can support their organizations with XBRL; and
- (c) To provide an overview of XBRL in the various countries and an XBRL Resource Center.

The Task Force believes that the work of the PAIB can usefully address the need for more education for preparers about XBRL, and will liaise with Staff of the PAIB to ensure that the publication reflects the IAASB's view regarding auditor association as noted in the Staff Audit Practice Alert.

30. The Task Force has referred the question of the independence implications under the IESBA Code for consideration to the IESBA Chair and Deputy Director. The Task Force also intends to consider further the matter of compilation engagements on XBRL with the Reviews and Compilations Task Force as work on ISRS 4410¹³ continues.

Way Forward on Consultation

31. It has proven fairly difficult to get relevant stakeholders to engage in discussions relating to XBRL. Due to time constraints at the April 2010 Forum of Firms (FoF) meeting, the Task Force was unable to have a discussion with the meeting participants but a paper and questionnaire was distributed to obtain these much-needed views. However, limited feedback was received and the Task Force will request to be included on the October 2010 FoF meeting agenda.
32. Contacts within the International Forum of Independent Audit Regulators (IFIAR) and the International Organization of Securities Commissions (IOSCO) have also proven difficult

¹² IFAC's PAIB Committee serves IFAC member bodies and the more than one million professional accountants worldwide who work in commerce, industry, the public sector, education, and the not-for-profit sector. The committee facilitates the global development and sharing of knowledge, develops good practice guidance, and promotes the roles and domain of professional accountants.

¹³ ISRS 4410, *Engagements to Compile Financial Statements*

to locate. This may be due to the varying regulatory structures and their adoption to date of XBRL filing requirements, but the Task Force is continuing to seek out opportunities to engage this important stakeholder group. The Chair of IFIAR also has circulated a message to IFIAR members to seek their assistance in identifying XBRL contact persons in their respective organizations. The goal of doing so is to ensure that the Task Force can remain informed of changes in the regulatory environment should an assurance requirement be established in the future requirements. As the IAASB has been invited to attend the September 2010 IFIAR meeting, the Task Force will also endeavor to discuss XBRL at that venue.

XBRL Research Team

33. A research project, funded by the Association of Chartered Certified Accountants (ACCA) in connection with the International Association for Accounting Education and Research (IAAER), is now underway to evaluate the implications of XBRL for the financial statement audit. Members of the XBRL Research Team have participated in the Task Force's discussions to date, and are currently undertaking focus groups and other interviews to inform their work and that of the IAASB. It is anticipated that the Research Team will report on their preliminary findings at the June 2010 International Symposium on Audit Research (ISAR) meeting. The Research Team's proposal, which forms the basis for their ongoing work, is included for reference in **Agenda Item 8-C**. Feedback from this group will be incorporated into the agenda material for the December 2010 IAASB meeting.

Further Consultation by the Task Force and IAASB

34. The targeted consultation plan had envisioned the IAASB determining whether to issue a formal survey or consultation paper to gather additional views in connection with the discussions at its June 2010 meeting. The Task Force is of the view that the work done to date by the CFA Institute and expected work of the XBRL Research Team will suffice and issuing another survey at this time is unwarranted.
35. Based on the general need to raise awareness about XBRL and auditor association, the Task Force considered whether it is appropriate for the IAASB to issue a consultation or information paper on XBRL and, if so, the timing of such a paper. Consulting on a preliminary basis may encourage greater response from regulators and users than the targeted consultations have been able to achieve to date. However, conducting a joint XBRL forum with regulators, the CFA Institute and other investor groups, or involving these groups in another manner, may also be useful.
36. Some areas the communication could usefully cover include the following:
 - (a) Reference to the PAIB information paper, highlighting current developments in XBRL and the foremost need for education for preparers who may be required to file financial statements using XBRL;
 - (b) Findings from the consultations to date;
 - (c) Solicitation of views on the auditor association issue and how further awareness might be raised on this matter;

- (d) Expressions of support for the CFA Institute's key principles of an XBRL framework¹⁴ and encouragement to regulators to consider these in moving forward with requiring XBRL filings in particular jurisdictions;
- (e) Indications of areas where practitioners are requested to be involved with XBRL data and exploration of views as to whether and, if so, how, the IAASB's current set of standards are being applied, including any preliminary IAASB views as to how the revised compilation standard may be applied;
- (f) If a project proposal is approved in September 2010, highlighting the approval of the proposal to develop an ISRS for XBRL AUP engagements; and
- (g) Consideration of other matters under consideration by the Task Force (planned for discussion at the IAASB at its December 2010 meeting), for example whether XBRL can be analogized to a special purpose framework, the relationship between XBRL and an entity's financial reporting controls and the reliance that is assumed to be placed on the taxonomies as developed by authorized bodies.

Task Force Recommendations

- 37. The Task Force believes that it is necessary for regulators and others who may require filings in XBRL to be more involved in the IAASB's consultations. While there is merit in issuing a consultation paper to stimulate debate and act as a catalyst to engage these stakeholders further, the Task Force believes that it is more effective to obtain the views of regulators through other means. Accordingly, the Task Force proposes that a Project Advisory Panel (PAP) should be formed, consisting of representatives of IOSCO and IFIAR in countries where XBRL filings are required. The Task Force also believes it is appropriate to liaise with representatives from the European Commission (EC) as, in addition to regulators, the EC has the authority to impose XBRL filing obligations on entities within the member states. Alternatively, the Task Force considered holding a forum about XBRL but believes using the PAP on an ongoing basis will be a more effective means of obtaining real-time feedback.
- 38. While there is merit in consulting more publicly on XBRL, should the IAASB support a proposal to develop an ISRS relating to XBRL, the Task Force believes it may be worthwhile to wait to publish such material in conjunction with the exposure draft of the new ISRS in 2011, to allow for the IAASB's discussions on XBRL to continue and evolve. Should the IAASB consider it necessary to communicate earlier, a Staff Update could be developed and issued subsequent to the December 2010 meeting. The Task Force will continue to participate in the XBRL International AC's discussions, liaise with the AICPA Task Force, and engage regulators and users in the interim. An update on other XBRL developments is included in the Appendix.

¹⁴ The CFA Institute has developed key principles to outline those XBRL framework attributes they believe are necessary to maximize the investors' benefits from XBRL. It is their intent that the principles be used by global regulators in the implementation of XBRL as their required reporting standards. They are available at: http://www.cfainstitute.org/ethics/Documents/Research%20Topics%20and%20Positions%20Documents/principles_for_xbri.pdf

39. The Task Force discussed preliminary timing for two scenarios as follows:

- (i) Option 1 – Approval of a project proposal to develop guidance on AUP engagements;
or
- (ii) Option 2 – Progress towards a Consultation Paper, in which the possibility of developing guidance on AUP engagements could be explored.

While these options are not mutually exclusive – consultations envisioned in Option 2 would be subsumed into the ED if Option 1 is followed – the Task Force is of the view that it is necessary for the IAASB to select one option in order for the Task Force to proceed, having regard to the timetables associated with each option.

	Option 1 – Proposal to Develop Guidance on AUP Engagements	Option 2 – Development of a Formal Consultation Paper
September 2010	IAASB discussion	IAASB discussion – report back on PAP views
December 2010	First read of draft	Approval of consultation paper – 90 day comment period
March 2011	Approval of ED – 120 day exposure. Consultation on auditor association and other matters.	
June 2011		Consideration of comments on consultation
September 2011		Approval of project proposal (on AUP or other standard)
December 2011	Consideration of comments on exposure	First read of draft

Matters for IAASB Consideration

- 4. Does the IAASB believe that a Project Advisory Panel should be formed?
- 5. Does the IAASB support the Task Force’s recommendation to defer formal consultation? If not, should the Task Force begin developing a consultation paper or other communication?

Appendix

Updates on Other XBRL Developments

XBRL International Assurance Committee

1. The XBRL International AC has been holding bi-weekly teleconferences with about 15 participants since January 2010. Staff, along with Task Force members Hans Verkruijsse and Akira Matsuo (Vice Chair of the group), has been participating in these calls. The AC is working to define what is intended by the phrase “assurance on XBRL,” as some view assurance as being wider than that currently defined by IAASB standards. The AC is of the opinion that assurance is not only important for financial data and information but also for non-financial data and information and are considering the implications of XBRL on both. They are also discussing different levels of assurance and do not restrict themselves to reasonable assurance and limited assurance. Any future communications by the IAASB should explicitly specify what is meant by assurance from the IAASB’s perspective but acknowledge that a wider view may exist in practice. The AC has also formed subgroups to explore whether thought leadership materials could be developed in the areas of quality of information and security and authentication, and Staff will continue to ensure that feedback received from this group is discussed with the Task Force and, where relevant, with the IAASB.

Regulatory Developments

2. In October 2009, the Committee of European Securities Regulators (CESR) issued a Call for Evidence entitled *The Use of a Standard Reporting Format for Financial Reporting of Issuers Having Securities Admitted to Trading on Regulated Markets*.¹⁵ CESR’s Transparency Group was requested to explore issues related to the use of a standard reporting format for financial reports of issuers having securities admitted to trading on a regulated market. The Call for Evidence asked for feedback on whether XBRL would be an appropriate format to be used for this purpose. Respondents expressed support for the proposal and some acknowledged that a standard reporting format may have effects for auditors that should be dealt with before requiring standardization. The Call for Evidence indicated that CESR may address the issue in more detail in the preparation of a report to the European Commission. However, the transition of CESR to the European Securities and Markets Authority has delayed the project and it is not anticipated that a public hearing will be held to evaluate the results of the consultation until the third quarter of 2010.

Taxonomies as Developed by Others

3. The IFRS Foundation recently issued an XBRL Update,¹⁶ which provides an overview of XBRL developments around the world, and in April 2010 finalized its IFRS Taxonomy

¹⁵ For reference, the Call for Evidence and the responses received can be accessed at http://www.cesr-eu.org/index.php?page=consultation_details&id=154 and <http://www.cesr-eu.org/index.php?page=responses&id=154>.

¹⁶ See the Update on the IASB website [here](#).

2010. This taxonomy is the XBRL representation of IFRSs, including International Accounting Standards (IASs), Interpretations and the IFRS for Small and Medium-sized entities (SMEs) issued by the International Accounting Standards Board (IASB) in the form of the annual IFRS Bound Volume. The taxonomy is released once a year to incorporate new IFRSs, improvements to existing IFRSs, and also changes in XBRL taxonomy. The IFRS Taxonomy 2010 is a translation of IFRSs as issued at 1 January 2010 and the IFRS for SMEs as issued at 9 July 2009.

4. A response to the IFRS Foundation's exposure draft was sent on behalf of the IAASB. The response highlighted the IAASB's project on XBRL and the Staff Questions and Answers publication issued in January 2010. It did not comment on the technical specifications within the taxonomy itself, but expressed support for the continued development and enhancement of taxonomies for IFRS and IFRS for SMEs following due process and broad international consultation. Consistent with the Staff Q&A, it notes that preparers, users and practitioners should be able to rely on the IFRS Foundation to develop and maintain taxonomies that are comprehensive and accurately reflect changes in the underlying accounting framework. It further notes that it is important that revisions to the taxonomies, including architectural improvements, continue to be subject to public consultation. Updated taxonomies should be communicated widely to ensure that preparers responsible for tagging financial information are doing so in accordance with the appropriate version of the taxonomies. The response also supported the release of xIFRS to support viewing and understanding of the IFRS Taxonomy. This tool should help educate preparers and enhance the consistency with which tags are applied to financial information prepared in accordance with IFRS and IFRS for SMEs.

Extensions to Taxonomies

5. The IFRS Foundation has recently formed an Extensions External Experts Panel, aimed at identifying and tagging additional information necessary to fulfill the requirements of IFRS principles, but not specified in IFRS, in order to provide more details based on specific industry, local or regional requirements, supervisory regimes, and preparers and user requirements. An informal roundtable was held and attended by regulators and supervisors, including China Securities Regulatory Commission, CEBS, European Commission, IOSCO, Japan Financial Services Agency, Johannesburg Stock Exchange, Singapore Accounting and Corporate Regulatory Authority, UK Companies House, UK Department for Business, Innovation & Skills, UK Her Majesty's Revenue & Customs, and the U.S. SEC. The IASC Foundation's role in the process is to facilitate an exchange of views rather than endorse or proliferate extensions to the taxonomy.