Agenda Item

Meeting: IAASB
Meeting Location: Seoul
Meeting Date: September 21-25, 2009

XBRL

Objectives of Agenda Item

1. To receive an educational presentation on eXtensible Business Reporting Language (XBRL).
2. To obtain the IAASB’s views on matters relevant to how the consultation phase of the project should be taken forward.
3. To discuss the issue of auditor association with XBRL-tagged data and how to communicate key messages to users of XBRL data in the short-term.

Task Force

4. The Task Force comprises:
   - Craig Crawford, Chair, IAASB Member
   - Josef Ferlings, IAASB Member
   - Akira Matsuo, KPMG Japan and XBRL International Assurance Working Group Representative
   - Caithlin McCabe, IAASB Member
   - Hans Verkrujsse, Fédération des Experts Comptables Européens XBRL Task Force Representative and XBRL International Assurance Working Group Representative
   - Abdullah Yusuf, IAASB Member

Background

5. At its March 2009 meeting, the IAASB approved the commencement of a project on XBRL to explore the development a pronouncement addressing the performance and reporting expectations of the auditor in connection with audited financial statements that are accompanied by XBRL data, recognizing that it is in the public interest to take action where there is a real risk that the public may rely on XBRL data on the assumption that there has been auditor involvement with that data.

6. In approving this project, the IAASB agreed that consultation with stakeholders will be an extremely important part of the project to determine the appropriate direction to take. Equally, the IAASB should take the opportunity during consultation to raise awareness that XBRL data likely is not covered by the auditor’s report in most jurisdictions, and to communicate other
important messages about the state of development of practice in connection with XBRL data.

Activities since the Last IAASB Meeting

7. The members of the Task Force met in May, July and August 2009, to consider key issues concerning the project objectives, scope and direction. As input to those discussions:

- The project was presented at the 2009 National Auditing Standards Setters (NSS) Meeting, at which input was sought on the proposed project scope and direction, the use of XBRL in their jurisdictions, auditor responsibilities relating to XBRL data and national standard setter activities. While there was broad support for the project from the participants, it was noted that the use of XBRL varies by jurisdiction and that, with the exception of Japan, the Netherlands, and the U.S., little work has been done by national standard setters in this area to date,

- Members of IFAC’s Professional Accountants in Business (PAIB) committee were asked for their views on XBRL and the IAASB’s planned work in this area at their April 2009 meeting. Participants noted that XBRL is becoming more widespread, however, preparers’ experiences with it to date has been limited to certain countries (namely, Belgium, the Netherlands, Singapore and the U.S.). The Committee acknowledged that XBRL will have consequences for governance and internal control, in addition to the audit, but seeking assurance on XBRL data if not required by regulators may not be a priority for preparers in the current environment, as there are currently more pressing matters for them to address.

- The Task Force has received updates on the activities and deliberations of the Fédération des Experts Comptables Européens (FEE) Task Force that is exploring what FEE could do in relation to XBRL and its implications for financial reporting and auditing. (The FEE Task Force consists of 15 members from countries throughout Europe.) While the FEE Task Force believes that it is too early to consider other assurance on XBRL data, it intends to move forward in the area of XBRL as filing of financial statements in XBRL format is becoming more common in Europe. The FEE Executive recently approved a proposal to develop a FEE Policy Statement to educate the accountancy profession on XBRL and to educate third parties on the use of XBRL filings as compared to traditional (paper) filings. This Policy Statement is expected to be published in the fall.

Material Presented

Agenda Item 7-A XBRL—Issues and IAASB Task Force Proposals dated September 2009

Action Requested

8. The IAASB is asked to discuss the issues identified in the Issues and IAASB Task Force Proposals paper (Agenda Item 7-A).