XBRL: Implications for Auditors

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Agenda

A. ISAs and XBRL
B. Other Services
C. Future Impact on the Audit
D. Assurance Services
A. ISAs and XBRL

- **IAASB Staff Audit Practice Alert – January 2010**
  - Clarifies that the ISAS do not require auditors to perform procedures or provide assurance on XBRL-tagged data in the context of audited financial statements
  - Some regulators have explicitly stated the same (e.g., US SEC)
  - Expectation gap…
B. Other Services Relating to XBRL Information

- Agreed-upon procedures
  - Does not provide any form of assurance
  - Focuses on the accuracy, completeness, and/or consistency of XBRL tagging
  - Performed at the request of management
  - Restricted use report
  - Guidance issued in US and under development in the UK
B. Other Services Relating to XBRL

- Examination of the accuracy of XBRL-tagged data
- Preparation of XBRL-tagged data, where not prohibited by independence or other ethical requirements
- Assurance on the controls related to the XBRL-tagging activity
C. Future Impact on the Audit

- Should auditors perform some level of procedures in all financial statement audits?
  - Absent a regulatory requirement?
  - Is there sufficient guidance regarding the procedures to be performed?
  - How are findings evaluated for materiality?
  - How does the auditor communicate his/her association?
C. Future Impact on the Audit

- Should auditors perform some level of procedures in all financial statement audits?
  - May depend on the way in which XBRL is used (financial reporting translation, at transaction level)
  - Will XBRL tagging be considered an element of internal control over financial reporting?
  - Will filings in XBRL replace paper filings?
C. Future Impact on the Audit

- If XBRL replaces traditional paper filings...
  - How does the concept of “true and fair view” apply?
  - How does the auditor assess materiality?
  - What will the auditor provide assurance on?
D. Future Assurance Services

- Will there be a demand for a separate engagement addressing XBRL?
  - Regulators, users, other?
  - Reasonable assurance or limited assurance?
  - On the activity or on the data?
THANK YOU!