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ABSTRACTS

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Will XBRL Improve Corporate Governance? A Framework for Enhancing Governance Decision Making Using Tagged Data

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ABSTRACT

This paper puts forward the proposition that XBRL does indeed have the potential to significantly improve corporate governance. But it will only do so if those advocating XBRL understand the value chain of information of governance players and establish the role that XBRL can play in driving better governance decisions. XBRL has to be more than a distribution mechanism for data. What must be taken advantage of is its capability to enable data to be disaggregated and reformatted in a way that can lead to new insights and decision relevant knowledge.

Keywords: XBRL, XBRL-GL, corporate governance, interactive data.

* The views expressed in this paper are those of the presenter, not those of the IASC Foundation.

Mastering Disclosure Data in XBRL Through Use of Dimensions

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ABSTRACT

Now that XBRL is required for submissions to the SEC financial statement preparers need to master the more complex workings of XBRL. One area that will require special attention is reporting of data contained in disclosures. In particular successfully tagging disclosure data that is in a table format requires a mastery of "dimensions". Dimensions require extension of the base taxonomy. These extensions if not properly created will greatly diminish benefits XBRL brings to the tagging of financial data. This paper will present a discussion of how to properly create dimensions associated with tables of data contained in financial statement disclosures.

UML and XBRL GL - a Match Made in Awesomeville?

By

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ABSTRACT

The XBRL Global Ledger Working Group has been collaborating with the OMG (Object Management Group) Finance Domain Task Force to leverage the semantic value of the Global Ledger within UML-focused environments, and to bring the incremental benefits associated with UML and Model-Driven Architecture to development and implementation efforts related to XBRL GL. In this session, you will learn more about the ongoing collaborative efforts, how UML has already been a catalyst for more formalization in communicating, maintaining and developing XBRL GL, and the role the proposed "UML Profile for XBRL Global Ledger Framework" can play both as a catalyst in the adoption of XBRL GL, the maturity of XBRL GL and - perhaps - even have impact on XBRL as a whole.

Interacting with Interactive Data: The Effects of Interface and Context on Mapping Financial Statement Elements to the XBRL U.S. GAAP Taxonomy

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ABSTRACT

The Securities and Exchange Commission has mandated the phase-in of an interactive data format termed XBRL (eXtensible Business Reporting Language). Given that successful mapping of financial statement line items to the XBRL taxonomy is critical to the accuracy of the instance document, it is important to understand factors that influence mapping success. We study the impact of how the navigation method used to locate financial statement line items within the U.S. GAAP Taxonomy impacts the effectiveness and efficiency of the mapping task. In a between-subjects experiment, we investigate three navigation methods: hierarchical, direct search and the availability of both hierarchical and direct search. We assess the influence of lineitem complexity on effectiveness and efficiency as a within-subjects variable. Results indicate that the use of direct search leads to a decrease in time taken, a significant increase in incorrect answers and overconfidence in those incorrect answers. Complexity leads to a significant decline in accuracy across navigation methods. We further find that the presence of context does not affect mapping effectiveness or efficiency. The results of the study are important to corporations as they begin to prepare tagged financial statements and to financial statement consumers such as auditors, the SEC and investors.

On positioning XBRL Assurance Business Rules in a Computational Infrastructure for Modern Auditing

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ABSTRACT

The final paragraph on XBRL assurance on http://en.wikipedia.org/wiki/XBRL_assurance, by Marc van Hilvoorde (Dutch Tax Office, ex-KPMG), states:

"The XBRL standard has the ability to define business rules. These business rules can be found in different places (f.i. datatypes or linkbases) in the XBRL taxonomy. Application of these business rules will contribute to the reliability of the XBRL report. The business rules can be used by the reporting company (preparer), the taxonomy author (f.i. regulator) or the auditor."

XBRL assurance business rules appear well-suited:

1. to incorporate *executable internal controls* in 'Ist' / 'As Is' modality (preparer / internal auditor);
2. to incorporate *normative internal controls* in 'Soll' / 'To Be' modality (external auditor; integrated in a hierarchy of sector-specific business process models, with object-oriented inheritance and mix-in classes for topic-specific issues, e.g.: EDP, national/regional regulation compliance, derivatives, sustainability, etc.);
3. to specify *executable external controls*, or audit tests, confronting the 'Ist internal control' to the 'Soll internal control' (external auditor; e.g. to identify fraud risk, or to identify or mitigate weaknesses in client's internal control).

The executable controls are configurable code scripts (templates). Ideally specified in a high-level Domain-Specific Language (DSL). That automatically transforms to executable code (e.g. for ACL or CaseWare IDEA data analysis). The script configuration and activation is integrated in the audit planning process. Supported by a system architecture with interactive planning/documentation forms (Deloitte's Smart Audit Support), and, possibly, the smart flowchart. Thus giving context to data analysis tasks: by guiding the audit planning process via a top-down, situational and step-wise answering of the generic questions: "When to do which audit test?" and "What to do with the test results?".

The presentation aims at:

- introducing key concepts;
- discussing the concepts with the audience;
- discussing a following-up step and identifying participants: e.g. a pilot study with a wiki documenting and presenting illustrative XBRL cases and 'use cases'; e.g. attesting quality of segregation of duties, based on DSL (pseudo-)code for business/auditing rules.

Financial and Governance Characteristics of Voluntary XBRL Adopters in the US¹

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ABSTRACT

We examine a sample of voluntary XBRL adopters, who are using the US Securities and Exchange Commission's (SEC's) Voluntary Filing Program (VFP), and compare them to pair-matched companies based on industry, size and governance score availability. We find that these XBRL early adopters are bigger, less financially leveraged and have lower corporate governance ratings than those of the control group of non-adopting companies. These variables are also effective in discriminating between companies adopting and not voluntarily adopting XBRL in the USA. Comparisons of liquidity, profitability and external risk measures provide no evidence of group differences. We conclude that larger and visible companies that are intrinsically riskier seek to improve their corporate governance appearance by cost effectively voluntarily adopting XBRL in US regulatory and corporate environments. Despite the results relating to these early XBRL adopters, we believe that XBRL will play a significant role in both internal and financial reporting and have a significant impact on corporations, investors, analysts, regulators, and other various corporate stakeholders.

KEYWORDS: XBRL, Corporate Governance, Voluntary Adoption, SEC regulation, Financial Reporting

A SYSTEM TO QUANTIFY THE DIFFERENCE BETWEEN SUCCESSIVE FINANCIAL STATEMENTS, OR TO QUANTIFY A CHANGE FROM US GAAP TO IFRS

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ABSTRACT

The study evaluates the use of vector-based distance measures to measure the difference or distance between two sets of accounting data. Such a measure could be used by auditors as an analytical procedure, by internal auditors in continuous monitoring, by regulators wishing to quantify the difference between successive financial statement submissions, and by standard setting bodies to quantify the effect of new accounting statements or the change to International Financial Reporting Standards (IFRS).

The results showed that vector-based diagnostic measures quantified the difference between financial results in such a way that the results could be displayed and interpreted geometrically using polar plots. The favored metric was based on the difference between the two vectors scaled by the sum of the two vectors. The models were applied to a set of sales data over an extended period. The results showed that the models identified changes that were extreme when viewed graphically. Further research was encouraged.

Key Words: Vectors, accounting reports, data differences, analytical procedures

Nonprofessional Investors' Perceptions of the Efficiency and Effectiveness of XBRL-enabled Financial Statement Analysis and of Firms Providing XBRL-formatted Information

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ABSTRACT

Businesses continually invest in new information technologies (IT) for improved reporting. EXtensible Business Reporting Language (XBRL) is an example of IT that allows financial statements to be transmitted and analyzed electronically. The international business community has shown strong support for XBRL, with several countries mandating financial reporting using XBRL. However, even though organizations may be required to transmit XBRL-formatted financial statements, users of such statements would still need to choose whether or not they wish to analyze them with XBRL-enabled analysis tools. Prior research indicates that the individual user's perceptions of IT tools are frequently negatively biased and that IT tools are commonly underused as a result. If this general finding were to be true for XBRL use, it could seriously impact XBRL's diffusion into the business community.

The authors, both CPAs and accounting professors, investigate the relationship between XBRL use and perception by surveying 61 MBA students as proxies for nonprofessional investors. Results indicate that while perceptions of XBRL are generally positive, increased use of XBRL leads to more positive perceptions. Thus, organizations promoting the spread of XBRL should consider making access to XBRL analysis tools as easy and widely available as possible. Additionally, organizations that issue XBRL-formatted reports are perceived more positively than ones that do not issue such reports (a halo effect).

XBRL Citation Analysis: A Decade of Progress and Puzzle

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ABSTRACT

XBRL (eXtensible Business Reporting language) is reaching its 10th year. The concept was articulated in 1998 by Charles Hoffman, further it was formalized as XFRML (eXtensible Financial Reporting Mark Up Language). The objective of this paper is to examine a decade (1998-2008) of articles published in various publications including academic journals to identify trends and patterns. Another goal is to assess public perceptions of XBRL, its capabilities and its future. We found over 3,300 XBRL citations where XBRL appeared either in the title or abstract of the article during 1998-2008 periods. Considering that XBRL reporting is required by most SEC filers starting in 2009, the academic community has been proactive in assessing this new reporting standard and there is a trail of research to document.

Assurance on XBRL Instance Document: A Conceptual Framework of Assertions

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ABSTRACT

XBRL stands for extensible business reporting language. It is an XML based computer language for reporting business information. Starting December 2008, the United States Security and Exchange Commission (US SEC) has a proposal requiring top 500 public companies to file their financial statements with the SEC not only in the text format (i.e., in ASCII or HTML) but also in the XBRL format. The file created using XBRL language is called an XBRL instance document. Under this requirement, the filers are not required to obtain a third party assurance on the XBRL instance document. The main reason for not requiring a third party independent assurance of XBRL instance documents is to encourage filers to comply with the SEC requirement without incurring much added costs. In addition, to encourage the filers to comply with this requirement, the SEC is not holding filers legally liable of any errors in the filed XBRL instance documents so long as they look similar to the standard reports when viewed using the SEC viewer.

Even though the SEC is not currently requiring a third party assurance of the XBRL instance documents of the SEC filings, it is in the best interest of the public that these documents be assured. Although there have been efforts by both the practitioners and academics to investigate issues involved in providing assurance on XBRL documents, these efforts have been focused on the specifics of the assurance process and the difficulties involved in it; but no efforts have been devoted to developing a framework of assertions similar to the management assertions in the financial audit. Without a conceptual framework, the assurance process for XBRL instance document would be incoherent and inconsistent. This paper develops a set of assertions for providing assurance on XBRL instance documents similar to the management assertions for financial audits. Further, we discuss how such a framework would assist auditors in planning and evaluating such an engagement by collecting appropriate items of evidence pertaining to specific assertions to form an opinion whether the instance document is a true representation of the text document. We also discuss how the use of a technology would make the assurance process more effective and efficient.

XBRL and its financial reporting benefits: Capital market evidence

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ABSTRACT

XBRL is increasingly being adopted around the world as *the* standard for business and financial information exchange and reporting. As the SEC enters into the digital age, replacing the 1980s-based EDGAR system with its new system, IDEA (Interactive Data Electronic Applications) which is based on XBRL, the promises, or lack thereof, of XBRL will be rigorously examined and tested as the data become available in the future. This study provides important initial evidence documenting the benefits of XBRL to the capital markets in the U.S.. The findings of this study suggest that firms that file using XBRL experience a reduction in information asymmetry and, for those smaller firms where the information environment may be poor, XBRL plays an important role in attracting an analyst following. These results are robust after controls for endogeneity and self-selection bias. Despite the relatively small sample of firms upon which the analyses are based because of data limitations, we nevertheless provide timely evidence that will contribute to ongoing discussions amongst regulators, analysts, investors and the accounting communities around the world.

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