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November 24, 2014

To: The United States Department of the Treasury, Bureau of the Fiscal Service, C/O Ms. Ellen Hilburn

RE: Solicitation #FISCAL-2014-0004

The American Institute of Certified Public Accountants (AICPA) respectfully submits the following letter in response to the United States Department of the Treasury Bureau of the Fiscal Service Request for Information on the Public Input on the Establishment of Financial Data Standards (Data Exchange).

The AICPA is the world's largest member association representing the accounting profession, with more than 400,000 members in 128 countries and a 125-year heritage of serving the public interest. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

The AICPA sets ethical standards for the profession and U.S. auditing standards for audits of private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination and offers specialty credentials for CPAs who concentrate on personal financial planning; fraud and forensics; business valuation; and information technology. Through a joint venture with the Chartered Institute of Management Accountants (CIMA), it has established the Chartered Global Management Accountant (CGMA) designation to elevate management accounting globally.

The AICPA supports the application of data standards, and the requirements of the DATA Act to bring the benefits of data standards to government reporting. The eXtensible Business Reporting Language (XBRL) is the data standard used for



reporting financial information to banking regulators, tax authorities, and securities regulators around the globe. XBRL was incubated under the auspices of the AICPA. Today the XBRL standard is supported by the independent, not-for-profit XBRL International Consortium and its jurisdictional representatives including XBRL US, Inc. The AICPA believes that XBRL is the only available data standard to adequately meet the requirements of the DATA Act and we offer specific support for this conclusion in the responses to the questions posed in this Request for Information.

*A. Please describe or provide examples of data standards on data exchange that could ensure the data is “open.”*

XBRL is an open standard, broadly used around the world for reporting various types of business and performance-related applications. XBRL was developed by a global, industry-wide consortium of issuers, accounting firms, technologists and data consumers who came together to create a single standard for the distribution of structured business information. The technology continues to be supported by the global, not-for-profit consortium (XBRL International) of stakeholders throughout the business reporting supply chain, all with a common goal of improving business reporting.

*B. What are examples of data standards on data exchange that could ensure that “availability” goals are met?*

The XBRL standard is made up of a number of technical specifications all of which are open, freely licensed and available to the public on the XBRL International website. Since the standard is platform independent and vendor neutral, it is interoperable among different systems and can be used for many different business

reporting purposes. The XBRL International consortium maintains the XBRL specifications through an open and collaborative approach.

*C. What are examples of data standards on data exchange that could ensure the data provides efficient “business reach” to foster private sector innovation?*

Because of its widespread use around the world, the XBRL community spans internationally and is represented by stakeholders throughout the entire business reporting supply chain. This community has grown significantly over time as adoption of XBRL has expanded and more business reports are standardized using XBRL. In the United States, the XBRL data (submitted to the Securities Exchange Commission (SEC)) is available to the public; this has allowed new companies to emerge with products and services that serve the marketplace of both preparers and users of the XBRL data.

*D. Please describe or provide examples of data standards on data exchange that could ensure the implementation of appropriate “validation” processes.*

XBRL allows for files to be validated by software to ascertain that the structure of the files and the content of the data comply with certain rules. XBRL specification validation software checks that the files comply with technical rules of XBRL. This ensures that XBRL submissions are able to function and be readable by other XBRL enabled software. Business rules can also be written into XBRL validation software to check the content of the data and to test whether required information is reported, calculations are correct, and that the data is accurate.

In the US, the SEC has developed electronic systems to receive, validate, and process the XBRL files that are submitted. These systems check that the files pass the criteria that the SEC has established for XBRL submissions. Those submissions that

are not properly formatted may not be accepted by the SEC systems and are bounced back to the filer. In addition, XBRL US has developed software that can automatically perform consistency checks on the content in the XBRL file to be submitted to the SEC. This software validates that the files are consistent with the structure and definitions in the US GAAP Taxonomy. These test systems are available so that filers can run all of these checks prior to submitting the files to the SEC to ensure the quality of their XBRL data. Since XBRL allows for these types of validations, similar systems could be developed for the reporting requirements under the DATA ACT.

*E. Please describe or provide examples of data standards on data exchange that could ensure appropriate “extensibility.”*

XBRL is an XML (Extensible Markup Language)-based language that allows for the “tagging” of data points using an agreed-upon structure that defines how each element is related, either through calculation hierarchies or tables, and how the data is labeled and defined (hence the term “structured” data). This is accomplished through the use of taxonomies that provide and define the business reporting concepts. The taxonomies are developed through a collaborative approach where all parties agree upon the concepts with associated definitions, labels, units of measure, and other parameters. Since XBRL includes this common set of definitions by which all organizations tag their data, all parties creating and consuming the data will use the same underlying definitions to communicate information that enables the information to be compared from one organization to another. Furthermore, XBRL allows for flexibility where necessary, if a particular concept does not already exist in a public taxonomy, there is the ability to add elements to the taxonomy to meet the needs of any reporting situation. These extended tags can provide unique

definitions and labels so that the information can be transparent to anyone consuming the data.

*F. Please describe or provide examples of data standards on data exchange that could ensure Ease of Implementation.*

Implementing XBRL for the reporting of business information requires the development of a taxonomy to be used for the reporting application. All stakeholders in the reporting process should be involved in the development and review of the taxonomy. This group should include both intended users and preparers of the structured data. This is important because during the development process, reporting concepts will be identified and the associated labels, definitions and relationships assigned. XBRL expertise will also be required to ensure that the proper technical specification is followed and best practices are adhered to.

Another important step in the implementation process is to ensure that all participants have the proper knowledge and training to implement the standards. Accordingly, OMB and Treasury should consider engaging with XBRL US, Inc., the not-for-profit organization established to support the implementation of standardized business reporting by government and business in the U.S., to provide guidance services on the DATA Act implementation program during development. XBRL US has direct experience with developing taxonomies and implementation programs for the SEC's Interactive Data program, corporate actions, mutual fund and credit agency reporting which can be leveraged to help project stakeholders to establish a roadmap for successful implementation. XBRL US also has experience in providing training and can create a comprehensive training program for government employees who will need to implement DATA Act requirements.



*G. How would the data standards examples or descriptions on data exchange you provided in A-F above, if implemented, benefit or add value to your constituent group or pertinent stakeholders?*

The AICPA strongly believes that the use of XBRL will benefit policymakers in Congress and at federal agencies, those who do business or receive benefits from the federal government and all American taxpayers by enhancing the accessibility and transparency of federal spending information. The CPA profession is committed to the transparency and usability of reported information, and has been a strong supporter of the use of structured, standardized data, specifically XBRL, to report business information. This is because structured, standardized data has the ability not only to improve the reporting process, but also to facilitate access to and analysis of information. XBRL is a widely used data standard which has benefited from over ten years of continuous use and development in various reporting applications around the world. It is a mature standard used today for the reporting of data from government, public and private companies and financial institutions. The investments that have been made in XBRL enabled commercial applications and tools could easily be leveraged further for the reporting requirements under the DATA Act. Low cost, readily-available tools already exist in today's competitive market and can be utilized to provide the American public access to be able to understand, analyze, and communicate information on federal spending. We believe that XBRL should be utilized to meet the needs of the data reporting requirements of the DATA Act.

*H. What use cases would you anticipate or envision for information with data structured in accordance with established data standards on data exchange?*

XBRL is used by tax authorities, security regulators and bank regulators around the world who have benefited from a more efficient reporting process as well as improvements in the accessibility and transparency of the data. However, much of the reported data in other countries is used for internal purposes by the regulators, and the benefits gained from the use of structured data have not been shared with the public. Alternatively, in the U.S., the XBRL formatted information submitted to the SEC and FDIC (Federal Deposit Insurance Corporation)<sup>1</sup> is made available to the public. Over the past few years users have worked with and tested new applications and have developed new uses for this data. However, the true benefits and potential usefulness of XBRL formatted data can only be achieved when there is a sufficient amount of data to work with (i.e. multiple years of data trends). Because the data has only been provided over the last few years, we are only just beginning to see the breadth of capabilities that can be achieved through the use of the XBRL data. As more data becomes available, we can expect to see more uses for this data, many of which have yet to be discovered.

*I. What impact would established and implemented data standards on data exchange have on you, your business, constituent group or pertinent stakeholders, and investments?*

The use of data standards applied consistently to all federal spending data will allow the information to be fully accessible and publicly available. This transformation will impact CPAs in government and those who work with federal governmental entities. Because much of the information that will be required to be submitted using data standards under the requirements of the DATA Act will be transactional level data, a change to internal controls or changes in the financial reporting process

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<sup>1</sup> FFIEC Central Data Repository's Public Data Distribution web site. <https://cdr.ffiec.gov/public/>

may be required because many manual processes to reconcile and accumulate data may be eliminated. We anticipate that CPAs who work in government and those who interact with federal government entities should begin to consider the impact of applying data standards to financial information and how these changes may impact the audit process and approach.

*J. What other criteria should be considered by Treasury and OMB in establishing the data standards on data exchange?*

A robust review and validation process is important, and as part of the process some amount of manual effort to evaluate the quality of the data will be necessary. The AICPA has developed a framework and guidance for CPA practitioners to follow in performing engagements on XBRL-tagged information, and for individuals working in organizations who may use these tools to evaluate the quality of their XBRL-formatted information. These publications can serve as helpful resources in understanding the issues that may arise in the context of using data standards and to help in the development of controls and procedures that will be needed in order to evaluate the standardized information.

- The AICPA [\*Principles and Criteria for XBRL-Formatted Information\*](#) provides preparers, reviewers, practitioners and users of information formatted in XBRL a basis to evaluate the XBRL files. The principles and criteria were written in general terms and are intended for multijurisdictional use to be applied across a variety of XBRL reporting environments. These principles and criteria were developed by a Task Force of the AICPA Assurance Services Executive Committee, which recognized a need for a more consistent basis for evaluating the quality of XBRL files.



- AICPA Statement of Position 13-2, [Performing Agreed-Upon Procedures Engagements That Address the Completeness, Mapping, Consistency, or Structure of XBRL-Formatted Information](#) provides guidance for engagements in which a practitioner performs and reports on agreed-upon procedures related to the XBRL files. It is based on the application guidance of the principles and criteria in the exhibit of Principles and Criteria for XBRL-Formatted Information, tailored to the needs of issuers submitting exhibits to the SEC containing XBRL files.

We would be happy to provide copies of these documents for your reference upon request.

Sincerely,

Barry C. Melancon, CPA  
President and CEO  
AICPA

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