H.R. 2146 and S. 1222: THE DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2011

Please support and co-sponsor H.R. 2146 and S. 1222, the Digital Accountability and Transparency Act (DATA Act) of 2011.

The DATA Act creates a Financial Accountability and Spending Transparency (FAST) Board to collect spending data for all expenditures of Federal funds. It requires the FAST Board to establish a website that combines information reported by both recipients of Federal funds, including grantees, contractors, and loan recipients, and the Federal agencies themselves. For the first time, recipient-reported information and agency-reported information will be checked against one another for accuracy. The new website will also be the first to include information about Federal agencies' internal spending, such as on salaries, facilities, and equipment. It will replace three incomplete systems – the current version of USASpending.gov, Recovery.gov, and the Consolidated Federal Funds Report – with a single comprehensive one.

In order to make Federal spending information easy to search and analyze, the FAST Board is required to establish common data identifiers and electronic reporting standards for the information submitted by both recipients and agencies. The Act further states that in designating the reporting standards, "the Board shall, to the extent practicable, incorporate existing nonproprietary standards, such as the eXtensible Business Reporting Language (XBRL)."

What is XBRL and how does it work?

XBRL is a free and open standard for reporting financial and other data, and can be easily modified to meet the needs of users of the information reported. Instead of treating financial and other information as a block of text, such as that provided in an Excel spreadsheet, a paper document, or a standard internet page, XBRL provides an identifying tag for each individual item of data. This tagging is done using a recognized set of definitions. Users can customize definitions for their specific needs.

Organizations required to report information about their activities significantly reduce their compliance burden by automating the reporting processes – either through fully integrated systems or add-on systems – by extracting data without human intervention, enhancing the reliability and transparency. At the same time, because each piece of information can be separated and is computer readable, users can manipulate and analyze relevant data.

Who is already using XBRL?

XBRL is successfully in use by both the public and private sectors today. The Securities and Exchange Commission adopted final rules in February 2009 requiring public companies to submit financial statements filed in XBRL format including annual and quarterly reports, registration statements and transition reports. Using a phased-in approach based upon market
capitalization, for reporting periods after June 15, 2011, all SEC filers – more than 8,000 public companies – that use U.S. generally accepting accounting principles (U.S. GAAP) are required to submit their reports to the SEC using XBRL. The SEC also receives mutual fund risk/return summaries in XBRL format. Since 2006, the FDIC has also required that quarterly bank call reports – more than 8,500 banks – use XBRL.

Elsewhere in the United States, state governmental agencies and not-for-profit institutions have been adopting XBRL for financial and other reporting. In Nevada, the State Comptroller has applied XBRL to the grants reporting process. The Maryland Association of CPAs was able to utilize XBRL for its financial reporting with the help of a college intern and only a $1,500 software purchase. XBRL is also being used in countries worldwide, in both commercial and governmental settings, including the United Kingdom, Israel, China, Australia, Korea and Japan.

**AICPA Position**

The AICPA has long supported the development and implementation of XBRL to enhance transparency and reporting of financial and other information. The Institute further believes that users of financial and other business information benefit from data tagging, as enabled by XBRL, because interactive data allows for easier access to more transparent information. The AICPA supports the DATA Act because it requires the FAST Board to designate a common data standard, such as XBRL, thereby significantly enhancing the availability and reliability of information available regarding Federal spending. The Congress, Federal agencies, recipients of Federal funds, and all American taxpayers will benefit from access to the comprehensive and accurate information that will be available as a result of the DATA Act.

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