

## **XBRL 23 Montreal International Conference**

### **INTERNATIONAL IMPLICATIONS OF LEGISLATIVE/REGULATORY ACTIVITIES BY THE US CONGRESS REGARDING XBRL FOR GOVERNMENT REPORTING**

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THANK YOU CAMPBELL. I'M HONORED TO BE INCLUDED ON TODAY'S PANEL. OUR PANEL TODAY TOUCHES ON THE THEME OF OUR CONFERENCE -- "ENHANCING BUSINESS PERFORMANCE." TODAY WE ARE LOOKING AT ENHANCING BOTH BUSINESS AND GOVERNMENT PERFORMANCE.

IT'S ALSO AN HONOR TO SERVE AS THE INSTITUTE OF MANAGEMENT ACCOUNTANT'S CHAIR OF THE XBRL ADVOCACY AND OUTREACH TASK FORCE AND HAVE THE OPPORTUNITY TO DISCUSS BOTH THE LEGISLATIVE AND REGULATORY IMPACT IN THE UNITED STATES REGARDING XBRL AND ITS EFFECT ON XBRL GLOBAL ADOPTION. THE IMA IS ONE OF THE ORIGINAL FOUNDING MEMBERS OF XBRL AND WE ARE PLEASED TO BE INVOLVED IN THESE LEGISLATIVE AND REGULATORY EFFORTS BOTH HERE IN THE UNITED STATES AND ABROAD SINCE THE ORGANIZATION IS GLOBAL IN NATURE. THE IMA HAS ISSUED TWO PRESS RELEASES SUPPORTING THE LEGISLATION IN CONGRESS.

WE BELIEVE TODAY THAT WE ARE DEALING WITH THREE MAJOR TRENDS THAT ARE IMPACTING THE ADOPTION AND UTILIZATION OF XBRL ON A GLOBAL BASIS. FIRST, GOVERNMENTS AND THE CAPITAL MARKETS ARE DEMANDING THE NEED FOR GREATER TRANSPARENCY, ACCOUNTABILITY AND ACCESS TO IMPORTANT FUNDAMENTAL FINANCIAL AND BUSINESS DATA IN A MACHINE-READABLE FORMAT USING AN OPEN, FREELY AVAILABLE GLOBAL

STANDARD THAT IS INTEROPERABLE ACROSS ALL SOFTWARE FORMATS. MANY OF THESE ASSET CLASSES ARE FROZEN AND TOXIC BUT WE DON'T KNOW WHICH ARE VIABLE – HENCE THE NEED FOR BETTER DISCLOSURE. AN EXAMPLE IS IN THE AREA OF \$700 TRILLION DERIVATIVES MARKETPLACE WHICH IS BEING DEALT WITH ON A GLOBAL BASIS BY ALL REGULATORS.

AT A HIGH POLITICAL LEVEL – CONSERVATIVE ELEMENTS OF GOVERNMENTS ARE LOOKING AT BUDGET CUTS – LIBERAL ELEMENTS ARE LOOKING AT IMPACT OF CUTS AND PERFORMANCE BUT CURRENT ACCOUNTING SYSTEMS DON'T EXIST FOR THIS ANALYSIS TO BE USED BY BOTH POLITICAL PARTIES. XBRL CAN HELP PROVIDE BETTER TRANSPARENCY AND ACCOUNTABILITY AND POTENTIAL PERFORMANCE MANAGEMENT WHICH IS BEING EMBRACED BY BOTH CONSERVATIVE/LIBERAL ELEMENTS...

SECOND, THE CONTINUED EXPANSION OF THE INTERNET AS A GLOBAL PLATFORM FOR THE EXCHANGE OF BUSINESS AND FINANCIAL INFORMATION WITH CONSUMER APPLICATIONS SUCH AS THE IPHONE AND ITS APPS TO FACILITATE UTILIZATION OF DATA CONTINUES TO ACCELERATE. (BY THE WAY, INVOKE ANNOUNCED AN IPAD PROTOTYPE APPLICATION POWERED BY ORACLE DATA BASE FOR XBRL ANALYTICS AND GRAPHS BASED ON AN INVOKE SOLUTION YESTERDAY FOR CONSUMERS...)

THIRD, THE TREND TO PROVIDE ACCESS TO DATA TO BOTH INVESTORS AND CITIZENS TO ALLOW THEM TO MAKE BETTER DECISIONS THROUGH “CITIZEN EMPOWERMENT” AND “CITIZEN REGULATION” CONTINUES TO GROW.

SO WHAT DOES THIS MEAN FOR XBRL AND HOW DOES THIS CONNECT TO LEGISLATION BEFORE THE US CONGRESS?

AS DIANA EXPLAINED, IN THE US WE HAVE THREE LEGISLATIVE ACTIONS PENDING BEFORE CONGRESS. I BELIEVE THE US CONGRESS RECOGNIZES THAT THESE THREE GLOBAL TRENDS

NEED TO BE INCORPORATED IN BOTH GOVERNMENT OPERATIONS AND THE CAPITAL MARKETS.

SO TO THE MAIN PREMISE OF THIS DISCUSSION TODAY... WHAT IMPACT WILL PASSAGE OF LEGISLATION IN THE US HAVE ON XBRL DEVELOPMENTS ON A GLOBAL BASIS?

BEFORE I ANSWER THIS QUESTION... I WOULD LIKE TO FLIP THIS QUESTION AROUND – BECAUSE I DO NOT WANT TO PRESENT THIS ISSUE FROM THE US LEADING THE WORLD APPROACH -- IF ANYTHING, WE ARE SEEING THAT THE ADOPTION OF XBRL IN OTHER PARTS OF THE WORLD IS INFLUENCING THE PASSAGE OF THIS LEGISLATION IN THE US. ACTUAL WORKING XBRL GOVERNMENT IMPLEMENTATIONS FOR TAX, FINANCIAL REPORTING, SUSTAINABILITY, BANKING, INSURANCE IN OTHER PARTS OF THE WORLD ARE PROVIDING PROOF-OF-CONCEPT TO BOTH CONGRESS AND THE US ADMINISTRATION THAT XBRL WORKS AND IS BEING USED BY OTHER GOVERNMENTS. AND IF WE GO BACK TO THE HISTORY OF XBRL – APRA IN AUSTRALIA HAD A MAJOR IMPACT IN THE ADOPTION OF XBRL BY THE FDIC, THE US SEC, IN TURN LOOKED AT THE FDIC FOR PROOF-OF-CONCEPT... ETC... EARLIER THIS WEEK IN A PUBLIC SESSION OF THE XBRL INTERNATIONAL BOARD – GEORGE FARKAS REPORTED THAT MORE THAN 53% OF XBRL IMPLEMENTATIONS ARE BEING DRIVEN BY GOVERNMENT MANDATES; 3% BY REGULATORS AND 13% BY STOCK EXCHANGES... OVERALL 69% IS BEING DRIVEN BY GOVERNMENT/REGULATORY MANDATES AROUND THE WORLD AND THE US IS FOLLOWING THIS GLOBAL TREND...

1. SO AT A HIGH-LEVEL WHAT I WANT TO SAY IS THAT PASSAGE OF LEGISLATION IN THE US WILL ENHANCE GLOBAL ADOPTION OF XBRL IN SEVEN WAYS:
- 2.
3. 1. HELP ACCELERATE THE SHARING OF IMPLEMENTATIONS/COLLABORATIONS ACROSS GOVERNMENT AGENCIES IN OTHER PARTS OF THE WORLD. WE ARE FORTUNATE

THAT XBRL INTERNATIONAL HAS THE GOVERNMENT/REGULATORY SPECIAL INTEREST GROUP (GRSIG) THAT COULD BE EXPANDED AS WE HAVE MORE GOVERNMENTS COMING ON BOARD WITH XBRL – WANTING TO SHARE INFORMATION AND BEST PRACTICES.

4.

5. 2. PASSAGE IN THE US WILL HELP ACCELERATE STANDARD BUSINESS REPORTING (SBR) EFFORTS ... THE US IS NOT A COMPLETE SBR BUT BEGINNING OF THE EARLY STAGES OF SBR...AS THIS BUILDS-OUT THIS WILL HELP EXPAND THESE EFFORTS. THE DISCUSSION IN BEIJING LAST YEAR REGARDING CHINA ON XBRL FOR GOVERNMENT AND CAPITAL MARKETS WAS AMAZING AND AN IMPORTANT MILESTONE IN XBRL DEVELOPMENT HISTORY...AS CHINA ANNOUNCED A NATIONAL CORE XBRL TAXONOMY SUPPORTED BY THE MINISTRY OF FINANCE TO BE MANDATED ACROSS NINE MINISTRIES INCLUDING BANK, INSURANCE, TAX, INTER-GOVERNMENT REPORTING.

6.

7. 3. PASSAGE SHOWS THAT XBRL IS BEGINNING TO BE MOVED INTO OTHER NEW AREAS OF REPORTING – THE CHILD WELFARE AND FAMILY SERVICES ACT IS EXCITING. IT'S THE FIRST OF ITS KIND ON A GLOBAL BASIS...USING XBRL FOR SOCIAL PROGRAM REPORTING AND POTENTIALLY PERFORMANCE MANAGEMENT – AS KIM WALLIN SAID... WE ALSO NEED TO KNOW WHO IS NOT BEING COVERED BY THE GOVERNMENT. WHO IS FALLING THROUGH THE CRACKS...

8.

9. 4. PASSAGE OF HR 6038 (LAST CONGRESS) WILL HELP EFFORTS TO MOVE XBRL INTO BANKING, INSURANCE AND SECURITIES MARKETPLACES – INCLUDING MBS, CDS AND DERIVATIVES.

5. PASSAGE WILL HELP ACCELERATE THE DEVELOPMENT OF GLOBAL ACCOUNTING STANDARDS AND GLOBAL COLLABORATIVE EFFORTS

6. AT A HIGH LEVEL WE ARE SEEING TAX REPORTING MANDATES TO BE THE LARGEST MANDATES GOING INTO EFFECT – UK/GERMANY. TAX REPORTING HAS NOT HIT THE US BUT IT COULD SHORTLY. THE DATA ACT HAS A PROVISION THAT LINKS THE IRS FOR TAX

EXPENDITURE REPORTING. THIS IS A SMALL CRACK THAT COULD BE EXPANDED...

7. OVERALL, THE DATA ACT WILL COST ACCORDING THE CBO AN ESTIMATED \$675 MILLION – COULD APPROACH \$1 BILLION OVER A THREE YEAR PERIOD - FOR BOTH STATE AND FEDERAL PLATFORMS THAT COULD UTILIZE XBRL – THIS COULD HAVE A MAJOR SHOT IN THE ARM FOR XBRL VENDORS AND CONSULTANTS AND STIMULATE FURTHER XBRL ADOPTION.

OVERALL WE HAVE A TREMENDOUS OPPORUTNITY TO JUMP-START XBRL IN THE US & ABROAD THROUGH THESE LEGISLATIVE ACTIONS. WE MUST WORK TOGETHER AND COLLABERATE ACROSS ORGANIZATIONS, MEMBERSHIP AND REGUSLATORY COMMUNITIES TO MAKE THIS HAPPEN AND GAIN APPROVAL IN THE US CONGRESS.

THANK YOU CAMPBELL FOR THIS OPPORTUNITY TO DISCUSS THE INTERNATIONAL PERSPECTIVE AND ITS IMPACT ON ALL MEMBERS OF THE XBRL COMMUNITY.