

XBRL <<<<<<<

By Michal Piechocki

Standard Business Reporting: Modern Language of Governments

When Paul Madden, program director of the Australian government's Standard Business Reporting (SBR) Program, reconfirmed at the 21st XBRL International Conference in Beijing that the expected annual savings for Australian businesses would top A\$800 million in the coming years, thanks in part to the use of the eXtensible Business Reporting Language (XBRL) standard, many of the 700 participants wondered: Is this another governmental post-crisis declaration or something that businesses could actually benefit from?

Madden's statement, reinforced by the National Bank of Belgium's already-realized annual savings of €17 million (with a further €40 million expected), together with announcements from regulatory bodies in the U.K., the Netherlands, Singapore, New Zealand, Brazil, and Taiwan, told the participants that something is going on among governments worldwide regarding the common business reporting language, XBRL, and SBR.

The recent economic crisis and trust meltdown imposed new challenges on governments to demonstrate that their market and business environments were

not only safe but also competitive, less burdensome, and supported by proactive regulatory programs that help businesses survive and grow through difficult times. Among many well-known efforts—including bailouts—some governments took more-demanding approaches: simplifying the business environment, streamlining communications within/ across governments, and, above all, reducing the reporting burden for enterprises. The SBR idea, which emerged even before the crisis, builds on this foundational assumption: Government's role in part is to help businesses develop, not build hurdles and impose new burdens.

Reducing Burdens

The concept of a long-term program that reduces administrative and reporting burdens for corporate entities through the use of a common, electronic, business-to-government (B2G) and government-to-government (G2G) language (based on the XBRL standard) was introduced in 2004 in the Netherlands by the Ministries of Finance and Justice. In a similar manner, the Australian Treasury launched its project about analysis of

reporting burdens and established a cooperative initiative initially embracing five agencies: Tax Office, Bureau of Statistics, Securities and Investments Commission, Prudential Regulation Authority, and NSW Office of State Revenue. The Australian initiative, branded the Standard Business Reporting Program, soon developed into a holistic approach to governmental communication with B2G and G2G sharing of data received from enterprises, the goal of which is to simplify and streamline the exchange of business information.

The idea of SBR is simple: Corporate entities are required to provide numerous financial and nonfinancial reports and data sets to a variety of government agencies and bodies. Often these reports contain similar or even identical information within one agency field of supervision or across different business reporting areas, but they differ in terms of formats, structures, or transmission methods. Thus, compliance with regulatory reporting requirements results in increased time and cost burdens that hinder development of large and, even more importantly, small and medium-sized enterprises. On the other hand,

government entities waste time on confirming the nature, understanding, or interpretation of data they receive through numerous communication channels.

Addressing these challenges, SBR Australia decided to use the XBRL standard and create a harmonized XBRL taxonomy that would be integrated into accounting software packages. In preparing to implement SBR, Australian agencies consolidated their reporting requirements; eliminated “nice-to-have,” “just-in-case,” and duplicate data; and clarified the nature of information collected from businesses. As a result, businesses are asked to submit data that is then normalized, harmonized, and populated into standardized regulatory reports so agencies receive consistent data sets, allowing them to perform instant supervisory checks and analysis. The results? Strong evidence that harmonization of 95 reports collected across 12 agencies led to 70% reduction from more than 9,000 reportable items to less than 3,000. Not surprisingly, the initial focus on data soon evolved into revision of broader business processes and resulted in their

simplification or enhancement for businesses and government agencies.

Unlike with closed government initiatives, SBR leaders decided that the SBR effort might fail to deliver expected results unless they involved the market. Hence, from early on, accounting software vendors, accountants, auditors, and other stakeholders were invited to actively participate in shaping the SBR process. For instance, the SBR XBRL taxonomy was exposed for comments and public review through an advanced online feedback submission system. Periodic events were organized to update key interest groups and make them familiar with the program’s objectives. While friendly skepticism is a common attitude toward e-government initiatives, early signals from Australian stakeholders proved SBR to be a welcome step forward.

Other international organizations soon noticed Australian, Dutch, and other SBR efforts. In July 2009, the Taxpayer Services Sub-group of the Organisation for Economic Co-operation and Development (OECD) Forum on Tax Administration issued a “Guidance Note on Standard Business Reporting.” The report

explained the SBR approach, goals, and implementation roadmap; outlined key benefits; and introduced international SBR projects currently in development. The report stressed the importance of policy leadership and involvement of the private sector (e.g., filers, accounting software vendors) in order to achieve SBR objectives. Among the already-mentioned SBR benefits, the OECD paper noted streamlined processes of passing and aggregating data across internal departments, offices, and business units of a company; increased interoperability of finance applications; better interaction with banks for loan application and risk systems; and improved data quality.

Responding to growing interest from other countries, SBR Australia initiated a Standard Business Reporting Forum in which leading government bodies meet to discuss their strategies, experiences, and approaches toward reduction of business reporting burdens. The Forum, open to any government agency considering SBR, is supported by a new XBRL International Regulatory/Government Special Interest Group established to

continued on page 61

XBRL

continued from page 57

advise the XBRL International Board on the XBRL standard's development.

New Challenges for Accountants?

Will SBR programs impact accountants and management accountants? A simplified, enhanced approach to compliance with regulatory requirements will give companies more opportunities to focus on key internal reporting and internal financial management areas. Similarly, the SBR approach of "wiring" regulatory data sets to internal systems will require assistance from CMA®s (Certified Management Accountants) to facilitate streamlined organization of internal reporting processes. Whether or not CMAs will grasp the opportunity to use reference data and processes models of SBR to reengineer internal financial procedures and enhance internal frameworks may remain a question for a few years. Nevertheless, SBR already opens the management accountant's world to new perspectives. Those willing to embrace new opportunities are invited to visit the IMA® XBRL Resources site and contact the IMA XBRL Advisory Committee for more information at www.XBRLResources.org. **SF**

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