

Good Morning, Mr. Chair and Members of the Committee. For the record, I'm Kim Wallin, the elected Nevada State Controller, Treasurer of the National Association of Comptrollers, a member of NASACT (National Association of State Auditors Comptrollers and Treasurers), and also the former Global Chair of the Institute of Management Accountants which was one of the founders of the interactive data standard called XBRL.

This morning I want to talk to you about how grant reporting can be improved through standardization and the use of a widely used, freely available interactive data standard.

Standardization is an important factor in improving transparency and accountability. In order to be able to compare apples to apples, the federal government needs to standardize the information that's being reported from agency to agency. To give you an example, the Department of Agriculture classifies fuel in lawn mowers as a "supply" and fuel for trucks as "fuel." Other agencies call all fuel, "fuel."

There is some precedent in this effort already. In 2004, a document was circulated that laid the foundation for a standardized data framework across agencies. It was called "Uniform Data Elements and Definitions for Grant Budgeting and Financial Reporting Version 1," so we wouldn't be starting from scratch.

XBRL is the standard data framework that I recommend using for grant and contract reporting as well as the other reporting requirements under the proposed bill. XBRL is non proprietary and widely used around the world already by governments and the corporate community. XBRL complies with accounting principles and can be easily updated as new requirements come along. XBRL is about using good business best practices.

XBRL helps us achieve our goals to improve transparency, reduce redundancy, streamline processes, save money and lower the compliance burden on states I want to stress that XBRL is not software or a product. It's a standard format for data that gives it information structure and meaning. It is freely available, and can be incorporated into all software tools much like how the html standard is used for building Web pages.

Let me share with you Nevada's experience with XBRL. A few years ago the Nevada Department of Agriculture was testifying and asking if they could have standardized reporting. Immediately I looked at the XBRL standard because it's all about standardized reporting. We conducted a case study where we took two of our larger EPA grants and used XBRL for their grant reporting. Before the pilot, it took two weeks to prepare a typical report. Using XBRL, our reports took only one day to complete – and in some cases, less than one hour! XBRL helped meet the goals of the Department of Agriculture: timely and accurate data; stronger internal controls; reduced costs; standardized systems; seamless data exchange; streamlined business processes and consistent data elements. In addition, XBRL is scalable, adaptable, and saves precious time.

A big concern from the State's perspective to implement this new proposed legislation is the cost of compliance. I have not had an opportunity to survey my peers in NASACT on what they think the additional cost of this proposed legislation would be. Besides asking for money to help the States comply with the additional reporting and oversight, we need to find a way to streamline and eliminate redundant reporting and standardize the grant reporting requirements between all agencies.

One way we could reduce the cost of compliance the reporting burden and at the same time improve transparency and accountability would be to have a single data repository where States would report. I envision this being similar to a white paper I wrote on using XBRL for the Nevada Business Portal. With such a portal, businesses only have to register in one place and all of their business registrations and tax reporting can be fulfilled at that one site. Many countries around the world are evolving to these highly efficient business portals. Australia now has a government-wide business portal and they estimate businesses are now saving more than \$800 million in compliance costs annually as a result of using this portal.

If States could report through a similar single repository, the federal agencies could go to that repository and generate the reports they need easily and cost effectively. This would eliminate redundant reporting in multiple formats that States are currently required to do. This will save millions of dollars in compliance costs for the States and free up resources to allow more time to be spent on analytics and reducing improper payments.

By using the XBRL interactive data standard, federal agencies would be able to generate the reports that they need and not have to spend millions buying rigid, inflexible proprietary software systems. They would also have more time to spend on analytics to look for fraud, waste and abuse.

Had XBRL been used for ARRA reporting, it would have reduced compliance costs for the States, improved data integrity and enhanced transparency. When States began reporting under the ARRA requirements, the Recovery Board was still making changes to the template an hour after the reporting site opened. This caused errors to be made by the States. . Had they had been using XBRL; the Recovery Board could have made changes behind the scenes that would not have impacted the States.

To give you another example of the benefits of using XBRL at a government agency: the FDIC has been using XBRL for many years for its monthly bank call reports. When the FDIC changes what they want to see in a "call report" they change it on their reporting site. Banks don't have to go and change their systems and most times they don't even know there has been a change. The FDIC saw the error rate go from having 30% errors to zero and data quality improving from a low of 66% to now a high of 95% and reporting time decreased from weeks to a day.

XBRL goes beyond reporting and provides the mechanism to sort through mountains of information and to help governments to make informed decisions. Using XBRL will improve transparency, accountability and give citizens and government officials alike better access to how we are spending taxpayer dollars and what we are doing with it.

Thank you.

## Kim R. Wallin, CMA, CFM, CPA

Kim Wallin is a native Nevadan and is the first CPA to be elected to the office of Nevada State Controller in 50 years. She is the first CMA (Certified Management Accountant) to hold this office.

Kim is currently a member of the AGA Partnership for Intergovernmental Management and Accountability Steering Committee, a Director on the NASC Executive Committee and Member of the IMA XBRL Committee. In addition she is a member of the Institute of Management Accountants, AICPA, NSCPA, NASACT and AGA.

Kim has recently been appointed to President Obama's Federal/State Advisory Committee on Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments. This committee is dedicated to promoting more effective government by reducing unnecessary regulatory and administrative burdens and redirecting resources to services that are essential to achieve better outcomes at lower costs.

Kim has also served on a workgroup that was formed by an Executive Order to address improper payments. Nevada was one of only three States that were asked to serve on the workgroup.

In September 2003, *Accounting Today* recognized Wallin as one of the 100 most influential people in accounting in the country. In September 2006 she was named "Woman CPA of the Year" of the entire country by the American Women's Society of CPA's.

Kim is the former Global Chair of the Institute of Management Accountants (IMA), 2003-2004 and she served as Chair of the Board of Regents of the ICMA.

Wallin graduated from UNLV with a degree in Business Administration with a major in accounting.