

V INTOSAI Knowledge Sharing Steering Committee Meeting

Delhi, India

September 16 and 17, 2013

Annual Report of the Working Group on Public Debt

Mr. Juan Manuel Portal, Auditor General of Mexico

Chair of the Working Group on Public Debt

Dear colleagues,

Hereby, I am pleased to present the annual report of the Working Group on Public Debt, since the IV INTOSAI Knowledge Sharing Steering Committee Meeting in Luxemburg, in September 2012, including modifications in its membership, which now also consists of the Supreme Audit Institutions from China, India, Indonesia, Moldova y Romania and most recently India, which have received the unanimous support from our members in order to join the activities of the Working Group

In our last WGPD meeting held in May, 2013 in Santiago, Chile we had a great response from the Working Group members as we welcomed 41 participants from 17 members SAIs, namely; Argentina, Brazil, Chile, China, Egypt, Fiji, Finland, India, Indonesia, Korea, Mexico, Moldova, Portugal, Russian Federation, United States, Ukraine and Zambia, as well as representatives for the IDI. Also, we were honored for the participation of special guests from the World Bank and the Inter-American Development Bank.

First of all, in addition to the collaboration with the IDI, our membership comprises 24 Supreme Audit Institutions. During this year, the Swedish National Audit Office decided to end its cooperation with this INTOSAI instance, due to an institutional strategy. We appreciated the technical collaboration offered by them, including their generous support in hosting the Working Group's 2002 meeting in Stockholm.

I would like to note the report and presentation made by the Supreme Audit Institution of Mexico, Chair of the Working Group, during the XXII General Assembly of the Latin American and Caribbean Supreme Audit Institutions Organization (OLACEFS), held from November 5 to 10, 2012 in Gramado, Brazil, in order to continue with the disclosure and awareness labors regarding the activities we carry out and the value of the public debt audit.

Additionally, I want to mention the cooperation with other INTOSAI instances. It is worth mentioning the IDI's work on public debt, in particular the *Transregional Capacity Building Program for Audit of Public Debt Management*, which objective was strengthening the SAIs' institutional capacities and, thereby, has also contributed to the sound public debt management and audit.

Due to the impact of this program and the results achieved, specifically in the last decade, the mutual interest of the IDI and the Working Group to continue collaborating, and the needs and capacity building requirements identified in the INTOSAI community, the last year we addressed and approved in Helsinki a proposal suggested by the IDI to jointly explore the feasibility of developing a capacity

building program focused on the audit of legal frameworks for the public borrowing. At this meeting we will know directly from IDI the initial progress and working plans expected in the matter.

Also, as some of you might remember, in April 2012, in Washington DC, there was a joint meeting of the Working Group with members of the former Task Force on Global Financial Crisis. At that time, the Working Group members reported about our mission, strategy, products and ongoing activities, achieving proper coordination with the Task Force, in order to promote cooperation and analysis related to public debt issues from various perspectives.

With a shared mission to promote measures to either prevent future financial crises or mitigate its impact, particularly in developing countries, it was agreed that the Working Group would keep their lines of action to consolidate itself as a forum for sharing lessons learned and good practices on government auditing related to public debt.

Regarding the investigations conducted by the Working Group, I point out the progress of two projects led by the SAIs of Brazil and Mexico: *"Evaluation of Information Systems related to Public Debt Management"* and *"Debt Management Office"*. Both documents received feedback from members of the Working Group and have been approved by the Chair of Goal 3 Steering Committee, Knowledge Sharing. It is worth mentioning that the investigation conducted by the SAI of Brazil is now ISSAI 5450 and is in its exposure period, in line with the Due Process for INTOSAI Professional Standards, which will be presented for its final approval in 2016, during the XXII INCOSAI.

In addition, the investigation led by the SAI of Canada, *"Government Support during Financial Crisis: Impact on Public Debt and the Potential Roles for SAIs"*. This document was submitted to the former Task Force on Global Financial Crisis, as a contribution of the Working Group on Public Debt to their work, given that the content addressed concern the long-term financial sustainability in an aspect of government regulation.

Also, I emphasize the efforts made by the SAI of Ukraine and the United States of America regarding the studies on *"Contingent Debt"* and *"The Impact of Financial Crisis on Public Debt"*, respectively. The analysis in both subjects finished last year and are available as a reference for future research of the Working Group.

I would like to highlight that the study of the SAI of Ukraine has contributed to the design of a proposal to implement coordinated and parallel audits on public debt. After an analysis process, a numerous subgroup of member SAIs were interested in the subject, under the leadership of our colleagues from Ukraine, they have progressed on the initiative called *"Coordinated Parallel Audit of Public Debt Management Information Systems"*.

The conceptual framework of this project was discussed in our 2012 meeting, and in today's meeting we will know the progress and key stages and dates referred to the development of this new initiative.

Regarding the International Standards of Supreme Audit Institutions (ISSAIs) harmonization project, the Working Group continued its work on the revision of the existing standards on public debt. This effort was aligned to certain criteria and to a defined working program, and was executed by teams established within the Working Group.

These are examples of the constant activity that the Working Group has regarding the development and updating of researches, studies and analysis.

During the 2012 meeting, we addressed the need to review the WGPLD Strategic Plan. In an initial analysis, the SAI members of an internal Task Force responsible for the review, SAIs of Austria, Lithuania, Mexico and Portugal, asked us to consider whether it was necessary to develop a new Strategic Plan, due to the progress registered and the coordination with other INTOSAI instances.

It seems that because of the guide that the Strategic Plan Working Group has confirmed, this would not require a deep development of our activities, but at least an update on current issues in INTOSAI, particularly considering the work implemented by a Task Force on Strategic Goal 4, International Model Organization, to assess the validity of the Organization plan valid until 2016.

However, in this aspect of continuous improvement, we will apply a second Survey about the Impact of the Working Group on the INTOSAI community. The first exercise, as you may know, was made in 2005 and proved to be a useful input to strategically focus the efforts of the Working Group. The original questionnaire proposal has been reviewed in the light of the development of a database with SAIs information, a systematic draft survey will be presented for its approval to ensure the collection and regular availability of information updated public debt.

I conclude highlighting the participation, productivity and commitment of all members SAIs of the Working Group, which have advanced in achieving the objective of INTOSAI on knowledge sharing on auditing public debt.

Ladies and gentlemen, thank you very much.

Mr. Juan M. Portal, CPA
Auditor General of Mexico and
Chairman of the INTOSAI Working Group on Public Debt

Request presented before the members of the KSC Steering Committee:

1. To take note of the Working Group's annual report.
2. To take note of the development of the ISSAI 5450 - Guidance on Auditing Public Debt Information System, that will be presented in the 2016 INCOSAI for its final approval.