

64th Meeting of the INTOSAI Governing Board

Beijing, China
October 21, 2013

20 A – 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 63rd INTOSAI Governing Board meeting in Chengdu, in October 2012. Since then, new members have been incorporated. In particular, we have welcomed the Supreme Audit Institutions from China, Indonesia, Moldova y Romania and most recently India. Currently, we count on 24 member SAIs.

In our last WGPLD 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.

During this year, the Swedish National Audit Office decided to end its cooperation with the Working Group. We would like to seize this opportunity to express our gratefulness for the technical collaboration offered by them, including their generous support in hosting the Working Group's 2002 meeting in Stockholm.

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

On the other hand, 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, respectively, 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. In this context, the investigation conducted by the SAI of Brazil has been classified as ISSAI 5450 and, currently, it is under the exposure period according to the Due Process for INTOSAI Professional Standards, which will be presented for its final approval in 2016, during the XXII INCOSAI.

In addition, I would like to inform that the investigation led by the SAI of Canada, "*Government Support during Financial Crisis: Impact on Public Debt and the Potential Roles for SAIs*" 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 an analysis on the long-term financial sustainability in connection with government regulation tasks.

Also, I would like to 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 on both subjects finished last year and is 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 an initiative called "*Coordinated Parallel Audit of Public Debt Management Information Systems*" and parallel audits on public debt. After an analysis process, a subgroup of member SAIs were interested in the subject.

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 the specific work program established by our members.

Finally, I conveyed to you that 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 the INTOSAI database . A draft survey will be presented for its approval to ensure the effective collection of requests, concerns and expectations on the Working Group activities.

I conclude highlighting the participation, productivity and commitment of all members SAIs of the Working Group.

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 Governing Board:

1. 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.