

WORKING GROUP ON PUBLIC DEBT TRI-ANNUAL REPORT

Beijing, China
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Mr. Juan Manuel Portal, Auditor General of Mexico
Chair of the Working Group on Public Debt

Dear colleagues,

I am pleased to present the tri-annual report of the Working Group on Public Debt, since the XX INCOSAI held in Johannesburg, South Africa in 2010.

During the last three years, the INTOSAI Working Group on Public Debt (WGPD) has kept a steady pace in its endeavors, thanks to the continuous efforts of our 24 current members. We welcomed the SAIs of China, India, Indonesia, Moldova and Romania and we thank as well the worked done and the contributions given by the SAIs of Canada, Sweden and the United Kingdom, who left the Working Group.

The difficulties stemming from the present economic and financial crises have brought to our attention the size of the responsibility bestowed upon our Working Group by the INTOSAI community, which expects to receive a valuable input on public debt auditing, in order to better face these demanding new challenges

During this period, we have highlighted the importance of the sound public debt management for global economies, as well as the relevance of its supreme auditing in the national checks and balances systems. In this regard, we have also emphasized the tasks of our Working Group, which has become a forum to share lessons learned and good practices in government auditing related to public debt, and to promote measures to either prevent future financial crises or to mitigate its impact on public debt, particularly in developing countries.

We want to acknowledge the interest shown by several international organizations such as the World Bank, the Inter-American Development Bank, the UNCTAD, as well as governmental local bodies, as they have participated actively in our annual meetings, exchanging their experiences and good practices.

This report describes the activities performed by the WGPD since 2010, including three annual meetings and the definition of the investigation themes of the Group, the presentation of official products, the Group's Strategic Plan 2011-2016, and the development of International Capacity Building Programs on Public Debt Auditing in collaboration with the IDI.

The WGPD met in Vilnius, Lithuania in 2011, in Helsinki, Finland in 2012 and in Santiago de Chile, in 2013. During these meetings, the attending SAIs offered reports and presentations regarding several investigation themes. It is important mentioning that these themes are developed by a leading SAI

with the cooperation of several of the WGPLD members, which present their progresses, debate on their findings and present the updated versions of the discussion documents to the Group for their consideration and comments. We can 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". The investigation conducted by the SAI of Brazil is now ISSAI 5450 and, currently, it is under the exposure period, according to the Due Process for INTOSAI Professional Standards.

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 Working Group on Financial Modernization and Regulatory Reform, 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.

In addition, we 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 were finished last year and are available as a reference for future research of the Working Group.

The investigation regarding the "Risk assessment and reduction of probable effects on debt structure", led by the SAI of Yemen is still in process and, the one related to the "Assessment of human resources employed in debt contracting", conducted by the SAI of Fiji, has been included as sub-theme of the investigation on Debt Management Office led by the Mexican SAI.

Likewise, the SAI of Ukraine has designed a proposal to implement coordinated and parallel audits on public debt called "*Coordinated Parallel Audit of Public Debt Management Information Systems*", which is now underway.

Due to the impact of the *Transregional Capacity Building Program for Audit of Public Debt Management* developed by the IDI and the results achieved, specifically in the last decade, the mutual interest of the IDI and the Working Group to explore the feasibility of developing a capacity building program focused on the audit of legal frameworks on public debt.

Regarding the Working Group's Strategic Plan, we addressed the need to review it, in order to evaluate the possibility of developing a new one, due to the progress registered and the coordination with other INTOSAI bodies. The SAIs of Austria, Lithuania and Portugal to, together with the SAI of Mexico, have undertaken this task.

As a way to identify the needs of INTOSAI community on new products, we will apply a second Survey about the Impact of the Working Group on the INTOSAI community, following up the first survey made in 2005, which proved to be a useful input to strategically focus the efforts of the Working Group.

In relation to the cooperation with other INTOSAI entities, 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 (now Working Group on Financial Modernization and Regulatory Reform), in order to achieve proper coordination with the Task Force, to promote cooperation and analysis related to public debt issues from various perspectives.

As for the International Standards of Supreme Audit Institutions (ISSAIs) harmonization project, the Working Group continues 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 headed by SAIs that led the original research.

We want to acknowledge the Working Group's member SAIs, for their participation, productivity and commitment to our Organization's goals, expecting that these efforts will prove to be useful for the INTOSAI community at large.

Ladies and gentlemen, thank you very much.

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