

AGENDA ITEM 18A
Annual Report of the INTOSAI Working Group on Public Debt (WGPD)

Dear members of the INTOSAI Governing Board,

I am pleased to present, on behalf of Mr. Juan M. Portal, CPA, Auditor General of Mexico and Chairman of the Working Group on Public Debt, the report of this entity's activities since the Governing Board's meeting in 2015.

The Working Group's 2016 meeting took place from July 5 to 7, in Nanjing, People's Republic of China, with the participation of 30 delegates representing 14 member SAIs¹. Representatives from other stakeholders, including the IDI and the World Bank also attended the meeting.

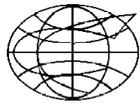
The Accounts Chamber of the Republic of Azerbaijan recently joined the Working Group, so its membership now comprises 25 SAIs. This quantity could shortly increase considering a request from the State Audit Office of Georgia to be admitted as new member.

During the last years and following the Due Process, the Working Group has revised the existing professional standards on public debt auditing to ensure its validity and relevance. The revision of ISSAIs 5410, 5421, 5422, 5430, and 5440 has concluded. Since the changes made to these ISSAIs are not of substance, but mainly refer to minor editorial changes, there is no need to expose them for comments by the INTOSAI Community. While their English version are already posted on the Working Group's Website, the Working Group's Chair is currently completing their translation into the remaining INTOSAI official languages.

Stemming from this revision process, the Working Group proposed the withdrawal of ISSAI 5420 from the INTOSAI Standards Framework. This recommendation has been endorsed by the KSC Steering Committee. Additionally, in fall 2016 the Working Group started the update of ISSAI 5411, as it will also be subject to the 5-year revision.

In relation to the drafting of guidelines and other material to be used by SAIs to encourage the sound management, proper reporting, and auditing of public debt, I am glad to inform that the project ISSAI 5450 *"Guidance of Auditing on Public Debt*

¹ SAIs of Austria, Azerbaijan, China, Fiji, Finland, India, Indonesia, Korea, Mexico, Moldova, Portugal, Romania, Russian Federation, and Zambia.



Information System” has been concluded. Its draft version was subject to two exposure periods, which were conducted in 2013² and 2015³.

The Working Group members confirmed that the exposure comments had been appropriately reflected in the revised version, which was endorsed by the KSC Steering Committee during its 8th annual meeting, in September 2016. In this regard, I hereby present this draft ISSAI, in the five INTOSAI languages, for your endorsement, so that it could be submitted to the INCOSAI for final approval as a new international standard on public debt auditing.

As mentioned last year, this Working Group conducted a “Coordinated Parallel Audit of Public Debt Management Information Systems”⁴. Its objective was to assess the appropriate implementation of management and control process in relation to the efficiency of Public Debt Management National Information Systems. The final report of this initiative, including the audit team’s recommendations to their respective governments, is posted on the Working Group’s Website. I would like to point out that this initiative was carried out considering not only on the “*Guidance for Conducting a Public Debt Audit*”, developed by the IDI in collaboration with this Working Group, but also on the draft ISSAI 5450.

With regard to SAIs’ capacity building efforts, the Working Group provided technical support to the IDI for the execution of a Trans-regional Programme on Strengthening Public Oversight and Audit of Sovereign Lending and Borrowing Frameworks⁵. Its objective was to strengthen the professional and institutional capacity of participating SAIs in conducting in-depth and effective audit of lending and borrowing frameworks, which in turn would result in influencing effective sovereign lending and borrowing practices. Its report is also available at the Working Group’s Website for your reference. During the last months and in 2017, a compendium of findings and a summary and analysis of the findings from the programme will be drafted by the IDI in coordination with the Working Group. They will also update the guidance on public debt auditing and a Quality Assurance mechanism.

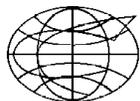
Another joint project is the development of a community of practice for public debt auditors (the so-called PDA platform), which will be hosted within the KSC-IDI portal (<http://intosaicommunity.org/>). The Working Group and IDI will define the

² First exposure period: July to September, 2013, with comments received from 22 SAIs: Argentina, Australia, Canada, Chile, China, Honduras, Hungary, India, Kazakhstan, Kuwait, Latvia, Malaysia, Moldova, Netherlands, Oman, Poland, Thailand, United States of America, United Arab Emirates, United Kingdom, Vietnam, and Zambia.

³ Second exposure period: January to March 2015. Inputs received from 4 SAIs: Australia, India, Mexico, and the United States of America.

⁴ Participating SAIs: Brazil, Bulgaria, Fiji, Georgia, Moldova, Romania, Ukraine, Yemen, and Zambia. Observers: SAIs of China, Egypt, Mexico, and the Russian Federation.

⁵ Executed from 2012-2015.



corresponding work plan to design and develop this platform, which is aimed to promote the capacity development of SAIs about public debt auditing.

As you know, the SAI of Mexico has chaired this technical entity since 1991, when the formerly known Public Debt Committee was created, by a decision of the INTOSAI Governing Board at its 35th meeting. After almost 25 years, the Working Group's Chair has called for nominations to occupy this honorable position. We are confident that a renewal will bring new perspectives to continue effectively addressing the Working Group's agenda, considering its relevant contribution to the INTOSAI community.

Following a call for candidates in 2015 and a consultation process in 2016, the Working Group members approved a SAI's application to take over the WGPD Chairmanship from 2017 onwards, having the INCOSAI as the ideal setting to hand over the Chair. Unfortunately, just three weeks ago the SAI of Mexico received a communication from the referred SAI declining its nomination, which in turn has compromised not only the continuance of the Working Group's projects⁶, but also this entity's existence.

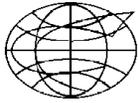
Therefore, the Working Group's Chair, in coordination with the KSC Chair and the INTOSAI General Secretariat, immediately launched a global call for candidates, which deadline is December 15, 2016. Given this situation, I hereby propose the INTOSAI Governing Board to make a *per capsulam* decision to endorse the SAI volunteering to take over this Working Group's Chair.

Last but not least, I want to recognize the SAI of Mexico for its active participation and commitment leading the Working Group, and for the different initiatives conducted and products provided throughout the last two decades and a half to the community of SAIs.

Ladies and gentlemen, thank you very much.

Mr. Shashi Kant Sharma
Comptroller and Auditor General of India
Chairman of the Steering Committee of the
Committee on Knowledge Sharing and Knowledge Services (KSC)
December 6, 2016

⁶ Ongoing/pending projects include: (1) the revision of the Working Group's Strategic Plan, so that it could be updated considering new developments and challenges regarding public debt auditing, and also aligned –to the extent possible– to the new INTOSAI Strategic Plan 2017-2022; (2) the development of a guidance (draft INTOSAI GOV) to establish an effective public debt management office, according to international good practices; (3) additional guidance material for public debt auditors, particularly regarding the stages of debt authorization and contracting, and (4) the continuance of collaborative relationship with the World Bank Treasury, the OECD, and other stakeholders.



Motions for endorsement by the members of the INTOSAI Governing Board:

1. To take note of the Working Group's annual report, including the current global call for nominations to take over the Working Group's Chairmanship from 2017 onwards.
2. To endorse the document "*Guidance on Auditing Public Debt Information System*", so that it could be submitted for the 2016 INCOSAI's approval as new ISSAI 5450.
3. To take note on the withdrawal of ISSAI 5420 "Public Debt: Management and Fiscal Vulnerability: Potential Roles for SAs" from the ISSAI Framework.