

**4<sup>th</sup> Meeting of the Steering Committee of the Knowledge Sharing Committee  
Luxembourg, Luxembourg  
September 25 & 26, 2012**

**INTOSAI Working Group on Public Debt  
ANNUAL REPORT**

Dear members of the KSC Steering Committee,

Hereby I am glad to present a brief outlook of the activities carried out by the Working Group on Public Debt since the last report presented to the KSC Steering Committee, including modifications in its membership, which now also consists of the Supreme Audit Institutions from China, Indonesia, Romania and most recently India, which have received the unanimous support from our members in order to join the activities of the Working Group.

First of all, we were pleasantly surprised that there were 42 participants from 20 delegations in our annual meeting, which took place in Helsinki from September 10 to 12, 2012. It is clear that the participation in this event is an evidence of the interest shown by the INTOSAI community to deepen the study on the implications of public debt, and to strengthen the contribution of supreme auditing in order to ensure the long-term financial sustainability.

While it is evident the importance of sound public debt management for global economies, the awareness on the relevance of its supreme auditing in the national checks and balances systems has been raised. In this regard, due to its tasks, the Working Group 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.

I would like to refer to the joint meeting held with the members of the Task Force on Global Financial Crisis in April 2012 in Washington D.C., where some of the members reported about the mission, strategy, products and ongoing activities of the Working Group, agreeing on an appropriate coordination with the Task Force, in order to foster cooperation and analysis of public debt issues, from various perspectives.

As stated in our Strategic Plan, the Working Group's mission foresees the development of standards on public debt auditing, as well as the promotion of sound management practices, through the exchange of knowledge and experiences. In this regard, given the

current global economic situation, with evident implications at the local, regional, national and supranational levels, the technical contributions of the Working Group should not be ignored, as they consist of studies, analysis and investigations on the positive impact of supreme auditing on the public debt management.

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 was aimed at strengthening the SAIs' institutional capacities and, thereby, has also contributed to the sound public debt management and auditing. This program is relevant to us because it has been designed in collaboration with experts of our member SAIs, and have taken into account the products generated by our Working Group.

We hope to continue collaborating with the IDI due to the results achieved specifically during the last decade and the interest expressed by the INTOSAI community, so the Working Group members have addressed, during our meeting in Helsinki, a proposal to jointly explore the feasibility to develop a capacity building program focused on the audit of legal frameworks for lending and borrowing.

Regarding the investigations conducted by the Working Group members, I would like to mention the progress made since our last meeting, concerning the development of four investigation themes: the first one has been led by the SAI of the United States of America on "*The Impact of Financial Crisis on Public Debt*", the second one is headed by the SAI of Brazil on the "*Evaluation of Information Systems related to Public Debt Management*", the third one refers to the investigation led by the SAI of Mexico on the "*Debt Management Office*", and the last one has been concluded by the SAI of Ukraine on "*Contingent Debt*".

These studies address technical aspects of interest to our mandate and, given the relevance of their contents and progress made, they have a good opportunity to comply with the Due Process established by the Professional Standards Committee, in order for them to be reflected in existing ISSAIs, or to even be presented as new ISSAIs and/or INTOSAI GOVs related to public debt during the XXI INTOSAI Congress, to be held in China in 2013.

During the Working Group's meeting, a timeline was defined in order to follow the Due Process for INTOSAI Professional Standards. The process will begin with the presentation of the so-called exposure drafts before the INTOSAI Governing Board in November, 2012.

Special mention deserves the work conducted by the SAI of Ukraine on "*Contingent Debt*". This investigation has contributed to the design of an initiative that has attracted

the WGP members' attention, namely the "*conduction of coordinated and parallel audits on public debt*". To this end, a work plan will be defined and implemented by a task team to be led by the SAI of Ukraine.

In relation to other investigations, while the study focused on the "*Risk assessment and reduction of probable effects on debt structure*", led by the SAI of Yemen is still in process, 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.

Last but not least, there is an investigation on the "*Government Support during Financial Crises: Impacts on Public Debt and Potential Roles for SAIs*", originally led by the Office of the Auditor General of Canada. The Working Group will decide whether this investigation should be further developed or, on the contrary, consider as a concluded project, which could be submitted as an input to the Task Force on Global Financial Crisis.

Regarding the ongoing initiative of ISSAIs harmonization, the Working Group is conducting a revision on its existing ISSAIs. So far we have made substantial progress. As we reported last year, in 2011 the Working Group conducted a preliminary revision of the ISSAIs issued by the Working Group. This analysis paved the way to define a specific program for the revision of certain Working Group's products. This project is still conducted by task teams that are headed by the SAIs leading the original investigation. We aim at providing you with a comprehensive report during our next meeting in 2013.

Finally, I want to acknowledge the Working Group's member SAIs for their participation, productivity and commitment to our Organization's goal regarding knowledge sharing, and to express my gratitude to Mr. Vinod Rai, Comptroller and Auditor General of India, and Chairman of the KSC Steering Committee, for presenting this report on behalf of the Working Group.

Ladies and gentlemen, thank you very much.

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AUDITOR GENERAL OF MEXICO  
CHAIRMAN OF THE WG ON PUBLIC DEBT  
Luxembourg  
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