

## Annual Report of the Working Group on Public Debt before the 62<sup>nd</sup> Meeting of the INTOSAI Governing Board

Mr. Juan M. Portal, CPA, Auditor General of Mexico & Chairman of the WGPL  
Vienna, Austria | October 27-28, 2011

Dear members of the INTOSAI Governing Board,

Given the recent developments of the present economic and financial situation, we can, regrettably, be sure that the issue of public debt will remain as one of the most important themes of governmental auditing.

The responsibility of maintaining the indebtedness terms within the capacity of payment; the correct assessment of liabilities and the general sustainability of the debt has, apparently been relinquished or set aside by several governments, thus creating a very complex and delicate situation, magnified by the interaction of the different national economies due to the ongoing globalization process.

Moreover, we have found in our own country that the debt contracted at local level has substantially increased, posing a difficult situation for the finances of some federal states.

Those situations and their possible future effects demand of the Superior Audit Institutions the improvement of the techniques and methodologies regarding the auditing of public debt management, in order to contribute to a timely and accurate assessment of the level of national debt, thus helping ensuring its sustainability. It is evident that the situation will not be solved through the auditing process by itself, but more sound and sensible practices on behalf of the financial authorities are to be expected if they can count on a reliable analysis of this process.

In this sense, we believe that the work being performed by the Working Group on Public Debt constitutes a useful addition to the efforts undertaken by each SAI within its own mandate and capacities; a lot can be learned from the experience of

other countries regarding a common problem, regardless of their financial status or specific challenges.

We would like to offer you a brief report of the latest activities of the Working Group since this Steering Committee's last meeting, being the most important issues the presentation of the 2011-2016 Work Plan and an official product before this Board and the XX INCOSAI, the launching of the revision process of current Working Groups' ISSAIs and INTOSAI GOVs, and finally the annual reunion of the Group and its outcomes.

Given that the Working Group believes that it is important to establish ambitious future goals, the Strategic Plan lists a series of activities that the WGPD should undertake in order to maintain its leadership role as "champion" of public debt auditing issues and to promote sound debt management practices for the INTOSAI community.

The 2011 – 2016 Strategic Plan includes the Working Group's Mission Statement, its Vision Statement, and two Strategic Goals supporting them: (1) capacity building and enhancing SAI expertise, and (2) the strengthening of the Working Group's capabilities and measuring its impact. For each of the goals, the Strategic Plan includes a description of specific activities to be conducted over the next five years.

Regarding the official products created by the Group, the exposure draft of the document "Debt Indicators", prepared by the SAI of Mexico, was duly presented for the analysis of the INTOSAI community; valuable comments from several SAIs regarding its contents were received and addressed as indicated by the Professional Standards Committee.

The final version in the five INTOSAI official languages was presented in Johannesburg for the endorsement of the XX INCOSAI, thus becoming ISSAI 5411.

The Working Group's 2011 meeting took place in Vilnius, Lithuania and registered a record assistance with delegations of sixteen member countries. The agenda comprised the following items, presented by several of the assisting members:

“Impact of Financial Crises on Public Debt and INTOSAI Initiatives”; “Government Support during Financial Crises: impacts on public debt and potential roles of SAIs”; “Performance Auditing of Public Debt Management”; “Contingent Debt”; “Evaluation of Information Systems Related to Public Debt Management”; “Egypt’s Experience in Auditing Public Debt”; “Management of Public Debt Risks: a Field Study Comparing the Republic of Yemen and the Kingdom of Jordan”, and “Draft practical guide for auditing public debt management”, this last one presented by the INTOSAI Development Initiative. In order to count on a common working platform, the Working Group’s Secretariat will assess the possibility of using the INTOSAI Collaboration Tool.

In this meeting, the WGPL also decided to designate some of its members to revise the existing products, in order to ensure that they are properly updated and valuable for the INTOSAI community. The leaders of the revising teams will present draft versions of these documents before the celebration of the next WGPL meeting, no later than June 2012, for the prior revision of the membership. Special care should be taken in order to point out possible overlaps with any or some of the other Working Group’s Official Products. The revised versions of all products will be presented during the 2012 Working Group’s meeting.

So far, two investigation themes have been considered as possible Working Group official products for the XXI INCOSAI in 2013: *Impact of Financial Crises on Public Debt and INTOSAI Initiatives*, prepared by the United States of America, and *Evaluation of Information Systems Related to Public Debt Management*, currently developed by Brazil.

Finally, the membership of the Group increased with the addition of the SAIs of Moldova and Indonesia in 2011. The next annual meeting will take place in Finland.

Thus, the activities regarding public debt issues have kept a steady pace and we expect to keep on offering the INTOSAI community useful materials to meet their needs on the matter.

Dear colleagues, Mr. Chairman, thank you very much for your attention.