

# **INTOSAI PUBLIC DEBT COMMITTEE**

## **THE ZAMBIAN PROJECT:**

### **Background**

The Zambian SAI has been a member of the INTOSAI's Public Debt Committee for the last three years. In reviewing certain guidelines developed by the Committee, it was realized that the guidelines assumed that appropriate systems of debt accounting, management and reporting were in place, which situation may not be true of all developing countries. The Zambian SAI therefore requested the Committee to give special consideration to the applicability of the guidelines in situation where systems of debt accounting, management and reporting were not strong. It was decided to use the Zambian experience as a test case. Accordingly, the Zambian SAI was requested to review the applicability of the developed guidelines in their country and report the findings as a case study.

In Zambia, it is recognized that debt management is a relatively new discipline that is not specifically covered at any of our learning institutions. To manage debt, Zambia relies on a few selected officials from the Central Bank and those that have undergone regional training conducted by the Macro-Economic Financial Management Institute (MEFMI)

As a SAI, our role is to respond to the concerns of Parliament and the public in general on issues relating to financial accountability. The impact of public debt on the economic welfare of Zambia is very significant. With low growth rates and reduced export revenues, Zambia struggles to meet debt repayments to the detriment of investment in necessary health, education and poverty reduction programmes. Consequently, we think it is our obligation as a SAI to analyse and report on debt issues from a perspective of good governance, accountability and transparency.

### **Objectives**

The objective of the case study was two fold:

1. To test the application of the guidelines in the audit of Public Debt
2. To share these guidelines with the debt managers and recommend them as best practice.

It was not intended that a full audit would be carried out at this stage.

### **Methodology**

- A meeting was held with senior debt managers at which the objective of the exercise was explained
- Questionnaires were designed along the lines of the guidelines and these were given to certain members of staff to complete. The selected members of staff

were drawn from management and those responsible for accounting and reporting systems

- The responses to questionnaires were then discussed and other ensuing matters dealt with.

## **Lesson Learnt**

The questionnaires covered questions relating to the control environment, control activities, risk assessment, information and communication and monitoring. The exercise helped to emphasise the importance of having a strong control environment and control procedures as a prerequisite for reliable debt reporting systems. In particular:

1. Continuous training and development in debt management is essential for debt managers;
2. It is not enough to have a strict code of conduct if no action is taken for breach of such a conduct;
3. Prudent debt policies need to be backed by operational manuals and guidelines that are kept up-to-date; and
4. Segregation of duties between authorization, recording and custody of public debt resources is paramount, combined with effective monitoring procedures.

## **Conclusions**

The guidelines being developed by the INTOSAI Public Debt Committee have been found to be a very useful checklist to be used by our debt managers in reviewing their systems and procedures for identifying, measuring, and reporting public debt. We would therefore not hesitate to recommend to other SAI's, particularly those in developing countries, to share such guidelines with their debt managers. This is in line with the mandate of the INTOSAI Public Debt Committee, which is "To publish guidelines and other informational materials for use by the Supreme Audit Institutions to encourage the proper reporting and sound management of public debt".

For us as a SAI, the guidelines are serving as an additional source of training and are being circulated to our members of staff for use. We have planned to run in-house workshops/seminars to explore the materials further.