

**International Organization of Supreme Audit Institutions
(INTOSAI)
Public Debt Committee Report
50th Meeting of the INTOSAI'S Governing Board
October 16th and 17th , 2002
Viena, Austria**

Ladies and Gentlemen members of the INTOSAI Governing Board:

It is a great honor for me to participate in this INTOSAI's Governing Board meeting. On January 2nd I was appointed as Superior Auditor of the United States of Mexico and therefore I assumed the Presidency of the Public Debt Committee (PDC) at that time.

Please allow me to introduce myself. My name is Arturo González-de Aragón, I am a Public Certificate Accountant and I was elected -with a 83% of the votes- by the Mexican Congress as Superior Auditor of the United States of Mexico –for the 2002-2009 term in a public contest organized by the Mexican Congress.

The Public Debt Committee (PDC) of INTOSAI was established in 1991 and it is composed by 18 countries, 12 members and 6 external collaborators. The members are: Argentina, Canada, Fiji, Gabon, Korea, Lithuania, Mexico, Portugal, Russia, United Kingdom, United States of America, and Zambia. The external collaborators are: Chile, Egypt, Finland, Jordan, Sweden and Yemen.

I. Activities

- a. PDC meeting 2001. The PDC meeting was held in October 2002 in Seoul, Korea and agreements were made about the following aspects in Public Debt:
 - To encourage the elaboration and dissemination of technical documents on Public Debt Auditing among the INTOSAI's members.
 - To promote technical and professional improvement of the Supreme Audit Institutions's staff in the area of Public Debt auditing, through training programs specially designed with the cooperation of other INTOSAI Committees, Working Groups, Regional Working Groups and the support of INTOSAI Development Initiative (IDI).
- b. PDC meeting 2002. The annual meeting of the INTOSAI's Public Debt Committee was held in Stockholm, Sweden during June 6th and 7th. Representatives of 12 countries attended the meeting: Canada, Fidji,

Jordan, Lithuania, Mexico, Portugal, South Korea, Sweden, United Kingdom, United States of America, Russia and Zambia. The General Director of the INTOSAI Development Initiative –IDI and representatives of the United Nations Conference on Trade and Development –UNCTAD attended the meeting as well.

At this meeting the following documents, elaborated by the PDC members, were presented and analyzed:

1. Case Studies on Management of Public Debt in Sweden, by the representative of the National Audit Office of Sweden.
2. Training Experience in Romania, by the representative of the National Audit Office of United Kingdom.
3. Public Debt Committee Possible Training Themes, by the General Audit Office of Canada.
4. New Guidance Proposal: Substantive Procedures Followed in Public Debt Audits, by the representatives of both General Accounting Office of the United States of America and National Audit Office of the United Kingdom.
5. Auditing Fiscal Exposures: Project Proposal, by the representatives of the SAI's of the United States of America, United Kingdom and Sweden.

Furthermore, the working Program for the 2002-2004 term was defined (Annex A).

II. Initiatives in Progress

Following the above mentioned presentations and discussions among PDC members, the following agreements were taken:

- a) To review and make changes to improve the content, if necessary, of the following authorized documents elaborated by the PDC: "Guidance on the Reporting of Public Debt" and "Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt".
- b) To elaborate the final version of the two unfinished studies underway: "Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs" prepared by Canada, and "Fiscal Exposures: Implications for Debt Management and the Role for SAIs" prepared by the United States of America.

Furthermore, the following general principles to direct PDC activities during the next years, basically for the 2002-2004 term, were agreed:

- a. To focus the PDC work towards training;

- b. To continue doing research but only where it fills a gap in the knowledge with the purpose of running a complete training program;
- c. To make a partnership with IDI because they have the knowledge about *how* to teach while PDC has the knowledge about *what* to teach.

III. Program of Activities

1. To work together with IDI staff to deliver and develop a pilot program with OLACEFS starting in 2003. In a near future, a survey would be applied to the OLACEFS members and after that to the other INTOSAI regional Groups to define its training needs. Regarding to this, the Chairman of the PDC proposed that some members of the Committee could act as linkages with their respective INTOSAI regional groups.

It was agreed to elaborate a training program on the following basis:

- a. To create a working group -Mexico, United States and Canada, to work together with IDI to develop both contents of a pilot training program and the survey on the audit of debt management for 2003.
 - b. During the XII OLACEFS General Assembly, on September 24-28, Mexico would propose that the PDC with IDI will develop a training program for the OLACEFS countries starting in 2003.
 - c. In coordination with IDI, the PDC will develop subsequent programmes for the INTOSAI regions, once the OLACEFS pilot training program is completed.
2. To continue research activities and documents:
 - a. The UK National Audit Office will develop a paper on the relationship between debt management audit methodology and INTOSAI audit standards.
 - b. The representatives of US and the UK will continue to work together on *Guidance for Substantive Testing*.
 - c. The US, the UK and Sweden would form a working group on auditing fiscal exposures and they will continue their work on this matter.
 - d. Fiji and Russia will present documents about Public Debt Management in their countries in the next PDC meeting on June 2003.

IV. Progresses since Stockholm meeting:

1. The final version of the documents: "Guidance on the Reporting of Public Debt" and "Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt", were reviewed.

2. Regarding the documents in progress:
 - a. "Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs". The French, English and Spanish versions were finalized and there are in progress the German and Arabic versions.
 - b. "Fiscal Exposures: Implications for Debt Management and the Role for SAIs". The English and the Spanish versions are finalized. The French, Arabic and German versions are in progress.
3. The working program to develop the training course on Public Debt into the OLACEFS countries was elaborated. This program was approved during the XII OLACEFS Assembly held in Mexico City during a working meeting between representatives of OLACEFS Training Committee, the IDI, GAO, the Superior Audit of Mexico and the World Bank.
4. Research papers in progress:
 - a. "Relationship between Debt Management Audit Methodology and INTOSAI Audit Standards".
 - b. "Guidance for Substantive Testing in Public Debt Audits".
 - c. "Auditing Fiscal Exposures".

Finally, I would like to mention that PDC members agreed to held meetings once a year, and that the next meeting will take place in June, 2003 in Mexico City.

Thank you very much.

Annex A

Working Program Public Debt Committee

According to the compromises expressed by the members of the Public Debt Committee, a Working Program was integrated considering the following issues:

- a. Research and training about Public Debt topics based on proposals of the PDC work groups for 2003 and subsequent years.
- b. An action network specifying, when possible, people in charge and deadlines.
- c. Regional groups proposals must be forward to Public Debt Committee members for review and comments.
- d. Documents will be approved in the Public Debt Committee meetings to consider them in training programmes and, if it proceed, to have them approved by the INCOSAI for further dissemination.

The working program was settled in the following ways:

Working Program

| Activity | Responsible People Proposed | Deadline Proposed |
|---|--|---|
| 1. To review and make any changes needed to update the two published documents: "Guidance on the Reporting of Public Debt" and "Guidance for Planning and Conducting an Audit of Internal Controls of Public Debt". | Mr. John Thorpe (United Kingdom) and Mr. Jose Oyola (USA). | August 31 st , 2002 (Fulfilled) |
| 2. Dissemination (if corrections are made) of the above mentioned documents between INTOSAI's members. | C.P.C. Arturo González de Aragón (Mexico). | October 31 st , 2002 (Fulfilled) |
| 3. To elaborate the final version of the following documents: "Fiscal Exposures: Implications for Debt Management and the Role for SAIs" . | Mr. Paul Posner (USA). | June 30 th , 2002 October 3 rd , 2002 (Fulfilled) |

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| a) Translation to French language. | Mr. Jeff Greenberg (Canada). | August 31 st , 2002 Draft Document |
| b) Translation to Spanish language and make the necessary arrangements to translate them to the German and Arabic languages. | Lic. Jorge Manjarrez Rivera (Mexico). | September 30 th , 2002 (Document in Spanish already has been finished. Translation to Arabic and German versions are in progress) |
| “Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs” | Mr. Jeff Greenberg (Canada) | Fulfilled |
| a) Translation to French language | Mr. Jeff Greenberg (Canada) | August 31 st , 2002 Fulfilled |
| b) Translation to Spanish language and make the necessary arrangements to translate them to the German and Arabic languages | Lic. Jorge Manjarrez Rivera (Mexico). | September 30 th , 2002 (Document in Spanish has been finished. Translation to Arabic and German versions are in progress) |
| 4. PDC and IDI to work together to develop training program. | C.P.C. Arturo González de Aragón (Mexico). | To begin on January, 2003 (The Working Program has been fulfilled to begin on March, 2003) |
| 5. To start a North American group with IDI to develop the contents of a pilot training program to be applied with OLACEFS. | Mr. Jeff Greenberg (Canada) was proposed. | August 31 st , 2002 (Fulfilled) |
| 6. To establish commitments with OLACEFS to apply a survey to define the training needs in the region. | C.P.C. Arturo González de Aragón (Mexico). | Fulfilled |
| 7. Emphasize into the XII OLACEFS General Assembly the Public Debt Committee actions to foster training issues and dissemination of technique documents. | C.P.C. Arturo González de Aragón (Mexico). | September 26 th , 2002 Fulfilled |

| Activity | Responsible People Proposed | Deadline Proposed |
|---|--|---|
| 8. The Following PDC members could act as linkages with INTOSAI regional groups to develop other regional training programs as requested, once the pilot program has been tested: | | Dates would be set after the pilot program has been completed and assessed. |
| OLACEFS AFROSAI ASOSAI EUROSAI ARABOSAI SPASAI CARABOSAI | C.P.C. Arturo González-de Aragón Mr. Frederick Siame Mr. Kim Seongjun Mr. John Thorpe Mr. Hamed Kasasbeh Mr. Mikaele Wara To appoint | |
| 9. To continue the research work of the relationship between debt management audit methodology and INTOSAI audit standards (Draft). | Mr. John Thorpe (United Kingdom). | October 31 st , 2002 |
| 10. To develop the "Guidance for Substantive Testing". First draft. | Mr. José Oyola (USA). | June 15 th , 2003 |
| 11. To develop the research "Auditing financial risk". Second draft. | Mr. Håkan Hellstrom (Sweden). | June 15 th , 2003 |
| 12. To present a progress report on audit in Public Debt in the South Pacific Region of INTOSAI. First Draft. | Mr. Mikaele Wara (Fiji). | June 15 th , 2003 |
| 13. To carry out the research on audit in Public Debt in Russia. First Draft. | Mr. Sergei O. Shohine (Russia). | June 15 th , 2003 |
| 14. To organize the next Pubic Debt Committee Meeting in Mexico City. | C.P.C. Arturo González de Aragón (Mexico). | June, 2003 |
| 15. To elaborate and send to the INTOSAI's General Secretariat an Annual Report of PDC activities. | C.P.C. Arturo González de Aragón (Mexico). | September 30th, 2002 (Fulfilled) |