

**INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS
(INTOSAI)
PUBLIC DEBT COMMITTEE REPORT
51ST MEETING OF THE INTOSAI'S GOVERNING BOARD
OCTOBER 13-16, 2003
BUDAPEST, HUNGARY**

Ladies and Gentlemen members of the INTOSAI Governing Board:

It is a great honor to attend the 51st INTOSAI Governing Board Meeting. This meeting is one of the main instruments of the International Organization of Supreme Audit Institutions to strengthen cooperation among SAIs and establish future actions and initiatives for the benefit of our countries.

This event is always a good opportunity to stress the importance to exchange experiences in order to keep pace with the rapid changes in public sector management, accounting and auditing standards and public expectations on the role of public auditors.

As Chairman of the Public Debt Committee (PDC), I would like to put forward last year activities report before the INTOSAI Government Board.

Currently, the Public Debt Committee is comprised of 18 countries, 13 members and 5 external collaborators.

- The 13 member countries are: Argentina, Canada, Fiji Islands, Gabon, Korea, Lithuania, Mexico, Portugal, Russian Federation, Sweden, the United Kingdom, the United States of America and Zambia.
- The 5 countries that participate as external collaborators are Chile, Egypt, Finland, Jordan and Yemen.

At the beginning of this year, Sweden was accepted as an active member of the Public Debt Committee.

I. Background

During the Committee's meeting in 2001, held in Seoul, Korea, in accordance with the guidelines provided by INCOSAI and the Governing Board, the Committee outlined its long run work program, which has the following primary objectives:

- To encourage the elaboration and dissemination of technical documents on Public Debt Auditing among INTOSAI's members.
- To promote technical and professional improvement of the SAIs staff in the area of Public Debt auditing, by means of specially designed training programs with the support of the INTOSAI Development Initiative (IDI), to

foster cooperation with other INTOSAI Committees, Working Groups and Regional Working Groups.

As for the second objective -as reported to last year's Governing Board meeting- during the 2002 PDC meeting in Stockholm, Sweden the Committee decided to undertake the ambitious task of launching a pilot training program on Public Debt Audits within the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) in coordination with the IDI.

II. Activities during 2003

A public debt auditors workshop was defined as the first phase of the pilot program. The main goal of this workshop was to train instructors so that the OLACEFS could count on a qualified group of experts to pass on their knowledge to other colleagues in their own countries and regions.

A. Regional Workshop for Public Debt Auditors and Regional Course Design Meeting.

In December 2002 in Ottawa, Canada, and in February 2003, in Panama City, Panama, following an initiative of the Public Debt Committee Chairmanship, representatives of Canada, the United States of America, Mexico, the IDI and the OLACEFS held meetings to define the themes and the working program for the workshop.

The Regional Workshop for Public Debt Auditors was held in Mexico City from April the 28th to May the 30th, 2003. twenty four representatives from twelve Supreme Audit Institutions of Latin America and the Caribbean region took part in it. The representatives came from: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Peru, Panama, Uruguay and Venezuela.

Afterwards, in the annual meeting of the Committee, which took place in Mexico City on June 23-24, in order to disseminate the public debt auditing expertise across the region, it was decided to select seven of the twenty four experts involved in the workshop to participate in the Regional Course Design Meeting, held in Brasilia, Brazil, on August 18-29, 2003.

The purposes of this meeting were:

- To define the participation of the seven experts in subsequent courses within the training program, and
- To prepare documents for future courses on public debt auditing.

The resulting documents, prepared during the meeting, were circulated among other experts on public debt issues for them to peruse and add value to the documents, being the main objective keeping a high quality standard in the training program.

These revised documents will be used during the first course of the training program, to be held in Cartagena, Colombia, from October the 27th to November the 7th, 2003.

These activities represent an incentive for the continuation of training programs development in coordination with the IDI, so as to fully develop the INTOSAI Supreme Audit Institutions potential regarding public debt audits. In fact, in the 2002 Public Debt Committee meeting was agreed that, once the training pilot program was finished, the Committee should develop subsequent programs for different interested regions of INTOSAI, in coordination with the IDI.

B. Public Debt Committee Annual Meeting 2003

1. Venue and participants information

As said before, the annual Meeting of INTOSAI's Public Debt Committee was held in Mexico City, on the 23rd and 24th of June. I conducted this meeting as Chairman of the Committee.

Twenty seven delegates from twelve countries attended this meeting. The countries represented were: Canada, the Fiji Islands, Gabon, Mexico, Portugal, Republic of Korea, the Russian Federation, Sweden, the United Kingdom, the United States of America and Zambia. Representatives of the IDI attended the meeting as special guests.

2. Documents presented in the Meeting

The following documents, elaborated by the PDC members, were presented for endorsement and analysis during the meeting:

- *Training programs on public debt audit*, by the IDI.
- *Mexico's experience on value for money audits*, by Mexico.
- *Public debt audits in Mexico*, by Mexico.
- *Guidance for using substantive tests in audits of public debt*, by the United States of America.
- *Report on the main problems related to public debt faced by the Russian Federation*, by the Russian Federation.
- *Relationship between debt management audit methodology and INTOSAI audit standards*, by the United Kingdom.
- *Report on the auditing of public debt in the South Pacific region of INTOSAI*, by the Fiji Islands.
- *Report on the results of the internal working group on auditing fiscal exposures*, by Sweden.

All the documents and the minute of the 2003 Public Debt Committee meeting are available on the Committee's web page.

3. Initiatives in Progress

- a. As part of the task to develop investigations on themes of interest for the INTOSAI, it was decided to prepare the following documents:
 - **Public Debt Performance Audits and its Reference Terms.** Mexico will present an analysis on this theme. The preparation of this document will have the feedback provided by other experienced INTOSAI members, particularly the United States of America and Canada.
 - **Compared Analysis on Public Debt Regulations.** Portugal will conduct this study on INTOSAI member countries regulations.
 - **Contingent Public Debt.** The United Kingdom will conduct an investigation on INTOSAI member countries on that issue.
- b. Canada, the USA, the United Kingdom and Mexico will integrate a Working Group headed by the General Accounting Office (GAO) of the United States of America. This Group will oversee the quality of the training course (materials translation, program reviewing and coordination with experts in order to receive their comments). The first participation of this group already took place in Brasilia's Regional Course Design Meeting.
- c. The results of the public debt training program developed within the OLACEFS will be submitted to all the members of the Public Debt Committee and the rest of INTOSAI members, so that the followed model might be used in any region and by any Committee or Working Group of the Organization. Likewise, the valuable opinions and suggestions might be the basis for the generation of a continuous improvement process in further training programs to be undertaken by the Committee.

III. Official PDC Products

The documents "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), have been published in German, Spanish, English and French and uploaded on the PDC web page. The Arabic version will be published as soon as the revision of the translation is completed.

IV. Next Meeting of the PDC

The Public Debt Committee members agreed to hold the next annual meeting between May and June of 2004, in Moscow, Russian Federation. The exact date will be notified to this Governing Board in January 2004.

The attached document shows the status of each of the activities within the work program of the Public Debt Committee for your knowledge and reference.

Finally, we would like to enhance our will and conviction to foster the improvement of our activities for the benefit of each and everyone of the member countries of the Organization, therefore meeting our commitments before INTOSAI.

Ladies and Gentlemen, thank you very much.

Mr. Arturo González de Aragón, C.P.A.
Superior Auditor of México and
Chairman of the INTOSAI Public Debt Committee

**Work Program
Public Debt Committee**

**Report for the 51st INTOSAI Governing Board Meeting
October 13th and 14th, 2003
Budapest, Hungary**

Activity	Status
Revision and in due case, application of necessary changes for the actualization of the two published documents: "Guidelines for the Preparation of Reports on Public Debt" and "Guidelines for Planning and Executing Audits of Public Debt Internal Controls".	Accomplished August, 2002
Disseminate (in case of corrections) the aforementioned documents among the INTOSAI member countries.	Accomplished October, 2002
Final version of the following documents:	
"Fiscal Exposures: Implications for Debt Management and the Role for SAIs". (SAI of the United States of America)	Accomplished October, 2002
"Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs". (SAI of Canada)	Accomplished August, 2002
Translation of the documents:	
"Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs". (English, Spanish, German and Arab)	Accomplished December, 2002
"Fiscal Exposures: Implications for Debt Management and the Role for SAIs". (French, Spanish, German and Arab)	Accomplished December, 2002
Translation Review	
German versions. (SAI of Germany)	Accomplished March, 2003
French Versions. (SAI of Canada)	Accomplished March, 2003
Spanish and English versions. (SAI of Mexico)	Accomplished March, 2003
Arab versions.	Pending

Activity	Status
Publications	
“Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs”.	Accomplished (English, French, Spanish and German Versions) May, 2003
“Fiscal Exposures: Implications for Debt Management and the Role for SAIs”.	Accomplished (English, French, Spanish and German Versions) May, 2003
Other compromises	
The Public Debt Committee, Canada, the United States of America and the IDI will work together to develop the training program.	Accomplished February, 2003
Establish compromises with the OLACEFS to apply a questionnaire and define the training needs of the region.	Accomplished
Regional Workshop for Public Debt Auditors, Mexico City, April the 28 th to May the 30 th , 2003.	Accomplished May, 2003
Public Debt Committee members might act as links with the regional groups of INTOSAI in order to develop other regional training programs as required, after the establishment of the training pilot program.	The dates will be established after the finalization and evaluation of the training pilot program.
Elaboration of the study “Relationship between debt management audit methodology and INTOSAI audit standards”, by the United Kingdom.	Accomplished June, 2003
Elaboration of the study “Guidance for using Substantive Tests in Audits of Public Debt”, by the United States of America.	Accomplished June, 2003
Elaboration of the study “Report on the results of the Internal Working Group on Auditing Fiscal Exposures”, by Sweden.	Accomplished June, 2003
Elaboration of the study “Report on the auditing of public debt in the South Pacific region of INTOSAI”, by the Fiji Islands.	Accomplished June, 2003
Elaboration of the study “Report on the main problems related to public debt faced by the Russian Federation” by the Russian Federation.	Accomplished June, 2003
Annual Meeting of the Public Debt Committee, Mexico City, 23 rd to 24 th of June, 2003.	Accomplished June, 2003

Activity	Status
Elaborate and send the Annual Report of Activities of the Chairman of the Public Debt Committee to the General Secretary of the INTOSAI.	Accomplished
Documents to be prepared:	
Public Debt Performance Audits and its Reference Terms, by Mexico.	The preliminary document will be presented on the next Public Debt Committee meeting. May, 2004
Compared Analysis on Public Debt Regulations, by Portugal.	The preliminary document will be presented on the next Public Debt Committee meeting. May, 2004
Contingent Public Debt by the United Kingdom.	The preliminary document will be presented on the next Public Debt Committee meeting. May, 2004
Training Program:	
Canada, the USA, the United Kingdom and Mexico will integrate a Working Group headed by the General Accounting Office (GAO) of the United States of America to oversee the quality of the training course.	Accomplished
The final version of the training program as well as its results will be submitted to all the members of the Public Debt Committee and the rest of INTOSAI members	In progress