

**INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS  
(INTOSAI)  
PUBLIC DEBT COMMITTEE REPORT  
52<sup>ND</sup> MEETING OF THE INTOSAI'S GOVERNING BOARD  
OCTOBER 11, 2004  
BUDAPEST, HUNGARY**

Members of the INTOSAI Governing Board:

Since October 2003 the activities of the Public Debt Committee have distinguished themselves by an intense collaboration among the member countries, the inclusion of new members and the fulfillment of the goals defined to date. The richness of the debated themes, the good disposition of the delegations, the cooperation and the opening of new investigation and analysis approaches through our discussions, offer a promising scenery for our joint collaboration and a stimulating challenge for the future, all for the INTOSAI's members benefit.

The real impact of the public debt on the budget of countries using international financing sources compels the Supreme Audit Institutions (SAIs) to design new evaluation ways for the debt managing organs' performance. Therefore our labour, besides implying a high degree of technical rigour, includes an authentic social interest, because the correct use of resources coming from public debt will improve the people's living standard and settle clear and transparent obligations for the future generations.

Thus, as President of the Public Debt Committee (PDC), I give account of last year's activities to the INTOSAI Governing Board.

**I. BACKGROUND.**

During the PDC meeting in 2001, held in Seoul, Korea, in accordance with the guidelines provided by the INCOSAI and the Governing Board, the PDC outlined its long-run work program, which basically consists of the following priorities:

- 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 SAIs staff in the area of Public Debt Auditing, by means of specially designed training programs, created to foster the cooperation of other INTOSAI Committees, Working Groups, Regional Working Groups with the support of INTOSAI Development Initiative (IDI).

About the second element -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 OLACEFS in coordination with the IDI.

## **II. NEW MEMBERS OF THE PUBLIC DEBT COMMITTEE.**

We have had the satisfaction of welcoming new members within our Committee. Because of the great interest that this subject arises among countries requiring the improvement of their public debt auditing methods, we received the requests of the Accounts Tribunal of the Union of the Federative Republic of Brazil and Bulgaria's National Audit Office to join the works of the PDC. On both cases, the requests gathered sufficient consensus among the Committee's members, resulting in their acceptance. Thus, the PDC membership increased to 15 member countries: Argentina, Brazil, Bulgaria, Canada, Fiji Islands, Gabon, Korea, Lithuania, Mexico, Portugal, the Russian Federation, Sweden, the United Kingdom, the United States of America and Zambia, and 5 external collaborators -Chile, Egypt, Finland, Jordan and Yemen-.

## **III. ACTIVITIES DURING 2003-2004**

### **A. Public Debt Auditors Training**

The Committee has enjoyed the valuable contribution of the Initiative for the Development of the INTOSAI (IDI) for its training activities, which constitute one of its priorities. These activities were launched in Ottawa, Canada in December 2002, where several agreements were undertaken and resulted in the Regional Workshop for Public Debt Auditors. It was celebrated between April and May 2003, with the participation of twelve members of the Organization of Latin America and the Caribbean Supreme Audit Institutions (OLACEFS). The outcome of this workshop was the integration of a team of 24 experts from 12 countries, who will transmit their knowledge on public debt to the whole Latin-American region.

In August 2003, seven out of those 24 experts held meetings in Brasilia, Brazil, in order to define their participation on subsequent courses, outlining the work program for the first regional course on this subject and preparing future courses on Public Debt Auditing. A PDC Working Group, made up of Canada, the United States of America, the United Kingdom and Mexico, supervised the quality assurance of the documents stemming from the Brasilia meetings and the training course content itself.

Thus, the first training course held in Cartagena, Colombia, from October 27 to November 7, 2003. 24 auditors from ten of the region's Supreme Auditing Institutions participated: Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela. As a continuation of this training effort, there was a Second Regional Course on Public Debt Auditing, from April 26 to May 7, 2004, held in Santo Domingo, Dominican Republic. Two experts, eight

instructors and 24 participants from Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and the Dominican Republic attended this event.

The course's contents and the quality of the lectures were outstanding. With the experience acquired within this second course, and the adjustments made to the contents and used material, the multiplication of experiences and knowledge within other OLACEFS' Superior Auditing Institutions is guaranteed, as well as the possibility of extending its benefits to other world's regions.

## **B. Annual Meeting of the Public Debt Committee 2004**

### **1. Attendance**

The Public Debt Committee annual meeting took place in Moscow, Russian Federation, on June 6, 7, 8 and 9, 2004. I conducted this meeting as Chairman of the Committee.

The meeting was attended by the delegations of Brazil, Bulgaria, Canada, the Fiji Islands, Gabon, Lithuania, Mexico, Portugal, Republic of Korea, the Russian Federation, Sweden, the United Kingdom, and the United States of America, as well as the representation of the Initiative for the Development of the INTOSAI.

### **2. Presented Documents**

The documents elaborated by members of the PDC and presented for their analysis and approval were the following:

- *Briefing on the INTOSAI Development Initiative Training Programs*, by Mr. Magnus Borge, IDI General Director.
- *Report on the outcomes of regional courses on Public Debt Auditing organized by PDC / IDI / OLACEFS*, by the United States' Government Accountability Office (GAO).
- *Presentation on the Experiences of the Russian Federation on Public Debt Auditing*, by the Court of Accounts of the Russian Federation.
- *Report on the document "Comparative Analysis on Public Debt Regulations"*, by the Court of Accounts of Portugal.
- *Presentation of the document "Contingent Public Debt"*, by the National Audit Office (NAO) of the United Kingdom.
- *Presentation of the document "Substantive Tests Guidance"*, by the United States' GAO.
- *Presentation of the document "Reference Terms Exercise to carry out a Performance Audit on Public Debt"*, by the Superior Audit Institution of Mexico.

- *Presentation of the Audit Standards of State Debt and the Use of Debt Instruments*, by the Superior Audit Institution of Bulgaria.
- *Presentation of the Strategic Plan prepared by the INTOSAI Task Force*, by the United States' GAO.
- *Presentation of the database on vulnerability and sustainability indicators of public debt*, by the Superior Audit Institution of Mexico

The aforementioned documents and the PDC Annual Meeting Minute may be consulted on the Committees website ([www.intosaipdc.org.mx](http://www.intosaipdc.org.mx)).

### 3. Developing initiatives stemming from the PDC Meeting

It was agreed to continue with the following initiatives due to the importance of these subjects and to the necessity of receiving feedback from the members of the PDC.

- **Compared Analysis on Public Debt Regulations.** The Accounts Tribunal of Portugal will receive the PDC members' comments on the questionnaire on this subject, make the necessary corrections and send it back to the Committee's members. Portugal will send the preliminary version of the resulting document to the Committee's Chair on December 31, at the latest.
- **Contingent Public Debt Questionnaire.** The National Auditing Office (NAO) of the United Kingdom will receive the PDC members' comments, integrate them to the questionnaire and send it back to the PDC members for its answering. The United Kingdom will send the preliminary version of the resulting document to the Committee's Chair on December 31, at the latest.
- **Internal study on public debt performance audits in the United Kingdom.** The United Kingdom's NAO will present the outcomes of this study during the next meeting of the Committee, which will be celebrated in 2005.
- **Substantive Tests Guidance.** The United States of America's Government Accountability Office (GAO) will integrate the Training Course on Public Debt Auditing to the Guide. The United States of America will send the English translation of that material and circulate it among the Committee's members in January 2005 for their comments.

The Committee also agreed to develop the following new projects:

- **Performance Audit on Public Debt and its Reference Terms.** It was agreed to consider this document, presented by the Supreme Audit Institution (ASF) of Mexico as a Committee's official document; members of the PDC elaborated on it in August 2004; the reviewed version will be circulated among the INTOSAI's members in January 2005 for their observations. The final version will be presented during the XIX INCOSAI, to be held in Mexico in 2007.
- **Creation of a Database on vulnerability and sustainability indicators of public debt.** The Superior Audit Institution of Mexico will integrate a database using standardized data obtained from PDC Supreme Audit Institutions and internationally acknowledged information sources. PDC members elaborated on this document in August 2004 and Mexico's ASF sent the corresponding questionnaire for their approval. Afterwards, it will deliver it to the OLACEFS' members for its answering. The information thus compiled will be presented by Mexico's ASF during the PDC meeting in 2005.
- **Public Debt audit. training for the EUROSAI and the ASOSAI.** The Accounts Chamber of the Russian Federation requested the support of both the PDC and the IDI to celebrate training courses on this subject for these regions' member countries. The Committee welcomed this request and agreed to maintain a close communication with the IDI on this matter. The formal requests of the EUROSAI and the ASOSAI are expected.

#### **IV. PUBLIC DEBT COMMITTEE'S OFFICIAL PRODUCTS.**

The documents "Fiscal Exposures: Implications for Debt Management and the Role for SAIs", prepared by the United States of America, and "Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs", prepared by Canada, were translated into the INTOSAI's five official languages. The two aforementioned documents will be presented during this Congress for their approval.

#### **V. PUBLIC DEBT COMMITTEE'S NEXT MEETING.**

During its annual meeting, held in Moscow, Russian Federation, the Committee agreed on celebrating its next annual meeting in Sofia, Bulgaria, in June 2005. The annex lists all the documents that attest the activities developed by the PDC.

Finally, I would like to acknowledge the labour performed by the Committee's members, pointing out that the substantial advances accomplished by the various delegations on the development of their projects reflects accurately the interest

arisen by our discussions as well as the importance conferred to this tasks by the Supreme Audit Institutions. We wish that the work of the PDC benefits all the INTOSAI's membership, an organization that we vow to keep on serving with concrete actions and quality products that improve public debt accountability and auditing.

Gentlemen, thank you very much.

Arturo González-de Aragón, P.C.A.  
Superior Auditor of Mexico and  
Chairman of the INTOSAI's Public Debt Committee

**Annex**  
**Work Program of the Public Debt Committee**  
**Report for the 52<sup>nd</sup> INTOSAI Governing Board Meeting**  
**October 11, 2004**  
**Budapest, Hungary**

<b>Activity</b>	<b>Status</b>
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
<b>Final version of the following documents:</b>	
"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
<b>Translation of the documents:</b>	
"Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs". (English, Spanish, German and Arabic)	Accomplished December, 2002
"Fiscal Exposures: Implications for Debt Management and the Role for SAIs". (French, Spanish, German and Arabic)	Accomplished December, 2002
<b>Translation Review</b>	
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
Arabic versions. (SAI of Jordan)	Accomplished August, 2003

Activity	Status
<b>Publications</b>	
“Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs”.	Accomplished (Arabic, English, French, Spanish and German Versions) August, 2003
“Fiscal Exposures: Implications for Debt Management and the Role for SAIs”.	Accomplished (Arabic, English, French, Spanish and German Versions) August, 2003
<b>Other compromises</b>	
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 28 to May 30, 2003.	Accomplished May, 2003
Regional Workshop Design Meeting, Brasilia, Brazil, August 18 to 29, 2003.	Accomplished August, 2003
First course of the training program, Cartagena, Colombia, October 27 to November 5, 2003.	Accomplished November, 2003
Second Regional Workshop for Public Debt Auditors, Santo Domingo, Dominican Republic, April 26 to May 7, 2004.	Accomplished May, 2004
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 once requested by the regional groups.
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

<b>Activity</b>	<b>Status</b>
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
Public Debt Committee Annual Meeting, Mexico City, June 23 and 24, 2004.	Accomplished June, 2003
Public Debt Committee annual meeting, Moscow, June 7 and 8, 2004.	Accomplished June, 2004
Elaborate and send the Annual Report of Activities of the Chairman of the Public Debt Committee to the General Secretary of the INTOSAI.	Accomplished 2003 and 2004

**Documents to be prepared:**

Public Debt Performance Audits and its Reference Terms, by Mexico.	In process. The preliminary document was presented in the PDC meeting, June, 2004. Final version, June 2005
Compared Analysis on Public Debt Regulations, by Portugal.	In process. The preliminary document was presented in the PDC meeting, June, 2004. Final version, June 2005
Contingent public debt, by the United Kingdom.	In process. The preliminary document was presented in the PDC meeting, June, 2004. Final version, June 2005
Internal study on public debt performance audits, by the United Kingdom	In process. Final version, June 2005
English version of the Substantive Tests Guidance, by the United States of America.	In process. Final version, June 2005
Database on financial vulnerability and advanced sustainability indicators of public debt, by Mexico.	In process. Final version, June 2005

<b>Activity</b>	<b>Status</b>
<b>Training Program:</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 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 OLACEFS. The scope of the training program could be extended on request of other regional groups and in coordination with the IDI	Accomplished