

**INTERNATIONAL ORGANIZATION OF SUPREME
AUDIT INSTITUTIONS
(INTOSAI)**

PUBLIC DEBT COMMITTEE REPORT

55TH MEETING OF THE INTOSAI GOVERNING BOARD

**NOVEMBER 3, 2006
MEXICO CITY, MEXICO**

Dear INTOSAI Governing Board members,

In my capacity as Chairman of the Public Debt Committee, it is my pleasure to offer the INTOSAI Governing Board this report on our activities over the last year.

The purpose of this report is to update you as to our follow-up activities and progress achieved towards reaching our goals. This report is divided into five main areas of interest: our Committee meeting this year; public debt capacity-building efforts; the drafting and production of the Committee's publications; the Committee's impact on INTOSAI's work; and the Committee's input into the planning for INTOSAI's XIXth Congress.

1. Public Debt Committee Meeting

The Public Debt Committee's annual meeting was held June 5-6, 2006, in Buenos Aires, Argentina. Delegations from thirteen Committee member countries attended: Argentina, Bulgaria, Fiji, Lithuania, Mexico, Portugal, Russian Federation, South Korea, Sweden, Ukraine, United Kingdom, United States of America and Zambia. Also present were two collaborating countries, Chile and Yemen; and representatives from the INTOSAI Development Initiative (IDI). It is worth highlighting that, at the start of this year, the SAI from the Republic of Ukraine joined in this Committee's work.

The participating delegations reported on achievements concerning technical documents and current research, namely, among others: public debt terms of reference; comparative analysis of various countries' public debt legal frameworks; contingent public debt; general policies and best practice in public debt management; substantive procedural guide for auditing public debt; trusts in public debt; the role of central organization in the monitoring and assessments of loan and guarantee audits.

Likewise, there was a discussion regarding the impact of the Public Debt Committee's work within the INTOSAI community and the relevance of the Committee's input into the XIX INCOSAI planning; moreover, there was follow-up on the capacity-building and research agreements tabled at the 2005 meeting and information was given on the Committee's website restructuring plan for late December.

Furthermore, the Committee members agreed that the next Public Debt Committee meeting would be held in Portugal in June, 2007.

2. Capacity-Building Activities

The Public Debt Committee's capacity-building efforts in the field of public debt auditing are continuing to bear fruit thanks to the cooperation of the INTOSAI Development Initiative in other parts of the world.

It is worth highlighting the work carried out to design the Public Debt Audit Workshop in the Republic of Azerbaijan from February 6 to 24, 2006. The Workshop was run in the Republic of Kazakhstan from May 15 to 26 this year, with participation of Commonwealth of Independent States nations, such as Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan and Ukraine, as well as Mongolia. The fact that this Workshop was developed in Russian is a sign of progress and the interest taken, with the support of the IDI, in expanding public debt capacity-building to other regions of the world.

3. Research Documents

I am especially pleased to report that the research document "*Public Debt Performance Auditing and its terms of reference*", developed by the Mexican SAI, was endorsed by the Committee as one of its official publications. This document has been translated into the five official INTOSAI languages and was distributed to the INTOSAI community in August for feedback. The comments have been received and incorporated into the final draft, which is to be submitted as a Committee publication to INTOSAI's XIXth Congress.

Similarly, the Public Debt Committee also approved the Portuguese SAI's document entitled "*Outcomes of the Public Debt Regulations Survey*", which offers conclusions and recommendations arising from this work. This document was sent to Germany's SAI in June so that it could serve as a reference when drafting the Principal Paper on Public Debt, one of the XIX INCOSAI Themes.

The United States of America's SAI will likewise be incorporating feedback received by the United Kingdom's SAI – and approved by the Committee – into its Paper "*Substantive Procedures Guide for Auditing Public Debt*" concerning contingent debt. This document was sent to the German SAI in June as supporting material for the drafting of the INCOSAI Theme I Principal Paper. Once the United Kingdom's feedback on contingent debt is incorporated into the text, it will be sent to Committee members. It will then be translated into the official INTOSAI languages and disseminated, in 2007, to all of the organization's members for comment. The final version shall be submitted as one of this Committee's products at INTOSAI's XIXth Congress.

I would also like to inform you of the Committee's approval for the publication, on its website, of the following documents:

- "*Auditing Manual for World Bank Loan Projects*", prepared by the SAI of the People's Republic of China and submitted by the SAI of United States of America,
- "*Trusts in Public Debt*", prepared by Argentina's SAI,
- "*The Role of Central Organization in the Monitoring and Assessment of Loan and Guarantee Audits*", drafted by the SAI of Yemen.

It is worth noting that the latter two documents were sent to Germany's SAI so that they could be used as a reference for the drafting of the INCOSAI Theme I Principal Paper.

Moreover the Public Debt Committee is currently developing the research document "*Public Debt: General Policies and Best Practices*", drafted by Mexico's SAI. There is now a working schedule for this preliminary document. The goal is to incorporate Committee members' comments so as to submit a final draft of the document to its 2007 meeting; and subsequently to forward it to the INTOSAI community for review and feedback. It is hoped that the final version can be submitted to XIX INCOSAI as an official Committee publication.

4. The PDC's Impact within INTOSAI

The Public Debt Committee's commitment is to align its activities with the INTOSAI Strategic Plan 2005-2010. In this way, the Committee hopes to give greater impetus to the drive for cooperation and constant improvements among SAIs via knowledge-sharing and dissemination of research regarding Public Debt, which as an area of common interest.

5. INTOSAI's XIXth Congress

As you all know, the XIX INCOSAI will be held in Mexico City in November, 2007, and will cover, as Theme I for discussion, the issue "Public debt: its management, accountability and auditing". This Committee's commitment is therefore paramount and has been clearly manifested in its cooperation with the German SAI, responsible for the Theme I Principal Paper, not only by supplying the required reference material, but also by its offer to provide technical assistance as needed.

Finally, I would like to thank the Public Debt Committee's SAIs for their input and reaffirm our commitment to the development of our organization.

Ladies and gentlemen, thank you very much.

Arturo González de Aragón PCA
General Auditor of Mexico and
First Vice-Chairman of the INTOSAI Governing Board

Mexico City
November 3, 2006.

Annex
Public Debt Committee Work Program
Report for the 55th Meeting of the INTOSAI Governing Board

November 3, 2006
Mexico City, Mexico

Activity	Status
Capacity-Building	
Extend the scope of the capacity-building program on public debt auditing to other INTOSAI regions. Run the course in countries that use the Russian language within EUROSAI.	Achieved. Meeting on the design of the “Workshop on Public Debt Auditing” held February 6 to 24 in Republic of Azerbaijan. Workshop subsequently held, with active participation of the PDC, May 15 to 26 in Republic of Kazakhstan. Thanks to the IDI’s close cooperation, this workshop was run in Russian for countries of the Commonwealth of Independent States and Mongolia.
Documents in progress	
Public Debt Performance Auditing and its terms of reference, by Mexico.	Currently in progress. The version approved in June, 2005, including comments from PDC members, is to be completed with feedback collected during the third quarter of 2006 from INTOSAI members. Final version to be submitted as official PDC publication to XIX INCOSAI.
Outcomes of the Public Debt Regulations Survey, by Portugal.	Completed. Conclusions from this work and recommendations to INTOSAI members were submitted in June, 2006. The document was sent to the German SAI in June as a reference for use when drafting the Theme I Principal Paper.
Report on Outcomes of the Survey on Contingent Public Debt Auditing, by the United Kingdom	Completed. Conclusions from this work were submitted in June, 2006. The PDC approved the recommendations put forward by INTOSAI members stemming from this analysis, which will be incorporated into the document Substantive Procedures Guide for Auditing Public Debt, by USA.

Activity	Status
Documents in progress	
Substantive Procedures Guide, by USA.	Currently in progress. In June, 2006, the Guide was submitted to the PDC, which approved its delivery that same month to Germany's SAI so that it could be used as a reference for Theme I Principal Paper for XIX INCOSAI. It was agreed that this Guide should incorporate the recommendations tabled by the United Kingdom on Contingent Public Debt. Once updated, the Guide will be circulated among the PDC members and later to the wider INTOSAI community in 2007 for comment. The final version shall be submitted as a PDC publication at XIX INCOSAI.
Database on Financial Vulnerability and Advanced Indicators on Public Debt Sustainability, by Mexico.	Completed. A CD was submitted in June with the updated information. The Mexican SAI will update the information annually.
Auditing Manual for World Bank Loan Projects, by the SAI of the People's Republic of China.	Completed. The document on multilateral loans, submitted by the SAI of the USA in June, 2006, is available on the PDC website.
Trusts in Public Debt, by Argentina.	Completed. This document, submitted in June, 2006, is available on the PDC website and was sent that same month to the German SAI so that it could be used as a reference when drafting the Theme I Principal Paper for XIX INCOSAI.
The Role of Central Organization in the Monitoring and Assessment of Loan and Guarantee Audits, by Yemen.	Completed. This document, submitted in June, 2006, is available on the PDC website and was sent that same month to the German SAI so that it could be used as a reference for the Theme I Principal Paper for XIX INCOSAI.

Activity	Status
Documents in progress	
Public Debt: General Policies and Best Practices, by Mexico.	Currently in progress. The PDC now has a working schedule for this preliminary document, whose final version is to be submitted in June, 2007. The document is then to be sent to INTOSAI members for comment and the definitive version is to be submitted as a PDC publication at XIX INCOSAI.
Disseminating the PDC's work	
Strategic Work Program arising from results of the survey on the impact of this Committee's work within the INTOSAI community, by Mexico.	Currently in progress. The survey results were presented in June, 2006. The Strategic Work Program was distributed to PDC members for feedback. The Program should be adopted by the PDC at its June, 2007 meeting, at which time candidates for implementing the Program will be nominated. The PDC agreed upon new strategies for disseminating its work:
Website Restructuring Project, by Mexico.	Currently in progress. The PDC agreed to have the website restructured. It is hoped that this can be done before December 31.
Implementation of new strategies for disseminating the PDC's work.	Currently in progress. To date, two new strategies have been implemented: translating Committee documents into languages other than the official INTOSAI languages; and providing official publications upon request to countries with limited technological capacities. A strategy for disseminating official publications among governmental bodies is currently being reviewed.