

**MEETING OF THE INTOSAI WORKING GROUP  
ON PUBLIC DEBT  
KYIV, UKRAINE  
OCTOBER 7 - 8, 2009**

**CHAIRMAN'S REPORT**

Dear Working Group Members,

This time, our annual Meeting is attended by 19 delegations: Argentina, Austria, Brazil, Bulgaria, Fiji Islands, Finland, Gabon, Jordan, Korea, Lithuania, Mexico, Portugal, Russian Federation, Sweden, Ukraine, United States of America, Yemen and Zambia, as well as the INTOSAI Development Initiative (IDI).

On behalf of the Working Group on Public Debt we welcome its new member, the Superior Audit Institution of Austria, which joined to our activities since October 2008 with the approval of our membership.

It is encouraging to count on an excellent attendance, a clear sign of the interest of our Organizations to support research activities on this matter, and, at the same time, commits us to provide tangible outcomes, given the current economic crisis affecting us all.

## **1. Investigation Themes**

It is convenient to bear in mind that the purpose of our Working Group is, precisely, conducting investigations on public debt issues.

The main WGPD goals are: identification of key issues regarding procedures for auditing public debt and resulting commitments; elaboration of specialized documents for dissemination and knowledge exchange on this matters.

Therefore, I would like to start addressing the status of current investigation projects.

During the last WGPD Meeting, held in July 2008, it was agreed that the Working Group would carry out, at least, four investigations on themes related to this matter with the purpose of submitting their final versions to the XX INTOSAI Congress, as Official Products of our Group

The United States of America's Government Accountability Office (GAO) will present an analysis about the impact of financial crisis on public debt.

A considerable proportion of such debt is contingent. The Chamber of Accounts of Ukraine will conduct a study on its prevention and management, in the event of incurring in contingent public debt.

Due to the exponential increase of public debt, it is essential to create specialized areas for its management, in accordance with the best practices. The United Kingdom's National Audit Office (NAO) leads the analysis of this issue.

On the other hand, the Superior Audit Office of Mexico (SAO) will complete a research regarding the definition and use of key indicators to measure public debt sustainability.

These investigations are aimed to provide a broad approach to the impact of financial crisis from the perspective of the public debt, and the role that SAIs can play in order to prevent critical events that may lead to an inadequate public debt management, as well as the necessary transparency in its procurement, conditions, terms, operation and payment.

Originally, it was deemed possible to present the final version of more than one of these investigations during the XX INCOSAI, to be held in Johannesburg, South Africa in 2010 for their endorsement as Working Group's Official Products.

Nevertheless, this possibility changed given the new rules on development and approval of INTOSAI Official Products, adopted during the Professional Standards Committee's Meeting, held in Brasilia in July 2009.

These new rules establish a more detailed process for the submission of products for the INTOSAI's Congress endorsement, so that these products become an International Standard of Supreme Audit Institutions (ISSAI) product or an International Guideline for Good Governance (INTOSAI GOV). These new rules were intended to ensure three aspects: transparency in the development of the Official Products through its public assessment by the INTOSAI Community and its reviewer entities; accountability before the INTOSAI's membership and products' consistency and high quality.

These new regulations, known as "due process" by the INTOSAI Professional Standards Committee, require a longer term in order to obtain the approval of several different entities. Therefore, we consider that only the projects which are more advanced may timely comply with the aforementioned requirements. It would be convenient that we define together which projects are suitable for their submission to the Congress.

This should not preclude the development of other investigation projects proposed for the medium and long terms, or the inclusion of additional themes that might be of interest. Thus, we kindly ask you to join the existing projects in case you are not yet part of any of the several investigating teams. Your participation is of the utmost importance.

Further on, we will hand you over the current status of our members' participation within the available investigation teams. I kindly request that you return it to the Chair before the midday break, including your countries' name in the themes you want to participate, either as leaders or as part of the working team. The countries which could not attend to this meeting will be duly notified so they can timely join too.

It is necessary to define the investigation themes and a working plan, to establish a chronology of their development and to design those in charge in order to maintain the WGPD as a productive team, providing our INTOSAI's colleagues with high-quality products. I thank you in advance for your enthusiastic participation in these projects.

## **2. INTOSAI Strategic Plan**

As you know, the new INTOSAI Strategic Plan 2011-2016 provides thorough processes for the development and endorsement of Official Products, as well as a full revision of those already developed by the different INTOSAI's Subcommittees, Working Groups and Task Forces in order to determine whether they require updating or improvements.

Up to this date, we have issued the following Official Products:

- *Guidance on Definition and Disclosure of Public Debt* (ISSAI 5421).
- *Guidance for Planning and Conducting an Audit of Internal controls of Public Debt* (ISSAI 5410).
- *Guidance for Submission of Reports on Public Debt*.
- *Public Debt: Management and Fiscal Vulnerability: Potential Roles for SAIs* (ISSAI 5420).
- *Fiscal Exposures: Implications for Debt Management and the Role of SAIs* (ISSAI 5430).
- *An Exercise of Reference Terms to Carry Out Performance Audit of Public Debt* (ISSAI 5422).
- *Guidance for Conducting a Public Debt Audit - The Use of Substantive Test in Financial Audits* (ISSAI 5440).

In order to achieve this requirement; we would suggest that Project Leaders lead their revision. We will provide you with a list of the Official Products and the members that led them. We kindly invite you to join this revision process with your comments and observations. Thus, we will be able to ensure that the WGPD Official Products remain updated and of high quality.

Respecto al Plan Estratégico del GTDP, la Auditoría General del Canadá, con la colaboración de las EFS de Islas Fiji, Reino Unido y México, llevó a cabo la adecuación de nuestro Plan Estratégico con el Plan Estratégico de la INTOSAI para su presentación en el XIX INCOSAI.

Regarding to the WGPD Strategic Plan, the Office of the Auditor General of Canada, in collaboration with the SAIs of the Fiji Islands, the United Kingdom and Mexico, carried out the adaptation of our Strategic Plan to that of the INTOSAI for its presentation during the XIX INCOSAI

A new review of our Strategic Plan will be necessary, given several changes within INTOSAI during the past two years. The Chair asked the SAI of Canada to carry out this task and received an affirmative answer. The results of this review will be timely notified.

### **3. WGPD Terms of Reference**

According to the INTOSAI Strategic Plan, our Working Group is attached to INTOSAI's Goal 3 "Knowledge Sharing". During the last XIX INCOSAI, held in Mexico City, it was decided that Goal 3 would count on a Knowledge Sharing Committee, headed by the SAI of India; an Annual Activity Report will be submitted to India by the WGPD Chair.

This modification implies adjusting the WGPD's Terms of Reference. In order to follow the procedure we will require their revision and endorsement by the WGPD membership, their submission to the INTOSAI Governing Board, which will be meeting in Cape Town, South Africa next November, and their submission to the Committee on Knowledge Sharing and Knowledge Services. Once they are endorsed by these bodies, it will be presented during the XX INCOSAI in 2010. Later on we will present you a proposal for a revised version of our Terms of Reference.

#### **4. Experts Group on Public Debt**

As requested by the IDI, and for the development of their training programs in this field, the Working Group continued defining a List of Experts on Public Debt. This list is available in the WGPD website.

Ponemos a su disposición esta lista; en caso de requerirse modificaciones o adiciones a la misma, les agradeceremos nos lo hagan saber oportunamente, con el fin de mantener actualizada nuestra información.

We are providing you with this list. If any amends or additions are required, we would appreciate if you let us timely know in order to keep our information up to date.

## **5. Participation of WGPD in Training Programs**

Our colleague Dr. José Oyola, of the United States of America GAO, participated as a representative of the WGPD in the meeting organized by the IDI in Geneva, Switzerland in September 2008, in order to define the implementation of the Trans-Regional Program for Capacity-Building on Public Debt Management Auditing.

Additionally, he attended as a WGPD expert to the meeting held in Tunis last April, aimed to advance in the creation of the online course for the Capacity Building Program on this field. More details will be provided by the leaders of this project.

## **6. Glossary of INTOSAI's Auditing Terms**

In 1992, INTOSAI developed an Official Glossary in order to unify the criteria for the translation in the five official INTOSAI's languages of frequently used terms in auditing.

The Mexican SAI offered to carry out a revision of the Glossary in order to update and widen its contents and present it to the XX INCOSAI. Further on, we will present you details on the terms used in the WGPD activities.

## **7. Meeting Agenda**

In this occasion, our Agenda will include the participation of the IDI and the SAI's of the United States of America, Ukraine, the Russian Federation, Austria, Fiji Islands and Mexico. We will proceed to revise the agenda's items in order to achieve the Working Group's goals and to know about the progress of the activities developed by the WGPD membership during this year.

We expect to finish our meeting tomorrow at noon. Again I thank you four your attendance to this meeting, and I hope that our work during these two days will be fruitful.

Ladies and gentlemen, thank you very much

Kyiv, Ukraine, October 7, 2009

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Activity	Responsible	Status
The Working Group on Public Debt (WGPD) members will send their contributions on the need to enhance the WGPD Strategic Plan with the Recommendations on Public Debt of the XIX INCOSAI to the Office of the Auditor General of Canada, no later than September 30, 2008	WGPD Membership	<b>Finished</b> The Office of the Auditor General of Canada accepted to continue this task.
The WGPD members will provide to the Chair, no later than September 30, 2008, the data of their respective experts on public debt auditing so the INTOSAI Development Initiative (IDI) may contact them for designing and carrying out activities on capacity building within the INTOSAI	WGPD Membership	<b>Finished</b> The Chair published the list in the WGPD Website
Dr. José Oyola, from the United States of America's Government Accountability Office, will make the corresponding consultations in order to confirm his participation as the representative of the WGPD in the meeting that was held in September 16-18, 2008, at Geneva, Switzerland, for the implementation of the Trans-regional Capacity Building Program for Audit of Public Debt Management, to be organized by the IDI. The Office of the Auditor General of Canada will consider the possibility of joining this effort further on.	United States of America's Government Accountability Office (GAO)  Office of the Auditor General of Canada	<b>Finished</b> Dr. Oyola attended the meetings organized by the IDI and held in Geneva and Tunis in order to define the Capacity Building Program
The WGPD will formally request the IDI to include ARABOSAI countries in the list of possible target countries for the Trans-regional Capacity Building Program for Audit of Public Debt Management	Chair– Supreme Audit Office of Mexico (SAO)	<b>Finished</b>

Activity	Responsible	Status
<p>The WGPD will define its future endeavors based on the investigations listed in Annex 1, "Future Investigation Themes"; the Chair will circulate this list among the members not attending the meeting in Fiji for receiving their respective inputs. The final version of the future investigation themes will be submitted to WGPD members no later than September 30, 2008</p>	<p>Chair– Supreme Audit Office of Mexico (SAO) WGPD Membership</p>	<p><b>Finished</b></p> <p>The indicators project presented by Mexico shows considerable progress.</p> <p>Ukraine will comment on progress of its project on Contingent Public Debt.</p> <p>The United States of America will comment on progress of its project on the impact of financial crisis on public debt.</p> <p>The SAI's leading the investigation projects were asked to submit the status and chronogram of their progress.</p>
<p>WGPD members will send their respective comments on the Superior Audit Office of Mexico's presentation on Debt Indicators, no later than November 30, 2008</p>	<p>Chair– Supreme Audit Office of Mexico (SAO)</p>	<p><b>Finished</b></p> <p>Comments from SAIs of Canada, the Russian Federation and Portugal were taken into account in the investigation.</p>
<p>WGPD members shall timely inform the Chair about any updates regarding the published information on the WGPD Website</p>	<p>Chair– Supreme Audit Office of Mexico (SAO) WGPD Membership</p>	<p><b>Finished</b></p>
<p>The following meetings of the PDWG for the next three years will be hosted as follows:</p> <ul style="list-style-type: none"> <li>• 2009: Ukraine</li> <li>• 2010: Yemen</li> <li>• 2011: Lithuania</li> </ul>	<p>Chair– Supreme Audit Office of Mexico (SAO) WGPD Membership</p>	<p>Yemen has confirmed the organization of the 2010 WGPD meeting.</p> <p>There is no confirmation from Lithuania for the 2011 Meeting.</p> <p>Candidacies for the organization of the WGPD 2012 Meeting will be requested.</p>