

INTOSAI'S PUBLIC DEBT COMMITTEE MEETING
ARTURO GONZÁLEZ DE ARAGÓN, P.C.A.
JUNE 2-3, 2005
SOFIA, REPUBLIC OF BULGARIA

CHAIRMAN'S REPORT

It has been a great pleasure to see that our invitation was accepted by fourteen PDC member countries: Argentina, Bulgaria, Canada, the Fiji Islands, Korea, Lithuania, Mexico, Portugal, the Russian Federation, Sweden, the United Kingdom, the United States of America, and Zambia; as well as a collaborator, Yemen, and representatives of the Initiative for the Development of the INTOSAI (IDI).

The XIX Congress of the INTOSAI in Mexico in 2007 adds to my responsibilities the organization of an event in which public debt will be a matter of capital importance. Therefore, this Committee must assume the commitment of intensifying its works, so we can offer a quality proposal to the INTOSAI community.

The INTOSAI and the Public Debt Committee

As you know, the XVIII INTOSAI Congress was held last October in Budapest, Hungary, complemented by the 52nd and 53rd Governing Board Meetings. It was decided to organize an Extraordinary Meeting of the INTOSAI Governing Board, which took place in March 2005, in order to deepen the discussions on several issues concerning the implementation of the INTOSAI's Strategic Plan. Relevant themes regarding the Public Debt Committee were debated during all these events.

In the 52nd INTOSAI's Governing Board Meeting, in October 11, 2004, I presented the Public Debt Committee Chairman's Report, where I described the activities performed the previous year, highlighting the following achievements:

- Public Debt Committee's new members, with the inclusion of Brazil and Bulgaria.
- Public Debt Auditors Training, with the Training Course on the subject, organized with the collaboration of IDI and implemented within the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS).
- Annual Meeting of the Public Debt Committee, with the report of the outcomes brought about during its meeting in June 2004 in Moscow, as well

as the commitments about investigations on public debt matters assumed by several Supreme Audit Institutions.

- Official Products of the Public Debt Committee, with the presentation of the studies prepared by the United States of America and Canada translated into the five official languages of the INTOSAI.
- Notification of the next Committee's meeting in Sofia, Bulgaria, our current meeting.

During the first plenary session of the XVIII INCOSAI, in October 12, 2004, I presented the three-year report of the Public Debt Committee activities for the 2002-2004 period, in which I described the background, programs and activities undertaken up to that day.

It must be pointed out that the definitive version of our Organization's Strategic Plan of was endorsed, which was the outcome of the efforts of a Task Force, and whose goal was to create a more efficient structure for the INTOSAI to face the new century's challenges.

The INTOSAI Strategic Plan contemplates four goals:

- I. Accountability and Professional Standards
- II. Institutional Capacity Building
- III. Knowledge Sharing / Knowledge Services
- IV. Model International Organization

The strategic goals that have a closer relationship with the Public Debt Committee's activities are Goals II and III, because they refer to the necessity of promoting the acquisition, increase and communication of abilities in order to develop institutional capacities and better administrative practices among INTOSAI members, as well as sharing the outcomes of the INTOSAI's Committees, Working Groups and Regional Groups by fostering more efficient strategies and communication policies. Regarding our Committee's activities, we will focus on Goal III.

A new structure was introduced in order to perform these tasks: the "Goal Liaisons". This responsibility will be assumed by members of the INTOSAI Governing Board that will oversee that INTOSAI's Committees and Working Groups activities are oriented towards the accomplishment of the strategic goals, as well as becoming facilitators and communication liaisons between Committees and Working Groups and the Governing Board itself.

During the INTOSAI's 53rd Governing Board Meeting, I had the privilege of being named First Vice-Chairman of the Organization due to my country's commitment of becoming the venue of the XIX INCOSAI activities.

One of the tasks performed in the 53rd A INTOSAI's Governing Board Extraordinary Meeting, held in Budapest in March 18, 2005, was the designation both of the Chairs of Goals I and II Committees, and the Goal Liaisons.

After voting, it was agreed that the Chair of the Professional Standards Committee, corresponding to Goal I, would be held by Denmark, and the Chair of the Capacity Building Committee, corresponding to Goal II, would be held by Morocco. The Goal Liaisons for Goal I and II will be Portugal and the United States of America, respectively.

Regarding Goal III, the Supreme Audit Institution of India was elected as Goal Liaison for Goal III.

Finally, during that meeting, I made a presentation of the preparatory activities of the XIX INCOSAI of 2007, where I proposed -as one of the two main themes which will be discussed in the Congress- the inclusion of two aspects of public debt:

- Public debt auditing and the promotion of the best practices, and
- Fiscal sustainability

Tomorrow we will have a debate on this matter.

Agreements Follow-up

I. Training Activities

It is very rewarding to convey to you that our efforts regarding public debt training have proved fruitful, not only as a pilot program within the OLACEFS, but in other regions as well.

Mr. José Oyola, of the United States of America's GAO, has conducted an intensive participation and experience exchange with the Asian Regional Group, ASOSAI, whose members showed great interest on profiting from the training course. From March 29 to April 3, 2004, Mr. Oyola attended the Regional Symposium for Training Specialists, held in Bangkok, Thailand. In this occasion, together with a group of Asian specialists, he made a preliminary design of an English course on public debt auditing. Afterwards, on July 19-30, 2004, a meeting was held in Beijing, China, where the specialists group created the training course's materials, based on those prepared for the OLACEFS, but duly adjusted to the ASOSAI's specific requirements.

The first "Public Debt Auditing Workshop" was celebrated in October 4-15 2004 in Canberra, Australia, and attracted a great number of delegates from 31 countries of that region. The workshop's materials, with the collaboration of IDI, will be reviewed, edited and recorded in a CD-ROM. Personnel from the United

Kingdom's National Audit Office and the United States GAO will perform a technical review of the participants' notes.

The IDI is currently finalizing the details for the public debt auditing training course translation into Russian, so it can be performed in countries sharing this language. This would be an important contribution of our Committee to the INTOSAI's community.

II. Investigation Papers

As it was agreed in our last meeting, the papers "*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, printed and presented during the XVIII INCOSAI in Budapest in October 2004, for their distribution among the attending SAIs.

In our Moscow meeting in 2004, we assumed the commitment of advancing towards the final versions of three investigations:

- Compared Analysis on Public Debt Regulations, by Portugal
- Contingent Public Debt, by the United Kingdom
- Public Debt Performance Audits and its Reference Terms, by Mexico.

The outcomes of these three investigations will be presented during this meeting by the representatives of the SAIs responsible for their conduction.

On the other hand, the United States of America's GAO incorporated the material on the Public Debt Audit Training Course into the Substantive Procedures Guide, considering the remarks made by SAIs. Mr. José Oyola will make a presentation on that issue.

The Supreme Audit Institution of Mexico made the commitment of updating the database on fiscal vulnerability and public debt sustainability advanced indicators, as well as deepening into the development of alternative uses for it. Mr. Benjamin Fuentes will present a report on this matter.

Agenda

In order to fulfill our Committee's objectives and acknowledge the last years activities' outcomes, I submit to your consideration our meeting's agenda.

Today, June 2, we will have the following presentations:

1. Training Programs of the Initiative for the Development of the INTOSAI (IDI) by Ms. Else Karin Kristensen, of Norway.
2. Comparative Analysis on Public Debt Regulations, by Mrs. Teresa Nunes, Auditor of the Court of Accounts of Portugal.
3. Presentation on “Bulgaria’s Experience on Public Debt Auditing”, by Mr. Vasil Jordanov, Chief Auditor of the National Audit Office of Bulgaria.
4. Budget Surplus and Debt Management, by Mr. Richard Domingue, of the Office of the Auditor General of Canada.
5. Outcomes of the survey on Contingent Public Debt, by Mr, Mark Allen, of the National Audit Office (NAO) of the United Kingdom.
6. Public Debt restructuring process in Argentina, by Mr. César Arias, of the National Audit Office of Argentina.
7. Briefing on the incorporation of the material on the Public Debt Audit Training Course into the Substantive Procedures Guide, by Mr. José Oyola, of the Government Accountability Office of the United States of America.
8. Report on the database on fiscal vulnerability and public debt sustainability indicators, by Mr. Benjamín Fuentes Castro, of the Superior Audit Institution of Mexico.

For tomorrow, June 3, we’ll have the following presentations:

1. Presentation of the document “Public debt performance audit and its reference terms”, by Mr. Roberto Salcedo Aquino, of the Superior Audit Institution of Mexico.
2. Presentation on INTOSAI’s Strategic Plan, by Mr. Arturo González de Aragón, P,C,A., Superior Auditor of Mexico and Chairman of the Public Debt Committee.
3. Debate on public debt issues to be discussed during the XIX INCOSAI.
4. Definition of venue and date of the next Public Debt Committee Meeting.
5. Other issues.
6. Agreements list.
7. Closing of the event.

According to this agenda, we will be able to finish our meeting tomorrow at midday. I hope that this Committee's Chair report has wholly reflected the advances of our activities, and that the works we are about to begin in order to accomplish our goals, will prove highly fruitful.

Ladies and gentlemen, thank you very much.

Sofia, Republic of Bulgaria
June 2, 2005