



## INTOSAI Public Debt Working Group Meeting

Nadi, Fiji Islands  
July 24 & 25, 2008



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### INTOSAI'S WORKING GROUP ON PUBLIC DEBT MEETING NADI, FIJI ISLANDS JULY 24 – 25, 2008

#### CHAIRMAN'S REPORT

Dear Working Group members,

On this occasion, delegations from 12 members of our Working Group will participate in our annual meeting: Argentina, Brazil, Bulgaria, Canada, Fiji Islands, Korea, Lithuania, Mexico, the Russian Federation, the United States of America, Zambia and Yemen. Once again, I appreciate your attendance and participation.

#### Accords' follow-up

##### 1. XIX INCOSAI

In our last meeting, held in Lisboa, Portugal, on June 2007, we agreed on a series of commitments, most of them focused on preparing the works for the XIX INTOSAI Congress, which took place in Mexico last November. All of those commitments were timely fulfilled.

The Chair of the Working Group on Public Debt submitted its Annual Report on Activities during INTOSAI's 56<sup>th</sup> Governing Board Meeting, as well as a Triennial Report of our endeavors during the course of the XIX Congress.

Two documents were submitted as official products by the WGPD: "An Exercise of Reference Terms to Carry Out Performance Audit of Public Debt" by the Superior Audit Office of Mexico, and the "Guidance for Conducting a Public Debt Audit - The Use of Substantive Tests in Financial Audits" by the GAO of the United States of America. These documents were published in the five official languages of INTOSAI and timely posted on the WGPD's Website.

Concerning the XIX Congress's technical themes, the Federal Republic of Germany's Federal Court of Accounts headed Theme I, "Management, Accountability and Audit of Public Debt"; and in doing so, the German SAI took into consideration feedback and comments provided by the WGPD members. Technical discussions thereof led to the "Accords of Mexico", which include seven Recommendations to SAIs and will complement the WGPD's Strategic Plan, a task that the Office of the Auditor General of Canada will be asked to carry out.



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### 2. Expert Group on Public Debt

In our last meeting, the creation of an expert group specialized in public debt was agreed, so that the INTOSAI Development Initiative could contact it for the preparation of the corresponding training programs. The list has already been posted at the WGPD's Website, but the designation of experts by some WGPD members is still pending. I therefore kindly request you to promptly provide us with this information.

### 3. Research themes

Several themes were defined, including those suggested by our own Working Group, as well as those suggested by the INTOSAI community. The corresponding research studies can be based on such themes.

The WGPD proposed the following:

- (1) Public Debt Indicators, by Mexico;
- (2) The Public Debt Management Office, by the United Kingdom, and
- (3) Contingent Debt, by Ukraine.

This list does not limit our possibilities. In fact, there are a number of additional themes that harmonize with the objectives and actions set out in our enriched Strategic Plan, and with your support we can turn them into WGPD's Official Products and introduce them during the XX INCOSAI in South Africa.

For example, during the last meeting of the *Global Working Group*—encompassing a number of SAIs to informally exchange auditing and accountability experiences—the delegation from the United States of America introduced an interesting discussion concerning the effects of the mortgage crisis upon that country's liabilities. Due to the potential risk emerging from this kind of situations, it could be interesting carrying out a research study focused on the oversight role that different governmental agencies could play to reduce the impact of this phenomena upon a country's debt management sphere. Perhaps our colleague Mr. José Oyola from US GAO could address this theme.

One of the Agenda's items for this meeting will focus on these effects.

Also, we need to bear in mind that creating an Official Product requires a number of formalities: formulation of a first draft, distribution of this first document among



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the WGPD members for proper analysis and comments, inclusion of observations thereafter on a final version, WGPD's approval, translation into the five official languages of INTOSAI, distribution of this last version among the INTOSAI community, inclusion of observations thereafter formulated, printing of the Final Product, and its presentation at some point during a Congress. The Chair hereby invites all WGPD members to bear in mind this timeframe, as well as to provide support in order to properly meet all requirements.

#### **4. Paradigmatic Audits**

So far we have received contributions (available at our new Website) from the United States of America, Mexico, Fiji Islands and Zambia. We additionally received contributions from the Russian Federation, Lithuania, New Zealand and the United Kingdom.

Once again, the Chair invites all WGPD members to share their experiences with the community, since they might turn out to be highly rewarding for all of us.

#### **5. WGPD's participation in other forums**

On November 19, 2007, Mr. Arturo González de Aragón, CPA, was invited, as Chairman of the WGPD, to UNCTAD's Sixth Debt Management Conference. The event was organized by the United Nations Conference on Trade and Development (UNCTAD) in Geneva, Switzerland. The theme addressed by CPA Arturo González de Aragón was "Odious Debts: a lesson for public debt's better administration, transparency and auditing". In the event, experts on the subject were present.

#### **6. Agenda**

In order to meet our Working Group's objectives and understand the progress made by our members on the different activities carried out throughout the year, we will now proceed to vent the Agenda for this meeting; you will find a copy of it with you.

It is established in our Agenda that our meeting will end tomorrow at midday. Once again, I wish to thank your presence here today. I trust that the work we will be performing during the following two days will have fruitful outcomes.

Ladies and gentlemen, thank you very much.

Nadi, Fiji  
July 24, 2007



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## AGREEMENTS WORKING GROUP ON PUBLIC DEBT MEETING July 24-25, 2008 Nadi, Fiji

Activity	Responsible	Status
It was agreed that the Working Group on Public Debt (WGPLD) would keep IDI informed on the documents produced by its members, so that they can be taken into consideration in further training programs.	Chair – Superior Audit Office of Mexico	Fulfilled
It was agreed that the WGPLD would prepare a database including experts of the WGPLD members' Supreme Audit Institutions, on the subject of public debt auditing so that the IDI may contact them for designing and carrying out activities on capacity building in the INTOSAI.	Chair – Superior Audit Office of Mexico	Fulfilled
It was agreed that the WGPLD members would send their comments on the paper regarding Substantial Evidence, introduced by Dr. José Oyola from the US GAO, on July 15 <sup>th</sup> at the latest, and will follow the INTOSAI process for its presentation as a WGPLD's official product.	GAO – United States of America	Fulfilled
It was agreed that the WGPLD members would reply, on September 30 <sup>th</sup> at the latest, questions introduced by the United Kingdom's NAO in its paper about the Public Debt Management Office, in order to share country experiences.	NAO – United Kingdom	Fulfilled No additional comments were made
It was agreed that the paper prepared by the United Kingdom's NAO would be posted on the WGPLD's Website under the <i>paradigmatic auditing practices</i> section.	Chair – Superior Audit Office of Mexico	Fulfilled



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Activity	Responsible	Status
It was agreed that members would send their comments about the paper on Public Debt: General Policies and Best Practices, presented by Mexico's SAO, on September 30 <sup>th</sup> at the latest.	Chair – Superior Audit Office of Mexico	Fulfilled
It was agreed that the WGPD members would send their comments on the Working Group's Strategic Plan draft on September 30 <sup>th</sup> , at the latest.	Office of the Auditor General of Canada	Fulfilled
It was agreed that the German SAI, acting as leader of the XIX INCOSAI's Theme I – Management, Accountability and Audit of Public Debt– would include, within the discussion paper tabled at the Congress, elements on the WGPD Strategic Plan, with the purpose of opening the discussion on WGPD's role in the future.	Federal Court of Accounts of Germany	Fulfilled
It was agreed that the paper presented by the Accounting Chamber of Ukraine would be posted on the WGPD's Website under the <i>paradigmatic auditing practices</i> section.	Chair – Superior Audit Office of Mexico	Fulfilled
It was agreed that the WGPD members shall would their comments and suggestions on the new Website by September 30 <sup>th</sup> , at the latest, to the WGPD Chair. In this regard, members' feedback may enrich the contents by sending their Reports on paradigmatic auditing practices.	Superior Audit Office of Mexico	Fulfilled
It was agreed that the WGPD members would timely inform about any updates regarding the published information on the WGPD Website.	Chair – Superior Audit Office of Mexico	Fulfilled
It was agreed that the next WGPD meeting would be held in the Republic of Fiji Islands. For subsequent years, SAIs interested in hosting future WGPD meetings shall submit their formal request to the WGPD's Chair on September 30 <sup>th</sup> , at the latest, for proper notification during the Governing Board Meeting and, if that	Chair – Superior Audit Office of Mexico	Fulfilled Ukraine timely and properly offered to organize the 2009 meeting



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Activity	Responsible	Status
As to the development of future technical and research documents under the initiative of the WGPD members, the Chair has proposed the following projects:		
(1) Public Debt Indicators	Mexico's SAO	Zambia, Portugal and Lithuania have stated their will to be part of the research team
(2) Public Debt Management Office	NAO – United Kingdom	Ukraine stated its will to be considered within the project
(3) Contingent Debt	The Accounting Chamber of Ukraine	
As to the development of future technical documents under the initiative of the WGPD members, the Chair has proposed the following projects:		Pending
(1) Public bidding and adjudication for the recruitment of agents, bond and stock brokers;		Pending
(2) Assessment of human resources employed in debt contracting;		Pending
(3) Risk assessment and reduction of probable effects on debt structure;		Pending
(4) Evaluation of information systems related to public debt management, and		Pending
(5) Extraordinary income analysis and its use to ameliorate external public debt.		Pending
It was agreed that interested SAIs will send their proposals on September 30 <sup>th</sup> , at the latest, so as to be considered in the report that will be introduced during INTOSAI's 56 <sup>th</sup> Governing Board Meeting as well as the XIX INCOSAI.		Pending