



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



---

**Minutes of Meeting**

---

The 2017 Annual Meeting of the INTOSAI Working Group on Public Debt (WGPD) was held in Manila, Philippines on September 27 to 29, 2017. The Meeting was presided over by the new WGPD Chairperson, Atty. Michael G. Aguinaldo, Chairperson of the Commission on Audit (COA), SAI Philippines and was facilitated by Ms. Melanie R. Añonuevo, Chairperson of the WGPD Secretariat.

**I. Welcome/Opening Address**

By: Atty. Michael G. Aguinaldo, WGPD Chairperson

*Opening Remarks*

The new WGPD Chair, Atty. Michael G. Aguinaldo, greeted and welcomed in his speech the speakers of the event and all the participating delegates.

*Highlights*

Chair Aguinaldo discussed the history of public debt both in the international scene and the local setting, gave a brief overview of the Philippines' public debt status and what audits SAI Philippines has conducted related to public debt.

*Closing Remarks*

In closing, Chair Aguinaldo hoped for a fruitful, meaningful, and relaxed discussion with the attending delegates. He once again welcomed them to the Meeting and thanked them for listening.

**II. Keynote Speech**

By: Atty. Erwin D. Sta. Ana, Deputy Treasurer of the Philippines

*Opening Remarks*

Atty. Sta. Ana extended his gratitude to the Commission on Audit, on behalf of the Philippines National Treasurer Rosalia de Leon, for inviting him to discuss public debt and public debt management with the INTOSAI Working Group. He hoped that his discussion would shed light on the topic and provide key information for the Working Group.

*Highlights*

Atty. Sta. Ana discussed in detail the Philippines' current debt situation and how the national government manages its debt. He presented several metrics to characterize the Philippines' debt profile, which showed that the country is in a sound fiscal position reflective of years of continuous progress. The favorable debt metrics have led to an improving credit profile and landmark transactions that, in turn, have also led to innovative sources of financing. To maintain this debt position, the national government is working on managing key risks, such as foreign exchange risk, interest rate risk, and refinancing risk.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



*Closing Remarks*

Atty. Sta. Ana stated that, in summary, the debt metrics of the Philippine national government are in the best shape yet, and that the national government shall continue on working on key initiatives to ensure debt sustainability in the long term.

**III. WGPD Chair's Report**

By: Atty. Michael G. Aguinaldo, WGPD Chairperson

*Opening Remarks*

Chair Aguinaldo opened his report by stating that 2017 is a unique point in time for all WGPD members as the group endeavors to perform its mandate under a new leadership, guided by fresh strategies, and inspired by renewed commitments.

*Highlights*

The key points discussed in the WGPD Chair's Report were:

- a. The handover of chairmanship from SAI Mexico to SAI Philippines, in which both parties engaged in cooperative means of exchange that include email exchanges, handover of WGPD documents, and videoconferences;
- b. Actions and status to implement the WGPD strategies and initiatives in conformity with the requirements of Knowledge Sharing Committee and for purposes of reporting to the INTOSAI Governing Board in November;
- c. Revision of ISSAIs and recent developments that will affect its completion; and
- d. The identification of the SAI to host the next in-person meetings.

*Closing Remarks*

To end his report, Chair Aguinaldo said that the WGPD will strive to contribute to the implementation and eventual success of the KSC strategic objectives and/or priorities that are aligned with the Strategic Plan 2017-2022 of the INTOSAI.

**IV. Endorsement of the Agenda of the Meeting**

By: Ms. Melanie R. Añonuevo, SAI Philippines

*Opening Remarks*

Ms. Añonuevo directed everyone's attention to the "Yes/No" placards given to each delegate as a means to vote on some issues that the body will need to decide on. She then acknowledged the 16 represented SAIs in the Meeting out of the 27 members, namely Austria, Azerbaijan, Brazil, China, Fiji, Georgia, India, Indonesia, Jordan, Kenya, Korea, Portugal, Romania, the Russian Federation, the United States, Zambia, and the Philippines as the host SAI. Excluding 13 delegates from SAI Philippines, a total of 24 delegates attended the Meeting.

Ms. Añonuevo expressed her gratefulness to the guest Resource Speakers including the INTOSAI Development Initiative (IDI) Deputy Director General Ms. Archana Shirsat, who was joined by Mr. Marcelo Tricarico, an IDI expert; the representative from the Forum for INTOSAI Professional Pronouncements (FIPP), Mr. Novy



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



Pelenkahu; and the representative from World Bank, Ms. Signe Zeikate. She also acknowledged the representatives from SAI Philippines, which consist of Assistant Commissioners, Directors, Supervising Auditors, and Senior Auditors, who form the Technical Working Group of the WGPD.

*Discussions/Agreements*

- Mr. Pelenkahu requested that his presentation on the SDP Implementation and revised Due Process be moved to the afternoon of Day 1 of the Meeting.
- Ms. Cora Lea dela Cruz suggested that the presentation of Mr. Pelenkahu may be done before the presentation of SAI Philippines on Project 2.9 on Day 1, which the body agreed to.

*Closing Remarks*

There being no other matters to discuss regarding the agenda and the order of the presentations, Ms. Añonuevo moved to start the first presentation on administrative matters.

**V. Administrative Matters**

By: Ms. Melanie R. Añonuevo, SAI Philippines

*Opening Remarks*

To signal the start of the meeting proper, Ms. Añonuevo shared with the attending delegates' information on the following administrative matters:

- Updating of database of Experts in Public Debt Auditing;
- Status on the updating and revisions of the Handbook for WGPD Meetings to include processes (e.g. Handover of Chairmanship, WGPD Organizational Structure with proposed creation of the Vice-chair position); and
- WGPD Organizational Structure.

*Discussions/Agreements*

- As a result of calls for the updating, a total of 40 experts are now listed in the database from the names sent by 20 SAI-members.
- Six SAIs, on the other hand, have not yet provided update on their respective line-up of experts. SAIs Egypt, India and Yemen are yet to *update* the names of their experts while SAIs Gabon, Kenya and Romania are yet to *provide* the names of their experts.
- It is important to settle and arrive at the total number of experts as these experts will play vital role in providing technical expertise and relevant experiences in the fulfillment of the existing and future projects of the Working Group.
- On the status of revisions of the WGPD Terms of Reference (TOR) and Handbook, only some of the comments were presented in this session of the meeting; the rest of the comments received were discussed in a separate session of the meeting, where appropriate.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



- The advent of a new leadership in the WGPD had opened its doors for changes, which include its organizational structure. One proposed change is to establish a Vice-Chair position. The Vice-Chair is envisioned to act as the Chair's representative in any event and/or occasion in case the latter is unavailable. The detailed functions of a Vice-Chair are incorporated in the revised version of the TOR.

*Closing Remarks*

Ms. Añonuevo opened the floor for questions, but none was asked whatsoever.

**VI. WGPD Strategic Plan 2017-2022**

By: Ms. Dawn B. Simpson, SAI USA

1. Background and status
2. Proposed revisions
3. Agreements reached based on the proposed revisions

*Opening Remarks*

The revision of the Strategic Plan (SP) is an important activity for the WGPD considering the members extended the validity of the SP 2007-2012 until 2016, so that the next SP could be aligned to the INTOSAI's Strategic Plan 2017-2022. The guidance materials on the revision of the SP, which was drafted by SAI Mexico, was disseminated to all members of the task team identified initially at the Nanjing, China Meeting, composed of SAIs Russian Federation, Moldova, USA, and the IDI. Comments from SAIs USA, Russia, and the Philippines were received.

*Highlights of Presentation*

The presentation discussed the comments provided by the individual task team members on the objectives, mission, vision, goals, and strategies. Overall, the revisions proposed by the comments were similar in nature.

*Agreements*

The IDI acknowledged the alignment of the working group's Strategic Plan with the INTOSAI's Strategic Plan for 2017-2022, as well as considering the capacity development as one of the working group's objectives.

It was also noted that the IDI is specifically interested in monitoring and getting feedback on how guidance related to the audit of public debt are being utilized by the SAIs in the INTOSAI community.

As to the use of the term 'Standards' and 'ISSAIs' in the Strategic Plan, it is suggested that since the working group is going to implement new IFPP, it is better to use 'Guidance' instead.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



The Task Team in the revision of the Strategic Plan shall be composed of the following SAIs:

1. Philippines (Task Team Leader)
2. Georgia
3. Russian Federation
4. United States of America
5. Moldova (to be confirmed)

*Closing Remarks*

The presentation focused on the comments of members (SAIs Russian Federation, USA, and Philippines). The guidance materials and the consolidated comments were also disseminated to all members prior to the meeting for further comments. The draft Strategic Plan 2017-2022 shall be disseminated to the Task Team for comments due on 20 October 2017 while the consolidated comment/s and final draft shall be submitted to the WGPLD Chair on 15 November 2017.

**VII. WGPLD Work Plan 2017-2019**

By: Ms. Ma. Theresa B. Ferreros, SAI Philippines

1. Background and status
2. WGPLD projects and activities
3. Proposed revisions
4. Agreements reached based on the proposed revisions

*Opening Statement*

In response to a request made by the Chair of the Knowledge Sharing and Knowledge Services Committee (INTOSAI Goal 3, KSC), the WGPLD Work Plan 2017-2019 was jointly prepared by SAI Mexico and SAI Philippines, in their positions as former and incumbent Chair, respectively. The Work Plan may be modified considering the perspectives from SAI Philippines, the feedback from both the KSC Chair and FIPP, comments from the WGPLD members and IDI, as well as new developments on public debt auditing.

The draft Work Plan was disseminated to all members in July 2017 for comments and suggestions. Based on the comments gathered, SAI Philippines drafted the revised Work Plan 2017-2019 which was also circulated to all members for further comments.

*Highlights of Presentation*

The presentation focused on the following:

1. Present activities in the draft Work Plan 2017-2019 which were commented on by the SAI members;



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



2. Present activities in the draft Work Plan, which were revised and proposed for deferment:
  - Guidance material for public debt auditors on debt authorization and debt contracting;
  - Guideline on Public Debt Management Office; and
  - Inclusion in the Working Group's activities of the participation to Project 2.5 (Consolidated and improved guidance on understanding internal control) under the Strategic Development Plan for the IFPP 2017-2019.
3. Activities to be defined in alignment with the Key Strategies identified in the working group's Strategic Plan;
4. Proposed Work Plan format outline; and
5. Proposed revision of the tabular format and content of the Work Plan.

#### *Agreements*

It was noted that the SAI of the Russian Federation considers the work of the revision of the standards to be the most important work.

On the other hand, the IDI expressed its interest in the performance measurement framework being proposed by the Working Group in measuring its outputs. In considering performance measurement, one of IDI's suggestions is to focus not only on outputs but also expected outcomes.

Also, since the work plan and the strategic plan of the WGPD are aligned with the INTOSAI's, the IDI opens the idea of the WGPD engaging in activities to contribute in the implementation of Sustainable Development Goals (SDGs). Contributing to the accomplishment of SDGs is one of the cross-cutting priorities under the INTOSAI Strategic Plan 2017-2022.

The SAI of Kenya believes that a call for interest in developing the guideline in the audit of the government guarantee was communicated during the presentation based on the comment of the SAI of the Russian Federation on the updating of the Guideline on "Auditing Public Debt Management", where the latter acknowledged the importance of the audit of the government guarantees in the area of public debt and had noted that it is quite useful to note if there are interested SAIs in a more detailed work on the audit of government guarantees. Moreover, SAI Kenya expressed its interest in joining the task force that would be working on this in the future.

#### *Closing Remarks*

Hearing no objection, the WGPD Chair requested the group to approve the revised Work Plan which is still subject to further discussion on some of the items that were brought up such as the SDGs.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



**VIII. Strategic Development Plan (SDP) of IFPP**

By: Mr. Novy Gregory Pelenkahu

SDP Implementation and revised Due Process

1. Forum for INTOSAI Professional Pronouncements (FIPP)
2. ISSAIs on Public Debt
3. SDP of the IFPP Implementation
4. Project 2.9: Consolidating and aligning the ISSAIs on the audit of public debt with ISSAI 100

*Opening Remarks*

Mr. Novy Pelenkahu opened the presentation by thanking the WGPD Chair, in behalf of the FIPP, for giving them the opportunity to discuss matters on FIPP and to have better communication with the working group in implementing the SDP of the IFPP.

*Highlights of Presentation*

The presentation covered the following topic outline:

1. FIPP and its SDP 2017-2019
2. Subcommittees/WGs' involvement Projects/Responsibilities
3. Analysis of the ISSAIs on Public Debt
4. FIPP expectations from WGPD
5. Key Change: from initial assessment to project proposal
6. FIPP works with WGPD

*Comments and/or Agreements*

The withdrawal of ISSAIs on public debt which had lost their relevance will be made after the consolidation and alignment of public debt ISSAIs with ISSAI 100. The new INTOSAI pronouncements on public debt shall no longer be called ISSAIs but 'Guidance'.

*Closing Remarks*

No further question was raised and the WGPD Chair acknowledged the clear presentation made by Mr. Novy Pelenkahu on the implementation of the SDP of FIPP.

**IX. Project Proposal for Project 2.9**

By: Ms. Cleotilde M. Tuazon

1. Results of preliminary assessment
2. Creation of Project/Sub-project or Task Teams
3. Identification and allocation of responsibilities
4. Agreements reached for Project 2.9



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



*Opening Remarks*

The presentation was about Project 2.9 of the SDP of the IFPP. The Project objective is to develop a new GUID applying the fundamental principles of ISSAI 100 in the conduct of audits of public debt.

*Comments and/or Agreements*

Volunteer members to compose the Task Team for Project 2.9 include the following SAIs, which participation were confirmed during the meeting:

- |               |                 |
|---------------|-----------------|
| 1. Austria    | 7. Indonesia    |
| 2. Azerbaijan | 8. Kenya        |
| 3. Brazil     | 9. Russia       |
| 4. China      | 10. USA         |
| 5. Georgia    | 11. Zambia      |
| 6. Fiji       | 12. Philippines |

SAIs Chile, India, Portugal, and Ukraine, who had initially signified their interest through the survey for project task team sent on 12 July 2017, have yet to finally confirm their participation in this project.

The allocation of the responsibilities shall be decided upon by the Task Team. The arrangement in the selection of Project Leader shall be moved to a later date since there is no complete attendance during the meeting.

*Closing Statement*

The WGPLD Chair acknowledged the comprehensive presentation and also thanked the members who volunteered to join the Task Team for Project 2.9. The presentation focused on the results of the preliminary assessment done by SAI Philippines on the existing ISSAIs on Public Debt. A draft project proposal was also presented in consideration of the preliminary assessment and significant milestones. The same was also circulated to all members for comments prior to the meeting.

The allocation of the responsibilities shall be decided by the created Task Team once the extent and nature of work to be done shall have been determined and the project proposal finalized. This includes the designation of Project/Sub-Project Leaders, as the case may be. The arrangement on the selection of Project Leader shall be moved to a later date pending confirmation from the member-SAIs who were not represented during the meeting.

*Follow-Up*

A follow-up meeting with the Task Team was made after the adjournment of the meeting proper in Day 1. During the follow-up meeting, it was agreed that all the relevant documents/materials such as the results of preliminary analysis and consolidated comments from SAIs Philippines, Chile, and China, as well as the draft project proposal, will be circulated to the Task Team members for their further



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



analysis and comments. Also, all comments from the Task Team members will be due on 20 October 2017.

**X. WGPD Terms of Reference and Handbook for Meetings**

By: Ms. Melanie R. Añonuevo, SAI Philippines

1. Proposed revisions
2. Agreements reached based on the proposed revisions

*Opening Remarks*

Ms. Añonuevo presented to the members in attendance the background of the two documents – TOR and Handbook for WGPD meetings – both being the backbone of the Working Group. She discussed point-by-point, alongside the details of the revisions made, the original statements found in the TOR and Handbook as well as the reasons for the amendments.

*Highlights*

As the Working Group's official documents, the TOR and Handbook were both exposed to all members for comments and suggestions. The solicitation had resulted in comments which were, wherever applicable, duly incorporated within the revised version of the two documents.

The comments from SAIs USA, Georgia, Ukraine, Portugal, and China were acknowledged.

For the TOR, changes include adding and/or modifying of provisions to describe processes on decision-making, membership (acceptance and withdrawal of membership), and formation/dissolution of project teams. Some, if not all, provisions on Mission and Vision statements, as well as the strategic goals, functions of Host SAI, and roles of the WGPD Chairman in Annual Meetings were omitted as these are provided in either the Strategic Plan or the Handbook. The roles and functions of the WGPD Vice-Chair were outlined as a new provision.

On the other hand, the Handbook included minimal revisions. As to its outline, the Handbook was relatively revised. Since it is intended to contain all details regarding a conduct of a WGPD meeting, other general statements such as the mandate, goals, to name a few, were omitted, as these were already found in the Strategic Plan and the TOR, respectively. Likewise, some items were moved to another portion or Chapter to aid fluidity of thoughts and to collate in one section same ideas and details. Furthermore, since the roles and responsibilities of the Chair, Vice-chair, project leaders, host-SAI, and member-SAIs are exhaustively enumerated in the TOR, the Handbook was revised to contain only an abstract of roles and responsibilities of each WGPD personality as this pertains to the conduct of WGPD meetings.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



*Comments*

- Chair Michael Aguinaldo suggested a mode of voting by the members, in that given the nature of the Working Group, most matters may be approved via consensus wherein no objections from any member is tantamount to a suggestion/concern carried or approved. However, rules on voting such as the majority or 2/3 votes may be used in cases where the Group actually needs to decide on a matter by clear voting.
- Mr. Francis Mbewe (SAI Zambia) raised the question on how the WGPD, in view of its voluntary membership, shall act in case a member-SAI remains inactive for a long time. An inactive member is any member-SAI which has not attended more than two annual meetings. Further, he commented that to expel an inactive member is inappropriate and suggested that the Group may send first a reminder for an inactive member to confirm if the latter will continue its membership.
- Mr. Fredrick Odhiambo (SAI Kenya) enquired whether the revised TOR presented is a final document. To this, the Chair responded that the revised TOR is still up for suggestions from all members and suggested that a small Task Team will be formed to work on both TOR and the Handbook.
- Ms. Ding Yue (SAI China) emphasized the need for every member's comment on the TOR as comments are important to the Group, particularly with the new provisions to be added. She was referring to the proposed revision in the WGPD organization structure particularly on the creation of the position of Vice-Chair.
- The Chair clarified that the formation of a Steering Committee will be laid on the table. Such concern will be discussed in a later time, albeit that the WGPD, unlike other Working Groups, is relatively small in number.

*Agreements*

- No objection was made regarding the Chair's suggestion on the manner of voting. His suggestion is therefore adopted.
- The Chair seconded Mr. Mbewe's suggestion regarding an inactive member. It was decided that a letter shall be sent first and within a limited period of time, the Group shall await the inactive member's response. If an inactive member fails to post a reply within the period prescribed, the Group shall take it as to mean that such member is no longer interested in continuing its membership under the WGPD.
- As suggested by Ms. Yue, the latest version of the TOR and Handbook should be exposed yet again to all members for their comments and suggestions in order for the delegates to discuss the matter with their respective SAI Heads.
- The deadline for the submission of the comments will be communicated by the WGPD Secretariat later on.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



*Closing Remarks*

Ms. Añonuevo assured the participating members that the versions presented of the TOR and Handbook are not final and the Secretariat shall coordinate the next activities thereon including exposing the documents and effecting comments, among others.

**XI. KSC-IDI Community Portal**

By: Ms. Archana Prabhakar Shirsat

*Opening Remarks*

Ms. Shirsat, Deputy Director General of the IDI, discussed the KSC-IDI Portal including its new features.

*Highlights*

Launched in November 2015, the KSC-IDI Portal has facilitated better communication and knowledge-sharing between and among various technical and working groups.

Further, it hosts seven Communities of Practice (COP). Apart from detailing additional features of the Portal which include multiple chat forums and multilingual support, Ms. Shirsat also shared how Working Groups, the WGPD in particular, could make use of the portal.

Each Working Group is allotted separate pages with 3-4 templates and is given autonomy in maintaining the pages assigned. Correspondingly, the WGPD needs to assign a Community Manager primarily responsible for the maintenance of the Group's pages within the Portal.

Among the possibilities in the use of the COP are: (a) sharing of WGPD documents and those related to public debt by member-SAIs; (b) use of the chat features where member-SAIs can exchange experiences about public debt audit; and (c) developing question banks which member-SAIs may use in finding answers to most-frequently asked questions on the audit of public debt.

It was emphasized that the COP Manager should have the responsibility to police the contents of the Community to ensure that all the contents are those that would encourage discussions relevant to public debt. Discussion threads may also be created by the COP Manager to get these sharing and discussions robust and vibrant.

*Agreements*

Mr. Manish Kumar (SAI India) volunteered to be the Group's COP Manager. The members posed no objection to Mr. Kumar's proposal. The WGPD Chair also said that it is imperative for the KSC and IDI to identify specifically the roles of the COP



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



Manager and its authority should this be needed. The delegate from SAI Kenya proposed that a TOR be established and circulated for comments of member-SAIs.

*Closing Remarks*

With an assured cooperation, the members recognized the Group's strong partnership with the IDI.

**XII. Handbook on ALBF**

By: Mr. Marcelo Tricarico

*Opening Remarks*

Mr. Marcelo Tricarico, a representative from the IDI, presented overall updates on the Audit of Lending and Borrowing Frameworks (ALBF), a five-year programme conducted by the IDI.

*Highlights*

The programme, as evident in its title, deals with the strengthening of audit performance and capacities in assessing borrowing and lending frameworks – a very important aspect of public debt auditing. It has produced a compendium of audit findings (with 9 published SAI reports), a Community of Practice for Public Debt Auditors, and a Handbook on ALBF.

The Handbook on ALBF is a two-part document consisting of issues on lending and borrowing frameworks in its Part 1 while Part 2 deals with the process of auditing these frameworks using ISSAI-based audit approach on financial, compliance, and performance.

*Comments*

Ms. Cora Lea dela Cruz (SAI Philippines) meanwhile acknowledged the Handbook on ALBF as a more detailed application guidance for public debt auditors and which shall supplement the GUID that shall be developed for Project 2.9.

Ms. Ana Mazmishvili (SAI Georgia), who was a participant of the ALBF programme, shared her experiences on how the programme served as an opportunity for their SAI in conducting audits of public debt as they are relatively new to public debt auditing. She shared that the lessons she learned enabled their SAI to provide relevant recommendations to their Ministry of Finance. Further, she suggested that the WGPD help public debt auditors in improving their knowledge and eventually become experts on public debt.

*Concerns*

- Mr. Akasheh of Jordan noted an overlapping between the GUID and the Handbook and proposed inclusion of the latter on the former's content. To this, Ms. Shirsat answered that the decision on the matter lies with the Group



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



(WGPD). One of the advantages of adopting the Handbook is to not overload the GUID/Project 2.9 output. In addition, the Handbook is a non-IFPP document which therefore does not need undergoing the extensive quality assurance process of FIPP. The details from the Handbook may support the contents of the GUID. Hence, the two documents must be aligned with each other.

- Ms. dela Cruz (SAI Philippines) raised a possible implication of co-branding. She further asked if there are protocols to follow when during the revision, supposing that while aligning the Project 2.9 with the Handbook, the WGPD had found out that a provision in the Handbook needs amendment. To this, Ms. Shirsat replied that the WGPD and IDI can make changes together as the current version of the Handbook is still on the table for discussion.
- Mr. Francis Mbewe (SAI Zambia) meanwhile shared that they benefitted from the IDI capacity-building program, which enabled them to acquire more knowledge on public debt. This Handbook will come as handy for the auditors.
- Mr. Fredrick Odhiambo (SAI Kenya) asked on how to proceed with the documents if the Group wants to harmonize the standards. Ms. Shirsat reiterated the need for a decision on how and which to detail in the GUID and the Handbook.
- Several other suggestions on co-branding were forwarded, among which are the following:
  - Member-SAIs be given more time to comment on the Handbook as they are not familiar with it; and
  - The specific details about the co-branding shall be made accessible on the WGPD website in order for member-SAIs to give relevant comments on the matter.

*Agreement*

- Mr. Bilal (SAI Jordan) moved to put on record in the Minutes of the Meeting that the issue on co-branding be discussed within the Group.

*Closing Remarks*

The Chair acknowledged the concern on the adoption of the ALBF Handbook as a standing concern. He likewise assured that such will be looked upon and be tackled further by the Group.

**XIII. General Information on Public Debt Management**

By: Ms. Signe Zeikate, Economist from World Bank

1. Public Debt Management
2. Debt Management Performance Assessment (DeMPA)

*Opening Remarks*

Ms. Zeikate opened her presentation by stating that the World Bank (WB) is operating in environments with high debt, low and stunted growth, and compressed



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



interest rates. Thus, the WB wishes to share that there are great potential benefits of managing debt in a way that can protect us from macroeconomic shocks.

#### *Highlights*

1. Public debt levels have been rising and, in the absence of growth and fiscal consolidation, there are risks of further increase.
2. WB has observed that public debt portfolios are becoming riskier. Financing risks are also increasing. Wider, more complex debt instruments are being used; and emerging liquidity risks (shift towards shorter maturities and greater reliance on commercial sources of funding) are sources of concern.
3. Based on WB's debt sustainability assessment for low-income countries, there is an increased number of low-income countries (LICs) experiencing greater risk of external debt distress.
4. Prudent fiscal policy and debt management are keys to better debt sustainability.
5. Debt Management Performance Assessment (DeMPA) helps debt managers to understand international standards and design detailed and actionable debt management reform plans.

#### *Questions*

- Mr. Abdul Rozaq (SAI Indonesia) asked regarding Debt Management and sustainability in measuring fiscal balance to Gross Domestic Product (GDP) and general government (GG) debt to GDP– how they would indicate the acceptable level of government debt, especially in countries like Indonesia. Government of Indonesia is currently focusing in the expansion of public infrastructures that some of the projects are assigned to State-Owned Enterprises (SOEs). In the process of these expansions, the SOEs incur debts to fund the projects. The Indonesian government has restrictions/limitations on the acceptable level of fiscal balance and GG Debt to GDP. Mr. Rozaq asked whether it is possible to include the debt incurred by SOEs funding the public infrastructure projects in the assessment of GG debt and fiscal balance to GDP level.
- Ms. Zeikate answered first by recognizing that the Indonesian situation is indeed a very important and serious issue. One of the solutions for this is the completeness of debt records. Ms. Zeikate suggested that SAI Indonesia can start by collecting data on fiscal risks related to certain public enterprises and see how they can develop a system where they can get a complete picture of the overall government debt. They should be able to identify areas on the country's fiscal risks and gather data on those particular public enterprises to monitor these risks.
- Ms. Angelika Pasterniak (SAI Austria) asked if the WB has a special sustainability indicator used in gathering their data. Ms. Zeikate answered that WB uses a joint methodology prepared by the Implementation Monitoring and Evaluation Division (IMED). This methodology can be accessed from the WB's website. In general, capacity to carry debts relates to strengths of institutions. WB first assesses each LIC's institutional strengths and, from that, sets the



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



benchmarks for groups of countries: countries with low capacity, medium capacity, and high capacity. Then, it looks at ratios that relate to debt service payments over GDP, over exports, over revenues, and see how countries relate to these benchmarks. Also, there are benchmarks for liquidity and solvency indicators and WB assesses each country's position vis-à-vis these benchmark indicators.

- Ms. Mazmishvili commended DeMPA as a very important tool in looking for new topics to study regarding public debt. SAI Georgia uses DeMPA in its debt management system. Using this methodology, the SAI is able to identify weak areas and other topics related to their audit. WB and Joint Vienna Institute even conduct a training course which aims to introduce the DeMPA methodology.
- Ms. Shirsat of IDI asked if, when WB assesses the DeMPA performance indicators on audit, (1) does it look at the quality of audit report and, in the case of performance audit, (2) does it consider the implementation of programs/projects of the government in the assessment?
- With regard to Ms. Shirsat's first question, Ms. Zeikate answered that the WB trusts that a state audit office will perform the audit aligned with international standards. But, the WB does not have the capacity to assess the quality of audit report. They cannot see if the report meets all the requirements of international standards. However, WB asks for evidence that a government has acted on the audit findings. The WB also checks on evidence that an audit has taken place and that there have been actions taken on the part of the auditee.
- Ms. Mazmishvili noted that, if an entity or institution wants to meet the minimum requirements on Debt Performance Indicator-5 (DPI-5), it is important to conduct annual financial audit. However, if one conducts performance audit, it should also be the same. In Georgia's case, they did not conduct financial audit of public debt, but for the purpose of the budget analysis, they are reviewing each year how the portfolio changes. If there are risks, they analyze such. They don't accomplish any financial audit form, but they have undertaken two performance audits on public debt management in Georgia. When Ms. Mazmishvili asked what score they will get in their conduct of public debt auditing, Ms. Zeikate said SAI Georgia will get a D as a score because they don't have financial audit, which is a key requirement to get a score of C.
- Ms. Zeikate would also like to throw the Working Group the same questions, since they are the experts on auditing: Are these adequate requirements? Do they need to be changed? Are they too strict? WB wants to improve this methodology, and the WG's opinion would be valuable to this improvement. Ms. Zeikate's understanding is that their experts will closely work with the Working Group in establishing these requirements. She added that it will be a welcome opinion to hear from the WGPLD Chairman if the requirement for annual financial auditing is too stringent or if it is indeed necessary for effective debt management. To this, the WGPLD Chair said that, in the case of SAI Philippines, it is really part of their audit, so they wouldn't consider it as stringent.
- Mr. Tricarico stated that, in the case of Argentina, which conducts annual financial and performance audits, the requirements are not a problem to them.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



- Ms. Shirsat commented that, in most countries, there is an annual financial audit done on government's financial statements so that, to respond positively to that indicator, one has to specifically have annual financial audit of public debt. What SAIs should do is to look at the area of public debt when they are doing annual financial audit of the financial statements of the government, which most SAIs would do as a part of the annual financial audit of the budget or of all the financial statements of the government; whereas when they do performance audit, then it would be a more specific, topic-related performance audit. She admits that she is not certain about the practice in Georgia, but she would assume they do basic financial audit of the financial statements of the government and if they do that, then they should cover such.
- Ms. Mazmishvili responded that, up until now, their government hasn't produced a consolidated financial report. In 2020, the government will prepare the consolidated financial report, which they will audit. For now, the only document with public debt that is published and recorded is the annual budget. They are commenting on this annual budget, but it doesn't have a financial report form. SAI Georgia issues their opinion about the budget draft. At the end of the fiscal year, the Ministry of Finance prepares an execution report of the budget, which includes information about public debt, and SAI Georgia comments on it. However, they are not classifying that report as a financial report. In 2020, when the government prepares a consolidated financial report, the liability part will be on public debt. That is the time SAI Georgia will make a comment.
- Ms. Ma. Theresa Ferreros (SAI Philippines) asked if the assessment being made for that rating on audit covers only central government debt or the total public debt, because they have separate audits for government corporations and another for the national government. Ms. Zeikate answered that financial audit covers the general government consolidated statement while performance audit and compliance cover only the central government.

*Closing Remarks*

Ms. Zeikate concluded her presentation by saying that effective DeM can help sovereigns to avoid expensive mistakes because of unsound debt management practices, weak institutions, and poor policies and processes. She added that DeMPA helps debt managers to understand international standards and to design detailed and actionable debt management reform plans to improve policies and debt management practices.

**XIV. Prevention of Fiscal Risks: Best Practices from Public Debt Auditing in China**

By: Mr. Zhang Wei

*Opening Remarks*

Mr. Zhang started his presentation by giving a briefer of their SAI's audit work. In recent years, the National Audit Office of the People's Republic of China (CNAO) has been focusing its audit work on promoting development, reform, security, and performance. Of the aforesaid work, promoting security refers to raising the overall



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



awareness of national security, reflecting potential risks in key areas, especially asset bubbles and systemic financial risks, and disclosing major violations of laws and regulations. When it comes to local government debt audit, promoting security is characterized by preventing and monitoring fiscal risks to safeguard fiscal security of the country.

CNAO's local government debt audits have been widely recognized both at home and abroad. Since 2010, CNAO's persistent audit over the years has produced significant impact in regulating China's government debts, thus giving full play to its role as the supreme audit institution to help promote national governance.

#### *Highlights*

1. Status quo of local government debt management in China
2. Status of local government debt auditing
3. Outcome of local government debt auditing
4. Experience in auditing local government debt

#### *Questions*

- Ms. Ferreros (SAI Philippines) asked if China's debt ceiling for local government debt is the ceiling applied to the general local government debt as well. She also asked about China's considerations for their debt ceiling. Mr. Zhang answered that the total amount of China's entire debt is set by the state council.
- Ms. Ferreros noted that, in Mr. Zhang's presentation, existing debts are screened and replaced. She asked what was meant by "replaced." How are the debts screened and replaced? Mr. Zhang responded that China's existing local government debts, which were issued before 2015, will have a 3- to 5-year period to be replaced. Those existing debts from previous years have a higher interest rate. They will be replaced by debts that have enjoyed a lower interest rate as set by the new budget law. All debts will be replaced. Replacement debts will have an interest rate that is higher than national bonds.

#### *Closing Remarks*

Mr. Zhang concluded that CNAO's efforts in local government debt auditing have rigorously prevented fiscal risks, and produced significant and lasting impact on public debt management. CNAO will strive continuously to establish a standard, transparent, and effective public debt management system. CNAO will maximize its participation with the WGPLD as a platform, learn from the extensive experiences of different SAIs, explore new approaches and new territories, and strive for better results in auditing.

#### **XV. Host of the 2018 Annual Meeting of the WGPLD**

By: Mr. Manish Kumar, SAI India

#### *Opening Remarks*



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



Mr. Manish Kumar greeted and thanked everyone for giving SAI India the opportunity to host the 2018 Annual Meeting of the WGPD.

*Highlights*

- SAI India confirmed their hosting of the succeeding meeting.
- It has been conveyed to Mr. Kumar by the KSC Secretariat that the next INTOSAI Governing Board Meeting will be held in October 2018. Keeping that in mind, to ensure proper reporting, Mr. Kumar requested to hold the next WGPD meeting by July or August 2018.
- Once SAI India knows the tentative dates (weather may be an issue), the venue will be decided and all the required arrangements could be made in consultation with the Chair.

*Comment*

- The 2018 Annual Meeting should be held before the Governing Board Meeting in October. Unless there are any questions or objections, the WGPD Chair is fine with holding the next Annual Meeting in July or August.

*Closing Remarks*

Mr. Kumar expressed hopes for a successful and memorable 2018 Annual Meeting.

**XVI. Quality Assurance of Non-IFPP Documents**

By: Mr. K S Subramanian, SAI India

*Opening Remarks*

Mr. Subramanian delivered his presentation on the background of IFPP and non-IFPP documents through a video conference.

*Highlights*

Mr. Subramanian presented the difference between an IFPP and non-IFPP document.

IFPP documents include the following:

- Principles
- ISSAIs
- GUIDs
- COMP

On the other hand, non-IFPP documents are as follows:

- Products and tools that help in global knowledge creation for capacity development of the SAIs
- Guides, Checklist, Manuals, IDI training material, courseware, tests
- Does not cover discussion documents, blog postings etc.



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



In discussing the background of quality assurance, Mr. Subramanian shared that the Due Process for IFPP addresses Quality Assurance (QA) concerns of all IFPP documents. Similar procedure is therefore absent for non-IFPP documents. However, he shared that three Goal Chairs in consultation with IDI have drafted joint paper on quality assurance for non-IFPP documents.

There are three processes to ensure levels of quality including 1) that process equivalent to that of IFPP, 2) that involving outside stakeholders, and 3) that involving documents produced by the Working Group and comments provided by the member-SAIs themselves. QA, moreover, requires statements of QA in all documents, inclusion of revision/expiry clause, annex outlining QA and measures taken. The Goal Chairs must sign QA statements and they shall be applicable to all documents published/reviewed on or after 1 December 2017.

Among the decisions agreed upon during the KSC-SC meeting, working groups are to provide details of non-IFPP documents produced by them under their Work Plan 2017-2019, appropriate QA level to be assigned to each document, period of revision should be specified, and the details shall be forwarded by 30 September 2017.

*Questions:*

- Ms. Shirsat informed Mr. Subramanian that the Working Group has been discussing co-branding of IDI's Handbook on the ALBF. She asked if they have any provisions regarding co-branding. What should be the provisions if two INTOSAI bodies want to cooperate and co-brand the document and how did they do it in the case of IDI Working Group on IT Audit (WGITA) Handbook?
- Mr. Subramanian responded that the WGITA Handbook is a document prepared before the new quality assurance was put in place so there is no such quality assurance statement in the former. He said that the important question to ask in the scenario given is: who should be signing the quality assurance paper? If it is an exclusive property of WGPLD, it may be the KSC Chair, and SAI India would have to co-sign. His suggestion is that it will be jointly signed by the IDI as well as by the KSC. In any case, this would not affect the co-branded products.

*Closing Remarks*

Mr. Subramanian proceeded to giving his second presentation on the KSC-IDI Community Portal.

**XVII. KSC-IDI Community Portal**

By: Mr. K S Subramanian, SAI India

*Opening Remarks*

Mr. Subramanian started his presentation by giving a brief background of the Community Portal, stating that it was a joint project by KSC and IDI. Launched in



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



November 2015, the technical infrastructure and support of the Portal was given by IDI, while SAI India provided the operational support.

*Highlights*

- The IDI-KSC Knowledge Sharing Portal has interactive features and facilities to enable better communication and sharing of ideas.
- This Knowledge Sharing Portal is currently being revamped.
- The decisions taken during the KSC SC meeting is that the Portal will be widely supported by the members and that the INTOSAI budget will be utilized for its revamping.
- The overall administration/maintenance of the Portal is being done by the KSC secretariat.

*Comments*

- Ms. Shirsat disclosed that both KSC and IDI have been struggling with these Communities of Practice. Sometime toward the end of the year, they plan to work on a paper between KSC and IDI on how to sustain robust communities of practice. In that paper, they can cover any question that the WG may have related to the Communities of Practice.
- The WGPD Chair noted that one of the questions which may have an impact on the WGPD Community Manager is the extent of such role. The WGPD Chair is requesting IDI to provide specifications of the responsibility and authority of the Community Manager.

*Closing Remarks*

Mr. Subramanian thanked the WGPD Chair for inviting him to take part in the WGPD Meeting. He added that the success of the revamping depends on the Portal's usage. Being able to talk about the Portal gives them an opportunity to explain how it can be fully utilized to the WG's advantage.

**XVIII. Discussion on the Venue for the 2019 WGPD Annual Meeting**

SAI Azerbaijan has expressed interest to host the 2019 WGPD Annual Meeting. A letter will be sent to them confirming their commitment to host the meeting, as well as to SAI Brazil who was initially invited to host the 2019 annual meeting during the chairmanship of SAI Mexico. Should both SAIs confirm, the WGPD Chair will decide on the final choice of venue.

**XIX. Way Forward**

By: Atty. Michael G. Aguinaldo, WGPD Chairperson



**Annual Meeting**  
**INTOSAI Working Group on Public Debt**  
Manila, Philippines  
September 27-29, 2017



*Opening Remarks*

Apart from recognizing the active participation of all participating members, the Chair informed the Group on the summary of the discussions and agreements reached during the two-day meeting proper.

*Highlights*

The Chair reiterated call for comments on the following documents which shall be circulated by SAI Philippines: Strategic Plan (c/o Task Team), Work Plan, TOR, and Handbook. The Strategic Plan Task Team is composed of SAIs Philippines, Russian Federation, Georgia, and USA while confirmation from SAI Moldova is yet to be answered.

The WG also agreed on the proposed deferment of the following activities to be included in the Work Plan 2020-2022:

- a. Guidance material for public debt auditors on debt authorization and contracting
- b. Guideline on Public Debt Management Office

The main activity of the WGPD, Project 2.9, will be a product of cooperation among the SAIs of Austria, Azerbaijan, Brazil, China, Fiji, Georgia, Indonesia, Kenya, Philippines, Russia, USA and Zambia. Also, the participation of SAIs Chile, India, Portugal and Ukraine will be confirmed.

The Chair lauded Mr. Kumar of SAI India for volunteering as COP Manager of the Group. As well, the Chair recognized the affirmation of SAI India to host the 2018 WGPD Meeting.

*Closing Remarks*

The Chair thanked all participating members and reminded the participants of the coordination to be initiated by the WGPD Secretariat with regard the standing concerns and fulfillment of agreements made during the Meeting.