

## MINUTES

### **of the VIIIth Meeting and Seminar of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes**

*22 November 2022 (online)*

*Videoconferencing platform: Zoom.*

*Working languages: English, Ukrainian (simultaneous interpretation).*

The VIIIth Meeting and Seminar of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (EUROSAI WGAFADC) were held online on the 22<sup>nd</sup> of November 2022. The events were attended by 37 representatives of the SAIs of 13 countries, namely: the Republic of Albania, the Republic of Bulgaria, the Republic of Estonia, Georgia, Hungary, the Italian Republic, the Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, the Republic of Poland, Romania, the Republic of Turkey, Ukraine, as well as of the European Court of Auditors. The events were moderated by Mr. Viktor Bohun, the Member of the Accounting Chamber of Ukraine.

#### *The VIIIth Meeting of the EUROSAI WGAFADC on the theme “Catastrophes caused by force majeure circumstances, assessment of probable losses and minimization of negative consequences: challenges for SAIs”*

The meeting began with a welcoming speech of **Mr. Andrii Maisner**, Deputy Chairman of the Accounting Chamber of Ukraine. In his welcoming speech, Mr. Maisner thanked the representatives of SAIs – members and observers of the Working Group for participating in this year’s meeting. He drew the participants’ attention to the conditions in which Ukraine is suffering from Russia’s aggressive actions and to what catastrophic consequences this war leads.

Mr. Maisner thanked European friends and partners for the support that Ukraine receives, for the unprecedented international financial, technical, humanitarian and military assistance that comes from European partners to Ukraine. He expressed his belief that Ukraine’s victory over the terrorist country should prevent further disasters and negative consequences for the whole of Europe.

**Mr. Ruslan Strilets, Minister of Environmental Protection and Natural Resources of Ukraine,** addressed the participants of the meeting with welcoming speech. Mr. Strilets informed that for the first time in its history, Ukraine faced the need to calculate the damage caused to the environment due to the war unleashed by Russia, as well as the need to develop appropriate methods of calculation. According to him, new cases of damage to nature are recorded every day. The Minister also noted that during the UN Conference on Climate Change (COP27), Ukraine presented its initiative for creation of a platform for the development of international methodologies for assessing damage caused by war to the environment. The goal is to create a generally accepted methodology that will not only help in calculating losses, but also act as a safeguard against possible aggressive actions that will cost the aggressor dearly.

In addition, Mr. Strilets reported that now Ukraine is one of the most mined countries in the world. More than 30 percent of the territory is mined, which, among other things, leads to losses from the non-use of these territories, and more than a third of the country's forest resources are destroyed or damaged by military actions.

After the introduction of the SAIs-participants, **Mr. Viktor Bohun made a presentation on the activities of the EUROSAI WGAFADC in current conditions and its further steps.** He recalled that since the extension of the Working Group's mandate in 2021, its activities were carried out taking into account the specifics of this period, which affected the format of the work and holding of the group's events. The main factors of this were, in particular, the devastating consequences of climate change – floods, droughts, large-scale forest fires, the Covid-19 pandemic and, of course, the war in Ukraine.

Mr. Bohun noted that despite the mentioned challenges, the Working Group has implemented a number of measures during the current period, which contributes to the improvement of informing the members of the EUROSAI community about the results of the Working Group's activities and draws attention to the issues of disaster prevention.

In particular, it was emphasized that according to the Objective 2.2 of the Strategic Plan of the EUROSAI WGAFADC for 2021-2024, the group should identify the risks of man-made accidents/catastrophes that may be caused by force majeure circumstances and to develop methodological approaches to conducting audits and development of recommendations for SAIs aimed at assessing the probable losses and minimizing the negative consequences of disasters due to force majeure. According to Mr. Bohun, force majeure also includes the war taking place in Ukraine. It creates significant risks for the occurrence of a number of disasters, namely: humanitarian, food, environmental and the most dangerous nuclear disaster. In order to assess the damage caused by the war and the mechanisms of effective control over the use of funds to overcome these losses, there is a need to develop an appropriate audit methodology for SAIs. We are talking not only about Ukraine, but also about the development of a universal methodology that could be used by any state that suffered because of the war.

In addition, Mr. Bohun informed the participants about the conducted survey among the members and observers of the Working Group, which was foreseen by the Objective 2.2 Of the Strategic Plan, concerning *the interest of SAIs in participating in the development of practical recommendations aimed at assessing probable losses and minimizing the negative*

*consequences of disasters* and thanked colleagues from SAIs who responded and expressed a desire to join this work.

The received responses to this survey show that the majority of respondents have experience in conducting audits aimed at assessing probable losses and minimizing the negative consequences of disasters due to force majeure. The audits conducted by SAIs concerned, in particular, natural phenomena and epidemics (for example, the coronavirus disease (COVID-19) pandemic caused by SARS-CoV-2). Most of the respondents support the preparation of practical recommendations for assessing probable losses and minimizing the negative consequences of disasters as a comprehensive document. Mr. Bohun called on the SAIs, which did not submit their answers and wishing to join such an extremely important work, to send completed questionnaires after the meeting of the Working Group.

Mr. Bohun also reminded about the no less important task for the members and observers of the Working Group to introduce monitoring of governments' efforts aimed at preventing natural disasters and about the plans to conduct in 2024 an international coordinated audit of "*Governments' preparedness for disaster prevention and elimination of their consequences*", which was announced last year. Therefore, in the next year, the group plans to develop and agree on a Common Position on cooperation in conducting this audit, within the framework of which each of participating SAIs will be able to prepare materials based on the example of the direction most relevant for its country.

Besides, Mr. Bohun emphasized that another topic for conducting an international coordinated audit within the framework of the group's activities, according to last year's survey, was the topic of *prevention and liquidation of the consequences of fires*. For this purpose, the Accounting Chamber of Ukraine prepared **the draft Common Position on cooperation during the International Coordinated Audit of Forest Protection Against Fires**, which was sent to the members and observers of the group for consideration and suggestions. The purpose of this international coordinated audit is to assess the effectiveness of the national policies in the countries of the SAIs-participants of the international audit aimed at protecting forests from fires, as well as to provide joint recommendations to governments to improve the effectiveness of their activities in this area.

He informed about the received answers from the SAIs of Georgia and Lithuania regarding the possibility of joining this international audit with the materials of already conducted audits on this topic, and **addressed to other members and observers of the Working Group with an invitation to join this coordinated audit.**

After that, according to the agenda of the meeting, **Ms. Mihaela Doina Voicu**, Deputy Director and **Ms. Eugenia Iancului**, External Public Auditor of the Romanian Court of Accounts, **made a presentation on the topic "The efficiency and effectiveness of the programs and measures undertaken for the prevention, intervention and elimination of the effects of a major earthquake in the City of Bucharest"**. They noted that the choice of the relevant topic was motivated by the past cases of earthquakes in Romania, the recurrence of which could cause catastrophic consequences in Bucharest and the need to check how well the institutions in charge of this field are prepared to counter these challenges.

The representatives of the SAI of Romania familiarized the participants with the general purpose of the audit, the audit period and conclusions. The purpose of the audit was to assess the efficiency and effectiveness of the programs and measures taken to prevent, overcome and eliminate the consequences of a major earthquake in the municipality of Bucharest, and the audit period covered 2014-2020. According to the audit results, 216 deficiencies were identified in the earthquake risk management system, more than 300 conclusions were prepared and 160 recommendations were provided.

In conclusion, it was emphasized that the preparation of the population and institutions to deal with natural disasters caused by a strong earthquake was an area where efforts had not been made in recent years. Moreover, measures to prevent crisis situations and civil protection, anti-seismic preparation of the population and authorities of Romania, strengthening of structures that were classified as seismic risk and had passed a technical expert assessment were a matter of national security.

In addition, they informed about conduction of a performance audit on the theme *“Evaluation of the efficiency and effectiveness of program actions and measures undertaken for flood risk prevention, response and recovery from the effects of floods on the territory of Romania for the period 2015-2021”*. This audit will be completed in the first half of 2023, after which the results of the audit with conclusions and recommendations can be presented to the members of the group.

With regard to the invitation of the SAI of Ukraine to participate in *the International Coordinated Audit of Forest Protection Against Fires*, the representatives of the SAI of Romania reported that this issue was still under consideration.

**Ms. Galina Milenkova**, Auditor of the Performance Audit Directorate and **Ms. Rumyana Yordanova**, Senior Auditor of the Department 2 “Performance audit of EU funds” of the Bulgarian National Audit Office, **made a presentation on the topic “Effective and transparent use of public funds aimed at overcoming the aftermath of the COVID-19 pandemic”** and acquainted the participants with the audit methodology applied, as well as with the conclusions and recommendations on the audits conducted. They informed that during the study of this topic, the SAI of Bulgaria faced the task of providing society with an independent and objective assessment of how funds were spent to overcome the COVID-19 pandemic and what efficiency was achieved through the implementation of measures by the country’s government to reduce the impact of the crisis on population and business.

It was noted that 4 audits were conducted on this issue in the period of 2020-2021, 2 of which had been completed and 2 were at the stage of completion. The participants were presented with the results of completed audits on topics *“Effective and transparent use of public funds to overcome the effects of the COVID 19 pandemic - social support and employment measures”* and *“Effective and transparent use of public funds to overcome the consequences of the COVID 19 pandemic - measures to support farmers”* and familiarized with the conclusions and recommendations of these audits. Among the recommendations provided based on the results of these two audits, in the first case, it was emphasized the feasibility of conducting an analysis of the results of the implementation of financial instruments in order to find the reasons for the weak interest in lending, as well as the need

to take measures to stimulate interest in the available financial instruments and their effectiveness. Among the recommendations based on the results of the second audit, the need for better information about the provision of state support under the COVID-19 program was emphasized.

*During the second session, a seminar on the topic “Methodological approaches to the audit of losses and damages caused by military conflicts” was held.*

The seminar started with a speech of **Ms. Inguna Sudraba**, Team Leader of the Project “Strengthening Capacities in External Audit in line with International Standards” (EU4ACU), Auditor General of Latvia in 2004-2013. She **made a presentation on the topic “Audit of the assessment of damage and losses caused to Ukraine as a consequence of the armed aggression of the Russian Federation”**. Ms. Sudraba informed those present about the progress of the EU project implementation in the Accounting Chamber of Ukraine, as well as about expert assistance in developing the appropriate methodology for assessing destruction and damage caused by Russia’s armed aggression.

She noted that the tasks of this project were: assistance to the Accounting Chamber in the performance of actual audit tasks, the results of which meet the requirements of the time and will allow strengthening Ukraine’s position in the international arena; facilitating the preservation of independence by the Accounting Chamber during the performance of audit tasks regarding the assessment of destruction and damage caused to Ukraine as a result of the Russia’s armed aggression; as well as providing expert assistance in the development of audit methodology for compliance with the requirements of ISSAIs in the assessment of damage and losses.

Ms. Sudraba noted that in this context, the Accounting Chamber can use the following approach: at the first stage, conduct an audit of the compliance of the approaches applied at the state level to the development of the methodology for assessing destruction and damage; and at the second stage – to carry out an audit of the conformity of the assessment of destruction and damage caused to Ukraine as a result of Russia’s armed aggression with the approved methodology. The results of these audits should be the conclusion of the Accounting Chamber regarding the correctness of the approaches applied at the state level to the development of the damage and loss assessment methodology, as well as the provision of an audit opinion and recommendations regarding the compliance of the assessment process with the approved methodology.

The next presentation on the topic **“Methodological approaches to the calculation of Ukraine’s losses from the military aggression of the Russian Federation and the calculation of general needs for the recovery of the country”** was made by **Ms. Vlada Grudova**, Co-head of the project “damaged.in.ua” of the Kyiv School of Economics, Member of the working group “Audit of war damage” of the National Council for the Recovery of Ukraine from the Consequences of the War. She informed the participants of the seminar that since the beginning of the full-scale war in February 2022, the analytical department of the Kyiv School of Economics, together with 15 other volunteer organizations, with the support of the Office of the President of Ukraine, the Ministry of Infrastructure, the Ministry of Development of Communities and Territories, the Ministry of



Economy, the Ministry for Reintegration of Temporarily Occupied Territories and other state bodies, assessed the relevant damages, losses and needs.

Ms. Grudova noted that this project was focused on collecting all the evidentiary information about the destruction and crimes, as well as how much damage had been caused to Ukraine by Russia's armed aggression. She familiarized the participants with the damage assessment methodology, the methods of collecting evidentiary information and the data sources used, the sectors of the economy that suffered losses, as well as the current calculations.

**Ms. Maryna Shymkus**, Head of the Department of Environmental Assessment of the Ministry of Environmental Protection and Natural Resources of Ukraine, **delivered the presentation with the topic “Damage to the environment of Ukraine caused by armed conflict: methodologies of assessing damage to environmental components, further steps”**. She familiarized the participants with the results of current calculations regarding damage to Ukraine's environment from military actions, and also presented the methodology used for the calculation and the measures taken for the acceptance of the methodology by the international community.

As noted by Ms. Shymkus, Russia's war against Ukraine led to irreversible damage to the environment, an increase in the negative effect of existing environmental problems and the emergence of new ones not only on the territory of Ukraine, but also outside its borders. In addition, Ms. Shymkus said that with the aim of creating a unified approach to assessing the damage caused to the environment by military aggression, during the UN Climate Change Conference (COP27) Ukraine took an initiative supported by many countries of the world to create a Global Platform for deepening international partnerships for environmental restoration.

The next speaker was **Mr. Oleksii Dorohan**, CEO of the Better Regulation Delivery Office (BRDO), Co-founder of the Coalition “RISE Ukraine”, **who made a presentation on the topic “Building digital infrastructure for managing, monitoring and auditing Ukrainian reconstruction”**. He informed the participants about the activities of the “RISE Ukraine”, which is a coalition of Ukrainian and international public organizations, initiatives, state institutions and activists who united to promote the principles of integrity and to participate in the post-war reconstruction and development of Ukraine, the creation of accountability mechanisms during reconstruction, timely publicizing data, developing digital solutions, and involving citizens and businesses in planning, monitoring, and overseeing reconstruction.

Mr. Dorohan noted that the activities of this coalition will help to increase the trust of citizens, businesses and international partners in the authorities, will allow to attract more funds for the reconstruction of the country, and the timely, reasonable, transparent and effective disclosure and use of data will improve the coordination and implementation of this important national project.

**Ms. Sophio Dvalishvili**, Head of Defense, Public Order and Security Department of the State Audit Office of Georgia, **made a presentation on the topic “Audit of management**

**(prevention, preparedness) of emergency situations caused by forest fires”**. She noted that this performance audit was carried out by the State Audit Office of Georgia in 2020 during the pandemic, which made it difficult to conduct, and all audit activities took place online. The participants were informed that the audit covered the period of 2019-2020, and the main motivation for conducting that audit was that forest fires occur in Georgia every year, covering tens and hundreds of hectares of land. To protect the population and the territory from emergency situations, a national strategic document on natural disaster risk reduction was created in Georgia, the purpose of which was to create a unified risk reduction system.

Ms. Dvalishvili noted that the main issue of the audit was how effective were the planned and implemented measures to prevent the risks of forest fires and prepare for them. Thus, according to the results of the audit, among the main shortcomings of fire prevention measures, the following were identified: shortcomings of forest management plans and fire prevention measures; shortcomings of the existing model of physical forest protection; uneven distribution of primary fire equipment; deficiencies in the distribution of firefighters and rescuers; shortcomings in the territorial distribution of fire trucks; lack of aviation firefighting capabilities. In addition, it was emphasized that despite significant changes in the legislation, the National Civil Security Plan of Georgia, approved in 2015, was not updated, and among the factors of the occurrence of forest fires, lenient punishment for causing them was noted.

**At the end of the seminar** Mr. Viktor Bohun thanked all the participants for their fruitful work, colleagues from SAIs – for presenting valuable experience of conducted audits, and experts – for interesting and meaningful presentations. He once again invited the members and observers of the Working Group to participate in the International Coordinated Audit of Forest Protection Against Fires, the Common Position on the conduct of which was distributed earlier. Mr. Bohun expressed hope for the speedy end of the aggressive war against Ukraine and a return to a peaceful life, as well as for a personal meeting with the members and observers of the Working Group and the holding of the next meeting of the group in an offline format.