



**ACCOUNTING CHAMBER
OF UKRAINE**

MINUTES

VIIth Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes

16 November 2021 (online)

Videoconferencing platform: Zoom.

Working languages: English, Russian (simultaneous interpretation)

The VIIth meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (EUROSAI WGAFADC), was held online on 16 November 2021. The event was attended by 49 representatives of SAIs of 16 countries, namely: the Republic of Albania, the Republic of Belarus, the Republic of Bulgaria, the Czech Republic, the Republic of Estonia, Georgia, Hungary, the Italian Republic, the Republic of Kazakhstan, the Republic of Latvia, the Republic of Moldova, the Republic of Poland, Romania, the Republic of Serbia, the Republic of Turkey, Ukraine, as well as of the European Court of Auditors. The event was moderated by Mr. Viktor Bohun, the Member of the Accounting Chamber of Ukraine.

VIIth Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes

The meeting began with a welcoming speech of Mr. Viktor Bohun, the Member of the Accounting Chamber of Ukraine.

In his welcoming speech Mr. Bohun thanked the representatives of SAIs – members and observers of the Working Group for participating in this year’s meeting, which is taking place in a remote format in connection with the COVID-19 pandemic, and congratulated all with extension at the XI EUROSAI Congress of the mandate of the EUROSAI WGAFADC for the next three-year period.

He congratulated the Supreme Audit Office of the Czech Republic on gaining membership in the Working Group this year.

Mr. Bohun noted that in recent years countries around the world are facing not only the devastating effects of the pandemic, but also the growing number of natural and man-made disasters, accidents and emergencies, such as floods in Germany, the Netherlands and Ukraine, distractive fires in the USA, Greece, Turkey, Italy, Albania, etc. He stressed that the supreme audit institutions should play an important role in disaster prevention and that the Strategic Plan of the Working Group for 2021-2024, supported by all members, should help to achieve this goal.

Mr. Bohun informed that the international coordinated audit “Transboundary movement of wastes in the light of the Basel Convention provisions”, which was carried out by the SAIs of Poland (audit coordinator), Slovakia and Ukraine, was completed this year. Joint report on the results of this audit, which was signed by the heads of the above mentioned SAIs in July 2021, in Rzeszów, Poland, is available on the web portal of the WGAFADC.

Concluding his speech, Mr. Bohun wished the participants fruitful work during the meeting and expressed hope that with the improvement of the epidemic situation in 2022, the Working Group will be able to hold a field seminar in the first half of the year and a field annual meeting in the second half of 2022.

Mr. Miron Nica, Counselor of Accounts of the Romanian Court of Accounts, **addressed the participants of the meeting with welcoming speech.** In his speech, Mr. Nica greeted the participants and wished them fruitful work during the VII Meeting of the WGAFADC. He reminded the participants that the SAI of Romania had previously expressed its readiness to host the VIth and VIIth meetings of the Working Group, but, due to the difficult epidemiological situation caused by COVID-19 and in order to preserve the health of the participants, it was decided to hold these events online.

However, Mr. Nica reaffirmed the readiness of the Romanian Court of Accounts to host the next meeting of the Working Group in 2022 and expressed hope that improving the pandemic situation would allow it to take place offline.

After introducing the participants and the agenda of the meeting, **Mr. Viktor Bohun presented the results of the survey conducted among the members of the Working Group on their interest in coordinated audits in 2021-2024.** He reminded that this year two surveys were conducted among the members and observers of the WGAFADC: the first concerned the implementation of the Sustainable Development Goals and the role of SAIs in this direction, as well as the possibility of future coordinated audits; the second concerned SAIs’ interest in participating in international coordinated audits on specific topics over the next three years.

The analysis of the responses to the first survey showed that SAIs-participants did not have practical experience in conducting audits to monitor governments' efforts to implement the

SDGs or did not have the opportunity to share such experience at present. In particular, it was noted that the Working Group can contribute to the achievement of SDGs by:

- ✓ organization of trainings and seminars to increase the level of knowledge of auditors who will be involved in conducting audits on these issues;
- ✓ conducting coordinated audits;
- ✓ preparation of manuals, exchange of best practices and experience of conducting such audits (audit matrices, methodological approaches);
- ✓ development of a unified approach for conducting audits in this area, creating a virtual platform for the exchange of experiences between SAIs.

In addition, the majority of respondents expressed interest in participating in coordinated audits in the field of prevention and consequences elimination of catastrophes in the next three years and among the relevant topics identified the following:

- earthquakes;
- fires;
- floods;
- effectiveness of the implementation of the Sendai Framework Program for Disaster Risk Reduction for 2015-2030;
- water resources and ecosystems;
- audit of waste, unusable pesticides, as well as land contaminated with pesticides;
- audit of unified emergency call systems at the national level.

According to the results of the second survey, among the SAIs-respondents:

- ✓ 23% – expressed interest in conducting an audit on the readiness of governments to prevent disasters and eliminate their consequences (on the example of a disaster at the choice of each SAI);
- ✓ 22% – interest in conducting an audit of prevention and elimination of the consequences of fires;
- ✓ 14% – audit of earthquake prevention and response;
- ✓ About 20% do not plan to participate in coordinated audits in the near future.

For this reason, **Mr. Bohun came forward with the initiative on:**

1. *Actualization of the Common position on cooperation during conduction of the international coordinated audit on the prevention and consequences elimination of earthquakes and circulation of it to potential participants to complete this audit in 2022.*
2. *Preparation of a draft Common position on cooperation during conduction of the international coordinated audit on the prevention and consequences elimination of fires (for its conduction preliminarily in 2023).*
3. *Conduction of a multilateral audit of governments' preparedness for prevention and consequences elimination of disasters in 2024.*

After the presentation, **Mr. Bohun invited the participants to discuss potential topics of international coordinated audits** in the framework of the Working Group's activities. Participants were given the floor to express their interest in participating in future

coordinated audits, as well as suggestions or comments on audit topics. The representatives of:

- *SAI of Bulgaria* reported no proposals.
- *SAI of Georgia* reported no additional proposals and that the SAI's activities are currently focused on COVID-19 audits. In addition, it was noted that audits on earthquake and prevention of fires are currently underway, which will be completed in 2023. The possibility of joining a coordinated audit on fires was mentioned.
- *European Court of Auditors* informed that ECA doesn't plan to participate in coordinated audits.
- *SAI of Italy* noted that the decision to participate in coordinated audits needs to be scheduled in advance and approved in the audit plans of the Italian SAI.
- *SAI of Kazakhstan* reported that its activities are currently focused on COVID-19. It is ready to consider participating in coordinated audits from 2023, but this decision needs further approval by the Board Members of the SAI.
- *SAI of Latvia* informed that it doesn't plan to participate in coordinated audits.
- *SAI of Moldova* reported its readiness to participate in coordinated audits, but this decision must be approved by the Board Members of the SAI when formulating a work plan for 2022–2023.
- *SAI of Poland* noted the absence of additional proposals, as the SAI is currently focused on conducting audits on COVID-19 and expressed readiness for further cooperation.
- *SAI of Romania* proposed to conduct a coordinated audit on flood prevention.
- *SAI of Turkey* reported no additional proposals. The SAI has completed national audits on floods and waste and does not currently plan to participate in coordinated audits, but the decision may change.
- *SAI of the Czech Republic* noted its readiness to participate in a coordinated audit on flood prevention.

Following the discussion, Mr. Bohun thanked the participants for their suggestions, which will be summarized and sent to members and observers of the Working Group for review.

After that, according to the agenda of the meeting, **Mr. Wiesław Motyka**, Director of the Regional Branch of the Supreme Audit Office of the Republic of Poland in Rzeszów, **presented the results of the International Coordinated Audit “Transboundary movement of waste between Ukraine, Slovakia and Poland in light of the Basel Convention”**.

Mr. Motyka acquainted the audience with the prerequisites for the audit, namely the need to monitor the recommendations of the results of a previous similar audit conducted by the SAIs of Poland, Slovakia and Ukraine in 2008. Among the main reasons for the audit was the insufficient implementation of the provisions of the Basel Convention in the context of the effectiveness of the audit of transboundary movements of wastes; the need to eliminate shortcomings in the supervision and movement of wastes; changing the situation and provisions of both European and national legislation on the international movement of wastes; competences of national authorities in this field.

It was noted that the results of the SAIs' assessments and conclusions submitted on the basis of national audits show that proper control of transboundary movements of wastes and their identification is not ensured; there is still no effective system of control over transboundary

movements of wastes, as the inspection of wastes at border crossings between Ukraine and Slovakia and Poland was formal – physical control of wastes with documents was not carried out; services at border crossing points are not equipped with equipment and devices for identifying or determining the amount of wastes transported.

Joint recommendations based on the results of the coordinated audit provide for the need to take concerted action in accordance with the provisions of Article 10 (1) and (2) of the Basel Convention and the provisions of Regulation No. 1013/2006 to improve the control system for the movement of waste between Ukraine, Slovakia and Poland. In addition, the system of control over the movement of waste needs to be improved in terms of surveillance at border crossings and the elimination of uncontrolled dumping of waste in the country through which they pass in transit.

Then, in accordance with the agenda of the meeting, a plenary session on the topic “Natural and man-made disasters: challenges for SAIs” was held.

The presentation on the topic “Disaster preparedness at the present stage – new challenges for governments and SAIs” was made by Ms. Liliya Prudyvus, Chief Specialist of the Accounting Chamber of Ukraine. She acquainted the audience with the main measures of the international community aimed at reducing the risk of disasters. In particular, the participants were introduced to the main provisions of the Sendai Framework Program for 2015-2030, measures of the UN Office for Disaster Risk Reduction, general analysis of government response to various disasters related to natural hazards and man-made threats, as well as environmental, technological and biological threats and risks.

The important role of SAIs in resolving the complex situation in the world and the need to conduct audits to reduce the risk of disasters were emphasized. The participants’ attention was focused on possible steps of SAIs in this direction, in particular on:

- assessing the adequacy of policies, including the implementation of the Sendai Framework Program on Disaster Risk Reduction;
- focusing on the lack of disaster risk reduction policies;
- conducting audits on the implementation of disaster risk reduction policies, as well as efficient and productive use of funds for planned purposes;
- taking measures to raise awareness on the importance of disaster risk reduction policies or improvements in policies.

In order to acquaint the participants with the practical side of climate change, disaster prevention in Ukraine and measures taken by the government in this direction, **Ms. Svitlana Grynychuk**, PhD in Economics, Adviser to the Minister of Finance of Ukraine on climate change, made a presentation on the topic **“Climate change and disaster risk prevention in Ukraine”**.

In the presentation she gave an overview of the world’s policies and the international community’s efforts to combat climate change. She acquainted the audience with the main factors that lead to climate change, as well as the types of natural disasters that lead to such changes. In particular, according to the above information, in Ukraine there is an increase in abnormal meteorological phenomena, long-term heat waves, drying of rivers, increasing the number and scale of fires, abnormal precipitation and more. She noted that this indicates the

urgency of combating climate change. Reasons for such changes include emissions from mining, transportation and incineration of coal, oil and gas, industry, agriculture, low energy efficiency of buildings, lack of waste management systems, and reduced carbon sequestration by ecosystems, especially forests, etc.

According to the expert, to address climate change in Ukraine, the relevant National Strategy and Operational Action Plan have been developed, which provide for:

- conducting an institutional and legal analysis of adaptation to climate change at the national and sectoral levels;
- development of methodologies/recommendations for assessing climate risks and vulnerabilities for key sectors;
- conducting sectoral assessments of climate risks and vulnerabilities;
- development of relevant sectoral action plans/including adaptation to existing strategic documents (energy strategy, transport strategy, new strategic documents);
- necessary changes to the legislation (inclusion of climate adaptation to the local economy and social development strategies, environmental assessment processes and the environmental impact assessment process);
- development of indicators of the impact of climate change on socio-economic sectors and natural components.

Then Mr. Bohun gave the floor to the next speaker, recalling that the first objective of Strategic Goal 2 of the WGAFADC Strategic Plan for 2021-2024 was to increase the efforts of the Working Group's members to implement their recommendations to improve the safety of critical infrastructure, by conducting audits on the safety of critical infrastructure (NPPs, HPPs, flood protection facilities, mining companies, etc.).

Ms. Inga Kramarenko, Chief Specialist of the Accounting Chamber of Ukraine, made a presentation on the topic **“Defining performance criteria for implementation of control measures at critical infrastructure”**. During the presentation, Ms. Kramarenko noted that society, the economy, and especially the crisis response system must be prepared for cataclysms caused by climate change, including storms, heavy rains, catastrophic floods, hurricanes, tornadoes and more. In such circumstances, countries need to create an effective system of critical infrastructure protection, and the example of those countries where it is established shows that they can effectively combat both terrorist attacks and cybercrime, as well as prompt action to address the consequences of man-made emergencies and natural disasters.

It was noted that in most cases, the stability of critical infrastructure means its ability to function reliably in normal mode, be prepared for changing conditions, adapt to such conditions, as well as resist change and recover quickly from malfunctions (accidents and technical failures, malicious actions, natural disasters and phenomena). In the national laws of different countries, threats to critical infrastructure are divided into three main categories, taking into account the nature of their origin, namely: malicious actions; natural hazards (hurricanes, tornadoes, earthquakes, tsunamis, floods, extreme weather conditions, etc.); man-made emergencies (aviation accidents, nuclear accidents, fires, accidents in energy supply systems, emissions of hazardous substances, etc.).

Among the tasks of SAIs in planning and conducting audits related to critical infrastructure facilities, the following were mentioned:

- whether there are objects of critical infrastructure among the objects of audit;
- whether the assessment of risks and threats to the proper functioning of critical infrastructure was carried out;
- whether certain measures have been taken to ensure their efficient and safe operation.

Ms. Kramarenko concluded that the assessment of preparedness for prevention and response to natural disasters, which our SAIs has repeatedly conducted, is also related to the assessment of the readiness of critical infrastructure for various disasters and emergencies.

In accordance with the agenda of the meeting of the Working Group, the next contribution was from the Corte dei conti, the Court of Audit of the Italian Republic, by **Mr. Mauro Orefice**, President of Chamber and Head of the International Affairs Office and by **Mr. Giulio Stolfi**, Assistant Prosecutor General – Member of the Audit Chamber for EU and International Affairs, with a presentation on the topic **“Multilevel competencies and powers. Simplifying without oversimplifying. Some remarks starting from a report of the Italian Corte dei conti on hydrogeological instability”**.

Mr. Stolfi presented some conclusions of the report on the results of the audit “The interventions of the State administrations for the mitigation of hydrogeological risk”, conducted by the Court of Audit. He noted that hydrogeological instability is particularly relevant in Italy, as it affects most of the peninsula, affecting population, infrastructure and the economy. The territory of the country is densely populated, with an extensive network of highways and railways, and which by its natural characteristics is prone to landslides and floods.

According to the Italian SAI, the audit highlighted a number of issues that arise in connection with the mechanism of operation and monitoring of measures to reduce hydrogeological risk in the management of facilities. In general, the ineffectiveness of some measures taken so far was emphasized. The auditors examined the state of implementation of the National Plan for Hydrogeological Risk Mitigation, Restoration and Protection of the Environmental Resource, so called “Proteggitalia”; the efficiency and effectiveness of resource management; governance, procedures, control and monitoring of interventions; the measures taken to address critical aspects; the evaluation indicators related to the scope of the investigation.

Mr. Cüneyt Avşar, Senior Auditor of the Turkish Court of Accounts, made a presentation on the topic **“Audit on Flood Risk Management (2019-2020)”**. Mr. Avşar informed the audience that the objective of the audit was to assess whether the activities carried out to reduce flood risks are planned properly and the effectiveness of the practices carried out within the framework of the current organizational structure and legislation. In particular, he said that the audit focused on risk mitigation measures to prevent floods from occurring as a natural disaster into a catastrophe and to minimize possible damage. The audit covered flood risk reduction measures in the period from 2012 to 2019, when flood risk management based on the river basin was started.

Among the main findings of the audit were the following:

- Existing organizational structure and working systematic of flood risks at the basin level is not effective.
- The boards and committees formed within the framework of the basin management model do not function effectively.
- Flood risk is not taken into account sufficiently in the physical planning of residential areas.
- The river beds are covered in a way that increases the risk of flooding.
- There are interventions such as illegal structures and excavations that increase the risk of flooding in the stream beds.
- Inappropriate bridges and culverts increase the risk of flooding in stream beds.

Based on the results of the audit, the following recommendations were provided:

- ✓ It should be ensured that the boards and committees formed within the framework of the basin management model work more effectively in flood management.
- ✓ It should be ensured that the flood risk is taken into account in the planning of residential areas.
- ✓ Any intervention that increases the risk of flooding in stream beds should be prevented.
- ✓ Bridges and culverts should be constructed in a way that does not increase the risk of flooding.
- ✓ Risks should be reduced by making improvements for structures at risk of flooding.

At the end of the meeting Mr. Viktor Bohun thanked all the participants for fruitful work, interesting and informative presentations and exchange of views on the activities of the group. He noted that the EUROSAI WGAFADC has quite ambitious plans and important tasks for the next 3 years. Implementing these tasks requires consolidating the efforts of all members and observers of the group, finding new approaches to conducting disaster prevention audits, and reassessing how effective auditing should be in the face of new challenges and constraints.