

PROGRESS REPORT

of the EUROSAI Working Group on
the Audit of Funds Allocated to
Disasters and Catastrophes, since
September 2022

Accounting Chamber of Ukraine



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CONTENT

INTRODUCTION.....	3
IMPLEMENTATION OF THE STRATEGIC PLAN OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES, IN 2022	5
Strategic goal 1 "Mobilization of the SAI's efforts aimed at the professional development of auditors" (Step 1 "TOWARDS").....	5
Strategic goal 2 "Mobilization of the SAI's efforts aimed at disaster prevention and minimization of relevant threats" (Step 2 "FORWARD")	7
Strategic goal 3 "Mobilization of the SAI's efforts aimed at effective external communication" (Step 3 "TO THE WORLD")	10
PLANNED ACTIVITIES	12



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



INTRODUCTION

The Progress Report of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes covers the period from September 2022 till April 2023.

The Accounting Chamber of Ukraine has been chairing the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (hereinafter referred to as the Working Group) since 2014. In April 2021, the XI EUROSAI Congress extended its mandate for another three years under the chairmanship of the Accounting Chamber.

The Working Group's activities are carried out in accordance with the [Strategic Plan](#) for 2021-2024, which is available on the Working Group's website.

The mission of the Working Group remains unchanged - to increase the capacity, unite and coordinate the efforts of the European Supreme Audit Institutions in assisting national governments in developing effective and efficient disaster management tools.

As of the beginning of 2022, the Working Group united 20 SAIs, 18 SAIs of them are members of the Working Group and 2 observers (Annex 1).

However, in March 2022, the EUROSAI Governing Board, at the suggestion of the Accounting Chamber, condemned all acts of violence against the population of Ukraine by the Russian military and confirmed that the ongoing Russian aggression against Ukraine continues to pose a threat to the values and principles of EUROSAI. Thus, at an emergency meeting, the EUROSAI Governing Board decided to suspend any cooperation with the Accounts Chamber of the Russian Federation and the State Control Committee of the Republic of Belarus and any state institutions of these countries.

As a result, the membership of the SAIs of the Republic of Belarus and the Russian Federation in the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes was suspended.

In 2022, the implementation of the defined mission of the Working Group was carried out "in three steps" by implementing three strategic objectives to mobilize the efforts of the SAIs - members of the Working Group aimed at:

Strategic goals of
the Working Group

1. Professional development of auditors (Step 1 "TOWARDS").
2. Disaster prevention and minimization of relevant threats (Step 2 "FORWARD").



EUROSAI

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



3. Effective external communication (Step 3 "TO THE WORLD").

The activities of the Working Group in this reporting period were carried out taking into account the peculiarities of this period, namely the restrictions related to the COVID-19 pandemic and caused by the legal regime of martial law, as provided for by the Law of Ukraine №389-VIII "On the Legal Regime of Martial Law" dated 12.05.2015. The martial law was introduced on 24.02.2022 in connection with the military aggression of the Russian Federation against Ukraine and is still in force. These peculiarities influenced both the change in the format of the Working Group's meetings and the measures to develop cooperation with other EUROSAI and INTOSAI Working Groups. In particular, all the events of the Working Group were transferred to the online format, and some of the planned events of the Working Group were postponed.

Thus, the challenges that the entire civilised world faced in early 2022 changed the format of the Working Group's activities. Nevertheless, the Working Group has implemented a number of measures aimed at implementing the Strategic Plan.

Along with the growing trend of disasters and catastrophes, including those caused by military conflicts, the relevance of further activities of the EUROSAI Working Group on the Audit of Funds Allocated to Disaster and Catastrophes is increasing. At the same time, there is a need to combine SAIs' efforts to properly assess the global impact of war, the damage caused by war, and to develop recommendations for our governments on the best ways to overcome its consequences, including by strengthening the Working Group's cooperation with other EUROSAI and INTOSAI Working Groups, and expanding cooperation with non-governmental organisations and experts.



EUROSAI

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




IMPLEMENTATION OF THE STRATEGIC PLAN OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES, IN 2022


The activities of the Working Group in the reporting period were aimed at fulfilling the main tasks of the Strategic Plan for 2021-2024 and included taking the measures necessary to conduct international coordinated audits in 2023-2024.

Strategic goal 1 "Mobilization of the SAI's efforts aimed at the professional development of auditors" (Step 1 «TOWARDS»)

In 2022, as part of the implementation of the **objective 1.1. "Increasing the practical usefulness of products developed within the framework of the Working Group"** of the Strategic Goal 1, the Working Group's Secretariat **conducted a survey (questionnaire)** among its members:

 on the possibility of involving the SAI in the development of practical recommendations aimed at assessing probable losses and minimizing the negative consequences of disasters, which are foreseen within the framework of implementation of task 2.2. Strategic goal 2 of the Strategic plan of the Working Group for the period 2021–2024.

The purpose of developing these recommendations is to accumulate, generalize and maximally spread the experience of the SAI-members of the Working Group and to develop guidelines for conducting audits in this area;

 on disaster audits conducted by SAIs-members of the Working Group in the last five years and their audit matrices or audit questions,

Within the framework of this Strategic Goal, the efforts of the members of the Working Group are focused on the professional development of auditors who conduct audits in the field of disaster prevention and elimination of its consequences, the exchange of best practices in this field, and the development of effective methodological approaches.

The implementation of this Strategic Goal is a contribution to the achievement of the EUROSAI Strategic Goal "Supporting effective, innovative and demanding financial control by promoting and coordinating professional cooperation".



EUROSAI

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



with a view to creating a database of disaster audit matrices and posting it on the Working Group's website with online access for users.

Within the framework of **objective 1.2. "Improving the qualifications of auditors who carry out audits in the field of prevention and elimination of the consequences of disasters"** of the Strategic goal 1, **a seminar was held on the topic: "Methodological approaches to the audit of losses and damages caused by military conflicts"**, which was attended by 32 participants from 14 SAIs, in particular: Republic of Albania, the Republic of Bulgaria, the Republic of Estonia, the European Court of Auditors, Georgia, the Republic of Hungary, the Republic of Italy, Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, the Republic of Poland, Romania, the Republic of Turkey and Ukraine.

During the seminar the participants - representatives of the SAIs members of the Working Group had the opportunity to familiarize themselves with methods for determining losses, which are aimed at estimating probable losses and minimizing the negative consequences of disasters caused by military actions, as well as a digital infrastructure system for management, monitoring and auditing of the reconstruction of Ukraine, which increased the awareness of auditors in the field of conducting audits of the assessment of losses from armed conflicts.

As part of the **objective 1.3. "Strengthen internal communication to share experiences and best practices between auditors on disaster audits"** of the Strategic goal 1, during the annual meeting of the Working Group, **an exchange of experience in conducting audits** was held by our colleagues from the SAIs of the Republic of Bulgaria, Georgia and Romania. In particular, in the field of auditing the extremely relevant topic, namely "Effective and transparent use of public funds aimed at overcoming the aftermath of the COVID-19 pandemic"; "Audit of management (prevention, preparedness) of emergency situations caused by forest fires", as well as audit "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".

Thus, within the framework of the implementation of Strategic goal 1 "Mobilization of the SAI's efforts aimed at the professional development of auditors" of the Strategic Plan, the needs of the members of the Working Group in the development of methodological materials have been studied, and training activities aimed directly at auditors, who carry out control measures in the field of prevention and liquidation of the consequences of disasters, as well as exchange experience and best practice between auditors on issues of conducting audits in this area.



EUROSAI

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



Strategic Goal 2 “Mobilization of the SAI’s efforts aimed at disaster prevention and minimization of relevant threats” (Step 2 “FORWARD”)

In 2022, within the implementation of **the objective 2.2. “Development of 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”** of the Strategic Goal 2, during the VIII Annual Meeting of the group **a plenary session on the theme “Catastrophes caused by force majeure circumstances, assessment of probable losses and minimization of negative consequences: challenges for SAIs” was held.**

Within the framework of this Strategic Goal, the efforts of the SAIs – members of the Working Group will focus on researching the prevention of man-made and natural disasters, identifying the most pressing risk areas, maximizing governments' attention to identified problems, and developing and providing effective recommendations by supreme audit institutions to solve these problems.

The implementation of this Strategic Goal is a contribution to the achievement of the EUROSAI Strategic Goal “Helping SAIs deal with new opportunities and challenges by supporting and facilitating their institutional capacity development”.

The issues of audits related to the COVID-19 pandemic and its consequences have become new in the SAI's work plans and a new challenge. According to the survey, some members of the Working Group have conducted a number of audits related to the COVID-19 pandemic, which can form the basis for developing best practices for conducting audits aimed at assessing possible losses and minimising the negative effects of the pandemic.

We also conducted a survey (questionnaire) among the members of the Working Group on the interest of SAIs in participating in the development of the methodology for auditing losses and damages caused by military conflicts, which resulted in a number of SAIs expressing interest in participating in the development of this methodology and new approaches and in sharing knowledge.

The objectivity of the mechanisms used by the state authorities to record losses, the methods of their calculation, impartiality and verification are important for both Ukrainian society and all SAIs.



EUROSAI

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



Thus, there is a need to develop methodological approaches to audits and recommendations for SAIs aimed at assessing probable losses and minimising the negative effects of disasters caused by force majeure. Particular attention should be paid to the audit guidelines for SAIs on the assessment of losses caused by international armed conflicts/armed aggressions. It is not only about Ukraine, but about the development of a universal audit guide that could be used by any state affected by war.

This is a new challenge for the SAI, so we believe that it is advisable to move towards strengthening the cooperation of the Working Group in defining the purpose and strategies of such specific audit assignments, the scope and depth of research to be carried out by auditors, and the development of effective recommendations to restore a sense of justice and security to citizens.

Within the framework of the **objective 2.3, "Introduce monitoring of government efforts to prevent natural disasters"** of the Strategic Goal 2, **a Common position on cooperation in conducting a coordinated audit of "Governments' preparedness for disaster prevention and elimination of their consequences" is being developed.**

The purpose of the international coordinated audit is to assess the effectiveness of national systems for ensuring the safety of the population, the environment, facilities and structures and for avoiding or reducing the risks of possible disasters in the countries participating in the international audit, as well as to provide joint recommendations to governments to improve the efficiency of their activities in order to protect the population and territories from disasters in peacetime and in a special period, to ensure the readiness of forces and means for actions aimed at preventing and responding to disasters.

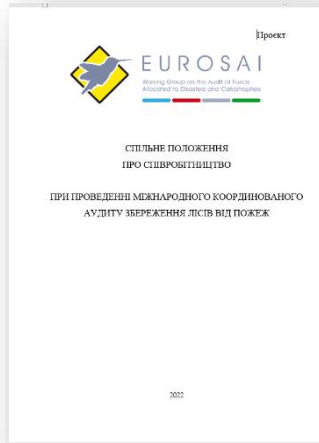
As part of this audit, each of the participating SAIs prepares materials on the example of the area most relevant to its country. And the more SAIs we can bring together to conduct this audit and prepare a joint report, the more comprehensively we will cover the issues of preparedness for possible disasters that our countries may face and the effectiveness of preventive measures.

In addition, the Accounting Chamber of Ukraine, as the Chair of the Working Group, **prepared a draft Common position on cooperation during the International Coordinated Audit of Forest Protection Against Fires**, which was sent to the members of the Working Group for consideration and development of proposals.



EUROSAI

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



The purpose of this international coordinated audit is to assess the effectiveness of national policies in the countries participating in the international audit aimed at protecting forests from fire, and to provide joint recommendations to governments to improve the effectiveness of their activities in this area.

General audit issues have been identified:

- productivity, efficiency, economy and effectiveness of the use of budgetary (investment) funds allocated for activities related to the audit purpose;

- carrying out organisational,

technical and other measures aimed at preventing the occurrence of fires, limiting their spread, and reducing fire danger in the forest;

- creation of mechanisms and timely response of the authorities in case of detection and elimination of forest fires;

- the activity of international cooperation and the complete implementation of the provisions of international agreements, the amount of international aid involved and international projects being implemented.

The survey has shown that some members of the Working Group have conducted audits in this area in recent years, which allows them to contribute to this international audit with the materials of the audits already conducted and to expand the circle of audit participants, which will enrich the future document and increase its usefulness for the SAI.

Therefore, in 2022, the implementation of Strategic Goal 2 “Mobilization of the SAI’s efforts aimed at disaster prevention and minimization of relevant threats” was focused on the identification of the most relevant areas of risk of the occurrence of disasters, the need to develop practical recommendations for assessing probable losses and minimizing their negative consequences, and initiating conducting audits as part of monitoring government actions aimed at preventing natural disasters.



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



Strategic Goal 3 “Mobilization of the SAI’s efforts aimed at effective external communication” (Step 3 “TO THE WORLD”)

As a part the **objective 3.1 "Ensuring better information of stakeholders on the results of the Working Group’s activity"** of strategic objective 3, the Accounting Chamber, as the Chair of the Working Group, prepared a video recording of the work and achievements of the Working Group, which was sent to the SAI of the Czech Republic for a general video recording of the activities and achievements of EUROSAI.

Within the framework of this Strategic Goal, the efforts of the members of the Working Group will be focused on improving the external communication of the Working Group with stakeholders, increasing awareness of its activities, as well as attracting the maximum attention of the wider community to the issues that are the focus of the Working Group’s activities.

An article on the activities of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes in 2022 was prepared for publication in the 27th edition of the EUROSAI Magazine.

This ensured raising the level of public and international awareness of the Working Group's activities, in particular, the state of implementation of strategic tasks and achievement of strategic goals.

To complete **the objective 3.2. “Ensuring the training of auditors, exchange of experience and best practices, in particular on audits in the field of prevention and consequences elimination of catastrophes”** of the Strategic Goal 3, the Secretariat of the Working Group organized and held the VIII Meeting of the Working Group on the 22nd of November 2022.

Given the restrictions caused by the COVID-19 pandemic and the martial law introduced in Ukraine since 24.02.2022, the event was organised in videoconference mode. The event also included a plenary session on “Catastrophes caused by force majeure circumstances, assessment of probable losses and minimization of negative consequences: challenges for SAIs” and the seminar on the topic “Methodological approaches to the audit of losses and damages caused by military conflicts”.



EUROSAI

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



Participants of the VIII Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, 22 November 2022 (online)

The Meeting was attended by 32 representatives of the SAIs of 14 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 meeting was attended by an invited guest, the Minister of Environmental Protection and Natural Resources of Ukraine.

International experts were involved in the seminar, which contributed to the improvement of auditors' skills and knowledge, which significantly enhances their professional performance and the SAI's image.

Therefore, **the activities of the Working Group within the framework of achieving the Strategic goal 3 “Mobilization of the SAI's efforts aimed at effective external communication” were focused on improving the external communication of the Working Group with stakeholders and increasing awareness of its activities.**



EUROSAI

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



PLANNED ACTIVITIES

In order to implement the Working Group's mission, achieve the goals set out in the Working Group's Strategic Plan for 2021-2024, and taking into account the results of discussions during the VIII meeting of the Working Group and the survey on the possibility of SAs' involvement in the development of practical recommendations aimed at assessing probable losses and minimising the negative effects of disasters, in 2023 the Working Group will focus on the following activities:

- since 2022, due to martial law, it was not possible to organise a seminar on fire prevention and response within the Working Group, it is advisable to hold a separate training seminar on a topic that corresponds to the theme of the next coordinated audit to be conducted within the Working Group;

- taking into account the interest of SAs, a Common position on cooperation in conducting a coordinated audit of “Governments' preparedness for disaster prevention and elimination of their consequences” will be prepared and sent to the Working Group members in 2023 (for obtaining electronic signatures of the heads of SAs participating in the audit);

- taking into account the interest of the SAs, the development work will begin on:

- guidelines for auditing the assessment of damage caused as a result of international armed conflicts/armed aggressions;

- practical recommendations on conducting audits to assess probable losses and minimise the negative consequences of disasters;

- taking into account the interest of the SAs, work will begin on conducting an audit and preparing a joint report on the results of the international coordinated audit of forest protection against fires;

- communication with SAs-members of the Working Group and external experts on its activities will continue, searching for new relevant areas for cooperation between the group members and sharing experience in disaster management.

Thus, **the activities of the Working Group in 2023 will cover the main objectives of the Strategic Plan for 2021-2024 and include the measures necessary to conduct international coordinated audits in 2023 and 2024.**

May 1, 2023