



NAJWYŻSZA IZBA KONTROLI

**Disaster – related audits
conducted by the Supreme Audit
Office of Poland**

October 2015

Supreme Audit Office of Poland (NIK) – established in 1919

- The mission of the NIK is to foster sound management and effectiveness in public service to the benefit of the Republic of Poland.
- The vision of the NIK is a widely-recognised Supreme Audit Institution whose reports will be a long-needed and sought-after source of information for the state authorities and the public.
- The Supreme Audit Office submits to the Sejm the analysis of the state budget execution and monetary policy guidelines, the opinion on the vote of approval for the government, pronouncements on results of audits and annual reports on its activity.



SAI model

■ **monocratic audit office with elements of collegiality**

■ NIK is headed by the President appointed by the Sejm (lower chamber of the Polish Parliament) for a six-year term of office and may be re-elected only once. The current NIK President is Krzysztof Kwiatkowski.

■ NIK President is supported by three Vice-Presidents and a Director General.

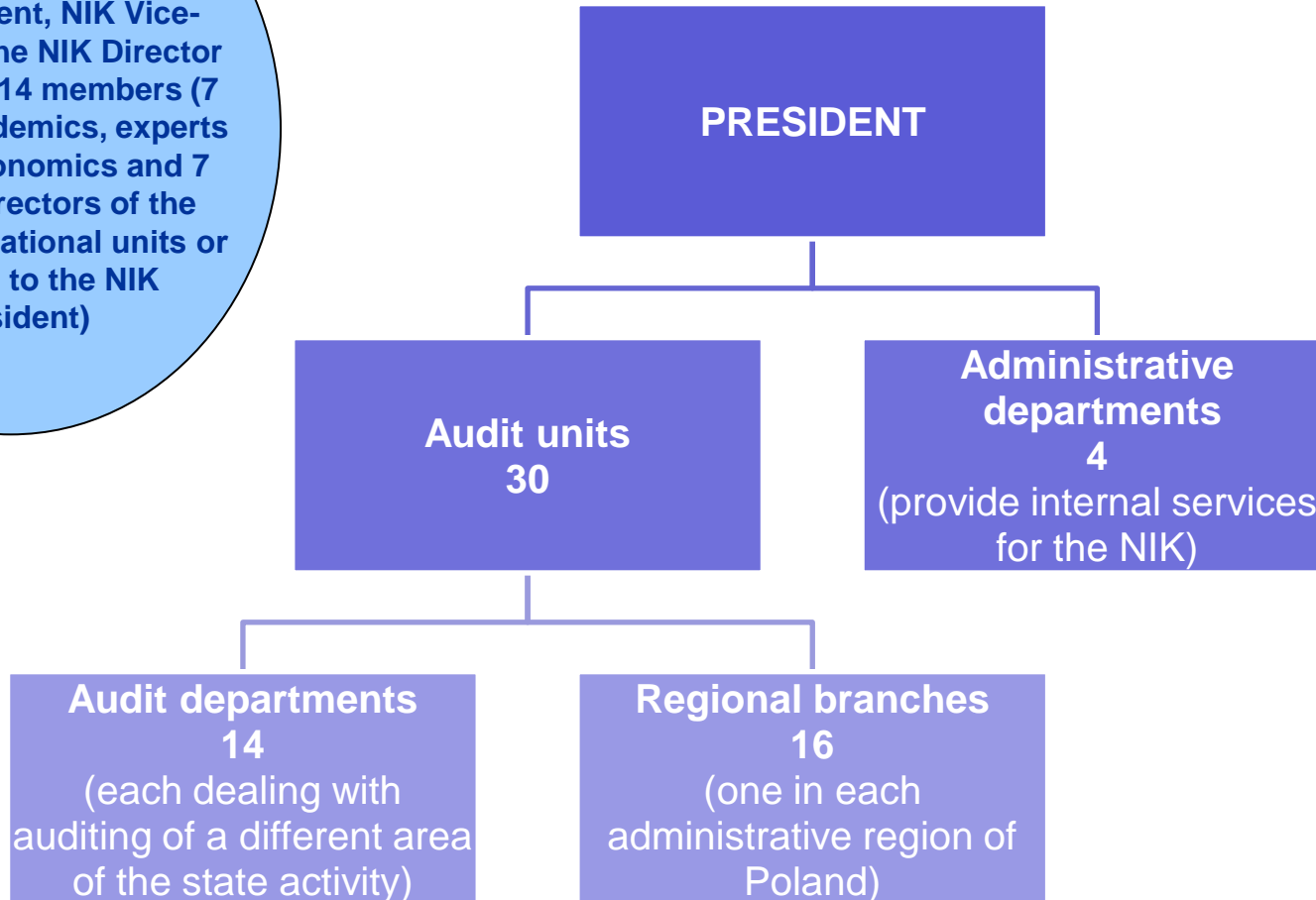
■ The Council of NIK includes: NIK President as Chairperson, Vice-Presidents, Director General and 14 Members (7 external and 7 internal). This body has broad powers, e.g.:

- passes the draft budget
- passes the annual work plan
- approves the NIK Annual Report
- approves the Report on the Execution of the State Budget
- passes the opinion on the vote of approval for the government

Structure of NIK

Council of NIK

(NIK President, NIK Vice-Presidents, the NIK Director General and 14 members (7 external: academics, experts in law or economics and 7 internal: Directors of the NIK's organisational units or Advisors to the NIK President))



Staff of NIK

- NIK employs ca. 1,700 people
 - including ca. 1,300 audit staff (auditors, audit managers and audit departments' directors)
 - special status of audit staff
 - internal introductory course for auditors

International activity

- Member of INTOSAI and EUROSAI
 - EUROSAI Presidency 2008-2011
 - Member of EUROSAI GB since 2005 (before 1993-1999)
 - Chairman of INTOSAI Subcommittee on Internal Control Standards
- Contact Committee of SAI Heads of the EU MSs and the ECA
- Regional networks: Baltic-Nordic and Vysegrad Group
- Bilateral projects and parallel audits
- Appointed CERN external auditor for 2013-2015
- Coordination of the peer review of the International Board of Auditors for NATO (finished on December 2014)

Importance of disaster management

As Poland is an area of high flood risk, for many years now competent authorities have been undertaking systemic actions aimed at:

- Developing legal and procedural framework related to prevention and mitigation of extraordinary phenomena, including floods,
- Designing methods for modelling the level of area hazard,
- Implementing the system of natural phenomena-related hazard monitoring,
- Providing financial assistance to undertakings that aim at risk analysis, hazard monitoring and prevention, and in the case of floods, mitigation of their consequences.



Natural disasters in Poland

Flood in 1997 ("flood of the century"):

- 56 deaths
- damage estimated at about PLN12 billion
- 7000 people lost their homes
- property was destroyed in 9000 companies
- water destroyed or damaged:
 - 680 000 dwellings
 - 843 schools
 - 4000 bridges
- The natural disaster did not also spare the Czech Republic, Eastern Germany, Austria and the South-West Slovakia.



Natural disasters in Poland

Flood in 2010:

- damage estimated at over PLN 12.5 billion
- it affected:
 - over 266 000 people
 - 811 municipalities
 - 18 000 buildings
 - 59 bridges
- Bogatynia – damage estimated at about PLN 125 million



Disaster – related audits conducted by NIK (examples)

- P/11/176 – Assisting the victims of the floods of 2010 (including both ISSAI 5520 and 5530 features),
- P/12/182, P/13/184, P/14/117 – Realisation of the Oder River basin flood protection project based on the "Programme for the Oder - 2006" (including both ISSAI 5510 and 5530 features),
- P/14/074 – Reducing the effects of droughts and floods based on " Small water retention" (including ISSAI 5510)

Disaster – related audits conducted by NIK

Results of NIK audit P/11/176: Assisting the victims of the floods of 2010:

- The Supreme Audit Office positively evaluated the aid given to flood victims by the public administration despite the irregularities revealed mainly at the level of communes which not always properly managed the aid distribution,
- About PLN 570 million was spent to support 37 thousand flood victims in 2010 in the audited provinces. Nearly PLN 111 million of that amount was paid as benefits to satisfy essential life needs and PLN 382 million for the repair of damages in more than 14 thousand buildings and flats. NIK assesses those measures as positive.
- NIK established that almost none of the audited communes had any crisis management plans during the flood. Some communes had the plans which did not specify the principles of estimating and documenting damages in the property of flood victims.
- The auditors also identified some problems with the payments allocated to repairs and reconstruction of buildings.

Disaster – related audits conducted by NIK

Results of NIK audit P/12/182: Execution of the Oder River basin flood protection project based on the "Programme for the Oder - 2006" (project co-financed by The World Bank):

- NIK negatively evaluated the execution of the *Oder River Basin Flood Protection Project*.
- The safety of the Oder river basin has not improved significantly since the time of the flood in 1997.
- At the end of 2011, the delays as part of the Project reached 3 years. In practice it means that the assumed works completion date - 31 May 2014 - has become unrealistic.
- The institutions responsible for the Project implementation used the funds uneconomically and inefficiently.

cont.

Disaster – related audits conducted by NIK

Cont. Results of NIK audit P/12/182:

- At the end of 2011, the use of funds was only PLN 119.2 million, that is 4.6 percent of planned total Project costs (PLN 2.6 billion), because the money was spent not on construction works but on financing i.a. services of Technical Support Consultants, purchase of real properties or preparation and update of the project and technical documentation.
- In 2011, the Regional Water Management Authority in Gliwice wasted PLN 264.2 thousand by commissioning the same works twice.
- The same institution also acted uneconomically by paying PLN 1.9 million for the real properties of persons resettled from the construction site a few weeks before the transaction conclusion and by paying PLN 406 thousand to a natural person for the purchased property 53 days before signing notarised deeds. In the latter case the action was also illegal.

Disaster – related audits conducted by NIK

NIK has checked the implementation of The Oder River Basin Flood Protection Project again in 2013 (P/13/184) and 2014 (P/14/117):

- P/13/184: NIK has positively evaluated the way of spending money for the Project implementation in 2012 but it has stressed the need to obtain EUR 321 million extra for this purpose. The project still has delays, which occurred years ago
- P/14/117: Due to problems with key investments, the project probably will miss a deadline expected on December 2017.
- At the end of 2013 the use of funds amounted to approximately only 25% of the planning costs.
- Further delays indicate an increased cost of the project from EUR 505 million to EUR 749,6 million. The rest of the money has to be paid from the state budget.

Disaster – related audits conducted by NIK

Results of NIK audit P/14/074: Reduction effects of droughts and floods based on "Small water retention":

- Local governments of the two audited voivodeship did not know, which areas are endangered by droughts and floods,
- "Small water retention" programmes were out-of-date,
- Delays in execution of this programmes:
 - after 10 years of the programme implementation in Małopolska Voivodeship only 1 task out of 69 (1,4%) were finished, 62 (89,9%) did not launch,
 - after 6 years of the programme implementation in Silesia Voivodeship, 13 tasks out of 95 (13,7%) were finished, 78 (82,1%) did not launch.

Profits of audits

What has been done thanks to the NIK audits, works of following governments, works of subsequent Sejm Deputies and of local governments?

- relevant legal acts on crisis management have been developed which resulted in high-quality flood response plans,
- land use plans have been drawn up in many communes, what resulted in the end of construction development on floodplains,
- areas between the riverbank and riverbed have been to a large extent ordered,
- crisis management methods have been improved,
- monitoring and hydro-meteorological system has been set up,
- investments in river basins have been started, mainly in the Oder River, among others using funds from the EU and the World Bank.

Plans for the future - based on NIK audits

What should be i.a. done based on the to-date NIK audits?

- clearly define competences of individual institutions in terms of preventing floods;
- care about flood banks and maintenance of rivers, brooks, streams and roadside ditches, by making inspections and consequential works;
- invest in the systems of hydro-technical structures and machines in the Oder and Vistula Rivers;
- not allow land development on floodplains - further specify provisions of law in that regard, take attempts to move residents of floodplains to safe places to live in.



Thank you