

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

***Analysis
of the results of the survey held among the members and
observers of the EUROSAI Working Group on the Audit of
Funds Allocated to Disasters and Catastrophes***

The survey was held by the Accounting Chamber of Ukraine among members and observers of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (hereinafter - Working Group) within the framework of implementation of WG's Strategic Goal 1 'Professional development' of the Development Strategy and Activity Plan for 2015-2017.

Survey includes two semantic sets of issues:

- The first includes issues related with general information on types of disasters/catastrophes occurred in countries of member-SAIs and on SAIs activities in area of audit of funds allocated to disasters/catastrophes prevention and consequences elimination.
- The second includes issues related with proposals on WG activities aimed at implementation of strategic development goals in 2015-2017.

The survey was held among 14 WG member-SAIs and observers, in particular:

- Chamber of Accounts of the Republic of Azerbaijan;
- State Supreme Audit institution of Albania;
- State Control Committee of the Republic of Belarus;
- Bulgarian National Audit Office;
- State Audit Office of Georgia;
- National audit office of Estonia;
- European Court of Auditors;
- Italian Corte dei Conti;
- National Audit Office of Lithuania;
- Court of Accounts of the Republic of Moldova;
- Romanian Court of Accounts;
- State Audit Institution of the Republic of Serbia;
- Turkish Court of Accounts;
- Accounting Chamber of Ukraine.

1. General information

The first section of survey covers issues related with general information on types of disasters/catastrophes occurred in countries of member-SAIs and on SAIs activities in area of audit of funds allocated to disasters/catastrophes prevention and consequences elimination.

According to answers given to questions in the first section of the survey (Table 1) 13 SAIs¹ or 93% of respondents indicated that natural disasters took place in 2010-2014 in their countries, hence **in most cases disasters were caused by natural factors**.

Five of six SAIs that indicated presence in their countries of man-made disasters stated that in 201-2014 such disasters didn't spread beyond local scope. Also man-made catastrophes took place at regional level (in 3 countries), national level (in 2 countries) and trans-boundary level (in 1 country) and topical level (in 2 countries).

At the same time natural disasters in most countries took place as at local level (in 9 countries) so at regional (in 9 countries) and national levels (in 7 countries). 3 countries indicated presence of trans-boundary disasters and 2 countries indicated presence of local scale disasters.

Table 1

Distribution by character and scale of disasters that took place in 2010-2014

Scale of disasters	Natural origin	Man-made origin
Transboundary	3 countries (Italy, Moldova, Turkey)	1 country (Turkey)
Nationwide	7 countries (Azerbaijan, Belarus, Bulgaria, Italy, Lithuania, Moldova, Turkey, Ukraine)	2 countries (Lithuania, Ukraine)
Regional	9 countries (Azerbaijan, Belarus, Bulgaria, Italy, Lithuania, Moldova, Romania, Serbia, Turkey, Ukraine)	3 countries (Bulgaria, Lithuania, Ukraine)
Local	9 countries (Albania, Georgia, Estonia, Italy, Lithuania, Moldova, Romania, Serbia, Ukraine)	5 countries (Bulgaria, Estonia, Lithuania, Turkey, Ukraine)
Topical	2 countries (Italy, Ukraine)	2 countries (Romania, Ukraine)

¹ ECA answered that it has no comprehensive information on this issue because at EU level the European Commission monitors the occurrence of disasters/catastrophes across the EU.

Table 2

**The distribution of countries by types of disasters
that took place in 2010-2014²**

Natural			Man-made		
Hydrological/ meteorological	<i>windstorms</i>	2	Techno- logical	<i>accidents and contingencies at nuclear power plants and other nuclear objects</i>	2
	<i>floods/freshets</i>	12		<i>accidents at the transport lines with the threat of pollution</i>	2
	<i>hails</i>	5		<i>hydrodynamic disasters (breaching of dams, dikes, etc.) major accidents</i>	5
	<i>mud flows</i>	3		<i>accidents concerned the industrial enterprises</i>	5
	<i>droughts</i>	3		<i>emergencies concerned the storage and transportation of radioactive, chemical and domestic waste</i>	3
	<i>other</i>	1		<i>accidents concerned the operation of power systems</i>	4
Geophysical	<i>earthquakes</i>	7		<i>accidents concerned the communication systems</i>	1
	<i>landslides</i>	6		<i>disruptions of electronic communication networks (INTERNET)</i>	1
	<i>karst holes</i>	1		<i>other</i>	1
	<i>other</i>	-		Others	<i>terrorism</i>
Biological	<i>plaques</i>	-			<i>famine</i>
	<i>epidemics</i>	3	<i>confusions</i>		2
	<i>other</i>	1	<i>armed attacks (seizures)</i>		2
Climatological	<i>heat (sultriness)</i>	3	<i>other</i>		1
	<i>заморозки</i>	4			
	<i>freezes</i>	8			
	<i>forest / peat fires</i>				
	<i>other</i>	-			

Detailed assessment of main types of disasters mostly peculiar to participant countries (Table 2) reveals that:

➤ Hydrological and meteorological disasters are marked out natural disasters (vulnerability to floods/freshets was indicated by all survey participants except SAI of Estonia and ECA). Significant number of participants responded that their countries are vulnerable to forest / peat fires (Albania, Belarus, Bulgaria, Estonia, Lithuania, Serbia, Turkey and Ukraine), earthquakes (Azerbaijan, Albania, Bulgaria, Georgia, Italy, Romania and Turkey) and landslides (Bulgaria, Georgia, Moldova, Italy, Serbia and Ukraine);

➤ Man-made disasters are of technological nature in the most countries. Most common disasters of this type are hydrodynamic disasters (Albania, Bulgaria, Moldova, Turkey, Ukraine) and disasters related with activity of industrial

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enterprises (Albania, Bulgaria, Lithuania, Turkey, Ukraine) and energy systems (Albania, Estonia, Lithuania and Ukraine). Among man-made disasters included into category 'others', SAIs of Bulgaria, Turkey and Ukraine indicated 'terrorism', SAIs of Estonia and Moldova – civil unrest and armed attacks (seizes), the Romanian Court of Accounts – serious traffic accidents. In such countries as Azerbaijan, Georgia and Italy there was no man-made disasters.

At question '**Does your SAI execute the control over use of funds allocated to prevention and consequences elimination of disasters/catastrophes?**' (Figure 1) SAIs of Azerbaijan, Albania, Belarus, Bulgaria, Italy, Moldova, Romania, Turkey and European Court of Auditors responded positively. SAI of Estonia responded 'Mostly yes'. Total amount of positively responses is equal to 79% of respondents.

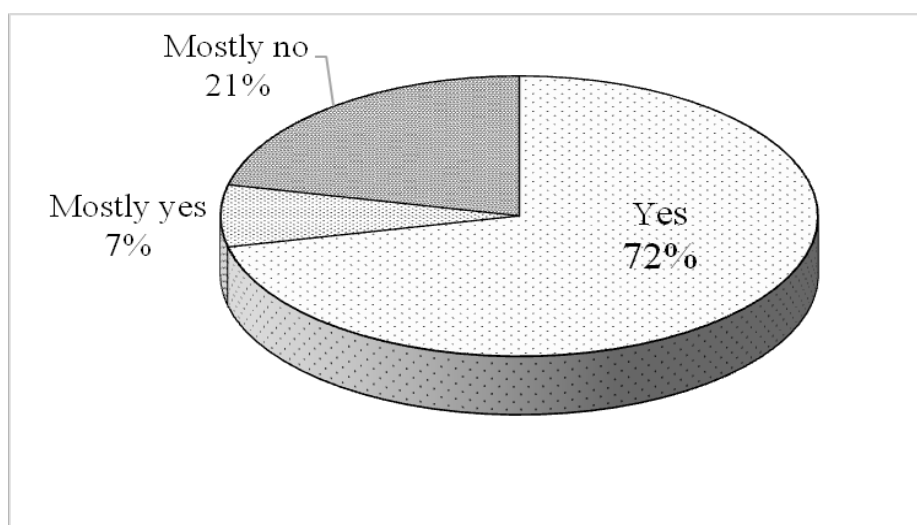


Figure 1. SAI control over use of funds allocated to prevention and consequences elimination of disasters

Among survey participants response 'Mostly no' was given by SAIs of Georgia, Lithuania and Serbia.

Funding of activities on prevention and elimination of disasters consequences was provided from the State Budget in all countries that took part in survey (except European Court of Audit). Funds of local budgets were allocated in 79% of countries (Albania, Belarus, Bulgaria, Georgia, Italy, Lithuania, Moldova, Romania, Serbia, Turkey, Ukraine), donations - in 64% of countries (Albania, Bulgaria, Italy, Lithuania, Moldova, Romania, Serbia, Turkey, Ukraine), funds of private enterprises in 36% of countries (Estonia, Italy, Lithuania, Romania, Ukraine).

Additional sources of funding included EU Budget (European Court of Auditors), European Development Fund (European Court of Auditors and SAI of Italy) and EU Solidarity Fund (European Court of Auditors and SAI of Bulgaria).

According to survey results most of SAIs have powers to audit sources used in their countries for funding activities on prevention and elimination of disasters consequences.

All SAIs –participants of survey (except European Court of Audit) are empowered to audit funds of state (federal) budgets.

At the same time the National Audit Office of Lithuania and the Accounting Chamber of Ukraine stated they are not in charge to audit funds of local budgets; 5 participants (SAIs of Albania, Bulgaria, Georgia, Romania and Serbia) have powers to audit donations and only one SAI – the State Audit Office of Serbia – audits funds of private enterprises.

The Bulgarian National Audit Office and the European Court of Auditors can audit the European Union Solidarity Fund. In addition the European Court of Auditors has powers to audit EU budget and the European Development Fund.

Survey results revealed that among participant SAIs only the Chamber of Accounts of Azerbaijan and the Accounting Chamber of Ukraine have **units responsible for audit in area of prevention and elimination of disasters consequences.**

The Chamber of Accounts of Azerbaijan also detailed a number of employees in the unit (6 persons) and main objectives of its activity – control over funding agriculture, forestry and water industry, protection of environment and amelioration as well as control over funding of other economy branches.

There is an Emergency Situation Section in the Accounting Chamber of Ukraine, within the Agricultural Industry, Nature Protection and Emergencies Audit Department. Staff number in this division is 8 persons. Main objectives of this division include:

- Monitoring and analysis of legislation in area of prevention and elimination of emergencies' consequences and management of the State material reserves;
- Control over purposeful and effective management of budgetary funds allocated for prevention and elimination of emergencies, elimination of Chernobyl disaster consequences, functioning of the State material reserves.

State Supreme Audit institution of Albania, European Court of Auditors, Italian Corte dei Conti, Romanian Court of Accounts, Turkish Court of Accounts stated that audits in this area are conducted by no special units.

In particular, in SAI of Albania audits related with prevention and elimination of disasters' consequences are under responsibility of different departments such as: Department of Auditing of Investments and Projects financed by foreign donors and Department of Auditing of Ministries and Central Institutions.

In European Court of Auditors such audits are a part of general audits.

In SAI of Italy usually one or two auditors (magistrates) and four employees are designated for each audit.

SAI of Turkey responded that in most cases audit teams, which usually consist of 3-4 auditors, are appointed for such objectives within the framework of international activities.

Since 2010 **audits on prevention and elimination of disasters consequences were performed by 9 SAIs – participants of survey.** 3 SAIs (of Bulgaria, Turkey and European Court of Auditors) indicated 3 audits each; the Romanian Court of Accounts – 2 audits; 5 SAIs (of Azerbaijan, Albania, Belarus, Italy and Moldova) – performed 1 audit each. Accounting Chamber of Ukraine conducted 12 audits in this area.

Assessment of survey results (Table 3) revealed that most of audits (69%) in this area were the performance audits, 17% – compliance audits, 14% – mixed audits. Survey participants didn't perform financial audits on prevention and elimination of disasters consequences. 71% of audits concerned problems of natural disasters. As regards audited stages of disasters management, most audits (33%) included audit of emergency response stage, 26% – preparedness stage, the rest of stages were considered in nearly equal volume (20-22%). Numerous audits (59%) covered several management stages.

Table 3

Classification of audits by their types and audit subjects

	Number of audits
Type of audit:	
- financial	-
- performance	20
- compliance	5
- complex	4
Type of disaster:	
- natural	20
- man-made	8
Management stage:	
- mitigation	9
- preparedness	12
- emergency response	15
- rehabilitation and/or reconstruction	10

11 SAIs that took part in the survey (SAIs of Azerbaijan, Albania, Belarus, Bulgaria, Estonia, Georgia, Lithuania, Moldova, Romania, Turkey and Ukraine) are experienced in **international audits**.

Altogether, 20 audits were indicated, 8 of them were classified as coordinated; 5 as parallel; 5 audits were indicated as coordinated/parallel; 1 – joint; 1 – coordinated/joint.

Main subjects of presented audits:

- disaster risk reduction;

- rehabilitation and reconstruction;
- protection of seas and rivers against pollution;
- prevention and elimination of natural fires;
- audit of Chernobyl Shelter Fund;
- waste management;
- epizootic safety;
- national parks.

At the question 1.13 ‘Does your SAI use in its activities the International Standards of Supreme Audit Institutions (ISSAI) 5500-5599 ‘Guidelines for auditing disaster-related aid’ approved in 2013?’ participants responded as seen below (Table 4):

Table 4

**Use of International Standards of Supreme Audit Institutions
(ISSAI) 5500-5599 in SAIs activities**

Yes	Mostly yes	Mostly no	No
3 SAIs	4 SAIs	3 SAIs	4 SAIs
Bulgaria Turkey Ukraine	Azerbaijan Georgia European Court of Audit Moldova	Estonia Italy Romania	Albania Belarus Lithuania Serbia

All SAIs that use mentioned standards stated that they entirely or in part comply with national legislation. SAIs of Italy and Estonia indicated that these standards don’t comply with national legislation.

Assessment of responses to question 1.15 ‘Does your SAI have its own guidelines/standards on auditing the funds allocated to prevention and consequences elimination of disasters?’ in most cases revealed absence of own special methodologies (guidelines/standards) designed by participant SAIs for the purpose of audits in area of disasters and catastrophes.

Some SAIs pointed application for such audits of own general guidelines/standards:

- the State Control Committee of the Republic of Belarus – Methodological recommendations on procedure of monitoring by State Control Committee, Methodological recommendations on procedure of performance auditing by State Control Committee, Methodological recommendations on procedure of organization and conducting of audits by State Control Committee;

- the Accounting Chamber of Ukraine – ‘Procedure of preparation and holding of audits and execution of their results’, Recommendations on application of the standard’s provisions, and General recommendations on conducting of performance audit of public funds, which cover issues related with prevention and elimination of disasters consequences.

Own specific standard on auditing funds allocated to prevention and elimination of disasters consequences is only in SAI of Turkey which applies adapted ISSAI 5510 ‘The Audit of Disaster Risk Reduction’.

The Romanian Court of Accounts responded that a guideline on auditing preparedness activities for disaster is in progress now.

National standards comply with provisions of ISSAIs 5500-5599 entirely (SAI of Ukraine) or in part (SAIs of Belarus, Romania and Turkey).

Such **outputs of EUROSAT Task Force on the Audit of Funds Allocated to Disasters and Catastrophes** were the most demanded in activities of SAIs – participants of survey: Good Practice Recommendations for the Audit of Funds Allocated to Disasters and Catastrophes (applied by 100% of SAIs) and Knowledge base on the prevention and consequences elimination of disasters and catastrophes (applied by 92% of SAIs).

Glossary of Disaster-Related Terms (applied by 71% of SAIs that took part in survey) and Database on the audits on natural and man-caused disasters in Europe (applied by 57% of SAIs - participants) are also widely used.

2. *Activity of the Working Group*

Analysis of responses provided by survey participants revealed **the WG activities of the highest priority**:

- Development of Good Practice Recommendations in the sphere of the Working Group's activities (votes of 12 survey participants);
- Organizing and conducting trainings and seminars on topical issues in the field of audit of the funds allocated to prevention and consequences elimination of disasters (12 participants);
- Promote and support the implementation of the International Standards for Supreme Audit Institutions (ISSAI) 5500-5599 "Guidelines for auditing disaster-related aid", facilitating their further development (11 participants);
- Initiating and conducting international audits of funds allocated for prevention and disaster management (11 participants);
- Organization of conferences and advisory events on the most important topics of the Working Group activities, including implementation of the International Standards of Supreme Audit Institutions (ISSAI) (9 participants);
- Maintaining and updating of the web page of the EUROSAI Working Group on the web portal of the SAI of Ukraine (9 participants).

Such activity as Updating and addition to the Glossary of terms to conduct audits in the field of prevention and consequences elimination of disasters and catastrophes was approved by only 4 participants of 14.

Other WG activities proposed within the survey were indicated as prioritized by nearly equal number of SAIs (Table 5)

Table 5

Priorities of proposed Working Group activities

Proposed key actions	
Development of Good Practice Recommendations in the sphere of the Working Group's activities	12
Organizing and conducting trainings and seminars on topical issues in the field of audit of the funds allocated to prevention and consequences elimination of disasters	12
Promote and support the implementation of the International Standards for Supreme Audit Institutions (ISSAI) 5500-5599 "Guidelines for auditing disaster-related aid", facilitating their further development	11
Initiating and conducting audits of international funds allocated for prevention and disaster management	11
Organization of conferences and advisory events on the most important topics of the Working Group activities, including implementation of the International Standards of Supreme Audit Institutions (ISSAI)	9

Proposed key actions	
Maintaining and updating of the web page of the EUROSAI Working Group on the web portal of the SAI of Ukraine	9
Updating and addition to the knowledge base in the field of prevention and consequences elimination of disasters	8
Updating of the database audits of natural and man-made disasters in Europe	7
Regular information on the activities of the EUROSAI Working Group in printed and electronic editions of INTOSAI and EUROSAI, active participation in the events organized within the framework of the activities of these organizations and their bodies	7
Involving the experts of the international organizations in the activities of the EUROSAI Working Group and determining the format of such cooperation	7
Holding the annual meetings (meetings) of the Working Group	7
Updating and addition to the Glossary of terms to conduct audits in the field of prevention and consequences elimination of disasters and catastrophes	4

11 participants expressed interest in conducting of international audits in area of prevention and elimination of disasters consequences during 2015-2017. Cost of audit (SAI of Estonia), lack of staff (SAI of Serbia), already prepared audit program (SAI of Italy) were indicated as the reasons of unwillingness to take part in such audits.

Among **themes of international audits**, ‘Prevention and consequences elimination of floods/freshets’ was indicated as the most interesting (high priority for 11 SAIs). Other themes, most interesting for survey participants, were: ‘Prevention and consequences elimination of emergencies concerned the storage and transportation of radioactive, chemical and domestic waste’ (6 SAIs) and ‘Protection of the state territories against penetration of pathogens and diseases of animals in order to ensure public safety’ (5 SAIs). In addition the National audit office of Estonia proposed theme ‘Prevention and consequences elimination of fuel transportation by maritime’; the Romanian Court of Accounts proposed themes ‘Performance assessment on the effectiveness and efficiency of the funds allocated and measures taken for the prevention and reducing of the human victims from road accidents’ and ‘Prevention and consequences elimination of a major earthquake’.

National audits under proposed themes in 2015-2017 are planned by 7 respondents (SAIs of Belarus, Bulgaria, Estonia, Lithuania, Romania, Serbia and Ukraine); not planned by 3 participants (SAIs of Albania, Georgia, Italy); 4 participants find difficulty in replying (SAIs of Azerbaijan, Moldova, Turkey, European Court of Auditors).

Among reasons of uncertainty it was stated that such audits were not foreseen in their work programs for 2015 and work programs for 2016-2017 have not been approved yet (SAI of Moldova and European Court of Auditors).

Participants that responded positively proposed follows future audit themes (Table 6):

Table 6

National audits planned by SAIs for 2015-2017

Countries	Themes of planned audits	Terms
Belarus	Monitoring of the recommendations implementation of the audit 'Protection against water pollution of the Buh river basin' conducted in 2006	2015
Bulgaria	Performance audit on Evaluation of the risk management plans against floods elaboration for the period from 01.01.2012 to 30.06.2015	2015
	Performance audit for the effectiveness of prevention and actions to overcome the consequences of the floods for the period from 01.01.2012 to 31.12.2014	2015
Estonia	Prevention and consequences elimination of fuel transportation by maritime	2016 - 2017
Lithuania	Cyber security in the state institutions	2014-2015
	Civil protection	2015-2016
Ukraine	Performance audit of the use of budget funds for the restructuring and liquidation of the mining chemistry	2016-2017
	Performance audit of the use of budget funds for development and security of the Joint Energy System of Ukraine	2015-2016
	Analysis of the state of implementation of recommendations of the International Co-ordinated Audit of the Chernobyl Shelter Fund.	20215
	Performance audit of the reserve fund of the state budget	2015
	Performance audit of the use of the state budget in 2013-2014 aimed to perform activities in the field of radioactive waste management of non-nuclear cycle	2015
	Audit the use of the state budget for the development and functioning of the integrated system of environmental monitoring.	2015

Almost all respondents (except SAI of Estonia) expressed interest in **further development of Good Practice Recommendations** for the Audit of Funds Allocated to Disasters and Catastrophes within the framework of Working Group. Themes of Good Practice Recommendations that were indicated as the most interesting were follows: 'Prevention and consequences elimination of floods/freshets', 'Waste management and recycling', 'Prevention and consequences elimination of forest fires'. SAI of Italy also included theme 'Earthquakes' into the proposed list.

All 14 respondents are interested in **seminars** planned to hold within the framework of Working Group activities. Themes indicated by respondents as ones of higher priority include: 'Examination and how to implement the INTOSAI standards (ISSAI) 5500 "Guidelines for auditing disaster-related aid', 'Prevention

and control over floods/freshets’ and ‘Experience in preventing and consequences elimination of the technological disasters and catastrophes’.

The survey participants also indicated **key actions to improve website** of Working Group on the Audit of Funds Allocated to Disasters and Catastrophes (Table 7).

Table 7

Areas of possible improvement of the Working Group website

Areas of improvement	The number of responds
Self-descriptiveness	7
Updating frequency	7
Search options	5
Design	2

Updating frequency and self-descriptiveness, according to respondents, are improvements in demand; an area the least needing improvement is website design.

Establishment of a periodic electronic publication of the Working Group was supported by 11 survey participants. In participants opinion that responded positively, such publication must be issued annually (according to 8 of 10 respondents). 3 respondents support issue twice a year.

The proposal that the Working Group’s activities should be focused on **the development and approbation of the constant programme aimed at the examination and implementation of the ‘Guidelines on Audit of Disaster-related Aid’ (ISSAI 5500-5599)** was approved by 12 participants of 14 (except SAIs of Bulgaria and Georgia).

In participants’ opinion **the most applicable form of trainings** should be event involving EUROOSAI WG members where participants can share practical experience on implementation of auditing standards, including participation of invited experts and training presentations. Optimal frequency of such events is once a year. SAI of Turkey expressed readiness to prepare training programmes, seminars etc. dedicated to implementation of ISSAI 5510 and lessons learned by SAI of Turkey in the course of preparation and implementation of such projects.

Conclusions

Summing up the assessment of results of survey conducted among members and observers of EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes we can state:

1. Relevance of WG activities.
2. Interest of European SAIs in its activities.
3. Support expressed by WG members to relevance of implementation of Strategy and Work Plan for 2015-2017.
 - 3.1 Interest in further development within the framework of Working Group of Good Practice Recommendations for the Audit of Funds Allocated to Disasters and Catastrophes.
 - 3.2 Interest in wider training elements of WG activity, including study of ways to apply 'Guidelines on Audit of Disaster-related Aid' (ISSAI 5500-5599).
 - 3.3 Wider scope and themes variety of international audit of funds allocated to disasters and catastrophes.
4. Need for promotion of the WG activity's results.