

# MINUTES

## II Meeting of EUROSAT Task Force on the Audit of Funds Allocated to Disasters and Catastrophes

**Date: 24-25 June 2010**

**Meeting Venue: Kyiv, Accounting Chamber of Ukraine**

### Introduction

EUROSAT Task Force on the Audit of Funds Allocated to Disasters and Catastrophes consists of 13 members. These are the Supreme Audit Institutions of Azerbaijan, Armenia, Belarus, Belgium, Bulgaria, Hungary, Kazakhstan, Lithuania, Moldova, Poland, the Russian Federation and the European Court of Auditors. The SAIs of Norway, the Slovak Republic and Italy participate in the Task Force's activities as observers.

II Meeting of the Task Force was held on June 24-25, 2010 in Kyiv, Ukraine. It was **attended by** 10 SAIs, among which 6 member SAIs (Belgium, Hungary, Moldova, Poland, the Russian Federation and Ukraine), 1 observer (the SAI of Norway) and 3 invited SAIs (Georgia, Romania and Turkey). Representatives from the United Nations Development Programme, Ministry of Ukraine for Industrial Policy, State Committee of Ukraine for Water Management, National Academy of Sciences of Ukraine, Academy of Mining Sciences of Ukraine and Fund of the State Property of Ukraine also participated in the event.

**The aim of the Meeting** was to discuss the implementation status of the Task Force projects, which had been run for 2009-2010, as well as to share information and experiences on some topical issues of prevention and consequences elimination of disasters and catastrophes.

When opening the Meeting **Dr. Valentyn Symonenko**, EUROSAT Task Force Chair, Chairman of the Accounting Chamber of Ukraine, addressed all the participants with a word of welcome and declared the Meeting open. Before moving forward on the agenda, the Chairman presented to the participants a brief report of the Task Force on the progress achieved between the 2009 and 2010 meetings. The Meeting proceeded in accordance with the agenda, which was unanimously agreed by all the participants. The Meeting was further chaired by **Mr. Olexandr Yaremenko**, Deputy Chairman of the Accounting Chamber of Ukraine.

### 1. Plenary Session I on Topical Issues of Prevention and Consequences Elimination of Disasters and Catastrophes

The Plenary Session I aimed at sharing knowledge and experiences on such topical issues related to prevention and consequences elimination of disasters and catastrophes as: 1) Efficiency of the system for early warning and natural disaster response, and 2) Prevention and consequences elimination of man-caused disasters in industrial sector: cost-increasing factors.

The representatives from Ukrainian authorities, scientific institutions, UNDP and the SAIs presented their information within this Session.

**Mr. Mykhailo Yatsiuk**, Deputy Chairman of the State Committee of Ukraine for Water Management, informed the participants about hazardous impact of floods to the territory of Ukraine and about the available system for disaster early warning.

**Mr. Valeriy Baranovsky**, Member of the National Academy of Sciences, focused on the climate change and new technological solutions of how to tackle it.

**Dr. Jane Mocellin**, Senior Early Recovery and Disaster Risk Reduction Advisor to UNDP, was a key-note speaker for Theme I and shared with the participants lessons learned from volcanoes, floods and environmental hazards in Europe, preventing Ukrainian disaster losses as well as about major disaster risk drivers.

**Ms. Mariya Shulezhko**, Chief Inspector-Director of Audit Department from the Accounting Chamber of Ukraine, presented available experience of the Ukrainian SAI in conducting cooperative audits on state funds allocated to the prevention and consequences elimination of disasters and catastrophes, as well as conclusions made by the Accounting Chamber as regards success factors for such activities.

**Mr. Nikolay Sopov**, Senior Inspector from the Accounts Chamber of the Russian Federation, produced an overview of existing systems for early warning and response to disasters and catastrophes, their financing sources, organizational and legal framework of their functioning in the Russian Federation.

**Ms. Ann Fikkan**, Deputy Director General from the Office of the Auditor General of Norway, delivered a summarized information on the Office's investigation into the authorities' efforts to limit flood and landslide hazards.

**In reflecting and concluding Theme I**, Dr. Jane Mocellin, Senior Early Recovery and Disaster Risk Reduction Advisor to UNDP, noted that there were converging points in all the above presentations. One point of convergence is that people have to be prepared in the future for those macro-indicators that are telling about the decrease in mortality but the increase in damage and losses caused by natural disasters and all the triggers that are underlying those hazards.

The converging point about the water management and floods is the problem of long-range forecasting and that regional cooperation in trans-border types of hazards is needed to produce efficient water management.

Regarding the issues of a new approach to climate change, it was highlighted that the scientific community knew about the climate change problem. What's needed is the effort to bridge the scientific community to the politicians and the decision-makers at the level of national government plans in the countries that are at a very high risk of a subset of climate change phenomena, i.e. high hydrometeorological hazards. Also there is an agreement that the contemporary science does not have a common view on the issue of climate change and the findings of the first IPCC report, as being based on very conservative peer-review evidence, are now being reviewed.

Speaking about cooperative auditing, it has become very clear that it is important to audit prevention in order to provide response when response is necessary.

The importance of the internationally supported idea of the "end-to-end" early warning system was highlighted. The two ends of this "end-to-end" system, the main architecture of which was designed by Dr. Mocellin, are the technical part, i.e. getting information from the sensors, analysis of the information, communication to the national authorities and going to the scientific institutes when necessary, which is one end, and reporting to the community, which is another end.

Though efforts are being made to reduce the risks of high-scale emergencies, everything depends on where the hazards are situated and how many people live in the affected area.

It was once again underlined that the problem is assessing the real probability of threats based on small percentage and unthinkable risk scenarios. As an example of that, Katrina Cyclone in New Orleans and closure of air space because of Icelandic volcano eruption could be named. In respect of

the latter, Dr. Mocellin was of the opinion that safety codes that allow use of the air space must be drawn and tested well in advance by a team of interdisciplinary experts. Also contingency plans for severe weather events need to be in place prior to the events.

Regarding the issue of the Ukrainian town of Kalush that was mentioned in Dr. Mocellin's presentation as one showing a wide array of risks and ongoing hazards, a complex response strategy should be put in place eventually by the government of Ukraine. Such a plan should link local responses to regional and national and, if possible, international response mechanisms.

**Mr. Ihor Zaremba**, Chief Inspector-Director of Audit Department from the Accounting Chamber of Ukraine, was a key-note speaker for Theme II. In his presentation Mr. Zaremba put a special emphasis on the problem of significant cost increase for the works on prevention and consequences elimination of man-caused disasters and catastrophes at mining facilities of Ukraine.

**Mr. Ivan Zozulya**, Member of the Academy of Mining Sciences of Ukraine, dwelled on negative effects from the activities of mining and chemical enterprises in Ukraine and major principles of revitalization of technological landscapes.

**In reflecting and concluding Theme II**, Mr. Ihor Zaremba, Chief Inspector-Director of Audit Department from the Accounting Chamber of Ukraine, noted that the activities on prevention and consequences elimination of disasters and catastrophes are of equal importance for all European countries. At the same moment the problems of cost increases for such works are attributed not only to the mining industry, but to other sectors as well. Suffered irregularities and shortages in preventing and eliminating consequences of disasters and catastrophes are experienced virtually everywhere. Certainly, a series of productive solutions and ways out is at the disposal of executive authorities. However, for the purpose of safeguarding the State Budget interests while analyzing available shortcomings in organization and allocation of the earmarked funds, the Supreme Audit Institutions could and should prepare well-grounded suggestions for their elimination and find new solutions for the given problem. In addition, it seems appropriate to adjust the expertise and make it more comprehensive. Mr. Zaremba was confident that an exchange of experience and methodological outputs within the EUROSAI Task Force would facilitate more productive decisions for these topical issues on the state level.

## 2. Plenary Session II on methodology for auditing disaster-related issues

Within Plenary Session II on methodology for auditing disaster-related issues, **Mr. Gennadiy Shakh**, Director of Department for Analytics, Standards and Development from the Accounting Chamber of Ukraine, presented an analysis of the EUROSAI Task Force questionnaire results conducted among its members in 2009. This questionnaire was developed under Strategic Goal 1 of the Task Force Work Plan for 2009-2011 to collect the data on natural and man-caused disasters and catastrophes in Europe, SAIs' audits in this area and information on methodology of the European SAIs. The analysis of international practice and experience of the Task Force members and observers discloses their profound interest in designing the methodology for auditing the funds allocated to prevention and consequences elimination of disasters and catastrophes.

The work done was positively assessed and it was decided to place the questionnaire's summarized results at the Task Force web-site for further employment as a reference source.

Following the questionnaire, approximate directions were singled out and included into the draft Methodological Recommendations. In particular, the following **tentative structure of these Recommendations** was proposed: Preface, Introduction, Part 1. Characteristics of subjects of audits on prevention and consequences elimination of disasters and catastrophes, Part 2. General characteristics and types of audits on prevention and consequences elimination of disasters and



catastrophes, Part 3. Peculiarities of an audit on prevention and consequences elimination of disasters and catastrophes based on best audit practice, Part 4. Peculiarities of conducting a cooperative audit; as well as appendices that would contain a list of materials and papers used in developing the Methodological Recommendations and a draft Glossary of terms on auditing the funds allocated for the prevention and consequences elimination of disasters and catastrophes. The above tentative structure of the Methodological Recommendations was unanimously approved by the Meeting participants.

### 3. Plenary Session III on current projects and activities of the Task Force

Discussion of the Task Force current projects and activities started with the presentation of a draft Glossary of terms on auditing the funds allocated for the prevention and consequences elimination of disasters and catastrophes. The draft Glossary was presented by **Mr. Gennadiy Shakh**, Director of Department for Analytics, Standards and Development from the Accounting Chamber of Ukraine. The draft paper was commented twice by the Task Force members and observers, reflects all remarks and suggestions made and consists of 56 terms. Due to ambiguous treatment of some terms, 25 definitions were suggested for discussion by the Meeting participants.

The Meeting participants expressed no objections in principle as regards the terms under discussion and decided to accept the given draft glossary for the terms that did not have any comments or were approved during the Meeting, as well as to place them at the Task Force web-site for further employment. It was suggested the Task Force members and observers give extra consideration to the terms with ambiguous definitions and reach a decision at the next Task Force meeting.

**Ms. Mariya Shulezhko**, Chief Inspector-Director of Audit Department from the Accounting Chamber of Ukraine, presented information on planned cooperative audits within the activities of the EUROSAT Task Force, namely, the Coordinated Parallel Audit of State Funds Allocated to Prevention and Consequences Elimination of Disasters and Catastrophes and the Follow-up Audit of the International Coordinated Audit of the Chernobyl Shelter Fund carried out in 2007-2008.

**Mr. Olexandr Andrusenko**, Director of Department for Information Resources and Technologies from the Accounting Chamber of Ukraine, presented an updated EUROSAT Task Force web-site and a draft Database of the audits of natural and man-caused disasters in Europe. The presented Database consists of 29 records and enables a multiple selection of required information. With no remarks by the Meeting participants it was decided to adopt the draft Database as a basis and place it on the Task Force web-site to be further used in routine activities.

Having discussed the Meeting agenda, the Chairman of the EUROSAT Task Force **Dr. Valentyn Symonenko**, Chairman of the Accounting Chamber of Ukraine, thanked all the delegates for attending the event and declared the Meeting closed.