

IV

(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS AND BODIES

COURT OF AUDITORS

REPORT

**on the annual accounts of the Community Fisheries Control Agency for the financial year 2008,
together with the Agency's replies**

(2009/C 304/01)

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INTRODUCTION

1. The Community Fisheries Control Agency (hereinafter 'the Agency'), located in Vigo, was created by Council Regulation (EC) No 768/2005⁽¹⁾ of 26 April 2005. The Agency's main task is to organise the operational coordination of fisheries control and inspection activities by the Member States in order to ensure effective and uniform application of the rules of the common fisheries policy. The Agency acquired its financial independence on 11 November 2007⁽²⁾.

2. The Agency's 2008 budget amounted to 9,5 million euro, compared with 5 million euro the previous year. The number of staff employed by the Agency at the end of the year was 48 as compared with 25 the previous year.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 248 of the Treaty the Court has audited the annual accounts⁽³⁾ of the Agency, which comprise the 'financial statements'⁽⁴⁾ and the 'reports on implementation of the budget'⁽⁵⁾ for the financial year ended 31 December 2008 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002⁽⁶⁾.

The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Agency under his own responsibility and within the limits of authorised appropriations⁽⁷⁾.

The Director is responsible for putting in place⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts⁽⁹⁾ that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the annual accounts of the Agency and the legality and regularity of the transactions underlying them.

7. The Court conducted its audit in accordance with the IFAC and ISSAI⁽¹⁰⁾ International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

⁽¹⁾ OJ L 128, 21.5.2005, p. 1.

⁽²⁾ The *Table* summarises the Agency's competences and activities. It is presented for information purposes.

⁽³⁾ These accounts are accompanied by a report on the budgetary and financial management during the year which gives inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

⁽⁴⁾ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

⁽⁵⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 (OJ L 357, 31.12.2002, p. 72).

⁽⁸⁾ Article 38 of Regulation (EC, Euratom) No 2343/2002.

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapter 1 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Commission Regulation (EC, Euratom) No 652/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Agency's Financial Regulation.

⁽¹⁰⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

Opinion on the reliability of the accounts

10. In the Court's opinion, the Agency's Annual Accounts⁽¹¹⁾ fairly present, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

Opinion on the legality and the regularity of the transactions underlying the accounts

11. In the Court's opinion, the transactions underlying the Agency's annual accounts for the financial year ended 31 December 2008 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court's opinions into question.

COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT

13. The procedures for drawing up the budget were not sufficiently rigorous and led to a significant number of budgetary transfers⁽¹²⁾. Some of these transfers led to successive increases and decreases in the same budgetary lines. This situation indicates weaknesses in the programming of the Agency's activities and was at odds with the principle of specification. Contrary to the rules in force, the Administrative Board was not requested to authorise the transfers when required⁽¹³⁾ or informed about them.

14. In four cases, the legal commitments were made before the corresponding budgetary commitments⁽¹⁴⁾ and at the year-end 0,2 million euro relating to lapsed operations were carried forward without justification. In seven cases, legal commitments were not covered by budgetary commitments⁽¹⁵⁾.

OTHER MATTERS

15. The Agency does not prepare a multi-annual work programme. Draft performance indicators are set in a general format and on an annual basis, even though the Agency has discussed long term objectives which require significant resource planning on a budgetary as well as human basis over several years. A multiannual programming document is still necessary to organise the implementation of the Agency's strategy and its goals.

16. The Agency's 2008 objectives have not been set precisely and the monitoring of the implementation of its work programme remains informal. The introduction of an activity-based budgeting system would make it easier to establish a clear link between the work programme and the financial forecasts.

17. In 2008, staff recruitment was made at a more rapid pace than initially expected. As this situation was not taken into account in the forecasts for the 2009 budget⁽¹⁶⁾, this latter underestimated by more than 35 % (approximately 1,3 million euro) appropriations necessary for salary expenditure. The monitoring of the budget execution should be improved.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 8 October 2009.

For the Court of Auditors

Vitor Manuel da SILVA CALDEIRA

President

⁽¹¹⁾ The Final Annual Accounts were drawn up on 30 June 2009 and received by the Court on 1 July 2009. The Final Annual Accounts, consolidated with those of the Commission are published in the Official Journal of the European Union by 15 November of the following year. These can be found on the following website <http://eca.europa.eu> or <http://cfca.europa.eu/>

⁽¹²⁾ 28 decisions of transfers of appropriations in 2008.

⁽¹³⁾ One transfer exceeding 10 % of the appropriations for the year was not authorised by the Administrative Board.

⁽¹⁴⁾ Total value: 1,4 million euro.

⁽¹⁵⁾ Total value: 76 000 euro.

⁽¹⁶⁾ The 2009 budget which has been adopted in 2008 was based on 2007 assumptions which have never been revised.

Table

Community Fisheries Control Agency (Vigo)

Areas of Community competence deriving from the Treaty	Competences of the Agency as defined in Council Regulation (EC) No 768/2005		Governance	Resources made available to the Agency in 2008	Activities and services provided in 2008
<p>Article 37 of the Treaty establishing the European Community.</p> <p>Article 28 of Council Regulation (EC) No 2371/2002 on the conservation and sustainable exploitation of fisheries resources under the common fisheries policy requires Member States to ensure effective control, inspection and enforcement of the rules of the common fisheries policy and to cooperate with each other and with third countries to this end.</p> <p>Council Regulation (EC) No 768/2005 establishing a Community Fisheries Control Agency and amending Regulation (EEC) No 2847/93 establishing a control system applicable to the common fisheries policy.</p>	<p>Objectives</p> <p>The Regulation establishes a Community Fisheries Control Agency, the objective of which is to organise operational coordination of fisheries control and inspection activities by the Member States and to assist them to cooperate so as to comply with the rules of the common fisheries policy in order to ensure its effective and uniform application.</p>	<p>Mission and Tasks</p> <p>Mission</p> <ul style="list-style-type: none"> (i) To coordinate the control and inspection obligations of the Community; (ii) To coordinate the deployment of the national means of control and inspection pooled by the Member States concerned; (iii) To assist Member States in reporting information on fishing activities and control and inspection activities; (iv) To assist Member States to fulfil their tasks and obligations under the rules of the common fisheries policy; (v) To assist Member States and the Commission in harmonising the application of the common fisheries policy throughout the Community; (vi) To contribute to the work of Member States and the Commission on research into and development of control and inspection techniques; (vii) To contribute to the coordination of inspector training and the exchange of experience between Member States; (viii) To coordinate operations to combat illegal, unreported and unregulated fishing, in conformity with Community rules. 	<p>1 — Administrative Board</p> <p>Comprises one representative from each Member State and six representatives of the Commission.</p> <p>2 — Executive Director</p> <p>Appointed by the Administrative Board from a list of at least two candidates proposed by the Commission.</p> <p>3 — External Audit</p> <p>Court of Auditors.</p> <p>4 — Discharge Authority</p> <p>Parliament acting following a recommendation from the Council.</p>	<p>Budget</p> <p>Title I — 4,5 million euro</p> <p>Title II — 1,6 million euro</p> <p>Title III — 2,4 million euro</p> <p>(Including 1,2 million euro of assigned revenue)</p> <p>Human Resources</p> <p>On 31.12.2007 the Agency employed 25 staff members increasing steadily to 48 staff members by the end of 2008 — 40 temporary agents and 8 contract agents.</p>	<p>Joint Deployment Plans (JDP), to organise the operational coordination of the fisheries control activities of Member States, were executed in the following Community fisheries:</p> <ul style="list-style-type: none"> — Cod fishery in the North Sea, — Cod Fishery in the Baltic Sea, — Bluefin tuna fishery in the Mediterranean Sea and Eastern Atlantic, — Fishing of regulated resources in the North West Atlantic International waters (NAFO). <p>Training to Member State inspectors was provided linked to the operational activities, to improve the effective and uniform application of the common fisheries policy in all areas covered by a JDP.</p>

Source: Information supplied by the Agency.

THE AGENCY'S REPLIES

13. The Agency will continue its effort to improve its budgetary planning and monitoring and consequently to reduce the number of budgetary modifications. The Agency would stress that due to the relocation to CFCA's final location, 2008 has been a particular difficult year for budgetary planning. The Agency has implemented in January 2009 a structured reporting method which allows better monitoring of the budget. Also, reporting of transfers to the Administrative Board will be done regularly.

14. The Agency will take additional measures to reinforce the control over the budgetary commitments. Moreover, the Agency will decentralise the financial workflow, provide additional training to the project managers and other relevant staff and will organise regular budget planning and monitoring meetings.

15. The annual Work Programme and multi-annual programming will be further developed in accordance with the Administrative Board Mid-Term strategy and considering the outcome of the debate on the Control regulation at Council level. Also, CFCA is developing an evaluation system for its activities based upon KPIs that were for the first time introduced in the 2009 Work Programme.

16. The Agency started to develop and to implement an activity based management system whilst at the same time the Agency strives to improve the planning and monitoring of its activities.

17. The Agency has further strengthened the planning and monitoring of its budget. In this respect new management reports which allow continuous monitoring of budgetary execution have been introduced in 2009.
