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COVER NOTE

From:	Mr Vítor CALDEIRA, President of the European Court of Auditors
date of receipt:	8 October 2015
To:	Mr Jean ASSELBORN, President of the Council of the European Union
Subject:	Report on the annual accounts of the European Fisheries Control Agency for the financial year 2014 together with the Agency's reply

Delegations will find attached the European Court of Auditors' report on the annual accounts of the European Fisheries Control Agency for the financial year 2014.

This report is accompanied by the Agency's reply and will shortly be published in the *Official Journal of the European Union*.

Encl.: Report on the annual accounts of the European Fisheries Control Agency for the financial year 2014 together with the Agency's reply.¹

¹ In English only. The other languages of this report are available on the European Court of Auditors' website: <http://eca.europa.eu/>.



EUROPEAN
COURT
OF AUDITORS

Report on the annual accounts
of the European Fisheries Control Agency
for the financial year 2014

together with the Agency's reply

INTRODUCTION

1. The European Fisheries Control Agency (hereinafter “the Agency”, aka “EFCA”), which is located in Vigo, was established by Council Regulation (EC) No 768/2005¹. 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 an effective and uniform application of the rules of the common fisheries policy².

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency’s supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the Agency, which comprise the financial statements³ and the reports on the implementation of the budget⁴ for the financial year ended 31 December 2014, and
- (b) the legality and regularity of the transactions underlying those accounts.

¹ OJ L 128, 21.5.2005, p. 1.

² ***Annex II*** summarises the Agency’s competences and activities. It is presented for information purposes.

³ These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁴ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

The management's responsibility

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions⁵:
- (a) The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁶; making accounting estimates that are reasonable in the circumstances. The Executive Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁷ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International

⁵ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁶ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

⁷ Article 107 of Regulation (EU) No 1271/2013.

Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Agency's accounts as stipulated in Article 208(4) of the EU Financial Regulation⁸.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

8. In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

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

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects.

⁸ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

FOLLOW-UP OF PREVIOUS YEAR'S COMMENTS

10. An overview of the corrective actions taken in response to the Court's comments from the previous year is provided in ***Annex I***.

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 September 2015.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA
President

Follow-up of previous year's comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2013	In 2013 the overall level of committed appropriations was 99 %, indicating that commitments were made in a timely manner. The level of committed appropriations carried over to 2014 however was high at 498 592 euro (38 %) for title II (administrative expenditure) and 734 301 euro (43 %) for title III (operating expenditure).	N/A
2013	For Title III, an important reason for the high level of planned carry-overs was the considerable workload faced by the agency as a result of the large number of IT projects that were either launched or ongoing during 2013.	N/A

European Fisheries Control Agency**(Vigo)****Competences and activities**

Areas of Union competence deriving from the Treaty <i>(Article 43 TFEU)</i>	<p>The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall establish the common organisation of agricultural markets provided for in Article 40(1) and the other provisions necessary for the pursuit of the objectives the common agricultural policy and of the common fisheries policy.</p>
Competences of the Agency <i>(Council Regulation (EC) No 768/2005, amended by Regulation (EC) No 1224/2009)</i>	<p>Objectives</p> <ul style="list-style-type: none"> – The Regulation establishes a European Fisheries Control Agency (EFCA), 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>Tasks/Mission</p> <ul style="list-style-type: none"> – To coordinate control and inspection by Member States relating to the control and inspection obligations of the EU; – to coordinate the deployment of the national means of control and inspection pooled by the Member States concerned in accordance with this Regulation; – to assist Member States in reporting information on fishing activities and control and inspection activities to the Commission and third parties; – in the field of its competences, to assist Member States to fulfil their tasks and obligations under the rules of the Common Fisheries Policy; – to assist Member States and the Commission in harmonising the application of the Common Fisheries Policy throughout the EU; – to contribute to the work of Member States and the Commission on research into and development of control and inspection techniques; – to contribute to the coordination of inspector training and the exchange of experience between Member States; – to coordinate the operations to combat illegal, unreported and unregulated fishing in conformity with EU rules; – to assist in the uniform implementation of the control system of the common fisheries policy, including in particular: <ul style="list-style-type: none"> (i) organisation of operational coordination of control activities by Member States for the implementation of specific control and inspection programmes, control programmes related to illegal, unreported and unregulated (IUU) fishing and international control and inspection programmes; (ii) inspections as necessary to fulfil the Agency's tasks.

	<p>Please note that, among other competences, after the amendment of the Agency's establishing Regulation by Council Regulation (EC) No 1224/2009:</p> <ol style="list-style-type: none"> 1. operational coordination by the Agency shall cover control of all activities covered by the Common Fisheries Policy; 2. officials of the Agency may be assigned in international waters as Union inspectors ; 3. the Agency may acquire, rent or charter the equipment that is necessary for the implementation of the joint deployment plans; 4. the Agency shall, where appropriate: <ol style="list-style-type: none"> (a) issue manuals on harmonised standards of inspections; (b) develop guidance material reflecting the best practices in the field of control of the Common Fisheries Policy, including on the training of control officials, and update this on a regular basis; (c) provide the Commission with the necessary technical and administrative support to carry out its tasks; 5. the Agency shall facilitate cooperation between MS and between them and the Commission in the development of harmonised standards for control and best practices in the legal procedures field with the regard due to the different legal systems in the individual MS and in accordance with EU legislation and agreed international standards; 6. upon a notification by the Commission or of its own initiative the Agency shall set up an Emergency Unit, where a situation involving direct, indirect or potential serious risk to the common fisheries policy is identified, and the risk cannot be prevented, eliminated, or reduced by existing means or cannot adequately be managed; 7. the Agency shall contribute to the implementation of the EU Integrated Maritime Policy, and in particular conclude administrative agreements with other bodies in matters covered by Council Regulation (EC) No 768/2005 after approval by the Administrative Board.
<p><i>Regulation (EU) No 1380/2013 of the European Parliament and of the Council 11 December 2013</i></p>	<p>This regulation adopted the new Common Fisheries Policy. As regards the Agency:</p> <ul style="list-style-type: none"> – the Union shall, including through the Agency, cooperate with third countries and international organisations dealing with fisheries, including Regional Fisheries Management Organisations, to strengthen compliance with measures, especially those to combat IUU fishing, in order to ensure that measures adopted by such international organisations are strictly adhered to; – control and enforcement of the CFP shall in particular be based on and shall include cooperation and coordination between Member States, the Commission and the Agency; – the Agency may assist the expert group on compliance meetings as an observer.
<p><i>Regulation (EC) 1386/2007 of the Council of 22 October 2007 Commission</i></p>	<p>This Regulation empowers the Agency to coordinate the surveillance and inspection activities for the EU in the NAFO Regulatory Area and to draw up, in cooperation with the Member States, a plan for EU participation in the international inspection and surveillance scheme (Article 41).</p> <p>This Regulation, in line with the Regulation (EU) 1236/2010 of the European</p>

*Implementing
Regulation (EU)
433/2012 of
23 May 2012*

Parliament and the Council, and in relation with the fishing activities in the NEAFC Regulatory Area, designates the Agency to:

- coordinate the surveillance and inspection activities of the EU in the area;
- prepare a plan in cooperation with Member States for EU participation in the international scheme;
- receive and prepare reports on inspection and infringement in the NEAFC area.

*Commission
Decision
2009/988/EU
18 December 2009*

By this Decision, the Commission designated the EFCA as the body to carry out certain tasks under the IUU Regulation. These tasks are as follows:

- transmit notifications, with copy to the Commission, on denials of landing or transshipment authorisations by third country vessels to flag State(s) and, if appropriate copies of these notifications, to Regional Fisheries Management Organisations in accordance with Article 11(3) of Regulation (EC) No 1005/2008;
- upon request from the Commission, provide for the conduct of on-the-spot audits, alone or in cooperation with the Commission, to verify the effective implementation of agreed cooperation arrangements with third countries in accordance with Article 20(4), second subparagraph (c) of Regulation (EC) No 1005/2008;
- communicate to Member States and flag States, with copy to the Commission, additional information submitted by the Member States to the Commission which is relevant for the establishment of the European Union IUU vessel list in accordance with Article 25(2) of Regulation (EC) No 1005/2008;
- transmit sightings reports to all Member States, with copy to the Commission, and, if appropriate, to the Executive Secretary of the relevant Regional Fisheries Management Organisation in accordance with Article 48(4) of Regulation (EC) No 1005/2008;
- transmit to the Executive Secretary of the relevant Regional Fisheries Management Organisation, with copy to the Commission, information from a Member State in response to a sighting report on one of its vessels from a contracting party to that Regional Fisheries Management Organisation in accordance with Article 48(5) of Regulation (EC) No 1005/2008.

<p>Governance</p>	<p>Administrative Board</p> <p><i>Composition</i></p> <p>Comprises one representative from each Member State and six representatives of the Commission.</p> <p><i>Duties, Inter alia</i></p> <p>To adopt the budget and the establishment plan, multiannual & annual work programme, annual report and multiannual staff policy plan. To give an opinion on the final accounts.</p> <p>Executive Director</p> <p>Appointed by the Administrative Board from a list of at least two candidates proposed by the Commission.</p> <p>External audit</p> <p>European Court of Auditors.</p> <p>Internal control</p> <p>European Commission's Internal Audit Service (IAS).</p> <p>Discharge authority</p> <p>European Parliament acting on a recommendation from the Council.</p>
<p>Resources made available to the Agency in 2014 (2013)</p>	<p>Final Budget</p> <p><i>Total Budget 2014: 9,22 (9,22) million euro</i></p> <ul style="list-style-type: none"> – Title I – 6,35 (6,33) million euro – Title II – 1,16 (1,18) million euro – Title III – 1,71 (1,71) million euro <p>Staff as at 31 December 2014</p> <p>53 (54) posts for temporary staff provided in the establishment plan, of which occupied: 52 (52*)</p> <p>+ 5 (5) posts for contract staff, of which occupied: 4 (5)</p> <p>+ 4 (4) posts for Seconded National Experts (SNEs), of which occupied: 2 (3)</p> <p>Total staff posts, including SNEs: 62 (63), of which occupied 58 (60*)</p> <p>* Job offers made for staff recruitment (3 offers) are included in the figure in brackets regarding 2013 (status 31.1.2014).</p>
<p>Products and services 2014 (2013)</p>	<p>Operational Coordination</p> <ul style="list-style-type: none"> – Implementation of JDP (Joint Deployment Plan) for the following fisheries: <ul style="list-style-type: none"> • Of cod, sole and plaice in the North Sea, Skagerrak, Kattegat and the Eastern Channel and Western Waters (West of Scotland and the Irish Sea). • Implementation of JDP (Joint Deployment Plan) for the fisheries of cod, salmon, herring and sprat in the Baltic Sea. • Implementation of JDP (Joint Deployment Plan) for the fisheries of bluefin tuna in the Mediterranean Sea and Eastern Atlantic, swordfish in Mediterranean Sea and small pelagic in the Adriatic Sea • Implementation of JDP (Joint Deployment Plan) for the fisheries of regulated species by the Northwest Atlantic Fisheries Organization (NAFO) area and North East Atlantic Fisheries Commission (NEAFC) area.

	<ul style="list-style-type: none"> • Implementation of JDP (Joint Deployment Plan) for the fisheries of pelagic species in Western Waters of the European Union. – Support to National control programmes in the Black Sea. – Support to the preparation for the implementation of the landing obligation from January 2015 in the Baltic Sea, North Sea, Western Waters and Mediterranean Sea – Delivery of a methodology to evaluate compliance levels and costs of control operations. – Assistance to the Commission and the Member States in their relations with regional fisheries organisations such as NAFO, NEAFC, ICCAT and GFCM. – Consolidation of the JDPs through promoting a regional approach. <p>Capacity Building</p> <ul style="list-style-type: none"> – Development and maintenance of the Core Curricula. – Running and maintenance of the web-based collaboration platform for training. – Assistance to the Member States' national training programmes. – Training of trainers and training of Union inspectors before their first deployment. – Operation, maintenance, enhancement and development of ICT monitoring capabilities: Vessel Monitoring System (VMS), Electronic Reporting System (ERS) Electronic Inspection Report system (EIR), Core Curricula Development Platform (DCCDP), Fishnet collaboration platform and JADE (planning and statistics system). – In the framework of the EU's Integrated Maritime Policy (IMP); providing an integrated maritime picture (EFCA MARSURV Service) in support of JDP coordination activities, support to various H2020 projects related to the assessment of new technologies for maritime surveillance, and participation to relevant EU projects within the framework of the Common Information Sharing Environment (CISE). – Workshops and seminars to exchange best practices between Member States in order to combat imports originating from Illegal unreported and unregulated fisheries. – Advanced training for Union inspectors (officials involved in fight against IUU) (exchange of best practice, refresher courses, etc.), and training for third countries' inspectors on European Commission request. <p><i>(See Annual Work Program 2014 of the Agency for details.)</i></p>
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Source: Annex supplied by the Agency.