

## **Strategy Plan for Auditing Industry Related to Distant Water Fisheries**

### **1. Purpose**

To improve the traceability of fisheries products, the Council of Agriculture (hereinafter referred to as “the Council”) will guide the industry related to distant water fisheries to establish and implement the traceability program of fisheries products and audit such industry on an irregular basis so as to ensure that the catches or fisheries products such industry traded are legal and not involved in illegal, unreported, and unregulated fishing activities.

### **2. Auditing target**

The industry related to distant water fisheries approved by the Council to conduct export trade of catches or fisheries products of distant water fisheries.

### **3. Audit squad unit**

The Fisheries Agency of the Council (hereinafter referred to as “the Fisheries Agency”) shall independently assign personnel or coordinate with relevant competent authorities to form an audit squad unit. If deemed necessary, certified public accountants, logistics specialists and relevant experts may be commissioned to render assistance.

### **4. Auditing standards**

The standards for auditing industry related to distant water fisheries shall include, but not limited to, the following items:

- (1) Industry related to distant water fisheries shall have sufficient

knowledge to relevant laws and regulations of flag, coastal, port and market States as well as conservation and management measures adopted by respective international fisheries organization in the fight against IUU fisheries.

- (2) Industry related to distant water fisheries shall establish and follow their code of conduct and operating procedures for purchase and sale of catches or fisheries products as well as operating procedures to deal with IUU catches or fisheries products once detected, so as to ensure not to purchase or sell IUU catches or fisheries products.
- (3) Industry related to distant water fisheries shall keep transaction records and relevant evidencing documents of catches or fisheries products they purchased and sold for at least three years, and ensure that each batch of catches or fisheries products exported could be traced at all stages from catching, transshipment, landing, transportation, processing to export.

## **5. Auditing strategy**

- (1) Industry related to distant water fisheries shall be authorized by the Council and shall be guided by the Fisheries Agency to establish and implement the traceability program of fisheries products.
- (2) Auditors shall receive the training on the field of specific law and regulations of fisheries management so as to audit the above authorized industry.
- (3) The Fisheries Agency uses risk assessment method to decide the risk level of authorized industry, auditing frequency or ratio, and priority of auditing targets based on risk level.

- (4) Any authorized industry that was audited and found with shortcomings shall take actions to rectify within the specified timeframe. In case that an authorized industry that has not rectified within the specified timeframe and has also been found with records of shortcomings for a certain times, its authorization shall be suspended or revoked.
- (5) The Fisheries Agency may cooperate with the relevant competent authorities or government of municipality, county and city to conduct auditing jointly.

## **6. Auditing procedures**

- (1) Notification of audit plan: The Fisheries Agency shall inform the auditee in written regarding auditing procedures and standards, and the possible consequence in case of not passing the audit.
- (2) Documentary review: Upon receipt of the notification of an audit plan from the Fisheries Agency, the auditee shall submit required documents relating to traceability program of fisheries products within the specified timeframe to the Fisheries Agency for review. After reviewing the documents provided by the auditee, if deemed insufficient, the Fisheries Agency may request the auditee to provide supplementary documents within the specified timeframe.
- (3) Field audit: After reviewing the documents provided by the auditee, the Fisheries Agency shall dispatch auditor(s) to the registered location or its major operating location of the auditee to conduct field audit so as to verify whether the traceability program of fisheries products established by such auditee has been carried out effectively. The auditing approach may include

interview with or examination on personnel in charge of purchase and sales, random check on purchase and sales documents and bills, and auditing on financial statements, detail ledger for purchase and sales payment and revenue, etc.

- (4) Auditing result: After the completion of field audit, the auditor(s) shall inform the auditee the preliminary result and summarize it in written which is to be signed by the representatives of each side for recordkeeping. The final report with detail record of the item(s) to be improved shall be delivered to the auditee within sixty days after the field audit.
- (5) Rectification: Upon receipt of the final report from the Fisheries Agency, the auditee shall rectify the item(s) with shortcomings, and submit an improvement report to the Fisheries Agency for review within the specified timeframe. The Fisheries Agency shall check the improvement report sent by the auditee, and if deemed necessary, it may conduct on-site verification. In the event that the item(s) with shortcomings still remain, it/they should be put into record and the auditing frequency to that auditee should be increased.

## **7. Auditing frequency**

- (1) The authorized industry assessed with high risk shall be audited at least one time every year. The authorized industry assessed with medium risk shall be audited at least one time every two years. The authorized industry assessed with low risk may be exempted from being audited.
- (2) With regard to the auditee with multiple records of shortcomings,

the auditing frequency shall be increased, and to the auditee without record of shortcomings, the auditing frequency may be reduced, or the date of its next audit may be postponed.

- (3) In the event that concerned industry related to distant water fisheries is reported of involving in IUU activities or abnormal indication appears during its application for issuance of relevant catch certificates, the Fisheries Agency shall audit the industry concerned.

## **8. Assessment and restriction**

In case that any industry related to distant water fisheries is found with any infringement after auditing , the Council may suspend its qualification to conduct export trade of catches or fisheries products of distant water fisheries for a certain period, or revoke its qualification in accordance with the provisions of the Ordinance for Distant Water Fisheries.

## **9. Evaluation and review**

Audit reports shall be evaluated and reviewed by internal experts or external professional institution in accordance with the auditing purpose and procedures. The Council may, based on the internal or external evaluation report, review and amend this strategy plan as appropriate so as to prioritize the key targets to be audited, and adjust the auditing criteria and frequency as well as personnel allocated for auditing.