



**FINANCE AND ADMINISTRATION COMMITTEE**  
**Twelfth Session**  
Honolulu, Hawaii  
9 – 14 December 2018

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**THE AUDITOR'S REPORT FOR 2017 AND THE GENERAL ACCOUNT  
FUND FINANCIAL STATEMENTS FOR 2017**

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**WCPFC15-2018-FAC12-04**  
**14 November 2018**

**Purpose**

1. The purpose of this paper is to table for the consideration of FAC12 and WCPFC15 the Auditor's Report for 2017 and the General Account fund financial statements for 2017.

**Introduction**

2. The Commission's Financial Regulations require that an independent external auditor issue a report on the audit of the annual financial statements and relevant schedules relating to the accounts of the Commission (Finance Regulation 12.6). Following consideration of the audited financial statements and audit report, the Commission shall signify its acceptance of the audited financial statements or take such other action as it may consider appropriate (Financial Regulation 13.1).

3. In undertaking the audit, the auditor is required to report on all relevant matters, including:

- whether the statements are based on proper accounts and records;
- whether the statements are in agreement with the accounts and records;
- whether income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year were in accordance with the Regulations; and
- provide observations with respect to the efficiency and economy of the financial procedures and conduct of business, the accounting system, internal financial controls and the administration and management of the Commission.

4. The audit and compliance documents, which comprise the formal communications from the external auditor, were circulated to all Commission Members, Cooperating Non-Members and Participating Territories. The audit, compliance reports and annual financial statements are attached for reference. They show a compliant and unqualified set of accounts and reports.

**External Audit Timing Requirements**

5. The Commission's annual financial statements for the 2017 financial period were submitted to the Auditor prior to 15 May 2018. Under Finance Regulation 12, the financial statements are due to the auditor by 31 March, 2018. The delay in submitting the financial

statements to the auditor was due to a late statement from one overseas bank. The final audit was submitted to the Commission on 27 July 2018.

### **Scope**

6. The primary reporting focus of the financial statements is the Commission's General Account Fund established in accordance with Financial Regulation 6.1 (a). However, detailed information about the other funds in existence as at 31 December 2017: the Working Capital Fund; Special Requirements Fund; Chinese Taipei Trust Fund; West Pacific East Asia Oceanic Fisheries Management Project; the Japan Trust Fund; the Fees and Charges Trust Fund; the Voluntary Contributions Fund; and the Food and Agriculture Organization's Area's Beyond National Jurisdiction Project Fund Were provided to the auditor and addressed in Note 7 to the Financial Statements. These other funds were therefore subject to the same audit process as the General Account Fund. The reporting format for the other funds was adopted on the recommendation of the external auditor.

### **Audit findings**

7. The audit report and compliance report provide that:
- the external auditor's opinion was that the "financial statements referred to above present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2017, and the results of its operations and its cash flows for the year...";
  - a statement that there was no instances of noncompliance with the Commission's Financial Regulation 12.4 (c) which requires an opinion on compliance in relation to income, expenditure, the investment of moneys and the acquisition and disposal of assets; and
  - a statement that there was no instances of noncompliance with the Commission's Financial Regulation 12.4 (d) which requires an opinion on efficiency and economy of the financial procedures and conduct of business, the accounting system, internal financial controls and the administration and management of the Commission.

### **Financial results**

8. For the General Account Fund, the financial statements show that there was a deficit of income over expenditure of USD79,411. In addition to the surplus, prior years' contributions of USD134,339 were paid by some Members in 2017. In accordance with Financial Regulation 4.4 these balances were transferred to the Working Capital Fund.

### **Recommendation**

9. The Committee is invited to consider the audited financial statements and make the necessary recommendation to WCPFC15.

**WESTERN AND CENTRAL PACIFIC  
FISHERIES COMMISSION**

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

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**YEAR ENDED DECEMBER 31, 2017**

## **Independent Auditors' Report**

The Chair  
Western and Central Pacific Fisheries Commission:

We have audited the accompanying financial statements of Western and Central Pacific Fisheries Commission (the "Commission"), which comprise the general account fund statement of assets, liabilities and fund balance as of December 31, 2017, and the related statements of income and expenditures and changes in fund balance, of cash flows and of appropriations and expenditures for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Commission's financial regulation 12.4; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards, which are consistent with the generally accepted auditing standards referred to in the Commission's financial regulation 12.4, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

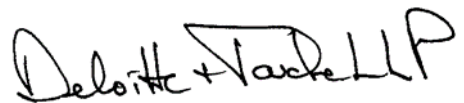
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2017, and the results of its operations and its cash flows for the year then ended on the basis of accounting described in Note 2.

## Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements were prepared in conformity with financial regulations of the Commission and certain accounting standards adopted by other international organizations, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

## Other Matters

We have also issued our report dated July 25, 2018, on the Commission's compliance with financial regulation 12.4(c) and our consideration of the Commission's internal control over financial reporting as required by the Commission's financial regulation 12.4(d).

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, slightly stylized font.

July 25, 2018

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and short-term deposits	623,400	\$ 1,753,506
Contributions receivable	634,769	134,339
Less provision for delayed contributions	(634,769)	(134,339)
Due from other funds	707,932	74,252
Accounts receivable	32,526	38,872
Other assets and advance payments	7,164	29,211
Total assets	<u>\$ 1,371,022</u>	<u>\$ 1,895,841</u>
<b>Liabilities and Fund Balance</b>		
Unliquidated obligations	602,730	\$ 623,670
Accounts payable	63,285	20,059
Member contributions in advance	117,230	122,323
Due to other funds	242,035	829,552
Accrued entitlements	319,188	290,075
Income tax payable	9,937	10,058
Capitalized security in social security	16,617	104
Total liabilities and fund balance	<u>\$ 1,371,022</u>	<u>\$ 1,895,841</u>

See accompanying notes to financial statements.



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Feleti Teo  
Executive Director

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
<u>Income</u>		
Contributions:		
Assessed contributions	7,242,070	\$ 7,231,431
Total contributions income	7,242,070	7,231,431
Miscellaneous income:		
Interest	2,976	3,399
Other	530,770	491,573
Total income	7,775,816	7,726,403
<i>Less</i>		
Expenditures	7,240,646	7,238,402
Excess of income over expenditures	535,170	488,001
<i>Less</i>		
Delayed contributions	614,581	134,339
Net excess of income (expenditures) over expenditures (income)	(79,411)	353,662
Fund balance at beginning of year	-	-
Transfer to Working Capital Fund	79,411	(353,662)
Fund balance at end of year	\$ -	\$ -

See accompanying notes to financial statements.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

General Account Fund  
Statement of Cash Flows  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net excess of income (expenditures) over expenditures (income)	\$ (79,411)	\$ 353,662
(Increase) decrease in other accounts receivable	(627,334)	123,585
Decrease (increase) in other assets and advance payments	22,047	(4,781)
(Decrease) increase in advances from member states	(5,093)	35,104
(Decrease) increase in unliquidated obligations	(20,940)	190,853
(Decrease) increase in other liabilities	<u>(498,786)</u>	<u>18,033</u>
Net cash provided by (used in) operating activities	(1,209,517)	716,456
Transfer from (to) Working Capital Fund	<u>79,411</u>	<u>(353,662)</u>
Net change in cash and short-term deposits	(1,130,106)	362,794
Cash and short-term deposits at beginning of year	<u>1,753,506</u>	<u>1,390,712</u>
Cash and short-term deposits at end of year	<u>\$ 623,400</u>	<u>\$ 1,753,506</u>

See accompanying notes to financial statements.



**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Statement of Appropriations and Expenditures  
Year Ended December 31, 2017

WCPFC Budget Items 2017 Assessed and Voluntary Contributions Account Fund Expenditure	General	Approved budget 2017	Transfers	Revised Budget	Total Expenditures 31/12/17	Balance of Budget
<b>Part 1 - Administrative Expenses of the Secretariat</b>						
<b>Sub-Item 1.1 Staff Costs</b>						
Professional Staff Salary		948,955	-	948,955	915,129	33,826
Professional Staff Benefits and Allowances		947,864	(8,000)	939,864	824,177	115,687
Professional Staff Insurance		127,269	8,000	135,269	134,789	480
Recruitment/Repatriation		-	-	-	-	-
Support Staff		413,938	-	413,938	392,289	21,649
<b>Total, sub-item 1.1</b>		<b>2,438,026</b>	<b>-</b>	<b>2,438,026</b>	<b>2,266,384</b>	<b>171,642</b>
<b>Sub-Item 1.2 Other Personnel Costs</b>						
Temporary Assistance/Overtime		15,000	-	15,000	12,819	2,181
Chairs Expenses		20,000	12,000	32,000	31,513	487
Consultants		178,000	7,000	185,000	184,579	421
<b>Total, sub-item 1.2</b>		<b>213,000</b>	<b>19,000</b>	<b>232,000</b>	<b>228,911</b>	<b>3,089</b>
<b>Sub-item 1.3 Official Travel</b>						
		210,000	(19,000)	191,000	163,663	27,337
<b>Sub-item 1.4 General Operating Expenses</b>						
Electricity, Water, Sanitation		65,000	(8,400)	56,600	51,373	5,227
Communications/Courier		76,000	2,000	78,000	77,960	40
Office Supplies & Fuel		43,500	(8,180)	35,320	29,953	5,367
Audit		7,500	-	7,500	7,000	500
Bank Charges		9,500	2,100	11,600	11,592	8
Official Hospitality		10,000	-	10,000	6,627	3,373
Community Outreach		8,000	-	8,000	6,990	1,010
Miscellaneous Services		6,000	-	6,000	4,102	1,898
Security		92,000	4,300	96,300	96,264	36
Training		15,000	-	15,000	11,356	3,644
<b>Total, sub-item 1.4</b>		<b>332,500</b>	<b>(8,180)</b>	<b>324,320</b>	<b>303,217</b>	<b>21,103</b>
<b>Sub-item 1.5 Capital Expenditure</b>						
Vehicles		-	-	-	-	-
Information Technology		56,753	700	57,453	57,369	84
Website New Projects/Enhancements		8,000	(2,700)	5,300	4,133	1,167
Furniture and Equipment		32,000	2,000	34,000	33,996	4
<b>Total, sub-item 1.5</b>		<b>96,753</b>	<b>-</b>	<b>96,753</b>	<b>95,498</b>	<b>1,255</b>
<b>Sub-item 1.6 Maintenance</b>						
Vehicles		6,000	(1,900)	4,100	4,031	69
Information and Communication Technology		120,618	3,310	123,928	123,928	-
Buildings & Grounds		56,500	6,050	62,550	62,526	24
Gardeners and Cleaners		79,500	-	79,500	79,071	429
Insurance		25,000	720	25,720	25,715	5
<b>Total, sub-item 1.6</b>		<b>287,618</b>	<b>8,180</b>	<b>295,798</b>	<b>295,271</b>	<b>527</b>
<b>Sub-item 1.7 Meeting Services</b>						
Annual Session		165,000	25,500	190,500	190,049	451
Scientific Committee		246,600	11,190	257,790	257,790	-
Northern Committee		18,000	-	18,000	18,000	-
Technical and Compliance Committee		159,800	(36,690)	123,110	70,085	53,025
<b>Total, sub-item 1.7</b>		<b>589,400</b>	<b>-</b>	<b>589,400</b>	<b>535,924</b>	<b>53,476</b>
<b>TOTAL, Section 1/Item 1</b>		<b>4,167,297</b>	<b>-</b>	<b>4,167,297</b>	<b>3,888,868</b>	<b>278,429</b>

See accompanying notes to financial statements.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Statement of Appropriations and Expenditures  
Year Ended December 31, 2017

WCPFC Budget Items 2017 Assessed and Voluntary Contributions Account Fund Expenditure	General	Approved budget 2017	Transfers	Revised Budget	Total Expenditures 31/12/17	Balance of Budget
<b>Part 2 - Science &amp; Technical &amp; Compliance Programme</b>						
<b>Section 2 (Item 2)</b>						
<b>Sub-item 2.1</b> Scientific Services (SPC)		871,200	-	871,200	871,200	-
<b>Sub-item 2.2</b> <i>Scientific Research</i>						
Additional Resourcing SPC		160,000	-	160,000	160,000	-
Pacific Tuna Tagging Project		250,000	-	250,000	250,000	-
Limit Reference Points		25,000	(2,500)	22,500	-	22,500
WPEA Project Co-finance		25,000	-	25,000	25,000	-
Estimation of Seabird Mortality		20,000	-	20,000	-	20,000
Paired Sampling and Unloading Data Comparisons		50,000	-	50,000	50,000	-
Maintenance of WCPFC Tissue Bank		95,000	2,500	97,500	97,500	-
Review of shark Data and Modelling Framework		65,000	-	65,000	65,000	-
<b>Total, sub-item 2.2</b>		690,000	-	690,000	647,500	42,500
<b>Sub-item 2.3</b> <i>Technical &amp; Compliance Programme</i>						
ROP - Audit/Remediation		15,000	-	15,000	17,105	(2,105)
ROP - Special Projects and Research Activities		30,000	(442)	29,558	-	29,558
ROP - Training, Assistance & Development		30,000	-	30,000	16,566	13,434
Observer CMM booklet		13,000	137	13,137	13,137	-
ROP Data Management		923,904	-	923,904	923,904	-
Vessel Monitoring System - Capital Costs		20,000	-	20,000	20,000	-
Vessel Monitoring System - SLA Costs		265,000	-	265,000	212,288	52,712
Vessel Monitoring System - Airtime		190,000	-	190,000	179,227	10,773
Vessel Monitoring System - Security Audit		8,400	-	8,400	7,922	478
CCM/Staff VMS Training		40,000	-	40,000	-	40,000
Information Management System		100,000	305	100,305	100,305	-
Workshops/IATTC Cross Endor. Train.		28,000	-	28,000	27,897	103
AR Part 2/CMS Online Host. and Pub.		18,000	-	18,000	1,600	16,400
Targeted Capacity Building		50,000	-	50,000	8,995	41,005
E-Monitoring/E-Reporting Activities		60,000	-	60,000	56,176	3,824
CMS Review		124,590	-	124,590	117,956	6,634
Regional Capacity Building Workshops		130,000	-	130,000	130,000	-
<b>Total, item 2.3</b>		2,045,894	-	2,045,894	1,833,078	212,816
<b>TOTAL, Section 2/Item 2</b>		<b>3,607,094</b>	<b>-</b>	<b>3,607,094</b>	<b>3,351,778</b>	<b>255,316</b>
<b>Total, Parts 1 &amp; 2</b>		<b>7,774,391</b>	<b>-</b>	<b>7,774,391</b>	<b>7,240,646</b>	<b>533,745</b>

See accompanying notes to financial statements.

# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

## 1. Organization

The Western and Central Pacific Fisheries Commission (the Commission) is an international organization established under the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the western and central Pacific Ocean. The Commission came into existence on the 19<sup>th</sup> of June 2004 through force of the Convention. The Secretariat was established in September 2005 when the Executive Director took up his post.

The Commission is the organization through which state parties to the Convention seek to ensure, through effective management, the long term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific Ocean in accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

The subsidiary bodies of the Commission are a Scientific Committee, a Technical and Compliance Committee, a Northern Committee and a Finance and Administration Committee.

The Commission is currently concentrating on:

- (i) Implementing the decisions of the Annual Sessions of the Commission in relation to conservation and management measures;
- (ii) Monitoring the effect of the conservation and management measures adopted in terms of supporting the sustainable use, conservation and management of western and central Pacific fish stocks and improving data acquired from fisheries in the Convention Area as a basis for monitoring the fisheries supported by members;
- (iii) Operationalising an integrated system for monitoring, control and surveillance, as provided for in the Convention, including establishment of the Commission's Vessel Record and Authorizations to Fish, Procedures for Listing Vessels that have undertaken IUU fishing activities in the Convention Area, implementation of the High Seas Boarding and Inspection scheme, the satellite-based vessel monitoring system and the Regional Observer Programme;
- (iv) Administration of relationships with other Regional Fisheries Management Organizations;
- (v) Monitoring initiatives to establish an international convention for straddling fish stocks and discrete high seas fish stocks in the southern Pacific Ocean;
- (vi) Supporting efforts to improve data collection and research associated with tuna fisheries and the WCPO ecosystem including initiatives to scale up tuna tagging programmes;
- (vii) Supporting efforts to promote an ecosystems approach to fisheries (EAF) and its application to WCPO;
- (viii) Supporting efforts to mitigate the impacts of tuna fishing on non-target species and the marine ecosystem;
- (ix) Supporting initiatives to evaluate management options for WCPO tuna resources including the matter of allocation;
- (x) Monitoring and engagement with global efforts to address tuna fishing capacity concerns; and
- (xi) Monitoring developments in the tuna industry.

## WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

### 2. Summary of Significant Accounting and Financial Reporting Policies of the Commission Scope

These financial statements primarily reflect the assets, liabilities and transactions relating to the General Account Fund. The Commission administers the following other funds:

- Working Capital Fund;
- Western Pacific East Asia Oceanic Fisheries Management Project Fund;
- Special Requirements Fund;
- Japanese Trust Fund;
- Fees and Charges Trust Fund;
- Voluntary Contributions Fund;
- FAO - ABNJ Project Fund; and
- Chinese Taipei Trust Fund

The accounts of the Commission are maintained in accordance with the financial regulations of the Commission and administrative instructions issued by the Executive Director of the Commission. They also take into account certain accounting standards adopted by the United Nations Common System.

The Commission accounts are maintained on a fund accounting basis. The funds are maintained as distinct financial and accounting entities.

The financial period of the Commission consists of a calendar year. The financial statements presented are for the calendar year 1 January to 31 December 2017.

Generally, income, expenditure, assets, and liabilities are recognized on the accrual basis of accounting (please refer to "Assets" hereunder).

The accounts of the Commission are presented in United States Dollars (USD). Accounts maintained in other currencies are translated into USD at the time of the translation at the current rates of exchange.

#### Income

The amounts necessary to finance the activities of the Commission are assessed to Member States according to the agreed scale of assessments set out in the Commission's Financial Regulations. Interest income includes interest earned on various bank accounts and term deposits.

#### Expenditure

All General Account Fund expenditures are recorded against allocated lines of budgetary appropriation.

## WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

### 2. Summary of Significant Accounting and Financial Reporting Policies of the Commission Scope, Continued

#### Assets

Cash and short-term deposits comprise of funds on deposit in operating accounts, interest bearing bank accounts, and petty cash holdings.

Contributions receivable are matched by a Provision for delays in collection of the outstanding contributions, in accordance with United Nations System Accounting Standards. This is done in the interest of prudence and no judgment is made about collectability.

Acquisition of capital assets are charged against expenditure accounts in the year of purchase, hence furniture, equipment and other non-expendable property are not included in the assets of the Commission appearing in the Statement of Assets, Liabilities, and Fund Balance. The estimated total of non-expendable property held by the Commission is stated in Note 6.

#### Use of Estimates

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

#### Taxation

The Commission is exempt from taxes and custom duties as follows:

Within the scope of the official activities, the Commission, its property, premises and assets and its income, including contributions made to the Commission under the Convention, shall be exempt from all national taxes. Goods, including the Commission's publications, motor vehicles and items for official entertainment purposes that are intended for the official use of the Commission shall be exempt from all customs and excise duties payable at customs, except payment for services.

Goods imported or purchased under an exemption shall not be sold or otherwise disposed of in the Federated States of Micronesia, except under conditions agreed in advance with the Government.

The Commission is subject to Pohnpei State Tax but has an arrangement in place with the national government for that tax to be reimbursed.

## WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

### 3. Cash and Short-Term Deposits

Funds being held in the name of the Commission but which are not included in the General Account Fund statements amounted to \$11,694,048. These funds are:

<u>Fund</u>	<u>2017</u>	<u>2016</u>
Working Capital Fund	\$ 2,029,813	\$ 2,346,768
Western Pacific East Asia Oceanic Fisheries Management Project Fund	4,245,143	4,901,470
Special Requirements Fund	143,307	48,819
Japanese Trust Fund	15,858	15,851
Fees and Charges Trust Fund	228,937	293,518
Voluntary Contributions Fund	2,137,511	1,582,413
FAO - ABNJ Project Fund	1,211,572	2,193,464
Chinese Taipei Trust Fund	<u>1,681,907</u>	<u>2,000,000</u>
Total	<u>\$ 11,694,048</u>	<u>\$ 13,382,303</u>

### 4. Provision for Delays in the Receipt of Contributions Receivable

The provisions of \$634,769 in 2017 are derived as follows:

	<u>2017</u>	<u>2016</u>
Assessed member contributions for the approved current year budget	\$ 7,242,070	\$ 7,231,431
<u>Add</u> outstanding contributions as at beginning of year	<u>134,339</u>	<u>438,056</u>
Total member contributions available for collection	7,376,409	7,669,487
<u>Less</u> current year contributions received	<u>6,627,489</u>	<u>7,097,092</u>
Provision for delayed contributions	748,920	572,395
<u>Less</u> prior year contributions received in current year	<u>114,151</u>	<u>438,056</u>
Total provision as at end of year	<u>\$ 634,769</u>	<u>\$ 134,339</u>

The Commission collected \$601,728 of delayed contributions after December 31, 2017, but before the date the financial statements were available to be issued.

### 5. Transfer of Excess Funds to the Working Capital Fund

Transfers of \$50,261 did not take place in the 2017 calendar year but will take place at the beginning of the 2018 calendar year.

### 6. Non-Expendable Property

A lease and grant for the Commission's headquarters building were obtained at no charge during 2007. The cost value of the building has been estimated at \$2.9 million.

## WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

### 7. Other Funds

#### Working Capital Fund

The balance of the Working Capital Fund as at December 31, 2017 totaled \$2,029,813. A copy of the financial statements related to the Working Capital Funds is on page 13.

#### Western Pacific East Asia Oceanic Fisheries Management Project Fund

The balance of the Western Pacific East Asia Oceanic Fisheries Management Project Fund as at December 31, 2017 totaled \$4,245,143. A copy of the financial statements related to the fund is at page 14.

#### Special Requirements Fund

The balance of the Special Requirements Fund as at December 31, 2017 totaled \$143,307. A copy of the financial statements related to the fund is on page 15.

#### Japanese Trust Fund

The balance of the Japanese Trust Fund as at December 31, 2017 totaled \$15,858. A copy of the financial statements related to the fund is on page 16.

#### Fees and Charges Trust Fund

The balance of the Fees and Charges Trust Fund as at December 31, 2017 totaled \$228,937. A copy of the financial statements related to the fund is on page 17.

#### Voluntary Contributions Fund

The balance of the Voluntary Contributions Fund as at December 31, 2017 totaled \$2,137,511. U.S. Funds for E-Monitoring and E-Reporting were transferred to Voluntary Contributions Fund during 2016. A copy of the financial statements related to the fund is on page 18.

#### FAO - ABNJ Project Fund

The balance of the FAO-ABNJ Project Fund as at December 31, 2017 totaled \$1,211,572. A copy of the financial statements related to the fund is on page 19.

#### Chinese Taipei Trust Fund

The balance of the Chinese Taipei Trust Fund as at December 31, 2017 totaled \$1,681,907. A copy of the financial statements related to the fund is on page 20.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Working Capital Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 2,346,768	\$ 1,845,353
General Account Surplus, savings on prior year obligations and prior year contributions received	56,148	849,866
Interest	<u>1,902</u>	<u>1,569</u>
Total income and other additions	<u>2,404,818</u>	<u>2,696,788</u>
Expenditures	<u>375,005</u>	<u>350,020</u>
Fund balance	\$ <u>2,029,813</u>	\$ <u>2,346,768</u>

Working Capital Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ 1,634,853	\$ 786,836
Money market account	719,699	718,985
Due from General Account Fund	50,261	829,551
Due from Japanese Trust Fund	<u>-</u>	<u>11,396</u>
Total assets	<u>2,404,813</u>	<u>2,346,768</u>
<u>Liabilities</u>	<u>375,000</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>2,029,813</u>	\$ <u>2,346,768</u>



**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Western Pacific East Asia Oceanic Fisheries Management Project Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 4,901,470	\$ 1,948,771
Contribution:		
NZ MFAT	-	3,514,283
WCPFC GAF co-financing	25,000	25,000
Interest	<u>1,271</u>	<u>220</u>
Total income and other additions	<u>4,927,741</u>	<u>5,488,274</u>
Expenditures	<u>682,598</u>	<u>586,804</u>
Fund balance	\$ <u>4,245,143</u>	\$ <u>4,901,470</u>

Western Pacific East Asia Oceanic Fisheries Management Project Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank - UNDP account	\$ 6,118	\$ 128,103
Cash at bank - NZ account	958,646	-
Money market account	142,930	86,870
Prepaid expense	1,936	566
Due from General Account Fund	29,002	-
Tranche payment from UNDP	651,602	1,211,900
Tranche payment from NZ	<u>2,509,553</u>	<u>3,514,283</u>
Total assets	<u>4,299,787</u>	<u>4,941,722</u>
<u>Liabilities</u>		
Unliquidated obligations	30,000	30,000
Due to General Account Fund	<u>24,644</u>	<u>10,252</u>
Total liabilities	<u>54,644</u>	<u>40,252</u>
<u>Fund balance</u>	\$ <u>4,245,143</u>	\$ <u>4,901,470</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Special Requirements Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 48,819	\$ 12,427
Donation from USA	35,000	20,000
Donation from Chinese Taipei	-	20,020
Donation from Canada	50,000	-
Transfer from Fees Trust Fund	100,000	-
Interest	<u>61</u>	<u>32</u>
Total income and other additions	<u>233,880</u>	<u>52,479</u>
Expenditures	<u>90,573</u>	<u>3,660</u>
Fund balance	\$ <u>143,307</u>	\$ <u>48,819</u>

Special Requirements Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ 153,841	\$ 48,819
Due from General Account Fund	<u>35,000</u>	<u>-</u>
Total assets	<u>188,841</u>	<u>48,819</u>
<u>Liabilities</u>		
Due to General Account Fund	<u>45,534</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>143,307</u>	\$ <u>48,819</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Japanese Trust Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 15,851	\$ 15,765
Contribution from Japan	139,290	151,950
Interest	<u>86</u>	<u>92</u>
Total income and other additions	<u>155,227</u>	<u>167,807</u>
Expenditures:		
Payments for projects	128,922	140,555
Administrative expenditures	<u>10,447</u>	<u>11,401</u>
Total expenditures	<u>139,369</u>	<u>151,956</u>
Fund balance	\$ <u>15,858</u>	\$ <u>15,851</u>

Japanese Trust Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ <u>50,762</u>	\$ <u>51,704</u>
Total assets	<u>50,762</u>	<u>51,704</u>
<u>Liabilities</u>		
Unliquidated obligations	24,457	24,457
Due to Working Capital Fund	<u>10,447</u>	<u>11,396</u>
Total liabilities	<u>34,904</u>	<u>35,853</u>
<u>Fund balance</u>	\$ <u>15,858</u>	\$ <u>15,851</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Fees and Charges Trust Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 293,518	\$ 221,143
Contributions from non-members	143,910	210,706
Observer fees	50,131	-
Interest	<u>411</u>	<u>349</u>
Total income and other additions	<u>487,970</u>	<u>432,198</u>
Expenditures:		
Transfer to General Account Fund	145,323	138,563
Transfer to Special Requirements Fund	100,000	-
Bank fees and other charges	70	45
Write off of CNM prior year unpaid contributions	<u>13,640</u>	<u>72</u>
Total expenditures	<u>259,033</u>	<u>138,680</u>
Fund balance	\$ <u>228,937</u>	\$ <u>293,518</u>

Fees and Charges Trust Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ 352,659	\$ 282,261
Due from General Account Fund	34,143	-
Uncollected contributions from CNMs	<u>-</u>	<u>76,556</u>
Total assets	<u>386,802</u>	<u>358,817</u>
<u>Liabilities</u>		
Advance payments by CNMs	-	2,757
Carrier and bunker fees to be returned	12,542	12,542
Due to General Account Fund	<u>145,323</u>	<u>50,000</u>
Total liabilities	<u>157,865</u>	<u>65,299</u>
<u>Fund balance</u>	\$ <u>228,937</u>	\$ <u>293,518</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Voluntary Contributions Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 1,582,413	\$ 1,113,048
China	-	25,000
Western Pacific Reg'l Fishery Mtg Council contribution	-	15,000
FSM TCC and SC contribution	2,500	2,500
FAO	96,912	-
ISSF	-	30,000
Canada	50,000	-
Korea	173,590	166,666
European Union	823,004	669,476
New Zealand	31,742	-
Transfer of U.S. Funds for E-Monitoring and E-Reporting	-	27,618
Interest	<u>710</u>	<u>455</u>
Total income and other additions	<u>2,760,871</u>	<u>2,049,763</u>
Expenditures	<u>623,360</u>	<u>467,350</u>
Fund balance	\$ <u>2,137,511</u>	\$ <u>1,582,413</u>

Voluntary Contributions Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank - USD accounts	\$ 535,120	\$ 552,379
Cash at bank - Euro accounts	1,075,760	506,603
Tranche payment owed to Commission	894,035	837,132
Due from General Account Fund	44,700	-
Due from other funds	<u>-</u>	<u>27,618</u>
Total assets	<u>2,549,615</u>	<u>1,923,732</u>
<u>Liabilities</u>		
Unidentified deposits	17,732	17,732
Unliquidated obligations	297,910	323,587
Due to General Account Fund	<u>96,462</u>	<u>-</u>
Total liabilities	<u>412,104</u>	<u>341,319</u>
<u>Fund balance</u>	\$ <u>2,137,511</u>	\$ <u>1,582,413</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

FAO - ABNJ Project Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 2,193,464	\$ 2,509,585
Modification to FAO agreement	91,350	-
Interest	<u>579</u>	<u>115</u>
Total income and other additions	<u>2,285,393</u>	<u>2,509,700</u>
Expenditures	<u>1,073,821</u>	<u>316,236</u>
Fund balance	\$ <u>1,211,572</u>	\$ <u>2,193,464</u>

FAO - ABNJ Project Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ 195,621	\$ 2,039
Tranche payment from FAO	1,258,371	2,271,525
Due from General Account Fund	<u>48,929</u>	<u>-</u>
Total assets	<u>1,502,921</u>	<u>2,273,564</u>
<u>Liabilities</u>		
Unliquidated obligations	280,827	66,100
Due to General Account Fund	<u>10,522</u>	<u>14,000</u>
Total liabilities	<u>291,349</u>	<u>80,100</u>
<u>Fund balance</u>	\$ <u>1,211,572</u>	\$ <u>2,193,464</u>

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

Notes to Financial Statements  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

7. Other Funds, Continued

Chinese Taipei Trust Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Income and other additions:		
Balance brought forward from prior year	\$ 2,000,000	\$ -
Chinese Taipei	-	2,000,000
Interest	<u>376</u>	<u>-</u>
Total income and other additions	<u>2,000,376</u>	<u>2,000,000</u>
Expenditures	<u>318,469</u>	<u>-</u>
Fund balance	\$ <u>1,681,907</u>	\$ <u>2,000,000</u>

Chinese Taipei Trust Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2017  
(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash at bank	\$ 223,917	\$ -
Tranche payment from Chinese Taipei	<u>1,600,000</u>	<u>2,000,000</u>
Total assets	<u>1,823,917</u>	<u>2,000,000</u>
<u>Liabilities</u>		
Unliquidated obligations	<u>142,010</u>	<u>-</u>
Total liabilities	<u>142,010</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>1,681,907</u>	\$ <u>2,000,000</u>

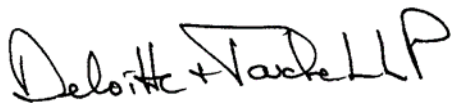
Assets of \$1,823,917 and \$2,000,000 as of December 31, 2017 and 2016 comprised \$800,000 and \$800,000, respectively, of current assets and \$1,023,917 and \$1,200,000, respectively, of noncurrent assets.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 12.4(C) OF THE COMMISSION'S FINANCIAL REGULATIONS**

The Executive Director  
Western and Central Pacific Fisheries Commission:

We have audited the general account fund statement of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2017 and the related statements of income and expenditures and changes in fund balance, of cash flows and appropriations and expenditures for the year then ended, and have issued our report thereon dated July 25, 2018.

As a result of our audit, no instances came to our attention to indicate noncompliance with the Commission's financial regulation 12.4(c).

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

July 25, 2018





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July 25, 2018

The Chair  
Western and Central Pacific Fisheries Commission

Dear Chair:

We have performed an audit of the financial statements of Western and Central Pacific Fisheries Commission (the Commission) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated July 25, 2018.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Commission is responsible.

We wish to thank the staff and management of the Commission for their cooperation and assistance during the course of this engagement.

This report is intended solely for the information and use of management, the Board of Directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cc: To Management of Western and Central Pacific Fisheries Commission

**OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS**

Our responsibility under generally accepted auditing standards has been described to you in our engagement letter dated November 29, 2017, a copy of which has been provided to you. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Commission's financial statements in conformity with the financial regulations of the Commission and certain accounting standards adopted by other international organizations, in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by us with the oversight of management and the Board of Directors are presented fairly, in all material respects, in conformity with those accounting standards. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the operating effectiveness of the Commission's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

**SIGNIFICANT ACCOUNTING POLICIES**

The Commission's significant accounting policies are set forth in Note 2 to the Commission's 2017 financial statements. During the year ended December 31, 2017, there were no significant changes in previously adopted accounting policies or their application.

We have evaluated the significant qualitative aspects of the Commission's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

**ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. We are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates during the year ended December 31, 2017.

**OTHER INFORMATION IN THE ANNUAL REPORT**

The 2017 audited financial statements were not included in documents containing other information such as the Commission's Annual Report as of the date of this letter.

**DISAGREEMENTS WITH MANAGEMENT**

We have not had any disagreements with management related to matters that are material to the Commission's 2017 financial statements.

**OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS**

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2017.

**SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION**

Throughout the year, no routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, no such discussions were held in connection with our retention as auditors.

**OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT**

Throughout the period, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Directors.

**MANAGEMENT'S REPRESENTATIONS**

We have made specific inquiries of the Commission's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Commission is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

**SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

In our judgment, we received the full cooperation of the Commission's management and staff and had unrestricted access to the Commission's senior management in the performance of our audit.

**OTHER MATERIAL WRITTEN COMMUNICATIONS**

There were no other material written communications between management and us related to the audit of the financial statements for the year ended December 31, 2017.

\* \* \* \* \*



July 25, 2018

Deloitte & Touche Inc.  
P. O. Box 753  
Kolonias, Pohnpei 96941

Gentlemen:

In connection with your audit of the general account fund statement of assets, liabilities and fund balance as of December 31, 2017, and the related statements of income and expenditures and changes in fund balance, cash flows and appropriations and expenditures for the year then ended of the Western and Central Pacific Fisheries Commission (the Commission or "WCPFC") for the purpose of expressing an opinion as to whether these statements present fairly the financial position, results of operations and cash flows of the Western and Central Pacific Fisheries Commission in conformity with accounting principles described in Note 2 to those financial statements, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for the fair presentation in the statements of financial position, activities, and cash flows in conformity with accounting principles described in Note 2 to the financial statements. We understand that, as is customary, your audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of expressing an opinion on the financial statements. We note that the auditing standards generally accepted in the United States of America are consistent with the generally accepted auditing standards mentioned in the Commission's finance regulation 12.4. We also confirm that we are responsible for the design and implementation of programs and controls to prevent and detect fraud. We also understand that certain representations in this letter are being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. We confirm, to the best of our knowledge and belief that the financial statements and additional information referred to above are fairly presented on the basis of accounting described in Note 2 to those financial statements.

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2. We have made available to you all -
  - a. Financial records and related data.
  - b. Rules of Procedures as adopted at the Inaugural Session, financial regulations, the Headquarters Agreement and the staff regulations pertinent to the operations of the Commission.
3. WCPFC has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
4. There has been no -
  - a. Fraud involving management or employees who have significant roles in the system of internal control.
  - b. Fraud involving other employees that could have a material effect on the financial statements.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
5. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
6. We have advised you that there are no -
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
7. There are no unasserted claims or assessments that are probable of assertion and must be disclosed. We have not consulted an attorney concerning any such matters as we are not aware of any potential litigation or claims that are outstanding or that have been asserted from January 1, 2017 up to the date of this letter.

Except where otherwise stated below, matters less than \$84,800 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

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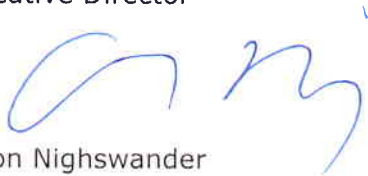
## ATTACHMENT I, CONTINUED

8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. WCPFC has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
10. We have complied with the aspects of contractual agreements that have a material effect on the financial statements in the event of noncompliance.
11. WCPFC has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in WCPFC and do not believe that the financial statements are materially misstated as a result of fraud.
12. Contributions receivable recorded in the financial statements represent valid contributions from countries or organizations arising on or before the balance-sheet date and have been appropriately reduced to their estimated realizable value.
13. The Commission collected \$601,728 of delayed contributions after December 31, 2017, but before the date the financial statements were available to be issued.
14. Transfers of \$50,261 did not take place in the 2017 calendar year but will take place at the beginning of the 2018 calendar year.
15. No events have occurred subsequent to the balance sheet date and to the date of this letter that could require adjustment to or disclosure in the financial statements.
16. In preparing the financial statements in conformity with the basis of accounting described in Note 2 to the financial statements, management makes estimates. The WCPFC secretariat is aware of its responsibilities to disclose in the financial statements all estimates where it is reasonably possible that the estimates will change in the near future and the effect of the change could be material to the financial statements. However, we do not believe that any events have occurred to the date of this letter, which would require revisions to the estimates used in the preparation of the aforementioned financial statements.
17. We have included certain comparative financial information from the prior year's financial statements in accordance with Section 11.2 of the Financial Regulations, which provides that the Executive Director shall give such other information as may be appropriate to indicate the financial position of the Commission.

Very truly yours,



Feleti Teo  
Executive Director



Aaron Nighswander  
Finance and Administration Manager