



**NINTH REGULAR SESSION  
FINANCE AND ADMINISTRATION COMMITTEE  
Sixth Session  
Manila, Philippines  
01 - 06 December 2012**

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**AUDITOR'S REPORT FOR 2011 AND GENERAL ACCOUNT FUND  
FINANCIAL STATEMENTS FOR 2011**

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**WCPFC9-2012 –FAC6/04  
16 October 2012**

**Introduction**

1. The Commission's Financial Regulations require that the independent external Auditor issue a report on the audit of the annual financial statements and relevant schedules relating to the accounts (Finance Regulation 12.6) and that 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).
2. 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 have been 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.
3. The audit and compliance reports, which comprise all of the formal communications from the external auditor, was circulated to All Commission Members, Cooperating Non-Members and Participating Territories in June 2011. 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**

4. In accordance with the requirements of Finance Regulation 11, the Commission's annual financial statements for the 2011 financial period were submitted to the Auditor prior to 31 March 2012. The audit was submitted to the Commission on 21 June, 2012.

**Scope**

5. 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 2011: the Working Capital

Fund; Special Requirements Fund; Regional Observer Programme Support Fund; Western Pacific East Asia Oceanic Fisheries Management Project (formerly the Indonesia/Philippines Data Collection Project Fund); the Japanese Trust Fund; and the Voluntary Contributions Fund is given at 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 these funds was adopted on the recommendation of the external auditor.

### **Audit findings**

The audit report and compliance report provide:

- the external auditors opinion was that the “financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2011, and the results of its operations and its cash flows for the year...”; and
- a statement that there was no evidence of non compliance with the Commission’s Financial Regulation 12.4 (c) which requires an opinion on regulatory compliance in relation to income, expenditure, the investment of moneys and the acquisition and disposal of assets.

### **Financial results**

7. The financial statements show that the outcome for the General Account Fund for 2011 was that there was an excess of income over expenditure of USD448,784. In addition to the surplus, prior years’ contributions of USD57,843 were paid by some Members in 2011 and this resulted in the General Account Fund balance at the end of the year of USD506,627. In accordance with Financial Regulation 4.4 this balance was transferred to the Working Capital Fund in 2012.

### **Recommendation**

8. The Commission is invited to consider he audited financial statements.

June 13, 2012

The Chairman  
Western and Central Pacific Fisheries Commission

Dear Chairman:

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, 2011, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated June 13, 2012.

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.

## **OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS**

Our responsibility under generally accepted auditing standards has been described to you in our engagement letter dated February 28, 2012, 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.

We considered the Commission’s internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

## **ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements 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.

### **CORRECTED MISSTATEMENT**

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

The material misstatement included in Appendix II was brought to the attention of management as a result of our audit procedures and was corrected by management during the current period.

### **SIGNIFICANT ACCOUNTING POLICIES**

The Commission's significant accounting policies are set forth in note 1 to the Commission's 2011 financial statements. During the year ended December 31, 2011, there were no significant changes in previously adopted accounting policies or their application.

### **OTHER INFORMATION IN THE ANNUAL REPORT**

The 2011 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 2011 financial statements.

### **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 2011.

### **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 Appendix I, a copy of the representation letter we obtained from management.

### **SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE WITH MANAGEMENT**

Throughout the year, 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, such discussions were not held in connection with our retention as auditors.

### **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.

The Board of Directors  
Western and Central Pacific Fisheries Commission  
June 13, 2012

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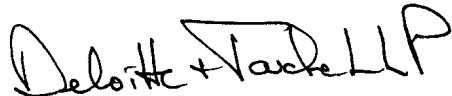
### **OTHER MATERIAL WRITTEN COMMUNICATIONS**

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, 2011.

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,

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



June 13, 2012

Deloitte & Touche  
P. O. Box 753  
Kolonia, Pohnpei 96941

Gentlemen:

In connection with your audit of the general account fund statement of assets, liabilities and fund balance as of December 31, 2011, 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 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.

P. O. Box 2356, Kolonia, Pohnpei 96941,  
Federated States of Micronesia.

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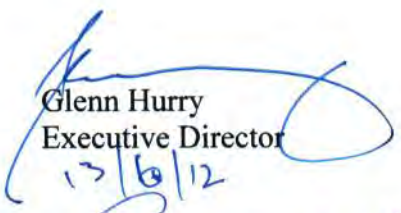
2. We have made available to you all -
  - a. Financial records and related data.
  - b. Rules of Procedures as adopted at the Inaugural Session, financial regulations, the Headquarters Agreement and the staff regulations pertinent to the operations of the Commission.
3. There have been no -
  - a. Fraud 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.
4. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
5. 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.
6. 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.

Except where otherwise stated below, matters less than \$39,000 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.

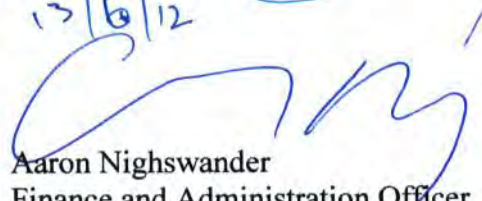
7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
8. WCPFC has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged.
9. We have complied with the aspects of contractual agreements that have a material effect on the financial statements in the event of noncompliance.

10. No events have occurred subsequent to the balance sheet date and to the date of our signatures below that could require adjustment to or disclosure in the financial statements.
11. 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.
12. 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,



Glenn Hurry  
Executive Director


13/6/12  
  
Aaron Nighswander  
Finance and Administration Officer



APPENDIX I

Description of Misstatement	Assets		Liabilities		Equity		Income		TOTAL
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
	<AJE 1>								
Dr Cash (GAF)	25,000							25,000	
Dr Owef from GAF (WCAF)	25,000							25,000	
Cr Owed to WCAF (GAF)				25,000				(25,000)	
Cr General Account Surplus (WCAF)							25,000	(25,000)	

The above corrected misstatement does not represent fraud or illegal acts. Rather, such represent misstatement.



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Aaron Nighswander  
Finance and Administration Officer

**WESTERN AND CENTRAL PACIFIC  
FISHERIES COMMISSION**

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

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**YEAR ENDED DECEMBER 31, 2011**

## Independent Auditors' Report

The Chairman  
Western and Central Pacific Fisheries Commission:

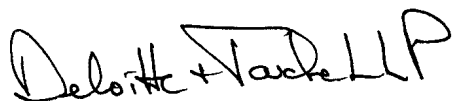
We have audited the accompanying general account fund statements of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2011, and the related statements of income and expenditures and changes in fund balance, of cash flows and of appropriations and expenditures for the year then ended. These financial statements are the responsibility of the Commission's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 2.

We have also issued our report dated June 13, 2012, 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).




June 13, 2012

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

General Account Fund  
Statement of Assets, Liabilities and Fund Balance  
December 31, 2011  
(With Comparative Totals as of December 31, 2010)

<u>Assets</u>	<u>2011</u>	<u>2010</u>	<u>Note</u>
Cash and short-term deposits	\$ 1,579,152	\$ 728,057	3
Contributions receivable	517,935	97,801	
Less provision for delayed contributions	(517,935)	(97,801)	4
Due From Japanese Trust Fund	4,400	-	
Due From WPEA	8,915	-	
Accounts receivable	13,304	-	
Other assets and advance payments	44,466	23,337	
Total assets	<u>\$ 1,650,237</u>	<u>\$ 751,394</u>	
<u>Liabilities and Fund Balance</u>			
Unliquidated obligations	\$ 538,059	\$ 267,938	
Member contributions in advance	-	8,997	
Owed to Fees and Trust Fund	104,672	-	
Owed to ROP Special Fund	2,993	-	
Owed to WCF (Prior year obligations and savings in 2011 GAF)	506,627	-	
Accrued entitlements	135,911	118,621	
Income tax withheld	4,707	3,531	
Social security tax withheld	7,268	6,248	
Provision for medical expenses	30,000	30,000	
Fund balance	320,000	316,059	
Total liabilities and fund balance	<u>\$ 1,650,237</u>	<u>\$ 751,394</u>	

See accompanying notes to financial statements.



Glenn Hurry  
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, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)**

<u>Income</u>	<u>2011</u>	<u>2010</u>	<b>Note</b>
Contributions:			
Assessed contributions	\$ 6,388,086	\$ 5,377,599	4
Voluntary contributions	<u>22,566</u>	<u>11,065</u>	
Total contributions income	6,410,652	5,388,664	
Miscellaneous income:			
Interest	5,424	7,722	
Other	<u>89,562</u>	<u>36,694</u>	
Total income	<u>6,505,638</u>	<u>5,433,080</u>	
<i>Less</i>			<i>(refer Statement of</i>
Expenditures	<u>5,657,779</u>	<u>5,115,360</u>	<i>Appropriations &amp; Expenditures, page 5)</i>
Excess of income over expenditure	847,859	317,720	
<i>Less</i>			
Delayed contributions	<u>455,727</u>	<u>70,248</u>	
Net excess of income over expenditure	392,132	247,472	
<i>add</i>			
Prior year contributions paid in current year	35,593	59,907	4
Fund balance at beginning of year	<u>448,784</u> *	316,059	5
Transfer to Working Capital Fund	(423,784)	(120,027)	
Savings on prior year obligations	<u>57,843</u> *	<u>-</u>	5
Fund balance at end of year	<u>\$ 320,000</u>	<u>\$ 316,059</u>	

\*Amounts shown are for comparison to the prior fiscal year only. These amounts are included under Owed to WCF (Prior year obligations and savings in 2011 GAF) in the Statement of Assets, Liabilities and Fund Balance

See accompanying notes to financial statements.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

**General Account Fund  
Statement of Cash Flows  
Year Ended December 31, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net excess of income over expenditures	\$ 392,132	\$ 247,472
(Increase) decrease in other accounts receivable	(26,619)	4,401
(Increase) decrease in other assets	(21,129)	25,917
Decrease in advances from member states	(8,997)	(7,003)
Increase in unliquidated obligations	270,121	69,277
Increase (decrease) in other liabilities	209,994	(38,439)
Previous year's contributions paid	35,593	59,907
	<u>851,095</u>	<u>361,532</u>
Net cash from operating activities	851,095	361,532
Transfer to Working Capital Fund	<u>-</u>	<u>(120,027)</u>
Net change in cash and short term deposits	851,095	241,505
Cash and short term deposits at the beginning of the year	<u>728,057</u>	<u>486,552</u>
Cash and short term deposits at the end of the year	<u>\$ 1,579,152</u>	<u>\$ 728,057</u>

See accompanying notes to financial statements.

**WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION**

**Statement of Appropriations and Expenditures  
Year Ended December 31, 2011**

WCPFC Budget Items 2011 Assessed and Voluntary Contributions General Account Fund Expenditure	Approved Budget (USD)	Transfers	Revised Budget	Total Expenditures 31/12/11	Balance of Budget
<b>Part 1 Section 1 (Item 1) Administrative Expenses</b>					
<b>Sub-item 1.1 - Staff costs</b>					
Established Posts	2,365,287.00	(150,000.00)	2,215,287.00	2,074,428.71	140,858.29
General temporary assistance	3,000.00		3,000.00	2,490.29	509.71
Overtime	7,000.00	3,000.00	10,000.00	9,308.43	691.57
Consultants	249,000.00	147,000.00	396,000.00	391,919.72	4,080.28
Chairman's expenses	0.00		0.00	0.00	0.00
<b>Total sub-item 1.1</b>	<b>2,624,287.00</b>	<b>0.00</b>	<b>2,624,287.00</b>	<b>2,478,147.15</b>	<b>146,139.85</b>
<b>Sub-item 1.2 : Staff Travel</b>	<b>200,000.00</b>	<b>6,100.00</b>	<b>206,100.00</b>	<b>206,023.19</b>	<b>76.81</b>
<b>Sub-item 1.3 - General Operating Expenses</b>					
Electricity, water, sanitation	130,000.00	(20,000.00)	110,000.00	107,382.08	2,617.92
Communications	68,000.00		68,000.00	61,375.74	6,624.26
Office supplies & fuel	31,000.00	16,000.00	47,000.00	46,334.94	665.06
Publications & Printing	27,000.00	(21,000.00)	6,000.00	3,210.00	2,790.00
Audit	9,000.00		9,000.00	7,000.00	2,000.00
Bank charges	8,000.00		8,000.00	7,180.07	819.93
Official hospitality	11,000.00	2,000.00	13,000.00	12,962.15	37.85
Security	45,000.00	(6,000.00)	39,000.00	18,811.02	20,188.98
Training	7,000.00	13,000.00	20,000.00	19,724.14	275.86
Miscellaneous	10,000.00	11,000.00	21,000.00	19,801.63	1,198.37
<b>Sub-item 1.4 - Capital expenditure</b>					
Vehicles	0.00				0.00
Vehicles					
Information & communications technology	50,200.00	13,000.00	63,200.00	63,072.02	127.98
Sound system			0.00	0.00	
Fencing	15,000.00	(4,100.00)	10,900.00	0.00	10,900.00
Furniture and Office Equipment	55,000.00	5,000.00	60,000.00	59,034.93	965.07
<b>Total sub-item 1.4</b>	<b>120,200.00</b>	<b>13,900.00</b>	<b>134,100.00</b>	<b>122,106.95</b>	<b>11,993.05</b>
<b>Sub-item 1.5 - Maintenance</b>					
Vehicles	5,000.00	6,000.00	11,000.00	10,162.60	837.40
Information & communications technology	78,500.00	(30,000.00)	48,500.00	44,403.92	4,096.08
Buildings & grounds	142,000.00	9,000.00	151,000.00	120,270.37	30,729.63
Insurance	36,000.00		36,000.00	20,692.00	15,308.00
<b>Total sub-item 1.5</b>	<b>261,500.00</b>	<b>(15,000.00)</b>	<b>246,500.00</b>	<b>195,528.89</b>	<b>50,971.11</b>
<b>Sub-item 1.6 - Meeting services</b>					
Scientific Committee	135,000.00	(3,500.00)	131,500.00	118,969.32	12,530.68
Northern Committee	10,000.00	3,500.00	13,500.00	13,302.13	197.87
Technical and Compliance Committee	135,000.00		135,000.00	117,052.46	17,947.54
Management Objectives Workshop	90,000.00		90,000.00	0.00	90,000.00
<b>Total sub-item 1.6</b>	<b>502,000.00</b>	<b>0.00</b>	<b>502,000.00</b>	<b>361,225.12</b>	<b>140,774.88</b>
<b>Sub-item 2.1 - Scientific services (OFF-SPC)</b>	<b>820,000.00</b>		<b>820,000.00</b>	<b>820,000.00</b>	<b>0.00</b>
<b>Sub-item 2.2 - Scientific research</b>					
Stock structure & life history of S. Pacific Albacore	0.00				0.00
EAD related tuna composition & distribution	0.00				
Scoping the use of reference points & MSE	20,000.00		20,000.00	20,000.00	0.00
Western Pacific East Asia Oceanic Fisheries management Project Co-finance	25,000.00		25,000.00	25,000.00	0.00
Collation of South Pacific Striped Marlin data	30,000.00		30,000.00	30,000.00	0.00
Indonesia/Philippines data collection project	0.00				0.00
Technical support for Management Objectives Workshop	30,000.00		30,000.00	0.00	30,000.00
High priority projects - unallocated	30,000.00		30,000.00	29,000.00	1,000.00
Collection/evaluation of PS species data.	90,000.00		90,000.00	90,000.00	0.00
<b>Total sub-item 2.2</b>	<b>266,000.00</b>	<b>0.00</b>	<b>266,000.00</b>	<b>235,000.00</b>	<b>31,000.00</b>
<b>Sub-item 2.3 - Technical and Compliance Programme</b>					
Reg. Observer Programme - audit/remediation	10,000.00	(500.00)	9,500.00	9,379.55	120.45
		500.00		30,058.00	442.00
Reg. Observer Programme - special projects and research activities	30,000.00		30,500.00		
Reg. Observer Programme - Training, assistance & development	20,000.00	2,000.00	22,000.00	21,914.01	85.99
Regional Observer Programme data entry support (SPC)	334,769.00		334,769.00	334,769.00	0.00
WCPFC Record of fishing vessels-database & website	0.00		0.00	0.00	0.00
By catch mitigation-website	36,075.00		36,075.00	35,075.00	1,000.00
Vessel Monitoring System- capital costs	40,000.00	(26,000.00)	14,000.00	0.00	14,000.00
Vessel Monitoring System - operating costs	853,252.00		853,252.00	432,119.01	421,132.99
Vessel Monitoring System - annual security audit	35,000.00		35,000.00	0.00	35,000.00
VMS redundancy provision	15,000.00	14,000.00	29,000.00	28,290.03	709.97
Information Management System	35,000.00	10,000.00	45,000.00	44,360.10	639.90
<b>Total sub-item 2.3</b>	<b>1,409,096.00</b>	<b>0.00</b>	<b>1,409,096.00</b>	<b>935,964.70</b>	<b>473,131.30</b>
<b>Total Section 2/Item 2</b>	<b>2,495,096.00</b>	<b>0.00</b>	<b>2,495,096.00</b>	<b>1,990,964.70</b>	<b>504,131.30</b>
<b>Total Parts 1 and 2</b>	<b>6,549,083.00</b>	<b>0.00</b>	<b>6,549,083.00</b>	<b>5,657,777.77</b>	<b>891,305.23</b>

See accompanying notes to the financial statements.

\* The VMS operating expenditure is financed in part by advances from the Working Capital Fund as approved by WCPFC5. The excess expenditure for that item and the totals should be read in that context.

# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

## Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

### 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 19<sup>th</sup> of June 2004 upon entry into 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) Operationalizing 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;
- (xi) Monitoring developments in the tuna industry; and
- (xii) The establishment of a fully functional Secretariat.



# WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

## Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

### 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;
- Special Requirements Fund;
- Regional Observer Programme Support Fund;
- Western Pacific East Asia Oceanic Fisheries Management Project Fund;
- Japanese Trust Fund;
- Fees and Charges Trust Fund; and
- Voluntary Contributions Fund

The Fees and Charges trust fund was established in 2010 following a decision by the Commission at WCPFC to impose a fee on non-member carrier and bunker vessels.

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 2011.

Generally, income, expenditure, assets, and liabilities are recognised 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, 2011

(With Comparative Totals as of December 31, 2010)

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

#### Assets

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

The asset Contributions receivable is 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 interests 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, Reserves and Fund Balance. The estimated total of non-expendable property held by the Commission is stated in note 5.

#### Use of Estimates

The preparation of financial statements 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, 2011

(With Comparative Totals as of December 31, 2010)

3. Cash and Term Deposits

Funds being held in the name of the Commission but which are not included in the General Account Fund statements amounted to USD 2,457,517. For clarity, the presentation of these funds includes the funds balances and not the net assets as in previous years. The 2010 balances have been adjusted as well:

<u>Fund</u>	<u>2011</u>	<u>2010</u>
Working Capital Fund	\$ 1,139,584	\$ 592,010
Western Pacific East Asia Oceanic Fisheries Management Project Trust Fund	649,863	162,392
Regional Observer Program Support Fund	155,677	212,691
Special Requirements Fund	236,160	252,553
Fees and Charges Trust Fund	410,407	273,102
Japanese Trust Fund	13,560	8,484
Voluntary Contributions Fund	<u>5,309</u>	<u>30,250</u>
Total	\$ <u>2,610,560</u>	\$ <u>1,531,482</u>

4. Provision for Delays in the Receipt of Contributions Receivable

The provisions of \$517,935 in 2011 and \$97,801 in 2010, respectively, are derived as follows:

	<u>2011</u>	<u>2010</u>
Assessed member contributions for the approved current year budget	\$ 6,388,086	\$ 5,377,599
<u>Add</u> Outstanding Contributions as at beginning of year	<u>97,801</u>	<u>87,459</u>
Total member contributions available for collection	6,485,887	5,465,058
<u>Less</u> current year Contributions received	<u>5,932,359</u>	<u>5,307,350</u>
Provision for delayed contributions	553,528	157,708
<u>Less</u> prior year contributions received in current year	<u>35,593</u>	<u>59,907</u>
Total provision as at end of year	\$ <u>517,935</u>	\$ <u>97,801</u>

5. Transfer of Excess Funds to the Working Capital Fund

Transfers of \$448,784 and \$57,843 did not take place in the 2011 fiscal year but will take place at the beginning of the 2012 fiscal year.

6. Non-Expendable Property

At December 31, 2011 and 2010, the estimated value at cost of non-expendable property totaled \$790,871 and \$821,072, respectively.

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 dollars.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

7. Other Funds

Working Capital Fund

The Commission's Working Capital Fund as at December 31, 2011 and 2010 totaled \$1,139,584 and \$592,010, respectively. A copy of the financial statement related to the Working Capital Funds is on page 11.

Western Pacific East Asia Oceanic Fisheries Management Project

The balance of this fund as at December 31, 2011 and 2010 totaled \$649,863 and \$162,392, respectively. A copy of the financial statements related to the fund is at page 12.

Regional Observer Program Support Fund

The balance of this fund as at December 31, 2011 and 2010 totaled \$155,677 and \$212,691, respectively. A copy of the financial statement related to the fund is on page 13.

Special Requirements Fund

The balance of the Special Requirements Fund as at 31 December 2011 and 2010 totaled \$236,160 and \$252,553, respectively. A copy of the financial statement related to the fund is on page 14.

Japanese Trust Fund

The balance of the Japanese Trust Fund as at December 31, 2011 and 2010 totaled \$13,560 and \$8,484, respectively. A copy of the financial statement related to the fund is on page 15.

Fees and Charges Trust Fund

The balance of the Fees and Charges Trust Fund, as at December 31, 2011 and 2010 totaled \$410,407 and \$273,102, respectively. A copy of the financial statement related to the fund is on page 16.

Voluntary Contributions Fund

The balance of the Voluntary Contributions Fund as at December 31, 2011 and 2010 totaled \$5,309 and \$30,250, respectively. A copy of the financial statement related to the fund is on page 17.



WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Working Capital Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011  
 (With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 592,010	\$ 241,982
Contribution from General Account Fund	-	230,000
General Account Surplus, savings on prior year obligations and prior year's contributions received	542,220	120,028
Interest	<u>5,354</u>	<u>-</u>
Fund balance	\$ <u>1,139,584</u>	\$ <u>592,010</u>

Working Capital Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ 38,890	\$ 3,287
Money market account	594,067	588,723
Owed from GAF	<u>506,627</u>	<u>-</u>
Total assets	<u>1,139,584</u>	<u>592,010</u>
<u>Fund balance</u>	\$ <u>1,139,584</u>	\$ <u>592,010</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Western Pacific East Asia Fisheries Management Project Fund  
Schedule of Income and Expenditures and Changes in Fund Balance  
Year Ended December 31, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 162,392	\$ 263,975
Contribution:		
Australia	100,000	100,000
USA	-	20,000
WCPFC GAF co-financing	25,000	-
Japan Trust Fund	18,000	30,000
UNDP	432,629	40,000
Netherlands	-	25,964
General Account Fund	-	75,000
KOICA	220,000	-
Interest	<u>715</u>	<u>660</u>
Total income	<u>958,736</u>	<u>555,599</u>
Expenditures	<u>308,873</u>	<u>393,207</u>
Fund Balance	\$ <u>649,863</u>	\$ <u>162,392</u>

Western Pacific East Asia Fisheries Management Project Fund  
Schedule of Assets, Liabilities and Fund Balance  
December 31, 2011  
(With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ 232,045	\$ 52,499
Money market account	126,232	100,979
Amount due from GAF due to transfer errors	-	8,914
Prepaid expense	19,880	-
Tranche payment from KOICA	70,000	-
Tranche payment from UNDP	<u>210,621</u>	<u>-</u>
Total assets	<u>658,778</u>	<u>162,392</u>
<u>Liabilities</u>		
Amount due to GAF due to transfer error	<u>8,915</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>649,863</u>	\$ <u>162,392</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Regional Observer Program Support Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011  
 (With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 212,691	\$ 53,194
Contribution from New Caledonia for Observer data processing by SPC	-	152,865
Contribution from USA	-	353,880
Contribution from USA for catch attribution study	8,025	66,975
Interest	<u>290</u>	<u>242</u>
Total income	<u>221,006</u>	<u>627,156</u>
Expenditures	<u>65,329</u>	<u>414,465</u>
Fund balance	\$ <u>155,677</u>	\$ <u>212,691</u>

Regional Observer Program Support Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ 152,684	\$ 179,205
Amount due from USA for catch attribution study	-	66,975
Amount due from GAF	<u>2,993</u>	<u>-</u>
Total assets	<u>155,677</u>	<u>246,180</u>
<u>Liabilities</u>		
Unliquidated obligation for catch attribution study	<u>-</u>	<u>33,489</u>
	<u>-</u>	<u>33,489</u>
Fund balance	\$ <u>155,677</u>	\$ <u>212,691</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2011

(With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Special Requirements Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011  
 (With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income and Other Additions:		
Balance brought forward from prior year	\$ 252,553	\$ 183,642
Contribution:		
Chinese Taipei	-	40,000
USA	-	30,000
Australia	-	46,960
Interest	<u>641</u>	<u>443</u>
Total income	<u>253,194</u>	<u>301,045</u>
Expenditures:		
FSM Project	9,594	-
Cook Islands Project	7,440	32,556
Prior Year Obligations	-	15,916
Bank fees	<u>-</u>	<u>20</u>
Total expenditures	<u>17,034</u>	<u>48,492</u>
Fund balance	\$ <u>236,160</u>	\$ <u>252,553</u>

Special Requirements Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ <u>236,160</u>	\$ <u>268,470</u>
Total assets	<u>236,160</u>	<u>268,470</u>
<u>Liabilities</u>		
Outstanding unliquidated obligations for approved SPC projects	<u>-</u>	<u>15,917</u>
<u>Fund balance</u>	\$ <u>236,160</u>	\$ <u>252,553</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Japanese Trust Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011  
 (With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income and Other Additions::		
Balance brought forward from prior year	\$ 8,484	\$ 27,715
Contribution from Japan	424,593	424,592
Unliquidated 2010 obligation returned	15,400	-
Interest	<u>425</u>	<u>-</u>
Total income	<u>448,902</u>	<u>452,307</u>
Expenditures:		
Administrative expenses	91,244	106,444
Payments for projects	<u>344,098</u>	<u>337,379</u>
Total expenditures	<u>435,342</u>	<u>443,823</u>
Fund balance	\$ <u>13,560</u>	\$ <u>8,484</u>

Japanese Trust Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ <u>74,225</u>	\$ <u>23,884</u>
Total assets	<u>74,225</u>	<u>23,884</u>
<u>Liabilities</u>		
Unliquidated obligations (including admin expenses)	56,265	-
Provision for leave entitlements-JTFC	-	15,400
Owed to General Account Fund	<u>4,400</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>13,560</u>	\$ <u>8,484</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Fees and Charges Trust Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u>
Income and Other Additions:		
Balance brought from prior year	\$ 273,102	\$ -
Carrier and bunker fees	37,611	272,786
Contributing Non-Members	231,899	-
Interest	<u>425</u>	<u>487</u>
Total income	<u>543,037</u>	<u>273,273</u>
Expenditures:		
Transfer to Working Capital Fund	125,000	-
Bank fees and other charges	60	171
Carrier and Bunker Fees returns	<u>7,570</u>	<u>-</u>
Total expenditures	<u>132,630</u>	<u>171</u>
Fund balance	\$ <u>410,407</u>	\$ <u>273,102</u>

Fees and Charges Trust Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ 203,820	\$ 270,502
Amount due from General Account Fund	104,672	2,600
Amount due from Vol. Contributions Fund	5,000	-
Uncollected Contributions from CNMs	<u>128,097</u>	<u>-</u>
Total assets	<u>441,589</u>	<u>273,102</u>
<u>Liabilities</u>		
Advance Payments by Non-Members	<u>31,182</u>	<u>-</u>
Total liabilities	<u>31,182</u>	<u>-</u>
<u>Fund balance</u>	\$ <u>410,407</u>	\$ <u>273,102</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

7. Other Funds, Continued

Voluntary Contributions Fund  
 Schedule of Income and Expenditures and Changes in Fund Balance  
 Year Ended December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
Income:		
Balance brought forward from prior year	\$ 30,250	\$ 5,039
Contribution from AusAID for Chairman's travel	-	45,263
Contribution from Papua New Guinea	-	29,975
Interest	<u>59</u>	<u>84</u>
Total income	<u>30,309</u>	<u>80,361</u>
Expenditures:		
Study of FAD management and monitoring	25,000	-
Chairman's travel	-	45,263
HQ building air-conditioning, electrical and plumbing	-	2,521
MCS database/website improvement – Eighty Options	<u>-</u>	<u>2,321</u>
Total expenditures	<u>25,000</u>	<u>50,111</u>
Fund balance	\$ <u>5,309</u>	\$ <u>30,250</u>

Voluntary Contributions Fund  
 Schedule of Assets, Liabilities and Fund Balance  
 December 31, 2011  
 (With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash at bank	\$ 20,309	\$ 32,850
Amount Due from fees and Charges account	<u>2,600</u>	<u>-</u>
Total assets	<u>22,909</u>	<u>32,850</u>
<u>Liabilities</u>		
Amount due to fees and Charges account	7,600	2,600
Unliquidated Obligations	<u>10,000</u>	<u>-</u>
Total liabilities	<u>17,600</u>	<u>2,600</u>
<u>Fund balance</u>	\$ <u>5,309</u>	\$ <u>30,250</u>

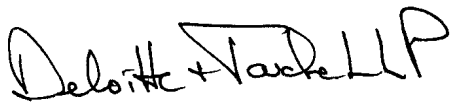


**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 12.4(C) OF THE COMMISSION'S FINANCIAL REGULATIONS**

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, 2011 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 June 13, 2012.

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



June 13, 2012