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| Title :       | Directions for Auditing Trading Companies and Agents of Fish and Fisheries Products                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Date :        | 2015.05.05                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Legislative : | 1.Promulgated on 5 May 2015 by the Council of Agriculture, Executive Yuan under Order No. Nung-sou-yu-tzu 1041333665A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Content :     | <p><b>Article 1</b><br/>The Council of Agriculture, Executive Yuan promulgated these directions to establish auditing mechanism for trading companies and agents of fish and fisheries products (hereinafter referred to as “fish trading companies (agents)” ), so as to ensure catches bought by fish trading companies (agents) from domestic or foreign fishing vessels are not involved in illegal, unreported and unregulated (IUU) fishing activities.</p> <p><b>Article 2</b><br/>The target of this auditing is any fish trading company (agent), selling or being assigned to sell catches and fisheries products from Taiwanese distant water fishing vessels, legally registered in Taiwan pursuant to relevant laws and regulations, including any fish trading agent that has been approved pursuant to the Regulations on the Management of Fishing Vessels and Crew in Foreign Fishing Bases.</p> <p>Audit of fish trading companies (agents) is conducted by the Fisheries Agency, Council of Agriculture (hereinafter referred to as “the Fisheries Agency” ). The Fisheries Agency shall establish a list of fish trading companies (agents), and perform risk assessment to the listed companies (agents). Levels of risk are categorized into high, medium, and low. Fish trading companies (agents) with high level of risk are the priority targets to be audited.</p> <p>Methods of risk assessment to fish trading companies (agents) and categories of risk levels are as Attachment 1.</p> <p><b>Article 3</b><br/>To conduct audit of fish trading companies (agents), the Fisheries Agency may establish an Audit Squad Unit.</p> <p>Members of the preceding Audit Squad Unit are commissioned by the Fisheries Agency, and a senior specialist will be assigned as the convener. If deemed necessary, certified public accountants, logistics specialists and relevant experts may be commissioned to render assistance.</p> <p><b>Article 4</b><br/>Items for auditing fish trading companies (agents) shall include the followings:<br/>Fish trading companies (agents) shall collect the latest laws and regulations on fisheries as well as trading, and conduct training programs so that both employees and managers understand relevant conservation and management measures applicable to fishing vessels adopted by regional fisheries management organizations, as well as related laws and regulations promulgated by flag States and market States, so as to ensure their purchase and sale activities are in line with domestic and international regulations.<br/>Fish trading companies (agents) shall establish code of conduct as well as standard operating procedure (SOP) of purchase and sale of catches and fisheries products and shall implement the code of conduct</p> |

and SOP thoroughly, so as not to purchase or sell IUU catches and fisheries products.

Fish trading companies (agents) shall archive relevant documents and bills of purchasing and selling catches and fisheries products for at least three years, so as to ensure each consignment of catches could be traced.

Fish trading companies (agents) shall establish a mechanism to deal with IUU catches and fisheries products detected, so as to avoid IUU catches and fisheries products to enter into markets.

## Article 5

Auditing procedures are as follows:

The Fisheries Agency shall notify fish trading companies (agents) in written of the auditing procedures and items and the possible consequences in case of failing the audit.

Upon receipt of the audit notification from the Fisheries Agency, a fish trading company (agent) shall submit the Report of the Fish Trading Company (Agent) (format as shown in Attachment 2) within the notified timeframe to the Fisheries Agency for review. After reviewing the report, if deemed insufficient, the Fisheries Agency may request the company (agent) to provide supplementary information within specified timeframe. The information provided by the fish trading company (agent) shall include:

Its code of conduct and SOP of purchase and sale of catches and fisheries products.

Its mechanism to deal with IUU catches and fisheries products detected.

Other relevant information on trading catches and fisheries products that can prove the flow of traded catches and fisheries products.

After reviewing the report and documents provided by the fish trading company (agent), the Fisheries Agency may dispatch auditor(s) to the registered location or the major operating location of that trading company (agent) to conduct field audit, so as to verify the prior checking mechanism, SOP of purchase and sale, archives maintenance and other systems established by that company (agent). Methods of field audit includes interview with personnel in charge of purchase and sale and random inspection on documents and bills, etc.

The Audit Squad Unit shall audit the internal control systems of the company (agent), including the information provided to the Fisheries Agency, status of implementation, inventory movement of catches and fisheries products, traceability and archives maintenance, and fill out the "Field Audit Form" (format as shown in Attachment 3) which records conformity or nonconformity and item(s) with defect. The Audit Squad Unit shall also fill out "Item(s) with Defect and Improvement" column of the "Recommendations on Further Actions" (format as shown in Attachment 4) within thirty days after the completion of field audit, and inform the fish trading company (agent) of the auditing results in written.

Upon receipt of the auditing results in written from the Fisheries Agency, the fish trading company (agent) shall make improvement on the item(s) with defect, fill in the "Improvements Made by the Fish Trading Company (Agent)" column of the preceding "Recommendations on Further Actions" and report in written to the Fisheries Agency for review within thirty days. In the event that the fish trading company (agent) can't complete the improvement within the aforementioned timeframe, it may apply for only one extension of deadline, which shall be limited to another thirty days. After reviewing, the Audit Squad Unit will inform the fish trading company (agent) of the comments in written. In case that item(s) with defect still remains, it/they should be put into the record.

## Article 6

The auditing frequency shall be conducted in accordance with the following provisions, except for circumstances stipulated in paragraph 2 to 4 of this Article:

For fish trading companies (agents) with high level of risk, audit shall be conducted at least once every year.  
For fish trading companies (agents) with medium level of risk, audit shall be conducted at least once every two years.  
For fish trading companies (agents) with low level of risk, they may be exempted from being audited.

Auditing frequency for fish trading companies (agents) with records of defect for more than three times may be increased.

For fish trading companies (agents) with no record of defect for three consecutive years, they may be exempted from being audited in the next year.

In the event that fish trading companies (agents) are reported to have been involved in IUU activities or abnormal indication appears during the application for catch certificates, the Fisheries Agency may conduct audit to the trading companies (agents) concerned.

#### **Article 7**

From January 1 2016, for any fish trading company (agent) with defect records for more than three times within one year, the Fisheries Agency may prohibit such trading company (agent) from selling or being assigned to sell catches and fisheries products pursuant to relevant regulations.

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Attachments : Directions for Auditing Trading Companies and Agents of Fish and Fisheries Products.docx

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Data Source : MONISTRY OF AGRICULTURE Laws and Regulations Retrieving System