

DRAFT – FOR DISCUSSION

SERVICE LEVEL AGREEMENT (SLA)

BETWEEN

THE SCOTTISH MINISTERS

AND

XXXX (ACCOUNTABLE BODY FOR XXXX LOCAL ACTION GROUP (LAG))

DRAFT

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SERVICE LEVEL AGREEMENT (SLA) BETWEEN THE SCOTTISH MINISTERS AND XXXX COUNCIL ACTING AS ACCOUNTABLE BODY

1. PARTIES TO THE SLA

1.1 The parties to the SLA are the Scottish Ministers (through the Food, Drink and Rural Communities Division (FDRC) acting as Managing Authority (MA) and the Rural Payments and Inspections Division (RPID), as Paying Agency (PA)) and XXXX (acting as Accountable Body for XXXX Local Action Group (LAG) and hereafter referred to as “the Accountable Body”).

2. PURPOSES OF THE SLA

2.1. This SLA is a requirement of EU law, specifically:

- Article 7(1) of Regulation (EU) No 1306/2013
- Annex I(1)(C) of Commission Delegated Regulation (EU) 907/2014.
- Article 42 of Regulation (EU) No 1305/2013
- Article 34 of Regulation (EU) No 1303/2013

Its principal purpose is to define the responsibilities and obligations, duties and accountabilities of both parties as a result of the Accountable Body’s role as a delivery partner in the Scottish Rural Development Programme (SRDP) for the period 2014-20.

2.2 The EU rules covering Paying Agencies provide for only one EU-accredited Paying Agency in Scotland. RPID within AFRC (Agriculture, Food & Rural Communities) Directorate is that Agency. As such, the Accountable Body will carry out delegated functions on the SRDP on behalf of the PA, though in practical terms the main day to day interaction will be through the Managing Authority (SG Leader Team). The SLA codifies the control framework within which these functions should be discharged and monitored and the deliverables expected of each party and enables the PA to meet the accreditation requirements of Regulations (EU) No 1303/2013, 1305/2013 and 1306/2013 as supplemented by Commission Delegated Regulations (EU) Nos 640/2014 and 907/2014 and Commission Implementing Regulation (EU) No 809/2014 (all as amended from time to time). A short summary of the main applicable EU rules are set out in Annex D.

2.3 Specifically, the SLA therefore:

- (a) provides for prescribed functions to be carried out by the Accountable Body and the Scottish Ministers;
- (b) records the arrangements made between the Scottish Ministers and the Accountable Body for the provision of the services detailed in this document; and

(c) establishes monitoring and reporting requirements.

3. OBJECTIVES

The objective of the SLA is to clearly set out the range of responsibilities, functions and obligations of the Accountable Body and the PA under the requirements of Annex I(1)(C) of Commission Regulation (EC) 907/2014).

4. ROLES AND RESPONSIBILITIES

4.1 The Scottish Ministers, in particular the Paying Agency, are responsible overall for the operational implementation and delivery of the SRDP in an efficient, effective and regulatory compliant way. The Paying Agency is also responsible for preparing and presenting the annual accounts for the European Agricultural Fund for Rural Development (EAFRD), coordinating the responses to audit reports and the statistical and management information required by the European Commission as the Managing Authority.

4.2 The Accountable Body acting on behalf of and with the full authority of the LAG, will act as the Scottish Ministers' delegated agent in undertaking the range of processing and payment functions associated with LEADER local development under the SRDP (pursuant to articles 42 to 44 of Regulation (EU) No 1305/2013 and articles 32 to 35 of Regulation (EU) No 1303/2013) and the related preparation and maintenance of statistical and financial data, as detailed in this SLA.

4.3 The Accountable Body will also undertake the range of programme administration and animation functions in accordance with the approved SRDP, the Rural Development (Scotland) Regulations 2015 and supporting guidance. These include all aspects associated with the implementation of the approved Local Development Strategy (LDS), for example the presentation, assessment and clearance of applications through LAGs, and the subsequent approval and post approval case management functions. All administrative functions, monitoring checks and case management must be recorded via the Leader Actions in Rural Communities system (LARCs) or equivalent until such time as LARCs is operational.

4.4 The Accountable Body will also be responsible for the carrying out of administrative checks in accordance with Commission Implementing Regulation (EU) No 809/2014 (in particular article -48).

4.5 The respective responsibilities and the range of delegated functions are set out in Annex A of this SLA.

5. COUNTER FRAUD AND COMPLIANCE ACTIVITIES

5.1 The Accountable Body's processes for the administration of SRDP measures will be designed to accord with the relevant EU regulatory requirements (as listed in paragraph 2.2) and with the supplementary rules established in the approved SRDP and the Rural Development (Scotland) Regulations 2015.

5.2 The Scottish Ministers will notify the Accountable Body as soon as reasonably practicable of any suspected breaches of EU regulatory requirements found during PA and MA inspections and monitoring visits. Accountable Bodies will notify the PA as soon as reasonably practicable about any suspected frauds, irregularities or breaches of contractual obligations concerned with any claims that are likely to impact adversely on the EU budget.

Any investigation following detection of such breach, overclaim, overpayment or non-compliance will include an assessment of whether any such non-compliance was intentional.

5.3 Where Scottish Government officers act as lead, these officers will enquire into all referred cases of suspected fraud or irregularity, and notify the Accountable Body of the outcome of any investigation and the measures taken pursuant thereto, consulting as appropriate. If the Accountable Body's officers are the lead investigators, then similar notifications will be passed to the Scottish Ministers as appropriate.

5.4 In addition to counter-fraud activity, the Accountable Body will provide an internal audit function that meets or is analogous to the internationally accepted standards of the Institute of Internal Auditors. This internal audit function shall comply with Commission Delegated Regulation (EU) 907/2014 Annex I(4)(B), be undertaken annually and include an assessment of compliance with the requirements of this SLA and the relevant EU and national Regulations prescribed in this document. A copy of the report of compliance shall be sent to the PA by 31 October each year together with a Confirmation Certificate in the format set out in Annex C.

6. PROSECUTION AND LITIGATION ARRANGEMENTS

6.1 The Accountable Body will provide witness statements and any other relevant information to support any criminal investigations in any case where it is a witness to an obstruction or failure to comply with a request to assist an authorised person under the Common Agricultural Policy (Cross-Compliance) (Scotland) Regulations 2014 (S.S.I 2014/325) or where it is a witness to an obstruction or failure in relation to the applicable regulatory requirements relating to SRDP measures or legacy schemes or in the event of any civil or criminal proceedings the Scottish Ministers may take against any beneficiary or refer to the Crown Office and Procurator Fiscal Service (COPFS).

6.2 The Scottish Ministers will, at their discretion, have the right to decide whether to refer any matter relating to obstruction or failure to comply with a request to assist an authorised person under the regulations relating to SRDP LEADER measures to the appropriate prosecutor. The Scottish Ministers will consult with the Accountable Body as necessary before submitting a file to COPFS. The Scottish Ministers will keep the Accountable Body informed about the development of such cases.

7. MONITORING OF DELEGATED FUNCTIONS

7.1 To meet EU regulatory requirements, in particular Annex I((1)C) of Delegated Regulation (EU) No 907/2014, the Accountable Body's effectiveness in providing the services covered by the SLA will be subject to inspection and monitoring checks by or on behalf of the Scottish Ministers. The PA and MA or their representatives may undertake these checks on an unannounced basis, though the normal expectation would be for scheduled inspection and monitoring visits. The Accountable Body will, if requested, arrange for a member of its staff to support PA and/or MA representative(s) during such visits. The Scottish Ministers reserve the right, after consultation with the Accountable Body, to employ independent consultants to undertake an assessment of the Accountable Body's performance in providing the services covered by the SLA.

7.2 The Accountable Body will co-operate with all requests by or on behalf of the Scottish Ministers in respect of any monitoring activities relating to this SLA. The Accountable Body will also, if required, co-operate in the planning and implementation of audit missions whether undertaken by European Auditors, the Certifying Body or Scottish Government internal auditors.

RETENTION OF DOCUMENTATION

7.3 A record of the location of all relevant records shall be maintained by the Accountable Body and these records (including any electronic records) shall be made available on demand to the Scottish Ministers, the Certifying Body, Audit Scotland and mandated officials of the EU.

7.4 All records, documents or electronic data relating to the activities delegated to the Accountable Body under this SLA will be maintained by the Accountable Body as a minimum until a period of 3 years has elapsed following the Commission's formal closure of the SRDP and for a minimum of 6 years from the end of the financial year during which final payment in relation to those activities was made, or 10 years where the funded activity related to the purchase of heritable property.

All records, documents or electronic data (except applicants bank details) relating to any projects considered (whether approved by the LAG or not) must be stored on the LARC IT system. In addition, any document which is intended to create legal rights and obligations must be physically signed and a hard copy of the original retained.

7.5 All Accountable Body records or documents, whether held in paper or electronic form, retained in relation to the work carried out under the SLA shall be made available as necessary for inspection by the Scottish Ministers or their authorised representatives for the purposes of confirming that necessary checks have been carried out.

8. PERFORMANCE TARGETS

8.1 To enable the Scottish Ministers to perform their duties and obligations under the SRDP, the Accountable Body will be required to meet the performance measures set out in Annex B of the SLA; where they are unlikely to be met then agreement must sought from the Managing Authority and alternative timings agreed.

8.2 The Scottish Ministers will inform the Accountable Body without delay if there is any deficiency in the quality of the services provided by the Accountable Body under this SLA and the Accountable Body will take steps to ensure any problems are resolved without delay.

9. MONITORING, REPORTING AND MANAGEMENT OF THIS SLA

9.1 If requested by Accountable Bodies, the PA or MA will meet representatives of all the Accountable Bodies during the currency of the SLA to review its operation.

10. PROVISION OF A CONFIRMATION CERTIFICATE AND ANNUAL REPORT

10.1 The Accountable Body will:

(a) ensure that an annual confirmation certificate covering each EAFRD year, i.e. from 16 October to the following 15 October, stating the extent to which all its obligations under this SLA have been fulfilled, is received by the PA no later than

31 October each year. A model certificate is attached at Annex C of the SLA; and

(b) ensure that the confirmation certificate submitted to the PA is accompanied by an annual report which shall include details of:

(i) the means employed to meet its obligations under this SLA, including: the nature, scope and limits of the work done; a detailed description of the work and controls performed and an assessment of the efficacy of these measures in countering intentional non-compliance and fraud;

(ii) the results of the work undertaken and the measures taken in respect of any discrepancies and irregularities reported;

(iii) management checks undertaken;

(iv) details of any other assurance systems agreed with the Scottish Ministers; and

(v) a summary of the findings of the work undertaken by the Accountable Body's internal auditors to confirm adherence to the SLA.

11 CONFLICTS OF INTEREST

11.1 The Accountable Body will ensure that the LAG:

(a) in addition to maintaining processes to international audit standards, its processes support the operation of an up to date register of interests of LAG members;

11.2 The Accountable Body will work with the LAG to ensure that:

(a) no close relative of an individual applicant or an employee or representative of an organisation applying for funding can:

(i) participate in the LAG decision making process;

(ii) score an application from that applicant (which, for the avoidance of doubt, may include the Accountable Body);

11.3 The Accountable body will ensure that

(iii) no close relative of an individual applicant be involved in any monitoring or inspection activities relating to the applicant.

12 GIFTS AND HOSPITALITY

12.1 In relation to gifts and hospitality, no official or employee of the Scottish Ministers or the Accountable Body acting on the Scottish Ministers' behalf may accept or offer gifts, hospitality or benefits to or from a third party which might be seen to compromise the individual's personal judgement or integrity in carrying out their functions under the SLA. In cases of doubt, officers and employees should consult and accord with the Accountable Body or Scottish Ministers' published policy on Gifts & Hospitality, as appropriate.

13. SLA DURATION AND TERMINATION/VARIATION ARRANGEMENTS

13.1 The SLA will be subject to review by either party (as per 13.2) and be updated as necessary at annual intervals from the date of signing, though the expectation is that it will remain extant until spending under the current SRDP is complete. This will mean that this SLA will remain in force until at least 31 December 2022.

13.2 Either party may request a meeting to seek to vary the services set out in the SLA with changes in priorities being proposed, considered and agreed by the Scottish Ministers and the Accountable Body. Where urgent or major changes are required, each party to this SLA will do its utmost to give the other party reasonable notice and to respond as quickly as possible within any agreed deadline. Any telephone request concerning services which are additional to, or which would otherwise propose changes to the SLA, must be followed up by written confirmation as soon as possible.

13.3 On receipt or issue of such a request by the Scottish Ministers concerning any services not covered by the SLA, the Accountable Body shall consider the financial, human and other resources necessary to meet the request and put forward an estimated timetable for meeting the said request.

13.4 The Accountable Body shall confirm to the MA in writing within 7 working days of any changes to the SLA being made, that any agreed changes to processes have been implemented or that additional services will be provided, as appropriate.

13.5 The Accountable Body shall not assign or sub-contract any of the services set out in this SLA to third parties without the prior written consent of the Scottish Ministers. Any delegation of functions relating to inspections to third parties will be conditional upon the ability of those parties to demonstrate full compliance with the responsibilities and obligations set out in the relevant EU and national legislative requirements and this SLA.

13.6 Either party can elect to terminate the SLA by giving written notice. In such a case, that party will, in advance of such notice, offer a meeting to discuss the arrangements for termination. The period of notice of termination will not be less than 1 year in order to:

- (i) ensure that accreditation status is not put at risk in any way; and
- (ii) minimise the risk of disallowance of any EU monies paid from the EAFRD to the UK.
- (iii) allow an alternative Accountable Body to put in place by the Local Action Group

13.7 The parties shall continue to comply with their obligations under the SLA during the period following the giving of any notice of termination until the agreed date of termination of the SLA and their responsibilities (including, for the avoidance of doubt, those relating to the maintenance of records, documents or electronic data) fully discharged.

14. DIFFERENCES OF OPINION

14.1 Where there is a difference of opinion between the Accountable Body and the Scottish Ministers on the interpretation of the terms and conditions of the SLA, the matter will be referred to the signatories of the SLA (or their successors) for their views.

15. CONFIDENTIALITY AND DATA SHARING

15.1 Save as required by law, neither the Accountable Body nor the Scottish Ministers will provide any information contained in the SLA or relating to any issues arising as a result of the SLA, without consulting and agreeing with the other party. The consent of the other party should not be unreasonably withheld or delayed. Nevertheless, in relation to this SLA, FDRC and RPID may pass information to RPID auditors or to duly approved EU auditors when requested.

15.2 To enable Scottish Ministers to meet their legal requirements under the Data Protection Act 1998, this Agreement will constitute a contract under which the Accountable Body undertakes to act only on instructions from the Scottish Ministers in relation to the data processed in administering the Scheme. The Accountable Body will take all appropriate measures to secure data it handles or processes against loss, destruction, damage or unauthorised access. The Accountable Body will be required to enter into a Data Sharing Agreement with Scottish Ministers which sets out the nature of the data to be processed, the purposes of that processing, and the mechanisms for sharing data. This will be jointly reviewed on an annual basis to ensure that privacy issues related to collection, use and retention of personal data are addressed and that the terms of the agreement are still required, relevant and lawful.

15.3 The Scottish Government's IT Security Policy outlines the security requirements required for those interacting with the LARC system and exists within and develops upon the Scottish Government Information Security Policy. This applies to any staff acting on behalf of the Accountable Body and LAGs when interacting with LARCs. LARCs is fully compliant with the requirements of the policy. The MA have created a User Access Control Policy in response to Section Eight of the Security Policy which defines the granting, management and maintenance of user profiles. In addition, the Accountable Body must provide to the MA their own User Access Control Policy which as a minimum standard must adhere to the MA User Access Control Policy in granting, management and maintenance of user profiles to applicants. Confirmation of the Accountable Body's IT Security Policy must be received prior to System Administrator rights being granted on LARCs.

15.4 The Accountable Body will respond to any request received from a third party for any of the information processed under this SLA, as far as it is able to do so to satisfy the request under the terms of the relevant legislation (particularly the Freedom of Information (Scotland) Act 2002, Environmental Information (Scotland) Regulations 2004, Data Protection Act 1998). Before doing so, it will notify the PA of receipt of that request, allowing time for discussions between PA and Accountable Body prior to issuing any response. If the request cannot be fulfilled by the Accountable Body, for example because the scope of the request is wider than the AB's delegated area of responsibility, then it will pass that request to the PA as early as possible and assist the PA in fulfilling the request as far as it can. If the request is a Subject Access Request under the Data Protection Act 1998, the Accountable Body's response must clarify in responding that any personal data is held and processed under instructions from the Scottish Ministers.

15.5 For the avoidance of doubt, information processed under this SLA relates to the animation and administration of the LEADER Scheme, and not to the administrative arrangements of the Accountable Body or LAG, which is the responsibility of the Accountable Body as part of its normal functions, including its functions as an employer of LAG staff.

16. FINANCIAL ARRANGEMENTS

16.1 Repayment of eligible LAG expenditure shall be made by the PA to the Accountable Body and processed via the LARCs system (or equivalent). The PA will draw down the EU element of funding via the UK Government's Rural Payment Agency on the basis of composite claims made in arrears by the Accountable Body. These claims shall be made in sufficient time to allow the expenditure to be declared to the EU. To that end claims, which should relate solely to expenditure defrayed in the relevant quarter and be in accordance with the format set out in relevant guidance, should be with FDRC within 20 working days of the end of the quarter.

16.2 The terms of this SLA and controls set out herein aim to ensure that the Scottish Ministers have a sufficient assurance over the strength of internal controls and administrative procedures provided by Accountable Bodies within each LAG area.

16.3 If the Scottish Ministers incur disallowance of the EU contribution, following either the annual Certification Body audit or a European Commission conformity audit, as a consequence of the Accountable Body's failure to observe any requirements of this SLA or EU regulatory requirements, RPID will initiate discussions with the Accountable Body at the earliest opportunity so that both RPID and the accountable body can reach agreement on how best to apportion the disallowance bill between the parties. Similar arrangements will apply where, monitoring checks by Scottish Ministers detect ineligible or irregular expenditure within the Accountable Body reimbursement claims. Any apportionment of the disallowance bill or the irregular/ineligible expenditure should fairly reflect the degree to which the Accountable Body was responsible for that disallowance or expenditure.

16.4 Furthermore, the Scottish Ministers reserve the right to refuse or reduce any claims made by the Accountable Body in circumstances where there is evidence that the claim represents a potential disallowance risk were it presented for EU co-financing.

17. ACCOUNTABILITY

17.1 RPID is accountable overall for the SRDP related expenditure defrayed from both national and EU funds but may require the Accountable Body to support RPID in providing evidence to the Scottish Parliament or other parties where necessary in relation to the functions delegated to the LAG and managed by the Accountable Body through this SLA.

18. PREVIOUS SLAs

18.1 This SLA does not supersede or replace any previous Service Level Agreements between the Scottish Ministers and the Accountable Body in relation to the operation of delegated LEADER functions under the 2007-13 SRDP.

19. SIGNATORIES TO THE SLA

Signed:	Signed:
Name: Jonathan Pryce	Name: ¹
Status: Director, Paying Agency ?	Status:
Date:	Date:
For and on behalf of the Scottish Ministers	For and on behalf of XXXX acting as Accountable Body

¹ Signatories on behalf of the Lead Partner should be Head of Service level or above
VERSION 1.5

ANNEX A

This is Annex A referred to in the foregoing Service Level Agreement between the Scottish Ministers and XXXX acting as Accountable Body

ROLES AND RESPONSIBILITIES AND DELEGATED FUNCTIONS

The Scottish Ministers will:

- (a) provide to the Accountable Body the deliverables prescribed for the Scottish Ministers in this SLA;
- (b) pay the Accountable Body as delegated agent on behalf of the LAG, and, account for the scheme expenditure and be responsible overall for delivering the priorities, objectives and outcomes for LEADER across Scotland and meeting deadlines (where defined);
- (c) be responsible for the strategic oversight and high-level financial monitoring of budgets and expenditure;
- (d) monitor the progress of and evaluate the outcomes of LEADER covered by this SLA;
- (e) be responsible for allocating new business reference numbers;
- (f) undertake monitoring of compliance with the SLA and the regulatory framework (Including Local Development Strategies, Business Plans & guidance) (RPID);
- (g) undertake on an annual basis:
 - (i) a minimum 5% verification of eligibility checks of projects prior to the issuing of award letters by the LAG where projects are LAG co-operation actions; projects commissioned by the LAG or the accountable body is the applicant
 - (ii) a minimum 5% pre-reimbursement checks of LAG expenditure
 - (iii) a minimum 5% of on-the-spot (OTS) and 1% ex-post checks. OTS checks may be less than 5% depending on the outcome of assessments undertaken by the Certifying Body in accordance with the relevant regulatory provisions ;
- (h) provide the Accountable Body with relevant guidance, together with revisions, as and when amended for information;
- (i) inform the Accountable Body of any changes to legislation relevant to the SLA;
- (j) exchange information where relevant with the Accountable Body concerning inspections carried out by the MA and/or PA in relation to compliance inspections;
- (k) recover and account for overpaid money; and

(l) meet the performance targets set out at Annex B of the SLA.

(m) provide, host, support and maintain the LARC system;

As delegated agent, the Accountable Body will:

(a) provide the services prescribed for the Accountable Body as set out in this SLA;

(b) ensure the processing of LEADER applications in accordance with the Rural Development (Scotland)(Regulations) 2015, Scottish Government guidance/checklists, the applicable EU Regulations and the relevant LDS;

(c) process and pay claims for LEADER grant in accordance with Scottish Government guidance instructions and checklists, ensuring in particular that systems provide for adequate separation of duties and internal supervisory checking;

(d) undertake the administrative checks, required by Commission Implementing Regulation (EU) No. 809/2014, providing related control reports in accordance with said legislation and Scottish Government guidance.

(e) ensure that completed claims are submitted to the Scottish Ministers.

(f) provide Scottish Ministers with the necessary accounting, transactional and statistical data for its EAFRD accounting matrix, reporting and evaluation requirements under Commission Implementing Regulation (EU) No. 1067/2014. In addition, the Accountable Body will maintain a record of all extant investment measures which require to be checked *ex-post* by the Scottish Ministers;

(g) investigate all potential overpayments and irregularities and record the outcome of any investigations and measures taken pursuant thereto, and pass on details about these to the Scottish Ministers, to enable the latter to take appropriate recovery action. Such records should include an indication and breakdown of whether these relate to administrative or claimant errors. The notification of recoveries and the recording of irregularities shall be undertaken on LARCs.

(h) maintain and provide the necessary financial and statistical data for budget and accounting purposes in an agreed form, in particular the data required by Article 102 of Regulation (EU) No 1306/2013 as updated ('Eurostats'), and publication of CAP beneficiary data under article 111 of that Regulation;

(i) notify the Scottish Ministers as soon as there is likely to be any shortfall in delivery of services, so that alternative arrangements can be made;

(j) meet the performance targets set out at Annex B of the SLA;

(k) provide internal audit coverage of the functions undertaken on behalf of Scottish Ministers in accordance with internationally accepted auditing standards and

provide an annual report to Scottish Ministers of the work undertaken. That work should include an assessment annually of the extent of observance by the Accountable Body of the requirements of this SLA; and

(1) attend twice yearly Accountable Body meetings with the Scottish Ministers as part of the governance arrangements for the LEADER Programme, with the participation of any relevant internal audit, finance colleagues from the Accountable Body involved where appropriate.

The Scottish Ministers and the Accountable Body will, in addition, exchange information on an ad hoc basis to enable the effective co-ordination and discharge of their respective responsibilities under the SLA.

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Annex B

This is Annex B referred to in the foregoing Service Level Agreement between the Scottish Ministers and XXXX Council acting as Accountable Body

PERFORMANCE MEASURES

Accountable Body

Processing of Applications

High level aim of evaluation criteria is to ensure that no action by Accountable Body staff has disallowance consequences or requires financial corrective measures in light of a disallowance risk.

Further :

(i) all applications will follow a recognized and developed process consistent with templates and guidance provided by the MA, including online via the Local Actions in Rural Communities system (LARCs)

(ii) where scoring sheets are used to assess the merits of projects that they are completed signed and consistently filed via the Local Actions in Rural Communities system (LARCs)

(iii) to ensure all capital projects are financially scrutinised by competent individuals, ensuring value for money principles are adhered to and this assessment is formally recorded on file via the Local Actions in Rural Communities system (LARCs).

(iv) to ensure minutes are taken of all LAG meetings which incorporate the rationale for the decisions taken and register any identified conflict of interest on the part of LAG members and is formally recorded on file via the Local Actions in Rural Communities system (LARCs);

Measurement: the achievement of the high level aim will be assessed against findings from MA and PA monitoring checks.

High level aim of evaluation criteria is that administrative checks and inspections are undertaken in compliance with regulatory requirements

Measurement: the achievement of the high level aim will be assessed through the monitoring checks and inspections mentioned in paragraph 7.1.

Monitoring and Reporting

Body	Process	Target
MA	5% control check of all LEADER expenditure	21 Local Action Groups per EU year
MA	Report findings of inspections to Accountable Body	Within 2 months of the inspection date

PA	Authorising payment of correct claims	90% of claims paid within 3 months of receipt
Accountable Body	Report irregularities and potential fraud cases to SG	As soon as practical and in any case within 14 calendar days of discovery
Accountable Body	Provide recoveries, write off and ex gratia submissions to SG EU Accounts and Recoveries Team	Within 28 days of the date the case is identified as requiring recovery, ex gratia or write off submission.
Accountable Body	Inform FDRC of all support subject to Title I of Commission Regulation (EU) No 65/2011	As soon as practicable following approval of the relevant application.

Annex C

This is Annex C referred to in the foregoing Service Level Agreement between the Scottish Ministers and XXXX Council acting as Accountable Body

**REGULATIONS (EU) Nos 1305/2013 AND 1306/2013
THE SCOTTISH RURAL DEVELOPMENT PROGRAMME 2014 - 2020**

**ANNUAL CONFIRMATION CERTIFICATE
XXXX LEADER PROGRAMME LOCAL ACTION GROUP**

I on behalf of , being the Accountable Body for the above LAG, confirm that for the year 16 October 20.. to 15 October 20.. the Council have undertaken the delegated functions as specified in the Service Level Agreement between the Scottish Government Agriculture, Food and Rural Communities Directorate (SGAFRC) and the above LAG.

To support this Annual Confirmation certificate, I attach a supporting Annual Report and Annex detailing the nature, scope and limits of the work performed, management checks undertaken and details of other assurance systems.

Signature

Name

Position Held within Accountable Body

Date of signature

*This should be at Department/Division Head or Senior Auditor level

Annex D**Articles of EU Regulations mentioned in the SLA - Glossary**

1. Article 7(1) of Regulation (EU) Number 1306/2013 – AB are responsible for the maintenance and control of expenditure.
2. Articles 42-44 of Regulation (EU) Number 1305/2013 – This relates to LEADER local action groups (LAG), the start-up kit and the cooperation activities. It further advises that the LAG may have additional tasks delegated to them by the Paying Authority and the Managing Authority. The LAG can request advance payment if this is possible, but the advance can only be up to 50% relating to the public support related to the running and animation costs.
3. Articles 32-35 of Regulation (EU) Number 1303/2013 – relates to community led local development and what it should involve, the community led local development strategies and the elements it should contain, that the LAG should design and implement the development strategy and the tasks that the LAG have as well as what the funds shall cover.
4. Article 48 of the Commission Implementing Regulation (EU) 809/2014 –requires administrative checks of all applications for payment, etc, the process of such checks shall be recorded together with the verification results and the measures taken in the event of discrepancies. The checks that must be carried out are included here also.
5. Annex I(1)(C) of the Commission Delegated Regulations (EU) 907/2014 – relates to the procedures for delegating of tasks to the accountable body.
6. Annex I(3)(B) of the Commission Delegated Regulations (EU) 907/2014 – relates to information system security.
7. Annex I(4)(B) of the Commission Delegated Regulations (EU) 907/2014 – relates to separate evaluations via internal audit services.