

## DELEGATED AUTHORITY AGREEMENT

THIS DELEGATED AUTHORITY AGREEMENT IS MADE ON:

2015

BETWEEN:

- (1) THE SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS of Nobel House, 17 Smith Square, London, SW1P 3JR, acting through the Rural Payments Agency, whose principal address is at North Gate House, 21-23 Valpy Street, Reading, RG1 1AF (**Paying Agency**); and
- (2) **[NAME OF ACCOUNTABLE BODY], [RELEVANT DETAILS OF LEGAL STRUCTURE]** whose principal address is at **[ADDRESS] (Accountable Body)**.

### INTRODUCTION

- (A) LEADER is a method of delivering RDPE funding to Beneficiaries through Local Action Groups, ensuring that individuals with local knowledge are involved in key decisions about how funds are spent.
- (B) The Accountable Body has been appointed to operate as Accountable Body for the Local Action Group(s) set out in the Agreement Document to deliver funding for rural development projects under LEADER.
- (C) The Paying Agency is responsible for ensuring that paying agency functions of the EAFRD are carried out in accordance with the Regulations, including where such functions are delegated.
- (D) The Paying Agency is accredited and monitored by the Managing Authority, which is under an obligation to inform the European Commission of the results of its monitoring, indicating whether the Paying Agency continues to comply with the Accreditation Criteria.
- (E) This purpose of this Agreement is to delegate the necessary authority to the Accountable Body to carry out certain functions on behalf of the Paying Agency to deliver funding for rural development projects under LEADER.
- (F) This Agreement identifies the functions of the Paying Agency which are delegated to the Accountable Body for the purposes of delivering funding under LEADER and sets out the obligations the Accountable Body must comply with to ensure that the delegated functions are carried out in accordance with the accreditation criteria and any other relevant legal requirements.
- (G) This Agreement should be read in conjunction with the Funding Agreement between the Paying Agency and the Accountable Body.
- (H) The Managing Authority shall retain overall responsibility for the management of LEADER and may directly enforce, or take the benefit of, any or all of the Paying Agency's rights under this Agreement.

### AGREED TERMS

#### 1. DEFINITIONS

1.1 In this Agreement the following terms shall have the following meanings:

**Accountable Body:** the legal entity identified as the "Accountable Body" at the start of this Agreement, which is responsible for carrying out administrative and financial activities on behalf of the Local Action Group(s) in accordance with Article 34(2) of Regulation (EU) No 1303/2013

**Accreditation Criteria:** the accreditation criteria for paying agencies set out in Annex I to Delegated Regulation (EU) No 907/2014

**Agreement Document:** the letter from the Paying Agency to the Accountable Body approving the appointment of the Accountable Body to act as the accountable body for the Local Action Group(s)

**Beneficiary:** a legal or natural person selected by the Local Action Group to receive RDPE funding under LEADER for the purpose of carrying out an Operation

**Commencement Date:** the date at the beginning of this Agreement

**Delegated Functions:** the functions set out in clause 3 of this Agreement, which are delegated by the Paying Agency to the Accountable Body

**Delivery Period:** the period set out in the Agreement Document in which RDPE funding will be made available for Operations designed to meet the Local Development Strategy objectives

**Division of Responsibilities:** the document setting out the respective responsibilities of the Accountable Body, the Paying Agency and the Managing Authority which is appended to this Agreement at Schedule 2

**EAFRD:** the European Agricultural Fund for Rural Development, which funds rural development under the Common Agricultural Policy (and jointly funds the RDPE, together with the Managing Authority)

**Financial Year:** the UK's financial year, which runs from 1 April to 31 March

**Funding Agreement:** the agreement between the Paying Agency and the Accountable Body which sets out the Accountable Body's role in supporting the Local Action Group with the delivery of the Local Development Strategy and the terms on which the Paying Agency will reimburse the Running Costs incurred by the Accountable Body in carrying out the Delegated Functions.

**Grant:** a grant payable under a Grant Agreement

**Grant Agreement:** the agreement between the Accountable Body and a Beneficiary, the terms of which shall comply with clause 8 of the Funding Agreement

**Guidance:** the LEADER scheme guidance set out in the LEADER National Operations Manual (as updated or amended from time to time)

**Local Action Group (LAG):** the Local Action Group(s) listed in the Agreement Document

**Local Development Strategy (LDS):** the approved Local Development Strategy developed by the Local Action Group(s) pursuant to Article 33 of Regulation (EU) No 1303/2013 (as set out in the Agreement Document)

**Managing Authority:** The Department for Environment, Food and Rural Affairs (DEFRA), which has overall responsibility for the RDPE pursuant to Article 65(2)(a) of Regulation (EU) No 1305/2013

**Operation:** a project, contract, action or group of projects for which a Beneficiary receives funding under LEADER

**Paying Agency:** the Rural Payments Agency, which is accredited as the paying agency in accordance with Article 65(2)(b) of Regulation (EU) No 1305/13

**Personnel:** any employees, directors, trustees, officers, contractors, consultants, agents or other persons carrying out activities in connection with the delivery of the Local Development Strategy on behalf of the Accountable Body

**RDPE:** the Rural Development Programme for England (2014-2020) which is jointly funded by the EAFRD and the Managing Authority

**RDPE Programme Document:** means the programme document which is available at: <https://www.gov.uk/government/publications/rdpe-programme-document-2014-to-2020>

**Regulations:** the regulations set out in Schedule 1, as updated or amended from time to time

**Working Day:** a day (other than a Saturday or Sunday) on which banks are open for general business in the City of London

- 1.2 References to **clauses** and **Schedules** are to the clauses and schedules of the Agreement. Clause and Schedule headings shall not affect the interpretation of the Agreement.
- 1.3 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 The schedules form part of the Agreement and shall have effect as if set out in full in the body of the Agreement. Any reference to the Agreement includes the schedules.
- 1.5 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular and a reference to one gender shall include a reference to the other genders.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.7 A reference to a public organisation includes a reference to any successor of that public organisation.
- 1.8 Any words following the terms **including, include, in particular** or **for example** or any similar phrase shall be construed as illustrative and shall not limit the generality of the related general words.
- 1.9 If there is any conflict or ambiguity between the terms of this Agreement and the terms of the Funding Agreement, the terms of this Agreement shall prevail.

## **2. DURATION**

Subject to earlier termination in accordance with clause 9, this Agreement shall commence on the Commencement Date and shall continue in force until the end of the Delivery Period.

## **3. DELEGATED FUNCTIONS**

- 3.1 The Paying Agency hereby delegates authority to the Accountable Body to carry out the following functions:
  - (a) receiving and processing payment claims from Beneficiaries, checking for eligibility and completeness, and forwarding them to the Paying Agency together with an initial assessment of whether the Grant payment should be made in full or whether any deduction or penalty should be applied;
  - (b) carrying out visits at times agreed with Beneficiaries to verify whether the Grant has been correctly spent and is being used for its proper purpose and reporting any concerns arising from a visit to the Paying Agency; and
  - (c) recording and maintaining management information and any other project documentation from LAGs or Beneficiaries for audit purposes and making such information available to the Paying Agency.
- 3.2 The Accountable Body shall carry out the Delegated Functions in accordance with the provisions of this Agreement, the Funding Agreement and the Guidance.
- 3.3 A detailed breakdown of the respective responsibilities of the Accountable Body, the Paying Agency and the Managing Authority for the delivery of the programme is set out in the Division of Responsibilities in Schedule 2.
- 3.4 The authority to commit RDPE funds shall be delegated on an annual basis. Each Financial Year the Paying Agency shall issue a letter to the Accountable Body authorising the Accountable Body to commit funds to Beneficiaries for that Financial Year. The letter will be accompanied by a form which the Accountable Body

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must complete and return to the Paying Agency, identifying the members of its Personnel who are authorised to carry out the Delegated Functions, including any financial limits to their authority and whether or not they are authorised to execute Grant Agreements with Beneficiaries. The Delegated Functions must not be carried out by any member of Personnel who has not been identified to the Paying Agency. The Paying Agency reserves the right to veto members of Personnel if it has concerns about their suitability to carry out the Delegated Functions.

3.5 The authority to make payments to Beneficiaries is exclusively reserved to the Paying Agency in accordance with Article 7.1 of Regulation (EU) No 1306/13.

#### **4. REVIEW MEETINGS**

4.1 Representatives from the Accountable Body and the Paying Agency shall attend review meetings at least once annually to assess how the delegated functions are being carried out by the Accountable Body and to discuss any issues relating to the delivery of the RDPE programme and any risks to the Paying Agency's accreditation. The Managing Authority may attend any meetings as it deems appropriate.

4.2 Additional meetings may be held if required, and the Accountable Body shall attend such meetings as may be requested from time to time by the Paying Agency or the Managing Authority.

#### **5. AUDIT AND INSPECTION**

5.1 The Accountable Body shall permit any person authorised by the Paying Agency, the Managing Authority and/or the European Commission (including any UK government or EU auditors) to access its premises, Personnel, systems and documentation in connection with this Agreement or the Funding Agreement.

5.2 Where possible, the dates and times of such access will be agreed in advance; however, the Accountable Body acknowledges that unannounced spot checks may occasionally be required in order to enable the Paying Agency and Managing Authority to comply with their legal obligations under the Regulations.

#### **6. INFORMATION**

6.1 The Accountable Body shall supply any information or data which is reasonably requested by the Paying Agency or Managing Authority in order to comply with any domestic or European requirements or to enable the Paying Agency to execute its paying agency functions and comply with the Accreditation Criteria. Such data or information shall be provided within 10 working days or any other deadline specified in the request.

6.2 The Paying Agency is required to comply with the ISO27001 standards for information security management as a condition of its accreditation. The Accountable Body shall ensure that it complies with these standards at all times in carrying out the Delegated Functions.

#### **7. REPORTING**

7.1 At the end of each Financial Year the Accountable Body shall submit the following documents to the Paying Agency for review:

- (a) A signed annual attestation certificate and accompanying delivery plan and report describing the nature, scope and limits of the activities carried out, the management and supervision checks undertaken, consequential action and details of other assurance systems;
- (b) if requested by the Paying Agency, the Accountable Body's self-assessment accreditation matrix; and
- (c) details of any other internal or external audits carried out during the year which have revealed any financial irregularities or mismanagement within the Accountable Body.

7.2 Templates for the documents referred to in clause 7.1(a) and 7.1(b) above will be provided to the Accountable Body by the Paying Agency.

7.3 The Paying Agency shall review the documents referred to in Clause 7.1 above and agree any changes with the Accountable Body before submitting final versions of the annual attestation certificate and delivery plan to the National Audit Office (which is the designated certification body pursuant to Article 9 of Regulation (EU) No 1306/2013).

## **8. SUSPENSION OR REVOCATION OF DELEGATION**

8.1 If the Accountable Body (by act or omission) breaches its obligations under this Agreement and/or the Funding Agreement, and in so doing causes or risks causing the Paying Agency to incur a disallowance, threatens the Paying Agency's accreditation status or risks causing serious reputational damage to the Paying Agency or the Managing Authority, the Paying Agency may:

- (a) require the Accountable Body to remedy the breach within a specified time limit;
- (b) directly supervise the Accountable Body in carrying out the Delegated Functions until such time as it is satisfied that the breach has been remedied; or
- (c) temporarily suspend this delegation of authority and require the Accountable Body to cease carrying out the Delegated Functions until it is satisfied that the breach has been remedied.

8.2 If the Accountable Body fails to remedy the breach pursuant to clause 8.1(a) or 8.1(b) above or the nature of the breach is such that it is not capable of remedy, the Paying Agency may permanently revoke this delegation of authority.

8.3 If the Paying Agency takes any of the actions referred to in clauses 8.1 or 8.2 above, it shall notify the Accountable Body in writing in accordance with clause 11.

## **9. TERMINATION**

9.1 If the Paying Agency permanently revokes the delegation of authority pursuant to clause 8.2 above, this Agreement will terminate with immediate effect.

9.2 Otherwise than in the circumstances referred to in clause 9.1 above, either party may terminate this Agreement on giving the other party no less than six (6) months' written notice (unless a shorter notice period is agreed between the parties).

## **10. CONSEQUENCES OF EXPIRY OR TERMINATION**

10.1 If this Agreement is terminated pursuant to clauses 9.1 or 9.2 above, the Accountable Body shall co-operate fully with the Paying Agency in transferring of any of its activities under this Agreement or the Funding Agreement to a replacement accountable body.

10.2 Expiry or termination of the Agreement shall not affect the continuing rights and obligations of the parties under clauses 5 (Audit and Inspection), 6 (Information), 7 (Reporting), 11 (Notices), 12 (Dispute Resolution), 10 (Consequences of Expiry or Termination), 15 (Waiver), 17 (Third Party Rights), 18 (Governing Law) or any other provision which is expressly stated to survive expiry or termination of this Agreement or which is required to give effect to such termination or expiry or the consequences of such termination or expiry.

## **11. NOTICES**

11.1 All notices in relation to this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, e-mailed, or mailed (first class postage prepaid).

11.2 If personally delivered or if e-mailed all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such notices shall be deemed to have been given and received on the second working day following such mailing.

11.3 Notices sent by the Accountable Body to the Paying Agency by mail should be addressed to the Chief Executive's Office and sent to the Paying Agency's address at the beginning of this Agreement (or any new address which is notified to the Accountable Body in accordance with clause 11.4 below). Notices sent by the Paying Agency to the Accountable Body should be addressed to an appropriate member of the Accountable Body's Personnel and sent to the Accountable Body's address at the beginning of this Agreement (or any new address which is notified to the Paying Agency in accordance with clause 11.4 below).

11.4 If either party changes its address for service it shall notify the other party without delay.

## **12. DISPUTE RESOLUTION**

Any dispute between the parties shall be resolved according to the procedure set out in clause 21 of the Funding Agreement.

## **13. ASSIGNMENT**

The obligations under this Agreement are individual and personal to the Accountable Body and may not be assigned, sub-contracted or in any way transferred to any other person or entity without the prior written consent of the Paying Agency.

## **14. VARIATION**

The Paying Agency may vary the terms of this Agreement at any time by notifying the Accountable Body in writing.

## **15. WAIVER**

No failure or delay by either party to exercise any right or remedy under this Agreement shall be construed as a waiver of any other right or remedy.

## **16. NO PARTNERSHIP OR AGENCY**

This Agreement shall not create any partnership or joint venture between the Paying Agency and the Accountable Body, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

## **17. THIRD PARTY RIGHTS**

17.1 The Accountable Body acknowledges and agrees that the Managing Authority may exercise the rights or fulfil any of the obligations of the Paying Agency under this Agreement, and the Managing Authority shall have the right to enforce any term of this Agreement as if it were the Paying Agency.

17.2 In all other respects, this Agreement does not and is not intended to confer any contractual benefit on any person who is not a party to this Agreement.

## **18. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the law of England and Wales and the parties irrevocably submit to the exclusive jurisdiction of the English and Welsh courts.

This Agreement is signed by the authorised signatories listed below on the dates stated.

SIGNED for and on behalf of the **Accountable Body**:

Signature:

Name:

Date:

SIGNED for and on behalf of the **Secretary of State for the Environment, Food and Rural Affairs**, acting through the **Rural Payments Agency**:

Signature:

Name:

Date:

## Schedule 1 Governing Regulations

### A. EU Regulations governing the Rural Development Programme for England (RDPE)

Subject	Parliament and Council	Commission	
		Delegated	Implementing
Common Provisions	1303/2013	480/2014	184/2014 215/2014 821/2014
Rural Development	1305/2013	807/2014	808/2014
Financing, Management and Monitoring	1306/2013	640/2014 906/2014 907/2014	809/2014 908/2014
Transitional Provisions	1310/2013	N/A	N/A

Regulation (EC) No 1848/2006 (as amended) concerning reporting of irregularities is also applicable.

### B. Statutory Instrument 2014/3263

The Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014

### C. EU Document February 2015

Key and Ancillary Controls Concerning Rural Development Measures 2014-2020, Applicable in Relation to Conformity Clearance Procedures Launched as from 1.1.2015



## **Schedule 2 Division of Responsibilities**