



UK Co-ordinating Body

ANNUAL REPORT

1 APRIL 2018 – 31 MARCH 2019

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1 Executive Summary

1.1 UKCB has delivered high levels of performance during the year, meeting the targets set by the Board within the strategic framework described in the Business Plan. Working in close collaboration with policy and paying agency colleagues, EU institutions and other stakeholders, UKCB has played a significant role in ensuring that the Common Agricultural Policy is properly administered across the UK following the introduction of new schemes in 2015 following CAP reform. This report provides details of how UKCB has performed against its Business Plan targets, managed resources and risks, and delivered activities to achieve its objectives.

1.2 UKCB acts as secretariat for the UK Competent Authority, ensuring that paying agency accounts are certified and monitoring corrective action in response to audit recommendations. It works closely with paying agencies, including through the UK Accreditation Compliance Committee (UKACC), and with the Certification Body (CB) to ensure that the UK's regulatory obligations in this area are effectively delivered. In addition to the audit and clearance of the accounts for financial years 2017, 2018 and 2019, there has been significant engagement with the Commission, the Certification Body, paying agencies and other Member States with regard to the new certification audit regime for financial year 2019 (claim year 2018) onwards.

1.3 As set out in section 6, the Paying Agency Directors' Forum (PADF), PADF EU exit sub-group, Accounts & Finance Working Group (AFWG), and UK Paying Agencies' Information Technology Heads' meeting (UKITH) promote the harmonized implementation of the Common Agricultural Policy by the four paying agencies and their delegated agents within the UK. Implementing CAP schemes continues to create a number of challenges and delays in making some payments. UKCB worked closely with paying agencies on overcoming these issues, with particular attention on improving regulatory compliance and thereby mitigating the risk of disallowance.

1.4 There continues to be a very high level of audit activity by the Commission and the European Court of Auditors (ECA), involving extensive interaction with these bodies and the Conciliation Body to manage the significant risk of disallowance as far as possible. As well as co-ordinating the response to individual audits, UKCB has focused on analyzing the causes of financial corrections and promoting mitigating actions. The application of flat-rate financial corrections has led to significant concern that the level of proposed disallowance considerably exceeds the true risk to EU funds. UKCB has been active with other Member States in lobbying for a more proportionate approach in this area as well as a more risk-based approach to audits.

1.5 Although the UKCB continues to focus on fulfilling existing EU regulatory requirements, the outcome of the June 2016 referendum on UK membership – leading to the triggering of Article 50 of the Treaty on European Union in March 2017 – has required significant involvement in work to prepare for the UK's withdrawal from the EU.

1.6 As set out in this report, UKCB fulfils a number of other important responsibilities relating to UK CAP administration and I would like to thank both my fellow members of the Board and all members of the team for their hard work during the year.

Michael Cooper

Director

June 2019

2. Objectives and Performance Indicators

2.1 The UK Co-ordinating Body (UKCB) is a unit within Defra Group Finance that provides the secretariat to Defra and devolved ministers in their role under the Common Agricultural Policy as UK Co-ordinating Body and Competent Authority. In 2018/19, UKCB's objectives were to:

- i) carry out the functions of the CAP Co-ordinating Body, i.e. to:
 - a) collect and submit the financial, audit and statistical information required by the Commission;
 - b) co-ordinate actions with a view to resolving any deficiencies of a common nature and keep the Commission informed of the follow-up;
 - c) promote and, where possible, ensure the harmonized application of Community rules and guidelines in the UK;
- ii) provide the UK Competent Authority with advice and recommendations on CAP Paying Agencies' corrective actions and accreditation and manage the service level agreement with the UK Certification Body;
- iii) promote an effective financial control environment that protects EU funds and reduces the risk of disallowance and suspension of reimbursements;
- iv) set up and maintain the single CAP beneficiary website;
- v) carry out the functions of the EFF/EMFF Certifying Authority;
- vi) deliver services efficiently and effectively.

2.2 The above objectives cover both business outcomes and the capability (financial/people/efficiency) to deliver them, now and in the future, using the skills and experience of staff within UKCB to maximum effect.

2.3 UKCB's key performance indicators (KPI), which help to assess whether the achievement of its objectives, were to:

- i) submit accurate monthly/annual accounting returns in support of CAP reimbursement claims within EU regulatory deadlines;
- ii) co-ordinate EU and ECA audits of the CAP within agreed deadlines, working with Paying Agencies to provide the information requested by the Commission, and thereby mitigate the risk of disallowance;
- iii) co-ordinate regulatory statistical returns, submitting these to the Commission within agreed deadlines;
- iv) represent the UK at the Agricultural Funds Committee, facilitate the harmonized implementation of CAP regulations in the UK (recognizing that devolved administrations have discretion in this area), co-ordinate actions to resolve deficiencies of a common nature and liaise with other Member States to share best practice and lobby for CAP simplification; thereby supporting UK Paying Agencies to meet regulatory requirements and minimize disallowance;
- v) manage the SLA for the certification audit of the CAP Paying Agencies and seek to ensure that all relevant documents are submitted to the Commission to allow clearance of the Paying Agencies' accounts;
- vi) seek endorsement from the Competent Authority of CAP Paying Agencies' proposals for corrective action in response to recommendations agreed with the Certification Body and monitor Paying Agencies' progress against these plans;
- vii) publish CAP beneficiary data online in accordance with the requirements of the Commission's transparency regulation;

3. Resources and Staffing

3.1 Funding for UKCB's operations were provided by the Department for Environment, Food and Rural Affairs (Defra). The budget for the financial year ended 31 March 2019 was £3.9m, comprising £0.6m for running costs, £3.2m for the cost of the certification audit - £3.8m net of a £0.6m contribution from the devolved administrations - and £0.1m for the CAP beneficiary system.

3.2 With the exception of the Director, who is a core-Defra civil servant, UKCB staff are employees of the Rural Payments Agency in terms of their contracts of employment, pay and conditions of service, including retirement and redundancy policies. Staff in post at 31 March 2019 comprised 8.6 full-time equivalents: 1 Director (SCS), 1 Deputy Director (Grade 6), 2 Grades 7s¹, 3 HEOs, and 1.6 AOs.

3.3 Staff at all levels are involved in all aspects of UKCB's activities. Monthly team meetings are attended by all staff. Procedures and desk instructions continue to be reviewed on a six-monthly basis.

3.4 All annual appraisals of staff were based on a Performance Management Framework. All staff completed Personal Development Plans, which form an integral component of the Performance Management Record, and were subject to both in-year and year-end appraisals with line managers.

¹ One SEO currently on TARA to G7 covering additional responsibilities.

4. Risk management

4.1 In accordance with the Body's strategy for risk management, the Director maintains the following systems and procedures for risk management:

- Ownership of risk by the Director;
- Consideration jointly of risks to UKCB and paying agencies by assessing risk probability and impact;
- UKCB identifies and manages risks and reports accordingly to the Board and to the Defra Group Finance Director;
- Maintenance of routine and regular review and assessment of risk by the Director and management team; and
- Maintenance of procedures for monitoring and managing performance against targets and for managing risks at all levels

5. Performance against Business Plan targets

5.1 The Business Plan for 2018/19 set a number of targets in respect of UKCB's key performance indicators. The table below records performance against each target.

| Target | Outcome |
|---|---|
| i) Submit expenditure reports and reimbursement claims to the Commission for Pillars 1 and 2 within regulatory deadlines. | Target met. All expenditure reports and reimbursement claims were sent within Commission deadlines. |
| ii) Provide formal responses to EU audit letters and minimize the level of financial corrections arising from Commission audit enquiries. | Target met. All formal audit responses were sent within prescribed timescales. |
| iii) Submit regulatory statistical returns within the relevant deadlines | Target met. Statistical returns were submitted to the European Commission by the deadline of 15 July 2018 |

| | |
|--|---|
| <p>iv) Contribute effectively to the Agricultural Funds Committee, arrange regular meetings of UK harmonization groups to exchange best practice and identify issues that need to be raised with the Commission.</p> | <p>Target met. UKCB made significant contributions in AFC debates and has an ongoing engagement with UK paying agencies via PADF and the PADF EU Exit sub-group, and with other Member States via the Learning Network and Conference of Paying Agency Directors.</p> |
| <p>v) Submit certified accounts and Matrix data for financial year (FY) 2018 for all UK Paying Agencies to the Commission by the regulatory deadline in February 2019, or such alternative deadlines as may be agreed with the Commission, and agree the certification audit strategy for FY 2019.</p> | <p>Target met. All accounts documentation was submitted to the Commission by the regulatory deadline of 15 February 2019.</p> |
| <p>vi) Provide the Competent Authority with a submission on Paying Agencies' plans for corrective action within 10 days of the publication of the clearance of accounts decision for FY 2017 and monitor paying agencies' progress against these plans.</p> | <p>Target met. Submission sent to representatives of the Competent Authority within deadline following clearance of the FY 2017 accounts.</p> |
| <p>vii) Publish aggregated CAP beneficiary data for FY 2017 by the regulatory deadline of 31 May 2018.</p> | <p>Target met. FY 2017 data was published on 30 May 2018.</p> |
| <p>viii) Certify fisheries funds expended by the four UK intermediate (delivery) bodies and submit reimbursement claims to the Commission on a timely basis. Manage the transfer of the Certifying Authority role to MMO.</p> | <p>Target met. Reimbursement claims were submitted to the Commission on a timely basis and the Certifying Authority role transferred to MMO on 28 September 2018.</p> |
| <p>ix) Negotiate a fee with the Certification Body for the delivery of the FY 2019 certification audit.</p> | <p>Target met. Fee agreed for the FY 2019 certification audit taking into account the certification guidelines.</p> |
| <p>x) Ensure that all staff have work objectives and receive in-year appraisal in accordance with the performance management system.</p> | <p>Target met. All staff had agreed work objectives and in-year appraisal meetings under the performance management system.</p> |

6. Summary of activity

6.1 Co-ordination and harmonisation

Paying Agency Directors' Forum (PADF)

6.1.1 Details of PADF, including its objectives, can be found in Appendix II. Membership of PADF comprises the heads of each of the UK paying agencies, the Director of UKCB and a senior Defra policy representative. Defra is represented on the forum to ensure that there is a close working relationship between policy and delivery. Whilst the lead for developing UK policy remains with Defra, the forum considers the practical application of policy and highlights issues of potential concern.

6.1.2 During the period under report, PADF held three meetings: on 11 July 2018 at Greenmount Campus, Antrim; 13 November 2018 at Saughton House, Edinburgh; and 4 March 2019 at Cathays Park, Cardiff. The main issues covered during the year included:

- Direct payments
- Rural development schemes
- Horizontal controls
- EU Audits/managing the risk of disallowance
- EU exit planning
- Proposals for future domestic policy.

PADF EU exit sub-group

6.1.3 Details of PADF EU Exit Sub-group, including its objectives, can be found in Appendix II. Membership of PADF EU Exit Sub-group comprises representatives from each of the UK Paying Agencies, Defra Policy and UKCB. Michael Cooper (UKCB Director) acts as Chairman.

6.1.4 PADF EU Exit Sub-group met on a monthly basis during the period under report. The main issues covered during the year included:

- EU exit scenarios, including a withdrawal agreement and no deal exit;
- EU exit legislation
- Funding implications;
- Possible changes to scheme rules;
- Stakeholder expectations; and

Accounts and Finance Working Group (AFWG)

6.1.5 The objectives of AFWG can be found in Appendix II. During 2018/19 the group met twice, on 10 April 2018 and 17 October 2018, with another meeting scheduled for April 2019. The meeting was attended by representatives from all the paying agencies, as well as the Forestry Commission and Defra. UKCB prepares the agenda and leads discussion on most items. The main topics covered included:

- EAGF and EAFRD accounting requirements for the FY 2018 certification audit including use of SFC 2014 platform for submitting FY2018 accounts, including use of electronic signatures;
- Issues identified during the FY 2017 accounts clearance process;
- Proposed changes to certification guidelines from FY2019;
- Application of Commission irregularity debt reporting requirements;
- Application and reimbursement of Financial Discipline;
- EAFRD accounting issues, including introduction of payment deadlines for EAFRD IACS from scheme year 2019;
- CY 2015 direct aid late payments and the contradictory process;
- Accounting and certification implications of EU exit;
- OLAF fraud and irregularity reporting arrangements; and
- Funding Body issues, including hedging and reconciliation of balances.

UK Paying Agencies' Information Technology Heads' meeting (UKITH)

6.1.6 The objectives of UKITH can be found in Appendix II. During 2018/19 the group met on 23 November 2018 with another meeting scheduled for 11 June 2019. The group discussed issues arising from the EU Panta Rhei conference in October 2018, EU exit planning, IT security and digital maturity, including the latest version of Defra's emerging technology radar. It also received a presentation from Abaco on agricultural data.

Conferences of Directors of EU Paying Agencies

6.1.7 Each Presidency hosts a Conference of Directors of EU Paying Agencies during its six-month period of office, where senior officials from all Member States and the main EU institutions meet to discuss key issues through plenary sessions and targeted workshops. UKCB represents the UK at such conferences. During the period under report two conferences were held, in Sofia, Bulgaria (23 - 25 May 2018) and Andau, Austria (1 – 3 October 2018). Presentations were made as usual by the Commission and the ECA and reports were given on the work of the Learning Network and Panta Rhei. The main themes considered during the plenary sessions and workshops included:

- Future of the CAP post 2020;
- Performance Reporting;
- Assurance;
- Commission Annual Activity Report 2017;
- IACS and implementation of Direct Aids;
- Single Audit Approach;
- Reasonableness of Costs and Simplified Cost Options;
- Implementation of the Active Farmer Test;
- Satellite Monitoring;
- Automated non-IACS processes; and
- IT Tools.

Learning Network

6.1.8 The Learning Network of EU Paying Agencies and Co-ordinating Bodies (Learning Network) was formed in 2009 with representatives from 9 Member States. It now has participants from all Member States and was previously chaired by the UKCB Director. Its main goals are to:

- be a network for Directors of EU paying agencies and co-ordinating bodies;
- initiate cooperation between paying agencies, co-ordinating bodies and EU institutions;
- respond to developments in the CAP, especially in relation to simplification and the reduction of implementation, control and administrative burdens;
- develop suggestions for improvements in the regulations and guidelines; and
- be a platform for sharing best practices and solutions.

6.1.9 There were four formal plenary sessions, three held in Brussels (16/4/18, 10/07/18 and 18/2/19) and one in Dublin (19/11/18). In addition the Commission participated in two Steering Group meetings with the Learning Network held in Brussels (17/4/18 and 11/7/18). Areas discussed included:

- CAP post-2020;
- Use of new technologies;
- Action Plans and Annual Activity Report;
- Data information access services; and
- Arrangements for the conferences of Paying Agency Directors.

Agricultural Funds Committee (AFC) and Experts' Meetings

6.1.10 UKCB continued to represent the UK at the Agricultural Funds Committee (AFC) and related Experts' meetings in Brussels. For each meeting paying agencies were asked to provide views and comments. A 24-hour report was produced by UKCB after each AFC meeting and was circulated within 2 working days in all cases.

6.1.11 In 2018/19, AFC was consulted on three Commission ad hoc Clearance of Accounts decisions, all of which were subsequently adopted. These applied around €600 million in financial corrections. From the UK perspective, these contained around €43.5m (net) of disallowance. The relevant breakdown by UK paying agency was as follows:

- | | | |
|---------|---------|---------------------|
| • RPA | €43.07m | (All sectors) |
| • DAERA | €0.063m | (Rural development) |
| • SG | €0.544m | (Rural development) |

6.1.12 Other topics discussed during the year at AFC included:

- Revised Commission certification guidelines;
- Financial Clearance of Accounts FY 2017;
- Late payment issues (including technical accounting changes to facilitate monitoring the introduction of late payments for EAFRD IACS scheme with effect from CY 2019);
- Financial Discipline procedures (including re-imburement);
- Transparency issues;
- Nominations for Conciliation Body membership;
- Updated Guidance on the provision of control data and matrix requirements; and
- Use of SFC 2014 (in particular for Certification 2018).

EU Audits

6.1.13 During the period under report there were 7 Commission audit missions (of which 4 were desk audits) and 3 by the ECA. UKCB provided, or arranged for, secretariat support at all start-up and wash-up meetings and accompanied paying agency officials at 8 Commission bilateral meetings and 2 Conciliation Body hearings during this period. All the audits and bilateral meetings ran smoothly and are currently at various stages of the conformity clearance process. The audits and bilateral meetings covered the following:

Commission Audits

Audit missions

ISAMM desk audit to DAERA – 3 May 2018
ISAMM desk audit to Wales – 3 May 2018
Cross Compliance audit to RPA – 14/18 May 2018
Legality and Regularity desk audit to Scotland – 3/6 June 2018
Legality and Regularity desk audit to DAERA – 4/7 June 2018
Fruit and Vegetable audit to RPA – 26/30 November 2018
RD (Measure 5) audit to RPA – 18/22 March 2019

Bilateral Meetings:

Financial Clearance of Accounts – Wales – 20 September 2018
Financial Clearance of Accounts – Scotland – 15 October 2018
Rural development IACS M10 & M11 – DAERA - 6 November 2018
Financial Clearance of Accounts – RPA – 8 November 2018
Market Measures (Investments) – Wales – 6 December 2018
Market Measures – RPA – 16 January 2019
Procurement – RPA – 14 February 2019
Entitlements – Scotland – 14 March 2019

Conciliation Body hearings:

Cross Compliance – RPA – 11 April 2018
Beef Scheme – Scotland – 9 October 2018

ECA Audits:

DAS audit to RPA – 13/17 August 2018
DAS audit to Wales – 5/9 November 2018
DAS audit to Scotland – 25/29 March 2019

Publication of CAP beneficiary data

6.1.14 UKCB has managed the UK's website for the publication of CAP beneficiary data since transparency requirements were introduced in 2008. Regulation 1306/2013 and the associated implementing regulation 908/2014 amended the rules for publication with effect from the 2014 financial year data, removing the requirement to exclude data for natural persons that had been introduced following a ruling by the European Court of Justice. The current criteria for publication are:

- for payments to be published for all beneficiaries, both natural and legal;
- a breakdown of amounts paid, split by scheme or measure;
- a de minimis of €1,250 under which threshold payments will be published, but with the names of these beneficiaries anonymised.

6.1.15 The contract for the website hosting and annual data upload was re-tendered during 2017 under the government's G-cloud procurement process. Following the tender a further two-year contract was awarded to the existing contractor.

6.1.16 The FY 2017 payments data was added to the website in May 2018. The project to upload the FY 2018 financial year data began in January 2019. UKCB obtained data from paying agencies, coordinated user acceptance testing and provided liaison between the contractor and paying agencies to resolve queries. The FY 2018 data was added to the website in May 2019 to meet the regulatory deadline.

Control Statistics

6.1.17 Article 9 of Regulation 809/2014 requires Member States to provide control statistics on an annual basis. Responsibility for the collation and submission of such data continues to rest with UKCB. These returns are considered of the utmost importance by the Commission, as they indicate the underlying error rates in claims submitted by farmers. It is therefore essential that the data contained in the returns is quality assured and submitted on a timely basis.

6.1.18 The Pillar I returns cover SPS eligibility and cross compliance and cover information on the number of claims made, areas/amounts covered by claims and associated control measures and sanctions imposed. The Pillar II returns cover all rural development measures. Returns were submitted to the European Commission by the deadline of 15 July 2018. Subsequent to the receipt of the control statistics, a number of queries were raised by both the Commission and Certification Body, which necessitated the submission of updated and revised files.

Paying Agency committees

6.1.19 During the year under report, UKCB contributed to the work of a number of departmental and paying agency groups including:

- Defra Disallowance Steering and Working Groups;
- Defra Disallowance Forecasting Group;
- Paying Agency accreditation and compliance groups; and
- Inter-Departmental Audit Group (IDAG).

EU exit

6.1.20 Following the decision by the UK Government to invoke Article 50 of the Lisbon Treaty to give notice to leave the European Union, UKCB has provided support and advice, including statistical data, to Defra and paying agency colleagues to assist with input into policy decisions. As part of this role, UKCB is a stakeholder on a number of cross-cutting policy working groups. In addition, the Director now chairs Defra's Future Farming & Countryside Programme Assurance Board.

6.2 Secretariat of the Competent Authority

Certification of Accounts

i) Financial Year 2018

6.2.1 Commission legislation requires the certification audit opinions and reports to be reported to Brussels by no later than 15 February each year as the basis for a Commission Decision on the clearance of the accounts for both Agricultural Funds (EAGF and EAFRD). This year, the FY 2018 accounts documentation in respect of all paying agencies was submitted to Brussels via SFC on this date, the Commission having refused an application to extend the deadline for both SG and WG. The cost of the FY 2018 exercise was £3,454,975, a little higher than the original forecast as there was an increase of £31,317 in the estimated cost of the audit of WG. The final total represents an increase of 1% from 2017.

6.2.2 This was the fourth year for which the Commission required the Certification Body to provide an opinion on the legality and regularity of the underlying transactions. This continued to have a substantial impact on both the scope and cost of the work required, as the main focus remained the re-verification of the on-the-spot-checks carried out by each paying agency. All UK EAGF accounts and 3 of the 4 EAFRD accounts had unqualified opinions. However, the EAFRD accounts for WG had material error, the main reason for which concerned instances where applicants had been invited to apply for EAFRD funding without their applications being subject to open competition. There was also a scope limitation and associated emphasis of matter because two Technical Assistance claims (with a value of just over €2.6m) were submitted for reimbursement by WG before appropriate administrative checks were undertaken. There was also an emphasis of matter concerning SG's debtor population (although this was very much a technical requirement and the CB stressed that this issue was insignificant in terms of the value of the Fund).

6.2.3 In line with the revised Guidelines, Heads of Paying Agencies (HoPA) also provided a Management Declaration (MD) to confirm that the accounts presented were true, complete and accurate and that systems were in place to provide reasonable assurance on the legality and regularity of the underlying transactions. Whilst all management declarations were made without reservation, the CB qualified its opinion in respect of the SG management declaration because of doubts concerning the accuracy and completeness of the EAFRD control statistics. This was a similar issue to last year although it should be stressed that this was essentially a compilation issue as opposed to an indication of any inherent control weaknesses.

6.2.4 Three of the four Heads of Paying Agencies made use of the 'additional remarks' section within the management declaration to note issues not considered appropriate for a reservation but which needed to be brought to the attention of the Commission. These covered the following issues, all of which were noted as subject to ongoing improvement:

RPA

- Payments before completion of Proactive Land Change Detection
- Bridging Payments
- Active Farmer Checks
- Inspections and Control returns
- Accelerated Advance Payments of Environmental Stewardship Claims
- Organisational Changes

SGRPID

- Area Office inspector
- Entitlements audit
- Rural development audit Action Plan
- Control statistics, debts and finance

WG

- Technical Assistance
- Direct Applications; and
- Fraud Case

6.2.5 Given the uncertainty over the UK's departure from the EU, the Commission 'fast-tracked' the UK's clearance procedure. A number of queries, mostly relatively minor and technical in nature, were raised but these were all swiftly resolved. As a result, the Commission issued its formal Article 33 Clearance proposals on 11 March 2019, some 7 weeks before the regulatory deadline. The 7 unqualified accounts were proposed for clearance at a bespoke AFC Committee, held in the margins of a CMO Management Committee on 21 March 2019. This decision was adopted on 26 March 2019. As expected, the WG EAFRD Account was disjoined pending the outcome of a formal Article 34 contradictory procedure. Based on the CB's audit findings, the Commission's initial proposal was for a potential 5% flat rate correction for two key control weaknesses, as well as a one-off correction based on the value of the full population of claims affected by the perceived weaknesses linked to a lack of competitiveness. Whilst the Commission cited an initial figure of €33,142,370 as potentially at risk, it is evident that this figure is unsustainable.

ii) Financial Year 2019

6.2.6 The Commission has introduced new certification guidelines for mandatory implementation from FY 2019. Although the impact is slightly less onerous on both Certification Body and Paying Agencies than initially feared, there will still be a significant increase in the overall amount of audit work required (and therefore additional cost), with even greater emphasis on re-verifications of on-the-spot checks and the reliability of the control statistics and less on the veracity of the actual financial accounts. With continued focus on legality and regularity, the two-year audit process has been maintained, with re-verification of on-the-spot checks undertaken in year 1 and financial and controls testing undertaken in year 2. Work on the FY 2019 certification audit accordingly started in the summer of 2018, with the initial focus being on the re-verification of land-based schemes.

iii) Financial Year 2020

6.2.7 The current agreement with the CB is that a further audit, under the new Guidelines, will be required for FY 2020. Should circumstances change and the UK does not need to submit audit opinions and reports to the Commission, UKCB will work with the CB to avoid unnecessary nugatory costs.

United Kingdom Accreditation Compliance Committee (UKACC)

6.2.8 Background to UKACC, including its objectives, can be found in Appendix II. UKACC met once during the period under review, on 21st May 2018. The main issues discussed included:

- Certification of Accounts (2017, 2018 and 2019 exercises);
- Monitoring of corrective actions;
- Management Declarations (including Control Statistics);
- Commission and ECA Compliance Audit Findings;
- Paying Agency Accreditation Meetings;
- Submission to the Competent Authority (including a formal assessment against accreditation criteria);
- Commission Certification audits;
- Certification Body Audit Strategy;
- Certification Experts Meetings; and
- IT Security and other Accreditation Issues.

Management Board Membership 2018/19

| | |
|-------------------|--|
| Michael Cooper | Director, UK Co-ordinating Body |
| David Reid | Department of Agriculture, Environment and Rural Affairs, Northern Ireland (DAERA) |
| Laura McCambridge | Department for Environment, Food and Rural Affairs (Defra) |
| Ian Davidson | Scottish Government (SG) |
| Dean Medcraft | Welsh Government (WG) |

The Management Board met on 5 July 2018 in London and on 3 December 2018 in Reading. A teleconference was also held on 7 February 2019 to discuss options for the FY 2019 certification audit and to consider the findings of the FY 2018 certification exercise.

Details of UK Co-ordinating Body Groups

UK Paying Agency Directors' Forum (PADF)

1. PADF was established in 2010 under the rotational chairmanship of the UK paying agencies. It meets three times a year. The purpose of PADF is to ensure a consistent strategic approach in implementing the Common Agricultural Policy across the UK, both regarding horizontal regulations and the regulations specific to individual schemes. This approach is subject to variation arising from the application of regional options permitted under EU legislation.

2. PADF promotes an effective financial control environment that meets the requirements placed on accredited paying agencies and ensures the legality and regularity of expenditure, thereby maintaining accreditation status, protecting EU funds and minimising the risk of financial corrections. In addition it tries to identify changes that will make the Common Agricultural Policy simpler and cheaper to administer and less burdensome for claimants and acts as a forum for discussion between policy and delivery colleagues on simplification principles and implementation issues.

3. To achieve its objectives PADF:

- promotes the harmonised application of EU regulations and guidelines by UK paying agencies and their delegated agents;
- identifies and monitors risks for UK paying agencies relating to accreditation, scheme compliance and disallowance and agrees appropriate mitigating actions;
- provides a forum to enable paying agencies to discuss the practical implications of CAP reform and other policy developments for delivery bodies, both regarding implementation and ongoing administration, and to discuss these matters with UK policy-makers;

- identifies opportunities for the simplification of CAP regulations;
- prepares for meetings of the EU Conference of Paying Agency Directors and the Learning Network;
- promotes common standards for controls and databases; and
- exchanges information and best practice between paying agencies.

PADF EU Exit Sub-Group

4. The purpose of the PADF EU Exit Sub-Group is to share information between paying agencies on EU exit activity, focusing on 'day 1 readiness', EU exit legislation, funding arrangements and implications for current schemes. The group allows paying agencies to raise operational issues with Defra policy colleagues, but future policy decisions are not within the group's remit. The group was initially focusing on an exit date of 29 March 2019, but following the extension will now plan for an exit date of 31 October 2019.

Accounts and Finance Working Group (AFWG)

5. The purpose of AFWG is to:
- provide a forum for accredited UK paying agencies to consider and resolve issues arising from EAGF and EAFRD finance and accounting requirements;
 - provide a lead on the interpretation of these requirements and the implementation of suitable systems and procedures; and
 - promote the harmonized application of the regulations across all paying agencies.

UK Paying Agencies' Information Technology Heads' meeting (UKITH)

6. The purpose of UKITH is to:

- share information on IT issues relating to the CAP, including from Commission and Panta Rhei meetings;
- consider the IT-related implications of EU exit;
- discuss IT requirements for future farming and environmental schemes;
- share information on relevant technological developments.

UK Accreditation Compliance Committee (UKACC)

7. UKACC was established in 2008 to consider matters concerning the UKCB's functions as secretariat to the Competent Authority and its responsibility for managing the SLA with the UK Certification Body. Its main objectives are to:

- agree schedules of paying agency corrective actions required following the annual certification audit;
- agree deadlines for the implementation of such corrective action;
- monitor implementation of corrective actions in accordance with agreed UKCB guidelines;
- review the horizontal implications of recommendations made by the Certification Body where they may impact on the work of other UK paying agencies;
- consider matters relating to the granting, review, downgrading and withdrawal of paying agency accreditation;
- discuss issues arising from the work of the Certification Body; and
- consider ways of improving the delivery of paying agency data to the Certification Body.

APPENDIX III

European Fisheries Fund (EFF) and European Maritime Fisheries Fund (EMFF) UK Certifying Authority

1 The UK Certifying Authority holds responsibility for the accurate certification of funds expended by the four UK intermediate bodies in England, Scotland, Wales and Northern Ireland, and the subsequent submission to the European Commission of payment claims requesting re-imbusement of expended monies through the administration of the EFF 2007- 2013 and EMFF 2014 - 2020.

2 During the first half of period under report, UKCB (as UK Certifying Authority) worked closely with the UK Managing Authority and the UK Audit Authority in respect of EFF and EMFF claims, closure of the EFF programme and submission of annual EMFF accounts.

3 A decision was made in 2018 to transfer the work of the UK Certifying Authority to the Marine Management Organisation in Newcastle in order to streamline the process whilst maintaining separation of duties. To that end UKCB worked closely with colleagues within Marine Management Organisation and transferred Certifying Authority responsibilities with effect from 28 September 2018.

