

SARD LAG's Mode of Operation Template

1. **XXX (LAG) undertakes to follow the partnership rules included in the LAG Partnership Agreement (PA) Document.**
2. **This Mode of Operation is the supplementary annex of the signed LAG Partnership Agreement Document.**
3. **Operational rules of the LAG Council**

The LAG Council is the main decision-making body of the LAG. The LAG Council strives for consensus in its decision making. The LAG Council, if no consensus is reached, decides by simple majority.

3.1 In accordance to the relevant paragraph of the PA, the LAG Council is responsible for approval of the prepared Strategic Action Plan on the beginning of each planning cycle (5-7 years) of the LAG and after any modification of the LAG plans. The LAG strategy includes, at least, the

- Mission Statement, Vision, Strategic Objectives and Priorities of the LAG
- Identified measures and project ideas in relevant to the development Priorities
- The Indicative Financial Plan
- Relevant Implementation Plans of the LAG (one or two years plans, different action plans, etc.)

3.2 The LAG Council approves the strategy related workplans, including the management plan and budget, and narrative and financial reports of the LAG. The reports shall be prepared by the management team in each half a year.

3.3 Additionally, the LAG Council approves the following documents on the beginning of each programming cycle and after any modification of the plans:

3.3.1 LAG Management Plan

This plan contents the following elements as a minimum:

- Name of the Accountable Body of the LAG
- Location, address and contacts of the LAG office
- Organigram of the LAG
- Number of staff and TORs of the staff members
- Estimated budget of the LAG management, potential financial and in kind resources, yearly budget plan

3.3.2 Communication plan

This plan contents the following elements as a minimum:

- Plan of the internal communication between different LAG bodies and LAG members
- Plan for communication with local stakeholders
- Plan for communication with national and regional institutions
- Communication with potential and emerging donors

3.3.3 Monitoring and evaluation plan

This plan contents the following elements as a minimum:

- Purpose of the plan
- Time frame of the management cycles
- Indicators
- Roles & Responsibilities
- Data Flow
- Data Management

3.4 LAG Council has the responsibility to ensure the implementation of the Strategic Action Plan. In details, the LAG Council:

- Approves the prepared calls for project proposals and the project financing and determines whether the project proposals are eligible for funding from funds available for the LAG
- Is responsible for monitoring the delivery of the Strategic Action Plan and Implementation Plans and delivery of outcomes as assessed against adopted key performance indicators
- Supports the LAG Board and Accountable Body in ensuring appropriate administrative and technical conditions to effective operations of the LAG
- Undertakes regular reviews of governance and technical arrangements for delivery of the Strategic Action Plan
- Ensures that recruitments and appointments to the LAG is undertaken in a transparent manner
- Establishes special LAG working groups, if it is necessary to support effective and efficient delivery of the Strategic Action Plan and Implementation Plans

3.4 LAG Council makes decision on membership fees every year in frame of the approval procedure of the yearly workplans. The membership fee can be provided by LAG members in cash or in kind. It is needed to make detailed decision on the rate and measurability of the in-kind membership fees. It is possible to decide that the membership fee is zero for all, or for some special LAG members. Decision on the yearly membership fee shall be included in the minutes of the first LAG Council Meeting of the year.

3.5 LAG Council meets at least 4 times a year. Up to this minimum number of yearly meetings LAG Council's decision is to meet another times in each year. Extraordinary LAG Council Meetings might be initiated by the LAG Board and the LAG Audit Council, in any necessary time.

4 Operational rules of the LAG Board

- The Board is the executive body of the LAG between LAG Council meetings
- The LAG Board meets at least six times a year
- LAG Board establishes appropriate communication mechanisms to ensure that LAG decisions are clearly communicated to the Accountable Body

- The Board acts to enable the Accountable Body to comply with its obligations set out in agreements and contracts with relevant partners (LAG members, other local stakeholders, donors, etc.)
- LAG Board considers development of regional, national and international partnership and collaborative activities that can bring real benefit to local development within the territory of LAG
- LAG Board ensures that the LAG is building and maintaining appropriate relationships and communications with other key stakeholders in rural development

5 Operational rules of the Selection Council

5.1 LAG Council elects the Selection Committee for two years with participation of 5 members.

5.2 The Selection Committee of the LAG meets at least two times in relation to each Call for Proposal published by the LAG:

- The first is preparatory meeting with participation of the LAG managers to prepare the contents of the Call for Proposal for approval of the LAG Council
- The task of the second Selection Committee Meeting for selection of the submitted Project Proposals for funding

5.3 The Selection Committee shall prepare detailed minutes about each meeting, shall inform the Accountable Body about the managerial and financial implications of the selection procedure and shall prepare report on the selection procedure and results to the Board and the LAG Council. The meeting minutes on the project selection shall serve as the base to final decision of the LAG Council on the selected projects.

6 Operational rules of the Audit Council

The Audit Council:

- Shall cooperate with the Selection Committee and the Accountable Body of the LAG aiming to be able to get and analyze all information needed to the internal audit of the LAG and prepare the internal auditing report of the given year
- Meeting minutes shall be shared with the LAG Board and the Accountable Body

- Shall prepare the yearly internal auditing report and introduce it to the LAG Council
- Shall prepare extra-ordinary internal auditing report, if the financial transparency is questioned by one or more members of the LAG Council.

7 Operational rules of the Accountable Body

LAG and its Accountable Body seek to support Community-Led Local Development and through that development activity contribute to the delivery of the Strategic Action Plan.

The Accountable Body has delegated responsibility to sign contracts and other legal documents in name of the LAG, based on relevant decision of the LAG Council. All legal documents signed by the Accountable Body's legal representative, shall be countersigned by the LAG President.

The Accountable Body shall:

- Establish separate office venue for the LAG, ensure the administrative function of the LAG and archive all relevant files. Keep LAG documents separately from other documents of the organization
- Open separate bank account for the LAG activities
- Employ two half-time LAG managers, on behalf of the LAG, based on TOR-s, approved by the LAG Council. Those staff shall work for and report to the LAG. The Accountable Body shall not make any changes to the provision of staffing, administrative support and other services to the LAG without the LAG's agreement
- Work in close relation to LAG's bodies
- Monitor the income and expenditures of the LAG and set operational budgets for the LAG
- Provide advice to the LAG Council and Board in respect of any disputes arising from the LAG's decision on any funded applications
- Ensure that appropriate and effective control arrangements and operating procedures are in place to meet any regulatory and technical requirements of the LAG's activities
- Provide financial management to the LAG, manage payments of expenses and support accounting and grant disbursements
- Verify applicants' eligibility for funding and provide advice for applications for funding as it consider appropriate prior to the LAG decision

The Accountable Body shall cover its relevant activities from maximum 20% of the LAG budget.

Nothing in this Agreement shall prevent the Accountable Body from applying to the LAG for funding based on its own right.

8 Review

The performance of the Accountable Body and the LAG managers shall be reviewed annually by the LAG Council, which shall communicate any matters arising to the Accountable Body through the LAG Board.

The Accountable Body shall review and respond to any such matters within 30 working days.