

Received on
 05 NOV. 2007

SECTION	DESCRIPTION
1. General	
1.1. Information submitted by: <ul style="list-style-type: none"> • Member State • The main contact point: <ul style="list-style-type: none"> ○ Name of the institution ○ Responsible unit ○ Address ○ Telephone, fax ○ E-mail address ○ Title (Mr/Mrs) ○ Name and Surname ○ Position within the unit 	Byggdastofnun (The Institute of Regional Development) Iceland Byggdastofnun The Operation Department Artorg 1, 550 Saudarkrokur, Iceland Tel: +354 455 5400 Fax +354 455 5499 magnus@byggdastofnun.is Mr Magnús Helgason Head of The Operation Department
1.2. The information provided describes the situation on :	30.08.2007
2. System Structure	
What kind of system did you opt for? <ul style="list-style-type: none"> - a <u>centralized control system</u>: a control body appointed at central level to carry out the control for all beneficiaries on the territory (please continue with question 2.1) or - a <u>decentralized control system</u>: the beneficiaries proposes a controller who is authorized by a central MS body or selects a controller from a short list provided by the MS (please continue with question 2.2)? 	A centralized control system

<p>2.1 Centralised Control System Please describe the system. Please indicate if the control is carried out by civil servants or by an external audit firm appointed for this specific mission. In case of an external audit firm, please explain how it was/will be appointed.</p>	<p>The control will be carried out by Byggdastofnun's Operation Department. In the Law for Byggdastofnun, adopted by the Althingi, December 21th 1999, says in Article 1, Administrative Position: "The Institute of Regional Development is an independent institution owned by the state of Iceland and subject to the supreme authority of the Minister of Industry."</p>
<p><u>Contact details of the controller</u> Please provide the contact details of the designated body who will undertake the controls.</p>	<p><u>Control Body 1</u></p> <ul style="list-style-type: none"> <input type="radio"/> Name of the institution Byggdastofnun <input type="radio"/> Responsible unit: Operation Department <input type="radio"/> Address: Artorg 1, 550 Saudarkrokur, Iceland <input type="radio"/> Telephone, fax: Tel +354 455 5400 – Fax +354 455 5499 <input type="radio"/> E-mail address: magnus@byggdastofnun.is <input type="radio"/> Title (Mr/Mrs): Mr <input type="radio"/> Name and Surname: Magnús Helgason <input type="radio"/> Position within the unit: Head of The Operation Department
<p><u>Contact details supervisory body</u> In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p>	<p><u>Supervisory Body 1</u></p> <p>Name of body,</p> <ul style="list-style-type: none"> <input type="radio"/> Name of the institution Byggdastofnun <input type="radio"/> Responsible unit: General manager <input type="radio"/> Address: Artorg 1, 550 Saudarkrokur, Iceland <input type="radio"/> Telephone, fax: Tel +354 455 5400 – Fax +354 455 5499 <input type="radio"/> E-mail address: adalsteinn@byggdastofnun.is <input type="radio"/> Title (Mr/Mrs): Mr <input type="radio"/> Name and Surname: Adalsteinn Thorsteinsson <input type="radio"/> Position within the unit: General manager <p>The supervisory body (general manager) responds to the Ministry of Industry</p>
<p><u>Controller's qualification</u> Which minimum requirements (degrees, work experience, national qualifications, and/or registration in professional organisations) does the controller under the centralized system described above shall fulfil?</p>	<p>University degree in economics or similar with auditing experience. The first level controllers are civil servants with good working knowledge of English language. They also have sound knowledge of the EU regulatory framework for Structural Funds from our participation in the Interreg IIIIB Northern Periphery Programme, where Byggdastofnun is also responsible for first level control.</p>

2.2 Decentralized Control System

Please describe the system.

- Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand

Or

- will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the CU attached)?

In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.

If appropriate, please give also examples of types of possible control bodies.

In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).

Controllers' qualification:

Please explain the minimum requirements for a controller to act as Project partner/Lead partner controller (e.g. degrees, work experience, national qualifications, and/or registration in professional organisations).

For the approbation/selection of controllers at central level, we suggest using the checklist provided in Annex 4 of the guidance note. Please confirm the use of this document or explain what kind of other document(s) (which has to be at least equivalent) you will use instead. Copy of the equivalent documents should be provided to the

ESPON Coordination Unit.

Contact details of the central approbation body
Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of authorizing the controller proposed by a project partner.

Central Approbation Body

- Name of the institution
- Responsible unit
- Address
- Telephone, fax
- E-mail address
- Title (Mr/Mrs)
- Name and Surname
- Position within the unit

4. Separation of Functions

Please explain how your Member State will ensure a clear separation of functions between the different bodies having responsibilities for the management and control of project(s) and/or the programme. If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of

- project activities and finances
- the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006)
- the sample checks on operations (the so-called "second level audit" according to Article 14 (2) of Regulation 1080/2006 and Article 62 of Regulation 1083/2006) and project approval/Monitoring Committee representation (according to Article 63 of Regulation 1083/2006)?

Byggdastofnun will not participate in any ESPON projects. The Icelandic representation in the MC will be the responsibility of the Development Department of Byggdastofnun.

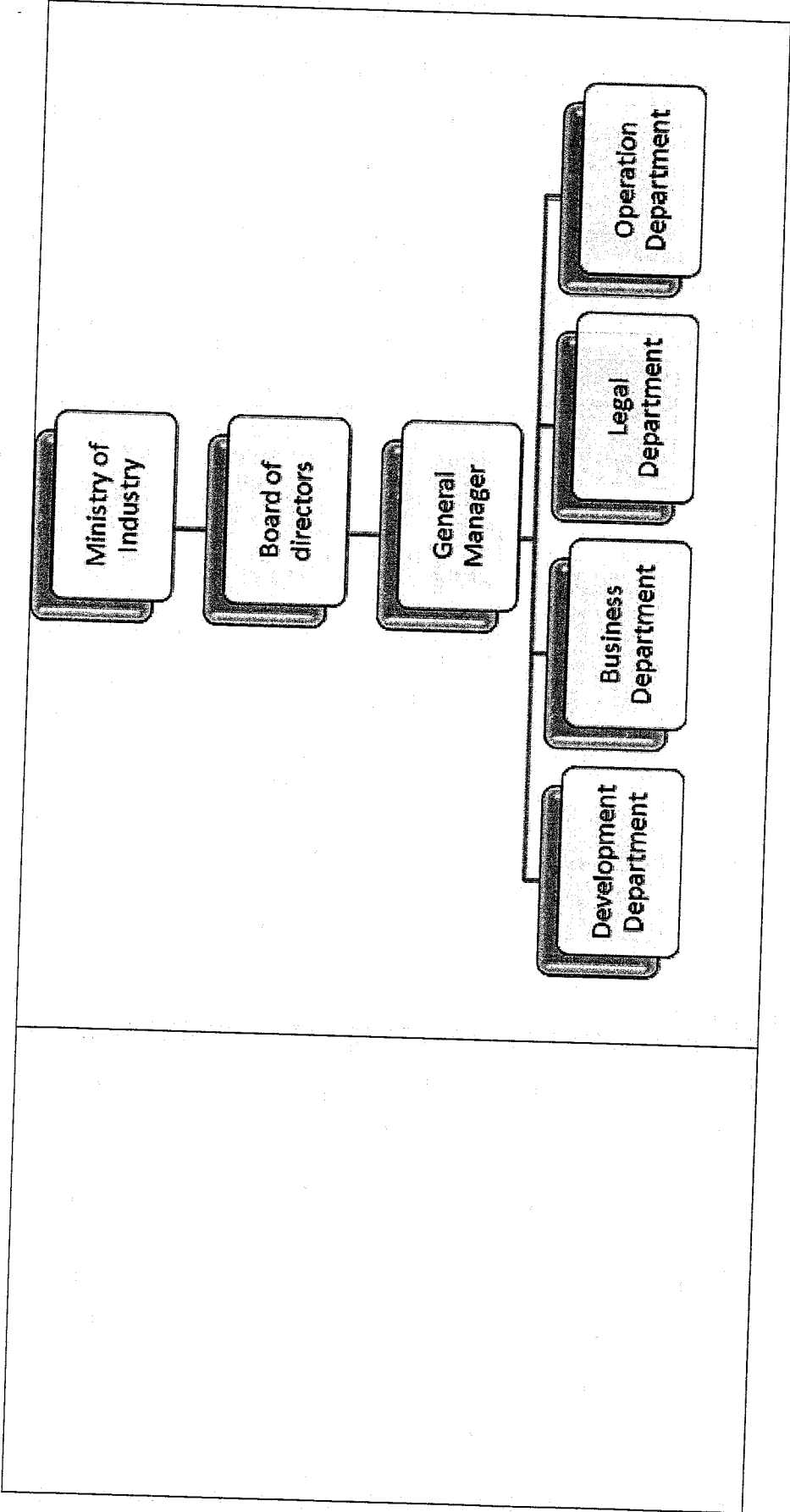
In the Regulation for Byggdastofnun nr 347, May 16th 2000, says in Article 6: "Organisation of Operations

"The operations of the Institute of Regional Development shall, in addition to the Director's Office, be divided into the following fields:

2. Company Department, whose tasks shall include the processing of loan applications, counselling, granting of loans, funding of projects, research and development projects regarding companies and the economy.
3. Development Department, which shall be responsible for co-operation with employment development agencies and institutions, data gathering and processing of information. Supervision of assessments, research and other development work shall also be the responsibility of this Department.
4. Legal Department, responsible, among other things, for legal tasks, collection, and supervision of documentation.
5. Operation Department, responsible, among other things, for the operation of the Institute, accounting, collection of loans, and the formulation of operational and payment plans."

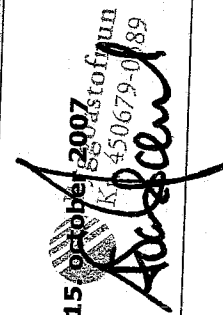
The Institute is audited both by independent internal and external auditors and is also under supervision of The Icelandic National Audit Office.

This is described in the following organizational chart for the institute.



<p>5. First Level Control Delays How do you ensure that the first level control is carried out within 2 months after receipt of the documents? Three months are requested by the regulation 1080/2006, but the Lead Partner will also need two months after reception of the certification from the Project Partners to establish its own</p>	<p>Byggdastofnun's working procedure secures rapid payments. By membership it will be the obligation of Byggdastofnun to operate within time limits. If needed Byggdastofnun is in a position to bring in extra staff to the operations department in order to meet those requirements.</p>
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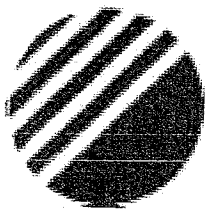
<p>certification. This will allow the project to present a reimbursement claim four months after the completion of the six months reporting period)?</p>	
<p>6. Quality Assurance/Guidance to FLC bodies</p> <p>The programme will establish</p> <ul style="list-style-type: none"> - ESPON control guidelines - a template for a FLC checklist - a template for a FLC report. - A control certificate inside the progress report to be signed by the FLC. <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound financial control (such as written guidelines, training)</p> <p>If yes please provide</p> <ul style="list-style-type: none"> - the reference - the date - related documentation (if applicable). <p>Copies of the additional guidance documents should be provided to the ESPON Coordination Unit as soon as they will become available.</p>	<p>No</p>
<p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and from the ESPON 2013 control guidelines and ESPON 2013 control certificate are respected.</p>	<p>By yearly seminars for project partners, individual lessons and on the spot checks.</p>

<p>7. Control Cost</p> <p>Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?</p> <p>If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.</p>	<p>It will be provided for free by the MS.</p>
<p>Name, Title + Organisation of Signatory for the MS</p> <p>Byggðastofnun Aðalsteinn Þorsteinsson, general director</p>	<p>Place, Date and Stamp</p> <p>Sauðárkróki, 15 October 2007 </p>

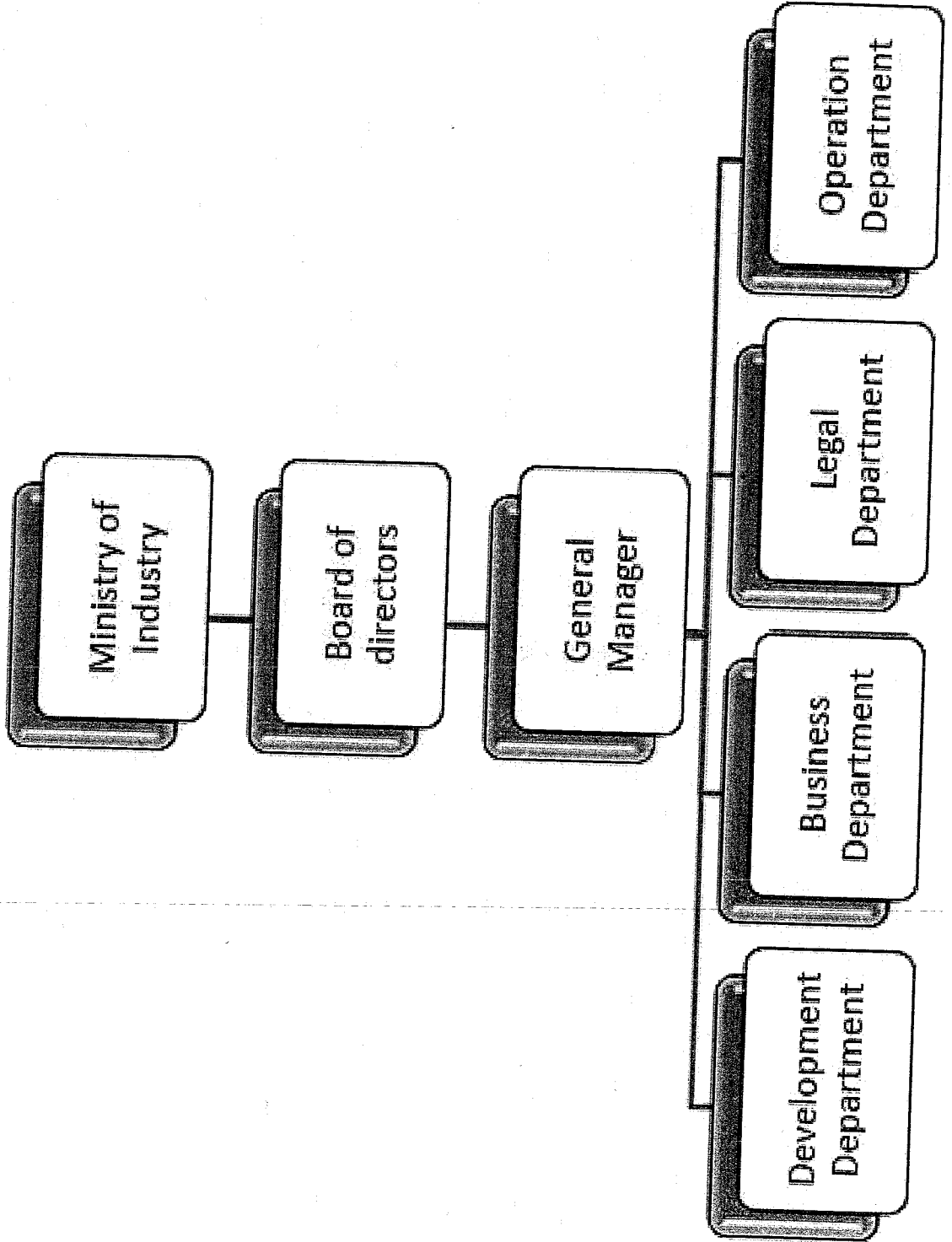
Thank you in advance for sending the filled-in questionnaire including relevant annexes **by 7 September 2007** to the following address:

ESPON Coordination Unit
 CRP HT – BP 144
 L-4221 Esch sur Alzette
 Luxembourg

If you need assistance or any further information/details for filling in the document, please contact Sara Ferrara (e-mail: sara.ferrara@espon.eu Tel. +352. 54.55.80.705).



Byggðastofnun



The Institute of Regional Development in Iceland

Function and Organization

The Institute of Regional Development is an independent institution owned by the Icelandic state. The supreme authority of the Institute is held by the Minister of Industry. It falls under the Act. No 106 of December 27th 1999 and Regulation No 347 of May 16th 2000.

The Institute monitors and researches regional development in Iceland. Its main function is to contribute to regional development through the implementation of government policy via the introduction of regional strategies. Its operations are aimed at strengthening settlements in rural areas through the support of viable, long-term projects with diverse economic bases.

The Institute supports and strengthens local development by the provision of credit and other forms of financial support, with the aim of improving economic and living conditions particularly in those regions threatened by depopulation.

The Institute's Board of Directors (7 members) is nominated by the Minister of Industry.

The operational structure of the Institute is as follows:

General Manager

- a) The Development Department researches and processes information on development in regional Iceland in order to appraise and plan developmental strategies.
- b) The Business Department supervises loan applications, preparations of bonds, and the monitoring of industrial activities.
- c) The Operation Department supervises daily operations such as control over accounts, payments and the collection of loans, and loan payment plans.
- d) The Legal Department supervises legal matters, collection of outstanding debts, and the supervision of documentation.

The Institute supports a total staff of twenty. The institute is located in Sauðárkrókur in the northern part of Iceland.

The Institute of Regional Development has two main sources of income. There is a regular budget allocation and interest on loans. Its obligations are guaranteed by the Icelandic state.

Industrial Regional Development Agencies

The Institute of Regional Development supports eight industrial regional development agencies in Iceland, one in each constituency. These include municipalities, federations of municipalities, trade unions, business concerns, and various other parties who are concerned about and wish to participate in the general development and innovation of the economy.



Byggðastofnun

The Institute provides added financial support to projects conducted under the auspices of these agencies and which are concerned with development and innovation in regional areas.

The Institute also liaises with experts from industrial technical institutes, investment funds, universities, and other parties working on similar tasks. It stimulates co-operation in support of such projects in the form of grants and assistance.