This presentation is intended solely for the information and use of the IAMB, COFE and the Government of Iraq and is not intended to be and should not be used by anyone other than these specified parties. Because others may seek to use it for different purposes, this presentation should not be quoted, referred to or shown to any other parties (except the addressee’s professional advisers acting in that capacity provided that they accept that we assume no responsibility or liability whatsoever to them in respect of the contents) unless so required by court order or a regulatory authority, without our prior consent in writing. We assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this presentation to parties other than the Addresseees. If others choose to rely in any way on the contents of this presentation they do so entirely at their own risk.
Agenda

Scope of Work and Deliverables
Key Observations and Issues
Project Overall Progress
Scope of Work and Deliverables
Scope of Work and Deliverables

Scope

- Review of the DFI's Interim statement of cash receipts and payments for the period from 1 January 2010 to 30 June 2010
- Audit of the DFI's statement of cash receipts and payments for the year ending 31 December 2010
- Audit of Oil Export Sales
- Reconciliation of quantities of oil and oil products produced/purchased with the quantities utilized through export sales, internal consumption, re-injection or any other usages
- Audit of the Oil Proceeds Receipts Account (OPRA)
- Follow up on Matters Arising from Previous Year's Audit Reports

Deliverables

- Review report on DFI interim statement of cash receipts and payments for the period from 1 January 2010 to 30 June 2010
- Assessment report on progress in implementing the MoO comprehensive oil metering plan as at 30 June 2010
- Audit report on statement of cash receipts and payments for the year ended 31 December 2010
- Special audit report on statement of oil export sales for the year ended 31 December 2010
- Special audit report on statement of proceeds of oil export sales
- Management letter report on DFI entities
- Management letter report on spending ministries, KRG entities, and Governorates
- Agreed upon procedures report on reconciliation of quantities of petroleum and petroleum products

Reporting Date

- 30 April 2011
Key Observations and Issues
Key Observations and Issues

United Nation Security Council Resolution

On 15 December 2010, the UNSC has resolved to terminate, on 30 June 2011, the arrangements established in resolution 1483 (2003) for depositing into the Development Fund for Iraq proceeds from export sales of petroleum, petroleum products and natural gas and decided that this is the final extension of the DFI. The UNSC has directed the transfer of the full proceeds from the DFI to the Government of Iraq’s successor arrangements account or accounts no later than 30 June 2011.
Key Observations and Issues

Frozen Funds

In accordance with the provisions of UNSCR 1483, all frozen funds, other financial assets and economic resources in foreign countries and similar shall be transferred to the DFI. DFI does not maintain a complete records of all frozen assets which it is entitled to receive. Accordingly, completeness of those assets is not assured.
Key Observations and Issues

Oil Meters

DFI receipts are predominantly from the export sales of petroleum. The IAMB recommended the installation of a comprehensive oil metering system in Iraq and in accordance with standard oil industry practices. While the Iraqi Government supports oil metering, progress has been slow. Exported oil is invoiced based on loaded quantities and proceeds are fully deposited in the OPRA account in accordance with the provisions of UNSCR resolutions. While loaded quantities can be verified, quantities extracted and pumped to export terminals and for internal use cannot be verified due to the absence of an overall comprehensive system of controls over petroleum in Iraq.
Key Observations and Issues

Follow up on Metering Report

We have met with the Ministry of Oil Technical Department / Metering Division and discussed our assessment report issued on the Comprehensive Oil Metering Plan.
Project Overall Progress

Interim Financial Statements

Final Draft of 30 June 2010 Interim Financial Statements is submitted to the MoF for review and approval.

Year End Audit

Audit work over the DFI Financial Statement has commenced. Some of our audit procedures have been completed up to November 2010, these specifically are related to CBI and SOMO. Remaining audit procedures are in progress, we anticipate to complete audit field work during March 2011.
Project Overall Progress

Spending Ministries Visits

Work over spending ministries has commenced starting December 2010, we are in the process of updating pervious year Management Letter Points, we have also visited a number of Ministries including:

- Ministry of Oil and SOMO
- Ministry of Finance
- Ministry of Environment
- Central Bank of Iraq
- Ministry of Trade

Work over the rest of the Ministries and Governorates is still in progress, our expectation is to complete field work over all spending Ministries, KRG and Governorates during March depending on the level of cooperation and availability of access to the related entities.
Thank you...