Minutes of the meeting held at the Intercontinental Hotel in Amman, Jordan on April 2-3, 2009.

The following members of the IAMB were present:
Arab Fund for Economic and Social Development: Dr. Khalifa Ali Dau, Senior Financial Advisor
International Monetary Fund: Mr. Chris Hemus, Acting Representative to the IAMB and Chief, Safeguards Assessment Division
Government of Iraq: Mr. Adel Al Hasson, Representative to IAMB and expert in COFE,
United Nations: Mr. Jun Yamazaki, Assistant Secretary-General, Controller
World Bank: Mr. Fayezul Choudhury, Vice-President and Controller

Also in attendance were the following:
International Monetary Fund:
    Ms. Mary Hoare, Officer, IMF Finance Department
United Nations:
    Mr. Jayantilal M. Karia, Alternate Member
    Mr. Gene Osmani, Financial Management Officer
World Bank:
    Ms. Caroline Harper, Lead Operations Officer
Government of Iraq:
    Mr. Ezzuldin Mohammed Al Bahrani Alternate Member
Committee of Financial Experts (COFE):
    Dr. Abdul Basit Turky Saed, President, the Board of Supreme Audit (BSA) and head of COFE
    Mr. Aras Mohammed,
    Ms. Ghaidaa Al-Qadi,
Invitees from the United States Department of State:
    Mr. Richard Arntson, Assistant Inspector General, Middle East region,
    Office of the Inspector General
    Mr. Joshua Volz

1. The meeting was chaired by the host, Government of Iraq.
2. The agenda for the meeting was unanimously adopted in the executive session.

Extension of IAMB Mandate and Transitional Arrangements
3. The IAMB’s mandate under UN Security Council Resolution 1790 was due to expire on December 31, 2008. However, the UN Security Council Resolution 1859, dated December 22, 2008, extended the IAMB mandate through December 2009, subject to review by the Government of Iraq by June 15, 2009.

4. The IAMB discussed the UN Security Council request for briefings by IMF and World Bank representatives. As has been the IAMB’s practice, it was reiterated that individual representatives on the Board should brief their respective organizations in an individual capacity. The IAMB had therefore agreed in January 2009 that the UN Secretary-General’s representative to the IAMB would be best placed to provide a briefing to the Security Council on behalf of the Board, and the IMF and World Bank had responded accordingly to the Security Council request.

5. The IAMB discussed the draft report of the Representative of the UN Secretary-General to the UN Security Council in line with paragraph 3 of UNSCR 1859.

6. The IAMB noted that UNSCR 1859 recognized the need during 2009 to transition to successor arrangements, involving the Committee of Financial Experts (COFE) (www.cofe-iq.net). The IAMB reiterates that the COFE is ready and capable to succeed the IAMB and conduct competent and independent oversight of the DFI. Since its inception in 2006 COFE has been working closely with the IAMB and attending all its meetings. COFE itself meets regularly and has acquired increasing roles in the follow-up and implementation of recommendations contained in the IAMB commissioned independent audit reports. Recognizing the competence and capabilities of the COFE, aided by the Board of Supreme Audit (BSA), the IAMB has already entrusted much of the detailed follow up and investigations of audit findings to COFE. Nonetheless, it was agreed that the IAMB will write again to the Government of Iraq reiterating the IAMB’s firm belief in COFE’s capabilities and professional competence and COFE’s readiness to succeed the IAMB’s oversight responsibilities for the DFI.

7. In 2009 the IAMB will be placing increasing reliance upon the work of COFE and take active steps to transition full responsibility for DFI oversight by the end of 2009. COFE provided an update on its role and activities related to the DFI. Furthermore, the IAMB endorsed COFE’s work program for 2009, including actions to (i) initiate the appointment process for the 2009 auditor, (ii) review and address KPMG’s audit findings, (iii) continue to press for the early passing through parliament of laws and regulations concerning organization structures, job descriptions and internal control systems, (iv) consult and advise the Government of Iraq on strengthening controls over public funds and implementation of the state budget, and (v) active monitoring of progress with implementation of the comprehensive oil measuring system.

2008 External Audit of the DFI

8. The IAMB received a presentation on the Development Fund for Iraq (DFI) audit by the auditor, KPMG. The IAMB considered the preliminary results of the 2008 audit of the DFI. The audit continues to highlight key issues of concern regarding weaknesses in
controls over oil extraction and use of the resources. Access to some ministries and regions has been delayed, and fieldwork is not yet complete. The summary of the preliminary results of the KPMG audits are available on the IAMB website (www.iamb.info).

Status of Implementation of Previous Audit Observations

9. The representatives of the Government of Iraq, the COFE and the Iraqi Board of Supreme Audit (BSA) reported on actions taken to follow up on outstanding audit recommendations. The IAMB noted progress but reiterated its concern that more work still needs to be done to implement the earlier recommendations and in strengthening the system of internal controls in Iraq. The IAMB also urged the Government of Iraq to intensify efforts to follow up on frozen Iraqi assets held abroad, including through considering the need for a separate entity to handle these efforts.

10. Oil experts from the Iraqi Ministry of Oil briefed the Board on oil metering. Some progress has been made, including in commencing implementation of a code for fiscal and custody measurements for hydrocarbon fuels by the Ministry of Oil. However, much remains to be done before a fully operational control and measurement system over the oil production, distribution and export sales, can be comprehensively implemented. The IAMB remains concerned that one of its earliest recommendations from 2004 concerning oil metering remains incomplete. Indications from the Ministry of Oil point to implementation by 2011 at the earliest. The IAMB strongly encourages the Government of Iraq to develop a time-bound action plan, endorsed by the Council of Ministers, that ensures completion of this project.

11. The representative of the US State Department Inspector General briefed the IAMB on internal controls and capacity building in Iraq. All parties, including the Government of Iraq and the Iraqi Board of Supreme Audit, acknowledge that there are many challenges to overcome to address corruption. The IAMB commends the Government of Iraq for embarking on the changes underway and recognizes that much remains to be done before a sound financial management system is operating effectively in Iraq.

Other Matters

12. The IAMB was briefed on the January 2009 sale of platinum and its recording in the DFI and how other such frozen assets have been accounted for into the DFI in the past.

13. The IAMB discussed and approved the revised terms of reference to reflect the extension of its mandate to December 31, 2009.

14. The next meeting of the IAMB, together with COFE, is tentatively scheduled for July 22-23, 2009. COFE will also be meeting separately in the interim and will keep the IAMB apprised of developments and its work program.

Press Release

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15. The members agreed to issue a press release highlighting the results of this meeting and to post the press release on the IAMB website.

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