

To,
The IAMB

Sub. Report from COFE

Dear Sirs,

Below are COFE's activities during March and April 2011, as COFE held a number of meetings as follows:

1. The third regular meeting in 2011, held on March1, 2011 during which the following subjects were discussed and considered:
 - a. COFE report for January and February 2011, that included the details of its regular and sub- meetings held during the period.
 - b. Follow up addressing the observation of the external auditors of DFI for 2007-2008, and the results were as follows:

The year	Under clearance observations	Still valid observations	Total
2007	15	4	19
2008	42	6	48
total	57	10	67

- c. The observation stated in KPMG's report for 2009 and observation on Kurdistan region for 2007 -2009.
- d. The tables regarding the implementation of oil metering system by the Ministry of oil as of Dec.31, 2010 and was agreed to translate and posted them on COFE and the IAMB's websites.
- e. Follow up the progress report sent by PWC on 2010 DFI audit.
- f. The letters issued by COFE on matters related to opening of DFI successor account, COFE's point of view on in kind payments to oil services contracts, COFE's reply to the Under Secretary of Defense, fuel oil export sales, providing allocations for oil metering system, informing the General Secretariat of the Council of Ministers on observation of external auditor of DFI in order to direct the concerned ministries to clear them.
- g. Letters sent to COFE related to the following subjects:
 - Letter from Ministry of Oil on Feb.21, 2011 sent to the CBI regarding the opening of DFI successor account.

- Letter sent by the Head of the IAMB to Under Secretary of Defense to attend the IAMB next meeting.
 - The letter from the General Secretariat of Council of Ministers on Feb.27, 2011 related to the announcement to be made by the Government of Iraq for commercial creditors.
2. The forth regular meeting in 2011 held on April 14, 2011 during which the following subjects were discussed and considered:
- a. The report to be presented by the Government of Iraq to the UN Security Council on May 1, 2011 pursuant UNSCR 1956 (2010) sent by the Ministry of Foreign Affairs.
 - b. The results of follow up on DFI audit observation for 2007, 2008, as all the observation were reviewed and the way of their clearance was identified, and agreed to request a documented reply from the concerned ministries on the reasons for not clearing them in coordination with BSA audit teams.
 - c. The results of clearing the auditors observation stated in the DFI audit reports for 2007- 2010 on Kurdistan region. A final report will be presented by PWC and on the light of this report the follow up team will prepare a report on follow up these observations.
 - d. The observation stated in KPMG's report for 2009, the cleared observations were identified so did the under clearance and still valid ones pursuant the replies received from the concerned entities and BSA audit teams point of view.
 - e. The table sent by the Ministry of Oil on oil metering system implementation as of March 31, 2011 which will be translated and posted on COFE's website.
 - f. The agenda of the next IAMB meeting to be held on April 27 – 28, 2011.
 - g. Letters issued by COFE to:
 - The Ministry of Finance relating the unified financial instructions.
 - The CBI relating to the agreement signed with the Central Bank of Libya.
 - The Ministry of Finance relating actions taken towards the debts of Brazil, Algeria, and Morocco.
 - The Ministry of Finance relating to COFE's budget for 2012 -2014 prepared in accordance with bases and principles of federal budget assessments.
 - h. The letters sent to COFE by:

- BSA relating to BSA actions on post DFI mechanism sent to the Council of Representatives.
 - BSA follow up team related to reconciling the amounts transferred to the FMS account in the favor of the Ministry of Justice.
3. The meeting held on March 16, 2011 to study, analyze and preparing competitiveness tables the proposals sent by the international audit firms for DFI audit 2011, a recommendation was sent to the IAMB to authorize COFE to negotiate the final version of signing the contract.