

To,
IAMB

Subject: Report from COFE on its activities during March and April

COFE held six meetings during March and April 2010, in which the following matters were considered:

1. The meeting held on March 10, 2010 discussed the following subjects:
 - a. The minutes of meeting of the committee assigned with the task of formulating a mechanism to protect Iraqi funds were reviewed and discussed in detail. The committee is headed by Deputy Prime Minister with the President of BSA, the Governor of CBI, the advisor to the Prime Minister and representatives from the ministries of Foreign Affairs, Finance, Planning and Oil as members. The committee's meeting was held on Feb. 24, 2010.
 - b. The main topics contained in the Government of Iraq's report to the UNSC by April 1, 2010 were reviewed.
 - c. COFE also reviewed the Ministry of Finance report regarding the settlement of the debts inherited from the previous regime. The report included details of the settlements with Paris Club members and bilateral settlements with countries outside the Paris Club. The report also laid out a program for the settlement of commercial debts.
 - d. COFE took note of the Ministry of Defense letter dated March 1, 2010 ordering formation of a committee to deal with the observation raised in KPMG's audit reports concerning non-reconciliation of the Ministry's bank accounts and detection of huge differences in these accounts.
2. COFE sub meeting held on March 15, 2010 discussed the following subjects:
 - a. Follow up the progress of the various ministries in promulgating laws, preparing organizational charts and drawing up job description within the ministries.
 - b. Request the Ministry of Finance to provide COFE with information regarding the accounting treatment of the debt repayments and compensations and how such disbursements are shown in the state final financial statements.

- c. Inquire from the Ministry of Finance about the progress of the committee which was in charged with compiling and issuing unified accounting and administrative instruction and procedures.
 - d. Ask the Ministry of Oil to advise the status of the comprehensive oil metering system as at March 1, 2010.
 - e. Write to the General Secretariat of the Council of Ministers suggesting the intervention of the UN Committee 1518 concerning SOMO's fund at Jordanian Al Ahli bank.
 - f. Request the Ministry of Finance to provide information about the outcome of various committees' works formed to retrieve Iraqi funds abroad.
3. COFE held a meeting on March 22, 2010 to evaluate the proposals received from E&Y, KPMG and PWC regarding the DFI audit for the year 2010. The minutes of meeting and recommendation sent to IAMB.
4. A further COFE meeting was scheduled on March 22, 2010 at which a representative from Ministry of Oil and the head of BSA audit team at the said Ministry were present. The meeting discussed the following matters:
 - a. The Ministry of Oil program for installing a comprehensive oil metering system compared with the actual progress in implementing the program up to March 1, 2010. Some changes were made to the program in the light of actual achievements.
 - b. The reasons of deviation by some implementing companies were discussed.
 - c. It was agreed that a quarterly report on progress of installing oil metering be submitted to COFE during the month following each quarter. The report should show comparison between program and actual work done with details and reasons for deviations.
5. A further COFE meeting was held on April 15, 2010 during which the following subjects were looked into:
 - a. COFE took note of the meeting held at the UN on April 6, 2010 and at which the Government of Iraq presented its report on the transition to post – DFI which scheduled to expire on Dec. 31, 2010.
 - b. The draft report on COFE's activities during March – April 2010 was reviewed and approved.

- c. The items on the agenda for IAMB's meetings scheduled for April 28, 2010 in Paris were reviewed and discussed in preparation for the meetings.
 - d. The follow up report submitted by the BSA follow up team assigned to clear audit observations raised by KPMG on the DFI audit for 2008 was reviewed and discussed. A further meeting for April 18, 2010 to discuss still outstanding observations.
 - e. Progress on the DFI audit for 2009 was reviewed in the light of the progress report submitted by KPMG on April 13, 2010.
 - f. Follow up the plan and time table for DFI successor arrangements. The concerned parties were contacted regarding the works to be done by May and June 2010. The remaining items will be followed up by COFE in co-ordination with the ministerial committee formed for this task. IAMB will be kept informed of the results.
 - g. The status of government debts and the government program in respect thereof was reviewed. The Ministry of Finance was requested to provide and up to date position on these and also on the remaining commercial debts.
6. COFE held a sub meeting with the BSA follow up team on April 18, 2010 to identify the unresolved audit observations from the audit reports for the years 2007, 2008 and 2009 raised by the auditors for those years E&Y and KPMG. It was decided to hold meetings with the heads of the audit teams working in the related ministries to review the comments and the answers received from such ministries.
7. Two sub meetings were held on April 19 and 20 with the heads of the BSA audit teams working in the ministries of Housing and reconstruction, Trade, Health, Defense, Communications, Municipalities and Public Works and Electricity to discuss audit observations. A report will be prepared on unresolved observations.