

**To,  
The IAMB**

**Sub. Report from COFE**

**Dear Sirs,**

Below are COFE's activities during July and August 2010, as COFE held (2) regular meetings, and one submeeting, as follows:

1. The eighth regular meeting in 2010, held on July7, 2010 during which the following subjects were discussed and considered:
  - a. The items of the second quarterly report to be presented by the Head of COFE to the UN Security Council.
  - b. Follow up the clearance of the observations stated in E&Y and KPMG reports on DFI audit for 2007 and 2008 through holding continues meetings with the heads of BSA audit teams in the related entities, and the results of the clearance were as follows:
    - 57% of the observations were cleared
    - 34% of the observations are under clearance
    - 9% of the observations still valid
  - c. The items of COFE's report on its activities during May and June 2010 to be sent to the IAMB.
  - d. Letters issued by COFE regarding the unified financial instructions and informations about the commercial creditors.
2. The ninth regular meeting in 2010, held on Aug.5, 2010 where the following subjects were discussed:
  - a. The report on UNSC briefing presented by the UN Secretary General and the report of the Government of Iraq, the minutes of the meeting held on July 12, 2010 with UN Secretary General assistant for legal affairs and her experts, in addition to the minutes of the meeting held on July 14, 2010 with the Deputy Permanent Representative of Russian Federation to discuss the claims related to the UN Oil for Food Program.
  - b. Confirmation on follow up the clearance of the still valid and under clearance observations of DFI audit reports.
  - c. Letters issued by COFE and the answers received from the concerned entities relating to:
    - The actions taken by the Ministry of Oil to fulfill PWC request concerning the metering system
    - Providing COFE with the manual of the unified financial instructions
    - Oil sales of Kurdistan Region

- d. The report issued by SIGIR related to the amounts spent by the US agencies from DFI account.
3. The submeeting held on Aug.26, 2010 with KPMG representative to discuss the follow up to clear the observations from E&Y and KPMG audit reports for 2007 and 2008, as well as to discuss the draft report of DFI audit report for 2009. During the meeting was agreed on the mechanism to be adopted to clear the still valid and under clearance observations, as for 2009 observations it was agreed to remove the cleared observation, or reformulate some observations taking in to consideration the actions taken by the concerned ministries to be added to the observations.