

**To,
The IAMB**

Sub. Report from COFE

Dear Sirs,

Below are COFE's activities during September and October 2010, as COFE held (3) regular meetings, and 5 submeeting, as follows:

1. The tenth regular meeting in 2010, held on September 5, 2010 during which the following subjects were discussed and considered:
 - a. Follow up the actions taken in relation with the timetable of post – DFI mechanism, namely identify the protections available for CBI reserves and Iraqi funds, finalizing the lawsuits against the Government of Iraq or its entities filed abroad and itemizing the Iraqi funds abroad.
 - b. The draft report of KPMG on DFI audit for 2009 and suggestions agreed upon with the company's representative during the meeting held on August 26, 2010.
 - c. Letters issued by COFE and the answers received from the concerned entities relating to:
 - MoU contracts
 - Oil of Kurdistan region
 - Protection for Iraqi funds
 - KPMG's audit observation on Kurdistan region
 - d. Letters received by COFE regarding the following subjects:
 - Reports to be completed for the third quarterly report of the Government of Iraq to be presented to the UN Security Council.
 - Frozen assets in Jordan belong to Ministry of Oil

2. The meeting held with KPMG representative on September 5, 2010 related to the discussion of observations mentioned in the DFI audit report for 2009 and was agreed as follows:
 - a. To mention the related administration opinion after discussing the observations with it.
 - b. Re- writing some observations for they are not quite clear, and stating the actions taken by the related administrations on some of them.
 - c. Unify the repeated observations on more than one entity in one chapter to be called the common observations.
 - d. To mention the details of the amounts and more than one example for some observation.

3. The meeting held on Sep.22, 2010 attended by BSA follow up team to discuss the following subjects:
 - a. The items of the third quarterly report to be prepared by COFE which will include the following:
 - The laws, organizational charts and job description
 - The law of the Federal Council of Public Service
 - The unified financial instructions
 - The financial statements of the state for 2008
 - The oil metering system
 - Clearing the audit observations
 - b. Setting up the dates to meet with the BSA audit teams' heads to discuss clearing the 2007, 2008 and 2009 audit observations from E&Y and KPMG' reports
4. Two submeetings were held with BSA follow up team and the heads of BSA audit teams on September 28 and 29, 2010. The heads of the audit teams were directed to document all the answers to be received from the related entities and the audit team point of view in order to prepare a detailed report of the follow up.
5. The eleventh regular meeting for 2010 held on October 3, 2010, as the following subjects were discussed:
 - a. The agenda of the next IAMB meeting to be held in Amman on Oct. 14-14, 2010 and as follows:
 - I. KPMG's audit observation for 2009, as was decided to prepare a table with the contravercial observations, the unclear observations and the wrong observations, and request the heads of BSA audit teams to contact the entities that did not clear the observations in order to give a clear picture during the discussion in the above – mentiopned meeting.
 - II. PWC report on metering system, as the data stated in this report were compared with the data received from the Ministry of Oil on the system as of June 30, 2010.
 - III. Preparing a working paper related to SIGIR's report issued on July 27, 2010.
 - IV. The general lines of the third quarterly report of the Government of Iraq to be presented to the UNSC on Nov.10, 2010, and obtaining a copy of the report prepared by the charged ministerial committee.
 - V. The items stated in COFE bimonthly report to the IAMB for July and August.
 - VI. The status of the transitional plan and the opinion of the UNSC members to be discussed during the meeting.
 - VII. Follow up the clearance of observations in KPMG's report on DFI audit for 2009 in Kurdistan region where 3 committees were established by BSA and Ministry of Finance in the region to clear them.

- b. The letter sent on Oct.10, 2010 by BSA to the General Secretariat of the Council of Ministers related to the slow work of the committee charged with war damages.
6. The twelfth regular meeting held on Oct.13, 2010, as the following subjects were discussed:
- The observations stated in KPMG's report on DFI audit for 2009.
 - PWC report on metering system and the DFI cash flows as of June 30, 2010.
 - Follow up the items of the timetable of post – DFI mechanism.
 - SIGIR's report
 - The general lines of the report to be presented by the GoI to the UNSC on Nov.10, 2010.
 - The final meeting of the IAMB and the actions to be taken to finalize the IAMB work.
 - The status of the transitional plan to successor of the IAMB and the UNSC members' point of view.
 - Identify the subjects to be presented by COFE members during the IAMB regular meeting to be held on Oct. 14/14, 2010.