

To,
The IAMB

Sub. Report from COFE

Dear Sirs,

Below are COFE's activities during January and February 2011, as COFE held 2 regular meetings, and 2 submeetings, and as follows:

1. The first regular meeting in 2011, held on Jan.1, 2011 during which the following subjects were discussed and considered:
 - a. The agenda of the IAMB regular meeting to be held in Geneva on Jan.6-7, 2011.
 - b. The follow up the time table of successor arrangements of DFI which contains the following:
 - I. Identify the legal protection for CBI reserves and GoI funds.
 - II. The arrangements with foreign Central Banks selected to hold the accounts.
 - III. Finalizing the lawsuits filed against GoI, taking into consideration that they were itemized through letters sent to the GS of the Council of Ministers and the Ministry of Justice.
 - IV. Settlement of the debts according to Paris Club conditions.
 - c. Follow up the implementation of oil metering system by the Ministry of oil.
 - d. Follow up addressing the observation of the external auditors of DFI for 2007-2009, and the mechanism used to do so in coordination with the BSA.
 - e. Follow up the discussion of Iraqi funds held by the US agencies, SIGIR reports and the letter dated Dec.28, 2010 sent by the DoD under Secretary to COFE's Head.
2. The second regular meeting in 2011 held on Feb.3, 2011 during which the following subjects were discussed and considered:
 - a. The report related to IAMB meeting held in UN offices in Geneva on Jan.6-7, 2011
 - b. The draft letter prepared by the Head of COFE as reply to the letter sent to him by the DoD under Secretary, as it was agreed in the IAMB meeting.

- c. The results of clearing the auditors observation stated in the DFI audit reports for 2007 and 2008, those which are still valid or under clearance.
 - d. The tables of oil metering system installation as of Dec.31, 2010
 - e. Sending a letter to the General Secretariat of the Council of Ministers, Ministry of Finance, Central bank of Iraq and Ministry of Oil related to opening the successor account of DFI.
 - f. Sending a letter to the General Secretariat of the Council of Ministers in relation to COFE's point of view about not using the in kind payment for oil service contracts.
 - g. Letters sent by COFE relating to lawsuits filed against the GoI, and the letter sent by MoF relating to recovering Iraqi funds abroad.
- 3. The sub meeting held with the Heads of BSA audit teams in the concerned ministries to follow up addressing the DFI audit reports observations for 2007and 2008 and document the ministries' replies.
 - 4. The sub meeting held with the representative of Ministry of Oil to discuss the implementation of oil metering system.