

## **COFE's Minutes of Meeting on 29.01.2010**

COFE held its first meeting in 2010 on 29.01.2010, and discussed the agenda of IAMB meeting to be held in Amman, Jordan on 31.01.2010 in addition to other subjects set forth in COFE action plan for 2010 and as detailed below:

1. Follow up the implementation of the action plan of Ministry of Oil and its related companies of the metering system. The plan, as stated in the table attached to the Ministry's letter no. 7706 on 29.11.2009, was discussed. It was noted that there is difference in the total number of meters planned to be installed as stated in the Ministry's letter no. 7250 on 26.11.2009. It was reiterate that COFE request from the to provide it with the actual installed meters for the fourth quarter of 2009 and further quarters in order to ensure the completeness of the system installation, calibration and function on due time.
2. Follow up the settlement of the observations contained in the external auditor of DFI reports (E&Y and KPMG) for 2007 and 2008 regarding the following issues:
  - a. Taking in to consideration that the issue of the Iraqi frozen assets is one of the IAMB concerns, as they form part of the DFI funds, COFE requested from the General Secretariat of the Council of Ministers, through its letter dated 07.01.2010, to provide it with copies of the reports issued by the concerned committees formed by the Council to identify and follow up those assets. COFE has already proposed to in charge the Public debts directorate with the Ministry of Finance, through its letter dated 20.05.2009. COFE will send a confirmation to its letter dated January 07, 2010.
  - b. While discussing the public debt issue, we found out that the Ministry of Finance has a database for the debts, but there are no official records or accounting entries of the amounts paid. Therefore, it was decided to send a letter to the Accounting directorate within the Ministry of Finance in order to provide COFE with the amounts paid and the related accounting entries. Bearing in mind that COFE has already sent a letter to the Ministry on this issue on 31.12.2009.
  - c. COFE reiterate its request for the Ministry of Finance to provide it with the available information on UN Compensation Fund and the related accounting treatment and entries, in addition to recommend in charging the public debts directorate to follow them up.
  - d. In order to be acknowledged of the accounting treatment of the IMF and World Bank loans in the Iraqi state budget, whether they will be considered loans or receipts, it was decided to put such question to both institutions during the meeting to be held on 31.01.2010.
  - e. Taking in to consideration that SOMO could not get a confirmation from the Central Bank of Jordan on depositing its amount, which were deposited in Al Ahli Jordanian Bank, were transferred to the DFI. It was decided to inform the IAMB with the details in order to see if it is able to intervene to obtain the

needed confirmation of depositing the amounts in the DFI being Iraqi frozen assets and fall under the provision of UNSCR 1483 (2003).

- f. COFE confirmed that it will send a letter to the Minister of defense in relation with the suspended issues related to the bank reconciliations of their accounts opened with a number of banks, which forms a huge amounts, and consider this issue as an issue that must be treated fast.
  - g. COFE exposed what was mentioned in the tables submitted by BSA follow up team regarding the status of the organizational charts, job description, databases automation, and laws of the ministries and related formations. It realized that some of these entities are ruled by valid laws and have their own job descriptions, some others their laws were referred to the Parliament or the Consultative Council and prepared or proposed or formed committees to prepare timely organizational charts and job description, bearing in mind that COFE is continuously following up the matter and the last was its letter dated 31.12.2009 sent to the Council of Ministers.
3. COFE considered KPMG's letter dated 24.01.2010 the progress of DFI audit for 2009, submitted upon COFE request, which shows the following:
- 24 Ministries are subject to audit.
  - 9 Ministries not started audit yet.
4. The DFI audit for 2010 and related issue on getting proposals from the internationally recognized firms was discussed, and decided to be a direct invitations to the big four companies, namely:
- Price Waterhouse Coopers
  - Earnest & Young
  - KPMG
  - Deloitte and Touche
- Ender documents will be posted on COFE's website too, and will be published in one local newspaper, all that will be done in the same day. Three weeks period will be given for the competitors to submit the proposals. After submitting the proposals will be analyzed in accordance with the criteria accredited in this area, this will be ended by March 30, 2010, the suggestions will be send to the IAMB for approval and to conclude the contract with the awardees.
5. COFE discussed the mechanism of the report of the Government of Iraq to be presented by the Head of COFE to the UN Security Council by April 1, 2010, pursuant paragraph 5 of UNSCR 1905 (2009), to put in place an action plan and timeline for transition to successor arrangement for the DFI and IAMB and the quarterly follow up reports related to the assessment of the progress of implementing the action plan and strengthening the financial and administrative control on current DFI according to the action plan. The contain of the report in accordance with paragraph 4,5 of the above – mentioned resolution was discussed. Namely:
- a. The post –DFI mechanism
  - b. Settlement of debts and claims inherited from the former regime.

- c. Assessment of the progress achieved in enhancing the financial and administrative control on the DFI. The following targets were adopted:
  - I. Passing the draft laws of the executive ministries.
  - II. Accomplishing the organizational charts and job description for the ministries.
  - III. Approving the job description that defined the scientific and experience specification authorities and responsibilities of the job holder for each position.
  - IV. Unification of financial instruction at the level of the state.
  - V. Achievement of the oil metering system
  - VI. Completing the automation of the databases for all ministries.
  - VII. Itemizing the Iraqi frozen assets and ensuring a complete database for them.
  - VIII. Completing the Final Financial statements of the state that are delayed from previous years.
  - IX. Settling the observation of the DFI external auditor and continue the follow up mechanism.
- 6. COFE discussed the IAMB agenda for the meeting to be held on January 31, 2010, which contains the following:
  - a. The extension of IAMB mandate under the UNSCR 1905 (2009) that includes discussion the new provision of the UNSCR 1905, the work program for 2010, and the review of the new Terms of Reference.
  - b. Update from COFE, which includes COFE's action plan for 2010, COFE's report on its work since the last IAMB meeting in December 2009.
  - c. The briefings to the UN Security Council to be presented by the Head of COFE and the UN Secretary General.
  - d. DFI audit for 2010, which includes request for proposal for DFI audit 2010 and the amendment related to the income tax requested by the Iraqi side for 2010 and further years.
  - e. The report of BSA follow up team.
  - f. Other matters that include the formation of ministerial committee published by Aswat Al Iraq news agency, the UNCC's letter, SOMO's balances in Al Ahli Jordanian bank and the accounting treatment of the IMF and WB loans.
  - g. The confirmation of the date and place of the IAMB next meeting.
  - h. The press release