

COFE minutes of meeting

COFE held its tenth meeting in 2009 on 14.12.2009, and discussed the agenda of IAMB meeting to be held at the International Monetary Fund's Headquarters in Washington on 16-17.12.2009 as follows:

1. Follow up the progress of DFI and spending ministries audit for 2009 and the timing of achieving the task.
2. A summery of KPMG interim report on DFI audit results as of 30.06.2009.

The items mentioned in the report were discussed as detailed below:

- A. The installation of comprehensive metering system to measure the quantities of extracted, exported and locally consumed oil. COFE considered the letter dated 26.11.2009 received from Ministry of Oil and its attachment the detailed table of the Ministry action plan of metering installation. Accordingly, COFE sent its letter dated 10.12.2009 confirming that it will follow up the actual implementation as planned through BSA audit teams that works in the Ministry. COFE asked the Ministry to hold the administration of the related companies responsible of any deviations at the end of each quarter of the year in order to ensure achieving the installation, calibration and functioning of the meters in due time, and informed the Ministry that IAMB will be informed officially of the plan.
- B. COFE continues its follow up the Iraqi frozen assets issue, as it had a meeting with the representatives of Ministry of Finance and agreed with them that the directorate of Public Debts Management to be responsible of itemizing, establishing a database, follow up and collect those assets.
- C. Payments of L/Cs for self - financed companies. COFE explained that this matter does not represent a bug that requires a qualification, as the amounts that withdrawn from DFI belongs to Ministry of Finance and used to finance the current state budget, while the qualification appears when using DFI funds (\$US) with no financing against in (ID) from Ministry of Finance account that usually used to finance the ministries in accordance with the allocations, as there is no such case identified by the audit team, bearing in mind that the Ministry of Finance directed the ministries to open L/Cs through the private banks.
- D. The wrongly deposit of \$ 1312005 thousand in DFI, as the matter was solved by withdrawing the amount and deposits it in the Ministry of Finance account with CBI on 28.07.2009.
- E. Fuel oil sales, as the matter is an exceptional case, and COFE requested, by its letter dated 05.10.2009, SOMO to close this account and deposit the revenues of such sales in the public treasury, and an allocation will be made in the budget to cover its import of the benzene.

3. The cash status of the DFI as of the first six months of 2009, which reflects the reduction of the revenues in comparison with the same period of 2008 and expenditures accessed the incomes. It is obvious that the reason was the drop in oil prices comparatively with the same period of 2008.
4. COFE report on its activity during 2009, as it continuously follows up the settlement of the observations mentioned in Ernest & Young And KPMG's report through sub meetings held with the representative of Ministry of Oil, Ministry of Finance, SOMO, CBI, KPMG and its regular meeting in the first Thursday from each month. COFE prepared a complete report on its activities that is available on its website in both languages (Arabic & English), COFE posts also its minutes of meetings on its website. The IAMB will be provided with another report on COFE's activity soon. COFE continue its follow up of recommendation in the reports through its requests to the ministries and concerned parties to take necessary actions to settle the observations, and through BSA audit teams' follow up.
5. Follow up the IAMB recommendation from July's meeting, through posting the DFI cash flow statements, oil production, and export data on monthly basis in both languages (Arabic & English). The website will be always updated, curriculum vitas' of COFE members will be posted soon on the website and the IAMB will be provided with a report on COFE's activity every other month.
6. Other matters:
 - A. COFE decided to out with a bid for DFI audit on 2010 instead of prolong to the same company, and that will be done during February 2010.
 - B. Discussed the call for using DFI to deposit the loans to be signed from the World Bank and the International Monetary Fund, as COFE consider that it is not proper to deposit these loans in DFI for both international financial institutions are members of IAMB that oversights the DFI and that will lead to conflict of interests.
7. COFE considered the detailed report issued by BSA follow up team in charged with this assignment and recommended to carry on its effort in coordination with BSA audit teams.
8. COFE decided to meet, at least, every first Thursday in each month.