

Terms of Reference (Revised)

1. Purpose:

The purpose of the International Advisory and Monitoring Board (IAMB) shall be to promote the objectives set forth in United Nations Security Council resolution 1483 (2003) (resolution 1483), read with resolution 1546 (2004) (resolution 1546), resolution 1637 (2005) (resolution 1637), resolution 1723 (2006) (resolution 1723), resolution 1790 (2007) (resolution 1790), resolution 1859 (2008) (resolution 1859), resolution 1905 (2009) (resolution 1905), and resolution 1956 (2010) (resolution 1956) of helping the Government of Iraq to ensure that the Development Fund for Iraq (DFI) is used in a transparent and equitable manner and through the Iraqi budget including to satisfy outstanding obligations against the DFI and that all proceeds of export sales of petroleum, petroleum products and natural gas from Iraq are deposited into the DFI in accordance with the provisions of resolutions 1483, 1546, 1637, 1723, 1790, 1859, 1905 and 1956.

2. Members:

- A. The IAMB shall consist of duly qualified representatives of each of the Secretary-General of the United Nations, the Managing Director of the International Monetary Fund, the Director-General of the Arab Fund for Economic and Social Development and the President of the International Bank for Reconstruction and Development and a duly qualified individual designated by the Government of Iraq.
- B. The IAMB, after consulting with the Government of Iraq, may appoint up to 5 observers to the IAMB from a list of independent, qualified candidates, which should include Iraqi nationals nominated by the Government of Iraq.
- C. At any meeting of the IAMB, each member may be accompanied by an alternate, designated in a way identical to the designation of each member, and up to two advisors.

3. Powers and Responsibilities:

- A. *Selection of Independent Public Accountants (External Auditor(s))*: The independent public accountants referenced in paragraphs 12 and 20 of resolution 1483 (the “External Auditor(s)”) shall be nominated and appointed by the Government of Iraq, subject to approval by the IAMB. The selection process for the External Auditor(s) and the terms of reference for the objectives, scope and approach of the External Auditor(s) work shall be approved by the IAMB.
- B. *Scope of external audits*. The scope of the external audits shall be such as to enable the IAMB to achieve its purpose as set out in 1 above. The scope of the external audits shall encompass: (i) the export sales of oil, petroleum products and natural gas

- from Iraq (the “Export Sales”), supporting the objective of ensuring that the Export Sales are made consistent with prevailing international market best practices: (ii) the “Oil Proceeds Receipts Account” held by the Central Bank of Iraq at the Federal Reserve Bank of New York; (iii) the DFI (including, but not limited to, all inflows, investments and other assets, disbursements, liabilities and contingencies of the DFI), supporting the objective of ensuring that the DFI is used in a transparent manner in accordance with applicable control procedures; and (iv) disbursements of resources from the DFI, supporting the objective of ensuring that DFI funds are used for the purposes for which they were disbursed. For purposes of (iv), the External Auditor(s) will make (a) a determination as to whether the disbursements from the DFI are duly authorized and received by the designated recipient; and (b) an assessment as to whether the controls (including the requirement to ensure proper records) of the designated recipient are adequate to ensure that disbursements from the DFI are utilized as intended. This assessment shall be carried out as specified in the contract with the external auditor(s).
- C. *Audit Evaluation.* The IAMB shall review audit reports prepared by the External Auditor(s) and determine whether the audits were conducted in a satisfactory and comprehensive manner, and in accordance with appropriate standards.
- D. *Internal Controls/Financial Reporting:* The IAMB shall monitor the financial reporting and internal controls systems established by the Government of Iraq for the areas subject to external audit in 3.B above and advise, as appropriate, the Government of Iraq on the adequacy of such systems.
- E. *Special Audits:* The IAMB may decide, when warranted under international best auditing practices, that the External Auditor(s) or other independent public accountants (“special auditor(s)”) conduct special audits in all areas of the IAMB’s mandate and consistent with the objectives of resolution 1483, read with resolution 1546, resolution 1637, resolution 1723, resolution 1790, resolution 1859, resolution 1905 and resolution 1956. After consulting with the Government of Iraq, the IAMB shall establish the terms of reference for the objectives, scope and approach of any such audits, which shall be conducted in accordance with International Standards on Auditing.
- F. *Access to Information.* The IAMB shall have the right to review all financial and other records and access to all personnel relevant to its mandate, including those subject to external audits in 3.B above and including those of the External Auditor(s), any special auditors, and any internal auditors retained by the Government of Iraq, as necessary, to fulfill the purposes and functions set forth in these terms of reference.
- G. The IAMB, consistent with its terms of reference, shall perform functions similar to those of outside audit committees and may provide information and comments to the

Government of Iraq as appropriate to serve the purpose of resolution 1483, read with resolution 1546, resolution 1637, resolution 1723, resolution 1790, resolution 1859, resolution 1905 and resolution 1956.

4. Public Disclosure

- A. The IAMB shall ensure that all audit reports envisaged in these terms of reference and the IAMB's comments on such reports are made public.
- B. All minutes of meetings and all reports of the IAMB shall be made publicly available within 30 days of being finalized by the IAMB. IAMB members may express dissenting views to be published in the minutes or reports.
- C. The IAMB shall take all reasonable steps to ensure the protection of sensitive and confidential materials.

5. IAMB Chair:

- A. The IAMB shall choose a Chair from among its members for a term not to exceed one year.
- B. The Chair shall serve as the principal representative of the IAMB in communications with the Government of Iraq, the Central Bank of Iraq and other third parties.
- C. The Chair shall guide the Secretariat in the preparation and maintenance of all official IAMB records and minutes of IAMB meetings.
- D. The IAMB will facilitate the reporting provided for in paragraph 24 of resolution 1483.

6. Meetings and Decisions

- A. The IAMB shall determine the frequency and location of its regular meetings.
- B. Extraordinary meetings shall be convened by the Chair or at the request of any two members of the IAMB.
- C. A quorum of any IAMB meeting shall be at least three of the five IAMB members.
- D. The intention is for the IAMB to act and make decisions on a consensus basis. To the extent not feasible and unless otherwise specified herein, the IAMB shall make decisions by majority vote of all IAMB members.
- E. The IAMB, in its discretion, may invite the External Auditor(s), observers, or other relevant parties to attend IAMB meetings.

7. Administrative Coordinator/Secretariat

- A. The Government of Iraq shall appoint an Administrative Coordinator to handle requests from the IAMB for logistical support to be provided, as appropriate, in connection with IAMB meetings and other general IAMB business.
- B. The costs incurred by IAMB members, their alternates and advisors shall, in the case of members representing the executive heads of the four institutions named in paragraph 2.A of these Terms of Reference, be paid by their respective institutions, and in the case of the member designated by the Government of Iraq, be paid by the Government of Iraq.
- C. Reasonable costs, as mutually agreed upon with the Government of Iraq, incurred by the External Auditor(s), any special auditor(s), and any technical experts and outside consultants engaged by the IAMB to carry out duties for or on behalf of the IAMB shall be reimbursed with DFI funds.
- D. IAMB members and their alternates and advisors shall not be compensated for their services with respect to the IAMB.
- E. The IAMB shall continue to cooperate through June 2011 with the Committee of Financial Experts, established by the Council of Ministers of the Government of Iraq on October 19, 2006, or such other body that might replace that committee or substitute it, and work towards a full transition of its mandate to this committee by the end of June 2011.

8. Amendments, Additional Procedures and Delegations

- A. Any amendments to these terms of reference shall require unanimous approval of all IAMB members, after consulting with the Government of Iraq, and shall be published by the Government of Iraq. The Government of Iraq's consent will be required for any amendment that may materially affect the rights or responsibilities of the Government of Iraq.
- B. The IAMB may adopt other procedures necessary to implement these terms of reference which procedures shall be consistent with these terms of reference. To the extent such procedures may materially affect the rights or responsibilities of the Government of Iraq, the IAMB shall consult with the Government of Iraq prior to the adoption of such procedures.
- C. The IAMB may appoint or call upon technical experts or outside consultants, as necessary, to fulfill the purposes and functions set forth in these terms of reference.

- D. In the event of any inconsistency between these terms of reference and the provisions of any law, decree or regulation including, without limitation, the regulations establishing the DFI and the Program Review Board, the provisions of these terms of reference shall prevail.
9. Establishment and Dissolution
- A. These revised terms of reference shall become effective in accordance with the provisions of paragraph 8.A of the revised terms of reference adopted by the IAMB at its meeting on January 31, 2010. These revised terms of reference of the IAMB shall be duly published by the Government of Iraq thereafter.
- B. Arrangements will be made for the prompt dissolution of the IAMB no later than June 30, 2011.
- C. These revised terms of reference shall not apply to work already undertaken by the IAMB pursuant to resolution 1483, which work shall be governed by the terms of reference adopted on October 24, 2003; provided that relevant references to the Coalition Provisional Authority (CPA) in the terms of reference adopted on October 24, 2003 shall refer to and include such agencies as have been designated by the CPA in this regard.