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ATTENTION**

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Revision 1
Supplement 1

January 25, 2001

To: Members of the Executive Board

From: The Secretary

Subject: **Cooperation with Investigations on Fund Activities by Auditing Institutions of Members—Proposed Decision on Procedures**

Attached for consideration by the Executive Directors are the revised proposed procedures on cooperation with investigations on Fund activities by auditing institutions of members that take into account the comments and proposals made by Executive Directors at EBM/01/7 (1/22/01).

It is intended that the procedures, once adopted, be posted on the Fund's external website.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, February 1, 2001. In the absence of such a request, the proposed decision on pages 1–3 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Gianviti (ext. 38329) and Mr. Elizalde (ext. 37796).

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Cooperation with Investigations on Fund Activities by Auditing Institutions of Members—Proposed Decision on Procedures

Prepared by the Legal, Policy Development and Review, and Treasurer's Departments

Approved by François Gianviti, Jack Boorman, and Eduard Brau

January 25, 2001

1. The revised procedures set forth below now contain a preamble which expresses the need for restraint in requesting investigations, given the international character of the institution and the existing mechanisms to assess the activities of the Fund.
2. Paragraph 1 has been revised to require that the notification of a request for an enquiry be circulated to the Executive Board at least two weeks before commencement of any cooperation pursuant to the enquiry, and that the notification include the full text of the terms of reference and any special features of the enquiry. It also makes it explicit that Executive Directors may comment on all aspects of the notification as they deem suitable.
3. Under paragraph 3, requests for the release of documents and information not available to the Executive Board will be subject to Board approval. Such approval will only be granted if management supports the request and after review of the relevant document or information by the Board. Procedures will ensure the confidentiality of documents and information so reviewed, as needed.

Proposed Decision

The following decision, which may be taken by a majority of the votes cast, is proposed for approval:

The Executive Board of the International Monetary Fund adopts the following procedures to cooperate, upon request, with investigating agencies of member for the preparation of reports on the Fund and its activities. In keeping with the multilateral character of the Fund and in light of the many existing mechanisms to assess the Fund and its activities, the Executive Board expects that restraint will be exercised in requesting such investigations.

1. All requests from official investigating agencies will be notified to the Executive Board at least two weeks before the commencement of any cooperation with the agency pursuant to the request. The notification will include the full text of the terms of reference of the enquiry and any special features of the enquiry. Executive Directors will have an opportunity to comment on all aspects of the notification, as they deem suitable.

2. Management and staff will be prepared to meet a request if it is channeled through an Executive Director's office and provides:

(i) a precise description of the terms of reference of the enquiry; and

(ii) written assurances that:

- confidential information provided in the course of the enquiry will not be disclosed;
- management and staff will be given an opportunity to review any report resulting from the enquiry before its circulation outside the agency to ascertain that no confidential information is being disclosed in the report and that the factual information is correct; and
- the views of management and staff will be included in the report in an acceptable manner.

3. In principle only documents and information available to the Executive Board will be made available to the agency, in keeping with existing procedures. Requests by the agency for access to additional documents and information (other than those relating to the Fund's internal advisory procedures) will be submitted to the Executive Board for approval if management supports the request. The Executive Board will not approve the request unless

it has reviewed the relevant document or information; the procedures for the review will ensure the confidentiality of the document or information.

4. The Executive Board will be informed of requests which are denied by management under paragraph 2 or 3. In such cases, management or the relevant Executive Director may consult with the Executive Board.

5. All published reports resulting from such investigations will be circulated to the Executive Board for information, together with an assessment of the staff resources used by the Fund in the enquiry.

6. If, in the judgment of management, an investigative agency did not respect the written assurances provided in accordance with paragraph 2(ii), it shall so inform the Executive Board and propose any remedial action it considers necessary.

7. These procedures will be reviewed not later than January 31, 2003.