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December 28, 1999

To: Members of the Executive Board

From: The Secretary

Subject: **Strengthening Safeguards on the Use of Fund Resources**

In its communiqué of September 26, 1999, the Interim Committee called upon the Fund "to perform an authoritative review of its procedures and controls to identify ways to strengthen safeguards on the use of its funds and to report at its next meeting." In response to this request, management appointed a staff working group, chaired by Mr. Brau, which reported to management on a preliminary basis in mid-November. In follow up to that report, and as indicated in the Managing Director's Statement on the Work Program,¹ the staff is preparing a Board paper and management has invited a group of eminent external experts who are familiar with the relevant management, control, and prudential issues to review and contribute to this work. The panel of experts will be chaired by Ms. Michèle Caparello, Director, Internal Audit of the European Central Bank and Chair, Internal Audit Committee of the European System of Central Banks, and will include Mr. M.R. Rasheed, Deputy Governor, Central Bank of Nigeria; Mr. Lynn Turner, Chief Accountant, Securities and Exchange Commission, United States; Mr. Eduardo Grinberg, President of the Court of Accounts, Province of Buenos Aires, Argentina; Mr. Jeremy Foster, Head of Central Bank Services, PricewaterhouseCoopers, Moscow; and Mr. Suparat Kawatkul, Director General, Fiscal Policy, Ministry of Finance, Thailand.

The panel is expected to contribute to the staff's work, and to prepare an assessment of the proposals in the staff paper. The panel's assessment will be issued to the Executive Board together with the staff paper. The Executive Board discussion is expected to take place by mid-March 2000 and the Chair of the panel will be invited to attend the Board meeting.

Mr. Brau (ext. 37854) is available to answer technical or factual questions relating to this paper.

Other Distribution:
Departments Heads

¹ See *Statement by the Managing Director on the Work Program of the Executive Board*, BUFF/99/136 (10/22/99).