UPSTREAM CONTRACTS AUDIT



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Introduction

Upstream Contracts Audit examines how audit teams verify that oil and gas upstream contracts are performed as agreed and charged as entitled. This Training Course covers joint operating agreement audits, production sharing cost recovery audits, operator cost audits, and service contract reviews. Participants study the COSO Internal Control framework, IIA standards, cost recovery audit rules, AFE procedures, and petroleum accounting practice. Furthermore, the programme connects audit theory to field evidence through cost file analysis, cash call review, and audit finding workshops. As a result, delegates leave able to audit upstream contracts with rigour and defend every finding.

Upstream Contracts Audit Course Objectives

- Define the scope and objectives of upstream contract auditing.
- Apply IIA Global Internal Audit Standards and COSO controls.
- Audit joint operating agreement compliance and voting rules.
- Verify production sharing cost recovery and profit oil calculations.
- Test AFE, cash call, and budget approval procedures.
- Examine service, drilling, and seismic contract charges.
- Assess overhead, administrative, and technical service fees.
- Evaluate cost allocation, ring-fencing, and cost audit rights.
- Document findings, exceptions, and audit evidence properly.
- Report audit results and track corrective actions.

Course Methodology

- Interactive workshops using real upstream cost and contract files.
- Structured cost recovery and overhead audit exercises.
- AFE, cash call, and budget procedure review labs.

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- Sample testing, evidence gathering, and finding drafting practice.
- Case review of audit exceptions and dispute routes.
- Action planning that converts each session into a workplace commitment.

Who Should Take This Course

- Internal auditors in oil and gas.
- Joint venture and partner auditors.
- Cost recovery and joint interest billing specialists.
- Finance and accounting professionals in upstream.
- Contracts and commercial advisors.
- Government and regulator auditors.
- Risk and compliance officers in petroleum.

Upstream Contracts Audit Course Outlines

Day 1: Upstream Contract Audit Foundations

- Defining upstream contracts and their audit scope.
- The petroleum value chain and upstream cost structure.
- IIA Global Internal Audit Standards and audit charters.
- COSO Internal Control framework application.
- Audit planning, risk assessment, and scoping.
- Ethics, independence, and objectivity in contract audit.
- Documentation, working papers, and evidence standards.

Day 2: Joint Operating Agreement Audits

- Joint operating agreement architecture and audit clauses.
- Operating committee decisions and voting compliance.
- Sole risk, non-consent, and default provisions review.
- Cash call approval and funding verification.
- Budget and AFE authorisation testing.
- Partner billing and joint interest billing checks.
- Overhead, G&A, and technical service fee testing.

Day 3: Production Sharing and Cost Recovery Audits

- Cost recovery rules and eligible cost assessment.
- Non-recoverable cost identification and testing.
- Profit oil split calculation verification.
- Ring-fencing and cost allocation reviews.
- Depreciation, depletion, and abandonment provisions.
- Government audit rights and reporting duties.
- Cost audit findings and settlement procedures.

Day 4: Service, Drilling, and Supply Contract Audits

- Drilling, seismic, and well service contract terms.
- Day-rate, turnkey, and reimbursable billing verification.
- Variation, change order, and rate escalation testing.
- Failed, suspended, and standby time review.
- Equipment, rental, and consumable charge testing.
- Subcontract and local content compliance.
- Liquidated damages and penalty assessment.

Day 5: Reporting, Findings, and Follow-Up

- Structured audit findings and exception writing.
- Quantifying exceptions and recovery potential.
- Root cause analysis and control recommendations.
- Reporting to management, partners, and regulators.
- Notification, challenge, and dispute routes.
- Follow-up, corrective action tracking, and closure.
- Personal action plan and continuous improvement.

Conclusion

By successfully completing Upstream Contracts Audit, participants will have acquired a practical command of joint operating agreement audits, cost recovery testing, service contract verification, and audit reporting. They will know how to plan upstream audits with risk focus, examine cost files for eligible and recoverable charges, and quantify exceptions that withstand partner challenge. In addition, the course prepares delegates to document findings properly and track corrective action to closure. As a result, they return to work ready to audit upstream contracts with rigour and credibility. Gentex Training Center delivers this Training Course with a practical, standards-based approach.

FAQs for the Upstream Contracts Audit course

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Q1 What is the "Upstream Contracts Audit" course about?

It is a five-day programme that explains how auditors verify performance and charges under upstream oil and gas contracts. It covers joint operating agreement audits, production sharing cost recovery testing, AFE and cash call review, service and drilling contract verification, findings documentation, and corrective action follow-up.

Q2 What are the key benefits of the "Upstream Contracts Audit" course?

Participants gain the ability to plan upstream contract audits with a clear risk focus, test cost recovery and overhead charges efficiently, and quantify exceptions that partners and governments accept. They also learn to write findings that stand up to challenge and to track corrective action until it closes.

Q3 What skills will I gain from the "Upstream Contracts Audit" course?

Upstream contract audit planning with scoping and risk assessment, cost recovery and overhead charge testing with eligibility assessment, service and drilling contract billing verification with rate escalation review, and audit findings documentation with exception quantification and corrective action tracking.

Q4 What tools, methods, or standards are covered in the "Upstream Contracts Audit" course?

The course covers the IIA Global Internal Audit Standards, audit charter and independence requirements, the COSO Internal Control framework, audit planning and risk assessment methods, working paper and evidence documentation standards, joint operating agreement audit clauses, operating committee voting compliance testing, sole risk, non-consent and default provision review, cash call approval and funding verification, budget and AFE authorisation testing, joint interest billing checks, overhead, G&A and technical service fee testing, production sharing cost recovery rules, non-recoverable cost identification, profit oil split calculation verification, ring-fencing and cost allocation reviews, depreciation, depletion and abandonment provision testing, government audit rights and reporting duties, cost audit settlement procedures, day-rate, turnkey and reimbursable billing verification, variation and change order testing, failed, suspended and standby time review, equipment and consumable charge testing, subcontract and local content compliance, liquidated damages and penalty assessment, structured finding writing, exception quantification, root cause analysis, reporting to management and partners, notification and dispute routes, and corrective action tracking.

Q5 How is the "Upstream Contracts Audit" course applied in real-world practice?

Delegates apply it through audit plans, risk assessments, sampling matrices, working papers, cost recovery test sheets, overhead claim reviews, joint interest billing reconciliations, cash call verifications, AFE authorisation checks, service invoice tests, rate escalation analyses, findings reports, exception registers, management letters, and corrective action trackers. They also use it to prepare for partner audits and government cost recovery reviews.