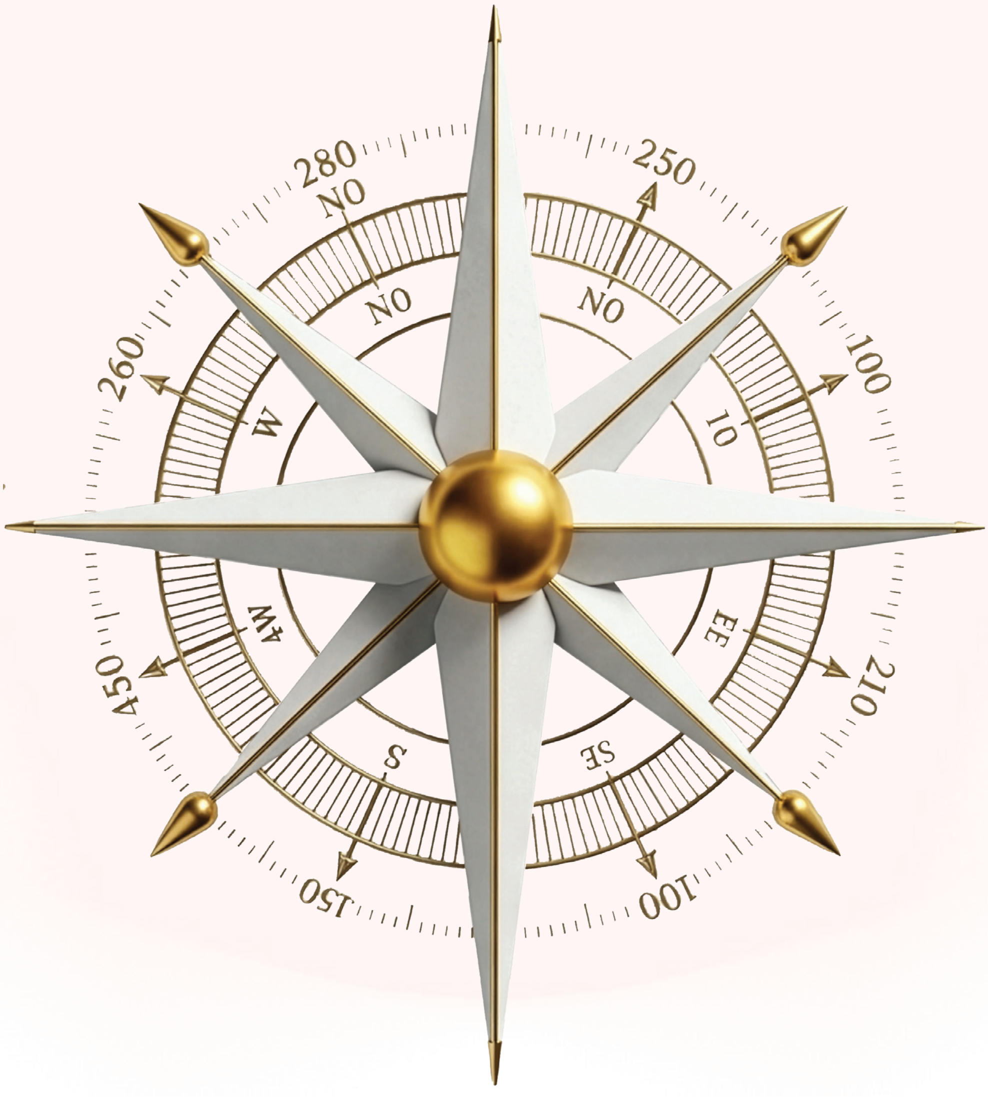
CORE CONCEPT

Joint Venture Audit: Upstream Contracts, PSC Cost Recovery and Contractor Charges

15 – 19 March 2027
Paris - Right Bank business hotel



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Ref: 325_12615 **Date:** 15 – 19 March 2027 **Location:** Paris - Right Bank business hotel **Fees:** 23500 SAR

Introduction:

Non-operating partners and host governments pay operator bills they did not prepare, and weak joint venture audit rights leave unsupported charges, inflated overheads and unrecoverable costs unchallenged until the audit window closes. This Core Concept course equips auditors to plan and run a joint venture audit of an upstream contract: reading audit clauses and accounting procedures, testing PSC cost recovery claims, examining overhead, affiliate and material charges, auditing service contractor invoices and analysing billing data. Participants finish with a JV Audit Exception Report, claim schedule and resolution tracker.

Course Objectives:

- Interpret audit rights, audit periods, chargeable and non-chargeable cost clauses in joint operating agreements and their accounting procedures
- Plan a risk-ranked joint venture audit with scope, data requests, materiality and a documented sampling approach
- Test PSC cost recovery claims for eligibility, cost stop limits and supporting evidence before they reduce host entitlement
- Examine overhead, affiliate, personnel and material transfer charges against the pricing rules of the agreed accounting procedure
- Audit service and drilling contractor invoices for rates, variations, reimbursables and contract scope
- Draft audit exceptions, quantify claims and drive them to settlement through operator responses and escalation

Target Audience:

- Partner auditors who examine operator books on behalf of non-operating joint venture participants
- JV accountants who review billing statements, cash calls and cost allocations and prepare audit queries
- Host government and national company cost auditors who verify contractor cost recovery submissions
- Internal auditors who assess operated-asset controls and service contract spending in upstream companies
- Contract holders who approve contractor invoices, variation orders and reimbursable claims

Course Outline:

Day 1: Joint Venture Audit Landscape and Audit Rights in Upstream Agreements

- Operator, Non-Operator and Host Government Roles in the Upstream Audit Cycle
- Audit Clause Reading: Notice Period, Audit Window, Scope and Access to Records
- AIEN Joint Operating Agreement Accounting Provisions as a Source of Audit Criteria
- Contractual Hierarchy Between the Agreement, Accounting Procedure and Operating Committee Approvals
- Current-State Diagnostic of an Existing Partner Audit Programme

Day 2: Accounting Procedures and Cost Recovery Rules as Audit Criteria

- AIEN Accounting Procedure: Chargeable Costs, Credits and Exclusions
- COPAS Model Form Accounting Procedure and Model Form Interpretations for Audit Testing
- Unit Accounting Procedure Differences for Unitised Fields
- PSC Recoverable and Non-Recoverable Cost Schedules with Cost Stop Limits
- Audit Criteria Matrix Linking Each Charge Type to Its Contract Clause

Day 3: Planning, Sampling and Fieldwork on Operator Billings

- Risk Ranking of Cost Pools by Spend, Complexity and Prior Exceptions
- Data Request Letter and Records Access Protocol for the Operator
- Statistical and Judgemental Sampling Plans for Billing Line Items
- Overhead Rate, Affiliate Charge and Personnel Cost Testing Procedures
- Material Transfer Pricing and Inventory Condition Code Verification

Day 4: Contractor Audits, Exception Patterns and Billing Analytics

- Service Contract Rate Card, Day Rate and Standby Charge Verification
- Variation Order, Change Request and Reimbursable Cost Audit Trail
- Recurring Exception Patterns: Unsupported Costs, Misallocation and Duplicate Charges
- Billing Data Analytics: Duplicate Detection, Benford Testing and Allocation Recalculation
- Cost Recovery Claim Disallowance Logic and Carry-Forward Effects

Day 5: Case Study: Partner Audit Engagement and Exception Resolution

- Case File Review: Operator Billing Statements and Contractor Invoices for a Sample Block
- Exception Write-Up with Criteria, Condition, Cause and Quantified Effect
- Claim Schedule and Operator Response Evaluation
- Resolution Tracker, Escalation Route and Operating Committee Submission
- JV Audit Exception Report Defence Before a Peer Review Panel

Skills You Will Gain:

- Audit Clause Interpretation
- Chargeable Cost Testing
- Cost Recovery Verification
- Audit Sampling Design
- Overhead and Affiliate Charge Review
- Contractor Invoice Auditing
- Billing Data Analytics
- Audit Claim Negotiation

Why Attend This Course:

- Leave with a JV Audit Exception Report, claim schedule and resolution tracker built on a sample block
- Recover or prevent disallowed charges by testing them against the exact clause the operator must meet
- Finish audits inside the contractual audit window with a risk-ranked plan instead of a full-population review
- Compare audit practice with partner, host government and internal auditors from operated and non-operated assets

Conclusion:

A joint venture audit protects value only when the auditor knows the clause behind each charge, samples the right cost pools and turns findings into settled claims. The course moves from audit rights and accounting procedures through PSC cost recovery criteria, sampling and fieldwork on operator billings, contractor invoice audits and billing analytics, to written exceptions and their resolution. The final day produces a JV Audit Exception Report with a claim schedule and resolution tracker ready for the next partner audit.