To promote the audit of extractive industries

Annual WGEI SC Meeting 2021
Federal Board of Supreme Audit
Iraq
Information sharing in Extractive Industries - Report Activity -2-

The PROPOSED FRAMEWORK OF GOVERNMENT AUDITING STANDARDS FOR OIL COMPANIES UNDER SERVEICE CONTRACTS

SAI-Iraq
Chairman of the Working Group, Dear members of the Steering Committee of the Extractive Industries Working Group, please accept our best Greetings, we would like to express our happiness to meet you today, hoping to see all in good health and safe. After what the world has been through since the beginning of the Covid-19 pandemic, which affected the way of work and communication between the world, and which everyone tried as much as possible to overcome it despite the strict restrictions that were imposed on us. The team would like to provide a summary of the workflow in the proposed guide after it has been completely renewed themes and ideas of the “proposed framework”.

Word about Proposed Framework
INTRODUCTIONS

This guide included a paragraph presented the objectives of the Organization of the INTOSAI and its role in strengthening the regulatory measures on oil service contracts concluded between the governments and foreign companies to strengthen the fundamentals of good management by ensuring the efficiency and effectiveness of external control procedures on those contracts have been directed to the preparation of this guidance document, which consists of three chapters:

• Chapter one: which is concerned with the theoretical aspect of the activities of the extractive oil industry, as well as the oil service contracts.

• Chapter two: is concerned with the accounting system in the extractive oil companies.

• Chapter three is concerned with the procedures for controlling and auditing oil service contracts.
Chapter one

This chapter is concerned with the theoretical aspect of the guiding guide, and this chapter consists of several paragraphs.

. Objectives of the guide

- The importance of the guide: the paragraph of the importance of the guide represented three main themes
- The concept of investment contracts in the oil sector.
- Types of investment contracts in the oil sector. Types of service contracts. Reasons for resorting to oil service contracts
- Types of service contracts.
- Reasons for resorting to oil service contracts.
- Common characteristics of oil service contracts.
- Petroleum activities targeted by oil service contracts.
- The mechanism of payment of financial dues under service contracts.
Chapter two

• **Accounting System in Extractive Oil Companies:** This chapter included the following topics:
  • The concept of the accounting system according to what was mentioned in books and scientific sources.
  • Accounting system procedures under oil service contracts: This paragraph included the most important accounting procedures and requirements contained in the effective oil service contracts prepared in accordance with the best international practices in the field of oil industries.
  • Accounting systems applied in foreign companies.
  • use accounting systems that are consistent in their work with the Enterprise Resources Planning (ERP) system, which depends mainly on the Internet.
  • SAP system.
  • Maxisun system.
  • IDEAS system.
  • The paragraph included a brief explanation of each system
Chapter three

• This chapter included the procedures of the supreme financial and accounting oversight bodies to monitor and audit the expenditures of oil service contracts. This chapter was prepared with five themes:
  • Basic requirements for control and auditing of oil service contracts.
  • The foundations of control and auditing of the expenditures of foreign companies under service contracts.
  • Preparation for the purpose of implementing control and audit procedures on service contracts.
  • Scope and program for monitoring and auditing service contracts.
The percentages of achievement for the guiding guide to date were as follows:

<table>
<thead>
<tr>
<th>Achievement rate</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>% 100</td>
<td>First</td>
</tr>
<tr>
<td>%50</td>
<td>Second</td>
</tr>
<tr>
<td>%60</td>
<td>Third</td>
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</tbody>
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