

# PROJECT MANAGEMENT



## Advanced Contracts Auditing for the Oil & Gas Industry

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# **Advanced Contracts Auditing for the Oil & Gas Industry**

## **Introduction:**

This is your opportunity to gain a comprehensive understanding of contract law, and how to audit contracts. If you are interested in planning an effective audit of various contracts within your organization, this course is for you. Those attending will be exposed the four legal requirements necessary to form a contract, then expand to advanced areas of contract law and auditing. In this high-impact program you will gain the confidence and know-how you need to assume a proactive role in your organization's contract audits. You will learn how to audit three main types of contracts: lump-sum, unit-price/rate, and cost-plus. You will discover how to apply the appropriate model to critical contract and large project audits, including supply, professional services, joint venture, catering and subsistence, utility, and others. You will identify high-risk contract areas and explore ways Audit can play an important role in the contracting process before money has even been spent. You will learn specific techniques that contractors and vendors use to inflate charges, and find out how to recover overcharges. Attend this information-packed session to learn how to boost the bottom line when your organization signs on the dotted line.

This comprehensive program explores how auditors can identify contract-related problems and help management address the challenges of contracting in today's world. It also explores the challenges contracting presents and how auditors can help management address those challenges in today's world. Some well-established contract audit functions recover more than the cost of the entire audit department by identifying overcharges, performance issues and revenues not collected. Perhaps even more important are the lessons learned that lead to improvement in contract management practices. This revolutionary course provides beliefs, knowledge, skills and techniques auditors can use to recover costs, enhance revenues and help their organizations better administer and manage contracts. The course presentation draws heavily on techniques and approaches in establishing and managing a contract audit program, providing a practical assessment of the challenges and opportunities in contract auditing.

## Who Should Attend?

Audit Team Leaders, Senior & Chief Auditors, Audit Managers, Managers and Superintends, Auditors who need to audit projects, contracts or technical business areas, Assurance professionals who need to assess technical issues, Assurance providers who need a greater understanding of Corporate Governance, Audit staff preparing to engage in a contract audit, Audit managers planning to perform an audit of contracts, Chief Audit Executives interested in developing a meaningful audit of contracts within their organization, Non-audit managers and Project Managers interested in enhancing their understanding of contracts.

## Course Objectives:

**By the end of this course delegates will be able to:**

- Analyze, rate, priorities and allocate potential risks to avoid litigation
- Limit organization's exposure through prioritization of projects and possible termination
- Cultivate a better understanding and appreciation of contracting strategies for high value Oil and Gas deals
- Build flexibility into contracts by reviewing the applicability of provisions
- Incorporate the latest international legislative and legal issues into your contract risk management process
- Discover current best practice and techniques for defining and managing contract risk and setting performance criteria
- Review key contractual differences between products, services and solutions
- Explore distribution, sub-contracting, and other third-party relationships
- Realize the different forms of Oil and Gas contracts, and the requirements to be successful in each of them
- Describe the types of contract audits and related concerns, and the specific purposes of price proposal and historical cost audits
- Determine the allow ability of costs using acquisition regulations and cost accounting standards

- Select and apply the methodology and quantitative audit techniques applicable to price proposal and historical cost audits
- Perform price proposal and historical cost audits
- Identify the different sources of contract law and related requirements when dealing with certain types of contracts
- Analyze the different parts of a contract, from the basic components to more complex provisions
- Plan an audit of contracts, from start to finish
- Develop tools for optimizing audit sampling as it relates to selecting contracts for review
- Perform tests of controls and substantive tests when performing an audit of contracts, and optimize the reporting of significant findings to management
- Know common problems encountered in contract auditing
- Know exposures related to contracting performance and administration
- Know a model audit approach to apply to virtually any type of contract
- Know suggested contract language for better contract administration and auditing
- Be able to develop objectives of contract auditing for their organization.
- Provide a model approach to control of contracts
- Be able to identify performance issues related to contracts
- Be able to mobilize management to improve the management of contracting activity
- Be able to identify cost overcharges and enhance revenue

## Course Outline:

- Introduction to Auditing Contracts
- Common Contracts
- Audit's Role in the Contract Process
- Contract Auditing Objectives
- Developing an Understanding of Contract Exposures and Opportunities

- Fundamentals of Contract Auditing
- Approaches to Auditing Costs
- Best Practices
- Risk Assessment and Contract Risks
- The Contract Audit Approach
- Auditing Contract and Construction Administration
- Large Cost Recovery Areas
- Auditing Supply Contracts and Purchase Orders
- Auditing Professional Service Contracts
- Auditing Joint Venture Controls
- Auditing Catering and Subsistence Contracts
- Utility Audits
- Contract Auditing and the Auditor
- The Contract Auditor's Toolkit
- Fraud Implications of Contract Auditing
- Contract Components
- Planning the Audit of Contracts
- Selecting Audit Samples of Contracts
- High Impact Reporting