



**JVSA**

Joint Venture Strategic Advisors

AUDITING IN CHALLENGING TIMES

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[jvsa.com](http://jvsa.com)

# INTRODUCTION

1. Joint Venture Accounting
2. Production Revenue
3. Financial Reporting
4. Contract Management

# ABOUT JVSA

- Effective June 1, 2015, JVSA was formed by three well respected professional services firms:
  - Joint Venture Management Inc. (JVMI) of Calgary, Alberta
  - Catalyst LLP of Calgary, Alberta
  - Pannell Kerr Forster of Texas, P.C.
- JVSA has offices in Calgary and Houston



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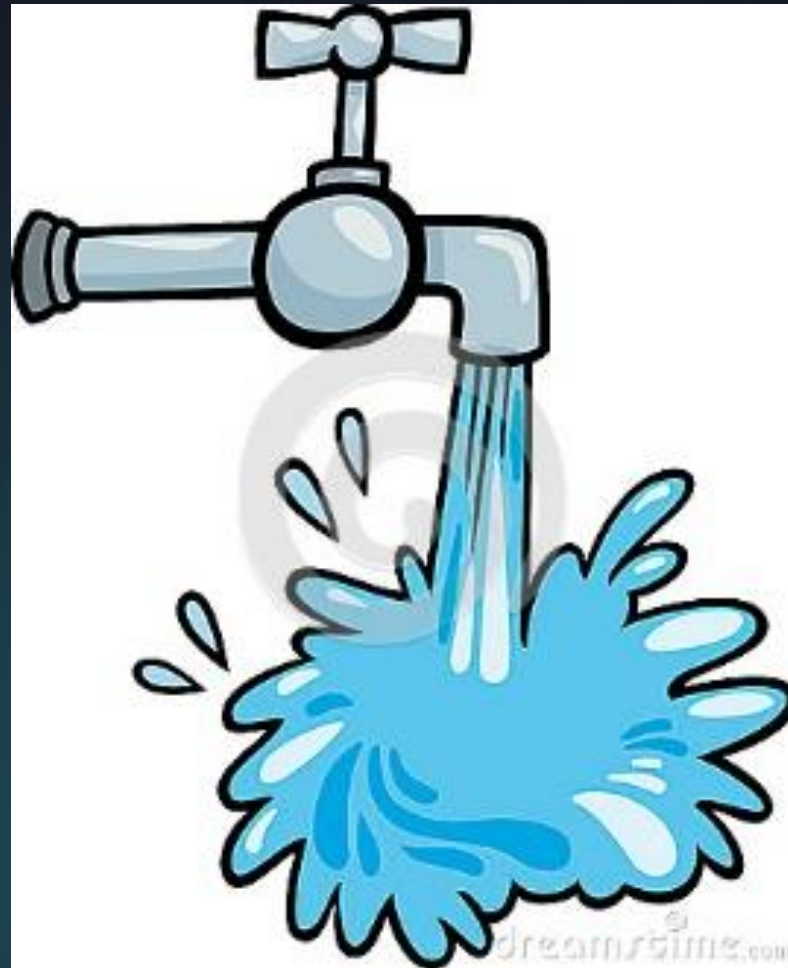
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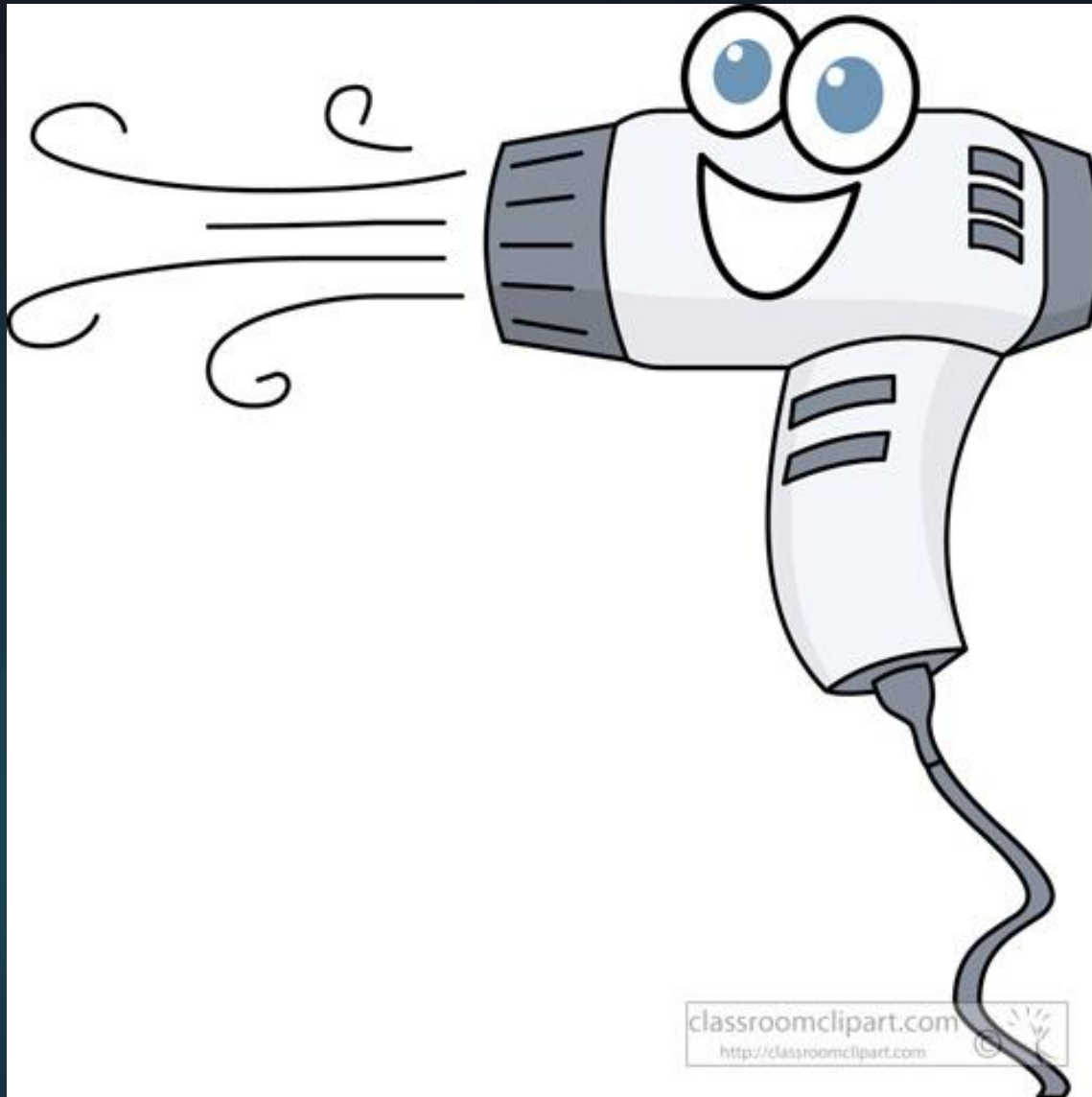
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# Challenges

- OPERATOR'S STAFF
  - REDUCED STAFF
  - STAFF IS STRETCHED TO ACCOMPLISH MORE IN LESS TIME
  - COMPANIES HAVE LOST KNOWLEDGE BASE

# Challenges

- FINANCIAL CONSTRAINTS
- ONGOING CONCERNS
- INTERNAL CORPORATE REQUIREMENTS
- THIRD PARTY AUDIT REQUIREMENTS

# What does JV audit mean?

- CAPITAL EXPENDITURE REVIEW
- OPERATING EXPENDITURE REVIEW
- REVENUE DISTRIBUTIONS
- PRODUCT ALLOCATIONS



# What does JV audit mean?

- MEASUREMENT AUDITS
- VENDOR COMPLIANCE
- FINAL STATEMENT OF ADJUSTMENTS
- EQUALIZATIONS



# What does JV audit mean?

- FEE CHARGES
- FEE INCOME
- FREEHOLD AND GORR AUDITS
- CONTRACT COMPLIANCE



# What does JV audit mean?

- INVENTORIES
- PAYOUTS

# RISK



*“RISK COMES FROM NOT KNOWING WHAT YOU’RE DOING”*

*WARREN BUFFET*

# RISK

*DO YOU KNOW WHAT IS HAPPENING WITH YOUR ASSETS?*





# WHY SHOULD I AUDIT?

Does the Operator have the Joint Venture Expertise to administer the agreements?

Specific Clauses

Limitations

Timing

# WHY SHOULD I AUDIT?

Reports and Joint Venture Billings sufficient?

Fair share of Product – TIK?

Marketing?

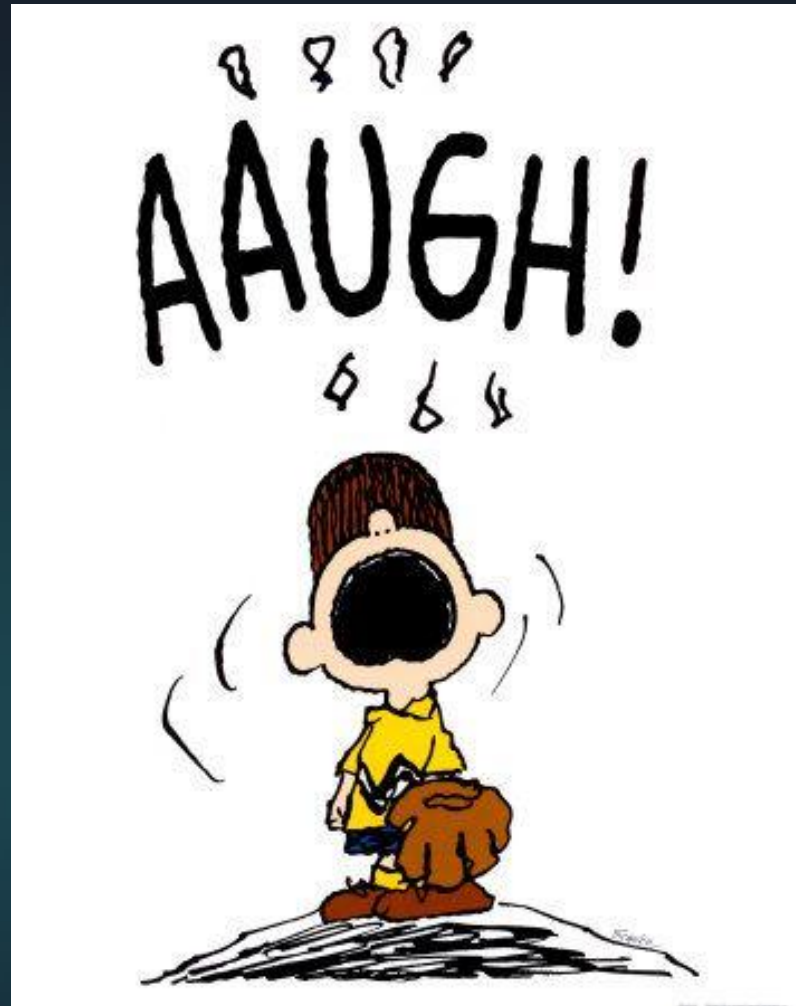
# WHY SHOULD I AUDIT?

Internal Controls or Risk Obligations?

Communication?

Do you know your rights?

BUT IT'S A PAIN!!!



# BUT IT'S A PAIN!!!

CO-OPERATION IS CRITICAL

Less Inconvenience

Shorter Time / Less Cost

Fewer Queries

Shows Compliance and Transparency

# HOW DO I KNOW I SHOULD AUDIT?



DO YOU HAVE SPECIFIC CONCERNS?

Excessive Costs

Unexpected Costs

Not getting answers

# HOW DO I KNOW I SHOULD AUDIT?



DO YOU HAVE INTERNAL REQUIREMENTS?

Financial audits (CGU's)

Internal Risk Assessments

# HOW DO I KNOW I SHOULD AUDIT?



Lose audit rights

Contractual Obligations



# HOW DO I KNOW I SHOULD AUDIT?



## ECONOMIC ENVIRONMENT

High Prices – Operator more concerned about getting work done than paperwork

Low Prices – Are you getting all you deserve especially revenue

# AUDIT LOGISTICS



Desk Audits are more prevalent

Field Visits can still be necessary

With public data auditors can do more with less interruptions

# WHY JV EXPERTS?

Significant differences between Financial and Joint Venture Auditors.

Financial Auditors focus on process and adherence to IFRS or US GAPP requirements.

# WHY JV EXPERTS?

Significant differences between Financial and Joint Venture Auditors.

Joint Venture Auditors specifically trained to understand, interpret and validate costs related to specific governing agreements.

# WHY JV EXPERTS?

DON'T GET TRAPPED THINKING THAT IF YOUR  
ADHERING TO IFRS OR U.S. GAPP THAT YOU ARE IN  
COMPLIANCE WITH YOUR JOINT VENTURE  
AGREEMENTS.

# CONCLUSION



# CONCLUSION



ARE YOU BEING TREATED FAIRLY?

SPECIFIC CONCERNS?

WHATS THE RISK OF NOT DOING AN AUDIT?

# QUESTIONS?





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