

# ***Extractive Industries Audit in Iraq***



**Work paper**  
**to participate in the first**  
**meeting for the INTOSAI**  
**Working Group on**  
**Extractive Industries Audit**

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## Overview on the Federal Board of Supreme Audit in Iraq

- \* **FBSA in Iraq has a basic role from its establishment as a supreme audit institution in providing services in the fields of control and audit on behalf of the legislative power, It conducting the financial statements auditing and submitting reports on the results work of auditees according to its law in force within the limits of developed instructions and rules during specific periods of time.**



- \*According to the law no (17) for 1927 ,the FBSA has established for the first time as a governmental institution which is administratively and financially independent to protect the public funds and fighting administrative and financial corruption and support the public accountability.**
- \* FBSA has continued to develop and progress with the changes in the political and economical and legislative conditions in Iraq, this development was accompanied by the issuance of laws that governing its work.**



- \* The law no. (31) for 2011 has granted FBSA many powers which promotes its administrative and regulatory independence in a way that helps to complete tasks and activities which FBSA seeks to provide for the audittees .
- \* according to the law above, FBSA is, financially and administratively independent body with a judicial personality. It is highest financial controlling body which is attached to counsel of representatives and represented by president of the Board or whom he may authorize.



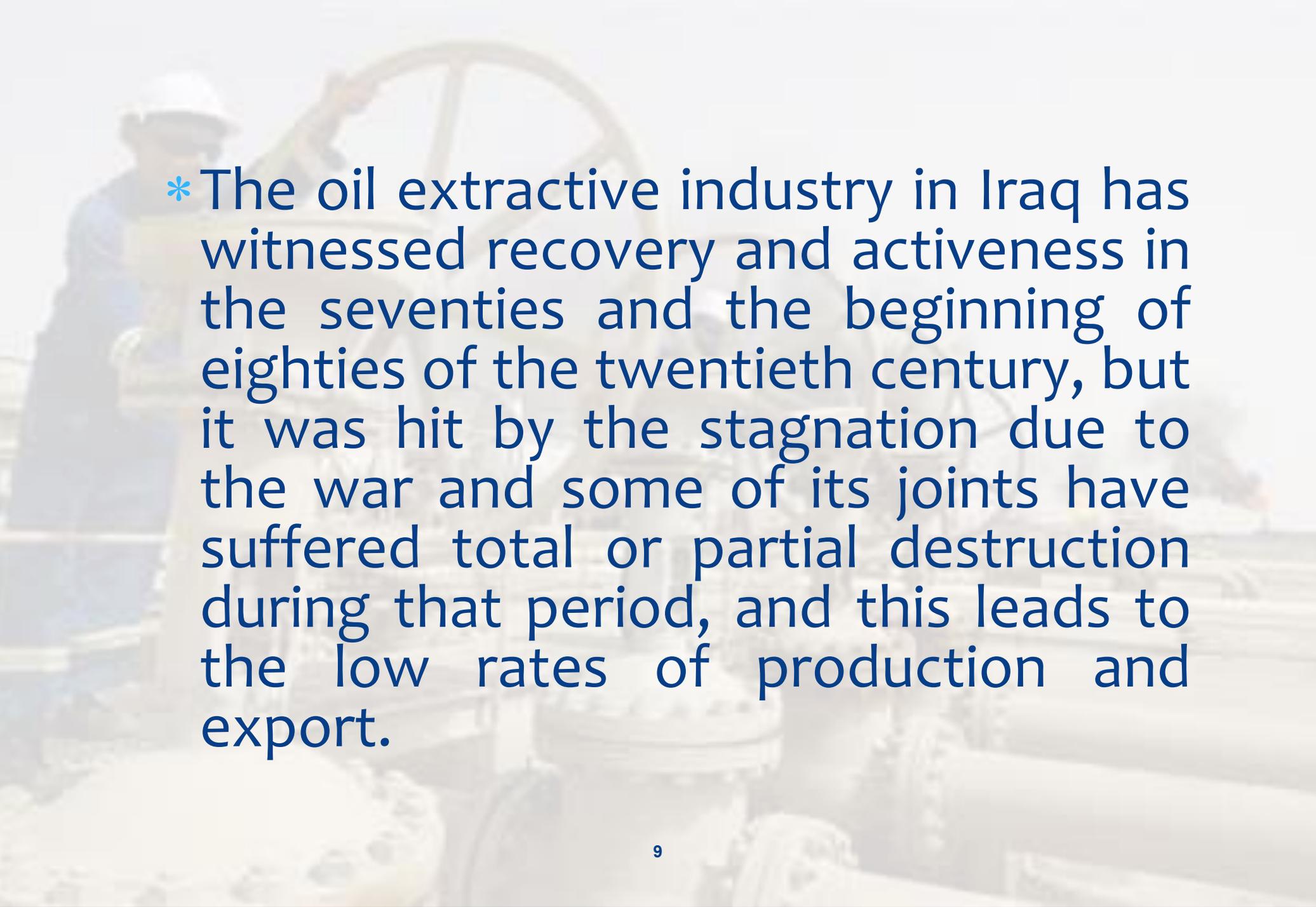
**The extractive companies of oil and minerals industry in Iraq are subject to the auditing of FBSA by its offices and bodies which are distributed all around the country, because they are fully state-owned companies**

## The oil extractive industries in Iraq

- \*The Iraqi economy depends basically upon the oil .It has grand fixed reserves of crude oil and large reserves of gas, and oil considered the main source of power in Iraq.**
- \*The oil revenues has a direct effect on the dynamic economy of Iraq, and it is the basis of the investment funding , governmental expenditures , development programs and necessary cash for the national economy vitality.**

# The extractive industry in Iraq has gone through several stages:

- \*the first stage is in 1927 in which the oil has been discovered in Kirkuk oilfield by the Iraqi petroleum company-IPC**
- \*in 1961 a significant change has happened by issuing law no(80) for 1961 ,where all non-invested land and areas have returned from the Iraqi oil company to the Iraqi state. the Iraqi national oil company has been established and continued in exporting the oil from the fields till 1972.**
- \*the operations of the company were nationalized, and since 1972 the Iraqi national oil company has become the oil exporting company.**



\* The oil extractive industry in Iraq has witnessed recovery and activeness in the seventies and the beginning of eighties of the twentieth century, but it was hit by the stagnation due to the war and some of its joints have suffered total or partial destruction during that period, and this leads to the low rates of production and export.

## Petroleum Licensing rounds in Iraq

**\*In the framework of the Iraqi government's quest to look for wide aspects of investment in developing oil and gas fields and increasing the daily and annually production of crude oil barrels in the productive and unproductive oilfields in various governorates of Iraq ,the management of oil sector has directed in Iraq to pursue a policy of investment licenses to raise the rates of daily oil production, accordingly the first petroleum licenses round announced in 2008, followed by assigning (3) other rounds to discover more fields and the remaining are for already discovered fields .**

**\*First licensing round:**

It includes fields of (rumaila, Zubair, west of qurna and fields of Maysan)

**\*Second licensing round:**

It includes fields of (west of qurna, qaraf.Badra,halfaia, Majnon and Najma)

**\*Third licensing round:**

It is for developing (3) gasfields which are (seiba gasfield,al mansooria gasfield and okas gasfield).

**\*Fourth licensing round:**

This round is different from the previous ones, because it addresses high level of hydrocarbons geographical areas and it does not contain specific fields.

# Extractive companies in Iraq

- \* Iraq has extractive companies related directly to oil extraction and other metals, these companies are state –owned public companies aims to support the Iraqi economy in the field of extractive industries .
- \* We can summarize the main goals of these companies as follows , producing and supplying crude oil in order to meet the needs of refining companies as well as electricity production stations , exporting the surplus production abroad , producing natural and affiliated gas , boosting and developing the national economy , contributing in developing the governmental performance and addressing the society need for work.

# Main tasks of oil extractive companies

- \* Production of oil and gas from oil fields within their areas of responsibilities.
- \* Treatment of produced oil in process complexes and transmitting it to refineries and export terminals.
- \* separation and pressing affiliated gas and diapirs gases to produce liquid and dry gas.
- \* Drilling and reclamation of wells by contracting with Iraqi drilling company and other contractors.

The most important extractive companies for producing oil and gas in Iraq :

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- \* Midland oil company
- \* North oil company
- \* South oil company
- \* Misan oil company

\*Notwithstanding that, Ministry of Oil of Iraq is planning to establish number of extractive companies extracting and producing oil ,gas and metals in governorates that discover the oil .

## Metals extraction companies

Iraq has state companies that are specialized with extracting and producing metals ,The most important are :

- \* Phosphate state company
- \* Mishraq sulfur company



**Thank you for your good  
attention**