

FAAC POST-MORTEM SUB-COMMITTEE

REPORT OF FAAC POST-MORTEM SUB-COMMITTEE MEETING HELD ON MONDAY, 18TH JANUARY, 2020 AT RMAFC ABUJA

Presented to the

FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING ON WEDNESDAY, 20TH JANUARY, 2021

1.0 PREAMBLE

- 1.1 FAAC Post-Mortem Sub-Committee meeting for the month of January, 2021 was held on Monday, 18th January, 2021 at the Board Room of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). The meeting had in attendance Members of the RMAFC, Accountants-General and Commissioners of Finance from the six geo-political zones, as well as the Revenue Generating Agencies.
- 1.2 Issues bordering on the agencies performances, the impact of the Sub-Committee on revenue recovery into the Federation Account, and matters concerning outstanding payments, under-payments or amounts withheld by concerned Agencies were discussed where far-reaching resolutions were made.

2.0 SUMMARY OF GROSS FEDERATION ACCOUNT INFLOW INTO THE CBN COMPONENT STATEMENT FOR NOVEMBER, 2020

- 2.1 The Sub-Committee also considered the performance of the Revenue Generating Agencies into the Federation Account for November, 2020 as presented in Table 1 below:

S/N	Detail	November, 2020 Inflow (N)	Contribution (%)
i.	NNPC Crude Oil, Gas and Misc. Revenue Receipts	21,786,119,248.25	4.99
ii.	Ministry of Petroleum Resources (MPR)/DPR	123,879,078,981.83	28.38
iii.	Federal Inland Revenue Service (FIRS)	189,088,660,631.93	43.32
iv.	Custom and Excise Duty Accounts (NCS)	101,703,388,923.72	23.31
v.	FMF/OAGF/RMAFC	-	-
	Total (November, 2020)	436,457,247,785.73	100.000

Source: FAAC Analysis, November, 2020

- 2.2 Note that the above analysis was based on the net remittances by the Revenue Generating Agencies where their performances needed to be improved. The Agencies were encouraged to re-double their effort towards impacting on the overall economy of the nation.

3.0 IMPACT ASSESSMENT OF FAAC PMSC ON OUTSTANDING AREARS OF REVENUE INFLOWS TO THE FEDERATION ACCOUNT IN NOVEMBER, 2020

- 3.1 The Sub-Committee also wish to report the positive outcome of its monthly analysis and reconciliation of revenue collections and remittances into the Federation Account. It is worthy to note that these efforts substantially reduced the outstanding amounts owed by the revenue generating agencies. In the month of November, 2020, the Federation Account received outstanding payment of arrears to the tune of **\$147,694,181.18** or **₦53,601,706,799.66** as shown in table 2 below:

S/N	Detail	Amount Paid in USD (\$)	Amount Paid in Naira Equivalent (₦)
i.	NNPC Crude Oil Export Sales Receipt	183,421.73	69,576,835.67
ii.	NNPC/SPDC JV-Ullage Fees	20,634,595.36	7,820,511,641.44
iii.	NNPC/CNL JV Miscellaneous Income	1,828,019.19	692,819,273.01
iv.	FIRS/DSDP Naira PPT	42,706,567.68	15,374,364,364.80
v.	DPR/DSDP Naira Royalty	12,114,942.68	4,361,379,361.14
vi.	DPR/DSDP Naira Royalty	28,286,957.37	10,183,304,654.64
vii.	DPR/DSDP Naira Royalty	41,939,697.17	15,098,290,979.40
viii.	DPR MOR (Arrears)	-	1,459,689.56
	Total (November, 2020)	147,694,181.18	53,601,706,799.66

Source: FAAC Analysis November, 2020

- 3.2 The Sub-Committee is working assiduously with the Revenue Generating Agencies to ensure that all outstanding revenue are collected and remitted into the Federation Account as at when due.

4.0 UPDATE ON PENDING ISSUES REFFERED TO THE SUB-COMMITTEE

4.1 Waivers On Taxes and Penalties Granted to Some Companies:

Members may recall that the total sum of **₦94,543,842,351** were reported to have been realized from the programme as at 5th March, 2020. This comprised the 25% initial deposit of **₦27,086,374,400** plus the total of **₦67,457,467,951** collected and received from the approved instalment payments leaving a present balance of **₦3,688,296,830**. Out of this, FIRS reported that it had received an additional sum of **₦10,952,410.53**, making the outstanding amount now payable to **₦3,677,344,419.47**;

- 4.2 **Cost of Collection:** Members may recall that FAAC mandated the Sub-Committee to examine once again, the issue of cost of collection given to Revenue Collecting Agencies after it had submitted its report to FAAC. Stakeholders were of the view that they also ought to receive cost of collection

from VAT due to their role in the entire value-chain. An Ad-hoc Committee had been set-up to review the matter and revert to the Sub-Committee.

- 4.3 **Update/Status Of NNPC FGN Priority Projects As At July, 2020:** The table 3 below shows and the status of NNPC FGN Priority projects:

S/N	Detail	Budget Since Inception to Date (N) Billion	Actual Expenditure Since Inception to Date (N) Billion
i.	National Domestic Gas Development	47.08	40.35
ii.	Gas Infrastructure Development	180.93	149.44
iii.	Bras LNG Gas Supply Projects	126.10	7.51
iv.	Crude Oil Pre-Export Inspection Agency	23.77	18.65
v.	Frontier Exploration Service (FES)	86.49	47.76
vi.	EGTL	8.00	8.03
vii.	Renewal Energy Development (RED)	2.74	5.70
viii.	Pre-Export Financing	211.52	177.11
ix.	Refinery Rehabilitation	58.33	58.33
x.	Nigerian Morocco Pipeline	0.58	0.58
	TOTAL	745.55	513.47

Source: FAAC Analysis, November, 2020

- 4.4 The Sub-Committee also considered status of the NNPC FGN Priority Projects as presented by NNPC during a Workshop, held on 9th December, 2020 at Transcorp Hilton Hotel, Abuja. NNPC is expected to make further presentation on the Refineries Rehabilitation in order to enable the Sub-Committee finalize its report;
- 4.5 **Stamp Duty Accruals Into the Federation Account:** The contentious issue surrounding the accruals into Stamp Duty Account warehoused with CBN awaiting the determination by the Court was also referred to the Sub-Committee. Efforts are being made to resolve the impasse, while Members would be informed of progress on the matter;
- 4.6 **Other Sources of Revenue:** It would be recalled that, the Sub-Committee was directed to expedite action on the issue of other Agencies of Government that collect revenue but do not remit same into the Federation Account. So far, out of the eighteen (18) Agencies identified, the Sub-Committee have visited and collected their enabling Acts with a view to analysing them. Visits to the remaining seven (7) agencies had been scheduled for the third week of January, 2021, wherein the final report will be presented to Members.
- 4.7 **Amount Withheld by NNPC:** The issue of the sum of **N6.32 Trillion**, withheld from Federation Account by NNPC as proceeds from domestic Crude Oil sales between 2012 to October, 2020 was also referred to the Sub-Committee. Members may note that a letter had been written to NNPC for a Tripartite meeting between the Secretariat of the Sub-Committee, NNPC and KPMG.

NNPC's response is being awaited to enable the Committee conclude its assignment;

- 4.8 **Non- Remittance of Revenue From Osubi Airstrip:** It will be recalled that FAAC had directed the Sub-Committee to engage the EFFC in effecting recovery of sums owed by Shoreline Limited following the adoption of the earlier report presented to the meeting on 14th December, 2020. The Sub-Committee has begun processes for implementing these directives. This matter is still work in progress.

- 5.0 The Chairman and Members of FAAC, thank you for your attention.


Kabir M. Mashi 21/01/2021
Kaigaman Katsina

Chairman, FAAC Post Mortem Sub-Committee