

**FAAC POST-MORTEM SUB-COMMITTEE REPORT TO
FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY
MEETING HOLDING ON TUESDAY, 26TH APRIL, 2022**

1.0 PREAMBLE

- 1.1 The FAAC Post-Mortem Sub-Committee meeting for the month of April, 2022 was held on Wednesday, 13th April, 2022 at the Board Room of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). The meeting was attended by Members of the RMAFC, representatives of Commissioners of Finance and Accountants-General from all the geo-political zones, as well as representatives of the Revenue Generating Agencies and Consultants to FAAC Post-Mortem Sub-Committee.
- 1.2 The Sub-Committee discussed several issues and hereby present the summary to the FAAC Plenary for consideration.

2.0 UPDATE ON OUTSTANDING ISSUES REFERRED TO THE SUB-COMMITTEE BY FAAC

a) Waivers on Taxes: The Federal Inland Revenue Service (FIRS) reported that after several months of reconciliation meetings with defaulters, it had failed to ensure the full recovery of waivers granted to some tax payers, the Service is now in the process of seeking its Board's approval to nullify the waivers and institute all necessary processes for the recovery of the outstanding sum amounting to **₦3,591,039,664.26**.

b) Update on NNPC's Deductions in Respect of Government Priority Projects: At the Sub-Committee meeting, NNPC did not submit any report on Government Priority Projects. However, the Sub-Committee has commenced plans to conduct inspection visit to all the Government Priority Projects based on the resolution of FAAC Plenary on Thursday, 20th May, 2021.

Members may note that no deductions for Government Priority Projects was done in February, 2022. The details of Priority Projects deductions done in January, 2022 amounting to a total of **₦24,836,128,257.47** as shown in Tables 1 and 2.

Table 1: Summary of NNPC's Cumulative Monthly Total FGN Priority Projects Funding from January to February, 2022

S/N	Month	Monthly Total FGN Priority Projects Funding(₦)	Cumulative Total (₦)
i.	January, 2022	24,836,128,257.47	24,836,128,257.47
ii.	February, 2022	-	24,836,128,257.47

Source: FAAC Analysis, March, 2022

Table 2: Analysis of 2022 Monthly Component Statement of FGN Priority Project Funding Sub-heads From Federation Account From January to February, 2022

S/N	FGN Priority Project Sub-Heads	January, 2022 (N)	February, 2022 (N)
i.	National Domestic Gas Development	2,280,323,346.00	-
ii.	Gas Infrastructural Development	2,528,223,339.23	-
iii.	Brass LNG Gas Supply Projects	0.00	-
iv.	Crude Oil Re-Export Inspection Agencies (NESS Fees)	448,039,884.41	-
v.	Frontier Exploration Services (FES)	3,883,509,854.49	-
vi.	Renewal Energy Development (RED)	0.00	-
vii.	Pre-Export Financing	5,833,333,333.33	-
viii.	Refinery Rehabilitation	9,110,500,000.00	-
ix.	Nigeria Morocco Pipeline	752,198,500.00	-
	Total	24,836,128,257.46	-

Source: FAAC Analysis, March, 2022

c) Update on the Review of Indices for the Horizontal Sharing of Revenue in the Federation Account: The matter is still work in progress.

d) Update on \$2,226,998,165.02 NPDC Indebtedness to DPR on Forcados Assets OML 119, 60-63, 11, 24 and 98: At the Sub-Committee meeting held on Tuesday, 15th March, 2022, the resolution reached between NUPRC and NNPC on the Legacy Debt was presented and discussed extensively. Members noted some irregularities and discrepancies in the resolution reached with previous high-powered resolutions on the same matter and resolved to call for a meeting of all the Stakeholders in order to address the concerns raised. The Sub-Committee also resolved to also look into the resolutions reached between FIRS and NNPC on the same matter.

e) Update on increased Gas Revenue Inflow to the Federation Account in the Month of July, 2021.

The Sub-Committee examined aspects of the reports on the subject matter and resolved to request further clarifications, segregation of gas revenue and additional information to enable it complete the assignment.

f) Exchange Rate Issues: The Sub-Committee is still working on the two aspects of the assignment received from FAAC Plenary which are (i) **Exchange Rate Application by NNPC on Domestic Crude** and (2) **Transactions Made from Exchange Gain and Forex Equalization Account** and would provide updates as soon as the matters are concluded.

g) Assessing the Impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in February, 2022: For the Month of February, 2022, the Sub-Committee wishes to report that a total sum of **\$7,977,760.81** which was equivalent of

₦88,969,743,985.09 was received into the Federation Account as arrears of payment from different sources as Shown in Table 3 below. These payments were made as part of efforts by the Sub-Committee's monthly analysis and reconciliation of revenue collections and remittances into the Federation Account and this had significantly reduced the amount of arrears against some of the Revenue Generating Agencies.

Table 3: Revenue Inflows of Arrears Owed to the Federation Account in February, 2022

S/N	Details	Amount of Receipts in USD (\$)	CBN X-Rate N/\$	Amount in Naira Equivalent (₦)
i.	NUPRC Concession Rental Arrears	559,029.75	387.01	216,349,813.33
ii.	Nigeria Exploration	2,411,325.73	389.17	938,415,634.34
iii.	N-Gas Limited	1,104,705.29	389.17	429,918,157.71
iv.	NUPRC DSDP Naira Royalty	-	387.01	40,098,713,121.31
v.	Seplat JVC	28,528.00	389.17	11,102,241.76
vi.	FIRS DSDP PPT	-	387.01	44,147,560,820.86
vii.	Southern Hydrocarbon Resources Ltd.	3,839,560.87	389.17	3,114,214,566.75
viii.	Zenith Insurance Co. Ltd.	34,611.17	389.17	13,469,629.03
	Total	7,977,760.81		88,969,743,985.09

Source: FAAC Analysis, March, 2022

3.0 Summary of Gross Federation Account Revenue Inflows for the Month February, 2022

- 3.1 For the month of February, 2022, a total sum of **₦438,130,834,497.83** was remitted into the Federation Account as reflected in the Central Bank Component Statement. Details of each Agency's contribution to the Federation Account for the period under reference are as indicated in Table 4.

Table 4: Summary of Gross Federation Account Revenue Collections, Contribution as Indicated in CBN Component Statement for the Month of February, 2022

S/N	Detail	March, 2022 (₦)	Percentage Contribution (%)
i.	NNPC Crude Oil and Gas Sales Revenue Receipts	0	0
ii.	Nigerian Upstream Petroleum Regulatory Commission (NUPRC)	109,221,861,894.15	24.93
iii.	Federal Inland Revenue Service (FIRS)	196,258,680,897.08	44.79
iv.	Nigeria Custom Service (NCS)	124,200,824,342.46	28.35
v.	Ministry of Mines and Steel Development (MMSD)	970,074,616.02	0.22
Vi	FMF/OAGF/RMAFC	7,479,392,748.12	1.71
	TOTAL	438,130,834,497.83	100

Source: FAAC Analysis, March, 2022

- 3.2 An analysis of the performance of the Revenue Generating Agencies vis-à-vis their approved collection target for February, 2022 is presented as Table 5.

Table 5: Summary of Agencies' Performance Vis-a-Vis Approved Target for February, 2022

S/N	AGENCY	APPROVED TARGET	ACTUAL REMITTANCE	VARIANCE	REVENUE PERF	REMARKS	CONTR. TO FED ACCT
		(February, 2022)	(February, 2022)	(C=B-A)	(%)		%
		(A)	(B)		$D=B/A \times 100$		
1	NNPC	Not Available	0	Not Applicable	0	N/A	0
2	NUPRC	266,718,665,561.59	109,221,861,894.15	(157,496,803,667.44)	40.95	Negative	24.93
3	FIRS	607,344,699,572.77	196,258,680,897.08	(411,086,018,675.69)	32.31	Negative	44.79
4	NCS	168,244,961,980.83	124,200,824,342.46	(44,044,137,638.37)	73.82	Negative	28.35
5	MMSD	578,679,091.50	970,074,616.02	391,395,524.52	167.63	Positive	0.22
6	FMF/OAGF/RMAFC	Not Applicable	7,479,392,748.12		0		1.71
6	TOTAL	1,042,887,006,206.69	438,130,834,497.83	(612,235,564,456.98)	100		100

Source: FAAC Analysis, March, 2022

4.0 VAT Pool Account Collection for February, 2022

- 4.1 A total sum of **₦171,872,738,753.04** accrued into the VAT Pool Account for the month of February, 2022 as compared to the sum of **₦191,221,765,349.04** in January, 2022. The information shows that FIRS VAT collection for the period was lower than its monthly target by **₦25,610,181,833.06** is depicted on table 6.

Table 6: VAT POOL ACCOUNT COLLECTIONS ANALYSIS FOR JANUARY TO FEBRUARY, 2022

S/N	Month	Monthly Target	Actual Collection	Variance	Remark	Performance %
1	January, 2022	203,482,920,586.10	191,221,765,349.04	(12,261,155,237.06)	Negative	93.97
2	February, 2022	203,482,920,586.10	177,872,738,753.04	(25,610,181,833.06)	Negative	87.41

Source: FAAC Analysis, February, 2022

5.0 Balances in Special Funds As At 28th February, 2022:

- 5.1 Members may wish to note the balances in some Special Funds as at 28th February, 2022:

S/N	ITEM	AMOUNT (₦)
1	Electronic Money Transfer Levy	130,561,565,739.32
2	Police Trust Fund	28,650,501,588.89
3	Development of Natural Resources (1.68%)	62,479,075,216.25
4	Stabilization Fund (0.5%)	33,333,122,805.49

6.0 Conclusion

- 6.1 Thank you very much for your attention


H.E Chris Akomas PhD, FNIM
 For: Chairman, FAAC Post Mortem Sub-Committee
 21st April, 2022