

**FAAC POST-MORTEM SUB-COMMITTEE REPORT TO FEDERATION ACCOUNT
ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING ON FRIDAY,
24TH JUNE, 2022**

1.0 PREAMBLE

- 1.1 The FAAC Post-Mortem Sub-Committee meeting for the month of June, 2022 was held on Thursday, 16th June, 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 it is still awaiting its Board's approval to revoke earlier approval granted on the tax Amnesty Programme to tax payers and as such the re-instated liabilities be transferred to the Federal Inland Revenue Service's Debt Management and Enforcement for recovery. The outstanding sums still stood at **₦3,591,039,664.27**.
- b) **Update on NNPC's Deductions in Respect of Government Priority Projects:** At the Sub-Committee meeting held on Thursday, 16th June, 2022, Members were informed by NNPC's representative at the meeting that NNPC's Management was finalizing arrangements to enable the Post-Mortem Sub-Committee visit the various locations of the Government Priority Projects. NNPC is also being expected to provide the Status report for all the Government Priority Projects.
- 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:** Members may recall that the Managements of NPDC and NUPRC had met on Wednesday, 9th March, 2022 and adopted a resolution on the Legacy Debt. An Ad-hoc Committee had been set-up to further examine the correspondences received from NUPRC clarifying some of the issues and would submit its Final Report next month.

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

The Sub-Committee earlier had received and considered NNPC's response on the matter. However, NNPC was requested to segregate the revenues accrued in order to ascertain exactly what came in as Gas Revenue. Accordingly, in a letter dated 14th June, 2022, NNPC segregated the values of gas revenue from Miscellaneous, Ullage, Osubi, indicating the actual Gas revenue for the period. The response also provided details of the NNPC's Sinking Fund Account and the purpose for which it was set up. NNPC also stated in the letter that the data on State-by-State consumption of Premium Motor Spirit (PMS) was not within its purview and advised the Sub-Committee to liaise with the appropriate Agency for the information.

The Sub-Committee noted the information provided by NNPC and would submit its Report after carefully considering the details provided by NNPC.

f) Exchange Rate Issues: The Sub-Committee is still working on the two aspects of the assignment received from FAAC Plenary. The two aspects are:

(1) Exchange Rate Application by NNPC on Domestic Crude: The Sub-Committee has completed the analysis of Exchange rates applied by NNPC on Domestic Crude Cost payable to the Federation Account in the year 2021 which revealed various underpayments. After extensive deliberations, the Sub-Committee had decided to extend the analysis to cover 2015 to 2021 in order to harmonize the period covered in the second aspect of the issue of underpayments arising from exchange rates applied by CBN. The findings arising from the extended Analysis would be presented to Members as soon as it is ready.

(2) Transactions Made from Exchange Gain and Forex Equalization Account. The Sub-Committee had received the Report on Review of Exchange Rate Differentials in Accounting for FAAC Inflows (2015 to 2021) from the Forum of States Commissioners of Finance in Nigeria. At the Sub-Committee meeting, Members resolved that there was need to harmonize both Reports and invite the Stakeholders concerned to a meeting to finalize the assignment.

g) Update on the Distribution of Electronic Money Transfer Levy (EMTL) Funds:

You may recall that at FAAC Plenary meeting which held on Wednesday, 25th May, 2022, the Sub-Committee was requested to work out the distribution of accrued Electronic Money Transfer Levy (EMTL) Funds. Consequently, the Sub-Committee set up an Ad-Hoc Committee, comprising the Federal Inland Revenue Service (FIRS), Office of the Accountant-General of the Federation (OAGF), Central Bank of Nigeria (CBN), Federal Ministry of Finance (FMF) Representatives of the Forum of Commissioners of Finance and Accountant-Generals of States to work out the modalities for the distribution of the accrued revenue. The Ad-Hoc Committee met and had completed the assignment. The Sub-Committee hereby presents a summary of the resolutions adopted at its meeting of Thursday, 16th June, 2022 affixed to this Report as **Annexure 'A'**.

h) Assessing the Impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in January to April, 2022: For the period of January to April, 2022, the Sub-Committee wishes to report that a total sum of **\$618,082,817.87** which was equivalent of **N336,889,438,063.87** was received into the Federation Account as arrears of payment from different sources as Shown in Table 1 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.

Table 1: Revenue Inflows of Arrears Owed to the Federation Account in January to April, 2022

S/N	Period	Detail	Amount of Receipts in USD (\$)	CBN Exchange Rate/\$	Amount in Naira Equivalent (N)
I.	January, 2022	NLNG Sales (Arrears)	8,011,750.25	389.00	3,116,570,847.25
II.		General Insurance Claims	62,928.77	389.00	24,479,291.53
III.		Southern Hydro Carbon	22,674,870.16	389.00	8,820,524,492.24
IV.		NUPRC Good and Valuable Consideration	26,836,056.00	389.00	10,439,225,784.00
V.		Pan Ocean – Domestic Gas Arrears	-	-	2,000,000,000.00
VI.		NUPRC Dollar Royalty Arrears (November)	5,206,950.00	389.00	2,025,503,550.00
VII.		N-Gas	1,141,109.61	389.00	443,891,638.29
VIII.		Mobil	22,266,645.69	389.00	8,661,725,173.41
		Total	86,200,310.48		35,531,920,776.72
I.	February, 2022	NLNG Sales (Arrears)	559,029.75	387.01	216,349,813.33
II.		General Insurance Claims	2,411,325.73	389.17	938,415,634.34
III.		Southern Hydro Carbon	1,104,705.29	389.17	429,918,157.71
IV.		NUPRC Good and Valuable Consideration	-	387.01	40,098,713,121.31
V.		Pan Ocean – Domestic Gas Arrears	28,528.00	389.17	11,102,241.76
VI.		NUPRC Dollar Royalty Arrears (November)	-	387.01	44,147,560,820.86
VII.		N-Gas	3,839,560.87	389.17	3,114,214,566.75
VIII.		Mobil	34,611.17	389.17	13,469,629.03
		Total	7,977,760.81		88,969,743,985.09
I.	March, 2022	NUPRC Arrears of NNPC Crude Oil Export Sales Revenue	75,883,414.07	389.17	29,351,548,253.62
II.		NNPC Arrears of LPG/NGL Gas Export Sales Revenue	32,038,127.81	389.17	12,472,443,156.43
III.		NNPC Arrears of NLNG Feedstock Revenue	83,678,661.22	389.17	32,565,224,586.87
IV.		NNPC LPG/NGL JV Cash Call Naira Revenue	-	387.17	2,154,003,297.40
V.		November, 2021/February, 2022 FIRS Naira PPT (Arrears)	123,120,201.21	386.30	47,561,333,727.81
VI.		NUPRC January, 2022 Outstanding Royalty Inflow (CBN)	7,271,160.09	389.17	2,270,800,372.21
VII.		NUPRC November, 2021/February, 2022 Naira Royalty	120,547,612.50	386.30	46,567,542,708.75
VIII.		NUPRC Dollar Royalty January/February, 2022	23,931,184.00	389.17	9,313,298,877.28
		Total	446,470,360.09		182,256,194,980.37
I.	April, 2022	NNPC JV NGL/LPG Arrears	29,944,298.11	389.66	11,668,095,201.54
II.		NNPC NLNG Sales Revenue Arrears	4,260,925.88	389.66	1,660,312,378.40
III.		NNPC/NUPRC December, 2021 Royalty Arrears	37,949,400.00	388.68	14,750,172,792.00
IV.		NNPC/NUPRC February, 2022 Royalty Arrears	4,972,480.00	389.00	1,934,294,720.00
V.		NNPC/NUPRC November, 2021 Con. Rent Arrears	307,282.50	386.30	118,703,229.75
		Total	77,434,386.49		30,131,578,321.69
		G/Total	618,082,817.87		336,889,438,063.87

Source: FAAC Analysis, February to May, 2022

3.0 VAT Pool Account Collection for January to April, 2022

- 3.1 A total sum of **N767,423,926,080.54** accrued into the VAT Pool Account from January to April, 2022. The information shows that FIRS VAT collection for the period represented a 94.29% performance. However, the collection was lower than the four months target by **N46,507,756,264.00** as shown in table 4 below.

Table 4: VAT Pool Account Collections Analysis for January to April, 2022

S/N	Month	Monthly Target N	Actual Collection N	Variance N	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
3	March, 2022	203,482,920,586.10	219,504,327,729.96	16,021,407,143.86	Positive	107.87
4	April, 2022	203,842,920,586.10	178,825,094,248.50	-25,017,826,337.60	Negative	87.73
		813,931,682,344.00	767,423,926,080.54	-46,507,756,264.00	Negative	94.29

Source: FAAC Analysis, May, 2022

4.0 Balances in Special Funds as at 30th April, 2022:

- 4.1 Members may wish to note the balances of some Special Funds Account as at 30th April, 2022:

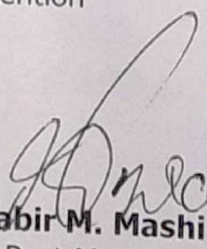
Table 5: Balances in Special Funds as at 30th April, 2022

S/N	ITEM	AMOUNT
1	Stabilization Fund Account	N 35,756,062,213.64
2	Development of Natural Resources	N 56,132,363,153.84
3	Domestic Excess Crude Proceed	N 4,033,726,259.07
4	Solid Mineral Account	N 8,183,963,368.18
5	Oil Excess Revenue Account	N 67,990,026.62
6	Police Trust Fund Account	N 28,650,501,588.59
7	Non-oil Excess Revenue Account	N 240,000,000,000.00
8	Forex Equalization Account	N 81,587,246,506.65
9	Excess Crude/PPT Account	\$ 35,376,655.09

Source: OAGF/FAAC Records, May, 2022

5.0 Conclusion

- 5.1 Thank you very much for your attention


Kabir M. Mashi 23/06/2022
 Chairman, FAAC Post Mortem Sub-Committee
 23rd June, 2022