

FAAC POST MORTEM SUB-COMMITTEE

REPORT TO THE FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING ON WEDNESDAY, 26TH OCTOBER, 2022

1.0 PREAMBLE:

The FAAC PMSC meeting for the month was held on 20th October, 2022 at the New Boardroom of the Revenue Mobilization Allocation and Fiscal Commission. In attendance were Members of Federation Account Allocation Committee (FAAC) Post Mortem Sub-Committee (PMSC), the representatives of Honorable Commissioners of Finance Forum, the representatives of State's Accountant Generals, representatives of Revenue Generating Agencies, Representatives of Office of Accountant General of the Federation, Representatives of Central Bank of Nigeria (CBN), representative of Nigeria Extractive Initiative Transparency International (NEITI) and Consultants to FAAC PMSC and other Stakeholders.

2.0 UPDATE ON OUTSTANDING ISSUES REFERRED TO THE COMMITTEE BY FAAC PLENARY

A) Update on Waivers on Taxes and Penalties Granted to Some Taxpayers by FIRS.

The Sub-Committee has not received any additional update from FIRS.

B) Update on Government Priority Projects:

The representative of the NNPC informed the Sub-Committee that in line with Petroleum Industry Act, 2021, all Federation assets in the Oil and Gas Sector have been transferred to NNPC Ltd with exception of Production Sharing Contract assets. Accordingly, the Government Priority Projects have become NNPC Ltd assets as such no more funding deductions from Federation Account as evidenced from the month of June, July and August reports to FAAC. The total deductions for Government Priority Projects from the initiation to date amounted to **N1,096,867,042,733.94**. Details are contained in Appendix A as attached.

C) Update On \$599,813,170.02 NPDC Indebtedness to NUPRC/The Federation Account in respect of Forcados Assets OML 119, 60-63 Series:

The PMSC was informed that the NUPRC and NPDC agreed payment of **\$599,813,170.02** which was to be defrayed in nine (9) equal monthly instalments of **\$66,645,907.78** starting from May, 2022, could not commence due to the stoppage of activity from those Oil Mining Leases.

The amount of **\$21,563,800.00** was wrongly credited to one of the NUPRC Accounts managed by the OAGF. The OAGF have written to the Honorable Minister of Finance to give approval for the amount to be reversed back to Federation Account.

D) Update on Exchange Rate Issues

- (i) The Pre-Mandated period: Outstanding balance of **N245,389,807,667.96** has been reconciled by the Consultant Rebo Usman & Co engaged by the Honorable Commissioners' of Finance Forum.
- (ii) The Post-Mandated Period: On the issue of Non Application of Mandated Rates by the CBN for the months of March, April and May 2020, which resulted in the underpayment to the Forex Equalization Account by **N67,103,539,195.29**, the FAAC PMSC decided that an official report should be made to the Honorable Minister of Finance so as to make the CBN to refund the amount to the Forex Equalization Account.
- (iii) On the Exchange Rate application by NNPC on Domestic Crude, FIRS PSC Crude and NUPRC Royalty Crude Sale Values which the PMSC was tasked to handle, the Ad-hoc Committee reported that work has been concluded on Domestic Crude Value and FIRS PSC Crude Values and has been availed to NNPC for their response in line with the principles of equity and fairness. NNPC was given time to respond as requested. The Report of the Exchange Rate Application by CBN is attached as Appendix B.

3.1 Assessing the Impact of FAAC Post Mortem Sub-Committee on Outstanding Arrears of Revenue Inflows Due to the Federation Account in August, 2022.

3.2 For the Month of August, 2022, the PMSC will like to inform the Plenary that the total sum of **\$291,694,793.09** equivalent to **N136,837,479,617.20** was recovered in favor of the Federation Account as outstanding arrears from several revenue items of collection and paid to the rightly designated accounts.

Table A: IMPACT OF FAAC PMSC ON REVENUE INFLOWS INTO FEDERATION ACCOUNT FROM OUTSTANDING ARREARS FOR THE MONTH OF AUGUST, 2022

S/N	Details	Amount of Receipt in USD (\$)	CBN Exchange Rate/\$ (N/\$)	Amount in Naira Equivalent in June, 2022 (N)
i.	NNPC Ltd. NGL/LPG Arrears of Revenue Sales 4,793.09	32,066,066.13	403.87	12,950,522,127.92
ii.	NNPC Ltd. NLNG Feedstock Arrears	5,688,556.38	403.87	2,297,437,265.19
iii.	CBN/FIRS May, 2022 Tax Monetisation	264,822.80	392.35	103,903,224.74
iv.	NNPC Ltd. First E&P (C.J. Blend TMP Proceeds)	253,540,491.16	403.87	102,397,398,164.79
v.	NNPC Ltd. FIRS DSDP Naira PPT Revenue	-	-	19,033,754,291.44
vi.	NUPRC NLNG Feedstock Sales Revenue	134,856.62	403.87	54,464,543.12
	Total (August, 2022)	291,694,793.09		136,837,479,617.20

3.3 The Sub-Committee would like to inform Members that from January to August, 2022, the recoveries made stood at **N959,581,475,080.29**. Details in Table B below:

TABLE B: IMPACT OF FAAC PMSC FROM JANUARY TO AUGUST, 2022

S/N	Month	Monthly Amount	Cumulative Total
i.	January, 2022	26,720,058,058.89	26,720,058,058.89
ii.	February, 2022	88,969,689,985.09	115,689,748,043.98
iii.	March, 2022	182,256,194,980.37	297,945,943,024.35
iv.	April, 2022	30,131,578,321.69	328,077,521,346.04
v.	May, 2022	27,998,770,961.08	356,076,292,307.12
vi.	June, 2022	153,433,931,821.85	509,510,224,128.97
v.	July, 2022	313,233,771,334.12	822,743,995,463.09
vi.	August, 2022	136,837,479,617.20	959,581,475,080.29

4.0 Federation Account Revenue Performance by Agencies in August, 2022

4.1 The total revenue inflow from revenue collectors to the Federation Account was **N654,360,360,644.55** as reflected in the component statement of CBN. The Collectors contribution and attributable percentage are given in Table C below:

TABLE C: AGENNCIES FEDERATION ACCOUNT REVENUE INFLOWS PERFORMANCE IN AUGUST, 2022

S/N	Details	August, 2022 (N)	Percentage Contribution (%)
i.	NNPC	0.00	0.00
ii.	NUPRC/MPR	131,452,355,058.88	20.09
iii.	FIRS	347,247,286,792.01	53.07
iv.	NCS	175,660,718,793.66	26.84
v.	Release from MMSD	0.00	0.00
	Total (August, 2022)	654,360,360,644.55	100.00

SOURCE: FAAC PMSC SEPTEMBER, 2022 ANALYSIS

4.2 Analysis of performance of the Revenue Generating Agencies with respect to their budgetary targets for August, 2022 is presented in Table D below:

TABLE D: REVENUE AGENCIES COLLECTION PERFORMANCE IN AUGUST, 2022

S/N	AGENCY	APPROVED MONTHLY TARGET (N)	ACTUAL REMITTANCE (N)	VARIANCE (N)	REVENUE PERFORMANCE (%)
		A	B	C=B-A	D=B/A*100
i.	NNPC	N/A	0	0	0.00
ii.	NUPRC/MPR	226,718,665,561.59	131,452,355,058.88	- 95,266,310,502.71	57.98
iii.	FIRS	828,395,909,305.54	593,046,232,426.82	-235,349,676,878.72	71.59
iv.	NCS	168,244,961,980.83	175,660,718,793.66	7,415,756,812.83	104.41
v.	MMSD	578,679,091.00	1,178,233,463.72	599,554,372.72	203.61
	Total (August, 2022)	1,223,938,215,938.96	901,337,539,743.08	-322,600,676,195.88	73.64

5.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF AUGUST, 2022

The FIRS VAT collection and remittance into the VAT Pool Account for the month of August, 2022 stood at **N231,171,362,639.23**. When compared with the monthly budgetary target of **₦203,482,920,586.10** it gave a negative variance of **N27,688,442,053.13**. The cumulative

total collection for the year stood at **N1,610,175,059,569.65** as indicated in the Table E below:

TABLE E: VALUE ADDED TAX COLLECTION AS AT AUGUST, 2022

S/N	Month	Monthly Vat Collection Paid to Vat Pool Account (N)	Cumulative Total (N)
i.	January, 2022	191,221,765,349.04	191,221,765,349.04
ii.	February, 2022	177,872,738,753.04	369,094,504,102.08
iii.	March, 2022	219,504,327,729.96	588,598,831,832.04
iv.	April, 2022	178,825,094,248.50	767,423,926,080.54
v.	May, 2022	213,178,969,522.69	980,602,895,603.23
vi.	June, 2022	208,147,551,561.10	1,188,750,447,164.33
vii.	July, 2022	190,256,219,766.09	1,379,006,696,930.42
viii.	August, 2022	231,171,362,639.23	1,610,178,059,569.65

SOURCE: FAAC PMSC SEPTEMBER, 2022 ANALYSIS

6.0 EMTL COLLECTION AND BALANCE AS AT AUGUST, 2022

From the reconciliation carried out by FAAC Post Mortem Sub-Committee, the amount collected by FIRS and paid into the EMTL Account for the Month of August, 2022 was **N14,627,582,995.80**. However, the CBN Balance of Federation Revenue Accounts reported receipt into the Account of **N11,224,009,107.58**. The CBN said the shortfall was attributed to intervention following a complaint by Eco Bank Plc of a duplicate payment it erroneously made to the tune of **N3,403,573,888.22**. The CBN escrowed the amount from the August collection pending resolution of the matter.

The PMSC requested CBN to immediately release the amount escrowed into the EMTL Account as they are not authorized to withhold Federation Account revenue. Hence, the Bank and FIRS should reconcile and request Eco Bank Plc to formally apply for a refund in line with the Collection Agreement signed by the Banks.

Also, Members may recall the unreconciled figure of **N10,515,254,646.00** out of the total collection on EMTL, the FIRS has informed the Sub-Committee that it has concluded the reconciliation and established the entire sum as Stamp Duty collection. The Table below shows the collection and balance in the EMTL Account:

TABLE F: EMTL COLLECTION AND TRANSFER AS AT AUGUST, 2022

S/N	Month	Opening Balance b/d (N)	Collection for the Month (N)	Total Balance (N)	Transfer to FAAC/Others (N)	Balance due (N)
	FIRS Bal. as at 31/12/2021	111,835,304,221.12				
i.	January, 2022	111,835,304,221.12	8,872,799,981.77	120,708,104,202.89	-	
ii.	February, 2022	120,708,104,202.89	9,853,461,536.43	130,561,565,739.32	-	
iii.	March, 2022	130,561,565,739.32	10,155,491,421.75	140,717,057,161.07	-	140,717,057,161.07
iv.	April, 2022	140,717,057,161.07	8,416,971,574.24	149,134,028,735.31	-	149,134,028,735.31
v.	April, 2022	149,134,028,735.31	12,181,413,360.86	161,320,442,096.17	-	161,320,442,096.17
vi.	May, 2022	149,134,028,735.31	12,186,413,360.86	161,320,442,096.17	101,320,049,575.00	60,000,392,521.17
vii.	June, 2022	60,000,392,521.17	10,633,158,316.35	70,633,550,837.52		
viii.	July, 2022	70,633,550,837.52	9,093,028,694.89	79,726,579,532.41	-	
ix.	August, 2022	79,726,579,532.41	14,627,582,995.80	94,354,162,528.21	10,515,254,646.00	83,838,907,882.21

Source: FIRS September Report to FAAC and FAAC September Report

7.0 NNPC VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FOR THE MONTH OF AUGUST, 2022

The NNPC Ltd deducted the sum of **N525,714,373,874.60** as PMS value shortfall recovery for the month. This brings the cumulative total to **N2,568,264,690,202.55** from January to August, 2022. Details are in Table below:

TABLE G: SUMMARY OF NNPC LTD. VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FROM JANUARY TO JULY, 2022

S/N	Month	Monthly Shortfall Recovery from FA (N)	Cumulative Total (N)
i.	January, 2022	210,381,727,053.04	210,381,727,053.04
ii.	February, 2022	219,783,148,011.13	430,164,875,064.17
iii.	March, 2022	245,772,559,462.62	675,937,434,526.79
iv.	April, 2022	271,588,672,761.88	947,526,107,288.67
v.	May, 2022	327,065,907,048.06	1,274,592,014,336.73
vi.	June, 2022	319,176,182,836.31	1,593,768,197,173.04
vii.	July, 2022	448,782,119,154.91	2,042,550,316,327.95
viii.	August, 2022	525,714,373,874.60	2,568,264,690,202.55

SOURCE: FAAC PMSC SEPTEMBER, 2022 ANALYSIS

8.0 BALANCES IN SPECIAL RESERVE ACCOUNTS FOR THE MONTH OF AUGUST, 2022

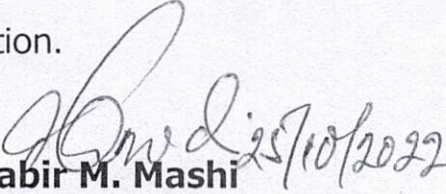
The balance in Special Reserve Accounts are given in Table H below:

TABLE H: BALANCES OF SPECIAL RESERVE ACCOUNTS AS AT AUGUST, 2022

S/N	ITEM	AMOUNT
1	Stabilization Fund Account	₦ 13,971,165,509.88
2	Development of Natural Resources	₦ 62,729,153,476.83
3	Domestic Excess Crude Proceed	₦ 4,332,480,701.07
4	Solid Mineral Account	₦ 11,904,460,469.73
5	Oil Excess Revenue Account	₦ 67,990,026.62
6	Police Trust Fund Account	₦ 27,389,773,732.82
7	Non-oil Excess Revenue Account	₦ 560,000,000,000.00
8	Forex Equalization Account	₦ 114,966,981,058.26
9	Excess Crude/PPT Account	\$ 470,599.54

FAAC September, 2022 And MMSD September Report to FAAC

9.0 Thank you for your attention.


Kabir M. Mashi
Kaigaman Katsina
Chairman, FAAC PMSC