

FAAC POSTMORTEM SUB-COMMITTEE

REPORT OF THE FAAC POST MORTEM SUB-COMMITTEE MEETING FOR THE MONTH OF JANUARY, 2024

1.0 PREAMBLE:

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Tuesday, 16th January, 2024 at the Boardroom of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). In attendance were the representatives of RMAFC, representatives of the Commissioners of Finance and Accountants-General Forum, Senior Technical Assistant to Nigeria's Governors Forum as well as representatives of the Revenue Generating and Accounting Agencies. The updates on matters referred to the Sub-Committee are presented hereunder:

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

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

Members may recall that the Sub-Committee had been reporting on the outstanding sum of **\$599,813,170.02** indebtedness of NPDC to NUPRC. The sum of **\$499,388,525.00** had been received as payment on GVC thus, leaving an outstanding balance of **\$100,424,645.02** unpaid as at October, 2023.

There was no report of payment received from NPDC GVC during the last monthly reconciliation meeting, however, NUPRC was requested to defray the outstanding amount of **\$100,424,645.02** within the shortest possible time as the outstanding is long overdue.

Also recall that the Sub-Committee had earlier recommended that the OAGF should provide the current position of the GVC ledger for distribution to the beneficiaries accordingly.

b) Update on Exchange Rate Issues

Exchange Rate Applied by CBN to FOREX Equalization Account and Exchange Gain

Members may recall that the Commissioners of Finance Forum engaged a Consultant **Rebo Usman and Co. (Chartered Accountants)** to review the exchange rate used by the CBN in transfers made to FOREX Equalization Account. The Consultant made a presentation on the floor of FAAC Plenary and the Postmortem Sub-Committee was mandated to review and harmonize the report with the Consultant.

The Consultant categorized the assignment into two; the **Pre-Mandated Period** (January 2015 to June 2017) and **Post-Mandated Period** (July 2017 to December, 2020). The Consultant established the sum of

N245,389,807,667.96 as outstanding Exchange Gain before the introduction of CBN Mandated rate. However, during the reconciliation meeting between the Sub-Committee, the Consultant and other Stakeholders, the OAGF provided additional documents which showed that the amount established had been duly credited to the Exchange Gain ledger and distributed to the beneficiaries accordingly.

On the Post-mandated Period, it was observed that CBN did not apply the mandated rate in computing Exchange Rate Differential credited to the FOREX Equalization Account for the months of March, April and May, 2020. The representative of CBN provided and validated the Component Statements for January 2017 to December, 2020 but were not able to tender authorization for not applying the Mandated Rates for the period and its subsequent resumption. This resulted to a shortfall of **₦67,103,539,195.29** to the Federation Account for the non-application of Mandated Rates by CBN for the months of March, April and May 2020.

In the light of the above, the Postmortem Sub-Committee recommended that FAAC should send a formal letter to the CBN for the payment of the **₦67,103,539,195.29** shortfall while the Consultant should be paid the agreed fee.

c) Update on Review of FGN/CBN Treasury Crude Account No: 20054141287

The representative of the CBN informed the Sub-Committee during the last meeting that the Bank is working assiduously to ensure that the required documents are provided to enable the Committee conclude the assignment. He further said that the delay was as a result of the request of data as far back as 1999 which the Bank had archived outside its Head Office in Abuja. The Sub-Committee awaits CBN response.

d) Update on the Transfers and Utilization of Savings into the Oil and Non-Oil Revenue Accounts.

Recall that at the last FAAC Plenary meeting, the Sub-Committee presented reports on the transfers and utilization of savings in the Oil and Non-Oil Excess Revenue Accounts and also on the Deductions made by NNPC for Frontier Exploration and management Fee. The Sub-Committee is working to provide an updated report by the next meeting.

e) Update on the adjustment in May, 2023 CBN Exchange Rate

Also recall that the Sub-Committee reported that in the month of May, 2023 Federation Account, it was reported that the NNPC DSDP Naira Royalty was **N25,120,423,890.00** at the Exchange rate of **N436.38/\$1**. This amount was subsequently reviewed to **N35,797,681,830.00** by NNPC. However, NUPRC

disagreed with NNPC amount and claimed that it was **N39,921,674,250.00** after adjustment in the CBN Exchange rate from **N621.86/\$1** to **N693.50/\$1**. NNPC stated that the revised exchange rate was not officially communicated to the company by the CBN.

The Sub-Committee hereby request that CBN should formally provide the revised exchange rate to enable it close-out on the issue.

3.0 ASSESSING THE IMPACT OF FAAC POST MORTEM SUB-COMMITTEE ON OUTSTANDING ARREARS OF REVENUE INFLOWS DUE TO THE FEDERATION ACCOUNT IN NOVEMBER, 2023.

- 3.1 For the Month of November, 2023 Federation Account, the PMSC will like to inform the Plenary that as a result of reconciliation with Agencies, the total sum of **\$284,795,030.74** equivalent to **N300,463,296,982.97** was reconciled and confirmed paid into the CBN designated accounts. Details are as contained in Table A below:

Table A: Impact of FAAC PMSC on Revenue Inflows into Federation Account from Outstanding Arrears for the Month of November, 2023

S/N	Detail	Amount in USD (\$)	X-Rate(N/\$)	Amounting in Naira Equivalent (N)
i.	NUPRC NEPL Royalty Arrears	52,100,334.00	768.26	40,026,602,598.84
ii.	NUPRC J.V. Royalty Arrears	176,171,872.73	768.26	135,345,802,943.55
iii.	FIRS PSC-MCA OIL PPT arrears	55,085,975.14	768.26	42,320,351,261.05
iv.	FIRS PSC MCA Gas CIT	1,119,221.39	768.26	859,853,025.08
v.	NUPRC PSC-MCA Gas Royalty arrears	317,627.48	768.26	244,020,487.78
vi.	NNPC Ltd Calendarized Dividend October, 2023 Arrears		941.617	81,666,666,666.67
	Sub- Total	284,795,030.74		300,463,296,982.97

Source: FAAC PMSC Analysis, December, 2023

- 3.2 The Sub-Committee would like to inform Members that from January to November, 2023 the outstanding arrears reconciled and paid to the Federation Account stood at **N5,547,471,325,019.94**. Details in Table B below:

Table B: Summary of FAAC PMSC Cumulative Revenue Inflow to the Federation Account from Reconciled Outstanding Arrears from January to November, 2023

S/N	Month	Monthly CBN Revenue inflow to the Federation Account (N)	Cumulative Total (N)
i.	January, 2023	653,704,400,827.01	653,704,400,827.01
ii.	February, 2023	487,106,515,290.89	1,140,810,916,117.90
iii.	March, 2023	638,673,365,209.07	1,779,484,281,326.97
iv.	April, 2023	497,463,160,720.59	2,276,947,442,047.56
v.	May, 2023	702,426,001,621.39	2,979,373,443,668.95
vi.	June, 2023	1,654,043,261,487.23	3,531,702,850,671.15
vii.	July, 2023	1,434,329,455,928.42	4,966,082,306,599.57
viii.	August, 2023	107,754,645,102.66	5,073,836,951,702.23
ix.	September, 2023	152,010,601,435.89	5,225,847,553,138.12
x.	October, 2023	23,160,474,898.85	5,249,008,028,036.97
	November, 2023	300,463,296,982.97	5,547,471,325,019.94

Source: FAAC PMSC Analysis, December, 2023

4.0 NNPC VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FOR THE MONTH OF NOVEMBER, 2023

- 4.1 There was no deduction for PMS value shortfall recovery for the month of November, 2023. The cumulative deductions between January to November, 2023 still remain **₦2,251,836,402,455.77**. Details are in Table C below:

Table C: Summary of NNPC Ltd. Value Shortfall Recovery from Federation Account for the Period January to November, 2023

S/N	Month	Monthly PMS Value Shortfall Recovery from FA (N)	Cumulative Total (N)
i.	Opening Balance (1/1/2023)		526,461,161,901.53
ii.	January, 2023	309,192,846,944.09	835,654,008,845.62
iii.	February, 2023	255,391,863,631.18	1,091,045,872,476.80
iv.	March, 2023	341,530,577,208.79	1,432,576,449,686.59
v.	April, 2023	190,572,534,815.11	1,623,148,984,501.70
vi.	May, 2023	254,510,605,682.22	1,877,659,590,183.92
vii.	June, 2023	374,176,813,271.84	2,251,836,402,455.77
viii.	July, 2023	-	2,251,836,402,455.77
viii.	August, 2023	-	2,251,836,402,455.77
ix.	September, 2023	-	2,251,836,402,455.77
x.	October, 2023	-	2,251,836,402,455.77
xi.	November, 2023	-	2,251,836,402,455.77

Source: FAAC PMSC Analysis December, 2023

- 4.2 As you are aware, the Stakeholders Alignment Committee is reconciling subsidy claims by NNPC against amounts withheld, therefore, the FAAC Post-Mortem Sub-Committee is awaiting the Report of the Committee in order to ascertain the actual NNPC indebtedness to the Federation Account.

5.0 OUTSTANDING FEDERATION ACCOUNT REVENUE ARISING FROM THE INTER-AGENCIES RECONCILIATION MEETING HELD IN DECEMBER, 2023

- 5.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in January, 2023 meeting was **\$101,079,276.25** and **₦1,156,321,703,941.79** as shown in Table D.

Table D: Summary of Unresolved Federation Account Revenue as at November, 2023

AGENCY	Dollar (\$)	Naira (N)
NNPCL	-	58,036,760,696.32
FIRS/NNPCL	654,631,23	415,636,341,251.76
NUPRC/NNPCL	100,424,645.02	682,648,601,993.71
TOTAL	101,079,276.25	1,156,321,703,941.79

Source: FAAC PMSC Analysis November, 2023

- 5.2 Members should note that these outstanding amounts are still being reconciled at the monthly reconciliation meetings between the Agencies and the Sub-Committee. Furthermore, all other outstanding from the Revenue Generating

Agencies before June, 2023, were referred to the Stakeholders Alignment Committee and the Sub-Committee awaits the outcome of the reconciliation.

6.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF NOVEMBER, 2023

- 6.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of November, 2023 was **₦360,455,219,651.31**. FIRS 4% cost of collection deduction was **₦14,418,208,786.05**, while 3% North East Development Commission (NEDC) deduction was **₦10,381,110,325.96** leaving a net amount of **₦335,655,900,539.30** for distribution to the three tiers of government. The cumulative VAT collection for the period January to November, 2023 was **₦3,146,811,094,333.83** as indicated in Table E below:

Table E: Value Added Tax (VAT) Collection for the Period January to November, 2023

S/N	Month	Monthly VAT Collection Paid to VAT Pool Account (N)	Cumulative Total (N)
i.	January, 2023	250,009,599,932.58	250,009,599,932.58
ii.	February, 2023	240,799,215,816.08	490,808,815,748.66
iii.	March, 2023	218,785,754,993.15	709,594,570,741.81
iv.	April, 2023	217,742,950,401.10	927,337,521,142.91
v.	May, 2023	270,197,121,560.07	1,197,534,642,702.98
vi.	June, 2023	293,411,538,215.54	1,490,946,180,918.52
vii.	July, 2023	298,789,527,584.60	1,789,735,708,503.12
viii.	August, 2023	345,726,953,300.26	2,135,462,661,803.38
ix.	September, 2023	303,549,830,572.79	2,439,012,492,376.17
x.	October, 2023	347,343,382,306.35	2,786,355,874,682.52
xi.	November, 2023	360,455,219,651.31	3,146,811,094,333.83

Source: FAAC PMSC Analysis, December, 2023

7.0 ELECTRONIC MONEY TRANSFER LEVEY (EMTL) FOR THE MONTH OF NOVEMBER, 2023

- 7.1 The FIRS EMTL collection and remittance for the month of November, 2023 was **₦12,449,338,060.00** out of which the sum of **₦497,973,522.40** was deducted as 4% cost of collection leaving a net amount of **₦11,951,364,537.60** for distribution to the three tiers of government. The cumulative EMTL collection for the period of January to November, 2023 was **₦151,185,973,299.40** as indicated in Table F below:

Table F: Electronic Money Transfer Levy (EMTL) for the Period January to November, 2023

S/N	Monthly Inflow to EMTL Account (N)	Cumulative Total (N)
January	13,798,911,192.75	13,798,911,192.75
February	12,130,035,304.85	25,928,946,497.60
March	15,091,626,492.78	41,020,572,990.38
April	15,121,436,356.39	56,142,009,346.77
May	14,969,236,634.06	71,111,245,980.83
June	11,913,149,875.06	83,024,395,855.89
July	13,374,385,212.87	96,398,781,068.76
August	14,690,602,279.89	111,089,383,348.65
September	11,447,883,086.81	122,537,266,435.46
October	16,199,368,803.94	138,736,635,239.40
November	12,449,338,060.00	151,185,973,299.40

Source: FAAC PMSC Analysis, December, 2023

8.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

8.1 The balances in Special Reserve Accounts as at 30th November, 2023 were as follows:

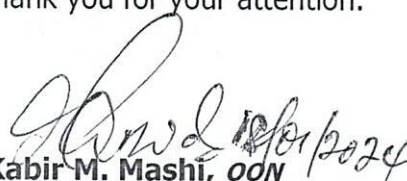
Table G: Summary of Balances in the Special Accounts as at 30th November, 2023

S/N	ITEM	AMOUNT (=N=)	AMOUNT (\$)
a .	Stabilization Fund Account	59,327,180,993.05	
b .	Development of Natural Resources	162,179,856,058.51	
c .	Domestic Excess Crude Proceed	5,826,252,911.07	
d .	Solid Mineral Account	12,923,062,271.97	
e .	Oil Excess Revenue Account	67,990,026.62	
f .	Police Trust Fund Account	0.00	
g .	Non-oil Excess Revenue Account	481,431,279,418.56	
h .	Forex Equalization Account	18,500,744,903.02	
i .	EMTL Account	13,953,481,584.17	
j .	Exchange Gain	80,230,572,340.52	
k .	Special Intervention for the Military	100,000,000,000.00	
l .	NNPC Remittances not Distributed	0.00	
m .	Good and Valuable Consideration		475,710,935.74
l .	Excess Crude/PPT Account		473,754.57

Source: OAGF/FAAC/MMSD Records for December, 2023

9.0 Conclusion

9.1 Chairman and Members, thank you for your attention.


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(Kaigaman Katsina)
Chairman, FAAC PMSC
January, 2024