

**FAAC POST-MORTEM SUB-COMMITTEE REPORT TO  
FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY  
MEETING HOLDING ON THURSDAY 9<sup>TH</sup> DECEMBER, 2021**

**1.0 PREAMBLE**

- 1.1 The FAAC Post-Mortem Sub-Committee meeting for the Month of December, 2021 was held on Thursday, 9<sup>th</sup> December, 2021 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) confirmed the receipt of an additional sum of **₦4, 687,847.96** from the outstanding sum of **₦3,658,128,726.39** leaving a balance of **₦3,653,440,878.42**. The Service is still in the process of recovery of outstanding sums from this Exercise is on-going. Additional update would be provided as and when reported by FIRS.
- b) **Update on NNPC's Deductions in Respect of Government Priority Projects:** No further update or additional information was received from NNPC. It would be recalled that the Sub-Committee explained that only 4 out of 10 projects were reported by NNPC for second quarter, 2021. At the Sub-Committee meeting held on 4<sup>th</sup> December 2021, NNPC reported that it was still expecting update from its subsidiaries to enable it present a full Report. Members may note NNPC has not submitted a Comprehensive Report on these Projects in accordance with the resolution of Plenary.
- 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 ₦6.32 Trillion Withheld by NNPC:** Members may recall that several Interim Reports had highlighted resolutions which had been reached on the protracted issue of **₦6.32** Trillion allegedly withheld by NNPC from the Federation Account. Accordingly, the Sub-Committee had recommended thus: ***owing to the several claims and counter claims being made by the Federation and NNPC, the Sub-Committee is of the view that another forensic audit covering the period of 2015–2021 may be required in***

***order to authenticate the veracity of NNPC's/Federation's claims and bring a closure to the protracted matter.***

In view of the foregoing, The Federal Ministry of Finance, Budget and National Planning may wish to expedite action on the engagement of a competent auditor in order to resolve this matter conclusively.

- e) **Update on \$2,226,998,165.02 NPDC Indebtedness to DPR on Forcados Assets OML 119, 60-63, 11, 24 and 98: Following Reconciliation meetings held** on 1<sup>st</sup> to 5<sup>th</sup> November, 2021, a decision to consult with the Nigerian Upstream Petroleum Regulatory Commission (formerly DPR) on the various aspects of the issues raised at the reconciliation meeting, before reaching a conclusion on the matter was reached. NUPRC had agreed to set up a meeting to provide its position, however, this had not been possible partly due to the reformatory and leadership changes in the Agencies concerned.
- f) **Update on Various Deductions by Nigeria National Petroleum Corporation (NNPC) Before Computation of 13% Derivation to Oil Producing States:** The report of the Sub-Committee is hereby attached as 'Appendix I'
- g) **Update on Increased Gas Revenue Inflow to the Federation Account in the Month of July, 2021:** Members may recall that an analysis of the submission made by NNPC, indicate that the spike in gas revenue was attributable to the payment of various accumulated sums for periods. As a follow up, the Sub-Committee is also taking a look at the State-by-State gas consumption data supplied by NNPC and other related issues, such as the sinking fund operated by NNPC from where some of the proceeds in question was received. Additionally, NUPRC has also requested for additional time to enable it to verify the State-by-State gas consumption data supplied by NNPC. A full detail of the findings and various sums making up accumulated amounts in question would be presented in the final Report.
- h) **Exchange Rate Issues** – Work in progress
- i) **Assessing the impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in October, 2021:** For the Month of October, 2021, the Sub-Committee wishes to report that a total sum of **\$97,824,902.75** which was equivalent of **₦37,789,759,932.33** was received in to the Federation Account as arrears of payment from different sources as Shown in Table 1 below. These payments were made pursuant to efforts by the Sub-Committee's monthly analysis and reconciliation of revenue collections and remittances into the Federation Account and had considerably reduced the amount of arrears against some of the Revenue Generating Agencies. Table 2

shows the cumulative amount received into the Federation Account from January to October 2021 as arrears owed to the Federation Account amounting to **\$2,812,909,311.29** or **₦ 1,215,626,896,267.68**

**Table 1: Revenue Inflows of Arrears Owed to the Federation Account in October, 2021**

S/N	Detail	Amount of Receipts in USD (\$)	CBN Exchange Rate/\$	Amount in Naira Equivalent (₦)
vii.	NNPC/NLNG Feedstock Sales Arrears	2,440,735.51	386.30	942,856,127.51
viii.	NNPC Total Energy Upstream Miscellaneous	238,677.56	386.30	92,201,141.43
ix.	Shell Petroleum Development	93,640,796.13	386.30	36,173,436,545.02
x.	Insurance Claims Refund	220,252.90	386.30	85,083,695.29
xi.	NNPC/N-Gas	1,282,767.25	386.30	495,532,988.68
xii.	Credit Interest	1,673.40	386.30	646,434.42
	<b>TOTAL</b>	<b>97,824,902.75</b>		<b>37,789,759,932.33</b>

Source: FAAC Analysis, October, 2021

**Table 2: Summary of FAAC PMSC Impact on Outstanding Arrears of Revenues Inflow to the Federation Account from January to October, 2021**

S/N	Month	Amount Paid in USD (\$)	Amount Paid in Naira Equivalent (₦)
i.	December/January, 2021	198,604,596.24	75,271,141,974.96
ii.	January/February, 2021	196,867,789.43	74,370,755,973.70
iii.	February/March, 2021	291,379,957.34	110,515,679,179.35
iv.	March/April	243,347,267.08	92,127,237,118.87
v.	April/May	16,909,826.53	8,925,572,165.05
vi.	May/June	504,093,635.91	216,756,717,795.29
vii.	June/July, 2021	328,138,443.14	184,106,700,009.28
viii.	July/August	454,344,767.95	213,641,395,325.26
ix.	August/September	481,398,124.92	202,121,936,793.59
x.	September/October	97,824,902.75	37,789,759,932.33
	<b>Total</b>	<b>2,812,909,311.29</b>	<b>1,215,626,896,267.68</b>

Source: FAAC Analysis, November, 2021

### 3.0 SUMMARY OF GROSS FEDERATION ACCOUNT REVENUE INFLOWS FOR THE MONTH OF OCTOBER, 2021

3.1 For the month of October, 2021, a total sum of **₦411,535,475,673.27** 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 3 below:

**Table 3: Summary of Gross Federation Account Revenue Collections Contribution as Indicated in CBN Component Statement for the Month of October, 2021**

S/N	Detail	October, 2021 (₦)	Percentage Contribution (%)
i.	NNPC Crude Oil and Gas Sales Revenue Receipts	14,850,291,289.47	3.61
ii.	Nigerian Upstream Petroleum Regulatory Commission (NUPRC)	101,774,159,523.64	24.73
iii.	Federal Inland Revenue Service (FIRS)	160,588,458,114.83	39.02
iv.	Nigeria Custom Service (NCS)	133,869,028,159.49	32.53
v.	Ministry of Mines and Steel Development (MMSO)	453,538,585.84	0.11
	<b>TOTAL</b>	<b>411,535,475,673.27</b>	<b>100.00</b>

Source: FAAC Analysis, November, 2021

3.2 Please note that, a total sum of **₦166.285** accrued into the VAT Pool Account for the month of October, 2021 as compared to the sum of **₦170.850** in September, 2021

#### 4.0 SUMMARY OF GROSS FEDERATION ACCOUNT REVENUE INFLOWS AND PERFORMANCE ANALYSIS FOR THE MONTH OF OCTOBER, 2021

4.1 The Federation Account Allocation Committee (FAAC) records indicated that a total Sum of **₦ 411,535,475,673.27** was received and distributed to the three (3) tiers of Government as stated in table 4 below. This amount is lower than targeted budget expectation of **₦773,650,762,536.96**.

**Table 4: SUMMARY OF AGENCIES' PERFORMANCE VIS APPROVED TARGET FOR OCTOBER, 2021**

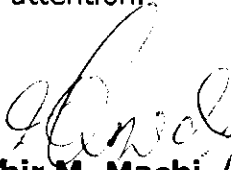
SUMMARY OF AGENCIES' PERFORMANCE VIS APPROVED TARGET FOR OCTOBER, 2021							
S/N	AGENCY	APPROVED TARGET	ACTUAL REMITTANCE	VARIANCE	REVENUE PERF	REMARKS	CONTR. TO FED ACCT
		(OCTOBER, 2021)	(OCTOBER, 2021)	(C=B-A)	(%)		%
		(A)	(B)		$D = \frac{B}{A} \times 100$		
1	NNPC	Not Available	14,850,291,289.47	Not Available	Not Available	Not Available	3.61
2	NUPRC	156,646,100,348.58	101,774,159,523.64	- 54,871,940,824.94	64.97	Negative	24.73
3	FIRS	498,616,218,508.03	160,588,458,114.83	-338,027,760,393.20	32.21	Negative	39.02
4	NCS	118,067,797,591.72	133,869,028,159.49	15,801,230,567.77	113.38	Positive	32.53
5	MMSD	320,646,088.63	453,538,585.84	132,892,497.21	141.45	Positive	0.11
	<b>TOTAL</b>	<b>773,650,762,536.96</b>	<b>411,535,475,673.27</b>	<b>376,965,578,153.16</b>			<b>100.00</b>

**Note:** The Sum of **₦ 89,419,663,904.12** was collected by FIRS from January, 2021 to October, 2021 as Electronic Money Transfer Levy (EMTL)

Source: Pg 4 of FIRS report to FAAC for 17<sup>th</sup> November, 2021

#### 5.0 Conclusion

5.1 Thank you very much for your attention.

  
**Kabir M. Mashi** 14/12/2021  
 (Kaigaman Katsina)  
 Chairman, FAAC Post Mortem Sub-Committee  
 14<sup>th</sup> December, 2021