

**FAAC POST-MORTEM SUB-COMMITTEE REPORT TO
FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY
MEETING HOLDING ON TUESDAY 18TH JANUARY, 2022**

1.0 PREAMBLE

- 1.1 The FAAC Post-Mortem Sub-Committee meeting for the month of January, 2022 was held on Tuesday, 18th January, 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) informed members that the Service is still pursuing the recovery of the outstanding sum of **₦3, 658,128,726.39**. However, the Sub-Committee emphasized the need for FIRS to explore all options available to the service to ensure that the total amount is recovered as soon as possible.
- b) Update on NNPC's Deductions in Respect of Government Priority Projects:** The Sub-Committee had written to NNPC to submit the status of all the Government Priority Projects on a quarterly basis to enable it track the completed Projects. In response, NNPC submitted only 3rd quarter report of 2021, containing 4 out of 10 projects. The Sub-Committee requested NNPC to ensure the submission of the completed projects as reported as well as ensure consistent quarterly report as per FAAC Plenary decision. However, members are invited to note that based on FAAC Records, the cumulative deduction on priority projects from January to November 2021 stood at **₦296, 466,821,402.60**.

- 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:** The Ad-hoc Committee had presented a final Report to Plenary in which it had recommended 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 this, the Federal Ministry of Finance Budget and National Planning may wish to expedite action on the engagement of a competent auditor in other to resolve this protracted matter. The Sub-Committee would be awaiting the outcome of the Audit Report to complete the assignment.
- e) Update on \$2,226,998,165.02 NPDC Indebtedness to DPR on Forcados Assets OML 119, 60-63, 11, 24 and 98:** NUPRC informed members that Commission would be available for the final reconciliation meeting from 14th to 28th February, 2022. The Sub-Committee accepted the date and promised to liaise with NPDC to ensure that the final reconciliation is held within the proposed days.
- f) Update on Increased Gas Revenue Inflow to the Federation Account in the Month of July, 2021.** Members may recall that at previous meetings, the Sub-Committee had reported that NNPC submitted documents explaining that the upsurge was as a result of reconciliation balances from miscellaneous income from Gas, Ullage, Osubi etc. The Sub- Committee requested NNPC to segregate the income declared. We are still expecting NNPC's response to enable us ascertain the actual revenue from Gas before the final Report.
- g) Exchange Rate Issues:** The Sub-Committee is currently working on two assignments from FAAC Plenary:
- i. **Exchange Rate Application by NNPC on Domestic Crude** - The Sub-Committee had completed analysis of one year (2021) on the Exchange rates applied by NNPC on Domestic Crude. NNPC asked for one month period to authenticate the figure established by the Committee, However the Sub-Committee gave NNPC two weeks to confirm the underpayments established and revert back.

- ii. **Transactions Made from Exchange Gain and Forex Equalization Account**- recall that at the last plenary meeting, the Sub-Committee was assigned to reconcile transactions made from Exchange Gain and Forex Equalization Account. On this, the Sub-Committee had completed two years analysis (2020 -2021). The Sub-Committee is still working on the remaining three years.

h) Assessing the Impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in November, 2021: For the Month of November, 2021, the Sub-Committee wishes to report that a total sum of **\$134,949,428.32** which was equivalent of **₦215, 095,276,320.13** was received into 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 this had considerably reduced the amount of arrears against some of the Revenue Generating Agencies.

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

S/N	Detail	Amount of Receipts in USD (\$)	CBN Exchange Rate/\$	Amount in Naira Equivalent (N)
i.	Sundry Insurance Claims Miscellaneous Income	865,727.30	387.77	335,694,417.85
ii.	Chevron JV Miscellaneous Income	20,232,385.37	387.77	7,845,512,079.92
iii.	Southern HydroCarbon Resources	6,314,334.90	387.77	2,448,509,644.17
iv.	Shell Petroleum Development Company	103,277,961.75	387.77	40,048,095,227.80
v.	N-Gas Limited	1,080,250.00	387.77	418,888,542.50
vi.	Green Energy International	1,000,000.00	387.77	387,770,000.00
vii.	NNPC/FIRS Arrears of Naira PPT	-	-	83,242,467,768.47
viii.	NNPC/NUPRC Arrears of Naira Royalty	-	-	79,523,471,834.17
ix.	NNPC/NUPRC Arrears of Rental	2,178,761.00	387.77	844,858,152.97
	SUB-TOTAL(NOVEMBER, 2021)	134,949,428.32		215,095,276,320.13

Source: FAAC Analysis, December, 2021

Table 2: Summary of FAAC PMSC Impact on Outstanding Arrears of Revenues Inflow to the Federation Account from January to November, 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
xi.	October/November	134,949,428.32	215,095,276,320.13
	Total	2,947,858,739.61	1,430,722,172,587.81

Source: FAAC Analysis, December, 2021

Table 2 shows the cumulative amount received into the Federation Account from January to November 2021 as arrears owed to the Federation Account amounting to **\$2,947,858,739.61** or **₦1, 430,722,172,587.81**.

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

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

S/N	Detail	November, 2021 (₦)	Percentage Contribution (%)
i.	NNPC Crude Oil and Gas Sales Revenue Receipts	10,535,604,478.80	1.62
ii.	Nigerian Upstream Petroleum Regulatory Commission (NUPRC)	205,812,063,138.20	31.74
iii.	Federal Inland Revenue Service (FIRS)	290,360,804,026.61	44.78
iv.	Nigeria Custom Service (NCS)	140,491,510,872.58	21.66
v.	Ministry of Mines and Steel Development (MMSD)	839,662,323.95	0.13
	RMAFC	437,911,169.20	0.07
	TOTAL (OCTOBER, 2021)	648,477,556,011.34	100.00

Source: FAAC Analysis, December, 2021

For the month of November, 2021, a total sum of **₦648, 477,556,011.34** 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 above.

3) VAT Pool Account Collection Cumulative From January to November, 2021

Table 4

S/N	Month	Monthly VAT Collection Paid to VAT Pool Account (N)	Cumulative Total (N)
i.	January, 2021	157,351,311,374.39	157,351,311,374.39
ii.	February, 2021	157,326,674,075.96	314,677,985,450.35
iii.	March, 2021	181,712,025,205.21	496,390,010,655.56
iv.	April, 2021	176,709,916,743.17	673,099,927,398.73
v.	May, 2021	181,077,878,315.77	854,177,805,704.50
vi.	June, 2021	154,465,144,764.72	1,008,642,950,479.22
vii.	July, 2021	151,134,356,595.53	1,159,777,307,074.75
viii.	August, 2021	178,509,197,845.52	1,338,286,504,920.27
ix.	September, 2021	170,850,058,826.28	1,509,136,563,746.55
x.	October, 2021	166,284,524,561.61	1,675,421,088,308.16
xi.	November, 2021	196,175,350,504.14	1,871,596,438,812.30

Total 2021 FIRS/CBN Cumulative Total VAT Collection for VAT Pool Account as at November, 2021 was **N1.871, 596 trillion.**

Note: A total sum of **₦196.175b** accrued into the VAT Pool Account for the month of November, 2021 as compared to the sum of **₦166.285** in October, 2021. Cumulative Total FIRS/NCS/CBN VAT Collection for VAT Pool Account from January to November, 2021 as show on table 4 above

Table 5: Summary of NNPC Value Shortfall Recovery from Federation Account from January to November, 2021

S/N	Month	Monthly Shortfall Deduction from the FA (N)	Cumulative Total (N)
i.	January, 2021		
ii.	February, 2021	25,374,228,794.87	25,374,228,794.87
iii.	March, 2021	60,396,474,465.87	85,770,703,260.74
iv.	April, 2021	61,966,456,903.74	147,737,160,164.48
v.	May, 2021	126,298,457,944.36	274,035,618,108.84
vi.	June, 2021	164,337,097,352.49	438,372,715,461.33
vii.	July, 2021	103,286,281,752.62	541,658,997,213.95
viii.	August, 2021	173,131,639,213.61	714,790,636,427.56
ix.	September, 2021	149,383,084,869.20	864,173,721,296.76
x.	October, 2021	163,709,314,928.49	1,027,883,036,225.25
xi.	November, 2021	131,400,236,846.95	1,159,283,273,072.20

Source: FAAC Analysis, December, 2021

Note that, Total 2021 Cumulative Value Shortfall Recovery from Federation Account as at November, 2021 was **N1, 159.283 trillion.** as show on table 5 above

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

Table 6: SUMMARY OF AGENCIES' PERFORMAMNCE VIS APPROVED TARGET FOR NOVEMBER, 2021

SUMMARY OF AGENCIES' PERFORMAMNCE VIS A VIS APPROVED TARGET FOR NOVEMBER, 2021							
S/N	AGENCY	APPROVED TARGET	ACTUAL REMITTANCE	VARIANCE	REVENUE PERF	REMARKS	CONTR. TO FED ACCT
		(NOVEMBER, 2021)	(NOVEMBER, 2021)	(C=B-A)	(%)		%
		(A)	(B)		D=B/A X 100		
1	NNPC	Not Available	10,535,604,478.80	Not Applicable	N/A	N/A	1.62
2	NUPRC	156,646,100,348.58	205,812,063,138.20	49,165,962,789.62	131.37	Negative	31.74
3	FIRS	498,616,218,508.03	290,360,804,028.61	-208,255,414,479.42	58.23	Negative	44.78
4	NCS	118,067,797,591.72	140,491,510,872.58	22,423,713,280.86	118.99	Positive	21.66
5	MMSD	320,646,088.63	839,662,323.95	519,016,235.32	261.87	Positive	0.13
6	FMF/OAFG & RMARC	Not Applicable	437,911,169.20	Not Applicable	0.07	N/A	0.07
7	TOTAL	773,650,762,536.96	648,477,556,011.20	(136,146,712,173.12)			100

Source: FAAC Analysis, December, 2021

- 4.1 The Federation Account Allocation Committee (FAAC) records indicated that a total Sum of **₦648,477,556,011.20** was received and distributed to the three (3) tiers of Government as stated in table 6 below. This amount is lower than targeted budget expectation of **₦773, 650,762,536.96**.

Note: Total FIRS Electronic Money Transfer Levy (ETML) Revenue Collection Account Balance as at 30th November, 2021 stood at **₦99, 079,787,754.73**

Source: FIRS/FAAC/ December, 2021

Note: Police Trust Fund Account has balance of **₦49, 501,061,213.39** as at 30th November, 2021

Source: FAAC REPORT/ December, 2021

5.0 Conclusion

- 5.1 Thank you very much for your attention.



Kabir M. Mashi

(Kaigaman Katsina)

Chairman, FAAC Post Mortem Sub-Committee

19th January, 2022