

**FAAC POST-MORTEM SUB-COMMITTEE REPORT TO THE FEDERATION
ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING
ON TUESDAY, 23RD AUGUST, 2022**

1.0 PREAMBLE

1.1 The FAAC Post-Mortem Sub-Committee meeting for the month of July, 2022 was held on 18th August, 2022 at the New Board Room of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). In attendance were members of the RMAFC, representatives of the Accountants-General, Commissioners of Finance, as well as those of Revenue Generating Agencies and Consultants to FAAC Post-Mortem Sub-Committee.

2.0 UPDATE ON OUTSTANDING ISSUES REFERRED TO THE SUB-COMMITTEE BY FAAC

- Update on Waivers on Taxes and Penalties Granted to Some Tax Payers by FIRS**

The Sub-committee is still awaiting the FIRS Board decision on how the balance of **N3,591,039,664.26** would be recovered

- Update on NNPC's Deductions in Respect to Government Priority Projects**

The Sub-Committee had deliberated on this issue at various meetings and agreed that it was necessary to visit the locations of the fifteen (15) Government Priority Projects funded by the Federation to ascertain the level of completion and amount expended so far. NNPC was also requested to provide the various locations of the Projects. However, NNPC has still not made available the locations of the Projects hence the Sub-Committee has been handicapped in proceeding on the assignment.

The Sub-Committee hereby request the Plenary to intervene and request NNPC to make available the needed information to the Sub-Committee to enable it embark on the assignment.

NNPC has so far deducted the sum of **N1,075,625,712,996.01** for the period 1999 to June, 2022 for the funding of Government Priority Projects. Details on **Table A** below.

Table A: Summary of NNPC's Cumulative Monthly Total FGN Priority Projects Funding from January to June, 2022

S/N	Monthly	Monthly Total FGN Priority Projects Funding (N)	Cumulative Total (N)
	1999-2021	952,698,614,128.99	952,698,614,128.99
i.	January, 2022	24,836,128,257.47	977,534,742,386.46
ii.	February, 2022	0.00	977,534,742,386.46

iii.	March, 2022	19,198,677,047.62	996,733,419,434.08
iv.	April, 2022	17,888,313,333.33	1,014,621,732,767.41
v.	May, 2022	18,745,682,358.33	1,033,367,415,125.74
vi.	June, 2022	42,258,297,866.27	1,075,625,712,992.01

FAAC ANALYSIS FOR JULY, 2022

- **Update on \$599,131,170.02 NPDC Indebtedness to NUPRC on Forcado's Assets OML 119, 60-63 Series**

Recall that the Sub-Committee had been following the N2.2 Billion legacy debt owed to NUPRC by NPDC. Also through various reconciliations between stakeholders, the NPDC and NUPRC signed-off the net liability outstanding amounting to **\$599,131,170.02**. The Sub-Committee was informed that there was no payment made into the Good and Valuable Consideration (GVC) Account for the Month of May, 2022 from NPDC in respect of its outstanding indebtedness to the Federation Account. Although, NPDC in its meeting with NUPRC of March, 2022 agreed to start defraying the outstanding indebtedness **\$599,131,170.02** on a monthly instalment of **\$66,645,907.78** from May, 2022. However, in the month of May, 2022, the sum of **\$21,563,800** was reported to have been paid into the GVC Account by NPDC, but the Sub-Committee confirmed that the amount was not paid into the Federation Account. The Sub-Committee is working with the NUPRC and OAGF to ensure that the amount will be paid into the Federation Account accordingly.

- **Update on State by State Consumption of Premium Motor Spirit (PMS)**

The Sub-Committee had received details on State by state PMS Consumption from NMDPRA and NNPC which was analyzed and presented. However, members of the Sub-Committee observed that the data presented was the Depot Truck Out and not actual consumption by States. The Members directed that the Sub-Committee should write and request NMDPRA to provide actual data on State by State PMS Consumption and report back.

- **Update on Exchange Rate**

- a) **Exchange Rate Application by NNPC on Domestic Crude, PPT and Royalty.**

The Sub-Committee analyzed the Exchange Rate Application by NNPC on Domestic Crude Oil Sales for the period January, 2015 to 2021 which revealed a shortfall of about **N105 billion**. The Analysis was made available to all the concerned Agencies to study and confirm the figures from Post-Mortem Sub-Committee before the next meeting. While work is still on going on the Exchange rate applied on PPT, Royalties and Export Crude Oil Sales.

b) **Exchange Rate Application by CBN on Forex Equalization Account and Others.**

The Sub-Committee had a stakeholders meeting with the Consultant of the State Commissioners of Finance Forum where he was requested to explain how he arrived at the findings contained in the Report of the Forum. It was however observed that the Consultant did not take cognizance of inflows and outflows from exchange gain ledgers that would have enhanced the corrections of established shortfall of **N881,497,109,779.84** between 2015 to 2017. The CBN was also requested to explain why for three (3) months from April to May, 2022, the mandated rate was not applied.

The Sub-Committee resolved that the OAGF should avail the Consultant with exchange gain ledger to assist him adjust the findings in the Report where necessary. While the CBN should report back on the observations raised in respect of the Banks' remittances between April to June, 2020.

3.0 Assessing the Impact of FAAC Post-Mortem on Outstanding Arrears of Revenue Inflows Due to the Federation Account in June, 2022.

3.1 For the Month of June, 2022, the Sub-Committee wished to report to FAAC Plenary that a total sum of **\$393,544,843.11** and **N153,433,931,821.85** were recovered on behalf of the Federation Account as arrears from several revenue items of collections and paid as appropriate. The Sub-Committee would like to report that for the period January to May, 2022, the total recoveries made amounted to **\$1,011,627,660.98** equivalent to **N490,323,369,885.72**. The breakdown is given in the **Table B** below;

Table B: Revenue Inflows of Arrears Owed to the Federation Account From January to May, 2022

S/N	Period	Detail	Amount of Receipts in USD (\$)	CBN Exchange Rate/\$	Amount in Naira Equivalent (₦)
i.	January, 2022	NLNG Sales (Arrears)	8,011,750.25	389	3,116,570,847.25
ii.		General Insurance Claims	62,928.77	389	24,479,291.53
iii.		Southern Hydro Carbon	22,674,870.16	389	8,820,524,492.24
iv.		NUPRC Good and Valuable Consideration	26,836,056.00	389	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	2,025,503,550.00
vii.		N-Gas	1,141,109.61	389	443,891,638.29
viii.		Mobil	22,266,645.69	389	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	
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	386.3	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	386.3	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	
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	1,934,294,720.00
v.		NNPC/NUPRC November, 2021Con.Rent Arrears	307,282.50	386.3	118,703,229.75
			Total	77,434,386.49	
i.	May, 2022	NNPC April, 2022 Crude Oil Sales Revenue Arrears Paid	219,327.98	394.8	86,590,686.50
ii.		NNPC/FIRS february, 2022 Naira PPT Arrears	208,148,913.44	389.3	81,005,312,641.88
iii.		NNPC/NUPRC February, 2022 Royalty Arrears	97,993,450.00	389.3	38,136,110,936.50
iv.		NNPC/NUPRC NLNG April, 2022 Royalty Arrears	85,148.87	392.35	33,408,159.14
v.		NNPC/FIRS/MCA Gas PPT Arrears	148,002.82	389.3	57,617,497.83

vi.	NNPC/TEPNG JV RA Debt Repayment Arrears	86,950,000.00	392.35	34,114,832,500.00
	Total (June, 2022)	393,544,843.11		153,433,931,821.85
	Grand Total	1,011,627,660.98		490,323,369,885.72

Source: FAAC Analysis, February to June, 2022

4.0 Summary of Gross Federation Account Revenue Inflows for the Month of June, 2022.

4.1 The Total inflows into the Federation Account for the Month of June, 2022 was **N1,012,965,339,505.28** as reflected in the CBN Component Statement. The Contribution of each Federation Account Revenue Collecting Agency for the period of June, 2022 are indicated in the **Table C** below;

Table C: Summary of Gross Federation Account Revenue Collections, Contribution as Indicated in CBN Component Statement of June, 2022

S/N	Detail	Contribution to FA (N)	Percentage Contribution (%)
i.	NNPC	0	0.00
ii.	NUPRC/MPR	184,144,407,675.68	18.18
iii.	FIRS	677,297,146,678.79	66.86
iv.	NCS	150,672,354,751.68	14.87
v.	MMSD	901,430,399.13	0.09
vi.	FMF/OAGF/RMAFC	0	0.00
	TOTAL (JUNE, 2022)	1,012,965,339,505.28	100.00

SOURCE: JUNE, 2022 FAAC ANALYSIS

3.2 An analysis of the performance of the Revenue Generating Agencies with respect to their Budgetary Targets for the Month of June, 2022 is presented in **Table D** below;

Table D: Summary of Agencies Performance Vis-à-vis Approved Budgetary Target for June, 2022

S/N	AGENCY	APPROVED TARGET	ACTUAL REMITTANCE	VARIANCE	REVENUE PERF (%)	COMMENT
		June, 2022	June, 2022			
		(A)	(B)	(C=B-A)	%	
1	NNPC	N/A	0	N/A	0.00	N/A
2	NUPRC	226,718,665,561.59	184,144,407,675.68	-42,574,257,885.91	18.18	Negative
3	FIRS	810,827,620,158.88	677,297,146,678.79	133,530,473,480.09	66.86	Negative
4	NCS	168,244,961,980.83	150,622,354,751.68	-17,622,607,229.15	14.87	Negative

5	MMSD	578,679,091.00	901,430,399.13	322,751,308.13	0.09	Negative
	TOTAL	1,206,367,926,792	1,012,965,339,505.28	-193,404,587.00	84.00	Negative

SOURCE: FIRS/NCS/MMSD/NUPRC/NNPC JUNE, 2022 FAAC REPORTS

4.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF JUNE, 2022

- 4.1 A total sum of **N154,465,144,764.72** was remitted into the VAT Pool Account when compared with the budget target of **N203,482,920,586.10** it showed a negative variance of **N49,017,775,821.38**.

Table E: VAT Pool Account Collections Analysis for June, 2022.

S/N	MONTH	MONTHLY TARGET	ACTUAL COLLECTION	VARIANCE	REMARK	PERF (%)
1	June, 2022	203,482,920,586.10	154,465,144,764.72	-49,017,775,821.38	Negative	75.91

SOURCE: FIRS/CBN/OAGF JULY, 2022 FAAC REPORT

5.0 NNPC VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FOR THE MONTH OF JUNE, 2022

- 5.1 The sum of **N319,176,182,836.31** was deducted by NNPC as value shortfall (subsidy) on Premium Motor Spirit (PMS) supplied for the Month of June, 2022. The Cumulative total deductions for PMS Value Shortfall was **N1,593,768,197,173.04** from January to June, 2022. The 2022 Details are shown **Table F** below;

Table F: Summary of NNPC Value Shortfall Recovery from Federation Account from January to June, 2022.

S/N	Month	Monthly Shortfall 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

SOURCE: FAAC JULY, 2022 ANALYSIS

6.0 BALANCE OF EMTL AS AT 31ST JUNE, 2022

- 6.1 Members may wish to recall the Total Balance in the EMTL Account as at 31st June, 2022 was **N161,320,442,096.17** out of which the sum of **N101,320,049,575.00** was shared to the Federation in July leaving a balance of **N60,000,392,521.17** that was not reconciled. Additionally, in the month of July, the sum of **N10,633,158,316.35** was collected and remitted into the Account thereby cumulating to **N70,633,550,837.52**. Details are given in **Table F** below:

Table F: Analysis of FIRS Electronic Money Transfer Levy (EMTL) from January to June, 2022

S/N	Month	Opening Balance b/d (N)	Collection for the Month (N)	Total Balance (N)	Transfer to FAAC (N)	Balance due (N)
	FIRS Balance 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	-	

SOURCE: FIRS/OAGF/CBN JULY 2022 FAAC REPORTS

7.0 Update on Balances in Special Reserve Accounts

7.1 The Balances in Special Reserve Accounts as at 31st May, 2022 is given in **Table G** below:

Table G: Balances in Special Funds as at 30th May, 2022

S/N	ITEM	AMOUNT
1	Stabilization Fund Account	₦ 37,957,719,053.46
2	Development of Natural Resources	₦ 70,181,097,865.82
3	Domestic Excess Crude Proceed	₦ 4,133,311,073.07
4	Solid Mineral Account	₦ 9,984,268,576.84
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	₦ 460,000,000,000.00
8	Forex Equalization Account	₦ 115,224,037,267.99
9	Excess Crude/PPT Account	\$ 376,655.09

Source: OAGF/FAAC Records, June, 2022

8.0 CONCLUSION

8.1 Thank you for your attention.



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Chairman, FAAC Post-Mortem Sub-Committee
22nd August, 2022