

FAAC POST MORTEM SUB-COMMITTEE

REPORT OF THE FAAC POST MORTEM SUB-COMMITTEE MEETING FOR THE MONTH OF JULY, 2023

1.0 PREAMBLE:

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Thursday, 13th July, 2023 at the Boardroom of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). In attendance were the representatives of RMAFC, Chairman of Commissioners of Finance Forum, representatives of Accountants-General Forum, the Technical Assistant to the Nigeria's Governors Forum as well as representatives of the Revenue Generating and Accounting Agencies. The highlight of the updates on matters referred to the 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:

Recall that out of the outstanding sum of **\$599,813,170.02** indebtedness of NPDC to NUPRC, the sum of **\$400,044,925.00** was reported last month as total payment on the received as GVC. Subsequently, NUPRC reconciled and revised the figure to **\$365,044,925.02** due to the erroneous addition of **\$35,000,000.00** meant for OML 11. NUPRC also notified the Sub-Committee that they have received additional GVC payment of **\$54,537,350.00**, bringing the total payments to **\$419,582,275.00** on Forcados assets thereby reducing the GVC indebtedness to **\$180,230,895.02** as at 30th June, 2023. Note that, out of the total payment of **\$419,582,275.00**, the sum of **\$186,695,800.00** was paid to a wrong account but OAGF is working with CBN to reconcile and reclassify the erroneous payment to the designated account. As a result of the reconciliation, the sum of **\$21,475,800.00** was traced to JV Account and shared in October, 2022 FAAC, bringing the balance of the unclassified figure to **\$165,220,000.00**.

b) Update on Exchange Rate Issues

PART A: Exchange Rate Applied by CBN to FOREX Equalization Account and Exchange Gain

Members may note that the Sub-Committee had concluded this aspect of the assignment and reported to FAAC that non-application of Mandated Rates by CBN for the months of March, April and May 2020 resulted in underpayment to the Forex Equalization Account by **₦67,103,539,195.29**. Following the decision of FAAC Plenary that the Federal Ministry of Finance should further engage with the CBN, the CBN representative informed the meeting that engagement with stakeholders has commenced.

PART B: Exchange Rate Applied by NNPC on Domestic Crude NUPRC/Royalty and FIRS/PPT

Members are called to note that NNPC submitted its position on the exchange rate vide a letter dated 11th May, 2023. The Sub-Committee met with NNPC and the final template to be used for the reconciliation was agreed on by the stakeholders. By next month, the harmonized version would be concluded and signed off by the stakeholders.

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

During the Sub-Committee meeting held on Thursday, 13th July, 2023, the representative of CBN informed members that serious engagement is ongoing. The Governor's Forum and the stakeholders met over the issue and CBN confirmed that they have started looking at the records.

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

- 3.1 For the Month of May, 2023, the PMSC will like to inform the Plenary that as a result of reconciliation with Agencies, the total sum of **₦137,856,441.03** was reconciled as paid to the 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 May, 2023

S/N	Detail	Receipt in USD (\$)	CBN Exchange Rate N/\$	Amount in Naira Equivalent (N)
i.	NUPRC/NNPCL MCA Gas TEPNG Mar/April 2023 Arrears paid	316,925.93	434.98	137,856,441.03
	Sub-Total (May, 2023)	316,925.93		137,856,441.03

Source: FAAC PMSC Analysis, May, 2023

- 3.2 The Sub-Committee would like to inform Members that from January to May, 2023 the outstanding arrears reconciled and paid stood at **₦201,599,135,494.97**. Details in Table B below:

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

S/N	Month	Monthly Amount (N)	Cumulative Total (N)
i.	January, 2023	1,420,686,474.70	1,420,686,474.70
ii.	February, 2023	44,362,462,068.45	45,783,148,543.15
iii.	March, 2023	144,037,514,518.20	189,820,663,061.35
iv.	April, 2023	11,640,615,992.59	201,461,279,053.94
v.	May, 2023	137,856,441.03	201,599,135,494.97

Source: FAAC PMSC Analysis, May, 2023

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

- 4.1 The NNPC Ltd deducted the sum of **₦254,510,605,682.22** as PMS value shortfall recovery for the month of May, 2023. This brings the cumulative deductions between January to May, 2023 to **₦1,877,659,590,183.92**. Details are in Table C below:

Table C: Summary of NNPC Ltd. Value Shortfall Recovery From Federation Account From January to May, 2023

S/N	Month	Monthly PMS Value Shortfall Recovery from FA (N)	Cumulative Total (N)
i.	Opening Balance (01/1/2023)		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

Source: FAAC PMSC Analysis May, 2023

- 4.2 As you are aware, the Presidential Technical Sub-Committee to reconcile the subsidy claims by NNPC against amounts withheld was inaugurated on Thursday, 13th July, 2023, to reconcile and sign off with all stakeholders. The aim of the reconciliation is to know the actual amount due to NNPC and the Federation.

5.0 OUTSTANDING FEDERATION ACCOUNT REVENUE AS AT MAY, 2023

- 5.1 The total unresolved amount due to the Federation Account from the Revenue Generating Agencies as at May 2023 were **\$886,012,085.29** and **₦1,643,159,940,833.46** as shown in Table D.

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

S/N	AGENCY	\$	(N)
i.	NNPCL	485,924,244.03	1,225,353,590,105.35
ii.	FIRS	654,631.23	365,667,591,369.11
iii.	NUPRC	399,433,210.03	52,138,759,359.00
iv.	Total	886,012,085.29	1,643,159,940,833.46

Source: FAAC PMSC Analysis May, 2023

- 5.2 Members should note that these outstanding amounts are still being reconciled at monthly reconciliation meetings between the Agencies and the Sub-Committee. Hopefully, with the Technical Sub-Committee set up, the figures would be brought to the barest minimum.

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

- 6.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of May, 2023 was **₦270,197,121,560.07**. The cumulative collection for the period of January to May, 2023 stood at **₦1,197,534,642,702.98** as indicated in the Table E below:

Table E: Value Added Tax Collection As At May, 2023

	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

Source: FAAC PMSC Analysis, May, 2023

7.0 EMTL COLLECTION AND BALANCE AS AT MAY, 2023

- 7.1 The total receipts into EMTL account from January to May, 2023 stood at **₦71,111,245,980.45** while the sum of **₦14,969,236,634.06** was collected by FIRS for the month of May, 2023. See Table F.

Table F: Summary of EMTL Collections from January to May, 2023

S/N	Month	CBN Receipt (N)	FIRS/OAGF Cumulative Balance due (N)
i.	January, 2023	13,798,911,192.75	13,798,911,192.75
ii.	February, 2023	12,130,035,304.85	25,928,946,497.60
iii.	March, 2023	15,091,626,492.78	41,020,572,990.38
iv.	April, 2023	15,121,436,356.39	56,142,009,346.39
v.	May, 2023	14,969,236,634.06	71,111,245,980.45

Source: FIRS May, 2023 FAAC Report

8.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

- 8.1 The balances in Special Reserve Accounts as at 31st May, 2023 are as follows:

Table G: Summary of Balances in the Special Accounts as at 31st May, 2023


S/N	ITEM	AMOUNT
a .	Stabilization Fund Account	₦28,016,421,953.11
b .	Development of Natural Resources	₦105,764,311,786.12
c .	Domestic Excess Crude Proceed	₦5,228,744,027.07
d .	Solid Mineral Account	₦ 4,567,423,559.80
e .	Oil Excess Revenue Account	₦67,990,026.62
f .	Police Trust Fund Account	₦ 0.00
g .	Non-oil Excess Revenue Account	₦826,520,267.49

h.	Forex Equalization Account	N 24,156,534,598.65
i.	EMTL Account	N 13,953,481,584.17
j.	Excess Crude/PPT Account	\$473,754.57

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

9.0 Conclusion

9.1 Chairman and Members, thank you for listening.


Kabir M. Mashi, oon
 (Kaigaman Katsina)
 Chairman, FAAC PMSC