

FAAC POST-MORTEM SUB-COMMITTEE

REPORT OF FAAC POST-MORTEM SUB-COMMITTEE MEETING HELD ON MONDAY, 19TH APRIL, 2021 AT RMAFC ABUJA

Presented to the

FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING HOLDING ON WEDNESDAY 21ST APRIL, 2021

1.0 PREAMBLE

- 1.1 FAAC Post-Mortem Sub-Committee meeting was held on Monday, 19th April, 2021 at the Board Room of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). The meeting had in attendance Members of the RMAFC, Commissioners of Finance and Accountants-General from all the geo-political zones, as well as representatives of the Revenue Generating Agencies.

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

- a) **Waivers and Taxes:** Members may recall that at the last FAAC meeting, the Sub-Committee reported that in February, 2021, a balance of **₦3,658,128,726.39** was still outstanding from the waivers on Interest and Penalty Programme of the Federal Ministry of Finance. No further payments had been reported by the Federal Inland Revenue Service (FIRS) as at April 2021 meeting.
- b) **Cost of Collection:** Stakeholders met severally to deliberate on this matter, especially the aspect of the agitation by States to be rewarded for their role in VAT collection. As a result, the Federal Inland Revenue Service organized a Seminar with the theme: **FIRS Cost of Collection-The Facts behind the Figures**, which was held between 11th -13th April, 2021. The Findings and Recommendations arising from the seminar is being finalized for presentation at the next FAAC meeting.

c) **Report on NNPC Deductions made for Government Priority Projects Funded by the Federation**

The next phase of this Exercise will involve inspection of some of the projects for which the deductions were made including the Port Harcourt Refinery. The modalities for conducting these inspections are still being worked out. A final Report would be submitted once the assignment is concluded.

d) **Update on CBN Over stated Revenue of N14.49 Billion:**

Members may recall that at the Sub-Committee had conducted a 3-year historical review of mandates issued to CBN by the Revenue Generating Agencies from 2018-2020 in order to ascertain if such errors had not been re-occurring. Thereafter, the Sub-Committee met with CBN and the Revenue Generating Agencies to discuss the findings made in the Analysis. Based on the request of the concerned Agencies, a four weeks grace was granted to enable them examine their records and respond appropriately.

e) **Update on Other Sources of Revenue (Agencies that Collect But Do Not Remit Same Into the Federation Account):**

Please recall that the Sub-Committee had after careful examination of the Laws governing the operations of some identified Revenue Generating Agencies that collect, utilize and remit surpluses into the Consolidated Revenue Fund (CRF) it was reported that these are contrary to the Provision of Section 162(1) of the 1999 Constitution (As Amended). Based on this finding the following recommendations were made to the FAAC Plenary:

- i. That the matter be taken up with the National Executive Council or Governors' Forum for action and resolution;
- ii. Seek legal interpretation of Section 162(1) of the 1999 Constitution of the Federal Republic of Nigeria (As amended) vis-à-vis the Laws setting up these Agencies;
- iii. Pursue an Amendment to the Acts setting up the concerned Agencies with the National Assembly.

The Sub-Committee wishes to inform Members that the matter is yet to be decided at the Plenary.

- f) **Update on the Review of Indices for the Horizontal Sharing of Revenue in the Federation Account:** the matter is still work in progress.
- g) **Update on N6.23 Trillion Withheld by NNPC and KPMG Reports:**
The assignment is still work in progress. However, Members may wish to note that a meeting with Stakeholders had been fixed for the 28th April, 2021 for further reconciliation.
- h) **Assessing the impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in February, 2021:** The Sub-Committee wishes to report on the impact of its monthly analysis and reconciliation of revenue collections and remittances into the Federation Account which had considerably reduced outstanding amounts against some of the revenue generating agencies. In the month of February 2021, the Federation Account received outstanding arrears payment of **\$196,872,989.43** which is equivalent to **₦74,370,755,975.02**. See details in Table 1 below:

Table 1: Outstanding Arrears of Revenue Inflows to the Federation Account in February, 2021

S/N	Detail	Amount of Receipts in USD (\$)	Amount in Naira Equivalent (N)
i.	NNPC Hydrocarbon EGTL Price Balance for Jan. FA	12,110,860.19	4,590,016,012.01
ii.	FIRS PSC Naira Royalty	138,366,683.88	52,440,973,191.28
iii.	FIRS MCA Oil PPT	2,927,620.60	1,107,322,265.60
iv.	FIRS MCA Gas PPT	4,639,775.13	1,757,918,001.25
v.	FIRS MCA Oil and Gas Edu Tax	8,751,214.32	3,315,660,081.56
vi.	DPR MOR	0	30,437,354.32
vii.	DPR DSDP Naira Royalty	20,555,565.00	7,605,559,058.00
viii.	DPR PSC-MCA Dollar Royalty	9,521,270.31	3,522,870,011.00
	TOTAL (February, 2021)	196,872,989.43	74,370,755,975.02

Source: FAAC Analysis, February 2021

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

- 3.1 For the month of February, 2021, a total of **₦440,593,427,763.13** was remitted into the Federation Account as shown in the Central Bank Component Statement. Details of each agencies' contribution to the Federation Account for the period under reference are as indicated in Table 2 below.

Table 2: Summary of Gross Federation Account Revenue Collection's contribution as indicated on CBN Component Statement for the Month of February, 2021

S/N	Detail	February, 2021 (N)	Percentage Contribution (%)
i.	NNPC Crude Oil and Gas Receipts (NNPC)	13,802,538,144.29	3.13
ii.	Department of Petroleum Resources (DPR)	133,613,762,129.12	30.32
iii.	Federal Inland Revenue Service (FIRS)	203,938,156,096.96	46.29
iv.	Nigeria Custom Service (NCS)	87,744,905,745.38	19.92
v.	Ministry of Mines and Steel Development (MMSD)	976,651,690.19	0.22
vi.	FMF/OAGF/RMAFC	517,413,957.19	0.12
	TOTAL (JANUARY, 2021)	440,593,427,763.13	100.00

Source: FAAC Analysis, March 2021

3.2 Please note that, a total of sum of **₦157.327 Billion** accrued into the VAT Pool Account as at February 2021.

4.0 Conclusion

4.1 Thank you very much for your attention.


Kabir Muhammad Mashi

(Kaigaman Katsina)

Chairman, FAAC Post Mortem Sub-Committee

20th April, 2021