

# **FAAC POSTMORTEM SUB-COMMITTEE**

## **REPORT OF THE FAAC POST MORTEM SUB-COMMITTEE MEETING FOR THE MONTH OF APRIL, 2024**

### **1.0 PREAMBLE:**

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Wednesday, 17<sup>th</sup> April, 2024 at the Boardroom of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC). In attendance were the representatives of RMAFC, representatives of the Commissioners of Finance and Accountants-General Forum, the Senior Special Technical Adviser to the Nigerian Governors Forum as well as representatives of the Revenue Generating and Accounting Agencies. The updates on matters referred to the Sub-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 the Sub-Committee had been reporting on the outstanding sum of **\$599,813,170.02** indebtedness of NPDC to NUPRC. The sum of **\$564,138,425.00** had been received as payment on GVC out of which the sum of **\$21,563,800.00** wrongly paid into another account was reversed and shared to the three tiers of government thus, leaving an outstanding balance of **\$35,674,745.02** as at February, 2024.

During the April reconciliation meeting, NUPRC reported that there was no payment made in respect of NPDC GVC Legacy debt in the month of March, 2024.

Also recall that the Sub-Committee had earlier recommended that the OAGF should provide the current position of the GVC ledger for distribution to the beneficiaries accordingly.

#### **b) Update on the adjusted CBN Exchange Rate as at May, 2023**

Recall that the Sub-Committee reported during the last FAAC Plenary meeting that there was a review of the May, 2023 CBN Exchange rate from **N436.38/\$1** to **N621.86/\$1** and a further review of the exchange rate to **N693.50/\$1** as directed by FAAC Plenary.

Also recall that at the FAAC Plenary meeting held in March 2024, it was resolved that NNPC should comply with the revised CBN Exchange rate of

**N693.50/\$1** and re-compute all the Royalties, Taxes and other dollar monetization for the month of May, 2023 and revert back.

Accordingly, during the Sub-Committee's April, 2024 meeting, NNPC reported that the implication of the review will result to a refund of **N16,829,747,742.96** by NNPC to the Federation Account. The breakdown are contained in **Table 1** below.

**Table 1: Implication of Exchange Rate Revision from N621.86/\$ to N693.50/\$**

Items	USD	Naira EQV 693.50	Naira EQV 621.86	Balance
Royalty	57,565,500.00	39,921,674,250.00	35,797,681,830.00	(4,123,992,420.00)
PPT	68,610,702.32	47,581,522,060.31	42,666,251,345.96	(4,915,270,714.35)
Domestic Crude	92,783,636.62	64,345,451,995.97	57,698,432,268.51	(6,647,019,727.46)
Fed Share of PSC	15,961,263.00	11,069,135,888.84	9,925,671,007.69	(1,143,464,881.15)
<b>NNPC Payable</b>				<b>(16,829,747,742.96)</b>
NNPC Subsidy Receivable		451,220,435,019.40	385,119,407,042.55	66,101,027,976.85
<b>Net Balance due to NNPC</b>				<b>49,271,280,233.89</b>

The Sub-Committee expectation was that the Federation Account would be refunded as a result of the upward review of the Exchange rate but NNPC used Subsidy claim to defray the expected amount. The implication was that the Federation is owing NNPC the sum Of **N49,271,280,233.89**.

The position of NNPC on the revised May, 2023 CBN Exchange rate would be subjected to further review because of the inclusion of subsidy claim. However, Members may wish to deliberate further on the issue.

### **3.0 ANALYSIS OF CBN EXCHANGE RATE COMPARE TO NNPC WIGHTED AVERAGE EXCHANGE RATES ON PMS IMPORTATION AND OTHER JV TAXES FOR THE PERIOD AUGUST TO NOVEMBER, 2023**

- 3.1 Members may recall that the Sub-Committee had reported the implication of the use of the weighted average rate on PMS importation and discovered that the Exchange Rate Differential from June to December, 2023 was **N937,961,442,969.83** contrary to NNPC claim of **N1,675,920,811,819**.
- 3.2 The Sub-Committee's stand on the use of weighted average exchange rate was that the CBN exchange rate should be recognized in line with the Law of the Federal Republic of Nigeria. Any contrary opinion should be discarded. On this note, the Sub-Committee mandated NNPC to provide the authorization to use weighted average exchange rate in monetizing PMS dollar payments.



3.3 Responding, NNPCCL requested the Sub-Committee to write officially to enable its management released the NEC approval on the issue.

#### 4.0 PERFORMANCE OF THE REVENUE GENERATING AGENCIES TRANSFERS INTO THE CBN COMPONENT STATEMENT IN FEBRUARY, 2024

4.1 The contributions of the Revenue Generating Agencies to the CBN Federation Account Component Statement for the month of February, 2024 are presented in **Table 2** as follows:

**Table 2: Summary of the Performance of the Agencies in the month of February, 2024**

S/N	Revenue Agencies	Payment into the CBN Component Statement in February, 2024 (N)	Percentage Performance (%)
i.	NNPCL	92,481,620,935.03	5.00
ii.	NUPRC	487,412,061,099.68	26.35
iii.	FIRS	1,015,516,696,506.48	54.90
iv.	NCS	254,462,825,170.23	13.75
	<b>Total</b>	<b>1,849,873,203,711.42</b>	<b>100.00</b>

Source: FAAC PMSC Analysis, February, 2024

4.2 The sum of **N746,163,135.01** was collected by the MM&SD in the month of February 2024 Federation Account while the balance in the Solid Mineral Account as at February, 2024 stand at **N16,581,013,266.50**

#### 5.0 ASSESSING THE IMPACT OF FAAC POST MORTEM SUB-COMMITTEE ON OUTSTANDING ARREARS OF REVENUE INFLOWS DUE TO THE FEDERATION ACCOUNT IN FEBRUARY, 2024.

5.1 For the Month of February, 2024 Federation Account, the PMSC will like to inform the Plenary that as a result of reconciliation with Revenue Generating Agencies, a total sum of **\$33,560,774.15** equivalent to **₦125,946,449,877.83** was reconciled and confirmed paid into the CBN designated accounts as per detailed in **Table 3** below:

**Table 3: Impact of FAAC PMSC on Revenue Inflows into Federation Account from Outstanding Arrears for the Month of February, 2024**

S/N	Detail	Amount in USD (\$)	Exchange Rate (N/\$)	Amount in Naira Equivalent (N)
i.	NUPRC GVC Legacy Debt Arrears paid	32,115,600.00	1356.381	43,560,989,643.60
ii.	FIRS MCA Gas CIT Arrears paid	1,129,989.56	898.893	1,015,739,705.08
iii.	NNPCL October, 2023 Oil Revenue	-	-	203,103,862.00
iv.	NNPCL/NUPRC December, 2023/January, 2024 Gas Royalty	315,184.59	1356.381	81,166,666,666.67
v.	Calenderized Interim Dividend	-	-	125,946,449,877.83
	<b>Total</b>	<b>33,560,774.15</b>		<b>125,946,449,877.83</b>

Source: FAAC PMSC Analysis, February, 2024

- 5.2 The cumulative outstanding arrears reconciled and paid to the Federation Account from January to February, 2024 stood at **₦232,401,763,867.18**. Details in Table 4 below:

**Table 4: Summary of FAAC PMSC Cumulative Payment to the Federation Account from Reconciled Outstanding Arrears from January to February, 2024**

S/N	Month	Monthly Arrears Inflow to the Federation Account (N)	Cumulative Total (N)
i.	January, 2024	106,455,313,989.35	106,455,313,989.35
ii.	February, 2024	125,946,449,877.83	<b>232,401,763,867.18</b>

Source: FAAC PMSC

## 6.0 OUTSTANDING FEDERATION ACCOUNT REVENUE ARISING FROM THE INTER-AGENCIES RECONCILIATION MEETING HELD IN APRIL, 2024

- 6.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in April, 2024 was **\$36,329,376.24** and **₦2,977,561,881,021.29** as shown in Table 5 below.

**Table 5: Summary of Unresolved Federation Account Revenue as at April, 2024**

AGENCY	Dollar (\$)	Naira (N)
<b>NNPCL</b>	-	940,620,250,860.81
<b>NUPRC/NNPCL</b>	35,674,745.02	1,280,666,756,474.14
<b>FIRS/NNPCL</b>	654,631,.23	756,226,123,686.34
<b>FMSMD</b>		48,750,000.00
<b>TOTAL</b>	<b>36,329,376.25</b>	<b>2,977,561,881,021.29</b>

Source: FAAC PMSC

- 6.2 Members should note that these outstanding amounts are still being reconciled at the monthly reconciliation meetings between the Agencies and the Sub-Committee. Furthermore, all other outstanding payments from the Revenue Generating Agencies before June, 2023, were referred to the Stakeholders Alignment Committee and the Sub-Committee awaits the outcome of the reconciliation soonest.

## 7.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

- 7.1 The balances in Special Reserve Accounts as at 29<sup>th</sup> February, 2024 are shown in the Table 6 below:

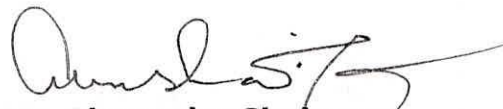
**Table 6: Summary of Balances in the Special Accounts as at 29<sup>th</sup> February, 2023**

S/N	ITEM	AMOUNT (₦)	AMOUNT (\$)
a .	Stabilization Fund Account	62,981,658,252.82	
b .	Development of Natural Resources	121,530,941,332.64	
c.	Domestic Excess Crude Proceed	6,125,007,353.07	
d .	Solid Mineral Account	16,581,013,266.50	
e .	Oil Excess Revenue Account	67,990,026.62	
f.	Police Trust Fund Account	27,389,773,732.83	
g .	Non-oil Excess Revenue Account	638,870,095,089.06	
h .	Forex Equalization Account	18,500,744,903.02	
i.	EMTL Account	13,953,481,584.12	
j.	Exchange Gain Account	80,230,572,340.52	
k.	Special Intervention for Nigerian Military	100,000,000,000.00	
l.	Good and Valuable Consideration Account		530,732,003.33
m.	Excess Crude/PPT and Royalty Account		473,754.57
n.	Refund ledger & Signature Bonus Account	250,000,000,000.00	
o.	Intervention to States Infrastructure & Security	300,000,000,000.00	

Source: OAGF/FAAC/MMSD Records, March, 2024

## 8.0 Conclusion

8.1 Chairman and Members, thank you for your attention.



**Mr. Alexander Shaiyen**  
Vice-Chairman, FAAC PMSC  
April, 2024