

FAAC POSTMORTEM SUB-COMMITTEE

REPORT OF THE FAAC POST MORTEM SUB-COMMITTEE MEETING FOR THE MONTH OF OCTOBER, 2024

1.0 PREAMBLE:

1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Tuesday, 15th October, 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, as well as representatives of the Revenue Generating and Accounting Agencies.

2.0 THE UPDATES ON MATTERS REFERRED TO THE SUB-COMMITTEE ARE PRESENTED HEREUNDER:

2.1.1 Update On \$599,813,170.02 NPDC Indebtedness to NUPRC/The Federation Account in respect of Forcados Assets OML 119, 60-63 Series:

2.1.2 Recall that the Sub-Committee reported at the last FAAC Plenary that out of the outstanding sum of **\$599,813,170.02** indebtedness of NPDC to NUPRC, the sum of **\$581,579,845.00** was received and shared as payment on GVC Legacy debt, leaving an outstanding sum of **\$18,233,325.02** unpaid as of August, 2024 Federation Account.

2.2.0 NNPC EXCHANGE RATE DIFFERENTIALS ON PMS IMPORTATION AND OTHER JV TAXES FOR THE PERIOD AUGUST, 2023 TO AUGUST, 2024

2.2.1 Following the removal of subsidy on PMS on 29th May 2023, NNPC made requisite pricing adjustments using an exchange rate benchmark of **N650 to 1 US Dollar** to arrive at retail coastal pump prices of N524.99 from June, 2023. NNPC informed the meeting that they have sought for approval to use the Weighted Average Exchange Rate to recover their

shortfall. As of August 2024, the total NNPC Exchange Rate Differentials was **N9,175,389,133,926.12** out of which the Company recovered **N1,956,267,054,424.53** leaving an outstanding amount of **N7,219,131,079,703.58** as indicated in **Appendix "A"** attached.

2.3.0 NNPC PROJECT GAZELLE FUNDING ESCROW ACCOUNT

2.3.1 NNPC representative reported that the figures earlier presented on Project Gazelle in the months of April, May and June 2024 were misrepresented. The NNPC explained that a reclassified figure would be provided to the Sub-Committee at its next meeting.

2.3.2 This assignment is still work in progress.

2.4.0 DEDUCTION FOR ROAD INFRASTRUCTURE TAX CREDIT SCHEME FOR THE PERIOD FEBRUARY TO AUGUST, 2024

2.4.1 Members may recall that NNPC commenced deduction in respect of Road Infrastructure Tax Credit Scheme from the amount due to FIRS JV Gas and CIT taxes in February, 2024. FIRS was requested to provide detailed Tax Credit granted to NNPC Ltd and other organization. The Service responded that they are collating the data and will report back.

2.4.2 So far, a calenderized sum of **\$52,509,484.28** was deducted for the months of February to August, 2024 amounted to **\$367,566,389.96** as shown in **Table 1** below:

Table 1: Road Infrastructure Tax Credit Scheme Deductions

S/N	Month	NNPC Ltd. Monthly Calenderized JV Gas CIT Utilised for RITCS (\$)	Cumulative Total in USD (\$)
i.	February, 2024	52,509,484.28	52,509,484.28
ii.	March, 2024	52,509,484.28	105,018,968.56
iii.	April, 2024	52,509,484.28	157,528,452.84
iv.	May, 2024	52,509,484.28	210,037,937.12
v.	June, 2024	52,509,484.28	262,547,421.40
vi.	July, 2024	52,509,484.28	315,056,906.68
vii.	August, 2024	52,509,484.28	367,566,389.96

Source: FAAC PMSC Analysis September, 2024

2.5.0 NON APPLICATION OF MANDATED EXCHANGE RATES IN MARCH, APRIL AND MAY 2020

2.5.1 Members may recall that at the last FAAC Plenary, the meeting requested the Postmortem Sub-Committee to handle the issue with CBN, OAGF and the Director Home Finance. The report of the Technical meeting will be presented by the Director Home Finance.

2.6 UPDATE ON REVIEW OF THE TRANSACTIONS IN THE AMOUNT OF N3.2 TRILLION FGN TREASURY CRUDE ACCOUNT NO. 200054141287 WITH THE CENTRAL BANK OF NIGERIA (CBN)

2.6.1 The Sub-Committee is still awaiting CBN for update. This assignment is still work in progress.

2.7 UNSHARED ELECTRONIC MONEY TRANSFER LEVY (EMTL) AS AT MAY, 2024

2.7.1 Recall the OAGF had promised to examine the Account since June, 2024. At the Sub-Committee's last meeting, the OAGF reported that it had written to the CBN on the issue and awaits the response of the Bank. However, the Postmortem Sub-Committee has constituted an Ad-hoc Committee to review and revert.

3.0 PERFORMANCE OF THE REVENUE GENERATING AGENCIES COLLECTIONS/TRANSFERS TO THE CBN COMPONENT STATEMENT IN AUGUST, 2024 FEDERATION ACCOUNT

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

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

S/N	Detail	Revenue Inflow to CBN FA for the Month of August, 2024 (N)	Percentage Performance (%)
i.	NNPC Ltd. Federation Account	95,438,805,009.00	5.65
ii.	NUPRC/MPR Federation Account	379,075,116,685.24	22.44
iii.	FIRS Federation Account	941,092,093,837.44	55.71
iv.	NCS Federation Account	273,795,217,592.21	16.21
	Total (August, 2024 FA)	1,689,401,233,123.89	100.00

Source: FAAC PMSC Analysis September, 2024

3.2 The sum of **N2,108,642,980.73** was collected by the FMSMD in the month of August, 2024 Federation Account, while the balance in the Solid Mineral Account as of August, 2024 unshared stood at **N13,778,999,335.08**

4.0 ASSESSING THE IMPACT OF THE FAAC PMSC ON OUTSTANDING ARREARS OF REVENUE INFLOWS DUE TO THE FEDERATION ACCOUNT IN AUGUST, 2024

4.1 For the Month of August, 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 **N60,109,291,338.23** was reconciled and confirmed paid to the CBN designated accounts as detailed in **Table 3** below:

Table 3: Impact PMSC on Revenue into the Federation Account from Outstanding Arrears for the Month of August, 2024

S/N	Detail	Amount in Naira Equivalent due (N)
i.	Federation Share of 40% of PSC Profit Ex-Rate Differentials	2,960,495,060.79
ii.	July, 2024 Gas Revenue to the FA	1,251,423,607.72
iii.	July, 2024 40% Outstanding PSC Profit as at July, 2024	55,897,372,669.72
	Total (August, 2024)	60,109,291,338.23

Source: FAAC PMSC Analysis, September, 2024

4.2 The cumulative outstanding arrears reconciled and paid to the Federation Account from January to July, 2024 stood at **N1,250,795,378,885.62**. Details in **Table 4** below:

Table 4: Summary of outcome of Reconciliation with the RGA Cumulative Payment to the Federation Account from Reconciled Outstanding Arrears from January to August, 2024

S/N	Month	Monthly Total CBN Revenue Collectors 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	232,401,763,867.18
iii.	March, 2024	83,159,925,627.53	315,561,689,494.71
iv.	April, 2024	126,827,637,455.12	442,389,326,949.83
v.	May, 2024	94,964,537,885.84	537,353,864,835.67
vi.	June, 2024	364,318,868,706.80	901,672,733,542.47
vii.	July, 2024	289,013,294,054.92	1,190,686,027,547.39
viii.	August, 2024	60,109,291,338.23	1,250,795,378,885.62

Source: FAAC PMSC Analysis, September, 2024

5.0 OUTSTANDING FEDERATION ACCOUNT REVENUE ARISING FROM THE INTER-AGENCIES RECONCILIATION MEETING HELD IN OCTOBER, 2024

- 5.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in October, 2024 was **\$401,084,205.98** and **N1,936,647,472,791.78** as shown in **Table 5** below.

Table 5: Summary of Unresolved/Undergoing Reconciliation Federation Account Revenue as at September, 2024 Meeting

AGENCY	DOLLAR (\$)	NAIRA (N)
NNPCL		162,333,333,334.00
NUPRC/NNPCL	254,964,687.89	1,710,978,718,457.22
FIRS/NNPCL	146,119,518.09	49,381,939,416.44
OAGF		13,953,481,584.12
TOTAL	401,084,205.98	1,936,647,472,791.78

Source: FAAC PMSC Analysis, September, 2024

- 5.2 Members should note that these outstanding amounts are still being reconciled at the monthly reconciliation meetings between the Agencies and the Sub-Committee. Furthermore, the sum of **\$180,230,895.02** and **N2,535,352,533,190.87** 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.
- 5.3 The Sub-Committee is working with the Revenue Generating Agencies to ensure that the above outstanding amounts are paid to the Federation Account as soon as possible.

6.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

- 6.1 The balances in the Special Reserve Accounts as of 31st August, 2024 are shown in **Table 6** below:

Table 6: Summary of Balances in the Special Accounts as of 31st August, 2024

S/N	ITEM	AMOUNT (₦)	AMOUNT (\$)
A.	Stabilization Fund Account	56,026,412,528.94	
B.	Development of Natural Resources	6,446,229,087.95	
C.	Domestic Excess Crude Proceed	6,722,516,237.07	
D.	Solid Mineral Account	12,536,667,127.89	

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	536,370,856,505.66	
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	0.00	80,900,498.41
M.	Excess Crude/PPT and Royalty Account		473,754.57
N.	Intervention to States Infrastructure & Security	419,000,000,000.00	
O.	Ledger of 13% Derivation Refund on Withdrawal from Signature Bonus:	100,000,000,000.00	
P.	Ledger of Refund due to States from the net off with States from the withdrawals made from ECA	0.00	
Q.	Ledger of Refund due to States on withdrawals made from ECA and Signature Bonus	325,000,000,000.00	
R.	Ledger of 13% Derivation Refund on JVC and DECA	100,000,000,000.00	
S.	Ledger of Funding for Presidential Metering Initiative	100,000,000,000.00	
T.	Ledger of savings on FCT 1% of Signature Bonus/ ECA	100,000,000,000.00	
U.	Ledger of savings on Oil Theft Prevention	0.00	

Source: OAGF/FAAC/MMSD Record, September, 2024

7.0 Conclusion

7.1 I thank the Chairman and Members for your attention.



M. B. Shehu, OFR

Chairman, Revenue Mobilization, Allocation and Fiscal Commission
October, 2024

APPENDIX "A"

Summary of NNPC Ltd Exchange Rate Differentials from April, 2023 to August, 2024

S/N	Month	Quantity in Litres	Total Gasoline Cargoes Value in USD (\$)	NNPC Ltd. Actual Crude Conversion X-Rate (N/\$)	CBN Exchange Rate	FX Differentials (N)	Exchange Rate Differentials due (N)	NNPC Ltd. Exchange Rate Differentials Recovered (N)	Exchange Outstanding Balance (N)
i.	Opening Balance b/d								
i.	June, 2023	1,912,255,999.21	1,288,566,749.19	735.45	650.00	(85.45)	110,102,584,234.38	0	110,102,584,234.38
ii.	July, 2023	954,873,279.67	644,825,283.25	773.55	650.00	(123.55)	79,669,173,520.71	0	79,669,173,520.71
iii.	August, 2023	829,071,825.86	655,489,649.54	744.46	664.01	(80.45)	52,733,901,096.01	0	52,733,901,096.01
iv.	September, 2023 (A)	599,720,283.41	431,218,794.109	794.52	732.36	(62.15)	26,801,805,242.83	0	26,801,805,242.83
v.	September, 2023 (B)	626,285,256.05	451,371,804.03	794.52	726.32	(68.20)	30,782,730,585.41	0	30,782,730,585.41
vi.	October, 2023 (A)	333,906,162.44	234,778,074.89	1,016.03	772.22	(243.81)	57,240,184,333.31	0	57,240,184,333.31
vii.	October, 2023 (B)	913,442,617.68	618,675,283.89	1,016.03	765.50	(250.52)	154,992,294,070.14	0	154,992,294,070.14
viii.	November, 2023 (A)	321,985,589.69	224,076,958.04	1,389.69	765.45	(624.23)	139,875,788,075.84	0	139,875,788,075.84
ix.	November, 2023 (B)	1,203,133,609.74	829,109,730.96	1,389.69	758.85	(630.83)	523,028,667,416.70	89,019,665,563.63	434,009,021,853.07
x.	December, 2023	1,723,567,836.73	1,107,404,576.44	1,358.89	817.10	(541.80)	599,988,190,231.71	53,546,933,222.28	546,441,257,009.43
xi.	January, 2024	2,004,617,228.28	1,350,637,719.44	1,487.00	802.51	(684.49)	924,496,806,730.01	360,330,910,287.17	564,167,102,292.84
xii.	February, 2024	1,644,530,058.41	1,116,862,424.60	1,605.39	773.03	(832.36)	929,631,607,740.06	518,827,322,091.52	410,804,285,648.54
xiii.	March, 2024	1,352,280,434.13	949,842,670.49	1,605.39	747.98	(857.41)	814,404,604,104.83	125,111,459,547.75	689,293,144,557.08
xiv.	April, 2024	1,778,925,586.65	-	1,605.39	685.98	(919.41)	1,251,721,047,584.97	173,379,389,931.52	1,078,341,657,653.45
xv.	May, 2024	1,331,989,041.88	1,361,436,149.81	1,605.39	713.15	(892.24)	874,896,039,998.35	201,923,999,001.80	672,972,040,996.55
xvi.	June, 2024	1,306,788,555.70	884,682,942.04	1,605.39	775.48	(829.91)	734,210,331,064.38	175,805,593,185.38	558,404,737,879.00
xvii.	July, 2024	1,363,731,843.49	938,600,370.28	1,605.39	757.04	(848.35)	802,302,293,316.00	258,321,781,593.48	543,980,511,724.52
xix.	August, 2024	1,751,872,797.10	1,191,470,067.18	1,605.39	771.92	(833.47)	993,058,431,400.34	-	993,058,431,400.34
	Sub-Total (August, 2024)						9,175,398,133,926.12	1,956,267,054,424.53	7,219,131,079,703.59