

FAAC POST-MORTEM SUB-COMMITTEE

**REPORT OF FAAC POST-MORTEM SUB-COMMITTEE MEETING HELD ON MONDAY,
16TH FEBRUARY, 2021 AT RMAFC ABUJA**

Presented to the

**FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) PLENARY MEETING
HOLDING ON THURSDAY 18TH FEBRUARY, 2021**

1.0 PREAMBLE

1.1 FAAC Post-Mortem Sub-Committee meeting for the month of February, 2021 was held on Monday, 16th February, 2021 at the Board Room of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). The meeting had in attendance Members of the RMAFC, Accountants-General and Commissioners of Finance from the six geopolitical zones, as well as 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 out of the total outstanding sum of **₦3,688,296,830**, an additional sum of **₦10,952,410.53** was reported to have been received leaving a balance of **₦3,677,344,419.47**. The Sub-Committee is awaiting further update from FIRS.

b) **Cost of Collection:** Recall that the issue of Cost of Collection payable to Revenue Generating Agencies was referred to the Sub-Committee. A report to that effect was presented and adopted. However, Stakeholders requested for inclusion as beneficiaries of the Cost of Collection on the grounds that they are critical to collections. The Sub-Committee met and requested FIRS to submit some documents that would be critical to the completion of the assignment. FIRS is working on the necessary document that would assist the Committee;

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

It may be recalled that at the last FAAC meeting, a report on the deductions being made by NNPC as Government Priority Projects was presented. It was reported that the matter was inconclusive due to the non-appearance of the Managing Director, Port Harcourt Refinery to make his presentation. However, on Thursday, 11th February,

2021, another Workshop was organized by NNPC where the Managing Director made an extensive presentation on the status of the Port Harcourt Refinery. At this stage, it would be necessary to state that the issue is work in progress as the Sub-Committee intends to conduct a physical inspection of some of the projects including, Port Harcourt Refinery to confirm the authenticity of the claims. A Final Report would be submitted at the next meeting.

- d) **Update on Stamp Duty:** It would be recalled that efforts have been on-going to resolve the impasse surrounding the contentious issue of Stamp Duty Account warehoused with CBN which had been in the court. The Sub-Committee would like to inform the meeting that the case had been withdrawn from the Court and therefore concluded.
- e) **Update on CBN Over stated Revenue of N14.49 Billion:** Members may recall that at the last FAAC meeting the issue of the Component Statement of the Central Bank of Nigeria (CBN) on the deduction of the sum of **₦14.491** billion from the Federation Account (FA) component statement for the month of September, 2020. Consequently, the meeting resolved that the Sub-Committee conducts a 3-year historical review of mandates issued to CBN by Revenue Generating Agencies. So far, the Sub-Committee have reviewed the agencies' remittances to the CBN as well as the corresponding CBN remittances to the Federation Account as provided in the Component Statement. A final Report would be submitted at the next meeting.
- f) **Update on Other Sources of Revenue (Agencies that Collect But Do Not Remit Same Into the Federation Account):** Members may wish to recall the on-going efforts made by the Sub-Committee to complete its assignment in connection with Agencies not remitting revenues into the Federation Account but are believed to be remitting unspent surpluses to the Consolidated Revenue Fund. The Sub-Committee had visited some of the agencies while a few others are yet to be visited. Members may wish to note that in addition to all the other agencies visited, a visit had been made to Nigerian Maritime Administration and Safety Agency (NIMASA). The Agency indicated that Act No. 17 CAP 22A LFN 1990, Nigerian Maritime Law Act 2003 and other Circulars by the Federal Government empowers Nigerian Maritime Administration and Safety Agency to remit its revenue to Consolidated Revenue Fund Account (CRF). The Agency indicated willingness to cooperate with the Sub-Committee in completing its assignment.

Furthermore, a written response had been received from Nigerian Liquefied Natural Gas (NLNG) to the effect that the Company is a private company set up and operating under the Companies and Allied Matters Act and not an Agency Department or Parastatal of the Federal Government of Nigeria. Furthermore, the Company stated that it believed that the letter sent by the Sub-Committee was on the premised assumption that NLNG is an Agency of the Federal Government which must have been sent in error. In the meantime, the Sub-Committee is about to embark on the next phase of visits to the remaining agencies with the view to enable it submit a comprehensive report.

- g) **Update on the Review of Indices for Sharing Revenue in the Federation Account:** The Indices and Disbursement Committee is still working on it.
- h) **Update on Unspent Surpluses Returned to the Consolidated Revenue Fund (CRF) by Revenue Generating Agencies:** On this matter, the Sub-Committee met and resolved that this matter would be taken as part of the issue of other sources of revenue due to their similarity.
- i) **Update on N6.23 Trillion Withheld by NNPC and KPMG Reports:** Members may recall that the issue of **N6.23 Trillion**, being an amount withheld from Federation Account as proceeds from Domestic Crude Oil sales between 2012 to October, 2020 was referred to the Sub-Committee. As at 2017, NNPC made a claim of N1.36 Trillion against Federation Account, thus necessitating the engagement of KPMG by the Ministry of Finance to verify the claims. After an Audit Report was submitted, a Committee made up of RMAFC, NNPC KPMG and PPPRA reviewed the audited report and came up with the following positions:
- | | | |
|------|------------------------------------|-----------------|
| i. | Valid Claims payable by FGN | 44.872 Billion |
| ii. | Valid Claims payable by Federation | 315.782 Billion |
| iii. | Debatable Claims | 304.245 Billion |
| iv. | Inconclusive Claims | 401.580 Billion |
| v. | Invalid Claims | 308.378 Billion |

Thereafter, the Committee concluded that NNPC be paid **₦797.71** billion as Federation Account Indebtedness to NNPC as against **₦1,346 Trillion** claimed by NNPC and that parties should stay action on the matter pending the completion of the forensic audit of 2010 to 2015. Thereupon, KPMG was re-engaged by Federal Ministry of Finance upon approval from National Economic Council (NEC) to continue with the audit for the period 2010-2015 to cover NNPC and other 18 revenue generating agencies. Currently, the NNPC has withheld N6.3 Billion as at October, 2020. The Sub-Committee had met on the 11th February, 2021 to consider the current KPMG Audit Report and to ensure

that the NNPC claims were valid. KPMG made presentations on its Audit Reports and these were noted by the Sub-Committee even though there were some grey areas that needed more clarifications. Therefore, the issue is still work in progress;

- j) **Update on Non-Remittance of Revenue From Osubi Airstrip:** Members may recall that following the resolution at the FAAC meeting of 14th December, 2020, an approval was granted the Sub-Committee to engage EFCC to investigate the non-remittance of revenue from the Osubi Airstrip from March 2015 to December, 2020 by Shoreline Limited. In line with this decision, a letter dated **15th February, 2021**, with Reference No. **RMC/ALO/105/400**, had been written to EFCC intimating it with the facts of the matter and requesting it to investigate the non-remittance of funds to the Federation Account if any;
- k) **Assessing the impact of FAAC PMSC on Outstanding Arrears of Revenue Inflows to the Federation in December, 2020:** The Sub- Committee wishes to report on the impact of its monthly analysis and reconciliation of revenue collections and remittances into the Federation Account. It is worthy to note that this has drastically reduced outstanding amounts against some of the revenue generating agencies. In the month of December 2020, the Federation Account received outstanding arrears payment of **\$241,162,261.32** which is equivalent to **₦94,142,481,407.01**. See details in the Table 1 below:

Table 1: Outstanding Arrears Revenue Inflows to the Federation Account in December, 2020

S/N	Detail	Amount Paid in USD (\$)	Amount Paid in Naira Equivalent (N)
i.	Hydro-Carbon Resources	1,991,394.08	754,738,336.32
Ii	Insurance Claims	1,560,759.08	591,527.312.32
ii.	SPDC JV-Ullage Fees	23,165,720.08	8,779,807,910.32
Iv	Chevron JV	33,899.12	12,847,766.48
iv.	FIRS/MCA Oil PPT	40,770,309.34	15,451,947,239.86
v.	FIRS MCA GAS PPT	962,403.85	364,751,059.15
vi.	FIRS OIL AND GAS EDT	1,198,542.71	4,542,497,724.00
	DPR/DSDP Dollar Royalty	911,556.00	345,479,724.00
vii.	DPR/DSDP Naira Royalty paid in USD	170,567,678.06	64,645,149,983.20
	Total (November, 2020)	241,162,262.32	94,142,481,407.01

Source: FAAC Analysis, January 2021

3.0 SUMMARY OF GROSS FEDERATION ACCOUNT REVENUE INFLOWS FOR THE YEAR 2020

3.1 The Sub-Committee is happy to inform members that a total of **₦5,745,633,322,723.41** was received into the Federation Account from January to December, 2020. Table 2 below shows details of each agencies' contribution to the Federation Account. Similarly, the total of sum of **₦1,531,057,090,643.97** was received in the VAT Pool Account for January to December, 2020 as shown in Table 3 below. In summary, the sum of **₦7,276,690,413,367.38** was shared to the three tiers of Government from January to December, 2020, as per Tables 2 and 3.

Table 2: SUMMARY OF GROSS FEDERATION ACCOUNT REVENUE INFLOWS FOR YEAR 2020

S/N	Month	NNPC (N)	DPR (N)	FIRS (N)	NCS (N)	MMSD (N)	FMF/OAGF/RMAFC	Total Inflow
1	January, 2020	66,491,276,774.68	119,380,186,035.32	257,333,965,957.22	80,469,574,531.86	-	2,623,441,004.65	526,298,443,748.15
2	February, 2020	64,755,188,876.81	115,731,492,113.57	218,613,529,719.39	67,716,386,838.81	-	-	466,816,597,548.57
3	March, 2020	40,799,905,808.75	174,170,282,507.86	368,871,327,980.42	76,817,640,766.95	0	0	660,659,057,083.63
4	April, 2020	28,174,143,906.27	112,740,550,227.77	198,655,473,418.83	58,016,303,637.53	8,887,109,360.22	1,262,104,186.01	407,735,684,736.05
5	May, 2020	30,817,267,448.61	74,925,700,525.79	269,425,059,894.46	67,264,694,012.51	0	1,013,867,119.42	443,436,593,000.79
6	June, 2020	47,382,526,004.40	81,774,709,455.63	358,672,331,320.65	81,528,527,268.80	0	0	567,358,094,049.48
7	July, 2020	27,955,832,746.40	114,845,547,896.16	328,685,648,918.18	72,301,049,410.47	0	0	543,788,078,971.81
8	August, 2020	49,719,885,472.06	148,514,978,700.92	279,397,412,614.62	85,927,826,633.09	0	0	531,830,309,057.01
9	September, 2020	16,573,328,017.75	71,431,798,324.23	170,079,354,151.39	83,416,616,823.45	0	0	341,501,097,316.82
10	October, 2020	15,265,438,049.10	111,734,867,154.50	183,754,020,191.02	66,392,938,956.63	0	1,001,331,932.80	378,148,596,284.05
11	November, 2020	21,786,119,248.25	123,879,078,981.83	189,088,660,631.93	101,703,388,923.72	0	0	436,457,247,785.73
12	December, 2020	25,336,631,752.54	155,464,936,100.54	170,245,247,648.29	90,042,263,991.92	*534,505,648.03	0	441,603,523,141.32
		435,057,544,105.62	1,404,594,128,024.12	2,992,822,032,446.40	931,597,211,795.74	8,887,109,360.22	5,900,744,242.88	5,745,633,322,723.41

Source: FAAC Analysis, January 2021

Table 3: VAT POOL ACCOUNT COLLECTION FOR JANUARY TO DECEMBER, 2020

MONTHS	NCS VAT	FIRS VAT	TOTAL
	₦	₦	₦
JANUARY	21,668,460,160.14	83,089,901,046.79	104,758,361,206.93
FEBRUARY	22,274,728,711.65	77,277,436,458.06	99,552,165,169.71
MARCH	28,647,211,303.82	91,621,386,971.91	120,268,598,275.73
APRIL	24,422,120,555.74	70,073,869,337.77	94,495,989,893.51
MAY	26,337,589,361.79	77,535,369,478.89	103,872,958,840.68
JUNE	30,862,564,739.20	97,963,775,614.57	128,826,340,353.77
JULY	29,398,982,779.02	103,220,538,046.45	132,619,520,825.47
AUGUST	32,308,937,261.13	117,921,222,506.61	150,230,159,767.74
SEPTEMBER	32,993,347,216.28	108,865,156,642.03	141,858,503,858.31
OCTOBER	27,208,185,394.52	99,255,117,821.56	126,463,303,216.08
NOVEMBER	37,371,359,546.44	119,381,940,324.40	156,753,299,870.84
DECEMBER	34,231,272,633.99	137,126,616,731.21	171,357,889,365.20
TOTAL	347,724,759,663.72	1,183,332,330,980.25	1,531,057,090,643.97

Source: FAAC Analysis, January 2021

4.0 Conclusion

4.1 Thank you very much for your attention.



Kabir Muhammad Mashi
(Kaigaman Katsina)

Chairman, FAAC Post Mortem Sub-Committee
17th February, 2021