

FAAC POST MORTEM SUB-COMMITTEE

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

1.0 PREAMBLE:

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Wednesday, 15th June, 2023 at the Boardroom of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). In attendance were the representatives of RMAFC, Chairman of Commissioners of Finance Forum, representatives of Accountants-General Forum as well as representatives of the Revenue Generating and Accounting Agencies. A 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 the Sub-Committee had reported at the Plenary held on 18th May, 2023, that out of the balance of **\$599,813,170.02** Nigeria Petroleum Development Company (NPDC) Legacy Debt owed to Nigeria Upstream Petroleum Regulatory Commission (NUPRC), **\$400,044,925** had been paid leaving a net balance of **\$199,768,245.02**. Members were informed at the meeting that out of the **\$400,044,925** paid, the sum of **\$186,695,800** was paid into a wrong revenue account and is awaiting reversal/verification. The OAGF representative informed members that the Office had written to CBN requesting it to reclassify the amounts wrongly paid into other accounts. However, the CBN representative at the same meeting, confirmed that out of the total sum of **\$186,695,800** wrongfully paid, only **\$21,475,800.00** was traced to have been paid into JV Account and had been shared in October 2022 FAAC, leaving a balance of **\$165,220,000**. The CBN was mandated to reverse this amount into the appropriate Account. The meeting also noted that this matter had taken time to resolve and urged the CBN to expedite action.

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 the underpayment to the Forex Equalization Account by **₦67,103,539,195.29** as presented by

Rebo Usman & Co, Consultant to State Commissioners of Finance Forum. Following the decision of FAAC Plenary that the Federal Ministry of Finance should further engage with the CBN. Federal Ministry of Finance is expected to update the Plenary on its engagement with the CBN on the matter.

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

Members may recall that at the NNPC had submitted its position on the exchange rate vide a response dated 11th May, 2023. The Sub-Committee is still reviewing the facts on the exchange rate applied by NNPC which was presented in the position statement and would report at the next FAAC Plenary.

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

Recall that the Sub-Committee presented its report to FAAC Plenary held in February, 2023 with the following recommendations which were adopted:

- (a) That FAAC should request the Nigeria Governors Forum to engage the Governor of CBN to resolve the issue since the bank did not respond to the Sub-Committee invitation to the reconciliation meeting; and
- (b) That the PMSC should officially hand the matter over to the Chairman of RMAFC to take up the issue with the Governor of CBN.

Accordingly, the Sub-Committee had referred the matter to Chairman, RMAFC as directed by FAAC Plenary while awaiting an update from FAAC Secretariat in respect of Nigeria's Governor's Forum engagement with the CBN.

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

- 3.1 For the Month of April, 2023, the PMSC will like to inform the Plenary that the total sum of **₦11,640,615,992.59** was recovered in favor of the Federation Account as outstanding arrears from several revenue items of collection and paid to the related 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 April, 2023

S/N	Detail	Receipt in USD (\$)	CBN Exchange Rate N/\$	Amount in Naira Equivalent (N)
i.	NNPC Ltd. Crude Oil Sales Revenue Arrears (SC)	1,243,521.96	434.08	539,788,012.40
ii.	NUPRC PSC-MCA Royalty February, 2023 Arrears	25,520,318.13	434.98	11,100,827,980.19
	Sub-Total (April, 2023)	26,763,840.09		11,640,615,992.59

Source: FAAC PMSC Analysis, April, 2023

- 3.2 The Sub-Committee would like to inform Members that from January to April, 2023 the recoveries made stood at **₦201,461,279,053.94**. Details in Table B below:

Table B: Summary of FAAC PMSC Outstanding Arrears of Cumulative Revenue Inflow to the Federation Account from January to April, 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

Source: FAAC PMSC Analysis, April, 2023

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

- 4.1 The NNPC Ltd deducted the sum of **₦190,572,534,815.11** as PMS value shortfall recovery for the month of April, 2023. This brings the cumulative deductions between January to April, 2023 to a total sum of **₦1,623,148,984,501.70**. Details are in Table C below:

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

Source: FAAC PMSC Analysis April, 2023

- 4.2 Efforts are on-going to reconcile the amounts established as subsidy payments by NNPC against amounts withheld by NNPC for payments of subsidy in order to bring the issue to a closure.

5.0 OUTSTANDING FEDERATION ACCOUNT REVENUE AS AT APRIL 2023

- 5.1 The total outstanding due to the Federation Account from the Revenue Generating Agencies as at April 2023 were **\$1,365,399,180.04** and **₦1,632,804,096,701.64** as shown in Table D.

Table D: Summary of Outstanding Federation Account Revenue as at April, 2023

S/N	Month	\$	(N)
i.	NNPCL	1,023,128,020.92	1,439,662,970,681
ii.	FIRS	2,594,794.11	193,141,126,020.64
iii.	NUPRC	339,676,365.01	0.00
iv.	Total	1,365,399,180.04	1,632,804,096,701.64

- 5.2 Members should note that these outstanding amounts are still being reconciled at monthly reconciliation meetings between the Agencies and the Sub-Committee.

6.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF APRIL, 2022

- 6.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of April, 2023 was **₦217,742,950,401.10**. The cumulative collection for the

period of January to April stood at **₦927,337,521,142.91** as indicated in the Table E below:

Table E: Value Added Tax Collection As At April, 2022

S/N	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

Source: FAAC PMSC Analysis, April, 2022

7.0 EMTL COLLECTION AND BALANCE AS AT APRIL, 2023

7.1 The total Receipts into EMTL account from January to April, 2023 stood at **₦56,142,009,346.77** and the sum of **₦15,121,436,356.39** was collected by FIRS for the month of April, 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

8.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

8.1 The balances in Special Reserve Accounts as at 30th April 2023 stood at:

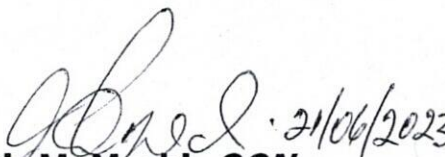
Table F: Summary of Balances in the Special Accounts as at 30th April, 2023

S/N	ITEM	AMOUNT
a .	Stabilization Fund Account	₦26,048,570,268.38
b .	Development of Natural Resources	₦97,707,631,302.89
c .	Domestic Excess Crude Proceed	₦5,129,159,213.07
d .	Solid Mineral Account	₦ 3,000,460,032.27
e .	Oil Excess Revenue Account	₦67,990,026.62
f .	Police Trust Fund Account	₦ 0.00
g .	Non-oil Excess Revenue Account	₦13,576,520,267.49
h .	Forex Equalization Account	₦ 29,158,242,577.03
i .	EMTL Account	₦13,953,481,584.17
j .	Excess Crude/PPT Account	\$473,754.57

Source: OAGF/FAAC/MMSD Records, April, 2023

9.0 Conclusion

9.1 Chairman and Members, thank you for your attention.


Kabir M. Mashi, OON
 Kaigaman Katsina
 Chairman, FAAC PMSC