

FAAC POSTMORTEM SUB-COMMITTEE

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

1.0 PREAMBLE:

1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Wednesday, 13th December, 2023 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, Senior Technical Assistant to Nigeria's 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:

Members may recall that the Sub-Committee had reported during the last FAAC Plenary that out of the **\$599,813,170.02** indebtedness of NPDC to NUPRC, the sum of **\$482,916,925.00** was received as payment on GVC thus, leaving an outstanding balance of **\$116,896,245.02** unpaid as at September, 2023. However, during the Sub-Committee's last meeting, NUPRC reported the receipt of **\$16,471,600.00** and this further reduced the outstanding balance to **\$100,424,645.02** as at October, 2023.

The Sub-Committee had earlier recommended that the amount so far collected should be distributed to the beneficiaries.

b) Update on Exchange Rate Issues

PART A: Exchange Rate Applied by CBN to FOREX Equalization Account and Exchange Gain

On the non-application of Mandated Rates by CBN for the months of March, April and May 2020 which resulted to underpayment to the Forex Equalization Account by **₦67,103,539,195.29**. Members may recall that during the FAAC plenary meeting held in September, 2023, the Federal Ministry of Finance presented CBN response that the bank will not be able to accede to the request for the refund of **₦67,103,539,195.29** as the Federation Account was not shortchanged by the suspension of the use of the mandated rate for the months of March to May, 2023.

Members may also recall that the position of CBN was not accepted hence the Sub-Committee invites the FAAC Secretariat to formally communicate this position to the CBN Management for further action. The Sub-Committee looks forward to the decision of FAAC Plenary on the issue.

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

Members may recall that a Stakeholders Alignment Committee was set up to reconcile NNPC indebtedness to the Federation Account and vice versa. The Sub-Committee had already established the sum of **N81,040,067,824.63** as reconciled outstanding amount as a result of wrong application of Exchange Rate by NNPC on Domestic Crude Oil sales, NUPRC/Royalty and FIRS/PPT crude sales for the period 2015 to 2022. The underpayment was captured by the Alignment Committee as liability against NNPC pending the conclusion of the assignment.

The Sub-Committee wish to appeal that the Chairman of FAAC should liaise with the Alignment Committee in order to conclude the assignment and report to FAAC since many agencies are awaiting the outcome of the report to close-out on outstanding issues.

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

The representative of the CBN informed the Sub-Committee during the last meeting that the Bank is working assiduously to ensure that the required documents are provided to enable the Committee conclude the assignment. He informed the Sub-Committee that the delay was as result of the request of data as far back as 1999 which the Bank had archived outside its Head Office in Abuja. The CBN representative promised to provide the bank statement as requested to the Sub-Committee before the next meeting. The Sub-Committee awaits CBN response.

d) Examination of Transfers and Utilization of Savings into the Oil and Non-Oil Revenue Accounts.

The report of the transfers and utilization of savings into the Oil and Non-Oil Excess Revenue Account is herewith attached as annexure 1 for presentation.

e) Deductions for NNPC Frontier Exploration and management Fee

The report is also attached as annexure 2 for presentation.

f) Adjustment in May, 2023 CBN Exchange Rate

In the month of May, 2023 Federation Account, NUPRC reported that the NNPC DSDP Naira Royalty was **N25,120,423,890.00** at the Exchange rate of **N436.38/\$1**. This amount was subsequently reviewed to

N35,797,681,830.00 by NUPRC and further reviewed to **N39,921,674,250.00** after adjustment in the CBN Exchange rate from **N621.86/\$1** to **N693.50/\$1**. However, NNPC stated that the revised exchange was not officially communicated to the company by the CBN.

The Sub-Committee recommends that the CBN should officially communicate these exchange rates adjustments to all the revenue generating agencies since the adjusted rate will affect all the Federation Account dollar components.

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

- 3.1 For the Month of October, 2023 Federation Account, the PMSC will like to inform the Plenary that as a result of reconciliation with Agencies, the total sum of **\$30,575,174.91** equivalent to **₦23,160,474,898.85** was reconciled and confirmed paid into the CBN 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 October, 2023

S/N	Detail	Amount in USD (\$)	X-Rate(N/\$)	Amounting in Naira Equivalent (N)
i.	NUPRC Forcados/Brass GVC	29,627,700.00	756.00	22,398,541,200.00
ii.	MCA Gas Royalty Arrears	280,808.24	756.00	212,291,029.44
	Calendarized June/July Arrears	666,666.67	824.494	549,662,669.41
	Sub Total (October, 2023)	30,575,174.91		23,160,474,898.85

Source: FAAC PMSC Analysis, November, 2023

- 3.2 The Sub-Committee would like to inform Members that from January to October, 2023 the outstanding arrears reconciled and paid to the Federation Account stood at **₦5,249,008,028,036.97**. Details in Table B below:

Table B: Summary of FAAC PMSC Cumulative Revenue Inflow to the Federation Account from Reconciled Outstanding Arrears from January to October, 2023

S/N	Month	Monthly Total CBN Revenue Collectors Inflow to the Federation Account (N)	Cumulative Total (N)
i.	January, 2023	653,704,400,827.01	653,704,400,827.01
ii.	February, 2023	487,106,515,290.89	1,140,810,916,117.90
iii.	March, 2023	638,673,365,209.07	1,779,484,281,326.97
iv.	April, 2023	497,463,160,720.59	2,276,947,442,047.56
v.	May, 2023	702,426,001,621.39	2,979,373,443,668.95
vi.	June, 2023	1,654,043,261,487.23	3,531,702,850,671.15
vii.	July, 2023	1,434,329,455,928.42	4,966,082,306,599.57
viii.	August, 2023	107,754,645,102.66	5,073,836,951,702.23
ix.	September, 2023	152,010,601,435.89	5,225,847,553,138.12
x.	October, 2023	23,160,474,898.85	5,249,008,028,036.97

Source: FAAC PMSC Analysis, November, 2023

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

4.1 There was no deduction for PMS value shortfall recovery for the month of October, 2023. The cumulative deductions between January to October, 2023 still remains **₦2,251,836,402,455.77**. Details are in Table C below:

Table C: Summary of NNPC Ltd. Value Shortfall Recovery from Federation Account for the Period January to October, 2023

S/N	Month	Monthly PMS Value Shortfall Recovery from FA (N)	Cumulative Total (N)
i.	Opening Balance (1/1/2023)		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
vi.	May, 2023	254,510,605,682.22	1,877,659,590,183.92
vii.	June, 2023	374,176,813,271.84	2,251,836,402,455.77
viii.	July, 2023	-	-
viii.	August, 2023	-	-
ix.	September, 2023	-	-
x.	October, 2023	-	-

Source: FAAC PMSC Analysis November, 2023

4.2 As you are aware, the Stakeholders Alignment Committee is reconciling subsidy claims by NNPC against amounts withheld, therefore, the FAAC Post-Mortem Sub-Committee is awaiting the Report of the Committee in order to ascertain the actual NNPC indebtedness to the Federation Account.

5.0 OUTSTANDING FEDERATION ACCOUNT REVENUE ARISING FROM THE INTER-AGENCIES RECONCILIATION MEETING HELD IN DECEMBER, 2023

5.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies was **\$225,372,569.06** and **₦383,830,927,681.66** as shown in Table D.

Table D: Summary of Unresolved Federation Account Revenue Due as at October, 2023

AGENCY	Dollar (\$)	Naira (N)
FIRS/NNPCL	124,947,924.04	116,179,586,703.65
NUPRC/NNPCL	100,424,645.02	267,651,340,978.01
TOTAL	225,372,569.06	383,830,927,681.66

Source: FAAC PMSC Analysis November, 2023

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, all other outstanding from the Revenue Generating Agencies before June, 2023, were taken to the Stakeholders Alignment Committee and the Sub-Committee awaits the outcome of the reconciliation.

6.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF OCTOBER, 2023

- 6.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of October, 2023 was **₦347,343,382,306.35**. FIRS 4% cost of collection deduction was **₦13,893,735,292.25**, while 3% North East Development Commission (NEDC) deduction was **₦10,003,489,410.42** leaving a net amount of **₦323,446,157,603.68** for distribution to the three tiers of government. The cumulative VAT collection for the period January to October, 2023 was **₦2,786,355,874,682.52** as indicated in Table E below:

Table E: Value Added Tax (VAT) Collection for the Period January to October, 2023

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
v.	May, 2023	270,197,121,560.07	1,197,534,642,702.98
vi.	June, 2023	293,411,538,215.54	1,490,946,180,918.52
vii.	July, 2023	298,789,527,584.60	1,789,735,708,503.12
viii.	August, 2023	345,726,953,300.26	2,135,462,661,803.38
ix.	September, 2023	303,549,830,572.79	2,439,012,492,376.17
x.	October, 2023	347,343,382,306.35	2,786,355,874,682.52

Source: FAAC PMSC Analysis, November, 2023

7.0 ELECTRONIC MONEY TRANSFER LEVEY (EMTL) FOR THE MONTH OF OCTOBER, 2023

- 7.1 The FIRS EMTL collection and remittance for the month of October, 2023 was **₦16,199,368,803.94** out of which the sum of **₦647,974,752.16** was deducted as 4% cost of collection leaving a net amount of **₦15,551,394,051.78** for distribution to the three tiers of government. The cumulative EMTL collection for the period January to October, 2023 was **₦138,736,635,239.40** as indicated in Table F below:

Table F: Electronic Money Transfer Levy (EMTL) for the Period January to October, 2023

S/N	Monthly Inflow to EMTL Account (N)	Cumulative Total (N)
January	13,798,911,192.75	13,798,911,192.75
February	12,130,035,304.85	25,928,946,497.60
March	15,091,626,492.78	41,020,572,990.38
April	15,121,436,356.39	56,142,009,346.77
May	14,969,236,634.06	71,111,245,980.83
June	11,913,149,875.06	83,024,395,855.89
July	13,374,385,212.87	96,398,781,068.76
August	14,690,602,279.89	111,089,383,348.65
September	11,447,883,086.81	122,537,266,435.46
October	16,199,368,803.94	138,736,635,239.40

Source: FAAC PMSC Analysis, November, 2023

8.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

8.1 The balances in Special Reserve Accounts as at 31st October, 2023 were as follows:

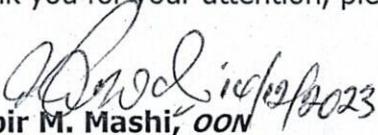
Table G: Summary of Balances in the Special Accounts as at 31st October, 2023

S/N	ITEM	AMOUNT (=N=)	AMOUNT (\$)
a .	Stabilization Fund Account	57,486,243,788.81	
b .	Development of Natural Resources	151,664,014,259.60	
c .	Domestic Excess Crude Proceed	5,726,68,097.07	
d .	Solid Mineral Account	11,554,331,123.88	
e .	Oil Excess Revenue Account	67,990,026.62	
f .	Police Trust Fund Account	0.00	
g .	Non-oil Excess Revenue Account	621,431,279,418.56	
h .	Forex Equalization Account	18,500,744,903.02	
i .	EMTL Account	13,953,481,584.17	
j .	Exchange Gain	80,230,572,340.52	
k .	Special Intervention for the Military	100,000,000,000.00	
l .	NNPC Remittances not Distributed	110,470,260,117.98	
m .	Good and Valuable Consideration		475,710,935.74
l .	Excess Crude/PPT Account		473,754.57

Source: OAGF/FAAC/MMSD Records for November, 2023

9.0 Conclusion

9.1 Chairman and Members, thank you for your attention, please.


Kabir M. Mashi, OON

(Kaigaman Katsina)
Chairman, FAAC PMSC
December, 2023