

# **FAAC POSTMORTEM SUB-COMMITTEE**

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

### **1.0 PREAMBLE:**

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Monday, 19<sup>th</sup> February, 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. 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 been reporting on the outstanding sum of **\$599,813,170.02** indebtedness of NPDC to NUPRC. The sum of **\$499,388,525.00** had been received as payment on GVC thus, leaving an outstanding balance of **\$100,424,645.02** unpaid as at December, 2023. During the last monthly reconciliation meeting, NUPRC reported receipt of **\$32,634,300.00** which reduced the NPDC GVC Legacy debt to **\$67,790,345.02** as at January, 2024. The total amount received from the NPDC Legacy debt as at January, 2024 stood at **\$532,022,825.00** 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.

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 Review of FGN/CBN Treasury Crude Account No: 20054141287**

Members may recall that at the FAAC meeting of 18<sup>th</sup> November, 2022, a presentation was made by a Consultant engaged by Nigeria Governor's Forum, to ascertain whether all revenues generated by the Revenue Generating Agencies paid into a Designated Account with the Central Bank of Nigeria between January, 2006 to December, 2021, have been fully moved to the Federation Account for distribution to the Federating Units in line with the provisions of Section 162 of the Constitution of the Federal Republic of Nigeria (as amended). The meeting deliberated and subsequently mandated the FAAC Post Mortem Sub-Committee to review the document submitted by the Consultant and report back to Plenary.



Consequently, the Report of the Consultant was analysed by the Sub-Committee and the findings were as follows:

<b>TOTAL CREDITS IN STATEMENT</b>	<b>51,486,744,789,157</b>
<b>LESS: NON-INFLOW CREDITS</b>	<b>(3,671,022,826,995)</b>
<b>STATUTORY INFLOWS (2006-2021)</b>	<b>47,815,721,962,162</b>
<b>FAAC RELEASES (2006-2021)</b>	<b>(38,297,741,732,871)</b>
<b>SUB-TOTAL</b>	<b>9,517,980,229,291</b>
<b>OTHER TRACEABLE DEBITS</b>	<b>(6,029,488,822,917)</b>
<b>FEDERATION INFLOWS NOT DISTRIBUTED</b>	<b>3,488,491,406,375</b>

The CBN has not responded on the above claim because the needed data were back dated to 1999 which the Bank had archived outside its Head Office in Abuja. However, CBN promised to provide the data for the Sub-Committee as soon as it is ready.

**c) Update on the Transfers and Utilization of Savings into the Excess Oil and Non-Oil Revenue Accounts, 13% Derivation on Deduction for 30% Frontier Exploration, 30% NNPC Management Fee.**

Recall that at the last FAAC Plenary meeting, the Sub-Committee promised to present an updated report of the transfers and utilization of savings in the Oil and Non-Oil Excess Revenue Accounts and also on the Deductions made by NNPC for 30% Frontier Exploration and 30% NNPC Management Fee. Accordingly, the updated reports are hereby attached for presentation as **Appendixes C1 and C2.**

**d) Update on the adjustment in May, 2023 CBN Exchange Rate**

Recall that the Sub-Committee reported that in the month of May, 2023 Federation Account, it was 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 NNPC using **N621.86/\$1**. However, NUPRC claimed that there was a further review of the exchange rate to **N693.50/\$1** which increased the amount to **N39,921,674,250.00**. NNPC stated that the revised exchange rate was not a decision of FAAC Plenary.

During the Sub-Committee's last monthly meeting, CBN confirmed that the Exchange rate for the month of May, 2023 was reviewed upward three times from **N436.38/\$1** to **N621.86/\$1** and to **N693.50/\$1**. In addition, CBN confirmed sending a mail to NNPC regarding the subsequent review from **N621.86/\$1** to **N693.50/\$1**. A copy of the mail was also presented to the Sub-Committee as evidence.

The Sub-Committee hereby recommends that FAAC Plenary should request the NNPC to comply with the CBN directives and review all the dollar payments conversion for the month of May, 2023.



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

- 3.1 Recall that at the last FAAC Technical FAAC meeting, the NNPCL introduced a weighted average rate in the computation of Petroleum Product Deliveries, domestic crude oil sales and other associated taxes.
- 3.2 The Sub-Committee analyzed the implication of the use of the weighted average rate and discovered that the Domestic FIRS/NUPRC JV Oil Taxes for the period August to November, 2023 was **N186,107,894,495.55** while NNPCL deducted the sum of **N211,657,279,387.68** as under recovery for PMS. This shows an over recovery of **N25,549,384,290.29** to the Federation Account as indicated on **Tables 1, 2 and 3** below.

**Table 1: Statement of NNPCL Exchange Rate Differential Values recovery on PSC Domestic DSDP Naira Transactions and FIRS/NUPRC JV Oil Taxes (PPT, CIT and Royalty).**

S/N	Month	NNPCL PSC DSDP Profit PPT and Royalty (N)	NNPCL JV Oil and Gas Taxes and Royalty (N)	Total Exchange Rate Differentials Recovered (N)
i.	August/September, 2023	22,500,564,396.82	12,788,023,034.90	35,288,587,431.72
ii.	September/October, 2023	19,628,496,961.01	6,619,809,358.05	26,248,305,319.06
iii.	October/November, 2023	27,396,626,778.99	8,154,709,402.15	35,551,336,181.14
iv.	November/December, 2023	65,597,096,216.79	23,422,569,143.85	89,019,665,563.63
	<b>Total</b>	<b>135,122,784,356.60</b>	<b>50,985,110,138.95</b>	<b>186,107,894,495.55</b>

**Table 2: Statement of NNPCL PMS FX Exchange Differentials due from August to November, 2023**

Month	Quantity in Litres	Unit Supply Cost \$/MT (MT = 1.341 Litre of PMS) (\$)	Total PMS Cargoes Value in USD (\$)	NNPCL Average Advised Exchange Rate (N/\$)	Weighted AVG FX to Maintain Ex-Coastal Selling price at N524.99/Litre	FX Differential (N/\$)	Differential Under or Over Recovery in Naira Equivalent (N)
August, 2023	829,071,825.86	1,060.24	655,489,649.54	*766.31*	664.01	(102.30)	(67,053,882,341.79)
September, 2023	1,226,005,539.45	977.29	893,482,386.37	*785.57*	720.37	(65.19)	(58,250,375,129.35)
October, 2023	1,247,348,780.13	919.67	855,445,341.85	*794.57*	765.50	(29.07)	(24,865,161,843.14)
November, 2023	1,525,119,199.43	911.73	1,036,910,758.75	*831.47*	772.17	(59.30)	(61,487,860,073.34)
<b>Total</b>							<b>(211,657,279,387.68)</b>

**Table 3: Statement of NNPCL CBN FAAC Exchange Rate relative to NNPCL Average Advised Exchange Rate and Weighted Average Differentials Recovered from August to November, 2023**

S/N	Month	Total CBN FAAC Exchange Rate and Weighted Average Differentials Recovered (N)	NNPCL Total PMS Estimated Exchange Rate Differentials due (N)	CBN Total FAAC Exchange Rate/NNPCL Estimated Exchange Rate Differentials Over (or Under) due (N)
i.	August, 2023	(35,288,587,431.72)	(67,053,882,341.78)	31,767,294,910.06
ii.	September, 2023	(26,248,305,319.06)	(58,250,375,129.35)	32,002,069,810.29
iii.	October, 2023	(35,551,336,181.14)	(24,864,161,843.14)	(10,686,174,338.00)
iv.	November, 2023	(89,019,665,563.63)	(61,487,860,073.34)	(27,531,805,490.29)
	<b>Total</b>	<b>(186,107,894,495.55)</b>	<b>(211,657,279,384.61)</b>	<b>25,549,384,889.06</b>



3.3 The matter was presented to the NNPC representative present at the Sub-Committee's last meeting to examine and respond at the next meeting accordingly.

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

4.1 For the Month of December, 2023 Federation Account, the PMSC will like to inform the Plenary that as a result of reconciliation with Agencies, the total sum of **\$17,579,612.36** equivalent to **₦71,542,473,688.01** was reconciled and confirmed paid into the CBN designated accounts. Details are as contained in **Table 4** below:

**Table 4: Impact of FAAC PMSC on Revenue Inflows into Federation Account from Outstanding Arrears for the Month of December, 2023**

S/N	Detail	Amount in USD (\$)	Exchange Rate (N/\$)	Amount in Naira Equivalent (N)
i.	FIRS/NNPCL/MCA Gas CIT September, 2023 Arrears paid	1,265,972.36	768.260	972,595,925.29
ii.	NUPRC/NNPCL/MCA Oil September, 2023 Arrears paid	16,313,640.00	768.260	12,533,117,066.40
iii.	NNPCL Federation Share of 40% of PSC for October, 2023 (Arrears)	-	757.022	58,036,760,696.32
	<b>Total</b>	<b>17,579,612.36</b>		<b>71,542,473,688.01</b>

Source: FAAC PMSC Analysis, January, 2024

4.2 The Sub-Committee would like to inform Members that from January to December, 2023 the outstanding arrears reconciled and paid to the Federation Account stood at **₦5,619,013,798,707.95**. Details in **Table 5** below:

**Table 5: Summary of FAAC PMSC Cumulative Revenue Inflow to the Federation Account from Reconciled Outstanding Arrears from January to December, 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
xi.	November, 2023	300,463,296,982.97	5,547,471,325,019.94
	December, 2023	71,542,473,688.01	<b>5,619,013,798,707.95</b>

Source: FAAC PMSC Analysis, January, 2024

#### 5.0 NNPC VALUE SHORTFALL RECOVERY FROM FEDERATION ACCOUNT FOR THE MONTH OF NOVEMBER, 2023

5.1 There was no deduction for PMS value shortfall recovery for the month of December, 2023. The cumulative deductions between January to December, 2023 still remain **₦2,251,836,402,455.77**. Details are in **Table 6** below:



**Table 6: Summary of NNPC Ltd. Value Shortfall Recovery from Federation Account for the Period January to December, 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	-	2,251,836,402,455.77
viii.	August, 2023	-	2,251,836,402,455.77
ix.	September, 2023	-	2,251,836,402,455.77
x.	October, 2023	-	2,251,836,402,455.77
xi.	November, 2023	-	2,251,836,402,455.77
xii.	December, 2023	-	2,251,836,402,455.77

Source: FAAC PMSC Analysis January, 2024

- 5.2 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 NNPCCL indebtedness to the Federation Account.

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

- 6.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in February, 2024 meeting was **\$68,444,976.25** and **N1,389,483,352,703.25** as shown in **Table 7**.

**Table 7: Summary of Unresolved Federation Account Revenue as at December, 2023**

AGENCY	Dollar (\$)	Naira (N)
NNPCL	-	-
FIRS/NNPCL	654,631,.23	509,348,284,554.33
NUPRC/NNPCL	67,790,345.02	880,135,068,148.92
<b>TOTAL</b>	<b>68,444,976.25</b>	<b>1,389,483,352,703.25</b>

Source: FAAC PMSC Analysis November, 2023

- 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 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.

## 7.0 VALUE ADDED TAX COLLECTION FOR THE MONTH OF NOVEMBER, 2023

- 7.1 The FIRS VAT collection and remittance into the VAT Pool Account for the month of December, 2023 was **N492,505,756,775.03**. FIRS 4% cost of collection deduction was **N19,700,230,271.00** while 3% North East Development



Commission (NEDC) deduction was **N14,184,165,795.12** leaving a net amount of **N458,621,360,708.91** for distribution to the three tiers of government. The cumulative VAT collection for the period January to December, 2023 was **N3,639,316,851,108.86** as indicated in **Table 8** below:

**Table 8: Value Added Tax (VAT) Collection for the Period January to December, 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
xi.	November, 2023	360,455,219,651.31	3,146,811,094,333.83
xii.	December, 2023	492,505,756,775.03	<b>3,639,316,851,108.86</b>

Source: FAAC PMSC Analysis, January, 2024

## 8.0 ELECTRONIC MONEY TRANSFER LEVEY (EMTL) FOR THE MONTH OF DECEMBER, 2023

- 8.1 The FIRS EMTL collection and remittance for the month of December, 2023 was **N18,599,116,021.50** out of which the sum of **N743,964,640.86** was deducted as 4% cost of collection leaving a net amount of **N17,855,151,380.64** for distribution to the three tiers of government. The cumulative EMTL collection for the period of January to December, 2023 was **N169,785,089,320.90** as indicated in **Table 9** below:

**Table 9: Electronic Money Transfer Levy (EMTL) for the Period January to December, 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
November	12,449,338,060.00	151,185,973,299.40
December	18,599,116,021.50	<b>169,785,089,320.90</b>

Source: FAAC PMSC Analysis, January, 2024

## 9.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

9.1 The balances in Special Reserve Accounts as at 31<sup>st</sup> December, 2023 were as follows:

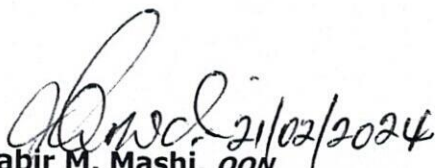
**Table 10: Summary of Balances in the Special Accounts as at 31<sup>st</sup> December, 2023**

S/N	ITEM	AMOUNT (₦)	AMOUNT (\$)
a .	Stabilization Fund Account	61,488,837,333.70	
b .	Development of Natural Resources	165,023,932,446.87	
c .	Domestic Excess Crude Proceed	5,925,837,726.07	
d .	Solid Mineral Account	14,938,164,335.43	
e .	Oil Excess Revenue Account	67,990,026.62	
f .	Police Trust Fund Account	9,129,924,577.61	
g .	Non-oil Excess Revenue Account	322,431,279,418.56	
h .	Forex Equalization Account	18,500,744,903.02	
i .	EMTL Account	13,953,481,038.17	
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		521,810,235.74
m .	Excess Crude/PPT and Royalty Account		473,754.57
l .	Refund ledger & Signature Bonus Account	200,000,000,000.00	

Source: OAGF/FAAC/MMSD Records for January, 2024

## 10.0 Conclusion

10.1 Chairman and Members, thank you for your attention.

  
**Kabir M. Mashi, OON**  
(Kaigaman Katsina)  
Chairman, FAAC PMSC  
February, 2024