

# **FAAC POSTMORTEM SUB-COMMITTEE**

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

### **1.0 PREAMBLE:**

- 1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Wednesday, 14<sup>th</sup> August, 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**

#### **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 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 as payment on GVC Legacy debt, out of which **\$21,563,800.00** was shared to the three tiers of government in 2022 while **\$499,388,524.92**, was also shared in April, 2024. This brings the total amount disbursed to **\$520,952,324.92** leaving an outstanding balance of **\$18,233,325.02** unpaid as of May, 2024.
- 2.2 During the August, 2024 reconciliation meeting, NUPRC reported that no payment was received from the NPDC GVC outstanding balance of **\$18,233,325.02**. However, the unshared balance in the GVC Account as of June, 2024 FAAC meeting was **\$80,900,498.41** unshared.

### **3.0 NNPCL EXCHANGE RATE DIFFERENTIALS ON PMS IMPORTATION AND OTHER JV TAXES FOR THE PERIOD AUGUST, 2023 TO APRIL, 2024**

- 3.1 During the last FAAC Plenary meeting, the Sub-Committee reported that NNPCL claimed that the Federation was owing an unrecovered sum of **N4,344,519,176,167.32** as of May, 2024 Federation Account arising from Exchange Rate Differentials This amount has increased to **N4,558,597,379,030.6** as of June, 2024.
- 3.2 Accordingly, reconciliation is ongoing; however, the Chairman of the Commission, who chaired the meeting, had written to NNPCL management requesting the volume, price and sales value to justify the weighted exchange rate.

### **4.0 REVIEW OF COST OF COLLECTION PAID TO AGENCIES**

- 4.1 Members may recall that during the April, 2024 FAAC Plenary meeting, the Sub-Committee was mandated to review the cost of collection given to the revenue generating agencies. This was as a result of the concern raised by the Sub-Nationals that the amount being received by the agencies as the cost of collection on a monthly basis was on the high side.
- 4.2 The Sub-Committee wishes to report that the tenure of some Members of the Ad-hoc Committee handling the issue elapsed before they could conclude the assignment. However, Mr. President has appointed new Members and will soon be inaugurated. This assignment is still work in progress.



## 5.0 NNPCL PROJECT GAZELLE FUNDING ESCROW ACCOUNT

- 5.1 On Project Gazelle Funding, the Sub-Committee reported that Production Sharing Contract (PSC) Tax and Royalty sales proceeds were transferred to an escrowed account called the **Gazelle** Funding account. NNPC representative explained that deduction relates to the Federal Government arrangement of a foreign loan of about **\$3.3 billion** through a Special Purpose Vehicle called Project Gazelle Funding. As at the Sub-Committee's last meeting, out of the sum of **\$143,105,704.58** sales value for April, 2024 liftings, the sum of **\$92,008,769.20** was paid, leaving a balance of **\$51,096,935.38**. The sum of **\$128,666,007.15** for May, 2024 liftings, the sum of **\$87,398,903.38** was paid leaving a balance of **\$41,267,103.77**. The total unpaid amount stood at **\$92,364,039.15** as indicated in **Table 1**.

**Table 1: NNPCL PROJECT GAZELLE FUNDING ESCROW ACCOUNT**

Month	Outstanding Amount (\$)	Payment (\$)	Variance (\$)
April	143,105,704.58	92,008,769.20	51,096,935.38
May	128,666,007.15	87,398,903.38	41,267,103.77
Total	<b>271,771,711.73</b>	<b>179,407,672.58</b>	<b>92,364,039.15</b>

Source: FAAC PMSC Analysis July, 2024

- 5.2 However, the CBN representative reported that the bank made additional payment, which will be disbursed in the August, 2024 FAAC meeting. He also explained that the Federal Government had already taken its own share while that of the Sub-National will be disbursed in the FAAC meeting holding today.

## 6.0 DEDUCTION FOR ROAD INFRASTRUCTURE TAX CREDIT SCHEME

- 6.1 Members may recall that the Sub-Committee reported that NNPCL had made deductions in respect of the Road Infrastructure Tax Credit Scheme from the amount due to FIRS JV Gas and CIT taxes. So far, a calenderized

sum of **\$52,509,484.28** was deducted each for the months of February to June, 2024 totaling **\$262,547,421.40** as shown in **Table 2** below:

**Table 2: Tax Credit Deductions**

S/N	Month	NNPC Ltd. Monthly Calenderized JV Gas CIT Utilised for RITCS in USD (\$)	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

Source: FAAC PMSC Analysis July, 2024

6.2 The Sub-National position was that it is the responsibility of the Federal Government to construct roads; hence, the share of the Sub-National from the **\$262,547,421.40** deducted should be computed based on the existing Revenue Allocation Sharing Formulae and refunded to them. However, the NNPC representative explained that the deductions for the Road Infrastructure Tax Credit Scheme are estimates and that there will be a reconciliation with FIRS at the end of the year to ascertain the actual amount due.

6.3 In order to resolve the issue, the Chairman of the Commission wrote to the Management of FIRS requesting the detailed Tax Credit granted to NNPC Ltd and other organization. The Sub-Committee awaits FIRS response.

## **7.0 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)**

7.1 The CBN representative informed the meeting that they had gone far with the reconciliation. However, for the period covered, it was observed that no amount was withdrawn from the account; rather, the transactions were mostly reversals. The Sub-Committee requested the CBN to provide the bank statements to substantiate the claim.



## **0 UNSHARED ELECTRONIC MONEY TRANSFER LEVY (EMTL) AS AT MAY, 2024**

- .1 Members may recall that in the month of May, 2024 FAAC Plenary meeting, the Sub-Committee reported an unshared revenue balance of **N13,953,481,584.17** as opening and closing balance in the EMTL ledger (as shown in table3). The FAAC Postmortem therefore recommended that the amount be shared. Also recall the OAGF had promised to examine the account and revert. The Sub-Committee is still awaiting OAGF response.

## **9.0 FIRS OUTSTANDING NNPC PSC PPT AND JV PPT AND GAS INCOME**

- 9.1 FIRS reported that the Service is expecting a total sum of **N1,503.313 billion** from NNPC, being cumulative PSC PPT and JV PPT and Gas income payment for the period June, 2023 to April, 2024 which hitherto was used as FIRS share of the Federally Funded Project.
- 9.2 However, the representative of NNPC explained that with the implementation of the PIA, the Company had taken over all the JV assets hence, there are no more Federally Funded Projects from the taxes due to FIRS. The Sub-Committee deliberated extensively on the issue and thereafter requested FIRS and NNPC to meet and report back.

## **10.0 PERFORMANCE OF THE REVENUE GENERATING AGENCIES COLLECTIONS/TRANSFERS TO THE CBN COMPONENT STATEMENT IN JUNE, 2024 FEDERATION ACCOUNT**

- 10.1 The contributions of the Revenue Generating Agencies to the CBN Federation Account Component Statement for the month of June, 2024 are presented in **Table 3** as follows:



**Table 3: Summary of the Performance of the Agencies in the month of May, 2024**

S/N	Detail	Amount Remitted to CBN Component Statement (N)	Percentage Contribution (%)
i.	NNPC Ltd.	8,281,242,570.30	0.44
ii.	NUPRC/MPR	402,572,430,803.11	21.13
iii.	FIRS	1,229,999,958,481.52	64.57
iv.	NCS	264,004,626,943.63	13.86
	<b>Total</b>	<b>1,904,858,258,798.56</b>	<b>100.00</b>

Source: FAAC PMSC Analysis July, 2024

10.2 The sum of **N2,518,052,134.59** was collected by the FMSMD in the month of June, 2024 Federation Account, while the balance in the Solid Mineral Account as of June, 2024 stand at **N23,620,194,507.83**

### 11.0 ASSESSING THE IMPACT OF THE FAAC PMSC ON OUTSTANDING ARREARS OF REVENUE INFLOWS DUE TO THE FEDERATION ACCOUNT IN JUNE, 2024

11.1 For the Month of June, 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 **\$194,736,652.20** equivalent to **N364,318,868,706.80** was reconciled and confirmed paid to the CBN designated accounts as detailed in **Table 4** below:

**Table 4: Impact PMSC on Revenue into the Federation Account from Outstanding Arrears for the Month of June, 2024**

S/N	Detail	Amount in USD (\$)	Exchange Rate (N/\$)	Amount in Naira Equivalent due (N)
i.	Federation Share of 40% of PSC Profit Arrears	-	-	522,449,578.20
ii.	a) December, 2023 NUPRC/NEPL 1,405,990 barrels Royalty Value	89,538,348.70	1,482.482	132,738,990,257.14
	b) February, 2024 NUPRC NEPL 1,245,000 barrels Royalty Value	105,034,188.50	1,482.482	230,839,190,308.50
	c) March, 2024 PSC Exp. Oil Rental Arrears	164,115.00	1,329.760	218,233,562.40
	<b>Total</b>	<b>194,736,652.20</b>		<b>364,318,868,706.80</b>

Source: FAAC PMSC Analysis, July, 2024

11.2 The cumulative outstanding arrears reconciled and paid to the Federation Account from January to June, 2024 stood at **N901,672,733,542.47**. Details in **Table 5** below:

**Table 5: Summary of outcome of Reconciliation with the RGA Cumulative Payment to the Federation Account from Reconciled Outstanding Arrears from January to June, 2024**

S/N	Month	Monthly Reconciled Revenue 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	<b>901,672,733,542.47</b>

Source: FAAC PMSC Analysis, July, 2024



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

- 12.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in August, 2024 was **\$235,578,098.24** and **N6,310,816,432,259.38** as shown in **Table 6** below.

**Table 6: Summary of Unresolved/Undergoing Reconciliation Federation Account Revenue as at August, 2024 Meeting**

AGENCY	DOLLAR (\$)	NAIRA (N)
NNPCL		1,184,120,584,193.81
NUPRC/NNPCL	116,009,289.15	2,447,633,149,031.13
FIRS/NNPCL	119,568,809.09	2,679,062,699,034.44
<b>TOTAL</b>	<b>235,578,098.24</b>	<b>6,310,816,432,259.38</b>

Source: FAAC PMSC Analysis, July, 2024

- 12.2 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.
- 12.3 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.

## 13.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

- 13.1 The balances in the Special Reserve Accounts as at 30<sup>th</sup> June, 2024 are shown in **Table 7** below:

**Table 7: Summary of Balances in the Special Accounts as at 30<sup>th</sup> June, 2024**

S/N	ITEM	AMOUNT (N)	AMOUNT (\$)
A.	Stabilization Fund Account	50,648,872,064.38	
B.	Development of Natural Resources	60,702,621,360.39	
C.	Domestic Excess Crude Proceed	6,523,326,609.07	
D.	Solid Mineral Account	23,620,194,507.83	
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	595,867,395,576.30	
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		80,900,498.41
M.	Excess Crude/PPT and Royalty Account		473,754.57
N.	ECA Refund ledger & Signature Bonus Account	405,841,411,824.39	
O.	Intervention to States Infrastructure & Security	219,000,000,000.00	
P.	Ledger of 13% Derivation Refund on Withdrawal from Signature Bonus:	100,000,000,000.00	
Q.	Ledger of Refund due to States from the net off with States from the withdrawals made from ECA	0.00	
R.	Ledger of 13% Derivation Refund on JVC and DECA	550,000,000,000.00	
S.	Ledger of Funding for Presidential Metering Initiative	320,000,000,000.00	

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

## 14.0 Conclusion

14.1 I thank the Chairman and Members for your attention.



**M. B. Shehu, OFR**

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