

FAAC POSTMORTEM SUB-COMMITTEE

REPORT OF THE FAAC POST MORTEM SUB-COMMITTEE MEETING

FOR THE MONTH OF SEPTEMBER, 2024

1.0 PREAMBLE:

1.1 The FAAC Post Mortem Sub-Committee (PMSC) meeting was held on Thursday, 12th September, 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.

2.0 THE UPDATES ON MATTERS REFERRED TO THE SUB-COMMITTEE ARE PRESENTED HEREUNDER:

2.1.1 Update On \$599,813,170.02 NPDC Indebtedness to NUPRC/The Federation Account in respect of Forcados Assets OML 119, 60-63 Series:

2.1.2 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, leaving an outstanding sum of **\$18,233,325.02** unpaid as of July, 2024 Federation Account.

2.1.3 Out of the total amount of **\$581,579,845.00** received, the sum of **\$520,952,324.92** was disbursed to the three tiers of Government leaving an unshared amount of **\$60,627,520.08**. However, the GVC account ledger has a total sum of **\$80,900,498.41** standing in the account as of July, 2024 unshared.

2.2.0 NNPCL EXCHANGE RATE DIFFERENTIALS ON PMS IMPORTATION AND OTHER JV TAXES FOR THE PERIOD AUGUST, 2023 TO JULY, 2024

- 2.2.1 As at June 2024, the Exchange Rate Differentials stood at **N4,558,597,379,030.6**. This amount increased to **N5,309,418,715,637.13** as of July, 2024 Federation Account.
- 2.2.2 Note that NNPCL request for the application of Weighted Average Rate covered the period August to June, 2024. Also recall that all outstanding payments against NNPCL as of May, 2024 was referred to the Presidential Alignment Committee for reconciliation. However, the Sub-Committee observed that NNPCL in their report included the sum of **N1,186,540,693,485.36** as amount brought forward totaling **N5,309,418,715,637.13** in their ledger. FAAC Postmortem did not recognize the Balance Brought Forward because it was not included in the FAAC report earlier submitted.
- 2.2.3 During the monthly recondition meeting with Agencies, NNPCL informed the meeting that the amount submitted to the Presidential Alignment Committee for under-recovery was estimates. The actual under-recovery of **N1,186,540,693,485.36** including June and July 2024, resulted to the opening balance in the NNPCL report.
- 2.2.4 The Sub-Committee resolved that since NNPCL earlier report to FAAC did not include the sum of **N1,186,540,693,485.36** brought forward, NNPCL should re-submit the amount for FAAC Plenary noting.

2.3.0 NNPCL PROJECT GAZELLE FUNDING ESCROW ACCOUNT

- 2.3.1 The sum of **\$1,259,388,140.32** had so far been paid into Project Gazelle Escrow Account from which the sum of **\$348,484,184.53** was transferred to NUPRC and FIRS leaving an outstanding of

\$211,178,217.01 as of July, 2024 Federation Account as indicated in **Table 1.**

Table 1: NNPCL PROJECT GAZELLE FUNDING ESCROW ACCOUNT

Month	Agency	Amount Due (\$)	Payment (\$)	Payment Naira Equivalent	Varlance (\$)
April, 2024	NUPRC	143,105,704.58	92,008,769.20	121,044,930,787.75	51,096,935.38
	FIRS	133,647,244.16	83,745,185.41	0	49,902,058.75
May, 2024	NUPRC	128,666,007.15	87,398,903.38	121,319,383,364.94	41,267,103.77
	FIRS	154,243,445.65	85,331,326.54	559,139,102,964.41*	68,912,119.11
June, 2024	NUPRC	127,366,578.44	0	0	0
	FIRS	240,960,203.60	0	0	0
July, 2024	NUPRC	250,101,187.09	0	0	0
	FIRS	81,297,769.65	0	0	0
	Total	1,259,388,140.32	348,484,184.53	801,503,417,117.10	211,178,217.01

Note: * The sum of N559,139,102,964.41 reported by FIRS in May, 2024 was the total Naira amount for the Months of April and May, 2024

Source: FAAC PMSC Analysis August, 2024

2.3.2 However, NNPCL was requested to organize a comprehensive presentation to critical Stakeholders on Project Gazelle Funding for Members to be adequately informed.

2.4 DEDUCTION FOR ROAD INFRASTRUCTURE TAX CREDIT SCHEME FOR THE PERIOD FEBRUARY TO JULY, 2024

2.4.1 On the deductions made by NNPCL in respect of the Road Infrastructure Tax Credit Scheme from the amount due to FIRS JV Gas and CIT taxes, the Chairman of the Commission wrote to FIRS requesting for the detailed Tax Credit granted to NNPC Ltd and other organization. During the Sub-Committee's last meeting, the representative of FIRS acknowledged the receipt of the letter however, he said that the Service is working on the request and will report back.

2.4.2 So far, a calenderized sum of **\$52,509,484.28** deducted for the months of February to July, 2024 amounted to **\$315,056,906.68** as shown in **Table 2** below:

Table 2: Tax Credit Deductions

S/N	Month	NNPC Ltd. Monthly Calenderized JV Gas CIT Utilised for RITCS (\$)	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
vi.	July, 2024	52,509,484.28	315,056,906.68

Source: FAAC PMSC Analysis August, 2024

2.4.3 This assignment is work in progress.

2.5 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)

2.5.1 The CBN representative informed the meeting that the Bank has done about 60% of the reconciliation and would report back as soon as the exercise is completed. The Sub-Committee requested CBN to attach bank statements to back the findings. This assignment is still work in progress.

2.6 UNSHARED ELECTRONIC MONEY TRANSFER LEVY (EMTL) AS AT MAY, 2024

2.6.1 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 balance in the EMTL ledger. However, FIRS refuted that there was no outstanding unshared in the ledger. Also recall the OAGF had promised to examine the account since June, 2024. The Sub-Committee is still awaiting OAGF response.

2.7 PERFORMANCE OF THE REVENUE GENERATING AGENCIES COLLECTIONS/TRANSFERS TO THE CBN COMPONENT STATEMENT IN JULY, 2024 FEDERATION ACCOUNT

2.7.1 The contributions of the Revenue Generating Agencies as contained in the CBN Federation Account Component Statement for the month of July, 2024 are presented in **Table 3** as follows:

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

S/N	Revenue Department	Revenue Collectors Inflow to CBN FA for the Month of July, 2024 (N)	Percentage Performance (%)
i.	NNPC Ltd.	8,481,632,961.06	0.43
ii.	NUPRC/MPR	539,390,113,472.03	27.40
iii.	FIRS	1,091,564,810,369.73	55.44
iv.	NCS	315,777,181,683.04	16.04
v.	MMSD	13,647,077,128.84	0.69
	Total	1,968,860,815,614.70	100.00

Source: FAAC PMSC Analysis August, 2024

2.7.2 The sum of **N1,697,238,975.36** was collected by the FMSMD in the month of July, 2024 Federation Account, while the balance in the Solid Mineral Account as of July, 2024 unshared stood at **N11,670,356,354.35**

3.0 ASSESSING THE IMPACT OF THE FAAC PMSC ON OUTSTANDING ARREARS OF REVENUE INFLOWS DUE TO THE FEDERATION ACCOUNT IN JULY, 2024

3.1 For the Month of July, 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 **\$214,322,512.58** equivalent to **N289,013,294,054.92** 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 July, 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	-	-	240,000,000.00
ii.	April, 2024 NNPC Ltd. Project Gazelle Monetisation (27/7/2024)	92,008,769.20	NA	121,044,930,787.75
	May, 2024 NNPC Ltd. Project Gazelle Monetisation (27/7/2024)	87,398,903.38	NA	121,319,383,364.97
iii.	FIRS PSC PPT April, 2024 Arrears	34,914,840.00	1,329.2050	46,408,979,902.20
	Total (July, 2024)	214,322,512.58		289,013,294,054.92

Source: FAAC PMSC Analysis, August, 2024

3.2 The cumulative outstanding arrears reconciled and paid to the Federation Account from January to July, 2024 stood at **N1,190,686,027,547.39**. 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 July, 2024

S/N	Month	Monthly Total CBN Revenue Collectors Inflow 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	901,672,733,542.47
vii.	July, 2024	289,013,294,054.92	1,190,686,027,547.39

Source: FAAC PMSC Analysis, August, 2024

4.0 OUTSTANDING FEDERATION ACCOUNT REVENUE ARISING FROM THE INTER-AGENCIES RECONCILIATION MEETING HELD IN SEPTEMBER, 2024

4.1 The total unresolved amount due to the Federation Account from the reconciliation meeting held with the Revenue Generating Agencies in September, 2024 was **\$273,701,370.86** and **N3,649,275,696,333.51** 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		162,333,333,334.00
NUPRC/NNPCL	128,095,440.17	2,891,719,938,128.75
FIRS/NNPCL	145,605,930.69	595,173,674,870.76
TOTAL	273,701,370.86	3,649,275,696,333.51

Source: FAAC PMSC Analysis, July, 2024

- 4.2 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.
- 4.3 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.

5.0 UPDATE ON BALANCES IN SPECIAL RESERVE ACCOUNTS

5.1 The balances in the Special Reserve Accounts as at 31st July, 2024 are shown in **Table 7** below:

Table 7: Summary of Balances in the Special Accounts as at 31st July, 2024

S/N	ITEM	AMOUNT (₦)	AMOUNT (\$)
A.	Stabilization Fund Account	54,014,669,313.67	
B.	Development of Natural Resources	3,563,232,153.99	
C.	Domestic Excess Crude Proceed	6,622,931,423.07	
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	0.00	80,900,498.41
M.	Excess Crude/PPT and Royalty Account		473,754.57
N.	ECA Refund ledger & Signature Bonus Account	400,000,000,000.00	
O.	Intervention to States Infrastructure & Security	319,000,000,000.00	
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	650,000,000,000.00	
S.	Ledger of Funding for Presidential Metering Initiative	420,000,000,000.00	
T.	Ledger of savings on FCT 1% of Signature Bonus/ ECA	100,000,000,000.00	
U.	Ledger of savings on Oil Theft Prevention	40,000,000,000.00	

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

6.0 Conclusion

6.1 I thank the Chairman and Members for your attention.


M. B. Shehu, OFR

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