



NEITI AUDIT REMEDIATION ISSUES



NEITI AUDIT REMEDIATION ISSUES



ABOUT NEITI



Nigeria Extractives Industries Transparency Initiative (NEITI) works to keep the Nigerian oil and gas stakeholders accountable to the public through its yearly audits and policy interventions. NEITI has identified several outstanding issues that has led to delayed/loss of revenue to the Nigerian treasury.

2014

NEITI WAS FORMED

NEITI was formed through legislation in 2004 with Mrs Obiageli Ezekwesili as the pioneer coordinator of the National Stakeholders Working Group (NSWG)

16yrs

16 years NEITI has audited Nigeria's oil and gas industry from 1999 to 2015.

\$7bn

is the outstanding payments yet to be remitted to the Federal Government by the oil and gas industry according to 2014 NEITI Audit Report.

NEITI works through a multi-stakeholder framework



Government
Agencies



Companies'
Forum



Civil Society
Working Group



OUTSTANDING REMEDIATION ISSUES



NEITI AUDIT REMEDIATION ISSUES



OUTSTANDING REMEDIATION ISSUES



The points highlighted below are remediation issues which have not been resolved by the affected covered entities, and in respect of which further action would be required on the part of the stakeholders.



There was **DIFFERENCE** in the actual volume of crude oil lifted and actual volume of production.

\$15.67bn

Domestic crude oil was valued at **\$15.67bn (N2.44tn)**, **WHILE ONLY N1.36TN** was received and N0.83tn deducted (leaving an unreconciled balance of **N0.25tn**).

30days

NON-COMPLIANCE with the **30-DAY** remittance rule by some crude oil and gas traders.



Receipts from domestic crude sales **WERE NOT MATCHED** with the sales by observing cut off procedures in the recording of collections on cash basis.

4 OMLs

NO CONSIDERATION was paid on **4 OMLs** in the NAOC JV that was assigned by NNPC to NPDC in December 2012.

N3.98Bn

NNPC OUTSTANDING DEBTS of **N3.98bn** as a result of over-recovery under Petroleum Support Fund Scheme (PSF) mentioned in 2012 NEITI Audit report is yet to be paid.



NEITI AUDIT REMEDICATION ISSUES



NNPC

\$439.7m

NNPC records of revenue receivable **ARE NOT CONSISTENT** with the underlying records of sales transactions and NEITI audit reports – showing under reporting of revenue receivable by NNPC, which may result in revenue losses to the tune of \$439.71m.



The review of some JV partner's contributions revealed that cash call payments documented in cash call schedule/template sometimes **DIFFER** from actual payments reflected in JV Operator's bank statement.

\$1.81bn



Accumulated **UNREMITTED** gas flare penalty of \$1.81bn as at 2014.



NEITI AUDIT REMEDIATION ISSUES



NNPC TOTAL OUTSTANDING FUNDS

N250bn

N250bn was the unreconciled balance from crude oil sales for 2014

\$245m

USD3.69m (NDPC Escrow Account) & USD241.079m (MCA Escrow Account) were not reconciled to validate transactions therein.

N998bn

N2.45tn (USD15.6bn) represents total crude oil sales in 2014 while the sum of N1.44tn was received. The difference of N998bn needs to be reconciled.

\$1.82bn

Accumulated unremitted gas flare penalty of USD1,819,689,085.38 as at 2014.

\$927.3m

The total sum of USD927.3m was expended on non-cash call items from the cash call account in 2013.

\$147.9m

For cash calls for OMLs 60,61, 62 63, NAPIMS owes a balance of USD147.9m.

\$2.30bn

As at 2014, there is a prior year Petroleum Profit Tax (PPT) liability of USD1.18bn that is yet to be remitted by NPDC. There is also an outstanding PPT liability of \$1.12bn as at 2014 was not validated because NPDC did not provide financials but it is deemed as outstanding.



NEITI AUDIT REMEDIATION ISSUES



DEPARTMENT OF PETROLEUM RESOURCES



INADEQUATE MEASUREMENT INFRASTRUCTURE to determine the volume of gas flared.



There is **NO EFFECTIVE RECEIPT** issuance and collection system at the DPR.



NIGERIAN ASSOCIATION OF PETROLEUM EXPLORATIONS



SNEPCO and **Nigerian Agip** Exploration **DID NOT PROVIDE REVENUE RECEIPTS** for PPT paid to FIRS and royalty paid to DPR by NNPC/NAPIMS pursuant to the relevant PSC.



OANDO

Some templates were populated after completion of the validation exercise and adequate **SUPPORTING DOCUMENTS WERE NOT PROVIDED** to substantiate the information in the template.



NECONDE



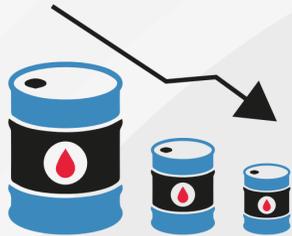
Neconde **DID NOT PROVIDE THE SCHEDULE FOR ROYALTY AND PAYE**, the company referred the auditors to NPDC for information as it claimed it did not receive reports from NPDC.



NEITI AUDIT REMEDIATION ISSUES



TOTAL/MOBIL/SPDC



Some IOCs, notably Mobil and Total **FAILED TO POPULATE** crude losses templates, while SPDC submitted different templates from the initial templates for crude theft and sabotage at the conclusion of audit.



SHELL



\$13.63m

SNEPCO **OWED** NDDC levy of \$13.63m as at 31 December 2014.



SNEPCO **DID NOT** have financial statements for 2014 financial year.



PLATFORM PETROLEUM



Platform Petroleum Limited **IS OWING** education tax for 2013 and 2014.



Platform Petroleum Limited made payment of NDDC levy for **2009 AND 2010 ONLY.**



NEITI AUDIT REMEDATION ISSUES



ORIENTAL ENERGY



Oriental Energy Resources claimed **NOT TO HAVE DOCUMENTATION** for the period because Afren Resources (the operator of the asset) had custody of all required documents.



PILLAR OIL



Pillar Oil Limited made **NO PAYMENT** of NDDC levy at all.



There is **NO OFFICIAL RECORD** of the joint agreement between Pillar Oil and Newton Energy.

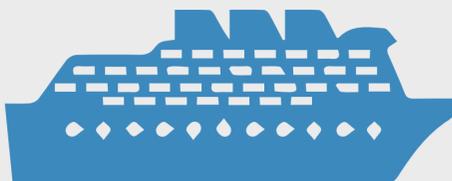


Pillar Oil **DID NOT** provide corporate social responsibility expenditure.



NIMASA

NIMASA **FAILED TO PROVIDE RECORDS** of Cabotage and Freight Levy collection.



NEITI AUDIT REMEDIATION ISSUES



FEDERAL INTERNAL REVENUE SERVICE



It was observed that Waltersmith Petroman Oil Limited **DID NOT PAY OUTPUT VAT** in 2011 – 2014.



Audit validation of payments into CBN account revealed that some receipts were recorded without names of the paying entities and this resulted in **IMPROPER RECORDING**.



CENTRAL BANK OF NIGERIA

Subsidy payments made by CBN **COULD NOT BE MATCHED** with subsidy claims processed for marketers for 2014



CBN DID NOT REPORT OR PRESENT NESS remittances on a company-by-company basis.



ERRORS OF MATERIAL OMISSIONS in filling the template submitted by NEITI to the CBN, with the risk that the information in the templates may be incomplete or understated.



NESS – Nigerian Export Supervision Scheme



Address: 55 Moleye Street,
Sabo, Yaba, Lagos, Nigeria

Web: www.yourbudgit.com
Twitter: [@Budgitng](https://twitter.com/Budgitng)
Facebook: facebook.com/budgitng