NEITI Oil and Gas Industry Audit- 2022
NUIMS Report Extract for Sign-off

FINANCIAL

NNPC Upstream Investment Management Services (NUIMS) represents the equity holdings of the Federal Government of Nigeria ranging between 55% to 60% in various JV agreements, which currently stands at thirteen (13). NUIMS manages the relationship with the Joint Venture Operators (JVOs) and supervises the mechanism of funding the Joint Venture Operations through the Cash-Call Process.

The audit reviewed the JV cash call and non-JV cash call transactions for 2022 by reconciling audit templates completed with respective bank statements provided.

The following sections provide highlight of the audit findings:

1) Confirmation of NNPC JV Partners and Equity Holding in 2022

Table 1. Listing of NNPC JV Partners and Equity Holding

		Equity Participatory Interest																	
S/n	**J V Partner**	**NNPC**	**SHELL**	**MOBIL**	**CHEVRON**	**TEPNG**	**NAOC**	**PANOCEAN**	**NEWCROSS**	**FIRST E&P**	**EROTON**	**AITEO**	**BELEMA**	**SEPLAT**	**WAEP**	**AMNI**	**SAHARA**	**HHOG**	**JV ASSETS**
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	OML
1	SHELL	55	30			10	5												20, 21, 22, 23, 25, 27, 28, 31, 32, 33, 35, 36, 43, 45, 46, 74, 77, 79
2	MOBIL	60		40															104, 67, 68, 70
3	CHEVRON	60			40														49, 51, 89, 91, 86, 88, 90, 95
4	TEPNG	60				40													99,100, 102, 58

5	NEWCROSS	55							45										24 (Transferred to NPDC)
6	FEPDCL	60								40									83, 85
7	EROTON/ OML 18	55									28.8						16.2		18
8	AITEO	55										45							29
9	BELEMA	60											40						55
10	SEPLAT	60												40					53
11	WAEP	55													45				71, 72
12	AMNI	60														40			52
13	HHOG	55																45	17

Source: NUIMS

The audit observed that part of the changes to asset ownership in 2022 were allocation of OMLs 11 and 98 to NPDC, these assets formerly belonging to SPDC and Pan Ocean respectively.

2) Confirmation of Cash Call Budget in 2022

The JV OPCOM approved cash call budget in 2022 for the 13 NNPC JVs was US$4.37billion as shown in table 2. below:

Table 2. – OPCOM 2022 approved cash call budget

S/N	COMPANY	% NNPC SHARE	TOTAL APPROVED BUDGET			APPROVED BUDGET NNPC SHARE		
			SOURCE NAIRA	SOURCE DOLLAR	EQUIVALENT DOLLAR @ $1/N411	SOURCE NAIRA	SOURCE DOLLAR	EQUIVALENT DOLLAR @ $1/N411
			N'000	$'000	EQ$'000	N'000	$'000	EQ$'000
1	SHELL	55	426,990,710.00	928,580.00	1,937,298.90	234,844,890.50	510,719.00	1,065,514.39
2	MOBIL	60	265,033,194.00	717,459.00	1,343,570.96	159,019,916.40	430,475.40	806,142.58
3	CHEVRON	60	338,795,052.00	593,542.00	1,393,908.29	203,277,031.20	356,125.20	836,344.98
4	TEPNG	60	240,607,602.00	527,048.00	1,095,457.17	144,364,561.20	316,228.80	657,274.30
5	NEWCROSS	55	38,718,763.49	120,823.77	212,292.62	21,295,319.92	66,453.07	116,760.94
6	FEPDCL	60	71,902,316.79	188,381.48	358,242.85	43,141,390.07	113,028.89	214,945.71
7	EROTON/ OML 18	55	25,536,353.00	34,180.00	94,506.84	14,044,994.15	18,799.00	51,978.76
8	AITEO	55	180,706,638.57	329,287.70	756,187.39	99,388,651.21	181,108.24	415,903.06
9	BELEMA	60			0.00	0.00	0.00	0.00
10	SEPLAT	60	27,189,869.00	65,232.00	129,465.09	16,313,921.40	39,139.20	77,679.06
11	WAEP	55	3,520,619.27	2,095.76	10,412.84	1,936,340.60	1,152.67	5,727.06
12	AMNI	60	1,358,829.00	1,510.00	4,720.09	815,297.40	906.00	2,832.05
13	HHOG	55	37,710,786.00	71,720.00	160,807.61	20,740,932.30	39,446.00	88,444.19
	SUBTOTAL		**1,658,070,733.12**	**3,579,859.71**	**7,496,870.66**	**959,183,246.36**	**2,073,581.46**	**4,339,547.08**
14	NEPL	100	762,331.95	24,276.45	26,077.38	762,331.95	24,276.45	26,077.38
	TOTAL		**1,658,833,065.07**	**3,604,136.16**	**7,522,948.03**	**959,945,578.31**	**2,097,857.91**	**4,365,624.46**

Source: NUIMS records

The figures were extracted from the approved OPCOM budget provided for each JV and the respective NNPC's equity share in those JVs were used to determine NNPC's share of total budget.

Table 3: Bank statement Inflow and Outflow Analysis

	N'000	$'000	EQ$'000
Opening Balance	11,775,311.79	-	27,817.89
Inflow	1,050,787,603.98	2,145,987.90	4,628,358.80
Outflow	1,058,584,074.54	2,076,347.03	4,577,136.24
Closing Balance	3,978,841.23	69,640.87	79,040.45

The bank statement shows an opening balance of ₦11.77 billion and an inflow of to $1.05 billion, while dollar holdings increased had an opening balance of $0 to inflow of $4.63 billion and a total outflow of $4.58 billion

Table 4: Analysis of Total Inflow to JVCC accounts

DETAILS	N'000	$'000	EQ$'000 @423.3
2020 Cash Call FUNDING			0.00
2021 Cash Call	35,612,873.40	611,945.41	696,076.93
2022 Cash Call	683,904,690.11	1,204,658.71	2,820,308.82
2021CASH CALL MONETIZATION			0.00
2022 CASH CALL MONETIZATION	255,414,786.00		603,389.53
INTEREST RECEIVED		5.11	5.11
FUNDING REPAYMENT		49,991.91	49,991.91
REVERSAL OF CASH CALL PAYMENT	75,852,944.71	279,386.76	458,581.06

TOTAL	1,050,785,294.22	2,145,987.90	4,628,353.35

Table 5: Analysis of Total payments from JVCC accounts

DETAILS	**N'000**	**$'000**	**EQ$'000 @423.3**
2020 Cash Call	4,088,989.63		9,659.79
2021 Cash Call	85,253,987.58	547,119.15	748,522.38
2022 Cash Call	782,131,172.18	377,382.12	2,225,081.56
BANK **CHARGES**	1,234.48		2.92
REVERSAL OF CASH CALL PAYMENT	75,852,944.71	279,386.76	458,581.05
NESS	5,838,510		13,792.84
VAT	365,155.43	1,778.94	2,641.58
WHT	266,558.10	1,256.69	1,886.40
GID	2,427,019.80	5,621.28	11,354.85
RED	395,524.53		934.38
FES	22,009,558	3,045.09	55,040.27
FIRS	54,664		129.14
FIELD OFFSHORE DESIGN	20,953,016	20,000.00	69,499.21
NAPIMS OPERATION	58,945,740.24	100,956.96	240,473.50
MONETIZATION		739,800.00	739,800.00
TOTAL	1,058,584,075.17	2,076,346.98	4,577,399.87

Source: 2022 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), NUIMS Records

The audit traced the total payments of ₦ 4 billion, relating to 2020 cash calls, to the 2022 bank Statements and ₦85.3 billion to 2021. This brings total cash call captured in 2022 from records provided to US$4.577billion made up of N1.059trillion and US$2.076 billion.

Total payments into the CBN NUIMS Operations Account from the JVCC account in 2022 was US$386.57million.

Table 6 below shows NUIMS submitted records on overheads expenditure, extracted from the 2022 budget performance report, which shows that US$190.375million was spent in 2022 while funding provided was US$240.473million representing 1.26% of total expenditure and 60.95% of approved budget.

Table 6: Summary of NUIMS Overheads performance and 2022 Funding

	2022 Budget	2022 Budget	2022 Actual	2022 Actual	2022 Overheads Funding		
	N'000	EQ$'000 @423.3	N'000	EQ$'000 @423.3	N'000	$'000	EQ$'000 @423.3
Total Capex	12,475,010.00	29,470.85	4,980,609.56	11,766.15	58,945,740.24	100,956.96	240,473.50
Total Opex	71,023,148.18	167,784.43	75,605,296.86	178,609.25			
Total Capex and Opex	**83,498,158.18**	**394,510.55**	**80,585,906.42**	**190,375.40**			

Source: NUIMS 2022 budget performance report, 2022 Standard Chartered Bank JVCC Dollar Account, NUIMS records

The review of cash call payment is based on the extracted summary of 2022 payments from the JVCC Naira and Dollar Bank Statements and other records submitted by NUIMS.

The table below shows the breakdown of cash call payments in 2022 from JVCC accounts:

Table 7: Monthly cash call payment analysis

Month	N'000	$'000	EQ$'000 @N423.3
January	0.00		0

February	0.00	23,384.66	23,385
March	103,434,857.76	0.00	244,354
April	0.00	0.00	0
May	59,348,307.59	0.00	140,204
June	99,676,615.14	64,636.85	300,112
July	0.00	0.00	0
August	97,534,417.34	130,905.47	361,320
September	87,730,141.42		207,253
October	2,632,600.61		6,219
November	85,065,831.63	158,455.14	359,414
December	246,708,400.70		582,822
TOTAL CASH CALL PAID PER BANK	**782,131,172.18**	**377,382.12**	**2,225,081.56**

Source: 2022 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), PROGRAMMES records

Table 8 below shows 2022 cash call payment analysed on a JV Partners basis.

Table 8: Cash Call payment to JV Operators

S/N	JVs	₦'000	$'000	EQ$'000 @ N 423.3
1	SPDC	216,458,450.87	152,334.88	663,694
2	MPN	148,280,010.33	214,397.33	564,693
3	CNL	133,335,499.19	157,772.74	472,763
4	TEPNG	82,319,417.60	86,540.47	281,011
5	NPDC	6,447,753.28	3,761.94	18,994

6	SEPLAT	15,195,150.22	19,425.95	55,323
7	NEWCROSS	19,385,943.46	17,352.72	63,150
8	FIRST (E&P)	25,325,812.61	34,604.07	94,434
9	NNPC/EROTON	13,639,688.09	14,211.53	46,434
10	NNPC/AITEO	103,159,233.03	107,564.88	351,267
11	NNPC/BELEMA	9,331,873.55	7,277.55	29,323
12	NNPC/HHOG	96,463,681.81	90,945.64	318,831
13	NNPC/WAEP	1,383,430.25	2,486.42	5,755
14	NNPC/AMNI	748,205.09	792.90	2,560
15	UNIDENTIFIED		15,032.24	15,032
	TOTAL	**871,474,149.39**	**924,501**	**2,983,264**

Source: 2022 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), PROGRAMMES records

The audit noted that the total cash call payments of US$15.032million could not be traced to any of the JVs based on available information. NUIMS is required to provide clarity on the variance

The table below shows the distribution of cash call payments by type of natural resources (Crude and Gas).

Table 9: Cash Call payment to Crude Production

S/N	JVs	₦'000	$'000	EQ$'000 @423.3
1	SPDC	200,248,074.20	141,433.50	614,498
2	MPN	148,280,010.33	213,677.48	563,973
3	NAOC			0
4	CNL	133,050,001.49	141,096.66	455,413
5	TEPNG	82,319,417.60	86,540.47	281,011

6	NPDC	6,447,753.28	3,761.94	18,994
7	SEPLAT	15,195,150.22	19,425.95	55,323
8	NEWCROSS	19,385,943.46	17,352.72	63,150
9	FIRST (E&P)	25,325,812.61	34,604.07	94,434
10	NNPC/EROTON	13,410,849.45	13,484.83	45,166
11	NNPC/AITEO	103,159,233.03	107,564.88	351,267
12	NNPC/BELEMA	9,331,873.55	7,277.55	29,323
13	NNPC/HHOG	96,463,681.81	90,945.64	318,831
14	NNPC/WAEP	1,383,430.25	2,486.42	5,755
15	NNPC/AMNI	748,205.09	792.9	2,560
	TOTAL	854,749,436.37	880,445.01	2,899,697.16

Source: 2022 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), PROGRAMMES Records

Similarly, the table below presents the allocation of Cash Call payment to Gas Production in 2022.

Table 10: Cash Call Payment to Gas Production

S/N	Entity	N'000	$'000	EQ$'000 @ N 423.3
1	SPDC	16,210,376.67	10,901.38	49,197
2	MPN		719.84	720
3	NAOC			0
4	CNL	285,497.70	16,676.08	17,351
5	TEPNG			0
6	NPDC			0
7	SEPLAT			0
8	NEWCROSS			0
9	FIRST (E&P)			0

10	NNPC/EROTON	228838.6461	726.7	1,267
11	NNPC/AITEO			0
12	NNPC/BELEMA			0
13	NNPC/HHOG			0
14				
15				
	TOTAL	**16,724,713.02**	**29,024.00**	**68,534.31**

Source: 2022 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account)

Performance balance for 2022 JV operations

The Audit requires any available information regarding performance balances in 2022 that may have been as a result of yet-to-be-completed OPCOM reconciliation meeting as at end of 2022.