NEITI Oil and Gas Industry Audit- 2023
NUIMS Report Extract for Sign-off

FINANCIAL

The 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) with four (4) foreign partners and eleven (9) indigenous partner**. 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 2023 by reconciling audit templates completed with respective bank statements provided.

The following sections provide highlight of the audit findings:

NEITI Nigeria Extractive Industries Transparency Initiative

1) Confirmation of NNPC JV Partners and Equity Holding in 2023

Table 1. Listing of NNPC JV Partners and Equity Holding

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

2) Confirmation of Cash Call Budget in 2023

The JV OPCOM approved cash call budget in 2023 for the 10 NNPC JVs was US$6.668 billion as shown in table 2. below:

Table 2. OPCOM 2023 approved cash call budget

S/N	COMPANY	% NNPC SHARE	TOTAL APPROVED BUDGET			APPROVED BUDGET NNPC SHARE		
			SOURCE NAIRA	SOURCE DOLLAR	EQUIVALENT DOLLAR @ $1/N435.57	SOURCE NAIRA	SOURCE DOLLAR	EQUIVALENT DOLLAR @ $1/N435.57
			N'000	$'000	**EQ$'000**	N'000	$'000	**EQ$'000**
1	NNPC/CNL	60.00%	495,858,927	1,156,628	**2,295,158**	297,515,356.20	693,976.80	**1,377,025.12**
2	NNPC/TEPNG	60.00%	495,858,927	1,156,628	2,295,158	297,515,356.20	693,976.80	**1,377,025.12**
3	HEIRS HOLDINGS	55.00%	61,986,171	143,556.00	**285,867.00**	37,191,702.60	86,133.60	**171,519.88**
4	NNPC/FEPL	60.00%	95,900,327.01	224,187.05	**444,359.07**	57,540,196.21	134,512.23	**266,615.44**
5	NNPC/NEOL	55.00%	40,580,509	88349	**181515**	24,348,305.40	53,009.40	**108,909.27**
6	NNPC/SPDC/TEPNG/NAOC JV	55.00%	635,561,815	1,393,410	**2,852,231**	381,337,089.00	836,046.00	**1,711,535.79**
7	NNPC/NEWCROSS	55.00%	45,754,524.24	122,963.50	**228,008.67**	27,452,714.54	73,778.10	**136,805.20**
8	NNPC/SEPLAT	60.00%	31,383,441	44,638	**116,689**	18,830,064.60	26,782.80	**70,013.66**
9	NNPC/AMNI	60.00%	1,529,964	904	**4,416**	917,978.40	542.40	**2,649.93**
10	OML 8688	60.00%	9,393,482.29	30,162.91	**51,728.86**	5,636,089.37	18,097.75	**31,037.32**
11	NNPC/AITEO	55.00%	181,723,310.21	433,639.18	**850,847.23**	109,033,986.13	260,183.51	**510,508.34**
12	MPN	60.00%	303,260,735	730,155	**1,426,394**	181,956,441.00	438,093.00	**855,836.28**
13	WAEP	55.00%	15,419,861.71	44,894.18	**80,295.75**	9,251,917.03	26,936.51	**48,177.45**
	TOTAL		**2,414,211,994.46**	**5,570,114.82**	**11,112,667.58**	**1,448,527,196.68**	**3,342,068.89**	**6,667,658.80**

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

The bank statements provided shows an opening balance of $174 million with a total withdrawal of $2.534 billion and an inflow of to $2.898 billion, while the Naira bank statement showed an opening balance of ₦0 with a total withdrawal of ₦1.797 trillion and an inflow of to ₦1.864 trillion.

Table 3: Bank

Upon further analysis, the audit established that the JVCC bank statements for both Naira and US$ has numerous non-JV related payments that have the nature of operations and administrative expenses.

	N'000	$'000	EQ$'000
Opening Balance	-	174,848.66	174,848.66
Inflow	1,864,024,077.40	2,898,058.62	7,301,611.84
Outflow	1,797,462,579.62	2,534,214.89	6,780,523.84
Closing Balance	66,561,497.78	538,692.39	695,936.66

Table 4 below shows the details of the outflows from the JVCC account and inflows into same.

Table 4: Analysis of Total Payment from JVCC accounts

DETAILS	N'000	$'000	EQ$'000 @645.92
CASH CALL 2021		56,974.12	56,974.12
CASH CALL 2022		371,821.51	371,821.51
CASH CALL 2023	791,067,843.59	1,213,739.87	2,438,454.76
UNDERCALL 2019		2,941.00	2,941.00
UNDERCALL 2020		7,783.50	7,783.50
UNDERCALL 2022	6,315,867.79	29,386.50	39,164.60
LEGAL		1,148.03	1,148.03
MONETISATION		222,230.31	222,230.31

DETAILS	N'000	$'000	EQ$'000 @645.92
VAT	5.36	1,444.35	1,444.36
WHT	13,164.68	700.39	720.78
WDL	1,946,295.21		3,013.21
BANK CHARGES	100.29		0.16
PSC PROFIT REFUND		100,716.88	100,716.88
PENSION	3,348,148.90		5,183.53
REFUND	17,115,867.90	7,257.33	33,755.76
REG & RENEWALS		151.72	151.72
ROYALTY		47,845.14	47,845.14
PETROLEUM PROFIT TAX		17,938.35	17,938.35
AUDIT OF NNPC LTD GAS SALES		39.90	39.90
TRAVEL EXPENSES	927,073.96	57.25	1,492.53
NAE OML 125 DSA		30,000.00	30,000.00
NIGERIA MOROCCO GAS PIPELINE PROJECT		5,000.00	5,000.00
NMDPRA		27.00	27.00
NUIMS MIRS PRODUCT		232.75	232.75
NUIMS SECURITY ARCHITECTURE COST		175,513.22	175,513.22
OIL PROFIT		6,284.81	6,284.81
OIL REFUND		11,709.71	11,709.71
UNCLASSIFIED		208,500.48	208,500.48
INDIVIDUAL		67.07	67.07
ENGINEERING CONSULTANCY		74.88	74.88
ESTACODE		537.04	537.04
EXPORT PERMIT		77.00	77.00

DETAILS	N'000	$'000	EQ$'000 @645.92
FUND RETURN		10,187.83	10,187.83
OVERHEADS		3,826.96	3,826.96
OTHERS	976,728,211.94		1,512,150.44
TOTAL	**1,797,462,579.62**	**2,534,214.90**	**5,317,009.33**

Source: Jan-Dec 2023 Bank Statement (NUIMS Main Standard Chartered Dollar Account), NUIMS Records

Of the total outflows, US$2,917billion (55%) was payments relating to cash calls, including arrears. The balance is assumed to be non-cash call related, however, due to the limited information and incomplete US$ bank statement provided, the audit established several transactions that could not be properly classified. These transactions include those described as “unclassified”, “individual payments” and “Others” in table 4 above. They make up 32% of the total outflows from the JVCC accounts.

Further checks found variances between the audit templates submitted by NUIMS and the extracted transactions from the bank statements, these variances remain significant and require urgent reconciliation for proper housekeeping.

Please refer to the attached gap report for the detailed analysis of variances.

Table 3: Bank

Table 5: Analysis of Total Inflow to JVCC accounts

DETAILS	N'000	$'000	EQ$'000 @645.92
CASH CALL FUNDING 2022		119,308.04	119,308.04
CASH CALL FUNDING 2023		71,297.65	71,297.65
CAR LOAND LIQUIDATION	43,588.36		67.48
CRUDE OIL		144,046.36	144,046.36
GAS SUPPLY		10,895.65	10,895.65
EASTACODE		3.29	3.29

DETAILS	N'000	$'000	EQ$'000 @645.92
REFUND	43,661.93		67.60
LOAN LIQUIDATION	2,708.33		4.19
NNPC NUIMS OPERATIONS	1,485,713.69		2,300.15
NNPC UPSTREAM INVESTMENT	20,443,832.07		31,650.72
NNPC	24,390,160.00		37,760.34
NUIMS BENEFITS	2,802.90		4.34
NUIMS CLAIM	99.00		0.15
INTEREST	4,107,272.30	12,869.66	19,228.45
JV PARTNERS	37,602,836.36		58,215.93
OIL PROFIT		20,809.55	20,809.55
OIL LIQUIDATION	1,295.24		2.01
OVERCALL REFUND		256.24	256.24
REPAYMENTS	444.44		0.69
REVERSALS	36,252,726.22		56,125.72
RETURNS	19,197.84		29.72
UNCLASSIFIED	123,796,416.43	2,213,697.44	2,405,356.49
OTHERS	1,615,831,322.29	304,874.73	2,806,471.40
TOTAL	**1,864,024,077.40**	**2,898,058.61**	**5,783,902.18**

Source: Jan-Dec 2023 Bank Statement (NUIMS Main Standard Chartered Dollar Account), NUIMS Records

Of the total inflows, US$190.606million (3%) were receipts with clear descriptions relating to cash call funding, including arrears. The bank statement had limited information and was incomplete to provide full clarity on the transaction flows and their nature. The audit established several transactions that could not be properly classified. These transactions include those described as “unclassified”, “Others”, “NUIMS related activities” etc. in table 5 above. These unclear transactions make up over 70% of the total inflows to the JVCC accounts.

There were clear cases of comingling of payments in the JVCC accounts, these require proper reconciliation for immediate remediation.

Table 6 below shows NUIMS submitted records on budget, extracted from the 2023 budget performance report, which shows that US$317 million was approved in 2023 while US$236.69million (or 75%) was total expenditure from the budget.

Table 6: Summary of NUIMS Overheads performance and 2023 Funding

Description	2023 Revised Budget (₦'000)	2023 Revised Budget (EQ'000) @ 645.92/$	2023 Jan-Dec Performance (₦'000)	2023 Jan-Dec Performance (EQ'000) @ 645.92/$	2023 % of Performance
Capex	8,911,283.05	13,796.26	6,040,747.74	9,352.16	68%
Movables	6,485,829.17	10,041.23	1,281,291.62	1,983.67	20%
Opex	189,415,697.78	293,249.47	145,567,117.06	225,364.00	77%
Total	**204,812,810.00**	**317,086.96**	**152,889,156.42**	**236,699.83**	**75%**

Source: NUIMS 2023 budget performance report, NUIMS records

A review of the JVCC inflow account shows that some funding for NUIMS operations were received contrary to being received into the NUIMS operations account. The transaction narrations recognised about US$71.716million that could be related to NUIMS operations funding, however, NUIMS is required to provide further clarity on these transactions.

Furthermore, the JVCC outflows recorded a significant volume of non-JV related payments that have the nature of operations/administrative expenses. These require further reconciliation.

The review of cash call payment is based on the extracted summary of 2023 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 2023 from JVCC accounts:

Table 7: Monthly cash call payment analysis

Month	N'000	$'000	EQ$'000 @ N645.92/$1
January	-		-
February	3,412,786.14	47,455.83	52,739.43
March	1,519,134.78	45,750.35	48,102.24
April	106,307,283.97	155,928.71	320,511.45
May	151,743,693.02	146,728.42	381,654.87
June		51,900.45	51,900.45
July		18,323.11	18,323.11
August	109,471,031.96	184,012.88	353,493.67
September	108,730,319.96	180,548.56	348,882.60
October	66,759,858.86	27,598.16	130,954.39
November	66,467,092.25	149,131.94	252,034.92
December	176,655,671.84	206,361.47	479,856.13
TOTAL CASH CALL PAID PER BANK	**791,066,872.78**	**1,213,739.88**	**2,438,453.27**

Source: 2023 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), NUIMS records

The Audit found that the sum of ₦791.067 Billion were cash call payments traced to the appropriate JVs as against the ₦1.579 Trillion recorded in the Template provided and the sum of US$1.214 Billion were cash call payments traced to the appropriate JVs as against the US$1.956 Billion recorded in the Template. These further demonstrates the limitations and incompleteness of the bank statements provided for the audit, particularly the US$ bank statements.

Table 8 below provides the analysis of cash call from submitted audit templates.

Table 8: Monthly cash call payment analysis (SUBMITTED TEMPLATE ANALYSIS)

Month	N'000	$'000	EQ$'000 @ N645.92/$1
January	0	117170.3704	117,170.37
February	151,397,042.88	234,032.85	468,422.62
March	50,231,276.96	105,296.14	183,063.16
April	85,706,688.09	249,716.91	382,406.24
May	157,845,137.65	273,145.31	517,517.89
June	88416855.61	52,239.09	189,124.24
July	37664084.59	21,264.11	79,574.87
August	219,483,681.48	199,045.12	538,845.22
September	95,844,308.01	299,910.47	448,294.65
October	182,868,392.71	49,201.16	332,314.23
November	162,941,644.29	149,131.94	401,394.83
December	346,670,257.89	206,361.47	743,069.20
TOTAL CASH CALL PAID PER BANK	**1,579,069,370.17**	**1,956,514.93**	**4,401,197.50**

Source: 2023 NUIMS records

Table 9 below provides the variance between the bank statement and submitted audit templates.

Table 9: Monthly cash call payment analysis (bank statement vs template variance analysis)

	DIFFERENCE		
Month	**N'000**	**$'000**	**EQ$'000 @ N645.92/$1**
January	-	117,170.37	117,170.37
February	147,984,256.74	186,577.02	415,683.19
March	48,712,142.18	59,545.79	134,960.92
April	(20,600,595.88)	93,788.20	61,894.79
May	6,101,444.63	126,416.89	135,863.02
June	88,416,855.61	338.64	137,223.79
July	37,664,084.59	2,941.00	61,251.76
August	110,012,649.52	15,032.24	185,351.55
September	(12,886,011.95)	119,361.91	99,412.05
October	116,108,533.85	21,603.00	201,359.83
November	96,474,552.04	(0.00)	149,359.91
December	170,014,586.05	-	263,213.07
TOTAL CASH CALL PAID PER BANK	**788,002,497.39**	**742,775.05**	**1,962,744.23**

Source: 2023 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), NUIMS records

It is also worthy to note that the USD bank statement only covered February to December 2023 although the statement specified it was for January to December.

Some payments for cash call in the Zenith Bank statement were not properly narrated to the JV partners beneficiary, while some had narrations with individual names.

Table 10 below shows 2023 cash call payment analysed on a JV Partners basis.

Table 10: Cash Call payment to JV Operators (Bank Statement Analysis)

S/N	JVs	₦'000	$'000	EQ$'000 @ N435.57/$1
1	SHELL	503,487.47		779.49
2	EXXON MOBIL	44,367,762.67	194,445.18	263,134.43
3	NNPC/NPDC/CHEVRON		975.00	975.00
4	NNPC/TEPNG	40,800,042.82	250,309.63	313,475.41
5	NNPC FIRST E & P	9,697,995.37	77,494.29	92,508.53
6	NNPC/CNL	79,349,199.37	252,069.75	374,916.54
7	NNPC/NEPL	18,138,638.36		28,081.87
8	NNPC/SPDC/EPNL/NAOC JV	57,027,560.27	109,203.05	197,491.94
9	NNPC/NPDC/SPDC JV	209,457.02	2,493.74	2,818.02
10	NNPC/HHOG	1,943,345.48	38,994.27	42,002.92
11	NNPC/NEWCROSS/ EROTON		192.00	192.00
12	NNPC/NEWCROSS JV	10,707,304.18	71,019.26	87,596.09
13	NNPC/AITEO JV	36,669,526.56	142,683.09	199,454.09
14	NNPC/BELEMA	13,539,377.24	1,773.82	22,735.20
15	NNPC/SEPLAT	1,888,959.00	13,959.77	16,884.22
16	NNPC/WAEP	172,810.44	23,587.00	23,854.54
17	NNPC/AMNI	186,110.66	540.12	828.25
18	NNPC EIGHTEEN	1,459,895.33	30,566.62	32,826.80
19	NNPC (UNCLASSIFIED)	473,855,846.18		733,613.83
20	OML 28/30 CASH CALL	230,633.53	1,506.56	1,863.62
21	OML 49 38 JV CASH CALL	318,920.84	1,926.73	2,420.48
	TOTAL	**791,066,872.79**	**1,213,739.88**	**2,438,453.27**

Source: 2023 Bank Statement (CBN/NNPC JVCC Naira Account and Standard Chartered Bank JVCC Dollar Account), NUIMS records

Similarly, the cash calls analysis according to operators have significant variances when the bank statement analysis is compared with the audit template submitted by NUIMS as analysed in table 10 and table 11.

The variances established show that the submitted templates totals exceeds the bank statement by US$1.963billion (45%), on NUIMS established payments to operators in 2023.

These further underscores the audit findings about the incompleteness of the 2023 bank statements provided by NUIMS for the audit.

Table 11: Cash Call payment to JV Operators (Template Analysis)

S/N	JVs	₦'000	$'000	EQ$'000 @ N645.92/$1
1	SPDC	466,596,590.17	320,947.67	1,043,322.87
2	MPN	162,096,849.10	338,276.78	589,231.77
3	NAOC			-
4	CNL	465,743,017.83	252,069.75	973,123.47
5	TEPNG	239,243,567.72	250,309.63	620,701.58
6	AITEO	73,846,711.30	144,390.95	258,718.91
7	EROTON	782,229.28	18422.28667	19,633.32
8	SEPLAT	4,459,099.74	32,419.42	39,322.91
9	NPDC	4,377,236.21	16,317.05	23,093.80
10	NEWCROSS	26,803,845.85	121,414.55	162,911.71
11	FIRST E & P	61135613.2	157883.6353	252,532.53
12	BELEMA	23,111,411.53	27,070.10	62,850.71
13	WAEP	13,143,064.05	45,447.32	65,795.14
14	AMNI	887,254.04	1,060.80	2,434.43
15	NNPC 18	13,500,934.00	30,566.62	51,468.49
16	HHOG	23,341,946.15	199918.3724	236,055.89

S/N	JVs	₦'000	$'000	EQ$'000 @ N645.92/$1
	TOTAL	**1,579,069,370.17**	**1,956,514.93**	**4,401,197.50**

Source: 2023 NUIMS records

Performance balance for 2023 JV operations

The Audit requires any available information regarding performance balances in 2023 that may have been as a result of yet-to-be-completed OPCOM reconciliation meeting as at end of 2023.