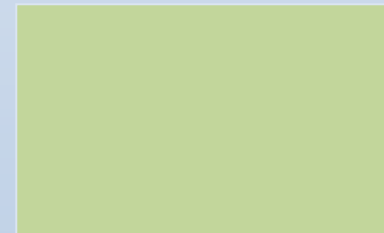
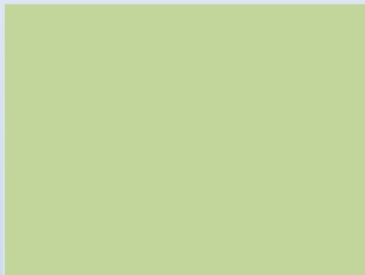


## Petroleum Technology Development Fund 2007 to 2011



Prepared by:



SIAO - Accomplish More

18b Olu Holloway Road  
Ikoyi Lagos  
Nigeria

October, 2013

## Table of Contents

<b>1</b>	<b>Introduction.....</b>	<b>4</b>
1.1	History.....	4
1.2	Mission.....	5
1.3	Vision.....	5
1.4	Mandate of the PTDF.....	5
1.5	Major Operational Activities over the years under review.....	5
1.6	The Audit Approach.....	7
1.7	List of Documents Requested from the PTDF.....	7
1.8	Limitations.....	7
<b>2</b>	<b>The Entity’s Financial Overview.....</b>	<b>8</b>
2.1	Entity’s Statutory Income.....	8
2.2	Transfer Procedure.....	8
2.3	PTDF Reserve Account.....	8
2.4	Revenue by Sources.....	11
2.4.1	Signature Bonus.....	12
2.4.2	Local and Foreign Currency Investment Income.....	12
2.4.3	Scholarship Related Expenses.....	14
2.4.4	School Assisted Projects.....	16
2.4.5	National Institute of Petroleum Policy and Strategy (NIPPS) Kaduna.....	19
2.4.6	Establishment and Equipment of ICT Centres.....	19
2.4.7	Nigerian Contents Training.....	19
2.4.8	Other PTDF Assisted Expenditures.....	20
<b>3</b>	<b>Observation and Recommendation.....</b>	<b>28</b>

## List of Tables

Table 1: Review of the Financials .....	9
Table 2: Sources of Revenue .....	11
Table 3: Remittances to PTDF from Signature Bonus Collected by DPR.....	12
Table 4: Investments and Investment Income .....	13
Table 5: Expenditure .....	13
Table 6: Core Operating Expenses .....	14
Table 7: PTDF Scholarship from 2007 to 2011 .....	15
Table 8: Scholars Related Expenses .....	15
Table 9: PTDF Project Analysis by Completion Status.....	16
Table 10: School Assisted Projects.....	17
Table 11 : Petroleum Training Institute (PTI) Effurun, Delta State .....	18
Table 12: Rehabilitation of Federal Polytechnic of Oil & Gas Ekowe, Bayelsa State .....	19
Table 13 : University Assisted Projects.....	20
Table 14 : Establishment of Federal Polytechnic Bonny Rivers State.....	20
Table 15 : Training Expenses .....	21
Table 16 : Workshop & Seminar Expenses .....	21
Table 17 : Administration Expenses .....	22
Table 18 : The Balance Sheet .....	23
Table 19 : Fixed Assets .....	24
Table 20 : Other Assets .....	25
Table 21 : 3 Endowment Fund.....	26
Table 22 : Cash and Bank Balances.....	26
Table 23 : Fixed Deposit Account .....	26

## 1 Introduction

### 1.1 History

Prior to the establishment of the PTDF, the Gulf Oil Company Fund was in existence and its Act was repealed by the promulgation of Act No 25 of 1973 and established the Petroleum Technology Development Fund (PTDF) as a Fund for the purpose of training and education of Nigerians in the oil and gas industry.

**Section 1** of the Act provides that the following moneys shall be paid into the Fund:

- a. The balance of monetary assets outstanding in the accounts of the Gulf Oil Company Training Fund at the commencement of the Act;
- b. All further sums payable to or received by the Minister of Mines, Power & Steel (Now Minister of Petroleum) in terms of any agreement made by the Government and any company in relation to Petroleum Oil Prospecting or Mining Concessions;
- c. And any other sums from time to time freely donated or accruing to the Government or the Fund for the training of Nigerians in the oil and gas industry as the said Minister may direct.

**Section 2** of the Act provides that the Fund shall be available for the purpose of training Nigerians to qualify as graduates, professionals, technicians and craftsmen, in the fields of engineering, geology, science and management in the oil and gas industry in Nigeria or abroad.

Specifically, the said section 2 further provides that the provided funds shall be utilized for the following purposes:

- a. To wholly or partially provide scholarships and bursaries for students studying in Universities, Colleges and Institutions in Nigeria or abroad.
- b. To maintain, supplement, or subsidize such training or education as mentioned above.
- c. To make suitable endowments to faculties in Nigerian Universities, Colleges or Institutions as approved by the Minister.
- d. To make available suitable books and training equipment in the Institutions aforementioned.
- e. For sponsoring regular or necessary visits to oil fields, refineries, petrochemical plants, and for arranging any necessary attachments of personnel to establishments connected with the development of the oil and gas industry.
- f. For financing and participating in seminars and conferences which are connected with oil and gas industry in Nigeria or Abroad.

Since the establishment of the Fund in 1973, it remained as a desk in the Department of Petroleum Resources (DPR) and was administered as such until the year 2000 when the administration of President Olusegun Obasanjo decided to remove it from the DPR and made it a fully independent and functional parastatal. Consequently in September 2000, an Interim Management Committee (IMC) was appointed with Alhaji Yusuf Hamisu Abubakar as the pioneer Executive Secretary, five Assistant General Managers and a Technical Implementation Committee (TIC) headed by the then Special Adviser to the president on Petroleum Matters. Both the IMC and the TIC operated under the direct supervision of the Vice President. The Fund has since been headed by six (6) Executive Secretaries / Chief Executive Officers with the incumbent Executive Secretary, Dr. OLUWOLE OLULEYE who assumed duty on the 15th of May, 2013.

## 1.2 Mission

To train Nigerians to qualify as graduates, professionals, technicians and craftsmen in the field of engineering, geology, science and management in the oil and gas industry in Nigeria or abroad

## 1.3 Vision

To serve not only as a vessel for the development of indigenous manpower and technology transfer/acquisition in the petroleum industry but also to make Nigeria a Human Resource centre for the West African sub-region.

## 1.4 Mandate of the PTDF

The Fund shall be dedicated to the development, promotion and implementation of petroleum technology and manpower development through research and training of Nigerians as graduate, professional, technician and craftsmen in the relevant fields in the petroleum and solid minerals industry.

The Fund shall:

- Moderate the operational dominance of the Nigeria Oil and gas industry by foreign personnel and expertise.
- Initiate, design and implement an effective indigenous research and development capacity for Nigeria's oil, gas and solid minerals industry.
- Use existing human resources development facilities in Nigeria for an expanded manpower development programme in the oil, gas and solid minerals industry.
- Provide scholarships, bursaries and grants to Nigerians, wholly or partially, in Universities, Polytechnics, Colleges, Schools and institutions in relevant disciplines in Nigeria or abroad.

## 1.5 Major Operational Activities over the years under review

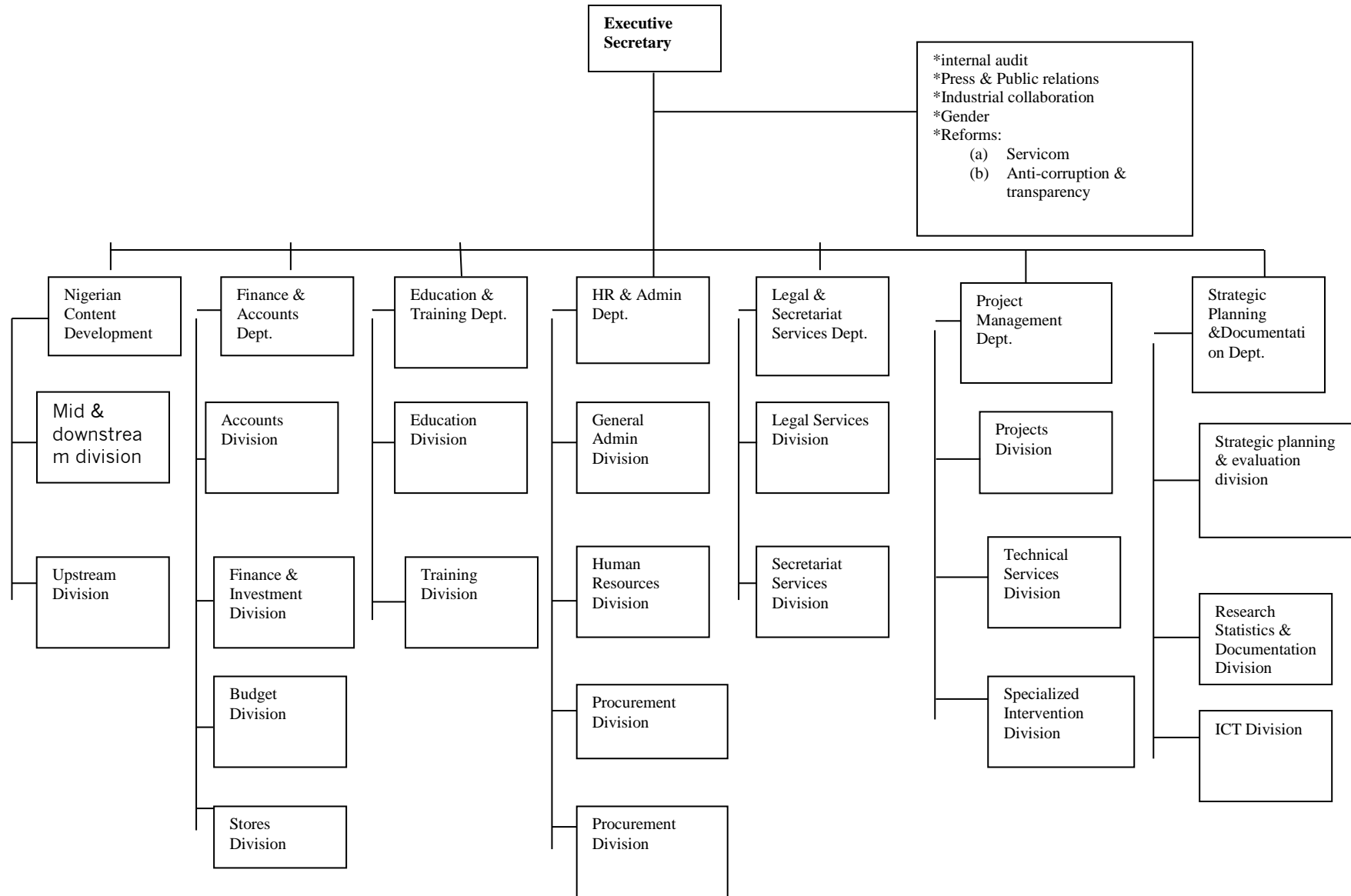
The major operational activities of PTDF for the period under review include:

- Award of scholarship and bursary to qualified students at both under graduate and post graduate levels in the relevant science, technology and management disciplines.
- The Endowment Fund for six universities in the six geo-political zones of the country was operational during the period under review.

The Fund upgraded some selected Federal Universities to enhance the teaching and research of petroleum related discipline.

1. The Fund also upgraded the curricula, infrastructure and facilities of the Petroleum Training Institute (PTI), Efurun.
2. The Fund extended their operational activities to Niger Delta Skill Acquisition project, Primary School and Secondary School Projects at Ekowe and Okporosa respectively; furthermore, the National Technical Institute Project was also covered.
3. The Fund sponsored the training of personnel, legislators and other stakeholders in the oil and gas industry.
4. Infrastructures and equipment for some selected Information Communication Technology Centres were provided.

**Organizational Structure as Approved by the Office of the Civil Service of the Federation.**



## 1.6 The Audit Approach

In order to achieve the desired result the Audit involved the following:

- a) Carried out system documentation of procedures;
- b) Validated template filled by the Agency against the schedule of flows to the PTFD;
- c) Agreed the schedule of flows to the Bank Statement;
- d) Obtained a comparison of budget to actual;
- e) Reconciled Schedule of flows with the General ledger;
- f) Reviewed Minutes of Board Meeting;
- g) Reviewed sampled project files for the periods under review;
- h) Reviewed bank statements of the PTFD for the periods under review;
- i) Reviewed Audited Financial Statements for the periods under review for validation purpose;
- j) Reviewed PTFD Reserve account;
- k) Obtained and Reviewed Internal Audit report for the periods under review;
- l) Document our findings and Recommendation.

## 1.7 List of Documents Requested from the PTFD

In order to achieve the above objective, the following documents were requested for but not all were made available.

- System documentation/procedural Manual
- Audited Financial Statements from 2007-2011
- External Auditors' internal control letters/management letters for the past five years together with management response to populated template
- Schedule Of Signature bonus receipts and disbursement from 2007-2011
- Schedule of Receivables for Signature Bonus from 2007-2011
- Schedule of Grants /subvention from 2007-2011
- Schedule of capital project disbursement from 2007 -2011
- List of all projects executed between 2007 and 2011
- Status of all projects executed between 2007 and 2011
- Schedule of other receipts from 2007-2011
- Account statement from DPR for 2007-2011
- Account statement from the OAGF from 2007-2011
- Authorization/Approval
- Schedule/project files from 2007-2011
- Bank statement and reconciliation statement
- Schedule of Bid rounds from 2007-2011
- Minutes of the meetings/Mandates
- Schedule of Investments from 2007-2011
- Annual Budget from 2007-2011
- Any other relevant documents to aid our Audit.

## 1.8 Limitations

- The amount apportioned from DPR's total collections to PTFD differ from year to year, all efforts to get the bases of apportionment was unsuccessful.
- Transfers were made in US Dollars to PTFD Reserve Account in 2007, 2008 and 2009. The rates used for the conversion into naira were not made available to us.
- There was no audited financial statement for 2011

## 2 The Entity's Financial Overview

### 2.1 Entity's Statutory Income

Basically, the main statutory income of the Fund represents a portion of the total collection by the Department of Petroleum Resources such as Signature bonus, Concessional Rental and Royalties.

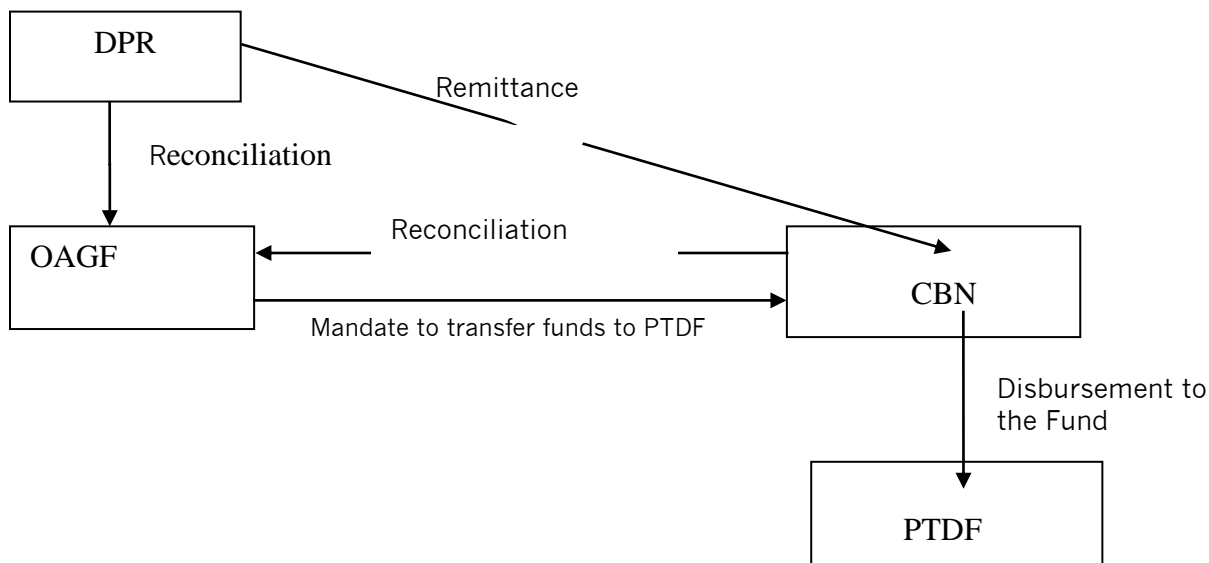
### 2.2 Transfer Procedure

The agencies involved in the transfer procedure are the Central Bank of Nigeria, Office of the Accountant General of the Federation and the Department of Petroleum Resources. The DPR is saddled with the responsibility of collecting dues from Signature bonus and Royalties accruing from oil well blocks. These proceeds are expected to be remitted to the CBN, after which both the CBN and DPR participate in a reconciliation meeting at OAGF as the Accountant to Federal Government to reconcile differences in the account. A portion of what the DPR remitted is allocated to PTDF through mandate from the OAGF to the CBN to release allocation to the Fund.

### 2.3 PTDF Reserve Account

The Central Bank of Nigeria maintains an account called **PTDF Reserve Account** on behalf of the Fund. The Office of the Accountant General of the Federation issues mandates to transfer statutory allocations to this account. It is noteworthy that prior to 2007, the Fund submitted its annual budget which contained financial implication of its activities for the year to State House in Abuja for approval. The Fund's allocation has been pegged at one hundred million US dollars (\$100 million) a year. In a situation where more responsibilities are attached to the Fund outside its constitutional functions, additional transfers to the account will be made. This was evident in 2007 as the statutory allocation was more than hundred million US dollars due to the Amnesty programme that took place.

The transfer line is illustrated below:

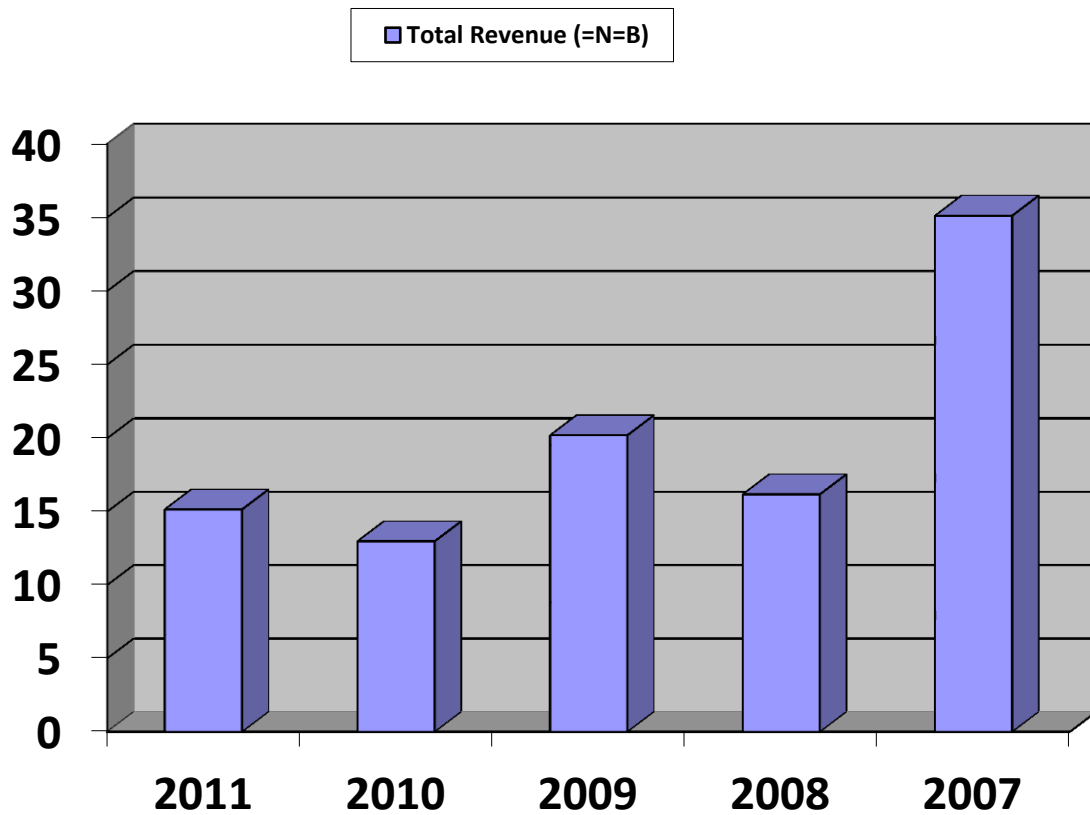




**Table 1: Review of the Financials**

	Management	Audited			
	2011	2010	2009	2008	2007
	₦000	₦000	₦000	₦000	₦000
<b>Income</b>	<b>15,149,930</b>	<b>12,978,761</b>	<b>20,200,800</b>	<b>16,180,200</b>	<b>35,121,139</b>
<b>Less Operating Cost</b>					
Core Operating Expenses	26,918,240	21,372,609	10,108,551	10,914,863	6,129,262
Repair and Maintenance	20,021	69,582	31,621	-	-
	<b>26,938,261</b>	<b>21,442,191</b>	<b>10,140,172</b>	<b>10,914,863</b>	<b>6,129,262</b>
Net Income	(11,788,331)	(8,463,430)	10,060,628	5,265,337	28,991,877
<b>Less Other Expenses</b>					
Staff Cost	1,560,723	1,558,343	1,301,976	863,842	608,526
Administrative Expenses	1,013,310	489,804	316,702	272,218	470,214
Finance Cost	39,464	35,466	20,380	2,322	4,285
	<b>2,613,497</b>	<b>2,083,613</b>	<b>1,639,058</b>	<b>1,138,382</b>	<b>1,083,025</b>
<b>Deficit/Surplus Before Depreciation</b>	<b>(14,401,828)</b>	<b>(10,547,043)</b>	<b>8,421,570</b>	<b>4,126,955</b>	<b>27,908,852</b>
Depreciation	-	(74,935)	(104,082)	(98,728)	(72,846)
Exchange Loss/Gains	(5,709,960)	(1,694,700)	3,529,592	(2,460,806)	(3,544,389)
<b>Transferred to Capital Fund</b>	<b>(20,111,788)</b>	<b>(12,316,678)</b>	<b>11,847,080</b>	<b>1,567,421</b>	<b>24,291,617</b>

Source: PTDF 2011 Mgt Account & 2007 to 2010 Audited Account



*Trends in revenue to PTDF from 2007 to 2011*

Revenue to the Fund in 2007 was ₦35 billion, the revenue decreased by 54% to ₦16 billion in 2008. There was an increase in revenue by 25% to ₦20 billion in 2009, and a decrease by 36% to ₦13 billion in 2010. However, there was an increase in revenue to ₦15 billion in 2011 representing an increase of 17%.

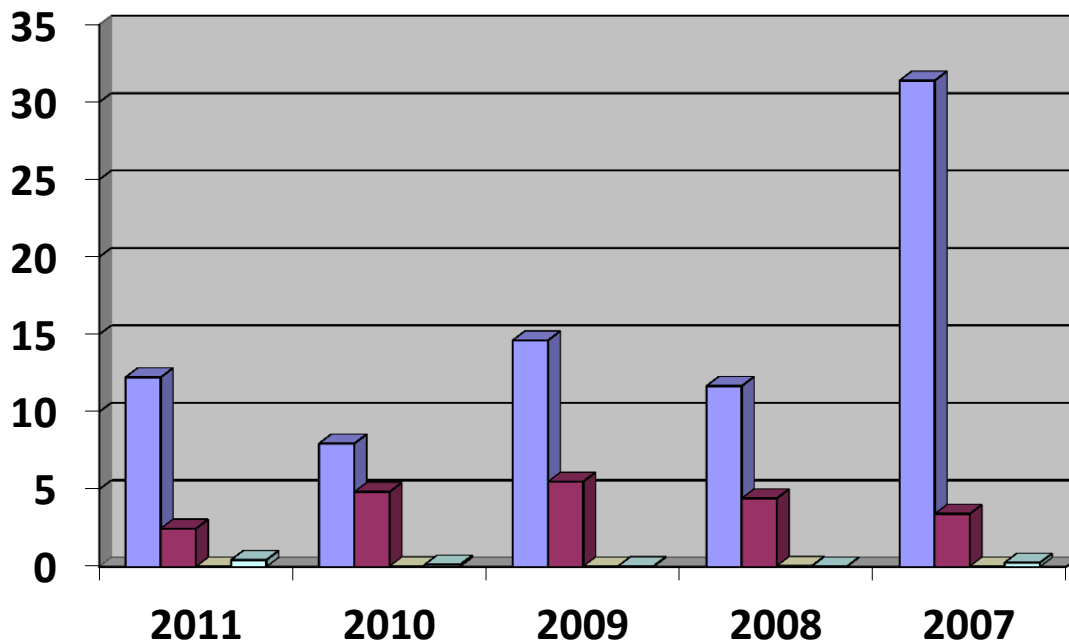
## 2.4 Revenue by Sources

The Sources of revenue to the Fund during the years under review were Signature Bonus/Oil Block Concession allocation, Local and foreign currency Investment income, Tenders/Contractors fee and others.

**Table 2: Sources of Revenue**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Signature Bonus	12,228,290	7,956,200	14,620,000	11,670,000	31,399,835	77,874,325
Local and Foreign Currency Investment Income	2,470,985	4,838,047	5,503,889	4,418,952	3,421,466	20,653,339
Tenders/Contractors Fees	5,870	43,167	26,874	64,080	29,980	169,971
Other Income	444,785	141,346	50,038	27,168	269,858	933,195
<b>Total</b>	<b>15,149,930</b>	<b>12,978,761</b>	<b>20,200,800</b>	<b>16,180,200</b>	<b>35,121,139</b>	<b>99,630,830</b>

■ Signature Bonus   
 ■ Investment Income   
 ■ Tenders/Contractors Fee   
 ■ Other Income



Allocation from Signature Bonus/Oil Block Concession constituted 90% of the total revenue to the Fund in 2007; it dropped to 72% in 2008, but remained at 72% in 2009, it dropped further to 61% in 2010 but increased

to 81% in 2011. On the other hand, investment income constituted 10% of total income in 2007; it increased to 27% in 2008 remained at 27% in 2009, increased to 61% in 2010 but decreased to 16% in 2010. Other sources include contractors' registration and tender fees and other income.

#### 2.4.1 Signature Bonus

Signature bonus is a premium paid on concession granted to a winner of oil block. It is an upfront payment made to the Government through the Department of Petroleum Resources for the right to develop a block commercially after a Company wins a Bid round for an oil block. The Payment is made before work begins on the oil block. Depending on the agreement with the Government, payment for Signature Bonus may be spread over a period of time.

The Functional Currency can also be a product of negotiation between the parties. It is also important to note that paying a signature bonus for a license does not necessarily imply future revenues for the company from oil production in the oil block thus secured. Successful concessionaires receive award letters which indicate the name of the awardees, concession awarded, the signature bonus and the minimum work program commitment.

The PTDF Establishment Act (Decree No. 25) of 1973 provides that all signature bonuses should be credited into the PTDF account and information from officials of PTDF is that the Federal Government has pegged the sum of \$100,000,000 (One Hundred Million Dollars) as annual fund for the Agency.

The total revenue inflow from signature bonus between 2007 and 2011 from the template filled by Department of Petroleum Resources (DPR) was ₦109,674,852,620.20 (One hundred and Nine Billion, Six Hundred and Seventy Four million, Eight Hundred and Fifty Two Thousand, Six Hundred and Twenty Naira, Twenty Kobo). Total fund remitted to PTDF during the period under review was ₦77, 874,325,000 (Seventy Seven Billion, Eight Hundred and Seventy Four million and Three Hundred and Twenty Five) as shown in the table below:

**Table 3: Remittances to PTDF from Signature Bonus Collected by DPR**

	Amount Collected by DPR	Amount Transferred to PTDF	Difference
Year	₦	₦	₦
2007	77,348,222,550	31,399,835,000	45,948,387,550
2008	3,687,340,070	11,670,000,000	(7,982,659,930)
2009	645,000,000	14,620,000,000	(13,975,000,000)
2010	-	7,956,200,000	(7,956,200,000)
2011	27,994,290,000	12,228,290,000	15,766,000,000
<b>Total</b>	<b>109,674,852,620</b>	<b>77,874,325,000</b>	<b>31,800,527,620</b>

Sources: DPR Validated Template and PTDF Mgt and Audited Financial Statements

#### 2.4.2 Local and Foreign Currency Investment Income

Revenue from Investment during the period under review was ₦20,653,338,860 (Twenty Billion, Six Hundred and Fifty Three million, Three Hundred and Thirty Eight thousand, Eight Hundred and Sixty Naira) shown in the table below:

**Table 4: Investments and Investment Income**

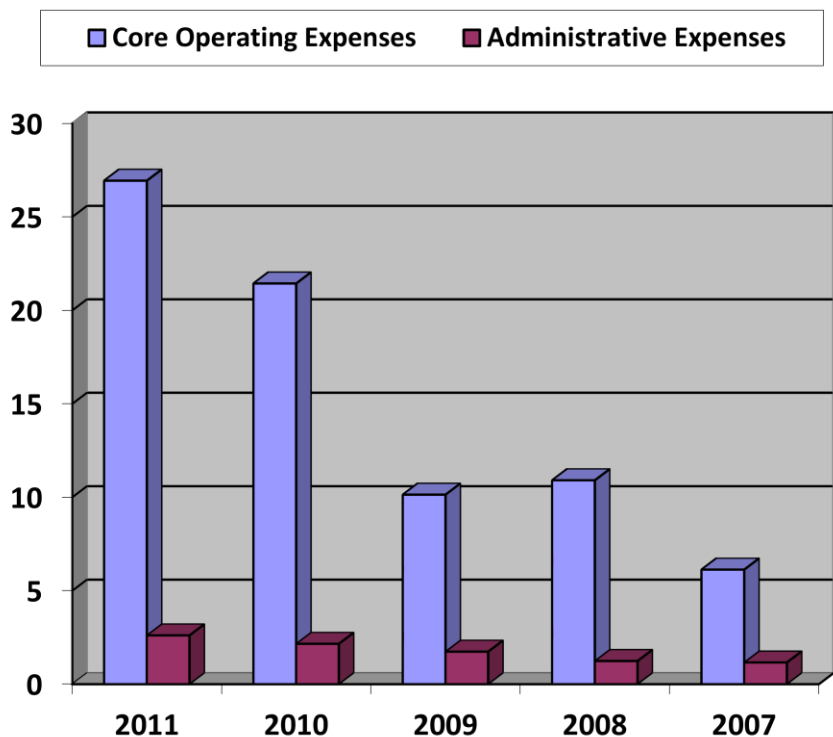
Year	Investment	Interest
	₦	₦
2007	57,837,942,137	3,421,465,876
2008	58,841,403,060	4,418,951,884
2009	67,220,172,011	5,503,888,607
2010	55,985,290,998	4,838,047,421
2011	30,568,122,930	2,470,985,072
<b>Total</b>	<b>270,452,931,136</b>	<b>20,653,338,860</b>

Sources: PTDF Mgt and Audited Financial Statements

**Table 5: Expenditure**

	2011	2010	2009	2008	2007	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Core Operating Expenses	26,938,261	21,442,191	10,140,172	10,914,863	6,129,262	75,564,749
Administrative Expenses	2,613,497	2,158,549	1,743,140	1,237,109	1,155,872	8,908,167
<b>Total Expenditure</b>	<b>29,553,769</b>	<b>23,602,750</b>	<b>11,885,321</b>	<b>12,153,980</b>	<b>7,287,141</b>	<b>84,472,916</b>

Sources: PTDF Mgt and Audited Financial Statements

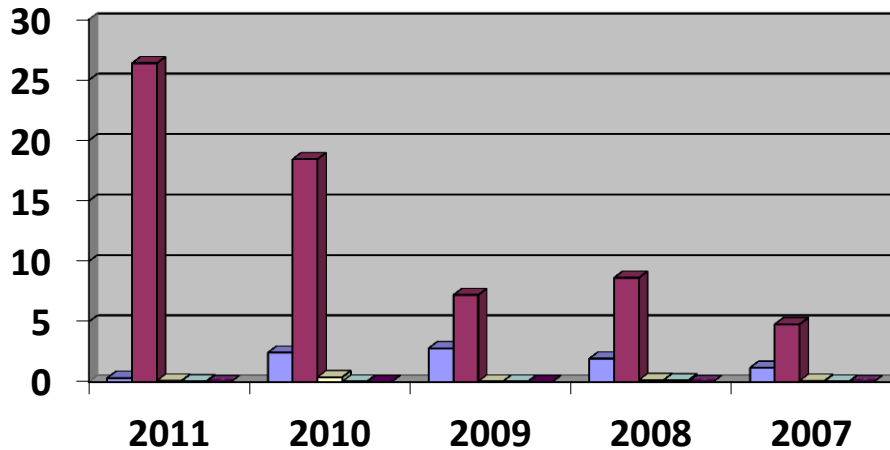
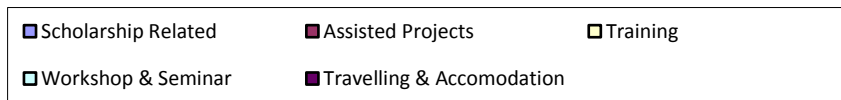


For the years under review, total expenditure was ₦84 billion, core operating expenses was ₦75 billion representing 88% of total expenditure while administrative expenditure was ₦9 billion representing 12% of total expenditure.

**Table 6: Core Operating Expenses**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Scholarship Related Expenses	338,796	2,444,770	2,800,780	1,953,441	1,188,804	8,726,590
Assisted Projects	26,404,022	18,458,124	7,211,453	8,635,530	4,791,237	65,500,365
Training Expenses	108,317	410,114	53,351	170,868	98,079	840,729
Workshop & Seminar Expenses	67,105	47,078	36,169	150,892	48,947	350,191
Travelling & Accommodation Expenses	-	12,525	6,798	4,133	2,194	25,649
	<b>26,918,240</b>	<b>21,372,611</b>	<b>10,108,551</b>	<b>10,914,861</b>	<b>6,129,261+</b>	<b>75,443,524</b>

Sources: *PTDF Mgt. and Audited Financial Statements*



During the period under review, core operating expenses was ₦75 billion. Assisted projects expenditure was ₦66 billion representing 87% of core operating expenses while scholarship related expenditure was ₦9 billion representing 12% of core operating expenses. The remaining 1% was made up of training expenses, workshop & seminar expenses, and travelling & accommodation expenses.

### 2.4.3 Scholarship Related Expenses

Section 2 sub section A & B of PTDF Act provides that funds shall be utilized for the following purposes:

- To wholly or partially provide scholarships and bursaries for students studying in Universities, Colleges and Institutions in Nigeria or abroad.
- To maintain, supplement, or subsidize such training or education as mentioned above.

To fulfil this mandate, the Agency sends qualified personnel abroad for training on petroleum related courses; this human capacity building is done to empower them to acquire necessary skills and training to improve productivity. The scholarship is for Masters and Doctorate degree programmes.

Between 2007 and 2011 the number of Nigerians that benefitted from this programme was 1,745 as shown in the table below:

**Table 7: PTDF Scholarship from 2007 to 2011**

Year	M.Sc.	Ph.D.	Total
2007	81	25	106
2008	286	41	327
2009	354	52	406
2010	448	70	518
2011	311	77	388
<b>Total</b>	<b>1,480</b>	<b>265</b>	<b>1,745</b>

Source: *PTDF Management*

From the table above, the number of scholarships awarded by the PTDF from 2007 to 2011 was 1,745. Of this number, 1,480 scholarships were awarded for Master degree programmes while 265 scholarships were awarded for Doctorate degree programmes.

**Table 8: Scholars Related Expenses**

ITEMS	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Consultancy Fees-PHD	-	-	59,579	43,710	82,226	185,516
Tuition Fees-PHD	2,272	303,176	203,882	257,831	192,006	959,167
Accommodation Fee PHD	333	181,988	210,040	117,374	79,510	589,245
Living Expenses-PHD	8,293	330,248	247,857	154,762	123,841	865,001
Tickets/Travel Expenses	-	19,547	14,063	384	5,183	39,177
Other Expenses	1,722	18,243	16,663	17,836	7,795	62,259
Consultancy Fees-MSC	-	454	55,314	43,695	84,084	183,546
Tuition Fees-MSC	11,638	761,702	570,670	610,114	318,401	2,272,525
Accommodation Fee MSc	2,414	332,006	412,643	195,578	116,924	1,059,565
Living Expenses-MSc	98,203	309,963	581,671	223,377	128,462	1,341,676
Tickets/Travel Expenses	-	77,795	259,905	179,944	5,230	522,874
Other Expenses	8,066	18,204	30,101	49,080	19,613	125,064

ITEMS	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Consultancy Fees-BSc	-	-	2,015	14,080	500	16,595
Living Expenses	-	18,455	22,300	-	-	40,755
Advert.& Publicity – MSc	-	-	33,012	-	-	33,012
Induction Expenses	-	7,241	2,709	-	-	9,950
Examination Expenses-MSc	9,500	6,049	2,566	-	-	18,115
Tuition Fees	31,087	30,753	1,174	-	-	63,014
Accommodation Fees	-	12,485	-	-	-	12,485
ULSETLP	165,269	-	-	-	-	165,269
Other Expenses	-	16,461	74,614	45,676	25,028	161,779
<b>Total</b>	<b>338,796</b>	<b>2,444,770</b>	<b>2,800,780</b>	<b>1,953,441</b>	<b>1,188,804</b>	<b>8,726,590</b>

Sources: *PTDF Mgt and Audited Financial Statements*

During the period under review, the Agency spent the sum of ₦8.73 billion on scholarships. The number of scholarships awarded during the period was 1,745 translating to an average of ₦5 million per scholarship.

#### 2.4.4 School Assisted Projects

The PTDF establishment Act in Section 2, Sub-sections C & D provides that major mandates of the Agency shall include:

- To make suitable endowments to faculties in Nigerian Universities, Colleges or Institutions as approved by the Minister.
- To make available suitable books and training equipment in the Institutions aforesaid.

During the years under review the Agency executed projects in primary, secondary and tertiary institutions, the analysis of the projects is shown below

**Table 9: PTDF Project Analysis by Completion Status**

Year	Total Project	Completed	WIP	Revoked	Unknown Status
2007	139	48	91	0	0
2008	27	13	14	0	0
2009	162	56	85	2	19
2010	278	128	143	2	5
2011	26	1	25	0	0
<b>Total</b>	<b>632</b>	<b>246</b>	<b>358</b>	<b>4</b>	<b>24</b>



The Agency undertook six hundred and thirty-two (632) projects from 2007 to 2011. Two hundred and forty-six (246) were completed while three hundred and fifty-eight (358) were ongoing. Four (4) projects were revoked due to non-compliance with contract agreement, the status of 24 projects were unknown as at the time of writing this report.

The list of the projects is tabulated below:

**Table 10: School Assisted Projects**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
PTDF Assisted Project-PTI Upgrade	3,981,238	2,989,145	2,436,634	5,767,316	-	15,174,333
PTDF Assisted Project-NIPPS Kaduna	4,163,486	5,654,313	3,236,266	72,322	-	13,126,387
PTDF Assisted proj-ICT	3,240,682	2,544,763	53,071	190,116	1,093,033	7,121,665
Equipment-Ekowe	682,969	4,851,727	1,859	3,872	-	5,540,426
Infrastructure-Ekowe	3,907,245	10	117,336	231,781	187,514	4,443,887
Nigerian Content Training	4,088,240	-	26,568	18,413	-	4,133,222
PTDF Assisted Project-University	9,582	1,302,047	756,293	1,595,767	-	3,663,688
General Exp.-university Upgrade	2,997,098	-	-	-	91,056	3,088,154
Infrastructure-NTI Bonny	1,634,760	184,602	291,898	322,251	306,059	2,739,571
Equipment -PTI	-	-	-	-	2,206,307	2,206,307
Skills Acquisition/Training	-	844,952	216,660	307,757	527,968	1,897,337
Consultancy Fee-University	976,195	-	-	-	138,556	1,114,751
Consultancy Fee-Ekowe	586,695	15,145	20,775	7,964	42,725	673,303
Awards, Endowment & Prizes	78,760	39,422	37,763	60,491	-	216,435
Consultancy Fee-NTI Bonny	-	1,869	7,064	18,213	87,763	114,909
Institution Support-Other	57,070	14,035	7,696	14,267	-	93,068
PTDF Assisted Proj-Sec Sch	-	-	-	-	54,563	54,563
Other Consultancy Fees-PTI	-	-	-	-	37,222	37,222

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
PTDF Assisted project-pry school	-	8,891	-	-	18,472	27,362
Galaxy Backbone plc	-	-	-	25,000	-	25,000
Equipment-NTI Bonny	-	4,798	-	-	-	4,798
National Mathematical Centre	-	2,407	1,000	-	-	3,407
Travelling Related Exp	-	-	571	-	-	571
	<b>26,404,020</b>	<b>18,458,126</b>	<b>7,211,453</b>	<b>8,635,530</b>	<b>4,791,237</b>	<b>65,500,365</b>

Sources: PTDF Mgt and Audited Financial Statements

During the period under review, the Agency spent the sum of ₦65.5 billion for School Assisted projects.

Table 11 : Petroleum Training Institute (PTI) Effurun, Delta State

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
PTI Upgrade	3,981,238	2,989,145	2,436,634	5,767,316	-	15,174,333
Equipment -PTI	-	-	-	-	2,206,307	2,206,307
Other Consultancy Fees-PTI	-	-	-	-	37,222	37,222
<b>Total</b>	<b>3,981,238</b>	<b>2,989,145</b>	<b>2,436,634</b>	<b>5,767,316</b>	<b>2,243,529</b>	<b>17,417,862</b>

During the period under review, PTDF spent ₦17.42 billion on the rehabilitation of the Petroleum Training Institute, Effurun. The total sum of ₦15.17 billion was spent on the upgrade of the institute from 2008 to 2011. In addition, ₦2.21 billion and ₦0.037 billion were spent on procurement of equipment and consultancy services respectively in 2007. Details of the projects executed at PTI during the period are tabulated in appendix I of this report.

#### 2.4.5 National Institute of Petroleum Policy and Strategy (NIPPS) Kaduna

Between 2007 and 2011, the Agency spent the sum of ₦13.13 billion on infrastructure and procurement of goods and consultancy services at the National Institute of Petroleum Policy and Strategy, Kaduna. The full detail of the projects executed at NIPPS during the period is presented in appendix I of this report.

#### 2.4.6 Establishment and Equipment of ICT Centres

The Agency spent the sum of ₦7.12 billion for the establishment and equipment of 68 (Sixty Eight) ICT Centres in tertiary institutions in Nigeria with each school having four different components. They are:

- Construction of ICT Centre building (100 & 50 seaters),
- Supply and Installation of Computer & VSAT Facilities,
- Supply and Installation of Generating Sets, Transformers & Accessories,
- Supply and Installation of Solar Power System, Transformers & Accessories and Provision for Borehole and Water Supply.

Details of the projects executed at ICT Centres during the period are contained in appendix I of this report.

**Table 12: Rehabilitation of Federal Polytechnic of Oil & Gas Ekowe, Bayelsa State**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Consultancy Fee-Ekowe	586,695	15,145	20,775	7,964	42,725	673,303
Equipment-Ekowe	682,969	4,851,727	1,859	3,872	-	5,540,426
Infrastructure-Ekowe	3,907,245	10	117,336	231,781	187,514	4,443,887
<b>Total</b>	<b>5,176,909</b>	<b>4,866,882</b>	<b>139,970</b>	<b>243,617</b>	<b>230,239</b>	<b>10,657,616</b>

The Agency Spent ₦10.66 billion for the rehabilitation of Federal Polytechnic of Oil & Gas Ekowe, Bayelsa State. The Sum of ₦673 million was spent on consultancy services, ₦5.54 billion spent on equipment and ₦4.44 billion was spent on Infrastructure. Details of the projects executed at the Polytechnic during the period are contained in appendix I of this report.

#### 2.4.7 Nigerian Contents Training

The Agency spent the sum of ₦6.03 billion on skills acquisition and training under the Nigerian local content initiatives. The Sum of ₦4.08 billion was spent in 2011.

**Table 13 : University Assisted Projects**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
PTDF Assisted Project-University	9,582	1,302,047	756,293	1,595,767	-	3,663,688
General Exp.-University Upgrade	2,997,098	-	-	-	91,056	3,088,154
Consultancy Fee-University	976,195	-	-	-	138,556	1,114,751
	<b>3,982,875</b>	<b>1,302,047</b>	<b>756,293</b>	<b>1,595,767</b>	<b>229,612</b>	<b>7,866,593</b>

During the period under review, the Agency spent the sum of N7.87 billion on 25 (Twenty Five) Universities Upgrade Projects. These were carried out with each upgrade having four different components.

- Construction of departmental building
- Procurement of laboratory and workshop equipment
- Provision of books and journals
- Provision of IT Hardware/Software, Electricity and water facilities.

The full list of the Universities and the projects executed in each can be found in appendix I of this report.

**Table 14 : Establishment of Federal Polytechnic Bonny Rivers State**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Infrastructure-NTI Bonny	1,634,760	184,602	291,898	322,251	306,059	2,739,571
Consultancy Fee-NTI Bonny	-	1,869	7,064	18,213	87,763	114,909
Equipment-NTI Bonny	-	4,798	-	-	-	4,798
<b>Total</b>	<b>1,634,760</b>	<b>191,269</b>	<b>298,962</b>	<b>340,465</b>	<b>393,822</b>	<b>2,859,277</b>

The Agency funded the establishment of Federal Polytechnic, Bonny,Rivers State between 2007 and 2011. It spent the sum of ₦2.89 billion on infrastructure, procurement of equipment and consultancy services. Details of the projects executed at the Polytechnic during the period are contained in appendix I of this report.

#### 2.4.8 Other PTDF Assisted Expenditures

Other PTDF assisted expenditures include:

- Awards,Endowment & Prizes,
- Institution Support,
- PTDF Assisted Projects –Secondary Schools,
- PTDF Assisted Projects –Primary Schools,
- Galaxy Backbone Plc, and
- National Mathematical Centre

**Table 15 : Training Expenses**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Tuition Fees-Staff	19	2,156	1,842	4,025	7,153	15,195
Accommodation Fees - Staff	1,445	450	5,116	1,400	2,812	11,224
Living Expenses-Staff	2,917	1,370	6,971	3,578	2,753	17,589
Tickets/Travel Expenses	-	23	818	95	270	1,207
Ticket/Travel Expenses	-	40,808	-	-	-	40,808
Industrial Based Training Exp.	-	88,980	-	-	-	88,980
Travel Expenses-Staff	-	13,799	-	-	-	13,799
Overseas Course Fee - other Agencies	-	59,482	-	25,446	-	84,928
Estacode Allowance - other Agencies	-	67,337	-	35,965	-	103,303
Others - Expenses	-	1,276	-	327	-	1,603
Overseas Course Fee - Staff	17,171	65,454	18,042	56,192	42,046	198,906
Estacode Allowance - Staff	6,525	66,249	18,981	42,705	41,480	175,941
Tickets/Travel Expenses	809	1,529	527	315	1,127	4,307
Others-Expenses	-	1,200	35	-	60	1,295
Local Scholarship-staff	-	-	1,018	819	378	2,214
Overseas Training - Other Agencies	79,431	-	-	-	-	79,431
<b>Sub Total</b>	<b>108,317</b>	<b>410,114</b>	<b>53,351</b>	<b>170,868</b>	<b>98,079</b>	<b>840,729</b>

Sources: PTDF Mgt and Audited Financial Statements

During the period under review, the Agency spent the sum of ₦840.73 million on training. It should be noted that majority of these trainings were for staff of the Agency which should have formed part of the administrative expenses of the Agency.

**Table 16 : Workshop & Seminar Expenses**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Overseas Courses Fee - other AGEN	-	-	-	33,867	-	33,867
Estacode Allowance - other AGEN	-	-	-	35,965	2,863	38,828
Ticket/Travel Expenses	-	-	-	-	572	572
Selection/Visitation Exp - LSS	-	-	-	5,649	5,419	11,069
Other Expenses	-	8,417	-	5,650	964	15,030
Course Fees-Staff	-	21,267	-	1,005	-	22,271
Travel Expenses-Staff	-	-	142	163	102	408
Wk & Registration Fees - Staff	5,018	2,134	8,155	18,765	14,914	48,986

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Travelling Allowance - PRO Bodies	-	-	-	-	359	359
Tickets-Other Agencies	-	-	26	-	51	77
Estacode Allowance-PTDF	4,609	-	6,769	13,281	9,779	34,437
Workshop & seminars Reg. Fee-PRO BC	-	-	359	189	2,199	2,747
Course Fees-Other AGENCIES	-	-	-	-	40	40
Per Diem -Other AGENCIES	-	-	-	4,313	30	4,343
Selection/Visitation Expenses-LSS	-	350	-	-	-	350
Travelling Exp-Other Agencies	-	-	-	77	2,574	2,651
W/sem Ref Fee-Other Agencies	-	-	1,891	3,389	1,565	6,845
Estacodes Allowance-Other AGEN	2,088	-	246	-	2,176	4,509
w/sems Reg. Fee-Other Agencies	55,390	-	814	4,484	1,105	61,794
Trav. Expense - Other Agencies	-	-	-	-	4,236	4,236
Ticket staff	-	-	13,961	-	-	13,961
LSS Scheme-	-	14,911	2,656	24,094	-	41,661
Software Dev-Consultancy	-	-	1,150	-	-	1,150
<b>Sub Total</b>	<b>67,105</b>	<b>47,078</b>	<b>36,169</b>	<b>150,892</b>	<b>48,947</b>	<b>350,191</b>

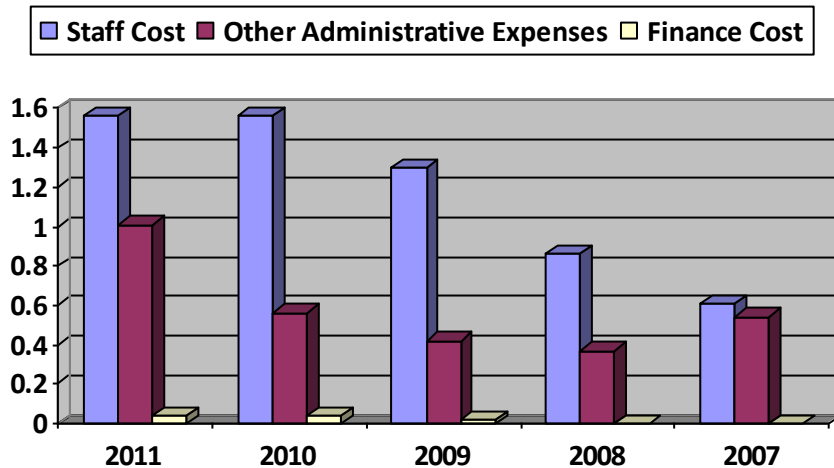
Sources: PTDF Mgt and Audited Financial Statements

During the period under review, the Agency spent the sum of ₦350.19million on workshop and seminar expenses. It should be noted that majority of these workshops and seminars were for staff of the Agency which also should have formed part of the administrative expenses of the Agency.

Table 17 : Administration Expenses

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Staff Cost	1,560,723	1,558,343	1,301,976	863,842	608,526	5,893,410
Other Administrative Expenses	1,013,310	564,740	420,783	370,946	543,060	2,912,839
Finance Cost	39,464	35,466	20,380	2,322	4,285	101,918
<b>Total</b>	<b>2,613,497</b>	<b>2,158,549</b>	<b>1,743,140</b>	<b>1,237,109</b>	<b>1,155,872</b>	<b>8,908,167</b>

Sources: PTDF Mgt and Audited Financial Statements

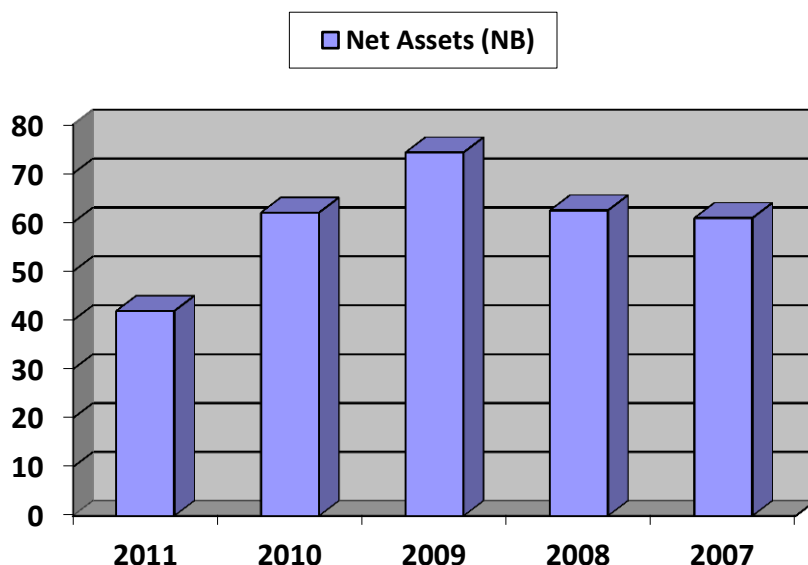


Administrative Expenses for the period under review was ₦8.9billion. Staff Cost was ₦5.9 billion representing 66% of total Administrative expenses while other Administrative expenses ₦2.9 billion represents 33% of Administrative expenses. The remaining 1% represents finance charges.

**Table 18 : The Balance Sheet**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
<b>Fixed Assets</b>	<b>7,586,420</b>	<b>3,296,185</b>	<b>2,978,130</b>	<b>628,541</b>	<b>535,944</b>	<b>15,025,220</b>
<b>Current Assets</b>						
Other Assets	2,358,740	1,975,054	1,692,427	1,589,563	1,773,238	9,389,022
Endowment	1,002,022	1,002,022	1,026,022	1,005,000	565,000	4,600,066
Cash and Bank Balances	32,037,729	57,826,331	69,852,931	60,432,622	59,525,046	279,674,659
	<b>35,398,491</b>	<b>60,803,407</b>	<b>72,571,380</b>	<b>63,027,186</b>	<b>61,863,284</b>	<b>293,663,748</b>
<b>Current Liabilities</b>						
Creditors and Accruals	1,084,461	2,095,993	1,229,232	1,182,529	1,493,453	7,085,668
<b>Net Current Assets</b>	<b>34,314,030</b>	<b>58,707,414</b>	<b>71,342,148</b>	<b>61,844,656</b>	<b>60,369,831</b>	<b>286,578,079</b>
<b>Net Assets</b>	<b>41,900,450</b>	<b>62,003,598</b>	<b>74,320,277</b>	<b>62,473,197</b>	<b>60,905,776</b>	<b>301,603,298</b>
<b>Financed by</b>						
<b>Accumulated Fund</b>	<b>41,900,450</b>	<b>62,003,598</b>	<b>74,320,277</b>	<b>62,473,197</b>	<b>60,905,776</b>	<b>301,603,298</b>

Sources: *PTDF Mgt and Audited Financial Statements*



As at December 2007, the Net Asset (Accumulated fund) of the Agency was ₦61 billion, the fund increased by 3% to ₦62 billion in 2008. There was a further increase by 19% to ₦74 Billion in 2009 and a decrease by 17% to ₦62 billion in 2010. The balance as at December 31 2011 was ₦42 billion a decrease by 32% from the balance as at December 2010.

**Table 19 : Fixed Assets**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
<b>Cost</b>						-
Construction Work in Progress	7,071,027	2,790,083	2,416,065	16,003	-	12,293,178
Land and Building	387,912	438,249	438,249	422,246	367,101	2,053,757
Furniture and Fittings	185,382	181,762	178,917	178,917	156,142	881,120
Motor Vehicles	281,481	219,804	219,804	206,472	176,446	1,104,007
Library Books	19,735	14,779	10,608	-	-	45,122
Tools Equipment	362,911	349,287	337,331	344,926	281,712	1,676,167
Plant and Machinery	54,693	50,193	50,193	33,091	28,929	217,099
<b>Total</b>	<b>8,363,142</b>	<b>4,044,157</b>	<b>3,651,166</b>	<b>1,201,655</b>	<b>1,010,330</b>	18,270,450
<b>Accumulated Depreciation</b>						
Construction Work in Progress	-	-	-	-	-	
Land and Building	59,230	59,298	50,533	41,836	34,078	#
Furniture and Fittings	174,808	166,976	164,279	154,838	146,141	807,042
Motor Vehicles	188,299	203,063	159,102	129,908	93,448	773,820
Library Books	2,165	4,330	2,165	-	-	8,660



	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Tools Equipment	324,264	283,501	276,192	230,977	188,472	1,303,406
Plant and machinery	27,956	30,803	20,765	15,555	12,246	107,325
<b>Total Depreciation</b>	<b>776,721</b>	<b>747,972</b>	<b>673,037</b>	<b>573,114</b>	<b>474,386</b>	3,245,230
						0
<b>Net Book Value</b>						0
Construction Work in Progress	7,071,027	2,790,083	2,416,065	16,003	-	12,293,178
Land and Building	328,682	378,951	387,716	380,409	333,022	1,808,780
Furniture and Fittings	10,574	14,786	14,638	24,080	10,001	74,079
Motor Vehicles	93,183	16,741	60,702	76,564	82,998	330,188
Library Books	17,570	10,450	8,443	-	-	36,463
Tools Equipment	38,647	65,785	61,139	113,949	93,240	372,760
Plant and machinery	26,737	19,389	29,428	17,536	16,684	109,774
<b>Total Net Book Value</b>	<b>7,586,420</b>	<b>3,296,185</b>	<b>2,978,130</b>	<b>628,541</b>	<b>535,944</b>	15,025,220

Sources: PTDF Mgt and Audited Financial Statements

Construction Work in Progress constituted about 93% of total assets of the Agency as at December 2011. The Agency commenced the construction of an ultramodern head office in 2008, as at December 2011, the sum of ₦7.07 billion has been spent on the building.

Table 20 : Other Assets

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
Pioneer Car Consumer Scheme	178,890	300,000	360,000	690,000	1,020,000	2,548,890
Nigerian-Sao Tome Joint Dev. Authority	574,062	574,062	574,062	106,425	106,425	1,935,036
Prepayment - Rent	1,489	3,268	3,349	12,629	167,436	188,171
Prepayment - Insurance	17,566	18,052	14,758	-	-	50,376
Staff Loan (Housing & Vehicle)	1,559,666	1,069,065	737,424	726,007	441,762	4,533,924
Univation Ltd	-	-	2,352	47,039	28,388	77,779
Sundry Debtors	27,067	10,606	482	7,463	9,228	54,846
	<b>2,358,740</b>	<b>1,975,054</b>	<b>1,692,427</b>	<b>1,589,563</b>	<b>1,773,238</b>	9,389,022

Sources: PTDF Mgt and Audited Financial Statements

As at December 2011, the value of other Assets was ₦2.36 billion. Staff loan (housing and Vehicle) of ₦1.6 billion constitutes 66% of total other assets.

The other significant item on Other Assets was ₦574 million being cumulative advances by PTDF for Nigeria's portion of the Nigerian-Sao Tome Joint Development Authority oil exploration expenses within the boundary of the two countries.

**Table 21 : 3 Endowment Fund**

	2011	2010	2009	2008	2007	Total
	₦000	₦000	₦000	₦000	₦000	₦000
First Trustees (First Bank Plc)	482,416	482,416	506,416	565,000	565,000	2,601,248
IBTC Assets Management Ltd	519,606	519,606	519,606	440,000	-	1,998,818
<b>Total</b>	<b>1,002,022</b>	<b>1,002,022</b>	<b>1,026,022</b>	<b>1,005,000</b>	<b>565,000</b>	<b>4,600,066</b>

Sources: *PTDF Mgt and Audited Financial Statements*

This represents endowment funds administered by First Trustees Limited and Stanbic-IBTC Assets Management Ltd.

**Table 22 : Cash and Bank Balances**

	2011	2010	2009	2008	2007
	₦000	₦000	₦000	₦000	₦000
Bank Balance					
Cash	-	-	-	3,772	10,056
Current Account	813,260	1,087,269	1,669,377	675,305	1,089,156
Domiciliary Account	656,346	753,771	963,382	912,142	587,891
Fixed Deposit Account	30,568,123	55,985,291	67,220,172	58,841,403	57,837,943
<b>Total</b>	<b>32,037,729</b>	<b>57,826,331</b>	<b>69,852,931</b>	<b>60,432,622</b>	<b>59,525,046</b>

Sources: *PTDF Mgt and Audited Financial Statements*

**Table 23 : Fixed Deposit Account**

	2011	2010	2009	2008	2007
	₦000	₦000	₦000	₦000	₦000
Unity Bank	6,000,000	11,000,000	6,000,000	7,300,000	7,440,000
Skye Bank	17,055,300	9,000,000	9,000,000	4,700,000	5,200,000
United Bank for Africa	-	120,000	360,000	690,000	1,020,000
United Bank for Africa	-	-	276,894	276,894	-
Bank PHB	-	9,500,000	10,500,000	6,000,000	7,000,000
Oceanic Homes Ltd.	-	-	-	-	60,000
Oceanic Int'l Bank	-	5,000,000	6,500,000	6,470,000	6,735,850
Spring Bank	227,342	2,212,852	250,000	250,000	250,000
UBA Plc (Trade Bank)	84,992	227,342	303,106	303,106	580,000
UBA Plc (City Express Bank)	-	84,992	100,000	100,000	100,000
First Bank Plc	3,093,000	-	16,050,000	500,000	-

	2011	2010	2009	2008	2007
	₦000	₦000	₦000	₦000	₦000
Intercontinental Bank Plc	-	6,500,000	1,000,000	-	-
Diamond Bank Plc.	2,500,000	-	5,500,000	-	-
FCMB	3,000,000	8,000,000	-	-	-
Wema Bank	3,500,000	-	-	-	-
<b>Total</b>	<b>35,460,634</b>	<b>51,645,186</b>	<b>55,840,000</b>	<b>26,590,000</b>	<b><u>28,385,850</u></b>
<b>Us Dollar (\$)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trans International Bank Plc	-	-	-	100,000	12,000
Central Bank Plc	-	-	-	3,000	100,000
First Bank Of Nigeria Plc	5,000	30,000	40,000	-	=
<b>Total</b>	<b>5,000</b>	<b>30,000</b>	<b>40,000</b>	<b>103,000</b>	<b>112,000</b>
<b>British Pound (£)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central Bank Plc	-	-	-	100,000	73,310
Fbn Bank (Uk) Ltd.	-	-	-	1,000	2,000
Bank PHB	-	-	25,000	-	=
<b>Total</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>101,000</b>	<b>75,310</b>

Source: *PTDF Management*

The balances in the table above represents fixed deposits balances at year end in 2007 to 2011. The balance as at year end 2011 were ₦38.46 billion and \$5 million. We circularised the banks to confirm these balances and as the time of writing this report, about 75% of the confirmation letters had been received and the bank's confirmation agrees with the book balances.

### 3 Observation and Recommendation

- The PTDF Establishment Act (Decree No. 25) of 1973 provides that all signature bonuses should be credited into the PTDF account; however the Government is acting in contravention of this Act by pegging disbursement to the agency to sum of \$100 million as its annual fund. We recommend that FGN either pays the shortfall or the Act be amended to match the sums paid.
- We observed that the agency always had huge unutilised fund at the end of every year, accumulated fund as at December 2011 was N41.9 billion. This could be as a result of narrow mandate of the fund which is mainly capacity building of Nigerians in Oil and Gas industry. We recommend the Federal Government to expand the scope of the Agency to include establishment of skill acquisition centres in all the Local Government Areas of the Federation.