NEITI Nigeria Extractive Industries Transparency Initiative

THE PRESIDENCY

FISCAL ALLOCATION AND STATUTORY DISBURSEMENT AUDIT (FASD) SUMMARY REPORT ON BENEFICIARY AGENCIES 2012 – 2016

BDO

SEPTEMBER 2019

The report and all appendices relating to the report are intended for the use of the National Stakeholders Working Group (NSWG) of NEITI for the purpose of that initiative and any reliance placed upon them by third parties shall be in accordance with the NEITI Act of 2007.

Report on fiscal allocation and statutory disbursement audit 2012-2016 Confidential

Abbreviations and Acronyms

Abbreviation	Meaning	Abbreviation	Meaning
ADB	African Development Bank	GSWB	Gombe State Water Board
ADF	Africa Development fund	HCF	Hon. Commissioner for Finance
AG	Accountant General	HOD	Head of Department
Arc	Architect	IBRD	International Bank For Reconstruction and Development
BIK	Benefit - in - Kind	IDA	International Development Association
BMPIU	Budget Monitoring & Intelligence Unit	IFAD	International fund for Agricultural Development
BOQ	Bill of Quantity	IGR	Internally Generated Revenue
CAPEX	Capital Expenditure	IMF	International Monetary Fund
CBN	Central Bank of Nigeria	IPEA	Ibom Programme on Environment Awareness
CITA	Companies Income Tax Acts	JSMC	Junior Staff Management Committee
Col	Colonel	JTB	Joint Tax Board
CRF	Consolidated Revenue Fund	LG	Local Government
CRF Charges	Consolidated Revenue Fund Charges.	LGA	Local Government Area
DA	Director of Administration	LGT	Local Government Treasury
DA	Development Area	MDAs	Ministries, Department and Agencies
DDA	Deputy Director of Administration	MDGs	Millennium Development Goal
DF	Director of Finance	MFMLG	Model Financial Memoranda for Local Government
DFA	Director of Finance & Accounts	MDG's	Millennium Development Goals
DOW	Director of Works	MR	Mineral Revenue
DVEA	Departmental Vote Expenditure Account	N/A	Not Available
DVEB	Departmental Vote Expenditure Account	NC	North Central
ECA	Excess Crude Account	NE	North East
EDF	Environmental Defence Fund	NMR	Non-Mineral Revenue
EEF	Education Endownment Fund	NRC	National Republican Convention
EIA	Environmental Impact assessment	NW	North West
F&GPC	Finance and General Purpose Committee	NYSC	National Youth Service Corps
FAAC	Federation Account Allocation Committee	OAGF	Office of the Accountant General of the Federation
FASD	Fiscal Allocation And Statutory Disbursement	PAYE	Pay As You Earn
FCT	Federal Capital territory	PFMU	Project Financial Management Unit. This unit overseas World Bank and other International Institutions Assisted projects
FIRS	Federal Inland Revenue Service	PHC	Primary Health Care
FM	Financial Model	PS	Permanent Secretary
FY	Financial Year	SQ.KM	Square Kilometer
GDP	Gross Domestic Product	SSG	Secretary to the State Government
GRB	Gross Reserve Balance	STAB	Stabilization Fund
GSIRS	Gombe State Internal revenue Service	TMR	Total Mineral Revenue
VAT	Value Added Tax		

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Abstract

This report is mainly on Beneficiary Agencies and is the second report of the Nigeria Extractive Industries Transparency Initiative (NEITI) on the review of the Federation's Fiscal Allocation and Statutory Disbursement 2012 – 2016. It is a continuation of the first report on Revenue, Deductions and Analysis of Disbursement by the Federal Supervisory and Regulatory Agencies from 2012 – 2016.

The report is for the use of the National Stakeholders Working Group (NSWG) of the NEITI in accordance with its national and international mandates.

The report focuses on the pre-selected Federal entities that benefit directly or indirectly from the Federation's Mineral Revenue, hereinafter referred to as the **Federal Beneficiary Agencies**. It shows the revenue sources and actual revenue from 2012 – 2016 to the ten (10) Beneficiaries considered in this exercise and the allowable/actual utilisation of funds accruing to the agencies in the period under review. A selection of projects carried out by the agencies within the same period were independently verified and presented in this report.

The scope of this report comprises the following:

- Background of the entities in terms of the purpose of establishing them
- The entities' sources of revenue and actual revenue for the period considered
- The utilisation of their funds, analysed over diverse spectra
- Mode of operation of the entities and;
- Analysis of the projects carried out by the entities

The content of this report is a collection and concise representation of the data and information received from the covered entities during the course of the project.

This report contains a summary of the Consultant's observations and recommendations on the position of this project as a whole for the period under review.

The reports of Nigeria Sovereign Investment Authority (NSIA) and Nigeria Content Development and Monitoring Board (NCDMB) were excluded as they were being reviewed as at the time of concluding this report.

Transmittal Letter

The Executive Secretary
Extractive Industries Transparency Initiative
60 Nelson Mandela Street
Asokoro
Abuja
Nigeria

7 August 2019

Our ref: BDO/OAA/ago

Fiscal Allocation and Statutory Disbursement Audit 2012 - 2016
Summary Report

BDO Professional Services (Chartered Accountants) was appointed on 7 February 2018, pursuant to the NEITI Act, by the National Stakeholders Working Group of the Nigeria Extractive Industries Transparency Initiative to undertake a Fiscal Allocation and Statutory Disbursement review of the years 2012 – 2016 and to prepare a report.

Our engagement was undertaken in conformity with the International Standard on Related Services applicable to agreed-upon procedures for special purpose engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise.

Yours faithfully,

Olugbemiga A. Akibayo
Partner
BDO Professional Services
(Chartered Accountant)

Executive Summary

Overview

The achievement of NEITI's goals aimed towards national development started with the publishing of the Oil and Gas reports from 1999 – 2011. The reports not only presented the amount paid to and received by the Federal Government from the oil and gas industry within the period but also showed the intricacies in the processes in the sector.

In the aim to derive optimum benefits from the nation's Mineral Revenue (MR), several entities were established to intervene in specific sectors pertinent to the development of Nigeria with their revenue sources predominantly from the nation's MR.

Other entities created were the Federal Government of Nigeria's Special Funds; these funds were set up with the aim to sustain the development of the Country through strategically defined channels of intervention into the revenue driving sectors of the economy.

For NEITI to achieve its broader goal of enhancing better governance and accountability, the FASD audit; looked at the total accrual to the FA, its disbursement and most importantly, its utilization by the various beneficiaries within the period under review.

The Fiscal Allocation and Statutory Disbursement (FASD) Audit was divided into three phases based on established relationships among the stakeholders;

Phase I of the project involved a review of the Federation Revenue (with emphasis on the Mineral Revenue (MR)), its specific components and the agencies saddled with the responsibility of collecting, remitting and monitoring the revenue flows to the Federation Account (FA). It also showed the disbursement from the account.

The second phase focused on the agencies and special funds set up by the Federal government to address challenges with sustainable development in diverse sectors of the Nigerian economy.

The third phase focused on the nine states of the Federation selected based on NEITI and World Bank set of criteria.

In accordance with the Terms of Reference, this report covers and is limited to the revenue, disbursement and actual utilization of funds by the pre-selected Federal Beneficiary Agencies from 2012 - 2016. The pre-selected entities covered in this phase are as follows:

- Central Bank of Nigeria (Development of Natural Resources)
- Excess Crude Oil Account
- Federal Government of Nigeria (Share of Derivation & Ecology)
- Niger Delta Development Commission (NDDC)
- Petroleum Equalisation Fund (Management) Board PEF(M)B
- Petroleum Product Pricing and Regulatory Agency (PPPRA)
- Petroleum Technology Development Fund (PTDF)
- Stabilization Fund
- Tertiary Education Trust Fund (TETFund)

- Nigeria Sovereign Investment Authority (NSIA)
- Nigeria Content Development and Monitoring Board(NCDMB)

Approach and Methodology

The major source of data for the Fiscal Allocation and Statutory Disbursement Audit was the template populated by each of the covered entities. The entities were requested to provide monthly data to enable us ascertain total inflows and outflows of revenue collected and disbursed.

To authenticate data in the templates by covered entities, a validation exercise was carried out. This was executed by comparing data populated in the templates with their corresponding source documents.

In accordance with the ISRS 4400 standard, the approach applied in this project in performing the agreed-upon procedures with NEITI, included the following:

1. **Inquiry and Analysis** – Inquiry was carried out with the use of predefined data collection template, which were reviewed by all the participating stakeholders in the project and agreed for use within the limit of this project.
2. **Re-computation, Comparison and Other Clerical Accuracy Checks** the templates filled by the agencies was casted and cross-casted and an independent computation/schedule of the data given was prepared.
3. **Observations** – The overall observations from the project are reported in a separate report as agreed with NEITI and stated in the TOR with corresponding recommendations presented against them. However, few key observations were highlighted against each of the covered entity's report.
4. **Inspections** – Projects carried out by the covered entities were selected for verification based on a stratified random sampling process.
5. **Confirmations** – At the end of the validation exercise, during exit meetings with the covered entities; sign-offs from key staff were obtained as a confirmation, authentication and proof of non-misrepresentation of the entities' financial information.

2.0 Summary of Selected Beneficiary Agencies' Report

The second classification of the covered entities in the FASD Project is the Beneficiary Agencies. They are defined as those entities with direct or indirect sources of revenue from the Nigerian Oil and Gas sector. The FGN created and charged them with the responsibility of administration, management, and/or monitoring of the utilization of these funds for the sole purpose of developing the welfare of Nigerians or those specifically identified in their enabling Acts.

A review of the utilization of their funds was conducted and the outcome of the review is as set out in item 2.3 in the detailed report of the Beneficiary Agencies.

2.1 The Disbursement Cycle of the Covered Beneficiaries

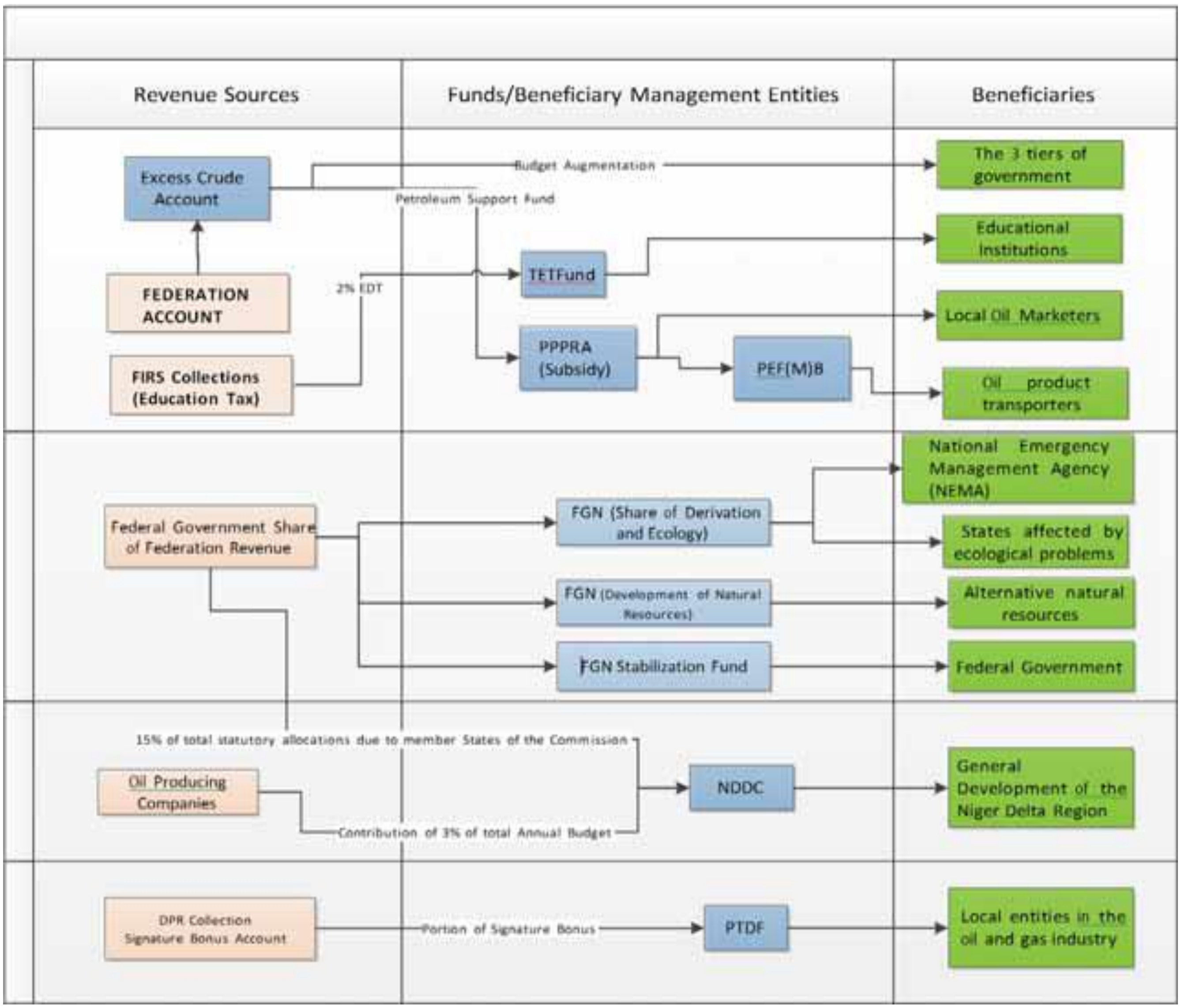

Figure 1: Revenue Cycle of the selected Beneficiaries of the Federation Revenue

2.2 The Federation Account:

The Federation Account is a special account maintained by the Federal Government in which all revenues collected by the Federal Government are paid into. The Beneficiary Agencies that receive funds from the Federation account include the following:

i. **The Excess Crude Account:**

This is funded from the Federation Account, usually an excess on the budgeted revenue from sales of oil for the period. The Excess Crude Account is used for Budget Augmentations whenever a deficit is recorded in the budgets of the Federal and State Governments.

The ECA is also used to finance the Petroleum Support Fund managed by the Petroleum Products Pricing Regulatory Agency (PPPRA) and Department of Debt Management(DMO)

ii. **The Tertiary Education Trust Fund (TETFUND)**

The TETFUND is an educational fund established to administer the 2% of assessable profit collected from taxable companies registered in Nigeria. The beneficiaries of these funds are the educational institutions. Follow the link to access the details of Tetfund report

iii. **Petroleum Products Pricing Regulatory Agency (PPPRA)**

The PPPRA is an agency set up to determine the pricing policy of products and to regulate their supply and distribution. The agency is responsible for the administration of the Petroleum Support Fund (PSF) to Oil Marketers. The PSF is a pool of fund used to stabilize the domestic prices of petroleum products against volatility in International Crude and Products Prices. This is done through transfers from the Excess Crude Account. The Fund is no longer in operation from 2011 as payment of subsidy is made through Debt Management office (DMO). Follow the link to access the details of Petroleum Products Pricing Regulatory Agency report

iv. **The Petroleum Equalisation Fund**

This is sourced from the PSF and administered by the PEF (M) B; hence, its inclusion as a Beneficiary Agency in this project. The beneficiaries of this fund are the oil products transporters. Follow the link to access the details of Petroleum Equalisation Fund Report

v. **The Ecological Fund Office (EFO)**

This agency is charged with the responsibility of administering the 1% Federal Government share of derivation and ecology fund, and the funds are used to relieve ecological problems in the country. The beneficiaries of these funds are the National Emergency Management Agency, and any State affected by ecological problems and emergencies . Follow the link to access the details of Ecological Fund Office report

vi. **Natural Resources Development Fund**

Natural Resources Development Fund was established to develop alternative mineral resources. The drive was to reduce the reliance of the Nigeria economy on petroleum. The account was set up to develop other natural resources in each state of the Federation thereby easing total dependence on petroleum. Follow the link to access the details of Natural Resources Development Fund.

vii. **Stabilization Fund**

The Stabilization Fund was set up by the government to insulate the domestic economy from large shocks in revenue inflows, from commodities such as oil. The beneficiary of this fund is the Federal Government. Follow the link to access the details ofC:\Users\henenche\Desktop\Development of Natural Resourses Report 2012 to 2016.docx Stabilization Fund Report.

viii. **Niger Delta Development Commission (NDDC)**

The NDDC manages 15% of the total statutory allocation from the Federal Government share of Federation Revenue due to member states of the Commission. It also manages the 3% contribution of total annual budget from Oil producing companies. The fund managed by the NDDC is used to develop the regions under the Niger Delta. Follow the link to access the details of Niger Delta Development Commission Report

ix. **Petroleum Technology Development Fund (PTDF)**

The PTDF receives and manages Signature Bonuses, which are revenues to the Federal government from payments made 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. This is managed by the OAGF and statutorily required to be disbursed to the PTDF for the benefits of the local entities in the oil and gas industry. Follow the link to access the details of Petroleum Technology Development Fund Report.

2.3 Summarized Report of Beneficiary Agencies

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
1.	NDDC The Niger Delta Development Commission was established in 2000 by the NDDC Establishment Act. This Act repealed the oil mineral producing areas Commission decree 1998 among other things. The main sources of revenue to the commission are as follows: • Federal Govt. Subventions • Oil Companies Contribution • Donation and Grants • Recovery on Mass transits • Insurance Claims • Other Income • Disposal of assets • Contractors' fee • Bank Interest	The Commission from 2012 to 2016 received total revenue of NGN 819.81 billion; out of which N806.78 billion was received from Mineral Revenue and accounted for 98% and N13 billion from Non - Mineral Revenue. The Commission spent NGN932.632 million and $6.1billion on recurrent and capital related projects. The projects and programmes embarked on by the Commission for which some have been completed while a large number of them were on-going within the region include: • Education - which includes books, scholarships and infrastructures; • Health including drugs, medical equipment and infrastructures; • Transportation including mass transit on roads and waterways; • Road infrastructures such as bridges, landing jetties and land reclamation; • Electrification projections; • Skill acquisition and youth development; • Agricultural development programmes; • Security and logistics projects;	The key findings from the FASD exercise in NDDC which were also identified in a previous review include: • The Federal Government of Nigeria is to contribute the equivalent of 15% of the total monthly statutory allocations due to the member states of the Commission from the Federation Account and 50% of monies due to member states of the Commission from ecological Funds. • It was noted that contribution is based on appropriation in the annual Federal Government budget which is significantly less than the amount due if contributions were made in accordance with the Act. • The enabling Act is silent on the issue of how the budgets of the oil producing companies are obtained by the Commission. It neither mandates the oil and gas producing companies to send copies of their annual budgets to the Commission directly nor directs National Petroleum Investment Management Services (NAPIMS) and the Department of Petroleum	• The Federal government of Nigeria should contribute to the Commission in accordance with the existing Act establishing it. • The Board should take the necessary steps to get the National Assembly to amend the present NDDC Act 2000 with a view to ensuring that the Commission as of right easily obtains the annual budgets of the oil and gas producing companies, and basis for computation of contribution clearly established. • Where contracts have been abandoned, contractors should be prosecuted to enable the Commission recover advances made to them.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
		• Environment and waste management; • Portable water projects etc.	• Resources (DPR) to forward their budgets to the Commission. In the current years review: • It was observed some projects that have been duly executed,completed and commissioned are yet to be put into use or occupied. Such projects includes: - Construction of Nigerian Police Barracks (Special Protection Unit – Base 6 Block of flats](Block A) - Construction of admin block, commander's residence, service block and Gate house with a contact sum of N249,910,500. - Construction of Nigerian Police Barracks (Special Protection Unit – Base 6) LOT 3: - Construction of Block of Flats/Residential Quarters (Block B) in Port Harcourt, Rivers State with a contact sum of N249,750,000. - Construction of mobile Police Barracks (Special Protection Unit – Base 6), LOT 6, - General External Works, Port Harcourt with a contact sum of N249,750,825. - Construction of Nigeria Police Barracks – Base 6 LOT 4: Construction of Block of flats/Residential Quarters (Block A) in Port Harcourt with a contact sum of N249,750,000 - Construction of Nigeria Police Barracks – Base 6 LOT 2: construction of Block of flats/Residential Quarters (Block A) in Port Harcourt with a contact sum of N249,750,000 • The supply of whole body X-ray scanner, Baggage and parcel scanner, including walkie talkies with Base station and mobile repeaters to Uesiri Security Services Ltd. A project meant to be for the whole community but done for a single company • It was also observed that there was a general allocation of NGN7.442 billion to the nine state offices of the Commission for the completion of small ticket projects which were neither identifiable nor scheduled for monitoring and proper management	• Also, the terms of advance payment guarantees (APG) should be invoked and related funds recovered. • Management should ensure that all projects undertaken and duly completed should be put to use for the benefit of the public and the purpose for which it was constructed • The Commission should ensure that projects that will be of benefit to the general public are embarked on. • Contractors should be held responsible for their bid and acceptance of offer. Where material and labour variations are to be made, the commission should consider subjecting the contract to the whole process of tender and re- award.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
2.	PPPRA The Petroleum Products Pricing Regulatory Agency (PPPRA) was established via an Act of the National Assembly in 2003 as an autonomous agency to primarily determine the pricing policy of petroleum products and regulate their supply and distribution.	Effective 2011, PPPRA issued a pre audit Sovereign Debt statement to the marketers and notified the Debt Management Office (DMO), Federal Ministry of Finance and the Federal Ministry of Petroleum Resources. DMO prepared a sovereign Debt Note and notified the Central Bank of Nigeria and PPPRA while the Federal Ministry of Finance sourced for funds to coordinate the subsidy payment	Payment of subsidy by PPPRA was stopped in 2011. Effective 2011, payment of subsidy was done through Debt Management Office (DMO)	No exception noted
3.	Development of Natural Resources The Natural Resources Development Account was established to develop alternative mineral resources. There are basically two Sources of revenue which are: • Statutory allocation: 1.68% of FGN share of allocation of Federation account, and • Allocation from Excess crude account	• Total revenue received from 2012 to 2016 was N486.26billion. • Statutory Allocation was N374.15 billion from both Mineral and Non-Mineral revenue. • A review of disbursement revealed that N543.63 billion was released for various projects.	Some funds were released as loans but there were no evidence of repayment during the review. Contrary to the implied purpose of setting up the Fund, it served as a borrowing fund for the FGN to meet its obligations in areas such as: - Budget deficits - National security - Independent National Electoral Commission - Nigeria Armed Forces - Other releases	• The fund should be used for the purpose it was established. • A high-level committee should be set up by the Federal Government to recover all unpaid loans from the Fund without further delay. • The Federal Government should have operational guidelines for the release of the Funds mainly for stabilization purposes.

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S/N	Entities	Revenue and Utilisation	Observations	Recommendations
4	Share of Derivation and Ecology The Ecological Fund was originally established in 1981 through the Federation Account Act (1981) based on the recommendation of the Okigbo Commission. The Act has subsequently been modified by Decrees 36 of 1984 and 106 of 1992 respectively; and further modified through the Allocation of Revenue/Federation Account etc. (modification) order of 8th July 2002. The Fund is an intervention facility established to address serious ecological problems across the country Sources of Revenue are two: Statutory allocation: 1% of FGN share of allocation of Federation account. Excess crude Allocation Beneficiaries are: National Emergency Management Agency (NEMA IS ENTITLED TO 20% STATUTORY DEDUCTIONS FROM THE 1% SHARE OF DERIVATION AND ECOLOGY),National Committee on Ecological Problems and direct assistance to the State Governments on the approval of Mr President.	Statutory allocation from 2012 to 2016 was N276.5 billion while that of Excess crude oil was N54 billion. The funds were utilized for several purposes outside the original purpose of setting it up.	Disbursements from the fund were made to beneficiaries outside the purpose of setting up the fund. We were unable to verify the projects and also not given access to the relevant supporting documents and records.	• The fund should be used for the purpose it was established. • A high-level committee should be set up by the Federal Government to recover all unpaid loans from the Fund without further delay. • The Federal Government should have operational guidelines for the release of the Funds mainly for stabilisation purposes • The object of the fund should be adhered to and funds should be released for purposes it was meant for.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
5	PTDF 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 0f 1973 which established the Petroleum Technology Development Fund (PTDF) as a Fund for the purpose of training and educating Nigerians in the oil and gas industry. 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 craftsman in the fields of Engineering, Geology, Science and management in the oil and gas industry in Nigeria. 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 and Tenders/Contractors fees Beneficiaries include: Schools(primary, Secondary and Tertiary Institutions) and Stakeholders in Oil and Gas	Total revenue for the years under review was N 124billion with signature bonus of N119 billion. Fund utilisation activities are as follows : - Scholarship for MSc and PhD Awards, Endowment & Prizes, Institutions Support- Others, - PTDF Assisted Project in Secondary Schools, - PTDF Assisted Projects - Primary Schools,	During the period under review, 37% of the expenditure was on PTDF assisted project and 20% on Scholar related expenditure respectively while the balance of 43% was expended for administrative purposes. Of the numerous numbers of scholars funded by the Fund (PTDF) under the overseas scholarship scheme (OSS), it is difficult to ascertain the number of successful scholars who returned after their study programmes and were integrated in the Nigerian oil and gas industry.	• The Government should ensure that significant part of the fund is used for the purpose the fund was established • An impact assessment should be carried out to ascertain how much the Fund's (PTDF) capacity building programmes have impacted the oil and gas industry given the level of investment since inception and in light of developing and promoting Nigerian local content

	Industries			

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
6	Stabilization Fund The Stabilization Fund (SF) generally refers to the mechanism set up by a government or central bank to insulate the domestic economy from large shocks in revenue inflows, as from commodities such as oil. A primary motivation is to maintain a steady level of government revenue in the face of major commodity price fluctuations (hence the term "Stabilization"). Sources of Revenue are two: Statutory allocation: 0.5% of FGN share of federation allocation and Excess crude Allocation	The total sum of N 238 billion was received as revenue from 2012 to 2016. It was observed that the Fund served as a pool to grant loans to fund various non-related expenditures during the period under review. The various sources of revenue to the fund include N110 billion received from Statutory Allocation. The fund was utilized for various purposes as detailed in the report	• The fund was not used for the purpose it was set up. • Most of the disbursements made from the fund were described as loans which were not recovered or paid back.	• We recommend that NEITI carries out an audit of the fund from inception to obtain a complete overview. • A high-level committee should be set up by the Federal Government to recover all unpaid loans without further delay. • The Federal Government should have operational guidelines for the release of the funds meant strictly for Stabilization purposes. • Loans should be properly monitored to ensure that they are recovered.
7	The Tertiary Education Trust Fund (TETFUND) was established under the Tertiary Education Trust Fund (Establishment), Act, 2011 which repealed education tax Act Cap.E4 Laws of the Federation of Nigeria, 2004 and Education tax fund (Amendment) Act No.17, 2003 and came to effect in June 2011 with mandate to engage in the rehabilitation, restoration and consolidation of tertiary education in Nigeria. The Fund is managed by a Board of Trustees established under Section 4 of the new Act	The total revenue received by the TETFUND from 2012 to 2016 was N993 billion with N805 billion received from Mineral Revenue while N188billion was received from Non mineral revenue The Funds are to be utilized for the provision of the following: • Essential physical infrastructure for teaching and learning • Instructional materials and equipment • Researches and	• The fund does not have a comprehensive accounting and operational manual; hence, there is insufficient guide for accounting and operations' processes.	**Issues identified in prior year audit** • There is a need for ETF to tackles the issue of undue political control and interference by Governors over the execution of the ETF funded projects in their respective States; • There is a need to educate the Governors on ETF intervention policies which are rooted in accountability and standards and are performance driven;

	The Sources of statutory revenue	publications		
S/N	Entities	Revenue and Utilisation	Observations	Recommendations
	allocation to the fund came from: Oil and Gas revenue and Non-Oil and Gas revenue, Beneficiaries are: - Federal Ministries, Commissions and Special Projects - State Primary Education Boards - Universities - State Secondary Education Boards - Beneficiary Staff Training & Development - Polytechnics - Colleges of Education - Libraries - Monotechnics - ICT - Capacity Building - Sports - Book Development - Research - Vocational Training - Police/Para military	Academic staff training and development and Any other need which, in the opinion of the Board of Trustees, is critical and essential for the improvement of quality and maintenance of standards in the higher educational institutions	We were unable to verify the income received from the various sources by the agency and unable to evaluate utilization of the Funds	• Intervention, beneficiaries with accumulated un - accessed funds should be allowed to merge all their outstanding allocations and propose projects to be funded with the back log of funds; • There is a need to explore the possibility of developing prototypes for adoption by beneficiaries in order to maintain standards and uniformity in projects executed by them which would ultimately minimize the challenges posed by un - accessed funds • Re –examine the Fund's Intervention Policies with a view to making appropriate recommendations for retention or modifications, if necessary;

8.	Petroleum Equalisation Fund (Management) Board The Petroleum Equalisation fund Management Board is a scheduled Parastatal of the Ministry of Petroleum Resources, established by Decree No.9 of 1975 (as amended by Decree No. 32 of 1989), mainly to administer Uniform Prices of Petroleum products throughout the Country. This is achieved by reimbursing a marketer's transportation differentials for petroleum products movement from depots to their sales outlets in order to ensure that products are sold at a uniform pump price throughout the country. The source of the fund is from the net surplus revenue recovered from oil marketing companies	A total of N499 billion was received by PEF (MB) throughout the review period with N382 billion realised from Bridging allowance. Most of its expenses were on claims amounting to almost N303.4 billion.	- The Fund does not impose penalties promptly on defaulting independent and major oil marketers who did not pay their contribution to the Fund. - Utilization of the Fund is not separated between the core activity and administrative purposes. - The PEF (M) B paid claims to major and independent oil marketers only after deducting the contributions and allowances due from the marketers to PEF (M) B. In some cases, bridging claims were paid to some independent oil marketing companies without deducting the National Transportation Average (NTA) contribution due from them. - When a marketer	• We recommended that the utilization of the Fund's resources should be differentiated between primary activities, which include settlement of claims and receipt of NTA contributions from the conventional administrative activities for management of Fund expenses. • We recommend that management of PEF (M B should have an aging analysis stating the period to which a marketer can be indebted After these periods, we recommend that th management should not honor any claims d to independent or major oil marketing company until that company settles all previous indebtedness to PEF (M) B. • It is also recommended that management should have a comprehensive schedule showing the list of marketers as well as the amount due from each marketer. • We recommend that competent staff should be responsible in reconciling the amount pa by the marketers to the transactions to whi the amount was due to.

			makes payment to the Fund resulting from the outstanding amount due , the Fund does not have a system to verify what transactions the amount paid relates to. Detailed description is also not included in the bank statement. - With emphasis on NNPC; the fund finds it extremely difficult to ensure that NNPC pays the amount owed to the FUND and as a result, the FUND has huge amount of receivables from NNPC for an accumulated number of years. - We observed that the Fund could not categorically ascertain the total amount due from each marketer.	

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