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Oil revenue discrepancies reduced to \$6m

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The Federal Government said on Monday that the quantum of funds unaccounted for in a recent audit of Nigeria's petroleum sector revenues had been reduced to about \$6m.

The government had, through the Nigeria Extractive Industries Transparency Initiative, commissioned an international consortium of auditors, led by the Hart Group of the United Kingdom to conduct the first comprehensive audit of the industry.

The audit examined the difference between revenues paid by oil companies and what was received by government agencies between 1999 and 2004. The findings were made public in May 2006

According to the Hart Group, the difference stood at about \$300m.

The group also discovered that key government agencies including the Nigerian National Petroleum Corporation, the Central Bank of Nigeria and the Federal Inland Revenue Service were less than satisfactory in their dealings with the nation's petroleum resources.

But in a statement in Abuja, the Chairman, NEITI, Dr. Siyan Malomo, said most issues raised by the first NEITI audit had been tackled, adding that the outstanding amount had since been tracked and reduced to about \$6m.

He explained that the audit mainly revealed gaps between revenues paid by companies and received by government; and capacity and coordination gaps in the overall management of revenues in the petroleum industry.

He added that after the release of the audit findings, the auditors were further contracted to reconcile the discrepancies in revenues paid and received.

The government also constituted an inter-ministerial team to devise and implement strategies for rectifying anomalies in the system.

The team consisted of representatives of core government agencies such as the Department of Petroleum Resources, the NNPC, the FIRS, the Office of the Accountant-General of the Federation and the CBN.

According to Malamo, “The auditors have worked with the various companies and government agencies to trace the payments previously unaccounted for. After a comprehensive reconciliation exercise, the auditors have reported that the bulk of the payments claimed to have been made by the oil companies could be authenticated.

“The difference between revenues paid by oil companies and those received by government agencies between 1999 and 2004 was about \$300m, which was later revised by the auditors to about \$6m.”

Malomo stressed that most of the initial discrepancies reported by the auditors were due to sloppy book-keeping, improper labelling and inadequate communication between the oil companies and various government agencies.

He explained that the outstanding balance represented just about 0.01 per cent of the more than \$90bn oil and gas revenues realised within the audited period.

“Though the outstanding percentage is adjudged to be within the acceptable margin of error, the unresolved payments have been referred to law-enforcement agencies for further investigations and possible prosecutions,” he said.

He stressed that new mechanisms had been put in place for enhanced information sharing and interface among the different agencies to avoid future discrepancies.

The chairman said the CBN had opened separate accounts for different tax heads in different currencies, unlike in the past when all the accounts were lumped together.

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