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Omotunde A.J. Mahoney
+1-973 509 5300**NIGERIA UPDATE****Epilogue to PwC's "Audit" of the NNPC**

- 1) 14 months ago, when the administration of President Jonathan (GEJ) first promised a forensic audit of the state-owned oil company¹ – in an obvious bid to contain the furore triggered by the Central bank governor's allegations of massive looting between 2012 and 2013 - *Rhombus predicted that the secrets buried in the accounts of the NNPC would survive any such investigation*².
- 2) So it was not surprising that, barely a fortnight before the date originally scheduled for the presidential election³, the Auditor-General⁴ announced that *PwC had identified a shortfall of only USD 1.48 billion in NNPC's accounts* – more than a full order of magnitude less than the USD 20 billion cited by Sanusi Lamido Sanusi.
- 3) Naturally *this felicitous determination was immediately seized upon by the Jonathan administration, in particular oil minister Madueke-Alison*, the *ex-officio* chairperson of NNPC's board of directors, whom SLS' allegations had implicated almost personally and who now declared herself "vindicated"⁵. Barely 11 weeks later, however, it [re]remarkable how swiftly the PwC report has now been disavowed – by so many of its recent champions.
- 4) On April 27th, after 12 weeks of prevarication by the Administration⁶, the unabridged report⁷ was finally published⁸. Its most astonishing feature was the 323-word cover letter⁹ that amounts to *a virtual repudiation of the 196-page document* being introduced.
- 5) Although the opening sentence purports to have performed an investigative forensic audit into the allegations of unremitted funds into the Federation accounts by the Nigerian National Petroleum Corporation (NNPC), *PwC then proceeds to explain in meticulous detail that the exercise conducted was not 'independent', 'forensic' or even a proper 'audit'*.

¹ After GEJ's initial response to the emerging scandal – dismissing the whistle-blower – had backfired spectacularly.

² See "*The [NNPC] Fix Is In*", Rhombus Advisors, Feb. 28, 2014.

³ i.e. Feb. 28, 2015.

⁴ Whom GEJ, having received the PwC report on Feb. 3rd, had tasked to review the 'voluminous' document and publish its '[K]ey highlights because the media will want to know the key findings vis-a-vis the Senate's findings and figures being bandied around in the newspapers.' See, "FG to release forensic audit report on NNPC," by Olalekan Adetayo, in *The Punch*, May 3, 2014.

⁵ As reported by William Wallis and Anjli Raval in "*Nigeria Says Crude Oil Audit Answers Critics*"; *Financial Times* of Feb. 12, 2015.

⁶ Rejecting a freedom of information request from *Premium Times* a week earlier, the Auditor-General had placed responsibility for the report's continued embargo at the door of Aso Villa, viz.: "...It is my considered opinion that the Presidency has a great interest in the information. You may wish to channel your application accordingly." [As reported by Bassey Udo in "*Jonathan has 'great interest' in controversial audit report on NNPC – Auditor General*"; *Premium Times*, Apr. 29, 2015.]

⁷ See "*Investigative Forensic Audit into the Allegations of Unremitted Funds into the Federation Accounts by the NNPC*"; PwC, February 2015.

⁸ This was almost certainly in response to President-elect Buhari's thinly veiled threat, the previous day, to order a fresh probe upon assuming office (on May 29th). In response, the AuGF had made the extraordinary assertion, 'After a careful review of the information, it is my considered opinion that the Presidency has a great interest in the information You may wish to channel your application accordingly.' See "*Jonathan has 'great interest' in controversial audit report on NNPC – Auditor General*" by Bassey Udo in *Premium Times*, Apr. 29, 2015.

⁹ Issued over the signature of Pedro Omontuemhen (Engagement leader) on Feb. 2, 2015 and addressed to the Auditor-General of the Federation (AuGF), the letter appears on page 3 of the report.

- The letter begins by warning that, “*The procedures we performed did not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards*”.¹⁰
- The spectacular exercise in demolition then continues, “*Accordingly, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based.*”¹¹
- And the coup de grâce: “*This Report and all PwC deliverables are intended solely for the Office of the Auditor-General for the Federation, for their internal use and benefit and are not intended to nor may they be relied upon by any other party (‘Third Party’).*”¹²

8) Just to round out the farce, even *the principal cheer-leader for the “independent forensic audit”*¹³, *has now joined the parade of recusants*, having her spokesman Paul Nwabuikwu declare that, “Okonjo-Iweala did not appoint the PwC to carry out the audit.”¹⁴

9) As the curtain comes down on this grotesque charade, whose real mission was apparently to provide a fig-leaf for the beleaguered Jonathan administration, it is worth reminding ourselves of the relevant background. In the 19 months since the CBN Governor first sounded the alarm, *not a single individual has been held to account over the USD 20 billion discrepancy*¹⁵ reported in the NNPC’s accounts.

10) By contrast, in the nine months since the Petrobrás corruption scandal erupted in Brazil, a total of *more than 50 senior politicians*¹⁶ *have been placed under formal investigation over the USD 10 billion alleged to have been diverted* over a period of approximately a decade.

11) In the light of the foregoing, it is to be hoped that President-elect Buhari makes good on his threat to order a proper investigation, once sworn in.

¹⁰ Ibid. ¹¹ Ibid. ¹² Ibid.

¹³ As will be recalled, the idea of an “independent forensic audit” was first mooted - not by the Presidency, the Auditor-General or even the embattled oil minister, but - by the finance minister whom the Government wheeled out again three months later, to announce, during the Africa World Summit Conference:

“*There is a forensic audit that the government has approved and it is being done by PwC under the supervision of the Auditor General. They said they need 12 to 16 weeks to do that and all these [issues] would be clarified.*” [As reported by Ifeanyi Onuba in “*Missing \$20bn: FG appoints forensic auditors to probe NNPC*”; *The Punch*, May 8, 2014.]

¹⁴ As reported in “*Missing USD 20 billion: Okonjo-Iweala disowns PriceWaterHouseCoopers, says she didn’t hire firm*”; *Premium Times*, Apr. 30, 2015.

¹⁵ Even the PwC report records that: “*For the period from January 2012 to July 2013, “Total gross revenues generated from FGN crude oil liftings was \$69.34bn [while] Total cash remitted into the Federation accounts in relation to crude oil liftings was \$50.81bn.*”

See *Section 2.1 – Summary Findings*; op. cit.

¹⁶ Including the heads of Brazil’s two houses of Congress, a handful of former ministers and an ex-president.

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