



**NATIONAL STAKEHOLDERS WORKING GROUP (NSWG)
OF THE**

EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (EITI)

THE PRESIDENCY, STATE HOUSE.

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PRESS RELEASE

Following an intensive international competition, the National Stakeholders Working Group (NSWG) has selected a consortium led by U.K.-based Hart Group to conduct the Financial Audit, Process Audit and Physical Audit pursuant to the Nigeria Extractive Industries Transparency Initiative (NEITI).

The program approved by the NSWG is the most comprehensive energy sector transparency audit ever conducted. The Financial Audit will provide an independent audit, in accordance with international auditing standards, of all payments made to the Federal Government of Nigeria (FGN), and all revenues earned, from the oil sector and gas sector for the past five years and assess whether those payments were recorded in the Central Bank. The report will identify any discrepancies encountered and make public the reports of its findings. A Process Audit will be undertaken for the purpose of examining the most critical management systems, processes and practices in the sector, such as the way Nigeria markets its crude oil, purchases refined products, oversees and participates in the capital and operating expenditures of the joint ventures and how it allocated acreage and manages licensing. A Physical Audit will examine how the FGN monitors the production of oil from the well head to flow stations to fiscalization, and test the integrity of the measuring and monitoring systems. The Physical Audit will also look at the problems of crude theft and illegal bunkering and assess the major systemic weaknesses that permit these losses and propose ways to remedy these losses.

Goldwyn International Strategies, LLC was lead adviser to the NSWG for the design of the audits and management of the international tender.

The Hart Group is a UK-based consultancy group with a 16 year track record of work mainly in underground resources (minerals, oil, and gas). The group is engaged in promoting openness, transparency and the credibility of public information in various manifestations, ranging from audit certification of financial statements, through special purpose audit / investigative assignments and extending to the development of statistical capacity for central government statistics offices.

Hart Group has completed several projects aimed at bridging the gap between government and non-governmental stakeholders. Often, this has taken the form of establishing new communications channels, encouraging the preparation of data targeted to the information requirements of NGOs and promoting the publication of material to facilitate informed debate between stakeholders. The group's work in the field of developing enhanced statistical systems and improving the quality of public information is particularly important.

Hart Group has successfully completed complex projects in Europe, the former Soviet Republics, South America, the United States, Canada, and Africa. In Nigeria, Hart Group contributed to the Value for Money audits of the NNPC joint ventures from 1990-96 and 1999, and completed audits for NEPA as well as the private sector. Hart Group's oil and gas experience includes legislative and regulatory advisement in Jordan, Armenia, and Estonia.

Consortium members Chris Morgan Associates and TRACS International are providing technical expertise to process improvement and measurement and operational skills for the physical audit, including bunkering. These firms have international pedigrees and are known for their commitment to delivery. CMA provides technical and management advice and services to the oil and gas, mining, metals and minerals sectors on a global basis. CMA oil and gas personnel have specific experience in Brunei, UK offshore, Nigeria on and off shore, Oman, Morocco, Venezuela, The Netherlands, Jordan, Turkmenistan and Morocco both for Governments and the Private sector. TRACS International has performed many technical projects for a variety of companies, supported by World Bank or European Union funding, for upstream projects.

Additional expertise in systems design has been recruited from Ariane Transiciel. Ariane is part of a large Information Technology European company, Cap Gemini, one of the top European information technology companies. The group is carrying out projects all over Europe. Ariane Transiciel provides a complete service in design, developing and maintaining data processing projects. It has built its growth on long term relationships with public sector clients and from banking the open mind spirit, and the flexibility of the services offered.

Gas specialist support will be available from IPA Energy Consultants. IPA, based in Edinburgh, is a leading firm in the sphere of gas and electricity markets, including market modelling, regulation, law and economics.

Hart Group will be assisted by S.S. Afemikhe & Company, a Nigeria-based multidisciplinary practice of Chartered Accountants, Procurement Specialists, Management and Value for Money review consultants, has 18 years experience in the industry. Led by Sam Afemikhe, author of "The Pursuit of Value for Money", the firm has extensive experience in statutory audits, value for money audits, materials and supply chain management, and procurement/contract reviews in multinational companies, both private and public sector. From 1991-1996, S.S. Afemikhe & Company completed Value

for Money audits of the NNPC's various Joint Operating Agreements (JOA)'s with several international companies, and by analyzing financial flows, identified system weaknesses and provided process improvement recommendations.

S.S. Afemikhe has a long track record of such complex audits in the oil and gas sector including Panocean sole risk value for money reviews, materials management audit in the three refineries on behalf of NNPC, marketers margin determination for Pipelines and Products Marketing Company (PPMC), generation of inter deport districts on behalf of Petroleum Equalization Fund (Management Board) with the Transport Zonal (TDZ) System, and Value for money reviews on the Atlas Petroleum/SOGW Joint Venture. Hart Group and S.S. Afemikhe have previously collaborated on the Value for Money audits of the NNPC from 1990-96 and 1999, and an audit for taxation issues of NEPA.

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