



ZAMFARA STATE OF NIGERIA

REPORT

Of The

AUDITOR GENERAL

FOR THE LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENT

Of

MARU LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2025



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MARU LOCAL GOVERNMENT ACCOUNT MANAGEMENT LETTER

Auditee:	MARU	Reviewed by:	Name	Rank	Date
Period end:	2024	Level 1	Shaaibu Mohammad	A Chief Auditor	27/3/2026
Prepared by:	Sha'aibu Moh'd	Level 2	Lawali Ibrahim	DFS	22/4/2026
Rank:	A. Chief Auditor	Level 3	Aminu Mammaga	A G	26/4/2026
Date:	27/03/2026				

MANAGEMENT LETTER: IN RESPECT OF FINANCIAL AUDIT PERFORMED FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2025

OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS

Zamfara State

24th February, 2026

The Honourable Chairman,
MARU Local Government Council,
Zamfara State.

Dear Sir,

MANAGEMENT LETTER: IN RESPECT OF THE FINANCIAL AUDIT PERFORMED FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2025

INTRODUCTION

The financial statements of MARU Local Government Council for the year ended 31st December, 2025 were subjected to audit by the Office of the Auditor General for Local Governments in accordance with the provisions of **Section 35 of the Zamfara State Local Government Administration Law, 2026**.

The purpose of this Management Letter is to bring to the attention of Management those matters and observations identified during the course of our audit and to provide recommendations for strengthening financial management, internal controls, accountability, and compliance with applicable laws and regulations.

SCOPE OF AUDIT AND RESPONSIBILITY

The audit was conducted in accordance with the **International Public Sector Accounting Standards (IPSAS)** and the applicable auditing standards adopted by the Office of the Auditor General for Local Governments. The audit was planned and performed to obtain reasonable assurance that the financial statements are free from material misstatement and are presented fairly in all material respects.

The audit included:

- Examination, on a test basis, of evidence supporting the amounts and disclosures contained in the financial statements;
- Assessment of the accounting policies adopted and significant estimates made by management;
- Evaluation of the adequacy and effectiveness of internal control systems;
- Review of compliance with relevant laws, regulations, financial memoranda, and other statutory requirements governing Local Government administration; and
- Evaluation of the overall presentation of the financial statements in accordance with IPSAS requirements.



The audit also included an examination of compliance with the provisions of the Zamfara State Local Government Administration Law, 2026, Financial Memoranda, Budgetary Regulations, Treasury Circulars, and other relevant financial management guidelines.

AUDIT OBSERVATIONS

The matters reported in this Management Letter are those identified during the audit procedures performed. They are not intended to represent all weaknesses that may exist within the Council's financial management and internal control systems.

The principal observations identified during the audit include, but are not limited to, the following:

- Inadequate maintenance of treasury records and cash books;
- Weaknesses in the maintenance and custody of payment vouchers and supporting documents;
- Non-compliance with approved budgetary provisions;
- Weak internal control mechanisms;
- Failure to maintain essential accounting records and registers;
- Inadequate safeguarding of government assets and security documents;
- Delays in revenue collection and banking procedures; and
- Other matters detailed in the audit report.

MANAGEMENT RESPONSE

Management is requested to submit its comments and responses to the observations contained in this letter within **fourteen (14) days** from the date of receipt to enable incorporation of such responses into the final audit report.

APPRECIATION

We wish to express our appreciation to the Chairman, Treasurer, Directors, and all staff of the Local Government Council for the cooperation, assistance, and courtesies extended to the audit team during the conduct of the audit.

CONCLUSION

Management is encouraged to take appropriate corrective actions on all audit observations and recommendations to strengthen financial accountability, transparency, and good governance in the administration of the Local Government Council.

Yours faithfully,

AMINU MAMMAGA (CNA/CPA/ACCA/ACCrFA)
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS



Ref. No.: MRR/LGC/DFS/VOL1/2026

Date: 11th march 2026

The Auditor General for Local Governments

Office of the Auditor General for Local Governments

Zamfara State.

Dear Sir,

RE: MANAGEMENT RESPONSE TO THE MANAGEMENT LETTER ON THE FINANCIAL AUDIT FOR THE YEAR ENDED 31ST DECEMBER, 2025

We acknowledge receipt of your Management Letter dated **24th February, 2026** regarding the financial audit of Maru Local Government Council for the year ended 31st December, 2025.

Management appreciates the observations and recommendations made by your office, which are aimed at strengthening financial management, internal control systems, accountability, transparency, and compliance with the provisions of the Zamfara State Local Government Administration Law, 2026, the Financial Memoranda, Treasury Circulars, and the International Public Sector Accounting Standards (IPSAS).

Our responses to the observations are as follows:

1. Inadequate Maintenance of Treasury Records and Cash Books

Management has noted this observation. Measures have been taken to ensure that treasury records and cash books are properly maintained, regularly updated, and subjected to periodic supervisory review.

2. Weaknesses in the Maintenance and Custody of Payment Vouchers and Supporting Documents

Management has strengthened the filing system for payment vouchers and supporting documents. Officers responsible have been directed to ensure proper documentation, secure custody, and easy retrieval of financial records.

3. Non-Compliance with Approved Budgetary Provisions

Management has resolved to ensure strict compliance with approved budgetary provisions. Appropriate budget monitoring mechanisms have been introduced to prevent unauthorized expenditure and budget overruns.

4. Weak Internal Control Mechanisms

Management has commenced strengthening internal control procedures through enhanced supervision, segregation of duties, regular reconciliation, and improved monitoring of financial transactions.

5. Failure to Maintain Essential Accounting Records and Registers

Necessary accounting books and statutory registers are being updated, while responsible officers have been directed to ensure that all accounting records are properly maintained in accordance with IPSAS and relevant financial regulations.



6. Inadequate Safeguarding of Government Assets and Security Documents

Management has initiated the updating of the Fixed Asset Register and has improved the custody arrangements for government assets and security documents to ensure adequate protection and accountability.

7. Delays in Revenue Collection and Banking Procedures

Revenue officers have been instructed to ensure prompt collection and banking of all government revenue in accordance with the Financial Memoranda and Treasury Regulations. Regular monitoring has also been introduced to ensure compliance.

Management appreciates the constructive observations and recommendations contained in the Management Letter. We are committed to implementing the recommended corrective actions to strengthen financial accountability, improve internal control systems, ensure compliance with IPSAS and other applicable laws, and enhance the overall financial management of Maru Local Government Council.

Please accept the assurances of our highest regards.

Yours faithfully,

Director of Finance

For: Executive Chairman

Maru Local Government Council



OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS ZAMFARA STATE ZAMFARA STATE OF NIGERIA

☎ 204868 TELEGRAMS:-

P.M.B. 01015, Gusau

Date: 11th March, 2025

Ref. No: LGA/AA/VOL.1/211

1.0 INTRODUCTION

1.1 AUDITOR'S CERTIFICATION AND OBSERVATIONS

In the course of certifying the Financial Statements of the Local Government Council, the accounts and treasury records submitted were subjected to audit examination to ascertain their accuracy, completeness, and reliability. The extent of reliance placed on the Financial Statements is therefore subject to the observations and findings raised during the audit of the treasury records.

Accordingly, the observations contained in this report are hereby presented to the Public Accounts Committee for consideration. The attached Financial Statements should be read in conjunction with these audit observations for proper understanding and interpretation of the Council's financial position and operations.

Pursuant to the provisions of Section 35 of the Zamfara State Local Government Law, 2026, which provides for the establishment, structure, composition, finances, and functions of Local Government Councils in the State, and in accordance with the State and Local Government Audit Law No. 8 of 2021 (as amended), the Financial Statements submitted to the Office of the Auditor-General for Local Governments by the Director of Finance have been duly examined and certified as required by law.

The certification, however, is subject to the observations, comments, and recommendations contained in this report.

1.2 SUBMISSION OF REPORTS:

The correct Annual Accounts of the local government for the year 2025 was submitted to this office on 1st May, 2026.

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year i.e. 2024 financial year audit report was submitted to the Honorable House of Assembly on 3rd June, 2025 by this office for their oversight function and further necessary action.



2.0 OTHER OBSERVATIONS

2.1 ANNUAL ESTIMATES:

The delay in the distribution of approved Annual Estimates has become a recurring issue, as the approved Estimates are usually made available between January and March of the financial year under review. This practice affects the timely implementation and monitoring of budgetary provisions.

The Local Government Council should ensure that approved Annual Estimates are distributed to all relevant departments and units before the commencement of the financial year to facilitate effective budget implementation and control

2.2 EXPENDITURE MANDATES:

During the period under review, there existed a fiscal working relationship between the Zamfara State Government and the fourteen (14) Local Government Councils. The legal framework governing this arrangement was largely defined by the Memorandum of Understanding (MOU) duly consented to by the Chairmen of the respective Local Government Councils.

Major projects executed under this arrangement were undertaken in accordance with the existing framework and the provisions of Part III (Financial Provisions), Section 16, Sub-sections (1), (2), and (3) of the Law establishing the structure, composition, finances, and functions of Local Government Councils in Zamfara State.

Accordingly, expenditures incurred under the arrangement were treated as expenditure mandates and reflected in the accounts of the Local Government Council.

2.4 UNBUDGETED REVENUE:

During the year under review, it was observed that the sum of **₦173,823,914.00 (one hundred and seventy-three million eight hundred and twenty-three thousand nine hundred and fourteen naira)** was received by the Local Government Council as its share of Ecology Fund and Share of recover of VAT from Import. However, the revenue was neither incorporated into the approved budget nor referred to the State House of Assembly for proper appropriation before expenditure.

This action contravenes the provisions of Part III (Financial Provisions), Section 19, Sub-sections (1), (2), and (3) relating to Supplementary Budget or review under the Law establishing the structure, composition, finances, and functions of Local Government Councils in Zamfara State.



2.5 ACCOUNTING RECORDS:

During the year under review, it was observed that, the local government books of accounts were fairly maintained. The manner in which this aspect was handled by the director of finance of the local government is fairly encouraging. Some of the observation made includes the following:

a. Non balance and reconciliation in the cash books: It was observed that the cash books maintained during the period under review were not properly balanced and closed at the end of each month in accordance with sound accounting practices. Furthermore, regular bank reconciliation statements were not prepared to reconcile the cash book balances with the corresponding bank statements throughout the financial year.

This practice is inconsistent with the requirements of the International Public Sector Accounting Standards (IPSAS), which require entities to maintain complete, accurate, and reliable accounting records and to perform periodic reconciliations to ensure the accuracy of cash balances reported in the financial statements.

The absence of timely balancing and bank reconciliations increases the risk of errors, omissions, fraud, and material misstatements in the financial statements, thereby undermining the reliability and faithful representation of reported cash and cash equivalents.

b. Classification of revenues and expenditure in accordance with IPSAS codes: According to what I observed, internally generated revenues of the local government and the statutory allocations were captured in the cash books. It was observed that, there was no mixed up in the codification of revenue and expenditure, IPSAS codes are used for recording of income and expenditure in the cash book and other books of account

c. Payment Vouchers: During the period under review, it was observed that salary payment vouchers were not recorded and classified by the appropriate departments and account codes but were instead posted on a cumulative basis. This practice does not comply with the IPSAS principles of proper classification, accurate presentation, and faithful representation of financial transactions. In addition, some payment vouchers were inadequately supported with the required documentation.

d. Non-Maintenance of Plant and Asset Register: During the examination of the assets records of the Local Government Council, it was observed that no Plant and Asset Register was maintained. As a result, details of assets owned by the Council could not be readily verified, thereby weakening the system of asset control and accountability.

This practice is contrary to the provisions of the Financial Memoranda, which require all government assets to be properly recorded and monitored through an up-to-date Asset Register.

e. Internally Generated Revenue (IGR): During the examination of the accounting records for the period 1 January 2025 to 31 December 2025, it was observed that Internally Generated Revenue (IGR) collected during the year under review was not promptly recorded in the Cashbook and related accounting records.

This practice resulted in incomplete recognition of revenue transactions and may affect the completeness, accuracy, and reliability of the Council's financial statements. In accordance with the International Public Sector Accounting Standards (IPSAS), revenue should be recognized when the entity obtains control of the economic benefits or service potential associated with the transaction and the amount can be measured reliably. Failure to promptly record IGR collections weakens the audit trail, increases the risk of errors or irregularities, and may result in inaccurate reporting of revenue and cash balances.

Audit Implication: The failure to record IGR collections in the Cashbook may lead to incomplete accounting records, unreliable financial reporting, and difficulties in reconciling revenue collections with cash balances, thereby reducing the credibility of the financial statements.



2.6 CERTIFICATION OF RETIRING BENEFITS:

In accordance with the Office's statutory responsibility for processing and certifying retirement benefit entitlements, a total of **163** retirement benefit files were received and processed from the Local Government during the period under review. The processed cases comprised **131** voluntary/compulsory retirement cases and **32** death benefit cases.

The total retirement benefits certified amounted to **₦458,970,690** (four Hundred and fifty-eight Million, mime Hundred and seventy Thousand, six hundred and ninety Naira). Of this amount, **₦374,987,839** was certified for beneficiaries under voluntary/compulsory retirement, while **₦83,982,851** was certified for beneficiaries of death-related claims.

2.7 RECOVERIES MADE OUT OF PENSION AND GRATUITY:

During the processing and verification of pension and gratuity files, the Office of the Auditor-General for Local Governments carried out detailed scrutiny of pension records and benefit computations. As a result of this exercise, several cases of incorrect calculations and irregularities were detected, which would have led to overpayment of pension and gratuity benefits to some beneficiaries.

The review revealed instances of arithmetic errors, wrong application of pension rates, inclusion of unqualified service periods, and other computation discrepancies. In addition, cases involving officers who overstayed in service beyond the approved retirement age or years of service were identified. Such irregularities, if left unchecked, would have resulted in avoidable financial losses to government.

In line with established financial regulations and audit procedures, the excess amounts arising from these errors were recovered through appropriate deductions from the affected beneficiaries' entitlements. The recovery exercise was conducted with due regard to fairness, transparency, and compliance with relevant pension laws and regulations.

As a result of these audit interventions, the sum of **₦6,469,334** (six million four hundred and sixty-nine thousand three hundred and forty-four naira) was recovered and saved to the Pension Fund during the period under review. This achievement demonstrates the commitment of the Office of the Auditor-General to safeguarding public funds, preventing financial leakages, and ensuring that pension benefits are paid accurately and only to eligible beneficiaries.



3.0 **BUDGET IMPLEMENTATION ANALYSIS**

3.1 **STATUTORY RECEIPT (NON-EXCHANGE REVENUE)**

During the financial year under review, the Local Government budgeted **₦3,558,722,570** as statutory receipt. However, actual statutory receipt received amounted to **₦4,173,266,916**, resulting in a favorable budget variance of **₦614,544,346**, equivalent to **17.27%** above the approved budget.

The favorable variance indicates that actual statutory receipt exceeded the approved budget estimates. Such variances should be appropriately disclosed and explained in the notes to the financial statements in accordance with IPSAS 24 – Presentation of Budget Information in Financial Statements, where the approved budget is publicly available and comparison with actual amounts is required.

The comparative analysis is presented below

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Statutory Allocation	811,643882	3,558,722,570	4,173,266,916
	Total	811,643882	3,558,722,570	4,173,266,916

3.2a **STATUTORY RECEIPTS (SURPLUS):**

In the year under review an excess collection of **₦614,544,346** (six hundred and fourteen million, five hundred and forty-four thousand, three hundred and forty-six Naira) representing **17.27%** was recorded in respect of statutory receipts by this local Government. A detail is as per table shown below:-

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	surplus 2025 (₦)
1.	Statutory Allocation	811,643882	3,558,722,570	4,173,266,916	614,544,346
	Total	811,643882	3,558,722,570	4,173,266,916	614,544,346

3.2b **STATUTORY ALLOCATION (DEFICIT):-**

In the period under review there is no deficit made in respect of statutory receipt by the local government.



3.3 VALUE ADDED TAX (VAT) ALLOCATION

During the year under review, the approved budget for VAT Allocation amounted to **₦4,028,083,360**, while the actual VAT Allocation received was **₦3,617,816,673**, representing **89.8%** budget implementation. This resulted in a budget shortfall of **₦410,266,687**, equivalent to 10.2% below the approved estimate. Compared with the prior year's actual receipt of **₦2,820,185,826**, the current year's actual VAT Allocation increased by **₦797,630,847**, representing an increase of approximately **28.3%**.

The comparative analysis is presented below

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1	VAT Allocation	2,820,185,826	4,028,083,360	3,617,816,673
	Total	2,820,185,826	4,028,083,360	3,617,816,673

3.3a VAT ALLOCATION (DEFICIT):-

In the period under review a deficit of **₦410,266,687** (four hundred and ten million, two hundred and sixty-six thousand, six hundred and eighty-seven Naira) was revealed and it represent **10.2%** rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	VAT	2,820,185,826	4,028,083,360	3,617,816,673	410,266,687
	Total	2,820,185,826	4,028,083,360	3,617,816,673	410,266,687

3.3b VAT ALLOCATION (SURPLUS):-

For the year under review no surplus was made in respect to value added tax by this local government.

3.4 INDEPENDENT REVENUE (IPSAS-Based Report)

During the year under review, the Local Government approved an Independent Revenue budget of **₦395,892,650**, while the actual Independent Revenue recognized amounted to **₦267,135,280**, representing 67.5% budget performance. This resulted in an unfavorable budget variance of **₦128,757,370 (32.5%)**, indicating that actual revenue realized was below the approved budget estimate.



The underperformance was mainly attributable to lower-than-budgeted collections from major revenue sources, particularly Direct Tax, Earnings, Sales/Rent of Government Buildings, Interest Earned on Fixed Assets, and the non-realization of the budgeted 10% State IGR allocation. Conversely, favorable variances were recorded in Licenses, Mining Rate, Fees, Sales/Rent on Land and Others, and Investment Income, where actual collections exceeded the approved budget or revenue was realized despite no budget provision.

The comparative details of the approved budget, actual revenue, and budget variances are presented in the table below.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1	Direct tax	44,968,045	49,141,180	15,019,759
2	Licenses	2,594,176	14,455,680	51,457,198
3	Mining Rate	6,410,605	-	5,431,190
4	Fees	24,794,340	-	31,944,189
5	Earning	12,526,315	24,184,010	15,611,624
6	Sales/Rent of government Buildings	-	3,111,780	-
7	Sales/Rent on land and others	2,541,761	-	3,293,006
8	Investment Income	-	-	9,020,000
9	Interest Earned On fixed Asset	86,744,343	-	135,358,314
10	10% State IGR	-	305,000,000	-
	Total	180,579,584	395,892,650	267,135,280

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦222, 048,217** (two hundred and twenty-two million, forty-eight thousand, two hundred and seventeen Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1	Licenses	2,594,176	14,455,680	51,457,198	37,001,518
2	Mining Rate	6,410,605	-	5,431,190	5,431,190
3	Fees	24,794,340	-	31,944,189	31,944,189
4	Sales/Rent on land and others	2,541,761	-	3,293,006	3,293,006
5	Investment Income	-	-	9,020,000	9,020,000
6	Interest Earned On fixed Asset	86,744,343	-	135,358,314	135,358,314
	Total	123,085,225	14,455,680	236,503,897	222,048,217



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦350,805,587** (three and fifty million, eight hundred and five thousand, five hundred and eighty-seven Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1	Direct tax	44,968,045	49,141,180	15,019,759	(34,121,421)
2	Earning	12,526,315	24,184,010	15,611,624	(8,572,386)
3	Sales/Rent of government Buildings	-	3,111,780	-	(3,111,780)
4	10% State IGR	-	305,000,000	-	(305,000,000)
	Total	57494360	381,436,970	30,631,383	(350,805,587)

3.7 CAPITAL RECEIPTS:

During the 2025 financial year, the Local Government budgeted **₦7,352,028,460** as capital receipts. Actual capital receipts realized amounted to **₦8,701,032,706**, representing **118.3%** of the approved budget. The favorable budget variance of **18.3%** indicates that actual capital inflows exceeded the budgeted estimate, primarily due to higher-than-anticipated transfers from the Consolidated Revenue Fund and receipts from Treasury Bills/Fixed Deposits.

The comparison of budgeted and actual capital receipts is presented below

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Transfer from CRF	4,955,877,414	4,537,137,160	7,797,927,995
2.	Capital Development Fund Receipts	-	2814,891,300	-
3	Nigerian Treasury BILLS (NBT)/Fixed Deposits	783,305,107	-	903,104,711
	Total	5,739,182,521	7,352,028,460	8,701,032,706

3.8 CAPITAL RECEIPTS (SURPLUS):

In the year under review a surplus of **₦1,349,004,246** (one billion three hundred and forty-nine million, four thousand, two hundred and forty-six Naira) was reported by the Local Government Council.



3.9 CAPITAL RECEIPTS (DEFICIT):

During the year under review, no deficit was made in respect of capital receipt by the local government.

3.10 CAPITAL EXPENDITURE:

During the year under review, approved capital expenditure budget amounted to **₦7,352,028,460**, while the actual capital expenditure recognized during the period was **₦6,177,276,514**, representing **84%** of the approved capital budget. This indicates a budget implementation rate of **84%**, with an unutilized budget balance of **₦1,174,751,946 (16%)**.

The distribution of the actual capital expenditure by sector is presented below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Administrative Sector	1,711,289,721	1,072,000,000	1,254,261,828
2.	Economic Sector	1,034,521,775	4,250,650,000	1,372,072,154
3.	Social Services Sector	21,997,219	2,029,378,460	3,550,942,532
	Total	22,767,808,715	7,352,028,460	6,177,278,514

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,174,751,946.00** (One billion, one hundred and eighty-four million, seven hundred and fifty-six thousand, nine hundred and forty-one Naira) representing 16% unutilized. Was revealed in the three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Savings 2025 (₦)
1.	Administrative Sector	1,711,289,721	1,072,000,000	1,254,261,828	182,261,828
2.	Economic Sector	1,034,521,775	4,250,650,000	1,372,072,154	2,878,577,846
3	Social Services Sector	21,997,219	2,029,378,460	3,550,942,532	1,521,564,072
	Total	22,767,808,715	7,352,028,460	6,177,276,514	1,174,751,946



3.12 CAPITAL EXPENDITURE (DEFICIT):

During the year under review, no record of expenditure deficits was made in respect of capital expenditure by the local government.

3.13 PERSONAL COST (INCL. SALARIES ON CRF CHARGES):

During the year under review, the Local Government approved a budget allocation of **₦1,630,086,330** for personnel costs, including salaries and Consolidated Revenue Fund (CRF) charges.

Actual personnel expenditure amounted to **€1,269,047,249**, representing the cost of salaries and related employee benefits paid to **1,216** staff of the Local Government and its Administrative Development Centers (ADCs). This resulted in a favorable budget variance (underspending) of **₦361,039,081**, indicating that actual personnel expenditure was below the approved budget provision for the reporting period.

The reported expenditure should be recognized and disclosed in the Statement of Financial Performance in accordance with the relevant IPSAS requirements for employee benefits and budget reporting, with the variance appropriately explained in the accompanying notes to the financial statements

3.14 Overhead Expenditure

During the year ended 31 December 2025, the Local Government approved a budget of **₦1,630,086,330.00** for overhead expenditure. Actual overhead expenditure amounted to **₦1,269,047,249.00**, representing **77.85%** budget implementation. Consequently, there was a budgetary saving (under-expenditure) of **₦361,039,081.00**, equivalent to **22.15%** of the approved overhead budget.

The under-expenditure reflects that actual spending was below the approved budget during the financial year. Management should ensure that future budget estimates are realistic and that budget implementation is effectively monitored to promote efficient utilization of public resources in accordance with IPSAS and applicable public financial management regulations.

3.15 CONSOLIDATED REVENUE FUND CHARGES

During the 2025 financial year, the Local Government approved a budgetary allocation of **₦1,549,650,000** for Consolidated Revenue Fund Charges. Actual expenditure amounted to **₦1,761,043,433**, resulting in an overall budget overrun (unfavorable variance) of **₦211,393,433**, representing approximately **13.6%** above the approved budget.

The unfavorable variance was primarily attributable to higher-than-budgeted statutory contributions, including contributions to the Pension Fund, Emirate Council, Security Trust Fund, Common Services, Training Fund, and other statutory obligations. These expenditures exceeded the approved appropriations and should be supported by appropriate authorization and disclosed in accordance with IPSAS requirements on budget presentation and variance reporting.

Conversely, favorable variances (underspending) were recorded in certain expenditure items, including contributions to Primary School Teachers, Oversight Committee Logistics, ZEMA, Council of Chiefs, Works School, ZCSDA, Pension Commission, State Fire Service, NSCDC, Nigeria Police Force (NPF), and other statutory agencies. These underspent balances indicate that actual expenditures were lower than the approved budget for the respective items.

Overall, the excess expenditure above the approved budget should be adequately explained by management and disclosed in the notes to the financial statements to ensure compliance with IPSAS 24 – Presentation of Budget Information in Financial Statements, thereby enhancing transparency, accountability, and faithful representation of the Local Government's financial performance.

The accompanying schedule provides the detailed analysis of the budgeted amounts, actual expenditure, and the corresponding budget variances for each Consolidated Revenue Fund Charge.



S/N	DESCRIPTION	ACTUAL 2024 (₦)	ESTIMATED 2025 (₦)	ACTUAL 2025 (₦)	DEFICIT/SAV INGS 2025 (₦)
1.	Subvention to pension fund	480,957,223	120,000,000	124,914,286	4,914,286
2.	Contribution to emirate council	40,582,194	160,000,000.	207,261,877	47,261,877
3.	Contribution to security trust fund	248,091,818	370,000,000	417,453,663	47,453,663
4.	Contribution common services	16,232,878	62,000,000	82,904,751	20,904,751
6.	Contribution to training fund	8,116,439	32,000,000	41,452,375	9,452,375
7	Contribution to primary school teachers	358,403,361	510,000,000	497,467,562	(12,532,438)
	Contr.to MASS Agency	77,448,156	1300,000,000	126,468,582	(3,531,418)
	Contr.to state Electoral commission(ZA SIEC)	115,421,889	-	-	-
	Contr.to PHC staff salary	133,632,736	120,000,000	108,176,0372 24,327,477	104,327,477
	Contr. To local Govt audit	1,285,714	1,500,000	1,285,714	(214,285)
	Contr.to zamfara state university	-	-	-	-
	Oversight committee logistic	-	10,000,000	6,857,143	(3,142,857)
	Contr.to ZEMA	-	1,500,000	1,200,000	(300,000)
	Contr,to to council of chiefs	-	1,800,000	1,285,715	(514,285)
	Contr,to works School	-	1,000,000	600,000	(400,000)
	Contr.to ZCSDA	-	1,500,000	1,200,000	(300,000)
	Contr.to pension commission	-	1,350,,000	1,285,715	(64,285)
	Contr.to state fire service	-	3,500,000	3,000,000	(500,000)
	Contr.to skill acquisition	-	15,000,000	1,200,000	(300,000)
	Contr.to NSCDC	-	6,000,000	5,332,143	(667,857)
	Contr.to NPF	-	9,000,000	8,817,857	(182,143)
	Contr.to security	-	7,000,000	6,728,571	(271,429)
	TOTAL	1,480,172,410	1,549,650,000	1,761,043,433	211,393,433

3.16 CRF CHARGES-PUBLIC DEBT CHARGE:

During the year under review, the approved budget for Public Debt Charges was **₦50,000,000.00**, while the actual expenditure recognized amounted to **₦238,261,760.00**. This resulted in an unfavorable budget variance (over-expenditure) of **₦188,261,760.00**, indicating that actual debt servicing costs significantly exceeded the approved budget allocation.

The significant variance should be supported by adequate documentation and management should provide appropriate disclosures explaining the reasons for the excess expenditure, in line with IPSAS requirements on the presentation of budget information and financial performance



4.0 GENERAL RECOMMENDATIONS

According to the observations set out on the report the following recommendations are here by suggested.

1. None balancing of cashbook; Management should ensure that all cash books are balanced and closed at the end of each month and that monthly bank reconciliations are prepared, reviewed, and approved promptly. Any reconciling items identified should be investigated and resolved without delay to ensure compliance with IPSAS and strengthen internal controls over cash management.
2. Improper classification of revenue and expenditure: this also comes about as result of lack of proper understanding of the National Chart of Accounts (NCOA). It is hereby recommended that the treasury staff should be giving a rigorous training on this important aspect of IPSAS program, which is a vital segment of the program.
3. **IGR** Management should ensure that all Internally Generated Revenue collections are promptly and accurately recorded in the Cashbook and relevant accounting records. Regular reconciliations should also be performed to verify the completeness and accuracy of revenue recognized, in compliance with the requirements of IPSAS and sound public financial management practices. Opportunities for misappropriation and makes effective monitoring of revenue collections difficult.
4. Payment vouchers: Management is advised to ensure that all salary payment vouchers are recorded under the appropriate departmental and account classifications, supported by complete and relevant documentation, and maintained in accordance with established accounting procedures and the applicable IPSAS requirements. Furthermore, all original supporting records should be made available for audit scrutiny to facilitate effective verification and ensure compliance with public sector financial reporting standards.
5. Plant Register: Management should immediately establish and maintain a comprehensive Plant and Asset Register to ensure proper custody, control, and accountability of all Council assets.
6. Budget Implementation Analysis: Management should strengthen budget planning, expenditure monitoring, and commitment controls to ensure statutory obligations are adequately budgeted and that future expenditures remain within approved appropriations while complying with IPSAS reporting requirements.



5.0 CONCLUSION

The operations of this office are significantly constrained by several challenges, including inadequate cash allocation, the lack of functional vehicles to support field activities, and the failure of Local Government Executives to respond promptly to audit queries. These constraints have adversely affected the effective discharge of audit responsibilities and the overall efficiency of the office. It is recommended that adequate funding, operational logistics, and timely cooperation from relevant stakeholders be provided to enhance the effectiveness and efficiency of audit operations.

6.0 ACKNOWLEDGEMENT

I wish to express my sincere appreciation to all the staff of this Office whose dedication, commitment, and invaluable contributions made the successful completion of this report possible.

I also extend my profound gratitude to the Public Accounts Committee of the State House of Assembly for its continuous cooperation, guidance, and keen interest in the consideration of the 2024 Audit Report submitted by this Office.

Furthermore, I sincerely acknowledge the support and cooperation received from the Chief Executives and Accounting Officers of the Local Government Councils, as well as the supervising Ministry, the Ministry for Local Government Affairs. Their collaboration and commitment greatly facilitated the successful execution of this assignment.

Finally, I appreciate everyone who, in one way or another, contributed to the preparation and completion of this report. Your support is deeply valued and sincerely appreciated.

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