



ZAMFARA STATE OF NIGERIA

REPORT

Of The

AUDITOR GENERAL

FOR THE LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENT

Of

KAURA NAMODA LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2025



TABLE OF CONTENTS

1	MANAGEMENT LETTER.....	2
1.0	INTRODUCTION	4
1.1	MANDATE	4
1.2	SUBMISSION OF REPORT	4
1.3	PREVIOUS AUDITOR'S REPORT.....	4
2.0	OTHER OBSERVATION.....	5
2.1	ANNUAL ESTIMATE	5
2.2	EXPENDITURE MANDATE.....	5
2.5	ACCOUNTING RECORDS (a, b, c, d)	6
2.6	CERTIFICATION OF RETIRING BENEFITS.....	6
2.7	RECOVERIES MADE OUT OF PENSION & GRATUITY.....	7
3.0	BUDGET IMPLEMENTATION ANALYSIS	8
3.1	STATUTORY RECEIPTS	8
3.2	STATUTORY RECEIPTS (DEFICIT)	8
3.3	VALUE ADDED TAX VAT	9
3.4	INDEPENDENT REVENUE	9
3.5	INDEPENDENT REVENUE (SURPLUS)	10
3.6	CAPITAL RECEIPTS	11
3.7	CAPITAL RECEIPTS (SURPLUS).....	11
3.8	CAPITAL RECEIPTS (DEFICIT)	11
3.9	CAPITAL EXPENDITURE	12
3.10	EXCESS EXPENDITURE	12
3.11	CAPITAL EXPENDITURE (DEFICIT)	12
4.0	GENERAL RECOMMENDATIONS	15
5.0	CONCLUSION	16
6.0	ACKNOWLEDGMENT	16



KAURA NAMODA LOCAL GOVERNMENT ACCOUNT MANAGEMENT LETTER

Auditee:	Kaura namoda	Reviewed by:	Name	Rank	Date
Period end:	2025	Level 1	Garba Mande	A Chief Auditor	20/3/2026
Prepared by:	Garba Mande	Level 2	Lawali Ibrahim	DFS	22/4/2026
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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,

KAURA NAMODA 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 KAURA NAMODA 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.: KRN/LGC/DFS/VOL1/2026

Date: 12th 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 K/Namoda 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 Kaura Local Government Council.

Please accept the assurances of our highest regards.

Yours faithfully,

Director of Finance

For: Executive Chairman

K/Namoda 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.

1.1 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's 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.

2.3 NON-MAINTENANCE OF PERSONAL EMOLUMENT REGISTER

During the examination of the accounts and records of the Local Government Council for the period under review, it was observed that the Personal Emolument Register was not maintained. Consequently, details of salaries, allowances, deductions, and other emoluments paid to staff could not be readily verified. The absence of the register weakens internal control over personnel costs and may lead to errors, irregular payments, or difficulties in verifying staff emoluments.

2.4 UNBUDGETED REVENUE:

During the year under review, it was observed that the sum of **₦142,425,967** (one hundred and forty-two million four hundred and twenty-five thousand nine hundred and sixty-seven naira).00 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 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 **39** retirement benefit files were received and processed from the Local Government during the period under review. The processed cases comprised **32** voluntary/compulsory retirement cases and **7** death benefit cases.

The total retirement benefits certified amounted to **₦117,386,099** (One Hundred and Seventeen Million, Three Hundred and Eighty-Six Thousand, Ninety-Nine Naira). Of this amount, **₦99,080,684** was certified for beneficiaries under voluntary/compulsory retirement, while **₦18,305,415** was certified for beneficiaries of death-related claims.

2.7 RECOVERIES MADE FROM PENSION AND GRATUITY BENEFITS

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 **₦6,693,337 (six million six hundred and ninety-three thousand three hundred and thirty-seven 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 RECEIPTS:

During the 2025 financial year, the Local Government budgeted statutory receipts of **₦2,862,752,830.00**. Actual statutory receipts recognized during the year amounted to **₦3,223,698,127.00**, representing 113% of the approved budget. This indicates a favorable budget performance, with actual receipts exceeding the budget estimate by **₦360,945,297.00 (13%)**. Comparatively, statutory receipts increased significantly from the 2024 actual receipt of **₦626,965,616.00** to **₦3,223,698,127.00** in 2025, reflecting a substantial improvement in statutory revenue available to finance the Local Government's operations and service delivery.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Statutory Allocation	626,965,616	2,862,752,830	3,223,698,127
	Total	626,965,616	2,862,752,830	3,223,698,127

3.2a STATUTORY RECEIPTS (SURPLUS):

In the year under review, statutory revenue revealed an excess collection of **₦360,945,297.00** (three hundred and sixty million, nine hundred and forty-five thousand, two hundred and ninety-seven naira). Over the estimated revenue. The table below gives full details:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	Statutory Allocation	626,965,616	2,862,752,830	3,223,698,127	360,945,297
	Total	626,965,616	2,862,752,830	3,223,698,127	360,945,297

3.2b STATUTORY RECEIPTS (DEFICIT)

For the period under review revealed that, there was no deficit of statutory receipt by the local government.



3.3 VAT ALLOCATION

During the 2025 financial year, the Local Government budgeted **₦3,967,771,250.00** as VAT allocation. The actual VAT allocation received during the year amounted to **₦3,556,737,090.00**, representing **89.64%** (approximately 90%) of the approved budget estimate. This resulted in a negative budget variance of **₦411,034,160.00 (10.36%)**.

The shortfall between the budgeted and actual receipts indicates that VAT revenue realized during the year was below expectation. The revenue recognized in the Statement of Financial Performance should reflect the actual amount received or receivable in accordance with the applicable IPSAS requirements, while the variance should be disclosed and explained in the notes to the financial statements where considered material.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	VAT	2,771,888,051	3,967,771,250	3,556,737,090
2.	Total	2,771,888,051	3,967,771,250	3,556,737,090

3.3a VAT ALLOCATION(DEFICIT):

During the year under review a deficit of **₦411,034,160** (four hundred and eleven million, thirty-four thousand, one hundred and sixty Naira) was revealed representing 10% below the estimated allocation as can be seen in:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	deficit 2025 (₦)
1.	VAT	2,771,888,051	3,967,771,250	3,556,737,090	411,034,160
	Total	2,771,888,051	3,967,771,250	3,556,737,090	411,034,160

3.3b VAT ALLOCATION(SURPLUS):-

There is no surplus reported in respect of value added tax for the period under review by this local government.

3.4 INDEPENDENT REVENUE:

During the 2025 financial year, the Local Government approved an Independent Revenue budget of **₦338,768,230**. Actual Independent Revenue recognized for the year amounted to **₦289,379,903**, representing **85.4%** of the approved estimate. This indicates a budget shortfall of **₦49,388,327 (14.6%)**, reflecting that actual revenue recognized during the reporting period was below the budgeted expectation.



The Statement of Comparison of Budget and Actual Amounts indicates that revenue performance varied across individual revenue sources. Major contributions to Independent Revenue were derived from Direct Tax, Earnings, and **10% State IGR**, while some revenue lines, such as Sales/Rent of Government Buildings and Interest Earned on Fixed Deposits, recorded no revenue or performed below the approved estimates during the reporting period.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1	Direct tax	38,350,000	8,266,980	42,050,000
2.	Earning	106,980,700	25,001,250	188,675,900
3	Sales/Rent of government Buildings	-	500,000	-
4.	Interest earned on fix Deposits	46,300,942	-	58,654,003
5.	10% State IGR	-	305,000,000	-
	Total	191,631,642	338,768,230	289,379,903

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, only three heads of independent revenue revealed a Surplus of **₦256,111,673** (Two hundred fifty six million, one hundred and eleven thousand six hundred and seventy three Naira). The details are shown in the table below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1	Direct taxes	38,350,000	8,266,980	42,050,000	33,783,020
2.	Earning	106,980,700	25,001,250	188,675,900	163,674,650
3.	Interest earned on fix Deposits	46,300,942		58,654,003	58,654,003
	Total	191,631,642	33,268,230	289,379,903	256,111,673



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, one heads of independent revenue revealed a Deficit of **₦305,500,000** (three hundred and five million, five hundred thousand, Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
2.	Sales/Rent of government Buildings	-	500,000	-	500,000
4.	10% State IGR	-	305,000,000	-	305,000,000
	Total		305,500,000		305,500,000

3.7 CAPITAL RECEIPTS:

For the 2025 financial year, the Local Government budgeted **₦6,089,055,540** as capital receipts, comprising transfers from the Consolidated Revenue Fund (CRF) and Capital Development Fund receipts. Actual capital receipts realized during the year amounted to **₦7,435,169,990**, representing **122%** of the approved budget and a favorable budget variance of **₦1,346,114,450**.

The higher-than-budgeted performance was primarily attributable to increased transfers from the Consolidated Revenue Fund and receipts from Nigerian Treasury Bills/Fixed Deposits. These receipts have been recognized in the financial statements in accordance with the relevant IPSAS requirements for revenue recognition and presentation.

The composition of capital receipts for the year is summarized below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Transfer from CRF	4,086,283,433	3,953,496,950	6,737,554,184
2.	Capital Development Fund Receipts		2,135,558,590	-
3	Nigerian Treasury BILLS (NBT)/Fixed Deposits	605,074,934		697,615,807
	Total	4,691,358,367	6,089,055,540	7,435,169,990

3.8 CAPITAL RECEIPTS (SURPLUS):

In the year under review a Surplus of **₦1,346,114,450.00** (One billion, three hundred and forty-six million, one hundred and fourteen thousand, four hundred and fifty Naira) was reported by this local government which have its origin from transfer from consolidated revenue funds, Capital Development Receipt and Bill (NBT)/Fixed Deposits



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:

The 2025 financial year, the approved capital expenditure budget was **₦6,089,055,540**, while the actual capital expenditure incurred amounted to **₦5,479,015,849**, representing **90%** budget implementation. This indicates a favorable level of capital budget execution during the reporting period. Capital expenditure was incurred across the Administrative, Economic, and Social sectors in line with approved budgetary provisions and the Local Government's capital development objectives.

A comparison of the prior year's actual expenditure, the 2025 approved budget, and the 2025 actual expenditure is presented below:-

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Administrative Sector	1,887,558,626	817,000,000	1,232,186,956
2.	Economic Sector	486,243,347	3,532,055,540	1,403,772,154
3.	Social Sector	21,997,219	1,740,000,000.	2,843,056,739
	Total	2,395,799,194	6,089,055,540	5,479,015,849

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦610,039,691** (six hundred and ten, million, thirty-nine thousand, six hundred and ninety-one Naira) was revealed as shown in the table below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Savings 2025 (₦)
1.	Administrative Sector	1,887,558,626	817,000,000	1,232,186,956	(415,186,956)
2.	Economic Sector	486,243,347	3,532,055,540	1,403,772,154	2,128,283,386
3.	Social Sector	21,997,219	1,740,000,000.	2,843,056,739	(1,103,056,739)
	Total	2,395,799,194	6,089,055,540	5,479,015,849	610,039,691



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):

The approved budget for Personnel Costs (including salaries on CRF Charges) for the financial year was **₦1,256,751,500.00**. During the reporting period, actual personnel expenditure amounted to **₦886,777,471.00**, representing payments made in respect of **743** employees of the Local Government Council and its Administrative Development Centers (ADCs).

The actual expenditure was **₦369,974,029.00** below the approved budget, resulting in a favorable budget variance. The variance reflects that personnel costs incurred during the reporting period were lower than the budgeted provision. This favorable variance should be supported by appropriate disclosures explaining the underlying factors, where material, in accordance with IPSAS requirements for the presentation of budget and actual amounts.

3.14 OVERHEAD CHARGES:

During the financial year under review, the approved budget for overhead charges amounted to **₦2,473,692,920**. Actual overhead expenditure incurred during the year was **₦1,135,390,696** representing **45.9%** of the approved budget.

The resulting budget variance of **₦1,338,302,224** represents an under-expenditure (favorable variance) of **54.1%**. This indicates that actual overhead costs were significantly lower than the budgeted allocation for the reporting period.

3.15 CONSOLIDATED REVENUE FUND CHARGES

Approved budget for Consolidated Revenue Fund Charges amounted to **₦1,567,072,490**, while the actual expenditure recognized was **₦1,676,940,268**. Consequently, actual expenditure exceeded the approved budget by **₦109,867,778**, representing an overall budget deficit (overspending) of approximately **7.0%**.

The variance was mainly attributable to higher-than-budgeted statutory contributions, including contributions to the Emirate Council, Common Services, Training Fund, MASS Agency, and other statutory obligations. However, savings were realized in certain expenditure items such as contributions to Primary School Teachers, PHC Staff Salaries, ZEMA, NPF, Security Services, Local Government Audit, Works School, ZCSDA, Pension Commission, and State Fire Service, which partially offset the overall overspending.

Overall, the budget variance indicates that statutory expenditure commitments during the year exceeded the approved appropriations. Management should strengthen budget planning, expenditure control, and periodic budget monitoring to ensure that future CRF Charges are executed within approved budgetary limits while complying with IPSAS requirements for budget reporting and disclosure.

The detailed comparison of the Approved Budget and Actual Expenditure for Consolidated Revenue Fund Charges is presented in the accompanying schedule. The table below shows the full details: -



S/N	DESCRIPTION	ACTUAL 2024 (₦)	ESTIMATED 2025 (₦)	ACTUAL 2025 (₦)	DEFICIT/SAVIN GS 2025 (₦)
1.	Subvention to pension fund	580,542,452	90,000,000	97,467,619	7,467,619
2.	Contribution to emirate council	31,348,281	120,000,000.	159,685,416	39,685,416
3.	Contribution to security trust fund	219,167,716	321,172,490	362,574,940	41,402,450
4.	Contribution common services	12,539,312	50,000,000	63,874,166	13,874,166
6.	Contribution to training fund	6,269,656	23,000,000	31,937,083	8,937,083
	Contribution to primary school teachers	342,985,454	520,000,000	515,509,021	(4,490,979)
	Contr.to MASS Agency	93,927,320	250,000,000	268,927,331	18,927,331
	Contr.to state Electoral commission(ZASIE C)	115,421,889	-	-	-
	Contr.to PHC staff salary	83,332,208	150,000,000	138,171,834	(11828,166)
	Contr. To local Govt audit	1,285,714	1,500,000	1,285,714	(214,286)
	Contr.to zamfara state university	-	-	-	-
	Oversight committee logistic	-	8,000,000	6,857,143	(1,142,857)
	Contr.to ZEMA	-	1,200,000	1,200,000	-
	Contr.to to council of chiefs	-	1,500,000	1,285,714	(214,286)
	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	-	2,000,000	1,285,714	(214,286)
	Contr.to state fire service	-	3,000,000	3,000,000	-
	Contr.to skill acquisition	-	1,200,000	1,200,000	-
	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	1,486,820,003	1,567,072,490	1,676,940,268	109,867,778

3.16 CRF CHARGES- PUBLIC DEBT CHARGE: During the financial year under review, the Local Government approved a budgetary provision of **₦38,500,000** for Public Debt Charges. However, the actual expenditure recognized on an accrual basis amounted to **₦202,072,666**, resulting in an adverse budget variance of **₦163,572,666**.

The significant excess of actual expenditure over the approved budget indicates that debt servicing obligations exceeded the initial budget estimates during the reporting period. This variance should be adequately disclosed in the notes to the financial statements, with appropriate explanations provided by management, in line with IPSAS requirements on the presentation of budget and actual amounts, to enhance transparency, accountability, and informed decision-making by users of the financial statements.



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. **INTERNALLY GENERATED REVENUE.** 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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FOR LOCAL GOVERNMENTS

