



ZAMFARA STATE OF NIGERIA

REPORT

Of The

AUDITOR GENERAL

FOR THE LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENT

Of

GUSAU LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2025



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GUSAU LOCAL GOVERNMENT ACCOUNT MANAGEMENT LETTER

Auditee:	Gusau	Reviewed by:	Name	Rank	Date
Period end:	2025	Level 1	Sale Ibrahim	A Chief Auditor	27/3/2026
Prepared by:	Sale Ibrahim	Level 2	R.B Saeed	DFS	5/4/2026
Rank:	A. Chief Auditor	Level 3	Aminu Mammaga	A G	8/4/2026
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 Honorable Chairman,
Gusau 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 Gusau 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.: GUS/LGC/DFS/VOL1/2026

Date: 10th march, 2026.

The Auditor General

Office of the Auditor General for Local Governments

Zamfara State

Gusau.

RE: RESPONSE TO THE MANAGEMENT LETTER ON THE FINANCIAL AUDIT OF GUSAU LOCAL GOVERNMENT COUNCIL FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2025

I write on behalf of the Management of Gusau Local Government Council to acknowledge receipt of your Management Letter in respect of the Financial Audit conducted for the financial year ended **31st December, 2025**, and to express our appreciation for the observations and recommendations made by your Office.

Management has carefully reviewed the issues raised in the Management Letter and appreciates the professional manner in which the audit was conducted. The observations have been noted and are considered valuable in strengthening our financial management system, internal controls, accountability, and compliance with the provisions of the Zamfara State Local Government Administration Law, Financial Memoranda, IPSAS, and other applicable regulations.

Specifically, Management wishes to respond as follows:

- 1. Maintenance of Treasury Records and Cash Books:** Steps have been taken to ensure that treasury records and cash books are updated promptly and maintained in accordance with approved financial regulations.
- 2. Payment Vouchers and Supporting Documents:** Management has directed all departments to ensure that every payment voucher is fully supported with the required documents before payment is processed.
- 3. Budgetary Compliance:** Measures have been introduced to ensure that all expenditures are made strictly within the approved budget and in accordance with relevant appropriation provisions.
- 4. Internal Control System:** The Internal Audit Unit has been directed to strengthen pre-payment audit procedures and enhance monitoring of financial transactions.
- 5. Accounting Records and Registers:** Management has commenced updating all statutory accounting records and registers to ensure completeness and compliance with applicable standards.



6. **Safeguarding of Government Assets:** Adequate measures have been introduced to improve the custody, recording, and periodic verification of government assets and security documents.
7. **Revenue Collection and Banking:** Revenue collection procedures have been strengthened to ensure that all collections are promptly banked and properly accounted for.

Management assures your Office that all observations and recommendations contained in the Management Letter are receiving the necessary attention. Appropriate corrective measures have either been implemented or are currently being implemented to prevent future recurrence and to improve transparency, accountability, and good governance in the Council.

We appreciate the cooperation and professional support extended by your audit team throughout the audit exercise and look forward to continued collaboration in promoting sound public financial management.

Please accept the assurances of our highest esteem.

Yours faithfully,

Director of Finance and Supplies (DFS)

Gusau Local Government Council

For: The Management

Gusau 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 ANNUAL ACCOUNTS

The correct Annual Accounts of the Local Government Council for the financial year ended 31st December 2025 were submitted to this Office on 1st May, 2026 for examination and audit.

The submission complied with the requirement for rendering annual financial statements to the Auditor-General for Local Governments for statutory audit and certification.

1.3 PREVIOUS AUDITOR-GENERAL'S REPORT

The Audit Report and Certified Financial Statements of the Local Government Council for the year ended 31st December, 2024 were submitted to the Zamfara State House of Assembly by this Office on 3rd June, 2025 for legislative oversight and such further action as may be deemed necessary.



2.0 OTHER OBSERVATIONS

2.1 ANNUAL ESTIMATE

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.

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 **₦176,187,294.00** was received by the Local Government Council as its share of Ecological funds and 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 audit of the financial statements of Ankh Local Government for the year ended 31 December 2025, it was observed that the Local Government generally maintained its books of accounts and other accounting records in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting. However, the audit identified the following observations requiring management's attention:

a. Cash Books: The cash books maintained during the year under review were generally up-to-date, balanced, and closed at the end of each month. However, it was observed that monthly bank reconciliation statements were not prepared between the cash books and the respective bank statements throughout the financial year. This weakens the internal control system and may affect the reliability of reported cash balances.

b. Classification of Revenue and Expenditure: The audit confirmed that internally generated revenue, statutory allocations, and expenditure were generally classified and recorded using the approved IPSAS Chart of Accounts. The Local Government also prepared its 2025 budget in accordance with the IPSAS-approved classification, and no material misclassification of revenue or expenditure was observed.

c. Payment Vouchers: Examination of payment vouchers revealed instances of non-compliance with established financial procedures. Some payment vouchers were not supported by internal verification signatures, store receipt certificates where applicable, or recipients' acknowledgements. These deficiencies weaken accountability and the audit trail. Management should ensure that all payment vouchers are properly completed and supported before payment is authorized.

d. Plant and Machinery Register: It was observed that the Local Government did not maintain a Plant and Machinery Register during the year under review. Failure to maintain this register limits effective control, monitoring, safeguarding, and accountability for government assets. Management should establish and maintain a comprehensive assets register in accordance with the International Public Sector Accounting Standards (IPSAS), the Financial Memoranda for Local Governments, and other applicable public financial management regulations..

2.6 CERTIFICATION OF RETIRING BENEFITS

In accordance with the statutory responsibilities of the Office of the Auditor-General for Local Governments, the Office received, verified, processed, and certified retirement and death benefit claims prior to the issuance of payment authority during the year ended 31 December 2025.



The certification process involved detailed examination of service records, payroll information, retirement documentation, and the computation of pension and gratuity entitlements to ensure that all payments were accurate, complete, and in compliance with the applicable pension laws, financial regulations, and the principles of the International Public Sector Accounting Standards (IPSAS).

During the year under review, a total of **252** retirement benefit files were processed and certified for payment. These comprised **213** voluntary/compulsory retirement cases was amounted to **₦466,560,365.00** and **39** death benefit cases was to tune of **₦122,920,781.00**. The total certified retirement and death benefits amounted to **₦589,481,136.00** (Five hundred and eighty-nine Million, four Hundred and eighty-one Thousand, one Hundred and thirty-Six Naira Only).

The certification exercise strengthened accountability and transparency in the administration of retirement benefits by ensuring that only duly verified and eligible beneficiaries received payment. It also contributed to the prevention of errors, irregular payments, and financial leakages, thereby safeguarding public funds and promoting prudent financial management within the Local Government Council

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 **₦26,828,583.00** 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.

The continuous verification of pension and gratuity records remains an important mechanism for strengthening accountability, promoting prudent financial management, and protecting government resources from waste, errors, and irregular payments.



3.0 BUDGET IMPLEMENTATION ANALYSIS

3.1 STATUTORY ALLOCATION:

During the period under review, the Local Government budgeted a statutory allocation of **₦3,611,109,680.00**, while the actual statutory allocation received amounted to **₦4,244,742,964.00**. This represents a budget performance of approximately **117.5%**, indicating that actual receipts exceeded the estimated allocation by **18%** approximately.

In accordance with the requirements of the **International Public Sector Accounting Standards (IPSAS)**, statutory allocation revenue should be recognized on an accrual basis when the Local Government obtains control of the resources and it is probable that the associated economic benefits or service potential will flow to the entity. The favorable variance reflects an improvement in statutory revenue performance during the financial year under review.

The details of the estimated and actual statutory allocation are presented in the table below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Statutory Allocation	825,545,006	3,611,109,680	4,244,742,964
	Total	825,545,006	3,611,109,680	4,244,742,964

3.2a STATUTORY ALLOCATION(SURPLUS)

In the year under review a surplus of **₦633, 633,284.00** (Six hundred and thirty-three million, six hundred and thirty-three thousand, two hundred and eighty-four Naira) almost over **18% increase** was recorded as per statutory Allocation.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	Statutory Allocation	825,545,006	3,611,109,680	4,244,742,964	633, 633,284
	Total	825,545,006	3,611,109,680	4,244,742,964	633, 633,284

3.2b STATUTORY ALLOCATION(DEFICIT):

For the period under review, there is no deficit made in respect to statutory allocation by the local government.



3.3 VAT ALLOCATION:

During the year under review, the approved budget estimate for Value Added Tax (VAT) receipts was **₦4,550,650,910.00**, while the actual amount received was **₦4,147,033,886.00**, representing **91%** of the budgeted estimate. This resulted in a negative variance of **₦403,617,024.00 (9%)**, indicating that the actual receipts fell below the projected revenue for the period.

The review disclosed that actual VAT receipts amounted to **₦4,147,033,886.00**, resulting in a shortfall of **₦403,617,024.00 (9%)** compared to the approved budget estimate of **₦4,550,650,910.00**. This variance indicates that the projected revenue target was not achieved during the financial year under review

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1	VAT	3,238,656,488	4,550,650,910	4,147,033,886
	TOTAL	3,238,656,488	4,550,650,910	4,147,033,886

3.3a VAT ALLOCATION SURPLUS:

It was observed that, there is no surplus made in respect to value added tax for year under review by the local government.

3.3b AT ALLOCATION(DEFICIT):-

In the year under review a surplus of **₦403,617,024.00** (Four hundred and three million, six hundred and seventeen thousand, twenty-four Naira) was made from the value added tax, the table given below details the transactions.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025	Actual 2025 (₦)	Surplus 2025 (₦)
1	VAT	3,238,656,488	4,550,650,910	4,147,033,886	403,617,024
	Total	3,238,656,488	4,550,650,910	4,147,033,886	403,617,024

3.4 INDEPENDENT REVENUE:

During the year under review, the Local Government budgeted **Independent Revenue** of **₦350,667,740.00**. However, actual revenue collected amounted to **₦569,981,898.00**, representing over **163%** of the approved budget, resulting in a revenue increase of **₦219,314,158.00 (63%)**.

The significant variance between the budgeted and actual collections indicates strength in revenue forecasting, revenue administration, and collection mechanisms. Such increase affect the Local Government's ability to finance approved programs and deliver essential public services. Details of the revenue performance are presented in the table below.



S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Direct Taxes	45,070,000	-	137,089,904
2	Rates			
3.	License	50,200,000	15,305,680	152,107,836
4.	Mining Rents			
5.	Royalties			
6	Fees			
7	Fines			
8	Sales			
9.	Earnings	133,334,598	30,362,060	174,802,154
10	Sales/Rent on Govt. Buildings	17,226,127	-	28,750,436
11.	Sales/Rent on Lands & Others			
12.	Investment Income			
13.	Interest Earned	60,965,882	-	77,231,538
14	Re- imburse/miscellaneous			
15	10% state IGR		305,000,000	
	Total	306,796,607	350,667,740	569,981,868

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦524,314,128.00** (Five hundred and twenty-four million, three hundred and fourteen thousand, one hundred and twenty-eight Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	Direct Taxes	45,070,000	-	137,089,904	137,089,904
2	Rates				
3.	License	50,200,000	15,305,680	152,107,836	136,802,156
4.	Mining Rents				
5.	Royalties				
6	Fees				
7	Fines				
8	Sales				
9.	Earnings	133,334,598	30,362,060	174,802,154	144,440,094
10	Sales/Rent on Govt. Buildings	17,226,127	-	28,750,436	28,750,436
11.	Sales/Rent on Lands & Others				
12.	Investment Income				
13.	Interest Earned	60,965,882	-	77,231,538	77,231,538
4	Re- imburse/miscellaneous				
	Total	306,796,607	45,667,740	569,981,868	524,314,128



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦305,000,000.00** (Three hundred and five million, Naira). In only one single head that is 10% state Internal Generated revenue contribution to the 14 LGCS, The table below gives full details: -

3.7 CAPITAL RECEIPTS:

During the year under review, the Local Government budgeted **₦5,457,166,010.00** as capital receipts comprising transfers from the **Consolidated Revenue Fund (CRF)** and **Capital Development Fund**. However, the actual capital receipts recognized amounted to **₦7,292,669,310.00**, consisting of **₦6,374,097,015.00** received from the Consolidated Revenue Fund (CRF) and **₦918,572,295.00** realized from Nigerian Treasury Bills. This represents an overall budget performance of approximately **134%**, indicating that actual capital receipts exceeded the approved budget by **₦1,835,503,300.00**. which is **34%** above the projected figure the details are shown below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025(₦)	Actual 2025 (₦)
1.	Transfer from CRF	4,027,767,199	2,648,210,010	6,374,097,015
2	Capital Dev. Funds receipts	-	2,811,956,000	
3	Nig. Treasury bills	796,720,868		918,572,295
	Total	4,824,488,067	5,457,166,010	7,292,669,310

3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus of **₦1,835,503,300.00** (One billion eight hundred and thirty-five million, five hundred and three thousand, three hundred naira) was made in respect of capital receipt by the local government as shown below: -

S/ N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1	Transfer from CRF	4,027,767,199	2,648,210,010	6,374,097,015	3,725,887,005
2	Capital Dev. Funds receipt	-	2,811,956,000		(2,811,956,000)
3	Nig. Treasury bills	796,720,868		918,572,295	918,572,295
	Total	4,824,488,067	5,457,166,010	7,292,669,310	1,835,503,300



3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local Government in respect to capital receipt.

3.10 CAPITAL EXPENDITURE:

Review of the Director of Finance's report for the year ended 2025 revealed that the approved capital expenditure budget amounted to **₦5,457,166,010.00**, while the actual capital expenditure incurred during the year was **₦4,685,662.431.00**, representing **86%** budget implementation. The variance of **₦771,503,579.00 (14%)** indicates that not all approved capital projects were executed during the financial year.

The analysis of capital expenditure by sector is presented below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Administrative Sector	1,173,466,279	880,000,000	1,218,753,536
2.	Economic Sector	565,745,769	2,902,166,010	1,500,677,529
3.	Social Services Sector	21,997,219	1,675,000,000	1,966,231,366
	Total	1,761,209,267	5,457,166,010	4,685,662,431

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a savings of **₦771,503,579.00** (Seven hundred and seventy-one million, five hundred and three thousand, five hundred and seventy-nine Naira) was made in respect of capital expenditure.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Savings 2025 (₦)
1.	Administrative Sector	1,173,466,279	880,000,000	1,218,753,536	(338,753,536)
2.	Economic Sector	565,745,769	2,902,166,010	1,500,677,529	1,401,488,481
3.	Social Services Sector	21,997,219	1,675,000,000	1,966,231,366	(291,231,366)
	Total	1,761,209,267	5,457,166,010	4,685,662,431	771,503,579



3.12 CAPITAL EXPENDITURE (DEFICIT):

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

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

In accordance with the approved budget, a total sum of **₦2,424,337,280.00** was appropriated for Personnel Cost, including salaries and CRF charges, for the financial year. A review of the Statement of Financial Performance and supporting payroll records revealed that the actual personnel expenditure amounted to **₦2,187,209,526.00**, covering salaries and related emoluments for **1,993** staff of the Local Government Council and it's Area Development Councils (ADCs).

The resulting **budget variance of ₦237,127,754.00** represents an **underspending** against the approved personnel budget. Under the IPSAS accrual basis, this variance should be adequately disclosed and explained in the notes to the financial statements, indicating the factors responsible for the lower-than-budgeted expenditure, such as unfilled vacancies, staff exits, delayed recruitment, or other cost-saving measures.

3.14 OVERHEAD CHARGES:

During the year under review, the Local Government budgeted an estimated overhead expenditure of **₦2,764,821,890.00**. However, the actual overhead expenditure recognized in the financial statements amounted to **₦1,545,199,098.00**, resulting in a favorable budget variance (under-expenditure) of **₦1,219,622,792.00**. the saving reach almost **44%** of the projected amount

The favorable variance indicates that actual overhead costs were significantly below the approved budget. In line with IPSAS requirements on budget reporting and financial accountability, management should provide adequate explanations for the material variance to demonstrate whether it arose from cost-saving measures, delays in programs implementation, procurement challenges, or other operational factors.

3.15 CONSOLIDATED REVENUE FUND CHARGES

The approved budget for Consolidated Revenue Fund (CRF) Charges for the financial year under review was **₦2,839,500,000.00**, while the actual expenditure incurred amounted to **₦2,987,541,990.00**. This resulted in an **adverse budget variance (deficit) of ₦148,041,990.00**, indicating that actual expenditure exceeded the approved budget by approximately **5.2%**.

The variance suggests that expenditure on Consolidated Revenue Fund Charges was higher than initially appropriated. In line with IPSAS and sound public financial management practices, the Local Government should strengthen budgetary controls, ensure that expenditures remain within approved appropriations, and obtain the necessary approvals for any supplementary expenditures where unavoidable the detailed analysis of the budgeted and actual are in the table below: -



S/N	Description	Actual 2024 (₦)	Estimated 2025 (₦)	Actual 2025 (₦)	Surplus/Deficit 2025 (₦)
1.	Pension Funds	932,364,249	105,000,000,	114,114,286	9,114,286
2.	Emirates Councils	41,277,250	160,000,000	210,796,975	50,976,975
3.	Security Trust Funds	268,678,932	400,000,000	449,183,468	49,183,468,
4.	Common Services	16,510,900	65,000,000	84,318,790	19,318,790
5.	Training Funds	8,255,450	32,000,000	42,159,395	10,159,395
6.	Pri. Sch. Teachers	784,152,702	1,200,000,000	1,163,907,729	(36,092,271)
7.	Mass Agency Salary	201,406,876	500,000,000	546,117,257	46,117,257
8.	State Election Comm	115,421,889	--	-	-
9	Phc Staff Salary	210,935,272	336,000,000	338,151,233	3,151,233
10	Local Gov't Audit	1,285,714	1,500,000	1,285,714	(214,286)
11	Zamfara State University	-	-	-	-
12	Oversight committee logistic	-	7,000,000	6,857,143	(142,857)
13	Contr to ZEMA	-	1,200,000	1,200,000	-
14	Contr to council of chiefs	-	1,500,000	1,285,714	(214,286)
15	Contr to work school	-	600,000	600,000	-
16	Contr to ZCSDA	-	1,200,000	1,200,000	-
17	Contr to pension commission	-	1,500,000	1,285,714	(214,286)
18	Contr to fire service	-	3,000,000	3,000,000	-
19	Contr to skill acquisition	-	3,000,000	1,200,000	1,800,000
20	Contr to NSCDC	-	6,000,000	5,332,143	(667,857)
21	Contr to NPF	-	9,000,000	8,817,857	(182,143)
22	Contr to security	-	7,000,000	6,728,571	(271,429)
	Total	2,580,289,235	2,839,500,000	2,987,541,990	148,041,990

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review, the approved budget for Public Debt Charges under the Consolidated Revenue Fund (CRF) was **₦122,518,800.00**, while the actual expenditure amounted to **₦322,807,128.00**. This resulted in an **adverse budget variance (overspending) of ₦200,288,329.00**, representing expenditure in excess of the approved budget allocation.

The overspending indicates that Public Debt Charges exceeded the budgetary provision during the financial year. In accordance with IPSAS and sound public financial management practices, the reasons for the excess expenditure should be properly documented and supported with the necessary approvals. Management should strengthen budget monitoring and expenditure controls to ensure future spending remains within approved budget limits and to enhance compliance with the approved budget and applicable financial regulations.



4.0 GENERAL RECOMMENDATIONS

In line with the observations contained in this report and in accordance with IPSAS requirements and sound public financial management practices, the following recommendations are made:

1. **Cash Books:** Management should ensure that cash books are accurately maintained and updated promptly to reflect all financial transactions. Responsibility for maintaining the cash books should be assigned to competent treasury personnel with adequate supervision. Furthermore, regular training and capacity-building programs should be organized for treasury staff to enhance their understanding of treasury operations, IPSAS requirements, and internal control procedures, thereby promoting effective financial management and accountability.
2. **Payment Vouchers:** Management should ensure that all payment vouchers are correctly prepared, classified, and posted in accordance with the approved IPSAS chart of accounts and applicable financial regulations. Payments should only be processed after all due procedures have been complied with and the vouchers are duly completed, supported with relevant documentation, and properly authorized. This will strengthen internal controls, improve accountability, and ensure compliance with IPSAS and other extant financial regulations.
3. **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.
4. **Budget Implementation Analysis:** 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.
5. The Local Government Council should ensure that all unbudgeted revenues received during the financial year are subjected to supplementary appropriation by the State House of Assembly before expenditure. This will ensure compliance with the relevant financial regulations and enhance accountability and transparency in public financial management.
6. The Public Accounts Committee should direct the Local Government to adopt a more realistic approach in preparing revenue estimates to avoid significant variances between projected and actual receipts.
7. The Council should strengthen its revenue monitoring and budget performance review mechanisms to promptly identify and address revenue shortfalls.
8. The Council should intensify efforts to improve Internally Generated Revenue (IGR) in order to reduce overdependence on statutory allocations from the Federation Account.
9. Management should provide explanations for the revenue deficit and outline measures taken to mitigate its impact on budget implementation.
10. The Committee may wish to direct the Council to ensure that future budgets are based on verifiable revenue trends and economic realities to enhance effective budget implementation.
11. The Council should ensure that a comprehensive Personal Emolument Register is maintained and updated regularly. Management should also institute adequate supervisory controls to ensure that all salary-related transactions are properly.
12. Monitoring, and enforcement processes. Management should also ensure that revenue projections are based on realistic assumptions and historical trends, while implementing effective controls to minimize leakages and improve revenue performance in accordance with the requirements of IPSAS and sound public financial management practices.



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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