



ZAMFARA STATE OF NIGERIA

REPORT

Of The

AUDITOR GENERAL

FOR THE LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENT

Of

BUNGUDU 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



BUNGUDU LOCAL GOVERNMENT ACCOUNT MANAGEMENT LETTER

Auditee:	Bungudu	Reviewed by:	Name	Rank	Date
Period end:	2025	Level 1	Nafiu Abubakar	A Chief Auditor	27/3/2026
Prepared by:	Nafiu Abubakar	Level 2	Lawal Ibrahim	DFS	7/4/2026
Rank:	A. Chief Auditor	Level 3	Aminu Mammaga	A G	9/4/2026
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,
Bungudu 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 Bungudu 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.: BNG/LGC/DFS/VOL 1.2026

Date: [10th march 2026]

The Auditor General for Local Governments

Office of the Auditor General for Local Governments

Zamfara State

Dear Sir,

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

We acknowledge receipt of your Management Letter regarding the financial audit of Bungudu Local Government Council for the year ended 31st December, 2025. We appreciate the observations and recommendations made by your office to improve financial management, accountability, and compliance with the relevant laws, regulations, and IPSAS requirements.

Management has carefully reviewed the audit observations and provides the following responses:

1. Inadequate Maintenance of Treasury Records and Cash Books

Management acknowledges this observation. The Treasury Department has been directed to update and maintain all accounting records and cash books regularly. Supervisory reviews will be strengthened to ensure completeness and accuracy.

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

Management accepts this finding. Proper filing and document management procedures have been introduced to ensure that all payment vouchers and supporting documents are securely maintained and readily available for audit purposes.

3. Non-Compliance with Approved Budgetary Provisions

Management notes the observation and will ensure that future expenditures are strictly in line with approved budgetary provisions. Budget monitoring and expenditure controls have been reinforced.

4. Weak Internal Control Mechanisms

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

5. Failure to Maintain Essential Accounting Records and Registers

Management has directed all relevant departments to maintain statutory accounting records and registers in accordance with applicable financial regulations and IPSAS requirements.



6. Inadequate Safeguarding of Government Assets and Security Documents

Management is taking steps to update the fixed asset register, strengthen asset verification procedures, and improve the security of government assets and sensitive documents.

Conclusion

Management appreciates the valuable recommendations contained in the Management Letter and is committed to implementing the necessary corrective actions to address the identified weaknesses. We remain dedicated to strengthening financial management, enhancing internal controls, ensuring compliance with IPSAS and relevant laws, and promoting transparency and accountability in the administration of the Local Government Council.

Please accept the assurances of our highest regards.

Yours faithfully,

Director of Finance

Bungudui Local Government Council

Zamfara State



OFFICE OF THE
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA
REPORT OF THE AUDITOR GENERAL
ON IPSAS (CASH) GENERAL PURPOSE FINANCIAL STATEMENT
OF BUNGUDU LOCAL GOVERNMENT
FOR THE YEAR ENDED 31ST DECEMBER 2025



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 **₦152,963,454.00** 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 **238** retirement benefit files were processed and certified for payment. These comprised **192** voluntary/compulsory retirement cases amounting to **₦265,967,723.00** and **46** death benefit cases with the sum of **₦115,115,227.00** the total certified retirement and death benefits amounted to **₦381,082,950** (Three hundred and eighty-one Million, eighty-two Thousand, nine Hundred and fifty 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 Co

2.8 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 **₦18,129,781.00** 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 year under review, the Local Government budgeted **₦3,074,161,640.00** as Statutory Allocation, while the actual amount received was **₦3,512,140,561.00**, representing a budget performance of **114%**. The actual receipts exceeded the approved budget by **₦437,978,921.00 (i.e14%)**.

In accordance with the **International Public Sector Accounting Standards (IPSAS)**, budget implementation should be compared with actual amounts, and material variances should be identified, disclosed, and adequately explained to enhance transparency, accountability, and informed decision-making. The excess receipts recorded indicate favorable revenue performance; however, management is required to provide appropriate explanations for the variance and ensure that any additional funds received were utilized in compliance with the approved budget, applicable financial regulations, and relevant statutory provisions.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Statutory Allocation	683,063,762	3,074,161,640	3,512,140,561
	Total	683,063,762	3,074,161,640	3,512,140,561

3.2a STATUTORY ALLOCATION (SURPLUS):

During the year under review, a surplus of **₦437,978,921.00** (Four hundred and thirty-seven million, nine hundred and seventy-eight thousand, nine hundred and twenty-one Naira) was revealed and it represent almost **14%** over the projected figures as details shown below; -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1	Statutory Allocation	683,063,762	3,074,161,640	3,512,140,561	437,978,921
2	Total	683,063,762	3,074,161,640	3,512,140,561	437,978,921

3.2b STATUTORY ALLOCATION (DEFICIT):

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



3.3 VALUE ADDED TAXES RECEIPT:

During the year under review, the approved budget estimate for Value Added Tax (VAT) receipts was **₦3,833,496,200.00**, while the actual amount received was **₦3,420,753,399.00**, representing **89%** of the budgeted estimate. This resulted in a negative variance of **₦412,742,801.00 (11%)**, indicating that the actual receipts fell below the projected revenue for the period.

The review disclosed that actual VAT receipts amounted to **₦3,420,753,399.00**, resulting in a shortfall of **₦412,742,801.00 (11%)** compared to the approved budget estimate of **₦3,833,496,200.00**. This variance indicates that the projected revenue target was not achieved during the financial year under review

S/N	DESCRIPTION	Actual 2024 (₦)	Estimated 2025 (₦)	Actual 2025 (₦)
1.	VAT	2,664,360,964	3,833,496,200	3,420,753,399
	Total	2,664,360,964	3,833,496,200	3,420,753,399

3.3a VAT RECEIPTS (SURPLUS):

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

3.3b VAT RECEIPTS (DEFICIT):

For the period under review the Deficit was made to the tune of **₦412,742,801.00** (Four hundred and twelve million, seven hundred and forty-two thousand, eight hundred and one Naira) that represent **11%** made by the local government, that could be seen as given below:-

S/N	DESCRIPTION	Actual 2024 (₦)	Estimated 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1.	VAT	2,664,360,964	3,833,496,200	3,420,753,399	412,742,801
	Total	2,664,360,964	3,833,496,200	3,420,753,399	412,742,801

3.4 INDEPENDENT REVENUE:

During the year under review, the Local Government budgeted **₦340,223,430.00** as Independent Revenue. However, the actual revenue recognized and collected amounted to **₦227,722,547.00**, representing **66.9% approximately 67%** of the approved budget. This indicates a revenue shortfall of **₦112,500,883.00 (33%)** against the projected independent revenue.

The significant variance between the budgeted and actual collections suggests that the revenue targets were not fully achieved during the reporting period. Management should provide adequate explanations for the shortfall and assess the effectiveness of the existing revenue generation and collection mechanism.



S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Direct Taxes/Rates	8,292,244	8,640,060	28,088,445
2.	License	13,055,620	6,638,020	13,244,231
3.	Mining Rents	-.		
4.	Royalties	-		
5.	Fees	15,719,957	-	54,885,382
6.	Fines	-	2,689,310	-
7.	Sales			
8.	Earnings	23,287,093	12,769,008	46,206,220
9.	Sales/Rent on Govt. Buildings	-	4,487,032	-
10.	Sales/Rent on Lands & Others	3,306,844	-	8,032,630
11.	Repayments-General	-	-	-
12.	Investment Income	35,618,542	-	13,363,533
13.	Interest Earned	50,443,748	-	63,902,107
14.	10% state IGR	-	305,000,000	-
	Total	141,724,048	340,223,430	227,722,547

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦172,837,166.00** (One hundred seventy-two million, eight hundred and thirty-seven thousand, one hundred and sixty-six Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	Direct Taxes/Rates	8,292,244	8,640,060	28,088,445	19,448,385
2.	License	13,055,620	6,638,020	13,244,231	6,606,211
3.	Mining Rents	-.			-
4.	Royalties	-			-
5.	Sales				-
6.	Earnings	23,287,093	12,769,008	46,206,220	33,437,212
7.	Sales/Rent on Lands & Others	3,306,844	-	8,032,630	8,032,630
8.	Repayments-General	-	-	-	-
9.	Investment Income	35,618,542	-	13,363,533	13,363,533
10.	Interest Earned	50,443,748	-	63,902,107	63,902,107
	Total	130,697,998	28,047,088	200,884,254	172,837,166



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦312,076,347.00** (Three hundred and twelve million, seventeen thousand, three hundred and forty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1	Fines	-	2,589,310	-	2,589,310
2.	Sales/Rents on Gov't Buildings	-	4,487,032	-	4,487,032
3	10% state IGR	-	305,000,000	-	305,000,000
	Total	-	312,076,347	-	312,076,347

3.7 CAPITAL RECEIPTS:

In accordance with the requirements of **IPSAS** and applicable public sector financial reporting standards, capital receipts should be recognized 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, with the amount capable of being measured reliably.

During the year under review, the Local Government budgeted **₦5,764,852,700.00** as capital receipts comprising transfers from the **Consolidated Revenue Fund (CRF)** and **Capital Development Fund**. However, the actual capital receipts recognized amounted to **₦6,932,681,538.00**, consisting of **₦6,172,646,115.00** received from the Consolidated Revenue Fund (CRF) and **₦760,035,423.00** realized from Nigerian Treasury Bills. This represents an overall budget performance of approximately **120%**, indicating that actual capital receipts exceeded the approved budget by **₦1,167,828,838.00**. Which is **20%** above the projected figure details are shown below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Transfer from CRF	3,450,347,210	3,438,213,650	6,172,646,115
2	Nig. Treasury bills	659,214,398	-	760,035,423
3	Capital Dev. Funds	-	2,326,639,050	-
	Total	4,109,556,608	5,764,852,700	6,932,681,538

3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus was made in respect of capital receipt by the local government. To the sum of **₦1,167,828,838.00** (One billion, one hundred and sixty-seven million, eight hundred and twenty-eight thousand, eight hundred and thirty-eight naira) which was originated from CRF and Nigerian treasury bills.



3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local government council in respect to above.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦5,764,852,700.00** (Five billion, seven hundred and fifty-six million, five hundred and ninety-seven thousand, one hundred and thirty Naira) was budgeted, while on the actual the capital expenditure of the local government stood only at **₦4,771,418,607.00** (One billion, four hundred and twenty-seven million, four hundred and forty-four thousand, one hundred and eighty-four Naira). The amount represent almost **83%** of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Administrative Sector	918,459,745	759,000,000	1,264,828,535
2.	Economic Sector	486,977,220	3,565,853,700	1,393,377,904
3.	Social Services Sector	21,997,219	1,440,000,000	2,093,212,168
	Total	1,427,444,184	5,764,852,700	4,771,418,607

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a Savings of **₦993, 434,093.00** (Nine hundred and ninety-three million, four hundred and thirty-four thousand, ninety-three Naira) was made in respect of capital expenditure. The table below shows the breakdown:-

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025(₦)	Actual 2025 (₦)	Savings 2024 (₦)
1.	Administrative Sector	918,459,745	759,000,000	1,264,828,535	(505,626,535)
2.	Economic Sector	486,977,220	3,565,853,700	1,393,377,904	2,172,475,796
3.	Social Services Sector	411,547,877	1,440,000,000	2,093,212,168	(653,212,168)
	Total	1,234,448,612	5,764,852,700	4,771,418,607	993, 434,093



3.12 CAPITAL EXPENDITURE (DEFICIT):

During the year under review the 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 **₦1,617,676,440.00** 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 **₦1,280,362,721.00**, covering salaries and related emoluments for **1,313** staff of the Local Government Council and its Area Development Councils (ADCs).

The resulting **budget variance of ₦337,313,719.00** 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 **₦2,208,992,920.00**. However, the actual overhead expenditure recognized in the financial statements amounted to **₦1,180,088,108.00**, resulting in a favorable budget variance (under-expenditure) of **₦1,028,904,812.00**. the saving reach almost **47%** 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 **₦2,089,500,000.00**, while the actual expenditure incurred amounted to **₦2,260,931,557.00**. This resulted in an **adverse budget variance (deficit) of ₦171,431,557.00**, indicating that actual expenditure exceeded the approved budget by approximately **8.2%**.

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 CRF Charges is presented in the table below



S/N	Description	Actual 2024 (₦)	Estimated 2025 (₦)	Actual 2025 (₦)	Surplus/Deficit 2025 (₦)
1.	Pension Funds	796,377,225	90,000,000,	97,467,619	(7,467,619)
2.	Emirates Councils	34,153,188	130,000,000	174,175,752	(44,175,752)
3.	Security Trust Funds	222,530,725	330,000,000	371,140,014	(41,140,014)
4.	Common Services	13,661,275	55,000,000	69,670,301	(14,670,301)
5.	Training Funds	6,830,638	23,000,000	34,835,150	(11,835,150)
6.	Pri. Sch. Teachers	620,395,925	900,000,000	923,689,933	(23,689,933)
7.	Mass Agency Salary	92,099,848	225,000,000	246,407,752	(21,407,752)
8.	State Election Comm	115,421,888	-	-	-
9	Phc Staff Salary	178,355,926	300,000,000	304,752,177	(4,752,177)
10	Local Gov't Audit	1,285,714	1,500,000	1,285,714	214,286
11	Zamfara State University	-	-	-	-
12	Oversight committee logistic	-	1,500,000	6,857,143	95,357,143)
13	Contr to ZEMA	-	1,200,000	1,200,000	NIL
14	Contr to council of chiefs	-	1,500,000	1,285,714	214,286
15	Contr to work school	-	600,000	600,000	NIL
16	Contr to ZCSDA	-	1,200,000	1,200,000	NIL
17	Contr to pension commission	-	1,500,000	1,285,714	214,286
18	Contr to fire service	-	3,000,000	3,000,000	NIL
19	Contr to skill acquisition	-	3,000,000	1,200,000	1,800,000
20	Contr to NSCDC	-	5,500,000	5,332,143	167,857
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	2,061,112,355	2,089,500,00	2,260,931,557	171,431,557

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 **₦46,000,000.00**, while the actual expenditure amounted to **₦238,175,574.00**. This resulted in an **adverse budget variance (overspending) of ₦192,175,574.00**, 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.

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

