



ZAMFARA STATE OF NIGERIA

REPORT

Of The

AUDITOR GENERAL

FOR THE LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENT

Of

BIRNIN MAGAJI LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2025



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BIRNIN MAGAJI LOCAL GOVERNMENT ACCOUNT MANAGEMENT LETTER

Auditee:	B/Magaji	Reviewed by:	Name	Rank	Date
Period end:	2025	Level 1	Abubakar Mohdi	A C.Exc.Auditor	27/3/2026
Prepared by:	Aminu Abubakar	Level 2	Lawali Ibrahim	DFS	2/4/2026
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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,
B/Magaji 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 B/Magaji 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.: BMJ/LGC/DFS/VOL 1.2026

Date: [11th march, 2026]

The Auditor General for Local Governments

Office of the Auditor General for Local Governments

Zamfara State

Dear Sir,

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

We acknowledge receipt of your Management Letter regarding the financial audit of B/Magaji 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.

7. Delays in Revenue Collection and Banking Procedures

Management has instructed all revenue officers to ensure prompt collection and banking of all revenues. Monitoring mechanisms have also been established to prevent future delays.

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

B/Magaji Local Government Council

Zamfara State



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 **₦133,541,809.00** 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 Birnin Magaji 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 **93** retirement benefit files were processed and certified for payment. These comprised **72** voluntary/compulsory retirement cases amounted to **₦199,959,414.00** and **21** death benefit cases with the sum of **₦53,653,192.00** the total certified retirement and death benefits amounted to **₦253,650,472.00** (Two hundred and fifty-three Million, six Hundred and fifty Thousand, four Hundred and seven-two 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

2.7 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 **₦10,642,727.00** 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 a total of **N2,643,660,150.00** as Statutory Allocation. However, the actual Statutory Allocation received amounted to **N2,924,771,960.00**, representing an increase of **N281,111,810.00** or approximately **10.6%** above the budget estimate. This indicates that actual receipts exceeded the approved budget, thereby enhancing the revenue available for the implementation of government programmes and projects during the financial year.

The actual Statutory Allocation exceeded the budget estimate by approximately **10.6%**, indicating favorable revenue performance during the reporting period. This variance should be adequately disclosed and explained in the notes to the financial statements in line with IPSAS requirements for budget and actual comparison, where applicable.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Statutory Allocation	568,828,524	2,643,660,150	2, 924,771,960
2.	Total	568,828,524	2,643,660,150	2, 924,771,960

3.2a STATUTORY ALLOCATION(SURPLUS)

In the year under review a Surplus of **N281,111,810.00** (Two hundred and eighty-one million, one hundred and eleven thousand, eight hundred and ten Naira) was revealed as per Statutory Allocation. This represents **10.6%** increase of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1.	Statutory Allocation	568,828,524	2,643,660,150	2, 924,771,960	281, 111,810
	Total	568,828,524	2,643,660,150	2, 924,771,960	281, 111,810

3.2b STATUTORY ALLOCATION (DEFICIT):

In the year under review there was no deficit made in regard to statutory receipt by local government.



3.3 VALUE ADDED TAX:

During the period under review, the approved budget for Value Added Tax (VAT) revenue was **₦3,379,434,690.00**, while the actual VAT receipts amounted to **₦2,960,913,964.00**. This represents **88%** budget performance, resulting in a revenue shortfall of **₦418,520,726.00** (12%) against the approved budget estimate.

The variance indicates that the actual VAT allocation received during the period was below the budgeted projection. Details are presented in the table below.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	VAT	2,300,749,750	3, 379,434,690	2,960,913,964
	Total	2,300,749,750	3, 379,434,690	2,960,913,964

3.3a VAT ALLOCATION (SURPLUS):

There is no record of surplus made for period under review, by the local government council in respect value added tax

3.3b VAT (DEFICIT):

During the year under review, a deficit of **₦418,520,726.00** (One billion, four hundred sixty-two million, one hundred and sixty-nine thousand, twenty Naira) was revealed from the value added tax which is **12%** decrease of the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1.	VAT	2,300,749,750	3, 379,434,690	2,960,913,964	418,520,726
	Total	2,300,749,750	3, 379,434,690	2,960,913,964	418,520,726

3.4 INDEPENDENT REVENUE:

During the year under review, the Local Government budgeted **₦354,070,000.00** as Independent Revenue, while the actual revenue realized amounted to **₦216,875,431.00**, representing **61%** of the approved estimate. This indicates a revenue shortfall of **39%** against the budgeted target.

In line with the requirements of IPSAS and sound public financial management practices, the variance suggests that the Local Government did not fully achieve its Independent Revenue projections during the financial year. Management should strengthen revenue generation strategies by improving revenue collection mechanisms, expanding the revenue base, enhancing monitoring and enforcement of revenue sources, and conducting periodic reviews of revenue performance to ensure that future budget estimates are realistic and achievable, are as per table below:



S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Direct Taxes	6,848,305	5,800,000	22,225,068
2	Rates	-	-	-
3.	License	15,900,538	12,540,000	18,745,387
4.	Mining Rents	-	-	11,700,951
5	Royalties	-	-	-
6	Fees	7,169,312	-	12,222,463
7	Fines	-	7,060,000	-
8.	Sales	5,677,000	.	
9	Earnings	58,105,443	23,670,000	98,766,411
10	Sales/Rent on Govt. Buildings	-	-	-
11	Sales/Rent on Lands & Others	-	-	-
12	Investment Income	-	-	-
13.	Interest Earned	42,007,561	-	53,215,151
14	10% state IGR	-	305,000,000	-
	Total	135,708,161	354,070,000	216,875,431

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦177,865,431.00** (One hundred and seventy-seven million, eight hundred and sixty-five thousand and four hundred and thirty-one Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Surplus 2025 (₦)
1.	Direct Taxes	6,848,305	5,800,000	22,225,068	16,425,068
2	Rates	-	-	-	-
3.	License	15,900,538	12,540,000	18,745,387	6,205,387
4.	Mining Rents	-	-	11,700,951	11,700,951
5	Royalties	-	-	-	-
6	Fees	7,169,312	-	12,222,463	12,222,463
8.	Sales	5,677,000	.		-
9	Earnings	58,105,443	23,670,000	98,766,411	75,096,411
10	Sales/Rent on Govt. Buildings	-	-	-	-
11	Sales/Rent on Lands & Others	-	-	-	-
12	Investment Income	-	-	-	-
13.	Interest Earned	42,007,561	-	53,215,151	53,215,151
	Total	135,708,161	39,010,000	216,875,431	177,865,431



33.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦312,060,000.00** (Three hundred and twelve million, sixty thousand Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Deficit 2025 (₦)
1	Fines	-	7,060,000	-	7,060,000
2	10% state IGR	-	305,000,000	-	305,000,000
	Total		312,060,000		312,060,000

3.7 CAPITAL RECEIPTS:

In accordance with IPSAS reporting requirements, the Local Government estimated Capital Receipts for the 2025 financial year at **₦5,976,861,640**, comprising transfers from the Consolidated Revenue Fund (CRF), Nigerian Treasury Bills, and Capital Development Funds.

However, actual Capital Receipts realized during the year amounted to **₦6,396,924,357**, resulting in a favorable variance of **₦420,062,717** above the approved budget. This represents approximately **107%** budget performance.

The increase in actual receipts was mainly attributable to higher-than-budgeted inflows from **CRF Transfers** and **Nigerian Treasury Bills**, while no receipts were realized under the **Capital Development Fund** during the reporting period.

The breakdown of Capital Receipts is presented in the table below.

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Transfer from CRF	3,750,045,287	4,039,328,520	5,763,996,874
3	Nigerian treasury bills	548,967,715	-	632,927,483
5	Capital Dev,funds receipt	-	1,937,533,120	-
	Total	4,299,014,002	5,976,861,640	6,396,924,357

3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a Surplus of **₦420,062,717.00** (Four hundred and twenty million, sixty-two thousand, seven hundred and seventeen naira) was made in respect of capital receipt by the local government. This represents **7%** increase over the projected figures.



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:

According to Director of Finance's report for the year under review, the sum of **₦5,976,861,640.00** Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦4,658,287,536.00** Naira). The amount is about **78%** of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)
1.	Administrative Sector	1,687,623,171	742,000,000	1,231,926,210
2.	Economic Sector	485,482,802	3,434,861,640	1,376,417,454
3.	Social Services Sector	21,997,219	1,800,000,000	2,049,943,872
	Total	2,195,103,192	5,976,861,640	4,658,287,536

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a saving of **₦1,318,574,104.00** (One billion three hundred and eighteen million, five hundred and seventy-four thousand, one hundred four Naira) was made in respect of capital expenditure the table shown below: -

S/N	DESCRIPTION	Actual 2024 (₦)	Estimate 2025 (₦)	Actual 2025 (₦)	Saving 2025 (₦)
1.	Administrative Sector	1,687,623,171	742,000,000	1,231,926,210	(489,926,210)
2.	Economic Sector	485,482,802	3,434,861,640	1,376,417,454	2,058,444,186
3.	Social Services Sector	21,997,219	1,800,000,000	2,049,943,872	(249,943,872)
	Total	2,195,103,192	5,976,861,640	4,658,287,536	1,318,574,104



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 **N827,313,450.00** 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 **N882,581,198.00**, covering salaries and related emoluments for **834** staff of the Local Government Council and its Area Development Councils (ADCs).

The resulting **budget variance of N55,267,748.00** represents an **overspending** against the approved personnel budget.

3.14 OVERHEAD CHARGES:

During the year under review, the Local Government budgeted an estimated overhead expenditure of **N2,275,630,540.00**. However, the actual overhead expenditure recognized in the financial statements amounted to **N1,240,976,715.00**, resulting in a favorable budget variance (under-expenditure) of **N1,034,653,825.00**.

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 **N1,230,650,000.00**, while the actual expenditure incurred amounted to **N1,333,277,068.00**. This resulted in an **adverse budget variance (deficit) of N102,627,068.00**, indicating that actual expenditure exceeded the approved budget by approximately **8.3%** the table below shows the full details: -



S/N	Description	Actual 2024 (₦)	Estimated 2025 (₦)	Actual 2025 (₦)	Surplus/Deficit 2025 (₦)
1.	Pension Funds	324,146,079	95,000,000	97,467,619	(7,467,619)
2.	Emirates Councils	28,441,426	110,000,000	144,688,836	(34,688,836)
3.	Security Trust Funds	189,828,490	280,000,000	314,895,671	(34,895,671)
4.	Common Services	11,376,570	45,000,000	57,875,534	(12,875,534)
5.	Training Funds	5,688,285	22,000,000	28,937,767	(6,937,767)
6.	Pri. Sch. Teachers	276,856,825	400,000,000	402,375,083	(2,375,083)
7.	Mass Agency Salary	40,886,964	100,000,000	109,343,105	(9,343,105)
8.	State Election Comm	115,421,889	-	-	-
9	Phc Staff Salary	77,563,108	140,000,000	138,900,306	2,900,306
10	Local Gov't Audit	1,285,714	1,500,000	1,285,714	214,286
11	Zamfara State University	-	-	-	-
12	Oversight committee logistic		8,000,000	6,857,147	1,142,853
13	Contr to ZEMA		1,500,000	1,200,000	300,000
14	Contr to council of chiefs		1,800,000	1,285,714	514,286
15	Contr to work school		1,000,000	600,000	400,000
16	Contr to ZCSDA		1,500,000	1,200,000	300,000
17	Contr to pension commission		1,350,000	1,285,714	64,286
18	Contr to fire service		1,300,000	3,000,000	(1,700,000)
19	Contr to skill acquisition		1,200,000	1,200,000	-
20	Contr to NSCDC		3,500,000	5,332,143	91,832,143)
21	Contr to NPF		8,000,000	8,917,857	(917,857)
22	Contr to security		7,000,000	6,728,571	271,429
	Total	1,071,495,353	1,230,650,000	1,33,277,068	102,627,068

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 **₦57,000,000.00**, while the actual expenditure amounted to **₦202,176,056.00**. This resulted in an **adverse budget variance (overspending) of ₦145,176,056.00**, 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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