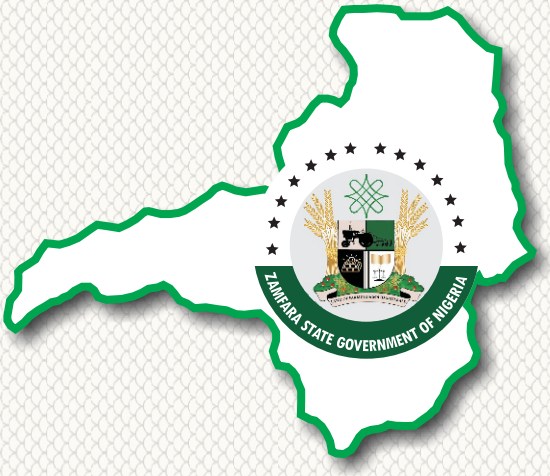

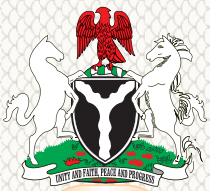

ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS

of

ZURMI LOCAL GOVERNMENT

For The Year Ended

31st December 2022

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

☎ 204868 P.M.B. 01015, Gusau

Date: 21th September, 2022 *Ref. No:* LGA//VOL/217

1.0 INTRODUCTION

1.1 MANDATE:

In my certification of the financial statements (accounts) generated by the local government, I subjected the reliability of the statements to the extent of my observations raised on the treasury records. What I am presenting to the public accounts committee, here under are those observations.

In this wise, each financial statement (hereby attached) is to be read in conjunction with these observations for easy comprehension.

In accordance with section 92 of the local government law 2012 of the Zamfara state and section 24 of the public finance (control and management) act 1958 as amended, the account submitted to the office of the Auditor General for local government by the Director of Finance have been certified correct as mandated by the law, but subjected to some observations made in this report.

1.2 SUBMISSION OF REPORTS:

The correct Annual Accounts of the local government for the year 2022 was submitted to this office on 6thOctober, 2023.

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year i.e. 2021 financial year audit report was submitted to the Honorable House of Assembly on 28th October, 2022 by this office for their oversight function and further necessary action.

2.0 OTHER OBSERVATIONS

2.1 ANNUAL ESTIMATES:

The delay in distribution of approved estimate has become a tradition it was almost submitted between months of March to July of the year.

2.2 EXPENDITURE MANDATES:

In the course of the period under review, there was a fiscal working relationship between the state Government and the fourteen Local Governments. The legal framework for this arrangement was largely defined by the memorandum of understanding consented to by the Chairmen. Major projects executed fall under the existing framework.

A closer scrutiny of this scheme would reveal inadequate arrangement for timely expenditure returns to the Local Governments. Local Governments treasuries took unnecessary longer time before they brought these types of expenditures to book.

2.3 PERSONNEL EMOLUMENT REGISTER (P.E):

This important record was observed to be not in existence in the local government. A situation that had aggravated the current state of affairs with regard to management and control of personnel emoluments. The worrisome phenomenon of ghost workers could be traced to the neglect suffered by this control record. The financial memorandum being in operation in the local government made a remarkable provision for this but alas, it was conveniently abandoned to allow for an easy manipulation of salary.

2.4 UN APPROPRIATED REVENUE:

During the year under review it was observed that, the sum of **₦737,751,509.00** (Seven hundred and thirty-seven million, seven hundred and fifty-one thousand, five hundred and nine Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil excess account, share of electronic money transfer levy, ecological fund and transfer from governmental agencies by the local government, but the revenue was not referred to the State house of Assembly for proper appropriation. It was expended without proper appropriation.

2.5 TRANSFER FROM OTHER:

During the year under review the sum **N7,786,903** (Seven million, three hundred and seven hundred and eighty-six thousand, nine hundred and three Naira) was reported by the local government as Cash transfer from Sanusi, Abubakar S/fawa, Nasiru Bello, Ahmad and Shehu Sani. Observation arising from this transfer revealed that, what the transfer is meant for has not been stated, weather it is loan to the local government or repayment of loan.

2.6 ACCOUNTING RECORDS:

During the year under review, it was observed that, there was fearful maintenance of the books of accounts and other accounting records by the local government. The manner in which this aspect was handled by the local government is fairly commendable. Some of the observation made includes the following:

a. Entries in the cash books: It was observed that the cash books maintained for the period under review were fairly maintained, adequate attention was not given while posting the transaction. Was not balanced and closed at the end of every month. Additionally bank reconciliation between the cash books and bank statements has never been carried out throughout the year by this local government.

b. NonClassification of revenues and expenditure in accordance with IPSAS codes: According to what I observed, internally generated revenues were not captured only statutory allocation. Equally, recurrent and capital expenditure of the local government surpass the same defect as that of revenue. It was observed that, there was a mixed up in the codification of revenue and expenditure, despite the fact that the local government budget was prepared according to IPSAS approved format.

c. Outstanding Payment Vouchers: For the under review, the payment vouchers that stood as outstanding are to the sum of **₦210,530,058.00** (Two hundred and ten million,five hundred and thirty thousand, fifty- eight naira)in this local Government, the payment vouchers were not made physically available for my scrutiny. Efforts made by my office to have them examined proved abortive.

d. Plant Register: The local government did not keep the register of its plants and machineries. The operation of this register in any organization is central to the proper control of this type of asset. It also makes the disposal of the asset to be made in a most prudent manner. Conversely, the non-operation of the register by the local government had negated the basis of accountability.

2.7 CERTIFICATION OF RETIRING BENEFITS:

It is a mandate for this office to receive, process and raised an authority for payment of retirement benefits. During the period under review files were received from this local government were 15files were approved from the local Government which consist of 10 voluntary/compulsory retirement and 5 death staff with their total benefits standing at **₦11,420,145.00** (eleven million, four hundred and twenty-two thousand, one hundred and forty-fiftyNaira). Out of these amounts the sum of N8,075,352.00(Eight million, seventy-five thousand, three hundred and fifty-twoNaira) stood as total claims for 10 number retired staff, while death staff totaling to 5 number gulfed the sum of **₦3,344,793.00** (Three million, three hundred forty-four thousand, seven hundred and ninety-three Naira).

2.8 RECOVERIES MADE OUT OF PENSION AND GRATUITY:

In the course of processing the pension files, instances of wrong computation that invariably result into over payment of pension benefits, were detected. It has been a routine to this office for these types of over payment together with those of over stay in the service, to be deducted out of the individual pensioner's benefit. Therefore, this office was able to save the sum **₦1, 597,712.00** (one million, five hundred and ninety-seven thousand, seven hundred and twelve Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2022 the investment value stood at **₦116, 806,931.00**(One hundred and sixteen million, eight hundred and six thousand, nine hundred and thirty-one Naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2022 (₦)	VALUE 2021 (₦)
1	Gamji Bank	-	-
2	Bricks Block Ind.	-	-
3	CCNN Sokoto	812,065	812,065
4	Sokoto Mortgage Bank	500,000	500,000
5	SICL Communication	-	-
6	Sokoto Cement Co.	-	-
7	Micro Finance Bank	26,291,645	26,291,645
8	FSB International Bank	-	-
9	Unity Bank (BON)	242,305	242,305
10	Zamfara Fertilizer Co.	-	-
11	T/Mafara Bricks B. Ind.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	87,610,916	87,610,916
	TOTAL	**116,806,931**	**116,806,931**

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦1,320,696,135.00** (One billion, three hundred and twenty million, six hundred and ninety-six thousand, one hundred and thirty-five Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them.

3.0 BUDGET IMPLEMENTATION ANALYSIS

3.1 STATUTORY RECEIPTS:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,912,468,650.00**(One billion, nine hundred and twelve million, four hundred and sixty-eight thousand, six hundred and fifty Naira) while the actual collection for the year was **₦1,723,722,692**(One billion, seven hundred and twenty-three million, seven hundred and twenty-two thousand, six hundred and ninety-two Naira). The actual revenue represents 90% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Statutory Allocation	1,608,334,212	1,912,468,650	1,723,722,692
	Total	**1,608,334,212**	**1,912,468,650**	**1,723,722,692**

3.1A STATUTORY RECEIPTS (DEFICIT):

During the year under review, a surplus of **₦188,745,958.00**(One hundred and eighty-eight million, seven hundred and forty-five thousand, nine hundred and fifty-eight Naira) was revealed and it represent 10% short fall of the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)	Deficit 2022(₦)
1.	Statutory receipts	1,608,334,212	1,912,468,650	1,723,722,692	188,745,958
	Total	**1,608,334,212**	**1,912,468,650**	**1,723,722,692**	**188,745,958**

3.1B STATUTORY RECEIPTS (SURPLUS):

For the year under review there was no report of surplus by the local governments as per statutory receipts.

3.2 VALUE ADDED TAXES:

In the year under review the estimated value added taxes was ₦ **834,501,710.00**(Eight hundred and thirty-four million, five hundred and one thousand, seven hundred and ten naira) While the actual receipts was to the sum of **₦1,041,619,528.00**(One billion, forty-one million, six hundred and nineteen thousand, five hundred and twenty-eight Naira) was revealed as per VAT Allocation. This represents an over and above of 125% of the projected Vat Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)
1.	Value added tax Allocation	855,385,782	834.501,710	1,041,619,528
	Total	**855,385,782**	**834,501,710**	**1,041,619,528**

3.2A VAT ALLOCATION (SURPLUS):

In the period under review a surplus of **₦207,117,818.00**(Two hundred and seven million, one hundred and seventeen thousand, eight hundred and eighteen naira) was made, which represents a 25% rise of the projected revenue, details was given below:-

S/N	DESCRIPTION	Actual 2021 ₦	Estimate2022 ₦	Actual2022₦	Surplus2022 ₦
1	VAT Allocation	855,385,782	834,501,710	1,041,619,528	207,117,818
	Total	**855,385,782**	**834,501,710**	**1,041,619,528**	**207,117,818**

3.2B VAT ALLOCATION(DEFICIT)

During the period under review no deficit was made in respect to value added tax by this local government.

3.3 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦85, 818,350.00**(Eighty-five million, eight hundred and eighteen thousand, three hundred and fifty Naira) while the actual collection for the year was **₦96, 223,470.00**(Ninety-six million, two hundred and twenty-three thousand, four hundred and seventy Naira) The actual revenue represents 112% rise of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Direct Taxes	-	13,648,000	-
2	Rates	13,240,311	-	23,991,200
3.	Licenses	4,719,800	27,170,350	6,597,070
4	Mining Rents	-	-	-
5.	Royalties	-	-	-
6.	Fees	16,132,330	21,000,000	20,630,550
7.	Fines	-	500,000	-
8.	Sales	-	5,500,000	-
9.	Earnings	23,693,360	18,000,000	30,010,070
10.	Sales/Rent of Government Buildings	-	-	-
11.	Sales/Rent on Lands and Others	13,235,214	-	11,969,640
12.	Repayments- General	-	-	-
13.	Investment income	-	-	-
14	Interest Earned	3,890,750	-	3,024,940
15.	Re-Imbursement	-	-	-
	Total	**74,911,766**	**85,818,350**	**96,223,470**

3.3A INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦50,995,850.00**(Fifty million, nine hundred and ninety-five thousand, eight hundred and fifty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Surplus 2022 (₦)
1.	Rates	13,240,311	-	23,991,200	23,991,200
2	Earnings	23,693,360	18,000,000	30,010,070	12,010,070
3	Sales/Rent on Lands and Others	13,235,214	-	11,969,640	11,969,640
4.	Interest Earned	3,890,750	-	3,024,940	3,024,940
	Total	**54,059,635**	**18,000,000**	**68,995,850**	**50,995,850**

3.3B INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦40, 590,730.00** (Forty million, five hundred and ninety thousand, seven hundred and thirty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1	Direct taxes	-	13,648,000	-	13,648,000
2.	Licenses	4,719,800	27,170,350	6,597,070	20,573,280
3.	Fees	16,132,330	21,000,000	20,630,550	369,450
3.	Fines	-	500,000	-	500,000
4.	Sales	-	5,500,000	-	5,500,000
	Total	**20,852,130**	**67,818,350**	**27,227,620**	**40,590,730**

3.4 CAPITAL RECEIPTS:

The Capital receipt of this local government which constitute Transfer from Consolidated Revenue and External Loans of the Local Government was estimated at **₦1,603,848,500.00** (One billion, six hundred and three million, eight hundred and forty-eight thousand, hundred and five hundred Naira) during the year under review, but in the actual the sum of **₦443,174,613.00**(Four hundred and forty-three million, one hundred and seventy-four thousand, six hundred and thirteen Naira) was realized. This represents only27.6% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)
1.	Transfer from CRF	84,558,759	603,848,500	287,651,185
2.	External Loans LGC	186,628,113	1,000,000,000	155,523,428
	Total	**271,186,873**	**1,603,848,500**	**443,174,613**

3.5 CAPITAL RECEIPTS (SURPLUS):

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

3.6 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **₦1, 160,673,887.00**(One billion, one hundred and sixty million, six hundred and seventy-three thousand, eight hundred and eighty-seven Naira) was reported by the Local Government Council. The origin of this deficit is from transfer from CRF and External loans of the local government.

3.7 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1, 603,848,500.00** (One billion, six hundred and three million, eight hundred and forty-eight thousand, five hundred Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦359, 493,612.00**.(Three hundred and fifty-nine million, four hundred and ninety-three thousand, six hundred and twelve Naira). This represents 22% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)
1.	Administrative Sector	108,841,423	320,000,000	124,132,762
2.	Economic Sector	33,476,732	860,000,000	44,115,179
3.	Social Services Sector	44,707,206	423,848,500	191,245,671
	Total	**187,025,361**	**1,603,848,500**	**359,493,612**

3.8 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,244,354,888.00** (One billion, two hundred and forty-four million, three hundred and fifty-four thousand, eight hundred and eighty-eight Naira) was revealed in all the three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)	Savings 2022 (₦)
1.	Administrative Sector	108,841,423	320,000,000	124,132,762	195,867,238
2.	Economic Sector	33,476,732	860,000,000	44,115,179	815,884,821
	Social Services Sector	44,707,206	423,848,500	191,245,671	232,602,829
	Total	**187,025,361**	**1,603,848,500**	**359,493,612**	**1,244,354,888**

3.9 CAPITAL EXPENDITURE (DEFICIT):

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

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

The sum of **₦273,000,210.00**(Two hundred and seventy-three million, two hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦201,010,058.00**(Two hundred and one million, ten thousand,fifty-eight Naira) was paid to 1,026 staff of the local government. This resulted to a savings of **₦71, 990,152.00**(Seventy-onemillion, nine hundred and ninety thousand, one hundred fifty-twoNaira).

3.11 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was N610, 200,000.00(Six hundred and ten million, two hundred thousand, Naira). Whereas the actual expenditure for the year stood at **N558,245,254.00**(Five hundred and fifty-eight million, two hundred and forty-five thousand, two hundred and fifty-fourNaira).This resulted to a deficit of **₦51,954,746.00**(Fifty-one million, nine hundred and fifty-four thousand, seven hundred and forty-six Naira)

3.12 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦754,000,000**(Seven hundred fifty-four million, Naira) while the actual expenditure for the year stood at **₦629,081,499,00**(Six hundred and twenty-nine million, eighty-one thousand, four hundred and ninety-nine Naira). This resulted to a savings of **₦124,918,501**(One hundred and twenty-four million, nine hundred and eighteen thousand, five hundred and one Naira)The table below shows the full details: -

	DESCRIPTION	ACTUAL 2021(₦)	ESTIMATED 2022 (₦)	ACTUAL 2022 (₦)	DEFICIT/SVGS 2022(₦)
1.	Primary Sch. Teachers Sal	292,983,939	312,000,000	194,507,932	117,492,068
2.	Training Funds	9,376,772	23,000,000	12,730,873	10,269,127
3.	Contribution to Emirate	56,244,391	92,000,000	62,539,800	29,460,200
4.	Contribution to Pension	85,714,286	70,000,000	82,500,000	(12,500,000)
5.	Common Services	31,339,786	38,000,000	30,173,494	7,826,506
6.	Agency for Mass Edu. Salary	64,220,532	64,000,000	59,347,396	4,652,604
7.	Contri to Emirate security	78,932,340	155,000,000	79,735,146	75,264,854
8.	Traditional Rulers salary	-	-	39,711,143,	(39,711,143)
9	Salary of S/A ADCS	-	-	60,642.857	(60,642,857)
10	Salary of special assistant	-	-	7,192,857	(7,192,857)
	Total	**578,812,045**	**754,000,000**	**629,081,499**	**124,918,501**

3.13 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦91,740,000.00**(Ninety-one million, seven hundred and forty thousand Naira). Whereas the actual expenditure for the year stood at **₦636,126,446.00** (Six hundred and thirty-six million, one hundred and twenty-six thousand, four hundred and forty-six Naira). This resulted to deficit of **₦544,386,446.00**(Five hundred and forty-four million, three hundred and eighty-six thousand, four hundred and forty-six Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. In correct entries in the cash books which were as a result of in adequate and proper training and re-training of the treasury staff, it is here by recommended that proper training should be organized to the treasury staff of the Local Government for proper understanding of the treasury process.
2. Improper classification of revenue and expenditure: this also comes about as result of lack of proper understanding of the National Chart of Accounts (NCOA). It is hereby recommend that the treasury staff should be giving a rigorous training on this important aspect of IPSAS program, which is a vital segment of the program.
3. Outstanding payment vouchers: the payment vouchers should be traced and be presented for inspection otherwise they will regard as un-vouched expenditure which will be recovered from the officers controlling the vote for the period under review.
4. Plant Register: this document is not in existence over a long period of time, it is here by recommended that the register should be brought back for proper records of Local Government Assets.
5. Budget Implementation Analysis: going by the analysis of budget implementation by this local Government it is hereby recommended that, the local government should put more effort in ensuring that its budget is implemented properly, especially on the aspect of revenue generation, proper machineries should be put in place to ensure that what is due to the local government is collected and duly remitted into the revenue account of the local government. On the expenditure aspect more efforts should be made in seeing that over expenditure is avoided as per as possible.

4.0 CONCLUSION:

This office is bedeviled with a series of problems which include inadequate cash allocation, lack of functional vehicles and failure of the local government executives to respond to my queries.

5.0 ACKNOWLEDGMENT

I wish to express my sincere gratitude to all staff of this office who contributed immensely in order to make this report in reality. I equally acknowledge with gratitude the co-operation received from Public Accounts committee of state house of assembly for their co-operation and show of interest especially on 2021 report send to the committee by this office. I also acknowledge with gratitude the co-operation given to this office by the Chief Executive and Accounting Officers of the local government and the supervising ministry i.e Ministry for Local Governments and chieftaincy affairs.



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

ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

