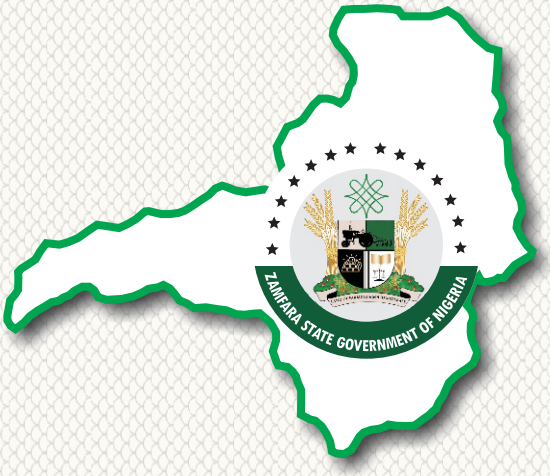

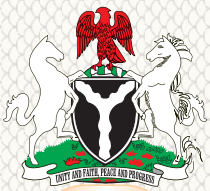

ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS

of

T/MAFARA 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: 6th October, 2023 *Ref. No:* LGA//VOL/215

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 28thOctober, 2022 by this office for their oversight function and further necessary action.

2.0 OTHER OBSERVATIONS

2.1 ANNUAL ESTIMATES:

The delay in the distribution of the approved estimates has become a tradition, as in almost every year it was submitted between the months of March to June

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 BUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦631,201,353.**(Six hundred and thirty-one million, two hundred and one thousand, three hundred and fifty-three Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil excess account, share of electronic money transfer, transfer from other government agencies and Share of ecological fund, but the revenue was not referred to the State house of Assembly for proper appropriation. It was expended without proper appropriation.

2.5 OTHER TRANSFERS:

During the year under review the sum **₦6,655,001** (six million, six hundred and fifty-five thousand, nine hundred and one Naira) was reported by the local government as transfer from Cash Deposit Sanusi, Abubakar S/fawaDambo, Nasiru Bello Cash deposit, Ahmad Cash Deposit, and Shehu Sani Cash Deposit. 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: the treasury cash book for the period under review revealed the improper maintenance of treasury cash book, since it reflect the failure of the treasury to carry out, reconciliation between the cash books and bank statements which make the monthly balancing of the cash book impossible, therefore the financial memoranda provision of section 14; 34(i)and 19; 1 were not adhere to.

b. Classification of revenues and expenditure in accordance with IPSAS codes: According to what I observed, internally generated revenues of the local government and the statutory allocations were captured in the cash books in accordance with IPSAS code classification. Equally, recurrent and capital expenditure of the local government was accorded the same as that of revenue. It was observed that, there was no mixed up in the codification of revenue and expenditure, IPSAS codes are used for recording of income and expenditure in the cash book and other books of account, so also the local government budget was prepared according to IPSAS approved format.

c. Outstanding Payment Vouchers: During the examination and posting in to the cash book, it disclosed that some payment vouchers which worth the sum of **₦550, 243,663.**(five hundred and fifty million, two hundred and forty-three thousand six hundred and sixty three naira) for salary and overhead cost were found missing .Effort made to have them available for necessary examination failed.

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 8files were approved from the local Government which consist of 7 voluntary/compulsory retirement and 1 death staff with their total benefits standing at **₦6,241,678** (six million, two hundred and forty-one thousand, six hundred and seventy-eightNaira).

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 this type 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 **₦300,966**(three hundred thousand, nine hundred and sixty-six Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2022 the investment value stood at **₦106,722,875.00** (One hundred and six million, seven hundred and twenty-two thousand, eight hundred and seventy-fivenaira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2022 (₦)	VALUE 2021 (₦)
1	Gamji Bank	59,699	59,699
2	Sokoto Invest, Co Ind.	-	-
3	CCNN Sokoto	200,000	200,000
4	Nigerian Merchant Bank Plc.	33,300	33,300
5	First Bank Plc.	66,600	66,600
6	Zamfara Investment Co.	-	-
7	Urban Dev. Bank Plc.	500,000	500,000
8	FSB International Bank	-	-
9	Unity Bank (BON)	422,615	422,615
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	104,090,661	104,090,661
14	Micro Finance Bank	-	-
	TOTAL	**106,722,875**	**106,722,875**

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦1,128,720,141.00** (One billion, one hundred and twenty-eight million, seven hundred and twenty thousand, one hundred and forty-one 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 **₦1,625,630,650**(One billion, six hundred and twenty-five million, six hundred and thirty thousand, six hundred and thirty Naira) while the actual collection for the year was **₦1,473,162,879**(One billion, four hundred and seventy-three million, one hundred and sixty-two thousand, eight hundred and seventy-nine Naira). The actual revenue represents 91% 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	1,373,575,455	1,625,630,650	1,475,,162,879
	Total	**1,373,575,445**	**1,625,630,650**	**1,475,162,879**

3.2 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of **₦150,467,771**(One hundred and fifty- million, four hundred and sixty-seven thousand, seven hundred and seventy-oneNaira) was revealed as per statutory Allocation. This represents 9.4 % shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022(₦)	Deficit 2022 (₦)
1.	Statutory Allocation	1,373,575,455	1,625,630,650	1,475,162,879	150,467,771
	Total	**1,373,575,455**	**1,625,630650**	**1,475,162,879**	**150,467,771**

3.2a STATUTORY RECIEPTS (SURPLUS):-

There is no surplus made in respect to statutory receipt for the year under review by this local government.

3.3 VAT RECEIPTS (SURPLUS):

During the year under review, the value added tax was estimated to the sum of **₦724,932,600** (seven hundred and twenty four million, nine hundred and thirty-two thousand, six hundred Naira). Whereas the actual was to sum of **₦906,328,570** (nine hundred and six million, three hundred and twenty-eight thousand, five hundred seventy Naira) it represent an over and above 125% of the projected revenue, as shown below:-

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	VAT	742,929,484	724,932.600	906,328,570
	Total	**742,929,484**	**724,932,600**	**906,328,570**

3.3a VAT RECIEPTS (SURPLUS):-

For the period under review a surplus of **₦181,395,970** (one hundred and eighty-onemillion, three hundred and ninety-five thousand, nine hundred and seventy Naira) was revealed and it represent25% rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Surplus 2022(₦)
1.	VAT Allocation	742,929,484	724,932,600	906,328,570	181,395,970
	Total	**742,929,484**	**724,932,600**	**906,328,570**	**181,395,970**

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦44, 053,980**(forty four million, fifty three thousand, nine hundred and eighty Naira) while the actual collection was **₦27,797,780**(Twenty-seven million, seven hundred and ninety-seven thousand, seven hundred and eighty Naira)the actual revenue represents almost 63% of the projected revenue.

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Rate	10,864,270		7,979,300
2.	Licenses	2,455,0909	17,853,980	1,826,350
4.	Royalties			-
5.	Fees	6,355,740	8,700,000	6,882,380
6.	Fines	2,764,520	1,904,400	1,904,400
7.	Sales			-
8.	Earnings	12,258,180		8,994,820
9.	Sales/Rent of Government Buildings			-
10.	Sales/Rent on Lands and Others	1,914,800	17,500,000	210,530
13.	Interest Earned	1,877,670		
14.	Re-Imbursement			-
15.	**Total-Independent**	**38,490,270**	**44,053,980**	**27,797,780**

3.5 INDEPENDENT REVENUE (SUPLUS):

In the year under review, independent revenue revealed a surplus of **₦10, 094,230** (ten million, ninety four thousand, two hundred and thirty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022(₦)	Surplus 2022 (₦)
1.	Rate	10,864,270	-	7,979,300	7,979,300
2	Fine	2,764,520	-	1,904,400	1,904,400
3	Sales/Rent on lands and others	1,914,800	-	210,530	210,530
	Total	**15,543,590**	**-**	**10,094,230**	**10,094,230**

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦26,350,430** (twenty six million, three hundred and fifty thousand, four hundred and thirty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1.	Licenses	2,455,090	17,853,980	1,826,350	16,027,630
2	Fees	6,355,740	8,700,000	6,882,380	1,817,620
2.	Earnings	12,258,180	17,500,000	8,994,820	8,505,180
	Total	**21,069,010**	**44,053,980**	**17,703,550**	**26,350,430**

3.7 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 **₦1,329,689,370** (One billion, three hundred and twenty nine million, six hundred and eighty-ninethousand, three hundred and seventy Naira) during the year under review, but in the actual the sum of **₦386,468,438**(Three hundred and eighty-six million, four hundred and sixty-eight thousand, four hundred and thirty-eight Naira) was realized. This represents 22 % of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022(₦)	Actual 2022 (₦)
1.	Transfer from CRF	72,295,067	329689,370	253,551,849
2.	External Loans LGC	159,499,907	1,000,000,000	132,916,589
	Total	**231,794973**	**1,329,689,370**	**386,468,438**

3.8 CAPITAL RECEIPTS (SURPLUS):

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

3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **₦943, 220,932** (nine hundred forty-three million, two hundred and twenty thousand, nine hundred and thirty two Naira) was reported by the Local Government Council.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,329,689,370**(One billion, three hundred and twenty nine million, six hundred and eighty nine thousand three hundred and seventy, Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦314,843,326**(three hundred and fourteen million, eight hundred and forty-three thousand, three hundred and twenty six Naira). This represents23.7 % of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Administrative Sector	93,020,266	295,000,000	111,456,787
2.	Economic Sector	28,610,565	754,689,370	39,940,282
3.	Social Services Sector	38,208,580	280,000,000	163,446,257
	Total	**159,839,410**	**1,329,689,370**	**314,843,326**

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,014,846,044** (one, billion fourteen million, eight hundred and forty-six thousand, forty four 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	93,020,266	295,000,000	111,456,787	183,543,213
2.	Economic Sector	28.610,565	754,689,370	39,940,282	714,749,088
	Social Services Sector	38,208,580	280,000,000.	163,446,257	116,553743
	Total	**159,839,410**	**1,329,689,370**	**314,843,326**	**1,014,846,044**

3.12 CAPITAL EXPENDITURE (DEFICIT):

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

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

The sum of **₦399,155,220** (Three hundred and ninety nine million, one hundred and fifty-five thousand, two hundred and twenty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦150, 573,280**(one hundred and fifty million, five hundred and seventy-three thousand, two hundred and eighty Naira)was paid to 2,031 staff of the local government. This resulted to a savings of **₦248,581,940**(two hundred and forty-eight million, five hundred and eighty-one thousand, nine hundred and forty Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦383, 600,000**(Threehundred and eighty-three million, six hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦456, 355,588** (four hundred and fifty-three million, three hundred and fifty-five thousand, five hundred and eighty-eight Naira), this resulted to a deficit of **₦72, 755,588**(forty-ninemillion,seven hundred and seventy-two thousand, five hundred and sixty-eight Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review was **₦661, 492,640**(six hundred and sixty-one million, four hundred and ninety-two thousand, six hundred and forty Naira), while the actual expenditure for the year stood at **₦835, 469,580**(eight hundred and thirty-five million, four hundred and sixty-nine thousand, five hundred and eighty Naira). This resulted to a deficit of N173, 976,938 (one hundred and seventy-three million, nine hundred and seventy-sixthousand, nine hundred and thirty-eight Naira).The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2021 (₦)	ESTIMATED 2022 (₦)	ACTUAL 2022 (₦)	SAVINGS 2022 (₦)
1.	Primary Sch. Teachers Sal	410,026,802	336,218,350	450,835,248	124,573,692)
2.	Training Funds	8,242,987	22,000,000	10,984,145	12,172,023
3.	Contribution to Emirate	47,945,377	60,000,000	53,864,346	(31,,095,363)
4.	Contribution to Pension	85,714,286	86,714,290	82,500,000	(3,597,1460
5.	Common Services	26,644,611	32,000,000	25,901,695	15,190,159
6.	Agency for Mass Edu. Salary	24,652,980	26,000,000	25,374,436	4,192,420
7.	PHC Staff Salary	-84,462,852	99,560,000	78,462,852	321,961.368
8	Traditional Rulers Salary			39,711,143	(35,711,143)
9	Salary of New S/Administrator ADCS			60,642,857	(60,642,857)
10	Salary of SpecialAssistant			7,192,857	(7,192,857)
	Total	**687,689,894**	**661,492,640**	**835,469,580**	**(173,976,940)**

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦120, 680,000** (One hundred and twenty million, six hundred and eighty thousand, Naira). Whereas the actual expenditure for the year stood at **₦242,472,679**(One hundred and sixty-three million, one hundred and seventy thousand, eight hundred and twenty-two Naira). This resulted to a deficit of **₦121,792,679**(One hundred and twenty one million, seven hundred and ninety-two thousand, six hundred and seventy-nine Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. Non reconciliation in the cash book was as a result of in adequate 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. 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.
3. 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. Outstanding payment vouchers should be trace from their respective batches and forward to the inspection officer for observation, if not consider as unvouched expenditure.

5.0 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.

6.0 ACKNOWLEDGMENT

I wish to express my sincere gratitude to all staff of this office who contributed immensely in order to make this report a 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 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

