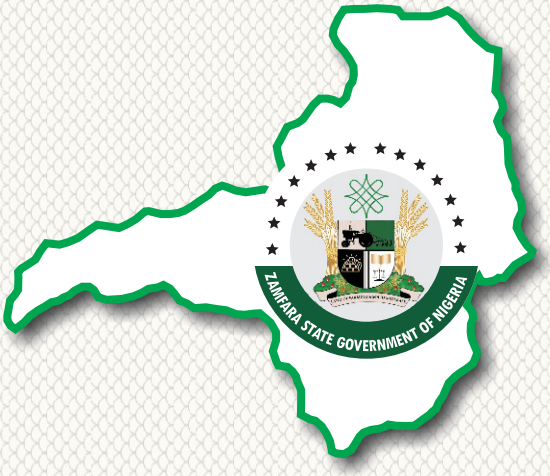



ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS

of

GUMMI 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: 11th July, 2023 *Ref. No:* LGA//VOL/209

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 6th October, 2023

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year 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 estimates has become a tradition, as almost every year was submitted between the months of March to June 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 BUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦639,595,420.00** (Six hundred and thirty-nine million, five hundred and ninety-five thousand, four hundred and twenty Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil excess account, share of electronic money transfer levy, the share of ecological fund and transfers from other 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 OTHER TRANSFERS:

During the year under review the sum **₦6,759,620.00** (Six million, seven hundred and fifty-nine thousand, six hundred and twenty Naira) was reported by the local government as transfers Cash deposit 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 was fairly maintained as the cash book was free from cancellations and alterations. Moreover the cash books were closed at the end of every month. But bank reconciliation between the cash book and bank statement has never been carried out throughout the year this local government.

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 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.

c. Outstanding Payment Vouchers: For the under review, the payment vouchers found missing, the sum of **₦239,765,412.00**(Two hundred and thirty-nine million. Seven hundred and sixty-five thousand, four hundred and twelve naira) was paid as salary without payment vouchers. were not made physically available for my scrutiny.

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 a total number of 4 files were approved for payment of retirement/death benefits from this local Government which consist of 4 voluntary/compulsory retirement and 0 death staff and their total benefits standing at **₦3,098,908.00 (Three million, ninety-eight thousand, nine hundred and eight** 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 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 **₦1,492,758.00** (One million, four hundred and ninety-two thousand, seven hundred and fifty-eight Naira) for the pension funds.

2.8 INVESTMENTS:

As at 31st December, 2022 the investment value stood at **₦95, 977,047.00** (Ninety-five million, nine hundred and seventy-seven thousand, forty-seven naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2022 (₦)	VALUE 2021 (₦)
1	Gamji Bank	56,000	56,000
2	Sokoto Investment Co. Ltd	24,000	24,000
3	CCNN Sokoto		
4	Sokoto Cooperative Bank		
5	Gusau Community Bank		
6	Zamfara Investment Co.		
7	Urban Dev. Bank Plc.		-
8	FSB International Bank	-	-
9	Unity Bank (BON)	-	-
10	Zamfara Fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	1,000,000	1,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	90,453,047	90,453,047
	TOTAL	**95,977,047**	**95,977,047**

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **N1,146,464,059.00 (One billion, one hundred and forty-six million, four hundred and sixty-four thousand, fifty-nine 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 ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,682,305,810.00** (One billion, six hundred and eighty-two million, three hundred and five thousand, eight hundred and ten Naira) **while** the actual collection for the year was **₦1,496,321,571.00** (One billion, four hundred and ninety-six million, three hundred and twenty-one thousand, five hundred and seventy-one Naira). The actual revenue represents 89 % 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	1,395,273,690	1,682,305,810	1,496,321,571
	Total	**1,395,273,690**	**1,682,305,810**	**1,496,321,571**

3.2a STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦ 185,984,239.00** (One hundred and ninety million, Seven hundred and twenty-four thousand, three hundred Naira) was recorded as per statutory Allocation.

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1.	Statutory Allocation	1,395,273,690	1,682,305,810	1,496,321,571	185,984,239
	Total	**1,395,273,690**	**1,682,305,810**	**1,496,321,571**	**185,984,239**

3.2b STATUTORY RECEIPT (SURPLUS):-

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

3.3 VAT ALLOCATION:

For the year under review the estimated value added tax was **₦710,112,710.00** (Seven hundred and ten million one hundred and twelve thousand, seven hundred and ten naira) while the actual was to the sum of **₦888,029,831.00 (**Eight hundred and eighty-eight million, twenty-nine thousand, eight hundred and thirty-one naira). Which represent over and above of 125% of the budgeted figure, Detail could be seen in the table below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1	VAT	727,719,240	710,112,710	888,029,831
	TOTAL	**727,719,240**	**710,112,710**	**888,029,831**

3.3a VAT ALLOCATION SURPLUS:

In the year under review a surplus of **₦177,917,121.00** (One hundred and seventy-seven million, nine hundred and seventeen thousand, one hundred and twenty-one Naira) was made from the value added tax, the table given below details the transactions.

S/N	DESCRIPTION	Actual 2021 (₦)	Estimated 2022 (₦)	Actual 2022 (₦)	Surplus 2022 (₦)
1	VAT	727,719,240	710,112,710	888,029,831	177,917,121
	Total	**727,719,240**	**710,112,710**	**888,029,831**	**177,917,121**

3.3b VAT ALLOCATION (DEFICITS):

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

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦30,216,380.00** (Fifty million, nine hundred and forty-two thousand, fifty Naira) **while** the actual collection for the year was **₦70,147,120.00** (Fifty-one million, two hundred and fifty-one thousand, five hundred and seventy Naira) The actual revenue represents 1.32% increase of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Direct Taxes/Rates	6,052,714	2,000,000	6,456,480
2.	License	2,926,570	11,100,000	4,706,050
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	17,270,415	5,000,000	17,459,210
6.	Fines	3,936,290	-	4,032,580
7.	Sales	-	-	-
8.	Earnings	17,901,100	9,116,380	29,467,800
9.	Sales/Rent on Govt. Buildings	3,163,981	-	-
10.	Sales/Rent on Lands & Others	-	3,000,000	8,025,000
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	-
	Total	**51,251,070**	**30,216,380**	**70,147,120**

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦46,324,570.00**(Forty-six million, three hundred and twenty-four thousand, five hundred and seventy Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Surplus 2022 (₦)
1.	Fees	17,270,415	5,000,000	17,459,218	12,459,218
2.	Fines	3,936,290	-	4,032,580	4,032,580
3	Rates	6,052,714	2,000,000	6,456,480	4,456,480
4	Earnings	17,901,100	9,116,380	29,467,800	20,351,420
5	Sales/Rent on land and others	3,163,981	3,000,000	8,025,000	5,025,000
	Total	**48,324,500**	**19,116,380**	**65,441,070**	**46,324,570**

3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦6,393,950.00** (Six million, three hundred and ninety-three thousand, nine hundred and fifty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1.	License	2,926,570	11,100,000	4,706,050	6,393,950
2.	Sales	-	-	-	-
	Total	**2,926,570**	**11,100,000**	**4,706,050**	**6,393,950**

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 **₦1,345,954,840.00** (One billion, three hundred and forty-five million, nine hundred and fifty-four thousand, eight hundred and forty Naira) during the year under review. While the actual receipt stood at **₦391, 758,778.00** (Three hundred and ninety-one million, seven hundred and fifty-eight thousand, seven hundred and seventy-eight Naira). This represents 29% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Transfer from CRF	73471,124	345,954,840	256,752,689
2.	External Loans LGC	162,007,307	1,000,000,000	135,006,089
	Total	**235,478,431**	**1,345,954,840**	**391,758,778**

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 **₦954,196,062.00**(Nine hundred and fifty-four million, one hundred and ninety-six thousand, sixty-two Naira) was reported by this local government which have its origin from transfer from consolidated revenue fund and the external loan. As shown below:-

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1	Transfer from CRF	73,471,124	345,954,840	256,752,689	89,202,151
2	External loan LGC	162,007,307	1,000,000,000	135,006,089	864,993,911
	Total	**235,478,431**	**1,345,954,840**	**391,758,778**	**954,196,062**

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,345,954,840.00**(One billion, three hundred and forty-five million, nine hundred and fifty-four thousand, eight hundred and forty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦318,970,254.00** (Three hundred and eighteen million, nine hundred and seventy thousand, two hundred and fifty-four Naira). The amount is just 24% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Administrative Sector	94,482,581	333,000,000	112,628,399
2.	Economic Sector	29,060,334	717,954,840	40,326,159
3.	Social Services Sector	38,809,233	296,000,000	166,015,696
	Total	**162,352,148**	**1,345,954,840**	**318,970,254**

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a savings of **₦ 1,026,984,586.00** (One billion, twenty-six million, nine hundred and eighty-four thousand, five hundred and eighty-six Naira) was made in respect of capital expenditure.

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Savings 2022 (₦)
1.	Administrative Sector	94,482,581	333,000,000	112,628,399	220,371,601
2.	Economic Sector	29,060,334	717,954,840	40,326,159	677,628,681
3.	Social Services Sector	38,809,233	295,000,000	166,015,696	128,984,304
	Total	**162,352,148**	**1,345,954,840**	**318,970,254**	**1,026,984,586**

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):

The sum of **₦370, 107,070.00**(Three hundred and seventy million, one hundred and seven thousand, seventy Naira) was budgeted by this local government as personal cost for the year. While in the actual the net salary of **₦239, 765,412.00** (Two hundred and thirty-nine million, seven hundred and sixty-five thousand, four hundred and twelve Naira) was paid to **1,498** staff of the local government and its ADCs. This resulted to a savings of **₦130,341,658.00** (One hundred and thirty million, three hundred and forty-one thousand, six hundred and fifty-eight Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦418, 180,000.00** (four hundred and eighteen million, one hundred and eighty thousand, Naira). Whereas the actual expenditure for the year stood at **₦498,613,376.00** (Four hundred and ninety-eight million, six hundred and thirteen thousand, three hundred and seventy-six Naira) this resulted to a deficit of **₦80, 433,376.00** (Eighty million, four hundred and thirty-three thousand, three hundred and seventy-six Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦583,892,990.00** (Four hundred and four million Naira) while the actual expenditure for the year stood at **₦664,656,231.00** (Five hundred and fifty-eight million, one hundred and thirty-nine thousand, two hundred and fifty-three Naira). This resulted to a deficit of **₦80,763,241.00** (Eighty million, seven hundred and sixty-three thousand, two hundred and forty-one Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2021(₦)	ESTIMATED 2022 (₦)	ACTUAL 2022(₦)	DEFICIT/SAVINGS 2022(₦)
	Primary Sch. Teachers Sal	310,331,635	335,668,280	272,994,984	62,673,296
	Training Funds	8,347,780	7,000,000	11,145,591	(4,145,591)
	Contribution to Emirate	48,712,436	66,000,000	54,666,199	11,333,801
	Contribution to Pension	85,714,286	80,224,710	82,500,000	(2,275,290)
	Common Services	27,078,575	25,000,000	26,383,649	(1,383,649)
	Agency for Mass Edu. Salary	33,595,056	25,000,000	32,826,166	(7,826,166)
	Traditional rulers salary	-	-	39,711,143	(39,711,143)
	PHC Staff salary	76,592,784	45,000,000	76,592,784	(31,592,784)
	Salary S/A ADCS	-	-	60,642,857	(60,642,857)
	Salary of special assistant	-	-	7,,192,857	(7,192,857)
	Total	**590,372,552**	**583,892,990**	**664,656,231**	**80,763,241**

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦174, 500,000.00** (One hundred and fifty-six million, two hundred and eighty thousand, Naira). Whereas the actual expenditure for the year stood at **₦272,319,776.00** (One hundred and seventy-two million, five hundred and eighty-two thousand, one hundred and twenty-eight Naira) This resulted to a deficit of **₦97,819,776.00** (Ninety-seven million, eight hundred and nineteen thousand, seven hundred and seventy-six 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 books this was 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. Outstanding Payment vouchers:- proper care should be taken while processing the payment voucher s, and all necessary measure shall be taken to trace them for inspection for proper accountability
3. 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.
4. 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.

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.



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

ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

