

ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS

of

BUKKUYUM LOCAL GOVERNMENT

For The Year Ended

31st December 2022

TABLE OF CONTENTS

1.0	INTRODUCTION	2
1.1	MANDATE	2
1.2	SUBMISSION OF REPORT	2
1.3	PREVIOUS AUDITOR'S REPORT	2
2.0	OTHER OBSERVATION	3
2.1	ANNUAL ESTIMATE	3
2.2	PERSONNEL EMOLUMENT REGISTER (P.E)	3
2.3	ACCOUNTING RECORDS (a, b, c, d)	3
2.4	CERTIFICATION OF RETIRING BENEFITS	3
2.5	RECOVERIES MADE OUT OF PENSION & GRATUITY	4
2.6	INVESTMENTS	4
2.7	LOAN REPAYMENT	5
3.0	BUDGET IMPLEMENTATION ANALYSIS	6
3.1	RECURRENT REVENUE	6
3.2	RECURRENT REVENUE (SURPLUS)	6
3.3	RECURRENT REVENUE (SHORTFALL)	7
3.4	CAPITAL RECEIPTS	8
3.5	CAPITAL RECEIPTS (SURPLUS)	8
3.6	CAPITAL RECEIPTS (DEFICIT)	9
3.7	CAPITAL EXPENDITURE	9
3.8	CAPITAL EXPENDITURE (EXCESS)	9
3.9	CAPITAL EXPENDITURE (DEFICIT)	10
3.10	RECURRENT EXPENDITURE (PERSONNEL)	10
3.11	RECURRENT EXPENDITURE (OVERHEAD)	10
4.0	CONSOLIDATED REVENUE FUND CHARGES	12
5.0	CONCLUSION	12
6.0	ACKNOWLEDGMENT	12

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/204

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 year2021financial 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 the approved estimates has become a tradition, as almost every year it was submitted between the month of March and 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 **₦664,666,716.00** (Six hundred and sixty-four million, six hundred and sixty-six thousand, seven hundred and sixteen Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil excess account, share of electronic money transfer levy, share of ecological fund and transfer from governmental agencies received 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 **₦7,036,430.00** (Seven million, thirty-six thousand,four hundred and thirty Naira) was reported by the local government as Cash deposit from Sanusi, Abubakar S/fawa, Nasiru Bello, Ahmad,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 and are free from mistakes and unnecessary cancellations. But it was observed that,the cash books were not balanced and closed at the end of every month as required by financial memoranda. Also reconciliation between the cash book and bank statements was observed to be ignored by the officers responsible for its preparation.

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.

c. Outstanding Payment Vouchers: For the under review, the payment vouchers that stood as outstanding in this local Government are those of Staff salaries,Were posted in the cash books, but the payment vouchers were not made physically available for my scrutiny. For the year under review the sum N **236,620,724** (Two hundred and thirty-six million, six hundred and twenty thousand, seven hundred and twenty-four Naira) was paid as expenses by the local government.

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 14 files were approved for payment of retirement/death benefits from this local Government which consist of 10 voluntary/compulsory retirement and 4 death staff and their total benefits standing at **₦19,111,024(Nineteen million, one hundred and eleven thousand, twenty-four**Naira). Out of this amounts the sum of **₦10,167,567(Ten million, one hundred and sixty-seven thousand, five hundred and sixty-seven**Naira) stood as total claims for 10number retired staff while death staff totaling to 4 number gulfed the sum of **₦8,943,457**(Eight million, nine hundred and forty-three thousand, four hundred and fifty-sevenNaira).

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 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, 949,036.00**(One million, nine hundred and forty-nine thousand, thirty-six Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2022 the investment value stood at **₦120, 201,490.00**(One hundred and twenty million, two hundred and one thousand, four hundred and ninety naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2022 (₦)	VALUE 2021 (₦)
1	Gamji Bank	301,170	301,170
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Investment Co	-	-
5	SICL Communication	-	-
6	Ashaka Cement	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank of the North	-	-
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	117,351,490	117,351,490
	TOTAL	**120,201,490**	**120,201,490**

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦1,193,412,401.00 (One billion, one hundred and ninety-three million, four hundred and twelve thousand, four hundred and 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 ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦ 1,772,408,940.00** (One billion, seven hundred and seventy-two million, four hundred and eight thousand, nine hundred and forty Naira) **while** the actual collection for the year was **₦1,557,596,773.00**(One billion, five hundred and fifty-seven million, five hundred and ninety-six thousand, seven hundred and seventy-three Naira). The actual revenue represents 88% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2020 (₦)	Actual 2022 (₦)
1.	Statutory Allocation	1,452,684,693	1,772,408,940	1,557,596,773
2.	**Total**	**1,452,684,693**	**1,772,408,940**	**1,557,596,773**

3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦214,812,167.00** (Two hundred and fourteen million, eight hundred and twelve thousand, one hundred and sixty-seven Naira) was revealed as per Statutory Allocation. This represents 12% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1.	Statutory Allocation	1,452,684,693	1,772408,940	1,557,596,773	214,812,167
	Total	**1,452,684,693**	**1,772,408,940**	**1,557,596,773**	**214,812,167**

3.3 VAT ALLOCATION:

During the year under review, the estimated figure of value added tax was **₦719,994,540.00**(Seven hundred and nineteen million, nine hundred and ninety-four thousand, five hundred and forty Naira). Whereas the actual collection was to the tune of**₦900,231,284.00**(Nine hundred million, two hundred and thirty-one thousand, two hundred and eighty-four naira),it represent over and above of 125% of the projected revenue

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	VAT	737,861,309	719,994,540	900,231,284
2.	**Total**	**737,861,309**	**719,994,540**	**900,231,284**

3.3a VAT ALLOCATION(SURPLUS):

Which revealed a surplus of **₦180,236,744.00** (One hundred and eighty million, two hundred and thirty-six thousand, seven hundred and forty-four Naira) it represent 25% 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	737,861,309	719,994,540	900,231,284	180,236,744
	Total	**737,861,309**	**719,994,540**	**900,231,284**	**180,236,744**

3.3b VAT ALLOCATION (DEFICIT:

During the year under review, there no record of deficit made in respect to value added tax by the local government.

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was**N22, 607,700.00** (Twenty-two million,six hundred and seven thousand,seven hundred Naira) **while** the actual collection for the year was N**35,403,360.00**(Thirty-five million,four hundred and threethousand,three hundred and sixty Naira)The actual revenue represents over and above of 156% 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	4,809,340	2,000,000	5,404,320
2.	License	3,098,820	9,857,700	3,734,690
3.	Mining Rents		-	-
4.	Royalties	-	-	-
5.	Fees	3,550,870	6,750,000	4,110,380
6.	Fines	3,228,830	-	4,378,690
7.	Sales	-	-	-
8.	Earnings	13,789,520	4,000,000	16,630,210
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	445,730	-	1,145,070
11.	Investment Income	-		-
12.	Interest Earned	-		-
	Total	**28,922,910**	**22,607,700**	**35,403,360**

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review,four heads of recurrent revenue reveled a surplus of **N21,558,290.00** (twenty-one million, five hundred and fifty-eight thousand, two hundred and ninety Naira) was recorded as regards to Independent Revenue and it emanate from Rates, fines, earnings and sales/rent on land.

S/N	DESCRIPTION	Actual2021 (₦)	Estimate2022₦	Actual2022₦	Surplus2022₦
1	Rates	4,809,340	2,000,000	5,404,320	3,404,320
2	Fines	3,550,870	-	4,378,690	4,378,690
3	Earnings	13,789,520	4,000,000	16,630,210	12,630,210
4	Sales/Rent on land	445,730	-	1,145,070	1,145,070
	Total	**22,595,460**	**6,000,000**	**27,558,290**	**21,558,290**

3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦8,762,630.00(Twenty-eight million, one hundred and ninety-two thousand, six hundred and ten** Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Deficit 2022 (₦)
1.	Direct Taxes	-	-	-	-
2.	License	3,098,620	9,857,700	3,734,690	6,123,010
3.	Fees	3,550,870	6,750,000	4,110,380	2,639,620
	Total	**11,458,830**	**16,607,700**	**7,845,000**	**8,762,630**

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 **₦1,395,709,680.00**(One billion, three hundred ninety-five million, seven hundred and nine thousand, six hundred and eighty Naira) during the year under review, but in the actual the sum of **₦405,534,916.00** (Four hundred and five million, five hundred and thirty-four thousand, nine hundred and sixteen Naira) was realized. This represents just29% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Transfer from CRF	91,992,238	395,709,680	265,000,252
2.	External Loans LGC	168,641,597	1,000,000,000	140,534,664
	Total	**260,633,834**	**1,395,709,680**	**405,534,916**

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 **₦990,174,764.00**(nine hundred and ninety million, one hundred and seventy-four thousand, seven hundred and sixty-four Naira) was reported by this local government which have its origin from transfer from consolidated revenue fund and the externals loans.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,395,709,680.00**(One billion, three hundred ninety-fivemillion, seven hundred and nine thousand, six hundred and eighty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦329,889,624.00** (Three hundred and twenty-ninemillion,eight hundred and eighty-nine thousand, six hundred and twenty-four Naira). The amount is just23% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)
1.	Administrative Sector	113,803,244	255,709,680	115,728,349
2.	Economic Sector	30,250,371	795,000,000	41,347,143
3.	Social Services Sector	40,398,493	345,000,000	172,814,131
	Total	**184,452,108**	**1,395,709,680**	**329,889,624**

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a of Savings **₦1,065,820,056** (One billion, sixty-five million, eight hundred and twenty thousand, fifty-six Naira) was recorded in respect of capital expenditure of this local government. The details as per shown below:-

S/N	DESCRIPTION	Actual 2021 (₦)	Estimate 2022 (₦)	Actual 2022 (₦)	Savings 2022 (₦)
1.	Administrative Sector	113,803,244	255,709,680	115,728,349	139,981,331
2.	Economic Sector	30,250,371	795,000,000	41,347,143	753,652,857
3.	Social Services Sector	40,398,493	345,000,000	172,814,131	172,185,869
	Total	**184,452,108**	**1,395,709,680**	**329,889,624**	**1,065,820,057**

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 **₦327,350,610.00** (Three hundred twenty-seven million, three hundred and fifty thousand, six hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum **₦236,620,724.00**(Two hundred and thirty-six million, six hundred and twenty thousand, seven hundred and twenty-fourNaira) was paid to 1,110 staff of the local government and it's ADC. This resulted to a savings of **₦90,729,886.00**(Ninety million, seven hundred and twenty-nine thousand, eight hundred and eighty-sixNaira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦560,550,000.00** (Five hundred and sixty million, five hundred and fifty thousand, Naira). Whereas the actual expenditure for the year stood at **₦466,231,088.00**(Four hundred and sixty-six million, two hundred and thirty-onethousand,eighty-eight Naira), this resulted to a savings of **₦94,318,912.00** (Ninety-four million, three hundred and eighteen thousand, nine hundred and twelve 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 **₦522,340,890.00(Five hundred and twenty-two million, three hundred and forty thousand, eight hundred and ninety** Naira) while the actual expenditure for the year stood at **₦509,091,819.00**(Five hundred and nine million, ninety-one thousand, eight hundred and nineteen Naira). This resulted to a saving of **₦13,249,071.00**(Thirteenmillion,two hundred and forty-nine thousand, seventy-one Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2021 (₦)	ESTIMATED 2022 (₦)	ACTUAL 2022 (₦)	DEFICIT/SAVINGS 2022(₦)
1.	Primary Sch. Teachers Sal	186,474,588	225,000,000	156,614,248	68,385,752
2.	Training Funds	8,625,051	16,000,000	11,572,759	4,427,241
3.	Contribution to Emirate	50,741,987	66,780,000	56,787,809	9,992,191
4.	Contribution to Pension	85,714,286	83,560,890	82,500,000	1,060,890
5.	Common Services	28,226,795	25,000,000	27,431,899	(2,431,899)
6.	Agency for Mass Edu. Salary	7,261,800	8,000,000	10,881,786	(2,881,786)
7.	PHC Salary.	-	98,000,000	55,756,460	42,243,540
8.	Traditoinal rulers salary	-	-	39,711,143	(39,711,143)
	Salary of S/A ADCS	-	-	60,642,857	(60,642,857)
	Salary of special assistant	-	-	7,192,857	(7,192,857)
	Total	**420,800,967**	**522,340,890**	**509,091,819**	**13,249,071**

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦159, 060,000.00**(One hundred and fifty-nine million sixty thousand, Naira). Whereas the actual expenditure for the year stood at**₦471,696,053.00** (Four hundred and seventy-one million, six hundred and ninety-six thousand, fifty-threeNaira). This resulted to a Deficit of **₦312, 636,053.00** (Three hundred and thirteen million, six hundred thirty-six thousand, fifty-three Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. In case of the cash books, lack of monthly balances and reconciliation which 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: 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.
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

