



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 2023



TABLE OF CONTENTS

1.0	INTRODUCTION	2
1.1	MANDATE	2
1.2	SUBMISSION OF REPORT.....	2
1.3	PREVIOUS AUDITOR'S REEPORT	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	ACKNOLEDGMENT	12



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

☎ 204868

P.M.B. 01015, Gusau

Date: 20th January, 2023

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 2023 was submitted to this office on 13th march, 2024

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year i.e., 2022 financial year audit report was submitted to the Honorable House of Assembly on 30th November, 2023 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 UNAPPROPRIATED REVENUE:

During the year under review it was observed that, the sum of **₦1,154,332,322.00** (One billion, one hundred and fifty-four million, three hundred and thirty-two thousand, three hundred and twenty-two Naira) was received from share of electronic money transfer levy, Exchange gain difference, ecological fund, distribution of Non-oil excess account, share of forex equalization, solid minerals, FGN treasury crudes account, Exchange rates difference, Additional funds FGN, and refund FGN sure-p 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 **₦24,296,980** (Twenty-four million, two hundred and ninety-six thousand, nine hundred and eighty Naira) was reported by the local government as transfer from other governments agencies, Amsabam construction ventures and Cash transfer from caliphates & others. 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. **Non classification 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. **Payment Vouchers:** For the under review, the same payment vouchers were not attached with the vouching document, please effort should be made to document them properly, otherwise could be consider as unvouched expenditure.
- 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 7 files were approved from the local Government which consist of 6 voluntary/compulsory retirement and 1 death staff with their total benefits standing at **₦7,442,752.00** (Seven million, four hundred and forty-two thousand, seven hundred and fifty-two Naira). Out of these amounts the sum of **₦7,073,605.00** (Seven million, seventy-three thousand, six hundred and five Naira) stood as total claims for 6 number retired staff, while death staff totaling to 1 number gulped the sum of **₦369,147.00** (Three hundred sixty-nine thousand, one hundred and forty-seven 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 **₦1,103,017.00** (one million, one hundred and three thousand, seventeen Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 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 2023 (₦)	VALUE 2022 (₦)
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 **₦323,528,247.00** (Three hundred and twenty-three million, five hundred and twenty-eight thousand, two hundred and forty-seven Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them and FAAC loan deduction.

3.0 BUDGET IMPLEMENTATION ANALYSIS

3.1 STATUTORY RECEIPTS:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,812,490,080.00** (One billion, eight hundred and twelve million, four hundred and ninety thousand, eighty Naira) while the actual collection for the year was **₦1,453,620,489.00** (One billion, four hundred and fifty-three million, six hundred and twenty thousand, four hundred and eighty-nine Naira). The actual revenue represents 80% of the total projected revenue. Also, this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Statutory Allocation	1,723,722,692	1,812,490,080	1,453,620,489
	Total	1,723,722,692	1,812,490,080	1,453,620,489

3.2a STATUTORY RECEIPTS (DEFICIT):

During the year under review, a deficit of **₦358,869,591.00** (Three hundred and fifty-eight million, eight hundred and sixty-nine thousand, five hundred and ninety-one Naira) was revealed and it represent 20% short fall of the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory receipts	1,723,722,692	1,812,490,080	1,453,620,489	358,869,591
	Total	1,723,722,692	1,812,490,080	1,453,620,489	358,869,591

3.2b STATUTORY RECEIPTS (SURPLUS):

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



3.3 VALUE ADDED TAXES:

In the year under review the estimated value added taxes was **₦1,121,937,580.00** (One billion, one hundred and twenty-one million, nine hundred and thirty-seven thousand, five hundred and eighty naira) While the actual receipts was to the sum of **₦1,425,273,666.00** (One billion, four hundred and twenty-five million, two hundred and seventy-three thousand, six hundred and sixty-six Naira) was revealed as per VAT Allocation. This represents an over and above of 127% of the projected Vat Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Value added tax Allocation	1,041,619,528	1,121,937,580	1,425,273,666
	Total	1,041,619,528	1,121,937,580	1,425,273,666

3.3a VAT ALLOCATION (SURPLUS):

In the period under review a surplus of **₦303,336,086.00** (Three hundred and three million, three hundred and thirty-six thousand, eighty-six naira) was made, which represents a 27% rise of the projected revenue, details was given below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	VAT Allocation	1,041,619,528	1,121,937,580	1,425,273,666	303,336,086
	Total	1,041,619,528	1,121,937,580	1,425,273,666	303,336,086

3.3b VAT ALLOCATION (DEFICIT)

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



3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦83,893,600.00** (Eighty-three million, eight hundred and ninety-three thousand, six hundred Naira) **while** the actual collection for the year was **₦109,196,146.00** (One hundred and nine million, one hundred and ninety-six thousand, one hundred and forty-six Naira) The actual revenue represents 130% rise of the projected independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Direct Taxes	-	-	-
2.	Rates	23,991,200	11,000,000	30,366,580
3.	Licenses	6,597,070	29,700,000	7,989,585
4.	Mining Rents	-	-	-
5.	Royalties	-	-	-
6.	Fees	20,630,550	26,493,600	22,099,480
7.	Fines	-	-	-
8.	Sales	-	4,000,000	-
9.	Earnings	30,010,070	12,700,000	33,962,110
10.	Sales/Rent of Government Buildings	-	-	-
11.	Sales/Rent on Lands and Others	11,969,640	-	9,686,260
12.	Repayments- General	-	-	-
13.	Investment income	-	-	-
14.	Interest Earned	3,024,940	-	5,092,131
15.	Re-Imbursement	-	-	-
	Total	96,223,470	83,893,600	109,196,146

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦56,107,081.00** (Fifty-six million, one hundred and seven thousand, eighty-one Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Rates	23,991,200	11,000,000	30,366,580	19,366,580
2	Earnings	30,010,070	12,700,000	33,962,110	21,262,110
3	Sales/Rent on Lands and Others	11,969,640	-	9,686,260	9,686,260
4.	Interest Earned	3,024,940	-	5,092,131	5,092,131
	Total	68,995,850	23,000,000	79,107,081	56,107,081



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦30,104,535.00** (Thirty million, one hundred and four thousand, five hundred and thirty-five Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	Direct taxes	-	-	-	-
2.	Licenses	6,597,070	29,700,000	7,989,585,	21,710,4154
3.	Fees	20,630,550	26,493,600	22,099,480	4,394,120
3.	Fines	-	-	-	-
4.	Sales	-	4,000,000	-	4,000,000
	Total	27,227,620	60,193,600	30,089,065	30,104,535

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 **₦1,850,490,550.00** (One billion, eight hundred and fifty million, four hundred and ninety thousand, five hundred and fifty Naira) during the year under review, but in the actual the sum of **₦3,206,627,896.00** (Three billion, two hundred and six million, six hundred and twenty-seven thousand, eight hundred and ninety-six Naira) was realized. This represents over and above of 173% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	287,651,185	850,490,550	1,628,065,102
2.	External Loans LGC	155,523,428	1,000,000,000	-
3	Nigerian treasury bills	-	-	1,345,277,652
4	Internal Loan	-	-	233,285,142
	Total	443,174,613	1,850,490,550	3,206,627,896

3.8 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local government in respects of capital receipts



3.9 CAPITAL RECEIPTS (SURPLUS):

In the year under review a surplus of **₦1,356,137,346.00** (One billion, three hundred and fifty-six million, one hundred and thirty-seven thousand, three hundred and forty-six Naira) was reported by the Local Government Council. The origin of this surplus is from transfer CRF, Nigerian treasury bill and Internal loan.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,850,490,550.00** (One billion, eight hundred and fifty million, four hundred and ninety thousand, five hundred fifty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,742,869,089.00**. (One billion, seven hundred and forty-two million, eight hundred and sixty-nine thousand, eighty-nine Naira). This represents 94% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	124,132,762	290,000,000	680,855,302
2.	Economic Sector	44,115,179	1,120,000,000	481,002,735,
3.	Social Services Sector	191,245,671	440,490,550	581,011,053
	Total	359,493,612	1,850,490,550	1,742,869,089

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦107,621,461.00** (One hundred and seven million, six hundred and twenty-one, thousand, four hundred and sixty-one Naira) was revealed as shown in the table below: -

S/N	DESCRIPTION	Actual 2023 (₦)	Estimate 2022 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	124,132,762	290,000,000	680,855,302	(390,855,302)
2.	Economic Sector	44,115,179	1,120,000,000	481,002,735,	638,997,265
	Social Services Sector	191,245,671	440,490,550	581,011,053	(140,520,503)
	Total	359,493,612	1,850,490,550	1,742,869,089	107,621,461

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 **₦334,479,510.00** (Three hundred and thirty-four million, four hundred and seventy-nine thousand, five hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦273,802,820.00** (Two hundred and seventy-three million, eight hundred and two thousand, eight hundred and twenty Naira) was paid to **1,019** staff of the local government. This resulted to a savings of **₦60,676,690.00** (Sixty million, six hundred and seventy-six thousand, six hundred ninety Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦670,400,000.00** (Six hundred and seventy million, four hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦727,998,906.00** (Seven hundred and twenty-seven million, nine hundred and ninety-eight thousand, nine hundred and six Naira). This resulted to a deficit of **₦57,598,906.00** (Fifty-seven million, five hundred and ninety-eight thousand, nine hundred and 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 **₦587,120,970** (Five hundred eighty-seven million, one hundred and twenty thousand, nine hundred and seventy Naira) while the actual expenditure for the year stood at **₦542,935,231.00** (Five hundred and forty-two million, nine hundred and thirty-five thousand, two hundred and thirty-one Naira). This resulted to a savings of **₦44,185,739.00** (Forty-four million, one hundred and eighty-five thousand, seven hundred and thirty-nine Naira) The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	DEFICIT/SVGS 2023 (₦)
1.	Primary Sch. Teachers Sal	194,507,932	250,000,000	211,257,410	38,742,590
2.	Training Funds	12,730,873	20,000,000	12,199,961	7,800,039
3.	Contribution to Emirate	62,539,800	65,000,000	62,819,587	2,180,413
4.	Contribution to Pension	82,500,000	55,000,000	100,000,000	(45,000,0000)
5.	Common Services	30,173,494	25,000,000	29,025,090	(4,025,090)
6.	Agency for Mass Edu. Salary	59,347,396	45,000,000	56,375,964	(11,375,964)
7.	Contri to Emirate security	79,735,146	127,120,970	71,257,219	55,863,751
8.	Traditional Rulers salary	39,711,143,	-	-	
9	Salary of S/A ADCS	60,642.857	-	-	
10	Salary of special assistant	7,192,857	-	-	
	Total	629,081,499	587,120,970	542,935,231	44,185,739



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated public debt charge of the local government was **₦357,500,000.00** (Three hundred and fifty-seven million, five hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦623,411,180.00** (Six hundred and twenty-three million, four hundred and eleven thousand, one hundred and eighty Naira). This resulted to deficit of **₦266,411,180.00** (Two hundred and sixty-six million, four hundred and eleven thousand, one hundred and eighty 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 recommended 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. Payment vouchers: the payment vouchers should be traced and documented 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.

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 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 2022 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.

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

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