



ZAMFARA STATE OF NIGERIA
REPORT
of the
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

TSAFE 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/216

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 the distribution of the approved estimate has become a tradition as in almost every year it 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 UNBUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦1,073,304,453** (one billion seventy-three million, three hundred and four thousand, four 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, share of ecological fund by the local government, share of forex Equalization, share of solid mineral share of FGN treasury crude Account, share of Exchange Rate differential, share of Additional Fund FGN and share of Refund FGN(SURE-P) 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 **₦22,000,024** (twenty-two million, twenty-four Naira) was reported by the local government as transfer from other government Agencies, Cash Deposit from Amsabam Construction Ventures, Caliphate & 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 examination of the treasury cash book the year under review revealed that the commitment payment in the cash book shows e payment or cheques number but with little or no evidence of these in the bank statement. This shows that the cash books were not balanced and closed at the end of every month. In addition to that, bank reconciliation between the cash books and bank statements has never been carried out throughout the year by 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 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, also the local government budget was prepared according to IPSAS approved format.

c. Payment Vouchers: For the year under review, payment vouchers were not properly documented

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 1 files were approved from the local Government and which consist of 0 voluntary/compulsory retirement and 1 death staff with their total benefits standing at **₦1,145,441**(one million one hundred and forty-five thousand, four hundred and forty-one 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 **₦123,012** (one hundred and twenty-three thousand, twelve Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦113, 175,347.00** (One hundred and thirteen million, one hundred and seventy-five thousand, three hundred and forty-seven naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji Bank	720,000	720,000
2	Bricks Block Ind.	2,500,000	2,500,000
3	Sokoto Investment Co.	-	-
4	Sokoto Mortgage	655,173	655,173
5	SICL Communication	-	-
6	Sokoto Cement Co.	504,000	504,000
7	Urban Dev. Bank Plc.	-	-
8	FSB International Bank	-	-
9	Unity Bank (BON)	855,513	855,513
10	Zamfara Fertilizer Co.	2,500,000	2,500,000
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
	TOTAL	113,175,347	113,175,347



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦285, 654,709.00** (two hundred and eighty-five million, six hundred and fifty-four thousand, seven hundred and 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 **₦1,624,909,460** (One billion, six hundred and twenty-four million, nine hundred and nine thousand, four hundred and sixty Naira) while the actual collection for the year was **₦1,316,200,009** (One billion, three hundred and sixteen million, two hundred thousand, and nine Naira). The actual revenue represents 81% 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	1,560,767,642	1,624,909,460	1,316,200,009
	Total	1,560,767,642	1,624,909,460	1,316,200,009

3.2 STATUTORY RECEIPT (DEFICIT):

In the year under review a deficit of **₦308,709,451** (three hundred and eight million, seven hundred and nine thousand, four hundred and fifty-one Naira) was revealed as per statutory Allocation. This represents 19% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023(₦)
1	Statutory Allocation	1,560,767,642	1,624,909,460	1,316,200,009	308,709,451
2	Total	1,560,767,642	1,624,909,460	1,316,200,009	308,709,451

3.2a STATUTORY RECEIPT (SURPLUS):-

In the period under review no surplus was made in respect to statutory receipt by this local government.



3.3 VALUE ADDED TAX RECEIPT:

During the year under review the estimated figure of value added tax was **₦1,049,255,980** (one billion forty-nine million, two hundred and fifty-five thousand, nine hundred and eighty Naira) While the actual collection was to the sum of **₦1,359,384,510** (one billion three hundred and fifty-nine million, three hundred and eighty-four thousand, five hundred and ten Naira) this represent an over and above of 129.5% of the projected revenue as shown below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	993,754,540	1,049,255,980	1,359,384,510
2.	Total	993,754,540	1,049,255,980	1,359,384,510

3.3A VAT (SURPLUS):-

For the period under review a surplus of **₦310,128,530** (three hundred and ten million, one hundred and twenty-eight thousand, five hundred and thirty Naira) was revealed and it represent 29.5% rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	993,754,540	1,049,255,980	1,359,384,510	310,128,530
	Total	993,754,540	1,049,255,980	1,359,384,510	310,128,530

3.3B VAT (DEFICIT):-

During the period under review there is 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 **₦45,189,360** (forty-five million, one hundred and eighty-nine thousand, three hundred and sixty Naira) **while** the actual collection for the year was **₦17,675,556** (seventeen million, six hundred and seventy-five thousand, five hundred and fifty-six Naira) The actual revenue represents 69% of the total projected Independent revenue.

The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1	License	1,840,000	3,000,000	2,200,000
2	Mining Rents	7,452,670	16,543,000	4,972,500
3	Fines	25,120	12,400,000	200,000
4.	Sales	841,260	1,048,200	-
5.	Earnings		1,610,000	
6	Sale/rent of govt buiding	9,968,050	10,588,160	6,084,220
7	Re-Imbursement/misc	-	-	4,218,836
	Total	20,127,100	45,189,360	17,675,556

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦4,218,836** (Four million, two hundred and eighteen thousand, eight hundred and thirty-six Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Re- Imbursement/misc			4,218,836	4,218,836
	Total			4,218,836	4,218,836



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦31,732,640** (Thirty-one million, seven hundred and thirty-two thousand, six hundred and forty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	1,840,000	3,000,000	2,200,000	800,000
2	Mining Rent	7,452,670	16,543,000	4,972,500	11,570,500
	Fine	25,120	12,400,000	200,000	12,200,000
3.	Sales	841,260	1,048,200		1,048,200
4.	Earnings		1,610,000	-	1,610,000
5.	Sales/Rent on Govt. Buildings	9,968,050	10,588,160	6,084,220	4,503,940
	Total	20,127,100	45,189,360	13,456,720	31,732,640

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 **₦1,700,193,410** (one billion, seven hundred million, one hundred and ninety-three thousand, four hundred and ten Naira) during the year under review, but in the actual the sum of **₦2,896,477,499** (two billion eight hundred and ninety-six million, four hundred and seventy-seven thousand, four hundred and ninety-nine Naira) was realized. This represents 170% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	260,664,886	700,193,410	1,467,146,820
2.	External Loans LGC	140,820,757	1,000,000,000	-
3	(NTB)Fixed Deposit	-	-	1,218,099,544
4	Other Internal Loan	-	-	211,231,135
	Total	401,485,643	1,700,193,410	2,896,477,499

3.8 CAPITAL RECEIPTS (DEFICIT):

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



3.9 CAPITAL RECEIPTS (SURPLUS):

In the year under review a surplus of **₦1,196,284,089** (one billion one hundred and ninety-six million, two hundred and eighty-four thousand, eighty-nine Naira) was reported by the Local Government Council. The origin of this surplus is from internal loans of the local government consolidated revenue funds and Nigerian Treasury Bills.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,700,193,410** (One billion, seven hundred million, one hundred and ninety-three thousand, four hundred and ten Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,567,970,849** (one billion five hundred and sixty-seven million, nine hundred and seventy thousand, eight hundred and forty-nine Naira). This represents 92% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	115,888,765	140,000,000	613,219,815
2.	Economic Sector	41,399,977	937,213,990	431,673,171
3.	Social Services Sector	173,165,937	622,979,420	523,077,864
	Total	330,454,679	1,700,193,410	1,567,970,849

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦132,222,561** (one hundred and thirty-two million, two hundred and twenty-two thousand, five hundred and sixty-one Naira) was revealed in all the three sectors as shown in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	115,888,765	140,000,000	613,219,815	(473,219,815)
2.	Economic Sector	41,399,977	937,213,990	431,673,171	505,540,819
3.	Social Services Sector	173,165,937	622,979,420	523,077,864	99,901,556
	Total	330,454,679	1,700,193,410	1,567,970,849	132,222,561

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 **₦356, 542,790** (Three hundred and fifty-six million, five hundred and forty-two thousand, seven hundred ninety Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦236,429,467**(two hundred and thirty-six million, four hundred and twenty-nine thousand, four hundred and sixty-seven Naira) was paid to **866** staff of the local government. This resulted to a saving of **₦120, 113,023** (one hundred and twenty million, one hundred and thirteen thousand, twenty-three Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦586, 200,000** (Five hundred and eighty-six million two hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦562, 902,872** (Five hundred and sixty-two million, nine hundred and two thousand, eight hundred and seventy-two Naira), this resulted to a saving of **₦23,297,128** (twenty-three million, two hundred and ninety-seven thousand, one hundred and twenty-eight 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 **₦639,365,340** (six hundred and thirty-nine million three, hundred and sixty-five thousand, three hundred and forty Naira) while the actual expenditure for the year stood at **₦622,336,132** (Six hundred and twenty-two million, three hundred and thirty-six thousand, one hundred and thirty-two Naira). This resulted to a savings of **₦17,029,208**(seventeen million, twenty-nine thousand, two hundred and eight Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	SAVINGS/DE FICIT 2023 (₦)
1	Primary Sch. Teachers Sal	295,838,660	305,838,670	295,838,660	10,000,000
2	Training Funds	11,594,864	10,068,730	11,138,872	(1,070,242)
3	Contribution to Emirate	56,897,598	55,743,660	57,124,663	(1,381003)
4	Contribution to Pension	82,500,000	85,714,280	79,999,999	5,714,281
5	Common Services	27,395,371	22,000,000	26,384,011	(4,384,011)
6	Agency for Mass Edu. Salary	38,086,296	35,000,000	37,088,754	(2,088,754)
	PHC Staff salary	119,375,716	125,000,000	114,761,073	10,238,927
	Traditional Rulers Salary	39,711,143	-	-	-
	Salary of New S/Administrator ADCs	60,642,857	-	-	-
	Salary of Special Assistant	7,192,857	-	-	-
	Total	739,235,262	639,365,340	622,336,132	17,029,208



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦140,120,000** (One hundred and forty million one hundred and twenty thousand Naira). Whereas the actual expenditure for the year stood at **₦563,638,631** (five hundred and sixty-three million, six hundred and thirty-eight thousand, six hundred and thirty-one Naira). This resulted to a deficit of **₦423,518,631** (four hundred and twenty-three million, five hundred and eighteen thousand, six hundred and thirty-one 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. Payment Voucher; some payment vouchers for period under review were observed not properly documented. Effort should therefore be made to make sure that, payment vouchers are properly documented

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 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 affairs.

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

ZAMFARA STATE OF NIGERIA
REPORT
of the
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS
TSAFE 2023

