



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

MARU 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/213

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 estimates has become a tradition, as in almost every year it was submitted between the 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 UNBUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦1,302,519,938** (one billion three hundred and two million, five hundred and nineteen thousand, nine hundred and thirty-eight Naira) was received from Exchange gain difference, distribution of Non-oil revenue, share of electronic money transfer, share of ecological fund, share of forex Equalization, share of solid mineral, share of 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 **₦28,793,769** (twenty-eight million, seven hundred and ninety-three thousand, seven hundred and sixty-nine Naira) was reported by the local government as transfer from Amsabam Construction Venture, Cash deposit Caliphate & Others and transfer from other Government Agencies. 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, 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 cash book for the period 2023 was fairly maintained. A manner in which how it was handled is encouraging.
- 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. Outstanding Payment Vouchers:** for the period under review no payment vouchers was reported missing.
- 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 12 files were approved from the local Government which consist of 6 voluntary/compulsory retirement and 6 death staff with their total benefits standing at **₦21,048,364** (twenty-one million, forty-eight thousand, three hundred and sixty-four 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 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 **₦2,030,836** (Two million, thirty thousand, eight hundred and thirty-six Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦92,561,986.00** (Ninety-two million, five hundred and sixty-one thousand, nine hundred and eighty-six naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji Bank	162,500	162,500
2	Kaduna Textile	-	-
3	CCNN Sokoto	227,500	227,500
4	Sokoto Mortgage	425,862	425,862
5	SICL Communication	-	-
6	Ashaka Cement Co	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Zamfara fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	2,000,000	2,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	86,720,581	86,720,581
	TOTAL	92,561,986	92,561,986



2.9 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦373, 866,664.00** (three hundred and seventy-three million, eight hundred and sixty-six thousand, six hundred and sixty-four 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 **₦2,004,718,660** (two billion, four million, seven hundred and eighteen thousand, six hundred and sixty Naira) **while** the actual collection for the year was **₦1,722,650,776** (one billion, seven hundred and twenty-two million, six hundred and fifty thousand, seven hundred and seventy-six Naira). The actual revenue represents 86% 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	2,042,742,418	2,004,718,660	1,722,650,776
	Total	2,042,742,418	2,004,718,660	1,722,650,776

3.2 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of **₦282,067,884** (Two hundred and eighty-two million, sixty- seven thousand, eight hundred and eighty-four Naira) was recorded in respect of statutory receipts by this local Government. A detail is as per table shown below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory Allocation	2,042,742,418	2,004,718,660	1,722,650,776	282,067,884
	Total	2,042,742,418	2,004,718,660	1,722,650,776	282,067,884

3.2a STATUTORY ALLOCATION (SURPLUS):-

In the period under review there is no surplus made in respect of statutory receipt by the local government.



3.3 VAT ALLOCATION:

During the year under review, the estimated figure of value added tax was **₦1,207,429,560** (one billion, two hundred and seven million, four hundred and twenty-nine thousand, five hundred and sixty Naira). Where by the actual totaling to **₦1,420,687,540** (one billion, four hundred and twenty million, six hundred and eighty-seven thousand five hundred and forty Naira) that represent an over and above of 118% of the projected amount, as shown below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1	VAT Allocation	1,038,287,950	1,207,429,560	1,420,687,540
	Total	1,038,287,950	1,207,429,560	1,420,687,540

3.3a VAT ALLOCATION(SURPLUS):-

In the period under review a surplus of **₦213,257,980** (Two hundred thirteen million, two hundred and fifty-seven thousand, nine hundred and eighty Naira) was revealed and it represent 18% 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	1,038,287,950	1,207,429,560	1,420,687,540	213,257,980
	Total	1,038,287,950	1,207,429,560	1,420,687,540	213,257,980

3.3b VAT ALLOCATION(DEFICIT):-

For the year under review no deficit was made in respect of 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 **₦67,519,840** (sixty-seven million, five hundred and nineteen thousand, eight hundred and forty Naira) **while** the actual collection for the year was **₦103,629,530** (one hundred and three million, six hundred and twenty-nine thousand, five hundred and thirty Naira) The actual revenue represents 153% over and above of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1	Rate	8,331,766	4,519,840	13,433,320
2	License	4,628,225	20,200,000	4,252,070
3	Mining Rents	26,499,810	-	44,116,871
4	Royalties	3,947,719		
5	Fees	10,068,398	18,300,000	9,057,700
6	Sales		7,000,000	
7	Earnings	14,536,946	12,500,000	15,261,793
8	Sales/Rent on Lands & Others	6,009,919	5,000,000	9,431,010
9	Interest earned	3,826,120	-	8,076,766
	Total	77,848,903	67,519,840	103,629,530

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦68, 299,920** (sixty-eight million, two and ninety-nine thousand, nine hundred and twenty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Rate	8,331,766	4,519,840-	13,433,320	8,913,480
2.	Mining on rents	26,499,810	-	44,116,871	44,116,871
3.	Earnings	14,536,946	12,500,000	15,261,793	2,761,793
4	Sales/Rents on Lands & others	6,009,919	5,000,000-	9,431,010	4,431,010
5	Interest earned	3,826,120	-	8,076,766	8,076,766
	Total	59,204,561	22,019,840	90,319,760	68,299,920



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦32,190,230** (thirty-two million, one hundred and ninety thousand, two hundred and thirty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	License	4,628,225	20,200,000	4,252,070	15,947,930
2.	Fees	10,068,398	18,300,000	9,057,700	9,242,300
3.	Sales	-	7,000,000	-	7,000,000
	Total	14,696,623	45,500,000	13,309,770	32,190,230

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 **₦1,702,088,110** (One billion, seven hundred and two million, eighty-eight thousand one hundred and ten Naira) during the year under review, but in the actual the sum of **₦3,507,668,720** (three billion five hundred and seven million, six hundred and sixty-eight thousand, seven hundred and twenty Naira) was realized. This represents 206% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	325,802,892	702,088,110	1,636,951,818
2.	External Loans LGC	184,307,084	1,000,000,000	
3	(NTB)Fixed Deposit	-	-	1,594,256,276
4	Internal Loan(UBA TOD)			276,460,626
	Total	510,109,976	1,702,088,110	3,507,668,720

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 **₦1,805,580,610** (one billion eight hundred and five million, five hundred and eighty thousand, six hundred and ten 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 **₦1,702,088,110** (one billion, seven hundred and two million, eighty-eight thousand, one hundred and ten Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,768,087,123** (one billion seven hundred and sixty-eight million, eighty-seven thousand, one hundred and twenty-three Naira). This represents 104% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	140,272,166	245,000,000	711,578,361
2.	Economic Sector	49,430,774	1,123,143,580	469,828,493
3.	Social Services Sector	226,640,657	333,944,530	586,680,268
	Total	416,343,597	1,702,088,110	1,768,087,123

3.11 CAPITAL EXPENDITURE (DEFICIT):

During the year under review a deficit of **₦65,999,013** (sixty-five million, nine hundred and ninety-nine thousand, thirteen Naira) was revealed in the three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficits 2023 (₦)
1.	Administrative Sector	140,272,166	245,000,000	711,578,361	(466,578,361)
2.	Economic Sector	49,430,774	1,123,143,580	469,828,493	653,315,087
	Social Services Sector	226,640,657	333,944,530.	586,680,268	(252,735,738)
	Total	416,343,597	1,702,088,110	1,768,087,123	(65,999,013)

3.12 CAPITAL EXPENDITURE (SURPLUS):

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



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

The sum of **₦530,613,290** (five hundred and thirty million, six hundred and thirteen thousand, two hundred and ninety Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦459, 482,190** (four hundred and fifty-nine million, four hundred and eighty-two thousand, one hundred and ninety Naira) was paid to **1,316** staff of the local government and its ADCs. This resulted to a savings of **₦71,131,100** (seventy-one million, one hundred and thirty-one thousand, one hundred Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦621, 400,000** (six hundred and twenty-one million, four hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦704, 447,353** (seven hundred and four million, four hundred and forty-seven thousand, three hundred and fifty-three Naira), this resulted to a deficit of **₦83, 047,353** (eighty-three million, forty-seven thousand, three hundred and fifty-three 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 **₦915, 000,000** (nine hundred and fifteen million, Naira) while the actual expenditure for the year stood at **₦593,200,750** (five hundred and ninety-three million, two hundred and thousand, seven hundred and fifty Naira). This resulted to a savings of **₦321, 799,250** (three hundred and twenty-one million, seven hundred and ninety-nine thousand, two hundred and fifty Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	SAVINGS /DEFICIT 2023(₦)
1.	Primary Sch. Teachers Sal	240,964,920	350,000,000	237,908,920	112,091,080.
2.	Training Funds	14,954,705	20,000,000	14,298,687,	5,701,313
3.	Contribution to Emirate	73,584,878	100,000,000	74,522,956	25,477,044
4.	Contribution to Pension	82,500,000	100,000,000	98,000,000.	2,000,000
5.	Common Services	35,731,103	40,000,000	34,432q398	5,567,602
6.	Agency for Mass Edu. Salary	48,635,416	55,000,000	45,592,786	9,407,214.
7	PHC Sta ff Salary	97,667,276.	250,000,000	88,445,003	161,554,997
8	Traditional Rulers Salary	39,711,143			
9	Salary of New S/Administrator ADC	60,642,857			
10	Salary of Special Assistant	7,192,857			
	Total	701,585,154	915,000,000	593,200,750	321,799,250



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦290,000,000** (two hundred and ninety million, Naira). Whereas the actual expenditure for the year stood at **₦747,582,135** (seven hundred and forty-seven million, five hundred and eighty-two thousand, one hundred and thirty- five Naira). This resulted to a deficit of **₦457,582,135** (four hundred and fifty-seven million, five hundred and eighty-two thousand, one hundred and thirty- five Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. Lack of reconciliation in the cash books which 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.

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.

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

ZAMFARA STATE OF NIGERIA
REPORT
of the
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MARU 2023

