



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

KAURA NAMODA LOCAL GOVERNMENT

For The Year Ended

31ST DECEMBER 2023



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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: 20th January, 2023

Ref. No: LGA//VOL/211

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's 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:

Delay in the distribution of approved estimate has become a tradition as in almost every year; it was submitted between the months of March to June

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 **₦1,084,145,372** (one billion eighty-four million, one hundred and forty-five thousand, three hundred and seventy-two Naira) was received from Exchange gain difference, distribution of Non-oil excess account, electronic money transfer, share of ecological fund by the local government, share of forex equalization, share of solid minerals, share of FGN treasury crude account, share exchange rate differential, share of additional funds 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 **₦22,242,148** (twenty- two million, two hundred and forty-two thousand, one hundred and forty-eight Naira) was reported by the local government as transfer from Amsabam construction venture and cash deposit caliphate & others and transfer from other government agencies

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 as the cash books are characterized by a little cancellations and alterations. But the cash books were not balanced and closed at the end of every month. Additionally bank reconciliation between the cash book and bank statement has never been carried out throughout the year of 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, moreover the local government budget was prepared according to IPSAS approved format.
- c. outstanding Payment voucher;** during the period under review the sum of sixteen million, seven thousand, seven hundred and fifty-five naira. Seventy-one kobo **₦16,007,755.71** was observed to be outstanding payment voucher. All effort made to trace them before writing this report prove abortive.
- 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.



2.6 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 4 files were approved from the local Government which consist of 3 voluntary/compulsory retirement and 1 death staff with their total benefits standing at **₦6,623,235.00** (six million, six hundred and twenty-three thousand, two hundred and twenty-five Naira).

2.7 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 **₦930,519.00** (nine hundred and thirty thousand, five hundred and nineteen naira) for the pension funds.

2.8 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦118, 853,631.00** (One hundred and eighteen million, eight and fifty-three thousand, six 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	80,211	80,211
2	Fertilizer company	2,000,000	2,000,000
3	Kaduna Textile	750,000	-
4	CCNN Sokoto	-	-
5	Sokoto Investment Co.	500,000	500,000
6	SICL Communication	-	-
7	Ashaka Cement Co	750,000	750,000
8	NNPC Nig.	-	-
9	FSB International Bank	-	-
10	Bank Of the North	-	-
11	Micro Finance Bank	26,291,645	5,178,329
12	T/Mafara Bricks B. Ind.	1,833,000	1,833,000
13	Intercontinental Bank	1,350,000	1,350,000
14	Bright way Solid Min. Dev. Co	86,720,581	86,720,581
	TOTAL	118,853,631	118,853,631



2.9 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦288,798,509** (two hundred and eighty-eight million, seven hundred and ninety-eight thousand five 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 RECEIPTS:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,668,320,560** (one billion, six hundred and sixty-eight million, three hundred and twenty thousand, five hundred and sixty Naira) while the actual collection for the year was **₦1,330,685,574** (one billion, three hundred and thirty million, six hundred and eighty-five thousand, five hundred and seventy-four Naira). The actual revenue represents almost 80% of the projected revenue. Also this can be seen below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Statutory Allocation	1,577,944,819	1,668,320,560	1,330,685,574.
2.	Total	1,577,944,819	1,668,320,560	1,330,685,574

3.2a STATUTORY RECEIPTS (DEFICIT):

In the year under review, revealed a deficit of **₦337,634,986** (three hundred and thirty-seven million, six hundred and thirty-four thousand, nine hundred and eighty-six Naira). This represents 20% shortage of the projected revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory Allocation	1,577,944,819	1,668,320,560.	1,330,685,574	337,634,986
	Total	1,577,944,819	1,668,320,560	1,330,685,574	337,634,986

3.2b STATUTORY RECEIPTS (SURPLUS):-

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



3.3 VAT ALLOCATION (SURPLUS):

During the year under review, the estimated figure was **₦1,102,165,300.00** (one billion one hundred and two million, one hundred and sixty-five thousand three hundred Naira) While the actual received was to the total of **₦1,395,749,149** (one billion three and ninety-five million seven hundred and forty-nine thousand, one hundred and forty-nine Naira) that it represent over and above of 127% on the projected revenue.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 20223(₦)	Actual 2023 (₦)
1.	VAT	1,020,171,528	1,102,165,300	1,395,749,149
2.	Total	1,020,171,528	1,102,165,300	1,395,749,149

3.3a VAT ALLOCATION (SURPLUS):-

During the year under review a surplus was revealed a surplus of **₦293,583,849** (two hundred and ninety-three million, five hundred and eighty-three thousand, eight hundred and forty-nine Naira) as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	1,020,171,528	1,102,165,300	1,395,749,149	293,583,849
	Total	1,020,171,528	1,102,165,300	1,365,749,149	293,583,849

3.3b VAT ALLOCATION (DEFICIT):-

There is no deficit reported in respect of value added tax for the period under review by this local government.



3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦69,227,000** (sixty-nine million, two and twenty seven thousand Naira only) **while** the actual collection was **₦97,436,437** (ninety-seven million, four hundred and thirty-six thousand, four hundred and thirty-seven Naira only) the actual revenue represents almost 141 % of the projected revenue. This represent over and above independent projected revenue.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Rate	6,180,000	3,000,000	6,500,000
2.	License	1,105,000	30,827,000	-
1	Royalties			
2	Fees	2,600,000	19,900,000	
3	Fines	1,000,000	-	-
4.	Sales		4,500,000	
5	Earnings	70,996,100	19,000,000	86,671,170
6	Sales/Rent on Lands & Others	2,990,170		
7	Investment Income			
8	Interest earned on fixed deposit	-		4,265,266
	Total	84,871,270	69,227,000	97,436,437

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, only three heads of independent revenue revealed a Surplus of **₦74,536,436**(seventy-four million, five hundred and thirty-six thousand, four hundred and thirty-six Naira only). The details are shown in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023(₦)	Surplus 2023(₦)
1.	Rate	6,180,000	3,000,000	5,600,000	2,600,000
2	Earnings	70,996,100.	19,000,000	86,671,170	67,671,170
3	Interest earn on fixed deposit		-	4,265,266	4,265,266
	Total	77,176,100	22,000,000	96,536,436	74,536 436



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, three heads of independent revenue revealed a Deficit of **₦47,227,000** (forty seven million, two hundred and twenty-seven thousand, Naira only). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	1,105,000	30,827,000	-	30,827,000
2	Fees	2,600,000	11,900,000	-	11,900,000
3	Sale	-	4,500,000	-	4,500,000
	Total	3,705,000	20,000,000		47,227,000

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 **₦1,801,639,690** (One billion, eight hundred and one million six hundred and thirty-nine thousand six hundred and ninety Naira) during the year under review, but in the actual the sum of **₦3,037,367,307** (three billion thirty seven million, three hundred and sixty-seven thousand three hundred and seven Naira) was realized. This represents 169% of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	262,806,152	801,639,690	1,592,305,993
2.	External Loans LGC	142,370,573	1,000,000,000	-
3	(NTB)Deposit	-	-	1,231,505,455
4	Internal Loans	-	-	213,555,859
	Total	405,176,725	1,801,639,690	3,037,367,307

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):

During the year under review a surplus of **₦1,235,727,617.00** (One billion, two hundred and thirty-five million, seven hundred and twenty-seven thousand, six hundred and seventeen Naira) was reported by this local government which

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Transfer from CRF	262,806,152	801,639,690	1,592,305,993	790,666,303
2	External loans	142,370,573	1,000,000,000	-	(1,000,000,000)
3	NTB fixed deposit	-	-	1,231,505,455	1,231,505,455
4	Internal Loans	-	-	213,555,859	213,555,859
	Total	405,176,725	1,801,639,690	3,037,367,307	1,235,727,617

Have its origin from transfer from consolidated revenue funds, NTB and Internal loans.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year the sum of **₦1,801,639,690** (one billion, eight hundred and one million six hundred and thirty nine thousand, six hundred and ninety Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,687,022,002.00** (one billion six hundred and eighty-seven million, twenty-two thousand, two Naira). This represents 93% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	116,757,769	255,000,000	653,887,653
2.	Economic Sector	41,686,188.	1,059,797,140	470,411,372
3.	Social Sector	175,071,731.	486,842,550	562,722,977
	Total	333,515,688	1,801,639,690	1,687,022,002

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦114,617,688** (one hundred and fourteen million, six hundred and seventeen thousand, six hundred and eighty-eight Naira) was revealed as shown in the table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	116,757,769	255,000,000	653,887,653	(398,887,653)
2.	Economic Sector	41,686,188	1,059,797,140	470,411,372	589,385,768
	Social Sector	175,071,731	486,842,550	562,722,977	(75,880,427)
	Total	158,619,028	1,801,639,690	1,687,022,002	114,617,688

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 **₦387,468,210** (three hundred and eighty-seven million, four hundred and sixty-eight thousand, two hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual only the net sum of **₦266,942,341** (two hundred and sixty-six million, nine hundred and forty-two thousand, three hundred and forty-one Naira) was paid to **1,024** staff of the local government and its ADCs. This resulted to a surplus of **₦120,525,869** (one hundred and twenty million, five hundred and twenty-five thousand, eight hundred and sixty-nine Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦727,500,000** (seven hundred and twenty-seven million, five hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦660,275,304.00** (six hundred and sixty million, two hundred and seventy-five thousand, three hundred and four Naira), this resulted to a saving of **₦67,224,696** (sixty-seven million, two hundred and twenty-four thousand, six hundred and ninety-six Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review of this Local Government was **₦510,000,000** (five hundred and ten million, Naira) while the actual expenditure for the year stood at **₦488,845,078** (four hundred and eighty-eight million, eight hundred and forty-five thousand, seventy-eight Naira). This resulted to a savings of **₦21,154,922** (twenty-one million one hundred and fifty-four thousand, nine hundred and twenty-two Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023(₦)	ACTUAL 2023(₦)	DEFICIT/SAVIN GS 2023 (₦)
1.	Primary Sch. Teachers Sal	222,787,020	250,000,000	229,786,935	20,213,065
2.	Training Funds	11,714,611	10,000,000.	11,235,184	(1,235,184)
3.	Contribution to Emirate	57,492,346	55,000,000	57,553,187	(2,553,187)
4.	Contribution to Pension	82,500,000	75,000,000	78,000,000	(3,000,000)
5.	Common Services	27,779,998	20,000,000	26,562,900	(6,562,900)
6.	Agency for Mass Edu. Salary	36,071,386	35,000,000	32,772,353	2,227,647
	PHC Staff salary	57,746,748	65,000,000	52,934,519	12,065,481
	Traditional rulers salary	39,711,143			
	Salary of new S/Administrator ADCs	60,642,857			
	Salary of Special Assistant	7,192,857			
	TOTAL	603,638,966	510,000,000	488,845,075	21,154,922



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦171,000,000** (one hundred and seventy one million, Naira). Whereas the actual expenditure for the year stood at **₦582,017,258** (five hundred and eighty-two million, seventeen thousand, two hundred and fifty- eight Naira). This resulted to a deficit of **₦411,017,258** (Four hundred and eleven million, seventeen thousand, two hundred and fifty-eight Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. Lack of balances and 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. Outstanding Payment vouchers: the missing payment vouchers should be trace and present for examination or otherwise be considered un-vouch expenditure which would be recover from the officer controlling the vote
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 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
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