



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

GUSAU 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/210

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 Samara 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 the approved estimates has become a tradition which almost every year was submitted to this office between the months of March and June of the years.

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 **₦1,335,701,571.00** (One billion three hundred and thirty-five million, seven hundred and one thousand, five hundred and seventy-one Naira) was received from share of electronic money transfer levy, Exchange gain difference, share of ecological fund distribution of Non-oil excess account, share of forex equalization, share of solid minerals, share of FGN treasury crude account Exchanges rates difference, Additional funds FGN and Refunds FGN sure-p by the local government, but the revenue was not erred 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 **₦29,286,924.00** (Twenty-nine million, two hundred and eighty-six thousand, nine hundred and twenty-four Naira) was reported by the local government as transfer from government agencies, Amsabam construction venture and Cash deposited by Caliphates & others. Observation arising from this transfer revealed that, what the transfer is meant for has not been stated, whether 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 as the cash book found that 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 in 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; more over the local government budget was prepared according to IPSAS approved format.
- c. **Outstanding Payment Vouchers:** For the under review, the payment vouchers were found missing, the sum of **₦74,310,163.00** (Seventy-four million, three hundred and ten thousand, one hundred and sixty-three naira) were paid without vouchers please such anomalies should be rectified for accountability.
- 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 13 files were approved for payment of retirement/death benefits from this local Government which consist of 9 voluntary/compulsory retirement and 4 death staff and their total benefits standing at **₦22,761,470.00** (Twenty-two million, seven hundred and sixty-one thousand, four hundred and seventy Naira). Out of this amounts the sum of **₦17,299,963.00** (Seventeen million, two hundred and ninety-nine thousand, nine hundred and sixty-three naira) stood as total claims for 9 number retired staff while death staff totaling to 4 number gulfed the sum of **₦5,505,784.00** (Five million, five hundred and five thousand, seven hundred and eighty-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 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 **₦1,956,978.00** (One million, nine hundred and fifty-six thousand, nine hundred and seventy-eight 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	125,000	125,000
2	Soot Investment Co. Ltd	500,000	500,000
3	CCNN Sokoto	200,000	200,000
4	Sokoto Cooperative Bank	100,000	100,000
5	Gusau Community Bank	100,000	100,000
6	Zamfara Investment Co.	499,760	2,000,000
7	Urban Dev. Bank Plc.		-
8	FSB International Bank	-	-
9	Unity Bank (BON)	91,645	91,645
10	Zamfara Fertilizer Co.	2,000,000	1,000,000
11	T/Mafara Bricks B. Ind.	1,000,000	499,760
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



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦388,319,113.00** (Three hundred and eighty-eight million, three hundred and nineteen thousand, one hundred and thirteen Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them FAAC loan deduction.

3.0 BUDGET IMPLEMENTATION ANALYSIS

3.1 STATUTORY ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦2,164,823,770.00** (Two billion, one hundred and sixty-four million, eight hundred and twenty-three thousand, seven hundred and seventy Naira) **while** the actual collection for the year was **₦1,752,154,825.00** (One billion, seven hundred and fifty-two million, one hundred and fifty-four thousand, eight hundred and twenty-five Naira). The actual revenue represents 80% of the projected revenue. Also, this can be seen below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Statutory Allocation	2,077,728,715	2,164,823,770	1,752,154,825
	Total	2,077,728,715	2,164,823,770	1,752,154,825

3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦412,668,945.00** (Four hundred and twelve million, six hundred and sixty-eight thousand, nine hundred and forty-five Naira) was revealed as per statutory receipts. This represents 20% shortage of the projected statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1,	Statutory Allocation	2,077,728,715	2,164,823,770	1,752,154,825	412,668,945
	Total	2,077,728,715	2,164,823,770	1,752,154,825	412,668,945



3.3 VATALLOCATION:-

During the year under review, the estimated figure was **₦1,276,045,730** (One billion two hundred and seventy-six million, forty-five thousand, seven hundred and thirty Naira) whereas the actual received was **₦1,636,763,436.00** (One billion six hundred and thirty-six million, seven hundred and sixty-three thousand, four hundred and thirty-six naira) that represent over and above 128% of the budgeted amount. That could be seen to the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	1,195,255,663	1,276,045,730	1,636,763,436
	Total	1,195,255,653	1,276,045,730	1,636,763,436

3.3a VATALLOCATION(SURPLUS):

In the year under review the surplus of **₦360,717,706.00** (Three hundred and sixty million, seven hundred and seventeen thousand, seven hundred and six Naira) was made in respect to value added tax, it represent 28 % rise on the projected revenue as can be seen in the table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	1,195,255,663	1,276,045,730	1,636,763,436	360,717,706
	Total	1,195,255,663	1,276,045,730	1,636,763,436	360,717,706

3.3b VATALLOCATION(DEFICIT):-

For the period under review there is 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 **₦62,500,000.00** (Sixty-two million, five hundred thousand, Naira) **while** the actual collection was **₦98,042,698.00** (Ninety-eight million, forty-two thousand, six hundred and ninety-eight Naira) The actual revenue represents 156 % of the projected revenue. As shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Direct Taxes		15,000,000	
2	Rates	21,541,441	--	30,196,010
3.	License	-	11,550,000	-
4.	Royalties	-	-	-
5.	Fees	15,255,838	15,650,000	20,687,250
6.	Fines	-	-	-
7.	Sales	-	2,300,000	-
8.	Earnings	38,052,721	16,500,000	41,543,230
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	-	-	-
11.	Investment Income	-	500,000	-
12	Interest earned	-	1,000,000	5,616,208
13	Re- imbursement receipt	-	-	-
	Total	74,850,000	62,500,000	98,042,698

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a surplus of **₦64,892,698.00** (Sixty-four million, eight hundred and ninety-two thousand, six hundred and ninety-eight Naira).Below the table give full details:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Rates	21,541,441	-	30,196,010	30,196,010
2	Fees	15,255,838	15,650,000	20,687,250	5,037,250
3	Earnings	38,052,721	16,500,000	41,543,230	25,043,230
4	Interest earned	-	1,000,000	5,616,208	4,616,208
	Total-	74,850,000	33,150,000	98,042,698	64,892,698



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦30,350,000.00** (Thirty million, three hundred and fifty thousand, Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	Direct taxes	-	15,000,000	-	15,000,000
2.	License	-	11,550,000	-	11,550,000
3.	Sales	-	2,300,000	--	2,300,000
4.	Sales/Rent of	-	-	-	-
5	Sales/Rent on land and others	-	-	--	-
6	Investment income	-	500,000	-	500,000
	Total	-	30,350,000		30,350,000

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 **₦1,741,506,900.00** (One billion, seven hundred and forty-one million, five hundred and six thousand, nine hundred Naira) during the year under review, but in the actual the sum of **₦3,226,636,149.00** (Three billion, two hundred and twenty-six million, six hundred and thirty-six thousand, one hundred and forty-nine Naira) was realized from CRF, Nigerian treasury bills and internal loan. This represents an over and above of 185% of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	336,107,876	741,506,900	1,323,879,252
2.	External Loans LGC	187,463,734	1,000,000,000	-
3	Nigerian treasury bill	-	-	1,621,561,297
4	Internal loan	-	-	281,195,601
	Total	523,571,610	1,741,506,900	3,226,636,149

3.8 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by the Local Government in respect of capital receipts



3.9 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus was made in respect of capital receipt by the local government of about **₦1,485,129,249.00**. (One billion, four hundred and eighty-five million, one hundred and twenty-nine thousand, two hundred and forty-nine naira) was received from CRF, NTB and internal loan.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	Transfer from CRF	336,107,876		1,323,879,252	582,372,352
2	External Loan	187,463,734	1,000,000,000	-	-1,000,000,000
3	Nigerian t reas. bill			1,621,561,297	1,621,561,297
4	Internal loan	--		281,195,801	281,195,601
	Total	523,571,610	1,741,506,900	3,226,636,149	1,485,129,249

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,741,506,900.00** (One billion, seven hundred and forty-one million, five hundred and six thousand, nine hundred Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,444,210,374.00** (One billion Four hundred and forty-four million, two hundred and ten thousand, three hundred and seventy-four Naira). This represents 83% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	142,042,144	270,000,000	601,584,225
2.	Economic Sector	50,013,726	1,146,107,890	361,963,592
3.	Social Sector	230,522,359	325,399,010	480,662,557
	Total	422,578,229	1,741,506,900	1,444,210,374

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦297,296,526.00** (Two hundred and ninety-seven million, two hundred and ninety-six thousand, five hundred and twenty-six Naira) was revealed, as shown in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	142,042,144	270,000,000	601,584,225	(331,584,225)
2.	Economic Sector	50,013,726	1,146,107,890	361,963,592	784,144,298
	Social Sector	230,522,359	325,399,010	480,662,557	(155,263,547)
	Total	422,578,229	1,741,506,900	1,444,210,374	297,296,526

3.12 CAPITAL EXPENDITURE (DEFICIT):

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



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

The sum of **₦656,686,800.00** (Six hundred and fifty-six million, six hundred and eighty-six thousand, eighty hundred Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦482,340,371.00** (Four hundred and eighty-two million, three hundred and forty thousand, three hundred and seventy-onet Naira) was paid to **2,587** staff of the local government and its ADCs. This resulted to a saving of **₦174,346,429.00** (One hundred and Seventy-four million, three hundred and forty-six thousand, four hundred and twenty-nine Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦702,200,000.00** (Seven hundred and two million, two hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦832,059,293.00** (Eight hundred and thirty-two million, fifty-nine thousand, two hundred and ninety-three Naira), this resulted to a deficit of **₦129,859,293.00** (One hundred and twenty-nine million, eight hundred and fifty-nine thousand, two hundred and ninety-three Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review of this Local Government was **₦970,000,000,000** (Nine hundred and seventy million, Naira) while the actual expenditure for the year stood at **₦973,667,953.00** (Nine hundred million, seventy-three thousand, six hundred and sixty-seven thousand, nine hundred and fifty-three Naira). This resulted to a deficit of **₦3,667,953.00** (Three million, six hundred and sixty-seven million, nine hundred thousand, fifty-three 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	55,519,268	420,000,000	537,519,268	(117,519,268)
2.	Training Funds	15,196,755	15,000,000	14,708,894	291,106
3.	Contribution to Emirate	74,797,003	70,000,000	76,007,155	(6,007,155)
4.	Contribution to Pension	82,500,000	120,000,000	88,000,000	32,000,000
5.	Common Services	36,329,922	40,000,000	35,130,030	4,869,970
6.	Agency for Mass Edu. Salary	76,801,016	95,000,000	73,774,946	21,225,054
7.	PHC Staff salary.	151,393,812	210,000,000	148,527,661	61,472,339
8	Traditional rulers salary	39,711,143	-	-	
9	Salary of S/A ADCS	60,642,857	-	-	
10	Salary for special assistant	7,192,857	-	-	
	Total	1,100,086,633	970,000,000	973,667,953	3,667,953



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦231,000,000.00** (Two hundred and thirty-one million, Naira). Whereas the actual expenditure for the year stood at **₦795,183,883.00** (Seven hundred ninety-five million, one hundred and eighty-three thousand, eight hundred and eighty-three Naira). This resulted to deficits of **₦564,183,883.00** (Five hundred sixty-four million, one hundred and eighty-three thousand, eight hundred and eighty-three Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. In regard to the cash books reconciliation and balances, 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 payment vouchers should be traced and be presented for inspection otherwise they will be 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 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

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GUSAU 2023

