



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

GUMMI 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/209

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 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 estimates has become a tradition, as almost every year 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 **₦1,031,919,493.00** (One billion, thirty-one million, nine hundred and nineteen thousand, four hundred and ninety-three Naira) was received from share of electronic money transfer levy, Exchange gain difference, share of ecological fund, distribution of Non-oil excess account, the share of forex equalization, share of solid minerals, FGN treasury crudes account, Exchanges rates difference, Additional funds FGN and refunds 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 OTHER TRANSFERS:

During the year under review the sum **₦21,091,615.00** (Twenty-one million, ninety-one thousand, six hundred and fifteen Naira) was reported by the local government as transfers from governmental agencies, Amsabam construction venture and Cash deposit from 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 was fairly maintained as the cash book was free from cancellations and alterations. Moreover the cash books were closed at the end of every month. But bank reconciliation between the cash book and bank statement has never been carried out throughout the year 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 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.

c. Payment Vouchers: For the under review, some payment vouchers found not fully documented with the require supporting documents and fewer cancellation, please confirm to us that will not be happened in the future.

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 2 files were approved for payment of retirement/death benefits from this local Government which consist of 2 voluntary/compulsory retirement and 0 death staff and their total benefits standing at **₦3,610,927.00** (Three million, six hundred and ten thousand, nine hundred and twenty-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 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 **₦72,360.00** (seventy-two thousand, three hundred and sixty Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦95,977,047.00** (Ninety-five million, nine hundred and seventy-seven thousand, forty-seven naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji Bank	56,000	56,000
2	Sokoto Investment Co. Ltd	24,000	24,000
3	CCNN Sokoto		
4	Sokoto Cooperative Bank		
5	Gusau Community Bank		
6	Zamfara Investment Co.		
7	Urban Dev. Bank Plc.		-
8	FSB International Bank	-	-
9	Unity Bank (BON)	-	-
10	Zamfara Fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	1,000,000	1,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	90,453,047	90,453,047
	TOTAL	95,977,047	95,977,047



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦281,908,855.00** (Two hundred and eighty-one million, nine hundred and eight thousand, eight hundred and fifty-five Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them and loan deduction from FAAC.

3.0 BUDGET IMPLEMENTATION ANALYSIS

3.1 STATUTORY ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,481,450,580.00** (One billion, four hundred and eighty-one million, four hundred and fifty thousand, five hundred and eighty Naira) **while** the actual collection for the year was **₦1,261,852,445.00** (One billion, two hundred and sixty-one million, eight hundred and fifty-two thousand, four hundred and forty-five Naira). The actual revenue represents 85 % 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	1,496,321,571	1,481,450,580	1,261,852,445
	Total	1,496,321,571	1,481,450,580	1,261,852,445

3.2a STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦219,598,135.00** (Two hundred and nineteen million, five hundred and ninety-eight thousand, one hundred and thirty-five Naira) was recorded as per statutory Allocation.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory Allocation	1,496,321,571	1,481,450,580	1,261,852,445	219,598,135
	Total	1,496,321,571	1,481,450,580	1,261,852,445	219,598,135

3.2b STATUTORY ALLOCATION (SURPLUS):

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



3.3 VAT ALLOCATION:

For the year under review the estimated value added tax was **₦1,012,325,470.00** (One billion, twelve million, three hundred and twenty-five thousand, four hundred and seventy naira) while the actual was to the sum of **₦1,213,847,822.00** (One billion, two hundred and thirteen million, eight hundred and forty-seven thousand, eight hundred and twenty-two naira). Which represent over and above of 120% of the budgeted figure, Detail could be seen in the table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1	VAT	888,029,831	1,012,325,470	1,213,847,822
	TOTAL	888,029,831	1,012,325,470	1,213,847,822

3.3a VAT ALLOCATION SURPLUS:

In the year under review a surplus of **₦201,522,352.00** (Two hundred and one million, five hundred and twenty-two thousand, three hundred and fifty-two Naira) was made from the value added tax, the table given below details the transactions.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimated 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	VAT	888,029,831	1,012,325,470	1,213,847,822	201,522,352
	Total	888,029,831	1,012,325,470	1,213,847,822	201,522,352

3.3b VAT ALLOCATION (DEFICIT):-

It was observed that, there is no deficit made in respect to value added tax for year under review by the local government.



3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦59,587,680.00** (Fifty-nine million, five hundred and eighty-seven thousand, six hundred and eighty Naira) **while** the actual collection for the year was **₦49,586,834.00** (Forty-nine million, five hundred and eighty-six thousand, eight hundred and thirty-four Naira) The actual revenue represents 83% of the projected independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Direct Taxes/Rates	6,456,480	3,000,000	3,627,600
2.	License	4,706,050	21,900,000	2,394,950
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	17,459,210	11,300,000	11,080,820
6.	Fines	4,032,580	-	1,914,250
7.	Sales	-	-	-
8.	Earnings	29,467,800	20,387,680	18,224,250
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	8,025,000	3,000,000	6,578,230
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	4,044,634
13	Re-imburse/miscellaneous	-	-	1,722,300
	Total	70,147,120	59,587,680	49,586,834

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦11,937,014.00** (Eleven million, nine hundred and thirty-seven thousand, fourteen Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Rates	6,456,480	3,000,000	3,627,600	627,600
2.	Fines	4,032,580	-	1,914,250	1,914,250
3	Sales/Rent on land and others	8,025,000	3,000,000	6,578,230	3,578,230
4	Interest earned	-	-	4,044,634	4,044,634
5	Re-inburse/ miscellaneous	-	-	1,772,300	1,772,300
	Total	18,514,060	6,000,000	17,937,014	11,937,014



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦21,888,470.00** (Twenty-one million, eight hundred and eighty-eight thousand, four hundred and seventy Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	4,706,050	21,900,000	2,394,960	19,505,040
2.	Fees	17,459,210	11,300,000	11,080,620	219,380
3.	Sales	-	-	-	-
4	Earnings	29,467,800	20,387,680	18,224,250	2,163,430
	Total	45,633,060	53,587,680	31,699,210	21,888,470

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 **₦1,427,066,410.00** (One billion, four hundred and twenty-seven million, sixty-six thousand, four hundred and ten Naira) during the year under review. While the actual receipt stood at **₦2,650,814,875.00** (Two billion, six hundred and fifty million, eight hundred and fourteen thousand, eight hundred and seventy-five Naira). was realized from CRF, Nigerian treasury bills and internal loan This represents over and above of 185% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	256,752,689	427,066,410	1,280,503,068
2.	External Loans LGC	135,006,089	1,000,000,000	-
3	Nig. Treasury bills	-	-	1,167,802,673
4	Internal loan	-	-	202,508,134
	Total	391,758,778	1,427,066,410	2,650,814,876

3.8 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local Government in respect to capital receipt.



3.9 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus of **₦1,223,748,466.00** (One billion, two hundred and twenty-three million, seven hundred and forty-eight thousand, four hundred and sixty-six naira) was made in respect of capital receipt by the local government. which have its origin from transfer from consolidated revenue fund, the internal loan and NTB as shown below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Transfer from CRF	256,752,689	427,066,410	1,280,503,068	853,436,638
2	External loan LGC	135,006,089	1,000,000,000	-	(1,000,000,000)
3	Nig. Treasury bills	-	-	1,167,802,673	1,167,802,673
4	Internal loan	-	-	202,508,134	202,508,134
	Total	391,758,778	1427,066,410	2,650,814,876	1,223,748,466

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,427,066,410.00** (One billion, four hundred and twenty-seven million, sixty-six thousand, four hundred and ten Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,361,374,542.00** (One billion three hundred and sixty-one million, three hundred and seventy-four thousand, five hundred and forty-two Naira). The amount is about 95% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	112,628,399	220,000,000	557,295,013
2.	Economic Sector	40,326,159	917,577,030	333,089,366
3.	Social Services Sector	166,015,696	289,489,380	470,990,163
	Total	318,970,254	1,427,066,410	1,361,374,542

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a savings of **₦65,691,868.00** (Six-five million, nine hundred and ninety-one thousand, eight hundred and sixty-eight Naira) was made in respect of capital expenditure.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	112,628,399	220,000,000	557,295,013	(337,295,013)
2.	Economic Sector	40,326,159	917,577,030	333,089,366	584,487,664
3.	Social Services Sector	166,015,696	289,489,380	470,990,163	(181,500,783)
	Total	318,970,254	1,427,066,410	1,361,374,542	65,691,868

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 **₦448,488,030.00** (Four hundred and forty-eight million, four hundred and eighty-eight thousand, thirty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net salary of **₦309,550,199.00** (Three hundred and nine million, five hundred and fifty thousand, one hundred and ninety-nine Naira) was paid to **1,203** staff of the local government and its ADCs. This resulted to a savings of **₦138,937,831.00** (One hundred and thirty-eight million, nine hundred and thirty-seven thousand, eight hundred and thirty-one Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦567,200,000.00** (five hundred and sixty-seven million, two hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦566,811,663.00** (Five hundred and sixty-six million, eight hundred and eleven thousand, six hundred and sixty-three Naira) this resulted to a saving of **₦388,337.00** (Three hundred and eighty-eight thousand, three hundred and thirty-seven 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 **₦623,000,000.00** (Six hundred and twenty-three million Naira) while the actual expenditure for the year stood at **₦544,583,268.00** (Five hundred and forty-four million, five hundred and eighty-three thousand, two hundred and sixty-eight Naira). This resulted to a saving of **₦78,416,732.00** (Seventy-eight million, four hundred and sixteen thousand, seven hundred and thirty-two Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	DEFICIT/SAV INGS 2023(₦)
1	Primary Sch. Teachers Sal	272,994,984	350,000,000	274,994,984	75,005,016
2	Training Funds	11,145,591	15,000,000	10,598,151	4,401,849
3	Contribution to Emirate	54,666,199	65,000,000	54,646,539	10,353,461
4	Contribution to Pension	82,500,000	80,000,000	78,000,000	2,000,000
5	Common Services	26,383,649	28,000,000	25,230,932	2,769,068
6	Agency for Mass Edu. Salary	32,826,166	30,000,000	30,902,611	902,611
	Traditional rulers salary	39,711,143	-	-	-
	PHC Staff salary	76,592,784	55,000,000	70,210,052	(15,210,052)
	Salary S/A ADCS	60,642,857	-	-	-
	Salary of special assistant	7,192,857	-	-	-
	Total	664,656,231	623,000,000	544,583,268	78,416,732



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated public debt charge of the local government was **₦172,000,000.00** (One hundred and seventy-two million, Naira). Whereas the actual expenditure for the year stood at **₦554,307,692.00** (Five hundred and fifty-four million, three hundred and seven thousand, six hundred and ninety-two Naira) This resulted to a deficit of **₦382,307,692.00** (Three hundred and eighty-two million, three hundred and seven thousand, six hundred and ninety-two 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 books this was 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. Payment vouchers: - proper care should be taken while processing the payment voucher s, and all necessary measure shall be taken to trace them and attached necessary supporting documents for proper accountability
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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