



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

BUNGUDU 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/208

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 2022 financial 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, as almost every year was submitted between the months of March to 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 UN BUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦1,145,546,838.00** (One billion, one hundred forty-five million, five hundred and forty-six thousand, eight hundred and thirty- eight Naira only) was received from electronic money transfer levy, Exchange gain difference, share of ecological funds distribution of Non-oil excess account, share of forex equalization, share of solid minerals, shares of FGN treasury crude account, share of exchanges rate difference, share of additional funds FGN and refunds FGN sure-p but these revenue were 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 **₦20,879,182** (Twenty million, eight hundred and seventy-nine thousand, one hundred and eighty-two Naira) was reported by the local government as transfers from the government agencies, Amsabam construction ventures and Cash deposit from Caliphates & 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 cash books maintained for the period under review was fairly maintained as the cash book was characterized by cancellations and alterations. No Balanced and closed at the end of every month. and 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 not in accordance with IPSAS code classification. Equally, recurrent and capital expenditure of the local government are the same, as that of revenue. It was observed that, there was 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, Perhaps the local government budget was prepared according to IPSAS approved format.

c. Outstanding Payment Vouchers: A significant number of payment vouchers were observed to be missing for the period under review, the sum **₦1,100,500.00** (One million, one hundred thousand, five hundred naira) ,was paid but no payment vouchers, effort made by the inspection officer to have them 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.



2.7 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 14 files were approved for payment of retirement/death benefits from this local Government which consist of 12 voluntary/compulsory retirement and 2 death staff and their total benefits standing at **₦17,823,281.00** (Seventeen million, eight hundred and twenty-three thousand, two hundred and eighty-one Naira). Out of this amounts the sum of **₦16,271,168.00** (Sixteen million, two hundred and seventy-one thousand one hundred and sixty-eight Naira) stood as total claims for 12 number retired staff while death staff totaling to 2 number gulfed the sum of **₦1,552,113.00** (One million, five hundred and fifty-two thousand, one hundred and thirteen 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 **₦2,800,298.00** (Two million, eight hundred thousand, two hundred and ninety-eight naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦87, 686,790.00** (Eighty-seven million, six hundred and eighty-six thousand, seven hundred and ninety naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji Bank	50,000	50,000
2	Sokoto Investment Co. Ltd	50,000	50,000
3	CCNN Sokoto	200,000	200,000
4	Sokoto Cooperative Bank	152,172	155,172
5	Gusau Community Bank	500,000	500,000
6	Zamfara Investment Co.	297,000	297,000
7	Urban Dev. Bank Plc.	346,000	779,410
8	FSB International Bank	400,000	346,000
9	Unity Bank (BON)	400,000	400,000
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Bricks B. Ind.	1,500,000	1,500,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	54,999,974	54,999,974
14.	Micro Finance Bank	26,391,644	26,391,644
	TOTAL	87,686,790	87,686,790



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦322,688,129.00** (Three hundred and twenty-two million, six hundred and eighty-eight thousand, one hundred and twenty-nine Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them and 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 **₦1,748,526,930.00** (One billion, seven hundred and forty-eight million, five hundred and twenty-six thousand, nine hundred and thirty Naira) **while** the actual collection for the year was **₦1,449,749,509.00** (One billion, four hundred and forty-nine Million, seven hundred and forty-nine thousand, Five hundred and nine Naira). The actual revenue represents 83% 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	1,719,132,432	1,748,526,930	1,449,749,509
.	Total	1,719,132,432	1,748,526,930	1,449,749,509

3.2a STATUTORY ALLOCATION (DEFICIT):

During the year under review, a Deficit of **₦298,777,421.00** (Two hundred and ninety-eight million, seven hundred and seventy-seven thousand, four hundred and twenty-one Naira) was revealed and it represent 17% of the projected figures as details shown below; -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	Statutory Allocation	1,719,132,432	1,748,526,930	1,449,749,509	298,777,421
	Total	1,719,132,432	1,748,526,930	1,449,749,509	298,777,421

3.2b STATUTORY ALLOCATION (SURPLUS):

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



3.3 VALUE ADDED TAXES RECEIPT:

The value added tax receipts for the year under review, was estimated to the sum of **₦1,003,900,850.00** (One billion, three million, nine hundred thousand, eight hundred and fifty Naira). While the actual collection was raised to the tune of **₦1,340,227,905.00** (One billion, three hundred and forty million, two hundred and twenty-seven thousand, nine hundred and five Naira) Which revealed over and above 133% of the projected figure, detail could be seen in the table below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimated 2023 (₦)	Actual 2023 (₦)
1.	VAT	979,838,280	1,003,900,850	1,340,227,905
	Total	979,838,280	1,003,900,850	1,340,227,905

3.3a VAT RECEIPTS (SURPLUS):

For the period under review the surplus was made to the tune of **₦336,327,055.00** (Three hundred and thirty-six Million, three hundred and twenty-seven thousand, fifty-five Naira) by the local government, that could be seen as given below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimated 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	979,838,280	1,003,900,850	1,340,227,905	336,327,055
	Total	979,838,280	1,003,900,850	1,340,227,905	336,327,055

3.3b VAT RECEIPTS (DEFICIT):

It was observed that, for period under review there is no 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 **₦115,199,680.00** (One hundred and fifteen million, one hundred and ninety-nine thousand six hundred and eighty Naira) **while** the actual collection for the year was **₦42,836,094.00** (Forty-two million, eight hundred and thirty-six thousand, ninety-four Naira) The actual revenue represents only 37% of the total projected independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Direct Taxes/Rates	41,918,396	5,000,000	14,295,800
2.	License	7,534,685	25,999,680	3,418,080
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	8,580,760	41,500,000	3,465,410
6.	Fines	5,547,820		2,011,600
7.	Sales	-	21,500,000	
8.	Earnings	49,768,179	15,200,000	13,643,300
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	-	6,000,000	1,355,000
11.	Repayments-General	-	-	-
12.	Investment Income	-	-	-
13.	Interest Earned	-	-	4,646,904
	Total	113,349,840	115,199,680	42,836,094

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦15,954,304.00** (Fifteen million, nine hundred and fifty-four thousand, three hundred and four Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Direct Taxes/Rates	41,918,396	5,000,000	14,295,800	9,4295,800
2	Fines	5,574,820	-	2,011,600	2,011,600
3	Interest earned	-	-	4,646,904	4,646,904
	Total	47,493,216	5,000,000	20,954,304	15,954,304



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦77,439,170.00** (Seventy-seven million, four hundred and thirty-nine thousand, one hundred and seventy Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1	Licenses	7,534,685	25,999,680	14,296,800	11,702,850
2	Fees	8,580,780	41,500,000	3,465,410	38,034,590
3.	Sales	-	21,500,000	--	21,500,000
4	Earnings	49,768,179	15,200,000	13,643,300	1,556,700
5.	Sales/Rents on	-	-	-	-
6	Sales/Rates on Lands	-	6,000,000	1,355,000	4,545,000
7	Repayment General	-	-	-	-
8	Investment income	-	-	-	-
	Total	65,883,644	110,199,680	32,760,510	77,439,170

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 **₦1,446,873,870.00** (One billion, four hundred and forty-six thousand, eight hundred and seventy-three thousand, eight hundred and seventy Naira) during the year under review, but the actual the sum of **₦2,703,494,657.00** (Two billion seven hundred and three million, four hundred and ninety-four thousand, six hundred and fifty-seven Naira) was realized. This represents over and above of 125% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	290,464,477	446,873,870	1,129,135,566
2.	External Loans LGC	156,109,270	1,000,000,000	-
3	Nig. Treasury bills	-	-	1,341,695,186
4	Internal loan	-	-	232,663,905
	Total	445,573,747	1,446,873,870	2,703,494,657

3.8 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local government council in respect to above.



3.9 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus was made in respect of capital receipt by the local government. To the sum of **₦1,256,620,787.00** (One billion, two hundred and fifty-six million, six hundred and twenty thousand, seven hundred and eighty-seven naira) which is originated from CRF, Nigerian treasury bills and external loan.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,446,873,870.00** (One billion, four hundred and forty-six million, eight hundred and seventy-three thousand, eight hundred and seventy Naira) was budgeted, while on the actual the capital expenditure of the local government stood only at **₦1,234,448,612.00** (One billion, two hundred and thirty four million, four hundred and forty-eight thousand, six hundred and twelve Naira). The amount is about 85% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	123,900,538	240,000,000	511,118,823
2.	Economic Sector	44,038,695	918,504,420	311,781,913
3.	Social Services Sector	190,736,385	288,369,450	411,547,877
	Total	358,675,617	1,446,873,870	1,234,448,612

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a Savings of **₦212,425,258.00** (Two hundred and twelve million, four hundred and twenty-five thousand, two hundred and fifty-eight Naira) was made in respect of capital expenditure. The table below shows the breakdown:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	123,900,538	240,000,000	511,118,823	(271,118,823)
2.	Economic Sector	44,038,695	918,504,420	311,781,913	606,722,507
3.	Social Services Sector	190,736,385	288,369,450	411,547,877	(123,205,427)
	Total	358,675,617	1,446,873,870	1,234,448,612	212,398,257

3.12 CAPITAL EXPENDITURE (DEFICIT):

During the year under review the record of deficits was made in two sector in respect of capital expenditure by the local government admin and social which all recovered with a surplus by economic sector.



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

The sum of **₦475,440,290.00** (Four hundred seventy-five million, four hundred and forty thousand, two hundred and ninety Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **₦405,774,647.00** (Four hundred and five million, seven hundred and seventy-four thousand, six hundred and forty-seven Naira) was paid to **1,881** staff of the local government and its ADCs. This resulted to a savings of **₦69,665,643.00** (Sixty-nine million six hundred and sixty- five thousand, six hundred and forty-three Naira) Only.

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦638,050,000.00** (Six hundred and thirty-eight million, fifty thousand Naira). Whereas the actual expenditure for the year stood at **₦694,290,532.00** (Six hundred and ninety-four million, two hundred and ninety thousand, five hundred and thirty-two Naira), this resulted to a Deficit of **₦56,240,532.00** (Fifty-six million, two hundred and forty thousand, five hundred and thirty-two Naira)only.

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦865,000,000.00** (Eight hundred and sixty-five million, Naira) while the actual expenditure for the year stood at **₦766,511,762.00** (Seven hundred and sixty-six million, five hundred and eleven thousand, seven hundred and sixty-two Naira). This resulted to a saving of **₦98,488,238.00** (Ninety-eight million, four hundred and eighty-eight thousand, two hundred and thirty-eight 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	433,332,492	465,000,000	427,332,492	37,667,508
2.	Training Funds	12,698,873	12,000,000	12,129,963	(129,963)
3.	Contribution to Emirate	62,380,865	70,000,000	62,719,335	7,280,665
4.	Contribution to Pension	82,500,000	85,000,000	78,000,000	7,000,000
5.	Common Services	30,195,329	23,000,000	28,969,805	(5,969,805)
6.	Agency for Mass Edu Salary	37,197,484	50,000,000	34,934,337	15,065,663
7	PHC Staff salary	123,674,040	160,000,000	122,425,831	37,574,169
8.	Traditional ruler salary	39,711,143,	-	-	-
	Salary of S/A ADCS	60,642,857	-	-	-
	Salary of special assistant	7,192,857	-	-	-
	Total	889,525,939	865,000,000	766,511,762	98,488,238



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated public debt charge of the local government was **₦218,000,000.00** (Two hundred and eighteen million, Naira). Whereas the actual expenditure for the year stood at **₦645,425,846.00** (Six hundred and forty-five million, four hundred and twenty-five thousand, eight hundred and forty-six Naira) This resulted to a deficit of **₦427,425,846.00** (Four hundred and twenty-seven million, four hundred and twenty-five thousand, eight hundred and forty-six 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 cash books cancellation, lack of balances, reconciliation and mis-classification of IPSAS codes that occurred 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. Outstanding payment vouchers: the payment vouchers should be traced and be presented for inspection otherwise they will 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

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

