



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

BIRNIN MAGAJI 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/206

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 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 were become a tradition, it was almost submitted between the month of March and 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 fairly maintained by the local government. A situation that had helped in reducing the previous state of affairs with regard to management and control of personnel emoluments. The document should be properly use so that the ghost workers phenomenon bedeviling the local government could be overcome in totality.

2.4 UN BUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦996,997,612.00** (Nine hundred and ninety-six million, nine hundred and ninety-seven thousand, six hundred and twelve Naira) was received from electronic money transfer levy, Exchange gain difference, ecology funds, distribution of Non-oil excess account, share of forex equalization share of solid minerals, share of FGN treasury crude account, share exchange rate difference, share of additional funds FGN and share of 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 **₦20,179,684.00** (Twenty million, one hundred and seventy-nine thousand, six hundred and eighty-four Naira) was reported by the local government as transfer from 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 were fairly maintained and are free from mistakes and unnecessary cancellations, the cash books were not balanced and closed at the end of every month. and bank reconciliation between cash book and bank statements was fairly observed.

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 but not 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 mixed up in the codification of revenue and expenditure, please take care IPSAS codes are used for recording of income and expenditure in the cash book and other books of account,

c. Payment Vouchers: For the period under review, the payment vouchers in this local Government were found with irregularities of not fully documented, officer controlling the vote(OCV)signature, the beneficiaries witness signing and other related counter signing, so also found the outstanding salary payment vouchers to the sum of **₦11,040,000.00**(Eleven million, forty thousand, naira)was paid without evidences of vouchers, please trace them and forward for inspection, otherwise would be consider as un-vouched which will be recovered from the officer controlling the vote, .

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 benefits from this local Government which consist of 2 voluntary/compulsory retirement their total benefits standing at **₦1,687,141.00** (One million, six hundred and eighty-seven thousand, one hundred and forty-one 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 overpayments together with those of over stay in the service, to be deducted out of the individual pensioner's benefit. But this year the recoveries made out of their benefits, for the pension funds are to the sum of **₦1,956,978.00** (One million, nine hundred and fifty-six thousand, nine hundred and seventy-eight naira only)

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦91, 842,143.00** (Ninety-one million, eight hundred and forty-two thousand, one hundred and forty-three naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji (Oceanic) Bank	45,000	45,000
2	First Bank Plc	29,700	29,700
3	CCNN Sokoto	69,828	-
4	Sokoto mortgage finance	45,000	69,828
5	SICL Communication	130,000	45,000
6	Ashaka Cement Co	41,240	-
7	U.A.C Nig. Plc. Lagos	130,000	130,000
8	FSB International Bank	-	-
9	Bank Of the North (Unity Bank Plc)	41,240	41,240
10	Zamfara Investment 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	86,131,375	86,131,375
	TOTAL	91,842,143	91,842,143



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦270,068,072.00** (Two hundred and seventy million, sixty-eight thousand, seventy-two 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 ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,501,985,380.00** (One billion, five hundred and one million, nine hundred and eighty-five thousand, three hundred and eighty naira) **while** the actual collection for the year was **₦1,207,294,135.00** (One billion, two hundred and seven million, two hundred and ninety-four thousand, one hundred and thirty-five 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	1,431,625,594	1,501,985,380	1,207,294,135
2.	Total	1,431,625,594	1,501,985,380	1,207,294,135

3.2a STATUTORY ALLOCATION (SURPLUS)

In the year under review there was no surplus made in regard to statutory receipt by local government.

3.2b STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦294,691,245.00** (Two hundred and ninety-four million, six hundred and ninety-one thousand, two hundred and forty-five Naira) was revealed as per Statutory Allocation. This represents 20% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2022 (₦)
1.	Statutory Allocation	1,431,625,594	1,501,985,380	1,207,294,135	294,691,245
	Total	1,431,625,594	1,501,985,380	1,207,294,135	294,691,245



3.3 VALUE ADDED TAX:

In the period under review, the budgeted figure of the value added tax was **₦910,943,970.00** (Nine hundred and ten million, nine hundred and forty-three thousand, nine hundred and seventy Naira), while the actual collection was **₦1,152,478,498.00** (One billion one hundred and fifty-two million, four hundred and seventy-eight thousand, four hundred and ninety-eight naira) this represents an over and above of 126% of the projected budgetary figure, table below shown the details:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	843,448,263	910,943,970	1,152,478,498
	Total	843,448,263	910,943,970	1,152,478,498

3.3a VAT ALLOCATION (SURPLUS):

During the year under review, a surplus of **₦241,534,528.00** (Two hundred forty-one million, five hundred and thirty-four thousand, five hundred and twenty-eight Naira) was revealed from the value added tax which is over and above of 26% of the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2022 (₦)
1.	VAT	843,448,263	910,943,970	1,152,478,498	241,534,528
	Total	843,448,263	910,943,970	1,152,478,498	241,534,528

3.3b VAT (DEFICIT):

There is no record of deficit made for period under review, by the local government council.



3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦43,060,000.00** (Forty-three million, sixty thousand Naira) **while** the actual collection for the year was **₦46,392,758.00** (forty-six million, three hundred and ninety-two thousand, seven hundred and fifty-eight Naira) The actual revenue represents 1.07% of the projected independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 20223 (₦)
1.	Direct Taxes/Rates	13,558,000	2,000,000	6,745,000
2.	License	10,060,000	17,300,000	8,126,000
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	3,240,000	19,600,000	3,199,000
6.	Fines	2,125,000	-	3,000,000
7.	Sales	-	1,000,000	-
8.	Earnings	14,369,000	3,160,000	21,453,000
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	-	-	-
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	3,869,758
	Total	43,352,000	43,060,000	46,392,758

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦30,106,758.00** (Thirty million, one hundred and six thousand and seven hundred and fifty-eight Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Direct Taxes/Rates	13,558,000	2,000,000	6,745,000	4,745,000
2.	Fines	2,125,000	-	3,199,000	3,199,000
3.	Earnings	14,369,000	3,160,000	21,453,000	18,293,000
4	Interest earned	-	-	3,869,758	3,869,758
	Total	29,102,000	5,160,000	35,266,758	30,106,758



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦26,575,000.00** (Twenty-six million, five hundred and seventy-five Naira).

The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	10,060,000	17,300,000	8,126,000	9,174,000
2.	Fees	3,240,000	19,600,000	3,199,000	16,401,000
3.	Sales	-	1,000,000	'	1,000,000
	Total	13,300,000	37,900,000	11,325,000	26,575,000

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 **₦1,725,941,560.00** (one billion, seven hundred and twenty-five million, nine hundred and forty-one thousand, five hundred and six Naira) during the year under review, but in the actual the sum of **₦2,770,918,904.00** (Two billion, seven hundred and seventy million, nine hundred and eighteen thousand, nine hundred and four Naira) was realized from Nigerian treasury bills and internal loan. This represents a rise to 160% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	247,810,995	725,941,560	1,459,854,832
2.	External Loans LGC	129,168,874	1,000,000,000	-
3	Nigerian treasury bills	-	-	1,117,310,761
4	Internal loan	-	-	193,753,311
	Total	376,979,869	1,725,941,560	2,770,918,904

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 **₦1,044,977,344.00** (One billion, forty-four million, nine hundred and seventy-seven thousand, three hundred and forty-four naira) was made in respect of capital receipt by the local government. which represents an over and above of 60% the projected figures.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,725,941,560.00** (One billion, seven hundred and twenty-five million, nine hundred and forty-one thousand, five hundred and sixty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,548,130,485.00** (One billion, five hundred and forty-eight million, one hundred and thirty thousand, four hundred and eighty-five Naira). The amount is about 90% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	109,355,390	295,000,000	599,207,511
2.	Economic Sector	39,248,176	1,028,352,680	432,168,332
3.	Social Services Sector	158,837,728	402,588,880	516,754,642
	Total	307,441,295	1,725,941,560	1,548,130,485

3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a saving of **₦177,811,075.00** (One hundred seventy-seven million, eight hundred and eleven thousand, seventy-five Naira) was made in respect of capital expenditure the table shown below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Saving 2023 (₦)
1.	Administrative Sector	109,355,390	295,000,000	599,207,511	304,207,511
2.	Economic Sector	39,248,176	1,028,352,680	432,168,332	(596,184,345)
3.	Social Services Sector	158,837,728	402,588,880	516,754,642	114,165,762
	Total	307,441,295	1,725,941,560	1,548,130,485	177,811,075



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 **₦343,116,440.00** (Three hundred and forty-three million, one hundred and sixteen thousand four hundred and forty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦214,704,141.00** (Two hundred and fourteen million, seven hundred and four thousand, one hundred and forty-one Naira) was paid to **986** staff of the local government and its ADC. This resulted to a savings of **₦128, 412,299.00** (One hundred and twenty-eight million, four hundred and twelve thousand two hundred and ninety-nine Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦561,800,000.00** (five hundred and sixty-one million, eight hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦513,246,922.00** (Five hundred and thirteen million, two hundred and forty-six thousand, nine hundred and twenty-two Naira), this resulted to a Saving of **₦48,553,078.00** (Forty-eight million, five hundred and fifty-three thousand seventy-eight Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review of this Local Government was **₦430,000,000.00** (Four hundred and thirty million, Naira) while the actual expenditure for the year stood at **₦406,683,092.00** (Four hundred and six million, six hundred and eighty-three thousand, ninety-two Naira). This resulted to a saving of **₦23,316,908.00** (Twenty-three million, three hundred sixteen thousand nine hundred and eight Naira). the table below shows the full details:

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	DEFICIT/SAVING 2023 (₦)
1.	Primary Sch. Teachers Sal	176,323,392	180,000,000	178,323,392	1,676,608
2.	Training Funds	10,694,576	12,000,000	10,119,104	1,880,896
3.	Contribution to Emirate	52,426,148	60,000,000	52,141,986	7,858,014
4.	Contribution to Pension	82,500,000	80,000,000	78,000,000	2,000,000
5.	Common Services	25,276,880	25,000,000	24,079,906	920,094
6	Agency for Mass Edu. Salary	19,180,256	18,000,000	17,292,110	707,890
7	PHC Staff Salary	48,792,648	55,000,000	46,726,594	8,273,406
8	Traditional rulers salary	39,711,143			
9	Salary of S/A ADCS	60,642,857		-	
10	Salary of special assistant	7,192,857		-	
	Total	522,740,757	430,000,000	406,683,092	23,316,908



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦116,000,000.00** (One hundred and sixteen million, Naira). Whereas the actual expenditure for the year stood at **₦519,806,203.00** (Five hundred and nineteen million, eight hundred and six thousand, two hundred and three Naira). This resulted to a Deficit of **₦403,806,203.00** (Four hundred and three million, eight hundred and six thousand, two hundred and three Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. In the cash books which was fairly maintained, should be keep it up, for transparency and accountability, it is here by recommended that proper training should be organized to the treasury staff of the Local Government for improvement of the treasury process.
2. Outstanding Payment vouchers: the payment vouchers should be properly documented with full counter signing that makes the payment to be legitimate, also trace the missing the salary payment vouchers and be for inspection and confirmation otherwise will be recovered from the signatories to the account.
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 ACKNOWLEDGEMENT

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
BIRNIN MAGAJI 2023

