ZAMFARA STATE OF NIGERIA

Report

OF THE

Auditor - General

FOR

LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

Anka Local Government

IN

ZAMFARA STATE

FOR THE

YEAR ENDED

31ST DECEMBER 2018

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OFFICE OF THE AUDITOR GENERAL
FOR LOCAL GOVERNMENTS
ZAMFARA STATE OF NIGERIA

Telephone:- 204868 Telegrams:- P.M.B. 01015, Gusau

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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 2018 was submitted to this office on11th June, 2019

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year's i.e. 2017 financial and audit report was sent to the Honorable House of Assembly on 30th January, 2019 by this office for their oversight function and further necessary action.

2.0 OTHER OBSERVATIONS

2.1 ANNUAL ESTIMATES:

The delay in the distribution of the approved estimates has become a tradition, as in almost every year it was submitted between the month of June 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 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 ACCOUNTING RECORDS:

During the year under review, it was observed that, the local government books of accounts were fairly maintained. The manner in which this aspect was handled by the local government is fairly encouraging. Some of the observation made includes the following:

a. **In correct entries in the cash books:** It was observed that the cash books maintained for the period under review were characterized by a lot of mistakes and unnecessary cancellations. Most of the cash books were not closed at the end of the month.

b. **Improper classification of revenues and expenditure:** According to what I observed, internally generated revenues of the local government were not classified correctly as provided in the budget, and sometime even the statutory receipts which include VAT and Excess Crude proceeds. Equally, there are several cases where a recurrent expenditure head will be charged in the capital expenditure provision and vise-visa.

c. **Outstanding Payment Vouchers:** A significant number of payment vouchers were observed to have not been presented for my examination; this had resulted into a staggering sum of **₦20,708,420**(Twenty million seven hundred and eight thousand four hundred and twenty Naira) standing as outstanding payment vouchers i.e. payments whose evidences could not be ascertained. Efforts made by my office to have them examined proved 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.

2.5 CERTIFICATION OF RETIRING BENEFITS:

It is a mandate for this office to received, process and raises an authority for payment of retirement benefits. During the period under review 29 files were received from this local government with total benefits standing at **₦19,296,169.00**(Nineteen Million, two hundred and ninety-six thousand, one hundred and sixty-nine Naira).Out of these amounts the sum of **₦11,333,945** (Eleven Million, three hundred and thirty-three thousand, nine hundred and forty-five Naira)stood as total claims for 23 number local government staff, while 6 number L G E A staff benefits gulfed the sum of **₦7,962,224.00** (Seven million, nine hundred and sixty-two thousand, two hundred and twenty-four Naira)

26 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 **₦3,022,822.00** (Three Million, twenty-two thousand, eight hundred and twenty-two Naira)for the pension funds.

2.7 INVESTMENTS:

As at 31st December, 2018 the investment value stood at **₦89,530,540.00** (Eighty-nine million five hundred and thirty thousand five hundred and forty naira) The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2018(₦)	VALUE 2017 (₦)
1	Oceanic Bank	180,000	180,000
2	Kaduna Textile	100,000	100,000
3	CCNN Sokoto	100,000	100,000
4	Sokoto Mortgage		
5	SICL Communication		
6	Ashaka Cement		
7	NNPC Nig.		
8	ISB International Bank		
9	Bank of the North		
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	1,500,000	1,500,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	84,800,547	84,800,547
14	Micro Finance Bank		
	TOTAL	**89,530,547**	**89,530,547**

2.8 LOAN REPAYMENT:

The sum of **₦404,084,515.00** (Four hundred and four million, eighty-four thousand, five hundred and five 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 (which consist of Statutory Allocation, VAT and Excess Crude Revenue) was **₦3,157,278,370.00** (Three billion, one hundred and fifty-seven million, two hundred and seventy-eight thousand, three hundred and seventy Naira)while the actual collection stood at **₦3,162,203,003.00** (Three billion, one hundred and sixty-two thousand, two hundred and three thousand, three Naira).The actual revenue represents100.16% of the projected revenue. Also this can be seen below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Statutory Allocation	1,184,994,315	1,742,425,790	1,743,216,566
2.	Vat	312,064,148	369,352,580	363,215,438
3	Excess Paris Refund	434,000,000	1,045,500,000	1,055,770,999
		1,931,058,463	**3,157,278,370**	**3,162,203,003**

3.2 STATUTORY RECEIPTS (SURPLUS):

For the year under review, a surplus of **₦11,061,775.00** (Eleven million sixty-one thousand seven hundred and seventy-five naira) was recorded as per Statutory Receipt of this local government. The breakdown can be seen in the table below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Surplus 2018(₦)
1.	Statutory Allocation	1,184,994,315.00	1,742,425,790.00	1,743,216,566.00	790,776.00
2.	Excess Paris Refund	434,000.000.00	1,045,500,000.00	1,055,770,999.00	10,270,999.00
	Total	**1,618,994,315.00**	**2,787,925,790.00**	**2,798,987,565.00**	**11,061,775.00**

3.3 STATUTORY RECEIPTS (DEFICIT):

In the year under review, one head of Statutory revenue revealed a deficit of **₦6,137,142.00** (Six million, one hundred and thirty-seven thousand, one hundred and forty-two naira). The table below give full details:

S/N	DESCRIPTION	Actual 2 017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 201 8 (₦)
1.	Vat	312,064,148	369,352,580	363,215,438	6,137,142.00
	Total	**312,064,148.00**	**369,352,580.00**	**363,215,438.00**	**6,137,142.00**

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦217,180,500.00**(Two hundred and seventeen million one hundred and eighty thousand five hundred naira)while the actual collection was **₦168,748,220.00** (One hundred and sixty-eight thousand seven hundred and forty-eight thousand two hundred and twenty naira).

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	License	27,032,647.00	87,955,090.00	23,714,700.00
2.	Fees	31,107,810.00	91,742,350.00	40,346,600.00
4.	Fines	48,293,798.00		39,137,050.00
4.	Sales		11,436,770.00	
5.	Earnings	83,862,311.00	26,046,290.00	55,315,670.00
6.	Sales/Rent on Govt. Buildings	8,616,062.00		10,234,200.00
	Total	**198,912,628.00**	**217,180,500.00**	**168,748,220.00**

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, three heads of independent revenue revealed a Surplus **₦ 39,894,950.00** (Thirty-nine million, eight hundred and ninety-four thousand, nine hundred and fifty naira). The table below give full details:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Surplus 2018 (₦)
1.	Fines	48,293,798.00	-	391,370.00	391,370.00
2.	Earnings	83,862,311.00	26.046,290.00	55,315,670.00	29,269,380.00
3.	Sales/Rent on Govt. Buildings	8,616,062.00	-	10,234,200.00	10,234,200.00
	TOTAL	**140,772,171**	**26,046,290.00**	**65,941,240.00**	**39,894,950.00**

3.5 INDEPENDENT REVENUE (DEFECIT):

In the year under review, three heads of independent revenue revealed a Deficit of **₦127,072 910.00** (One hundred and twenty-seven million, seventy-two thousand, nine hundred and ten naira). The table below give full details:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	License	27,032,647.00	87,955,090.00	23,714,700.00	64,240,390.00
2.	Fees	31,107,810.00	91,742,350.00	40,346,600.00	51,395,750.00
3.	Sales	-	11,436,770.00	-	11,436,770.00
	Total	**58,140,457.00**	**191,134,210.00**	**64,061,300.00**	**127,072,910.00**

3.6 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 **₦2,267,090,580.00** (Two billion, two hundred and sixty-seven million, ninety thousand, five hundred and eighty Naira) during the year under review, but in the actual the sum **₦549,023,134.00** (Five hundred and forty-nine million, twenty-three thousand, one hundred and thirty-four Naira) was realized. This represents 24.21% of the total budgeted amount.
The details are shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Transfer from CRF	133,302,592	1,267,090,580	(168,397,128)
2.	External Loans LGC	522,254,094	1,000,000,000	717,420,262
	Total	**655,556,686**	**2,267,090,580**	**549,023,134**

3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, no surplus was made in respect of capital receipt by the local government.

3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **₦1,718,067,446 .00** (One billion, seven hundred eighteen million, sixty-seven thousand, four hundred and forty-six Naira) was reported and it originated from the External Loans of the Local Government Council. the details are shown in the table below.

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Deficit 2018 (N)
1.	Transfer from CRF	133,302,592	1,267,090,580	(168,397,128)	1,435,487,708.00
2.	External Loans LGC	522,254,094	1,000,000,000	717,420,262	282,579,738.00
	Total	**655,556,686**	**2,267,090,580**	**549,023,134**	**1,718,067,446**

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦ 2,267,090,580.00** (Two billion, two hundred and sixty-seven million, ninety thousand, five hundred and eighty Naira)was budgeted, while on the actual the capital expenditure of the local government stood at **₦530,741,649.00** (Five hundred and thirty million, seven hundred and forty-one thousand six hundred and forty-nine naira). This represents23.41% of the estimated figure. The details are shown as per table below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Administrative Sector	124,447,564.00	237,000,000.00	72,368,187.00
2.	Economic Sector	318,254,895.00	808,302,040.00	272,431,705.00
3.	Social Services Sector	266,977,760.00	1,221,788,540	185,991,757.00
	Total	**709,680,219.00**	**2,267,090,580**	**530,741,649.00**

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,736,298,931.00** (One billion, Seven hundred and thirty-six million, two hundred and ninety-eigh thousand, nine hundred and thirty-one naira) was revealed in all the three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Savings 2018 (₦)
1.	Administrative Sector	124,447,564.00	237,000,000.00	72,368,187.00	164,631,813.00
2.	Economic Sector	318,254,895.00	808,302,040.00	272,431,705.00	535,870,335.00
3.	Social Sector	266,977,760.00	1,221,788,540	185,991,757.00	1,035,796,783.00
	Total	**709,680,219.00**	**2,267,090,580**	**530,741,649.00**	**1,736,298,931.00**

3.12 CAPITAL EXPENDITURE (DEFICIT):

For the year under review, no records of deficit were made in respect of capital expenditure.

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

The sum of-**₦399,403,470.00** (Three hundred and ninety-nine million, four hundred and three thousand, four hundred and seventy Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **₦317,902,841.00** (Three hundred and seventeen million, nine hundred and two thousand, eight hundred and forty-one Naira) was expended. This resulted to a savings of **₦81,500,629.00**(Eighty-one million, five hundred thousand, six hundred and twenty-six Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦956,358,770.00**(Nine hundred and fifty-six million, three hundred and fifty-eight thousand, seven hundred and seventy Naira). Whereas the actual expenditure for the year stood at **₦958,160,159.00**(Nine hundred and fifty-eight million, one hundred and sixty thousand, one hundred and fifty-nine Naira).This resulted to a deficit of-**₦1,801,389.00** (one million eight hundred and one thousand, tree hundred and eighty nine 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 **₦433,093,320.00**(Four hundred and thirty-three million, ninety-three thousand, three hundred and twenty Naira) while the actual expenditure for the year stood at **₦411,714,147.00** (Four hundred and eleven million, seven hundred and fourteen thousand, one hundred and forty-seven Naira). This resulted to a savings of **₦21,379,173.00**(Twenty-one million, three hundred and seventy-nine thousand, one hundred and seventy-three Naira).The table below shows the full details:

S/N	DESCRIPTION	ACTUAL 2017 (₦)	ESTIMATED 2018 (₦)	ACTUAL 2018 (₦)	DEFICIT/SAVINGS 2018(₦)
1.	Primary Sch. Teachers Sal	179,673,298	181,673,290	179,673,298	1,999,992
2.	Training Funds	2,539,970	9,523,910	15,725,618	(6,201,708)
3.	Contribution to Emirate	36,380,627	45,851,380	78,628,093	(32,776,714)
4.	Contribution to Pension	59,142,857	59,158,860	86,478,571	(27,319,711)
5.	Common Services	15,078,373	16,140,550	15,725,619	(15,310,688)
6.	Agency for Mass Edu. Salary	19,757,328	20,745,330	19,757,328	988,002
	ZasicContri.		100,000,000		100,000,000
	TOTAL	**312,572,453**	**433,093,320**	**411,714,147**	**21,379,173**

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

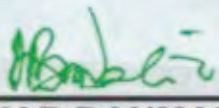
During the year under review the estimated Public debt charge of the local government was ₦133,179,390.00 (One hundred and thirty-three million, one hundred and seventy-nine thousand, three hundred and ninety Naira) Whereas the actual expenditure for the year stood at ₦47,651,623.00 (Forty-seven million six hundred and fifty one thousand, six hundred and twenty-three Naira)This resulted to a savings of ₦85,527,767.00 (Eighty-five million, five hundred and twenty-seven thousand, seven hundred and sixty-seven Naira)

4.0 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.

5.0 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 Chief Executive and Accounting Officers of the local government.



ABUBAKAR DANMALIKI CNA

AUDITOR GENERAL

(LOCAL GOVERNMENTS)

UNITY AND FAITH, PEACE AND PROGRESS