

ZAMFARA STATE OF NIGERIA



Report

OF THE

Auditor - General

FOR

LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

Bakura 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

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Date: 17th September, 2019

Ref. No: LGA/AAVOLI/176

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 on 11th June, 2019

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year's. 2017 financial audit report was submitted 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, 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.
- 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 vice-visa.

- c. **Outstanding Payment Vouchers:** For the under review, the only payment vouchers that stood as outstanding in this local Government are those of Staff salaries. None of the of Salary vouchers were made available for my observation.
- 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 receive, process and raised an authority for payment of retirement benefits. During the period under review files were received from this local government were 23 files were given approval from both the local Government and LGEA with total benefits standing at **₦13,132,939.00**(Thirteen million, one hundred and thirty-two thousand, nine hundred and thirty-nine Naira). Out of these amounts the sum of **₦8,207,696.00**(Eight million, two hundred and seven thousand, six hundred and ninety-six Naira) stood as total claims for 17number local government staff while L G E A staff totaling to 6number gulfed the sum of **₦4,925,243.00**(Four million, nine hundred and twenty-five thousand, two hundred and forty-three Naira).

2.6 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 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 **₦3,022,912.00**(Three million, twenty-two thousand, nine hundred and twelve Naira) for the pension funds.

2.7 INVESTMENTS:

As at 31st December, 2018 the investment value stood at **₦108,188,667.00**(One hundred and eight million, one hundred and eighty-eight thousand, six hundred and sixty-sevonnaira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 20 18 (₦)	VALUE 201 7 (₦)
1	Oceanic Bank	-	-
2	Kaduna Textile	-	-
3	CCNN Soot	748,006	748,006
4	SootCement Co.	-	-
5	SICL Communication	-	-
6	Ashaka Cement Co	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Zamfara Investment Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	104,090,661	104,090,661
	TOTAL	108,188,667	108,188,667

2.8 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦404,084,515.00** (Four hundred and four million, eighty-four thousand, five hundred and fifteen 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 (which consist of Statutory Allocation, VAT, Excess Crude and Excess Paris refund Revenue) was **₦3,163,491,650.00** (Three billion, one hundred and sixty-three million, four hundred and ninety-one thousand, six hundred and fifty Naira) while the actual collection for the year was **₦3,061,802,849.00.00**(Three billion, sixty- one million, eight hundred and two thousand, eight hundred and forty-nineNaira). The actual revenue represent 96.7%of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018 (N)	Actual 2018 (N)
1.	Statutory Allocation	1,154,534,070.00	1,639,846,120	1,522,632,931.00
2.	VAT	343,363,138.00	399,902,770.00	351,683,324.00
3.	Excess Crude Oil	-	73,442,760.00	8,296,636.00
4.	Excess Paris Refund	420,000,000.00	1,050,300,000.00	1,022,250,200.00
5.	Non-Oil Revenue			156,939,758.00
	Total	1,917,897,208.00	3,163,491,650	3,061,802,849.00

3.2 STATUTORY ALLOCATION (SURPLUS):

During the year under review, no statutory allocation surplus was recorded with the exception of one head i.e Non- oil revenue.

3.3 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **N258,628,559.00**(Two hundred and fifty- eight million, six hundred and twenty-eight thousand, five hundred and fifty-nine naira) was revealed as per statutory Allocation. This represents 8% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018 (N)	Actual 2018 (N)	Deficit 2018 (N)
1.	Statutory Allocation	1,154,534,070.00	1,639,846,120	1,522,632,931.00	1,025,419,556.00
2.	Vat	343,363,138.00	399,902,770.00	351,683,324.00	48,219,446.00
3.	Excess Crude Oil	-	73,442,760.00	8,296,636.00	28,049,800.00
4.	Excess Paris refund	420,000,000.00	1,050,300,000.00	1,022,250,200.00	1,101,688,802.00
	Total	1,917,897,208.00	3,163,491,650	2,904,863,091.00	258,628,559.00

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **N327,160,870.00** (Three hundred and twenty-seven million, one hundred and sixty thousand, eight hundred and seventy naira only) while the actual collection for the year was **N236,757,940.00** (Two hundred and thirty-six million, seven hundred and fifty-seven thousand, nine hundred and forty naira) The actual revenue represents 72.37% of the total projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018 (N)	Actual 2018 (N)
1.	Direct Taxes	14,196,405.00	3,250,000.00	50,454,060
2.	License	51,466,700.00	60,570,500.00	59,058,400.00
3.	Mining Rents	-	-	-
4.	Royalties	-	64,879,210.00	-
5.	Fees	131,547,360.00	7,550,800.00	48,839,710.00
6.	Fines	-	-	-
7.	Sales	-	45,934,050.00	-
8.	Earnings	110,598,540.00	62,950,600.00	69,237,010.00
9.	Sales/Rent on Govt. Buildings	15,332,480.00	32,375,210.00	9,168,760.00
10.	Sales/Rent on Lands & Others	-	-	-
11.	Repayments-General	-	49,650,500.00	-
12.	Investment Income			
13.	Interest Earned	15,499,720.00	-	
	Total	338,641,205.00	327,160,870.00	236,757,940.00

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **N94,779,380.00** (Ninety-four million seven hundred and seventy-nine thousand three hundred and eighty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018 (N)	Actual 2018 (N)	Surplus 2018 (N)
1.	Direct Taxes	14,196,405.00	3,250,000.00	50,454,060.00	47,204,060.00
2.	License	-	-	-	-
3.	Fees	131,547,360.00	7,550,800.00	48,839,710.00	41,288,910.00
4.	Earnings	110,598,540.00	62,950,600.00	69,237,010.00	6,286,410.00
5.	Interest Earned	-	-	-	-
	Total	256,342,305.00	73,751,400.00	168,530,780.00	94,779,380.00

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **N185,182,310.00** (One hundred and eighty-five million, one hundred and eighty-two thousand three hundred and ten Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018(N)	Actual 2018 (N)	Deficit 2018 (N)
1.	License	51,454,060.00	60,570,500.00	59,058,400.00	1,512,100.00
2.	Sales	-	45,934,050.00	-	45,934,050.00
3.	Sales/Rent on Govt. Buildings	15,332,480.00	32,375,210.00	9,168,760.00	23,206,450.00
4.	Royalties	-	64,879,210.00	-	64,879,210.00
5.	Repayment General	-	49,650,500.00	-	49,650,500.00
	Total	66,786,540.00	253,409,470.00	68,227,160.00	185,182,310.00

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 **N2,479,783,840.00**(Two billion, four hundred and seventy-nine million, seven hundred and eighty-three thousand eight hundred and forty Naira) during the year under review, but in the actual the sum of **N539,808,122.00**(Five hundred and thirty-nine million, eight hundred and eight thousand, one hundred and twenty-two Naira) was realized. This represents 21.76% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018(N)	Actual 2018 (N)
1.	Transfer from CRF	547,895,129.00	1,479,783,840.00	(177,612,140.00)
2.	External Loans LGC	242,857,143.00	1,000,000,000.00	717,420,262.00
	Total	790,752,272.00	2,479,783,840.00	539,808,122.00

3.8 CAPITAL RECEIPTS (SURPLUS):

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

3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **N1,939,975,718.00**(One billion, Nine hundred and thirty-nine million, nine hundred and seventy-five thousand seven hundred and eighteen Naira) was reported as can be seen in the table below:-

S/ N	DESCRIPTION	Actual 2017 (N)	Estimate 2018(N)	Actual 2018 (N)	Deficit
1.	Transfer from CRF	547,895,129.00	1,479,783,840.00	(177,612,140.00)	1,479,783,840.00
2.	External Loans LGC	242,857,143.00	1,000,000,000.00	717,420,262.00	282,579,738.00
	Total	790,752,272.00	2,479,783,840.00	539,808,122.00	1,939,975,718.00

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **N2,479,783,840.00**(Two billion, four hundred and seventy-nine million, seven hundred and eighty-three thousand eight hundred and forty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **N527,572,976.00**(Five hundred and twenty-seven million, five hundred and seventy-two thousand, nine hundred and seventy-six Naira). This represents 21.27% 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	50,000,000.00	46,768,689.00
2.	Economic Sector	375,588,229.00	1,388,100,000.00	302,835,184.00
3.	Social Services Sector	266,977,760.00	1,041,683,840.00	177,969,103.00
	Total	767,013,553.00	2,479,783,840.00	527,572,976.00

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,952,210,864.00** (One billion, nine hundred and fifty-two million, two hundred and ten thousand, eight hundred and sixty-four 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	50,000,000.00	46,768,689.00	3,231,311.00
2.	Economic Sector	375,588,229.00	1,388,100,000.00	302,835,184.00	1,085,264,816.00
3.	Social Services Sector	266,977,760.00	1,041,683,840.00	177,969,103.00	863,714,737.00
	Total	767,013,553.00	2,479,783,840.00	527,572,976.00	1,952,210,864.00

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 **₦407,695,310.00** (Four hundred and seven million, six hundred and ninety-five thousand, three hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **₦340,415,001.00** (Three hundred and forty million, four hundred and fifteen thousand, one Naira) was expended. This resulted to a savings of **₦67,280,309.00** (Sixty-seven million, two hundred and eighty thousand, three hundred and nine Naira).

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

The sum of **N407,695,310.00**(Four hundred and seven million, six hundred and ninety-five thousand, three hundred and ten Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **N340,415,001.00** (Three hundred and forty million, four hundred and fifteen thousand, one Naira) was expended. This resulted to a savings of **N67,280,309.00**(Sixty-seven million, two hundred and eighty thousand, three hundred and nine Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **N897,965,500.00** (Eight hundred and ninety-seven million, nine hundred and sixty-five thousand, five hundred Naira). Whereas the actual expenditure for the year stood at **N922,142,020.00** (Nine hundred and twenty-two million, one hundred and forty-two thousand, twenty Naira), this resulted to a deficit of **N24,176,520.00** (Twenty-four million, one hundred and seventy-six thousand, five hundred and twenty 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 **N451,325,280** (Four hundred and fifty-one million, three hundred and twenty-five thousand, two hundred and eighty Naira) while the actual expenditure for the year stood at **N430,997,445**(Four hundred and thirty million, nine hundred and ninety-seven thousand, four hundred and forty-fiveNaira). This resulted to a savings of **N20,327,835** (Twenty million three hundred and twenty-seven thousand eight hundred and thirty-five Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2017 (N)	ESTIMATED 2018 (N)	ACTUAL 2018 (N)	DEFICIT 2018N)
1.	Primary Sch. Teachers Sal	196,034,736	203,710,060	196,034,736	7,675,324
2.	Training Funds	9,647,006	5,166,220	15,226,329	(10,060,109)
3.	Contribution to Emirate	50,767,880	37,172,730	76,131,647	(38,958,917)
4.	Contribution to Pension	59,142,857	62,139,270	86,478,571	(24,339,301)
5.	Common Services	20,307,152	15,359,180	30,452,658	(15,093,478)
6.	Agency for Mass Edu. Salary	26,673,504	27,777,820	26,673,504	1,104,316
7.	Contribution toZasiec		100,000,000		100,000,000
	TOTAL	362,573,135	451,325,280	430,997,445	20,327,835

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **N100,549,250.00.00** (One hundred million, five hundred and forty-nine thousand, two hundred and fifty Naira). Whereas the actual expenditure for the year stood at **N69,067,866.00** (Sixty-nine million, sixty-seven thousand, eight hundred and sixty-six Naira). This resulted to a savings of **N31,481,384.00** (Thirty-one million, four hundred and eighty-one thousand, three hundred and eighty-four 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 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 Chief Executive and Accounting Officers of the local government.



**ABUBAKAR DANMALIKI CNA
AUDITOR GENERAL
(LOCAL GOVERNMENTS)**

