

ZAMFARA STATE OF NIGERIA



Report

OF THE

Auditor - General

FOR

LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

Bukkuyum Local Government

IN

ZAMFARA STATE

FOR THE

YEAR ENDED

31ST DECEMBER 2018

TABLE OF CONTENTS

1.0	INTRODUCTION	2
1.1	MANDATE	2
1.2	SUBMISSION OF REPORT.....	2
1.3	PREVIOUS AUDITOR'S REPORT.....	2
2.0	OTHER OBSERVATION.....	2
2.1	ANNUAL ESTIMATE	2
2.2	EXPENDITURE MANDATES	2
2.3	PERSONNEL EMOLUMENT REGISTER (P.E)	3
2.4	ACCOUNTING RECORDS: (a,b,c,d)	3
2.5	CERTIFICATION OF RETIRING BENEFITS.....	4
2.6	RECOVERIES MADE OUT OF PENSION & GRATUITY.....	4
2.7	INVESTMENTS	5
2.8	LOAN REPAYMENT	5
3.0	BUDGET IMPLEMENTATION ANALYSIS	5
3.1	STATUTORY RECEIPTS	5
3.2	STATUTORY RECEIPTS (SURPLUS)	6
3.3	STATUTORY RECEIPT (DEFICIT)	6
3.4	INDEPENDENT REVENUE	7
3.5	INDEPENDENTS REVENUE (SURPLUS)	8
3.6	INDEPENDENT REVENUE (DEFICIT)	8
3.7	CAPITAL RECEIPT	8
3.8	CAPITAL RECEIPT (SURPLUS)	9
3.9	CAPITAL RECEIPT (DEFICIT)	9
3.10	CAPITAL EXPENDITURE	9
3.11	EXCESS CAPITAL EXPENDITURE	10
3.12	CAPITAL EXPENDITURE (DEFICIT).....	10
3.13	PERSONAL COST (INCL. SALARIES ON CRF CHARGES)	10
3.14	OVERHEAD CHARGES	11
3.15	CONSOLIDATED REVENUE FUND CHARGES.....	11
3.16	CRF CHARGES-PUBLIC DEBT CHARGE.....	12
5.0	CONCLUSION	12
6.0	ACKNOWLEDGMENT	12



OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA

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Date: 17 September, 2019

Ref. No: LGA/AAVOL/I/178

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 as required by financial memoranda.
- 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. 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 year under review, N768,000.00 (Seven hundred and sixty-eight thousand naira) worth of payment vouchers remain outstanding. Staff salary vouchers were not 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 19 files were given approval from both the local Government and LGEA with total benefits standing at **₦12,215,716**(Twelve million two hundred and fifteen thousand seven hundred and sixteen Naira). Out of these amounts the sum of **₦2,810 586**(Two million eight hundred and ten thousand five hundred and eighty-six Naira) stood as total claims for 7 number local government staff while L G E A staff totaling to 12 number gulfed the sum of **₦9,405,130**(Nine million four hundred and five thousand one hundred and thirty 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 **₦1,873,727** (One million eight hundred and seventy-three thousand seven hundred and twenty-seven Naira) for the pension funds.

2.7 INVESTMENTS:

As at 31st December, 2018 the investment value stood at **₦120,201,490.00** (One hundred and twenty million, two hundred and one thousand, four hundred and ninety naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2018 (₦)	VALUE 2017 (₦)
1	Gamji Bank	301,170	301,170
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Investment Co	-	-
5	SICL Communication	-	-
6	Ashaka Cement	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank of the North	-	-
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	117,351,490	117,351,490
	TOTAL	120,201,490	120,201,490

2.8 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES):

The sum of **₦404,084,515** (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 RECEIPT:

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 **₦ 3,516,617,780.00** (Three billion five hundred and sixteen million, six hundred and seventeen thousand, seven hundred and eighty Naira) while the actual collection for the year was **₦3,613,428,877.00**(Three billion, six hundred and thirteen million, four hundred and twenty eight thousand, eight hundred and seventy-seven Naira). The actual revenue represents 102.75% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Statutory Allocation	1,354,774,687.00	1,904,686,270.00	1,991,962,272.00
2.	VAT	360,706,811.00	416,831,510.00	415,043,927.00
3.	Excess Crude Oil	-	-	-
4.	Excess Paris Refund	490,000,000.00	1,195,100,000.00	1,206,422,678.00
	Total	2,205,481,498.00	3,516,617,780.00	3,613,428,877.00

3.2 STATUTORY RECEIPT (SURPLUS):

During the year under review, a surplus of **₦98,598,680.00** (Ninety-eight million five hundred and ninety-eight thousand six hundred and eighty Naira) was revealed and it represent 2.8 % rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Surplus 2018(₦)
1.	Statutory Allocation	1,354,774,687.00	1,904,686,270.00	1,991,962,272.00	87,276,002.00
2.	Excess Crude Oil				
3.	Excess Paris Refund	490,000,000.00	1,195,100,000.00	1,206,422,678.00	11,322,678.00
	Total		3,099,786,270.00	3,198,384,950.00	98,598,680.00

3.3 STATUTORY RECEIPT (DEFICIT):

In the year under review a deficit of **₦1,787,583.00** (One million seven hundred and eighty-seven thousand five hundred eighty-three Naira) was revealed as per Vat Allocation. This represents 0.43% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	Vat Allocation	360,706,811.00	416,831,510.00	415,043,927.00	1,787,583.00
	Total	360,706,811.00	416,831,510.00	415,043,927.00	1,787,583.00

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦409,794,520.00** (Four hundred and nine million, seven hundred and ninety-four thousand, five hundred and twenty Naira) while the actual collection for the year was **₦190,471,950.00** (One hundred and ninety million, four hundred and seventy-one thousand, nine hundred and fifty Naira) The actual revenue represents 46.48% of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Direct Taxes	12,755,390.00	58,000,000.00	15,253,840.00
2.	License	52,341,980.00	123,444,000.00	37,476,660.00
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	61,821,900.00	114,400,000.00	78,311,860.00
6.	Fines	-	-	-
7.	Sales	-	-	-
8.	Earnings	74,833,410.00	76,200,520.00	49,542,850.00
9.	Sales/Rent on Govt. Buildings	41,711,820.00	-	-
10.	Sales/Rent on Lands & Others	-	37,750,000.00	9,886,740.00
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	-
	Total	243,464,500.00	409,794,520.00	190,471,950.00

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, no surplus was recorded as regards to Independent Revenue.

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **N219,322,570.00** (Two hundred and nineteen million, three hundred and twenty-two thousand, five hundred and seventy Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (N)	Estimate 2018 (N)	Actual 2018 (N)	Deficit 2018 (N)
1.	Direct Taxes	12,755,390.00	58,000,000.00	15,253,840.00	42,746,160.00
2.	License	52,341,980.00	123,444,000.00	37,476,660.00	85,967,340.00
3.	Fees	61,821,900.00	114,400,000.00	78,311,860.00	36,088,140.00
4.	Earnings	74,833,410.00	76,200,520.00	49,542,850.00	26,657,670.00
5.	Sale/Rent buildings	41,711,820.00	-	-	-
6.	Sales/Rent Land	-	37,750,000.00	9,886,740.00	27,863,260.00
	Total	243,464,500.00	409,794,520.00	190,471,950.00	219,322,570.00

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 **N2,664,640,970.00** (Two billion,six hundred sixty-four million, six hundred and forty thousand, nine hundred and seventy Naira) during the year under review, but in the actual the sum of **N745,195,650.00** (Seven hundred and forty-five million,one hundred and ninety-five thousand,six hundred and fiftyNaira) was realized. This represents 28% 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	511,766,217	1,664,640,970.00	27,775,388.00
2.	External Loans LGC	242,857,143	1,000,000,000.00	717,420,262.00
	Total	754,623,360.00	2,664,640,970.00	745,195,650.00

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 **₦1,919,445,320.00** (One billion, nine hundred and nineteen million, four hundred and forty-five thousand, three hundred and twenty Naira) was reported.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦2,664,640,970.00** (Two billion, six hundred sixty-four million, six hundred and forty thousand, nine hundred and seventy Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦731,387,642.00** (Seven hundred and thirty-one million, three hundred and eighty-seven thousand, six hundred and forty-two Naira). This represents 27.44 % 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	308,800,000.00	208,099,852.00
2.	Economic Sector	318,254,895.00	1,124,200,000.00	351,737,690.00
3.	Social Services Sector	266,977,760.00	1,231,640,970.00	171,549,103.00
	Total	709,680,219.00	2,664,640,970.00	731,387,642.00

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,933,254,325.00** (One billion, nine hundred and thirty-three million, two hundred and fifty-four thousand, three hundred and twenty-five 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	308,800,000.00	208,099,852.00	100,700,148.00
2.	Economic Sector	318,254,895.00	1,124,200,000.00	351,737,690.00	772,462,310.00
3.	Social Sector	266,977,760.00	1,231,640,970.00	171,549,103.00	1,060,091,867.00
	Total	709,680,219.00	2,664,640,970.00	731,387,642.00	1,933,254,325.00

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 **₦359,703,400.00** (Three hundred and fifty-nine million, seven hundred and three thousand, four hundred Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum **₦340,101,813.00.00** (Three hundred and forty million, one hundred and one thousand, eight hundred and thirteen Naira) was expended. This resulted to a savings of **₦19,601,587.00** (Nineteen million, six hundred and one thousand, five hundred and eighty-seven Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was N1,081,563,850.00 (One billion, eighty-one million, five hundred and sixty-three thousand, eight hundred and fifty Naira). Whereas the actual expenditure for the year stood at N1,066,438,889.00(One billion, sixty-six million, four hundred and thirty-eight thousand, eight hundred and eighty-nine Naira), this resulted to a savings of N15,124,961.00 (Fifteen million, one hundred and twenty-four thousand, nine hundred and sixty-one 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 **N504,267,260.00** (Five hundred and four million, two hundred and sixty-seven thousand, two hundred and sixty Naira) while the actual expenditure for the year stood at **N429,043,322.00** (Four hundred and twenty-nine million, forty-three thousand, three hundred and twenty-two Naira). This resulted to a savings of **N75,223,938.00** (Seventy-five million, two hundred and twenty-three thousand, nine hundred and thirty-eight Naira).

S/N	DESCRIPTION	ACTUAL 2017 (₦)	ESTIMATED 2018 (₦)	ACTUAL 2018 (₦)	SAVINGS 2018(₦)
1.	Primary Sch. Teachers Sal	191,546,450.00	206,742,900.00	191,546,450.00	15,196,450.00
2.	Training Funds	11,385,048.00	11,140,600.00	17,969,562.00	(6,828,962.00)
3.	Contribution to Emirate	59,914,414.00	64,416,510.00	89,847,813.00	(25,431,303.00)
4.	Contribution to Pension	59,142,857.00	83,039,110.00	86,478,571.00	(3,387,461.00)
5.	Common Services	23,965,766.00	26,007,640.00	35,939,125.00	(9,931,485.00)
6.	Agency for Mass E	7,261,800.00	12,920,500.00	7,261,800.00	5,658,700.00
7.	Contribution to ZASIEC	-	100,000,000.00	-	100,000,000.00
	Total	353,216,335.00	504,267,260.00	429,043,322.00	75,223,939.00

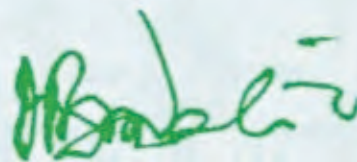
3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was N153,597,060.00(One hundred and fifty-three million five hundred and ninety-seven thousand sixty Naira). Whereas the actual expenditure for the year stood at N8,000,000.00 (Eight million Naira). This resulted to a savings of N145,597,060.00 (One and forty-five million, five hundred and ninety-seven thousand, sixty 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)**

