

# ZAMFARA STATE OF NIGERIA



*Report*

OF THE

**Auditor - General**

FOR

**LOCAL GOVERNMENTS**

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

**Maradun 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 .....	6
3.1	STATUTORY RECEIPTS .....	6
3.2	STATUTORY RECEIPTS (SURPLUS) .....	6
3.3	STATUTORY RECEIPT (DEFICIT) .....	6
3.4	INDEPENDENT REVENUE .....	7
3.5	INDEPENDENTS REVENUE (SURPLUS) .....	7
3.6	INDEPENDENT REVENUE (DEFICIT) .....	8
3.7	CAPITAL RECEIPT .....	8
3.8	CAPITAL RECEIPT (SURPLUS) .....	8
3.9	CAPITAL RECEIPT (DEFICIT) .....	9
3.10	CAPITAL EXPENDITURE .....	9
3.11	EXCESS CAPITAL EXPENDITURE .....	9
3.12	CAPITAL EXPENDITURE (DEFICIT).....	10
3.13	PERSONAL COST (INCL. SALARIES ON CRF CHARGES) .....	10
3.14	OVERHEAD CHARGES .....	10
3.15	CONSOLIDATED REVENUE FUND CHARGES.....	10
3.16	CRF CHARGES-PUBLIC DEBT CHARGE.....	11
5.0	CONCLUSION .....	12
6.0	ACKNOWLEDGMENT .....	12



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

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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 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 balanced and closed at the end of every month as provided by financial memoranda.
- b. **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:** For the period 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.

## 25 **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 33 files were given approval from both the local Government and LGEA with total benefits standing at **₦37,279,158.00** (Thirty-seven million, two hundred and seventy-nine thousand, one hundred and fifty-eight Naira). Out of these amounts the sum of **₦15,723,832.00** (Fifteen million, seven hundred and twenty-three thousand, eight hundred and thirty-two Naira) stood as total claims for 18 number local government staff, while L G E A staff totaling to 15 number gulfed the sum of **₦21,555,326** (Twenty-one million, five hundred and fifty-five thousand, three hundred and twenty-six 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 **₦1,589,847.54** (One million five hundred and eighty-nine thousand eight hundred and forty-seven naira fifty-four kobo) for the pension funds.

## 2.7 INVESTMENTS:

As at 31st December, 2018 the investment value stood at **₦109,647,661.00** (One hundred and nine million, six hundred and forty-seven thousand, six hundred and sixty-one naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2018(₦)	VALUE 2017 (₦)
1	Oceanic Bank	-	-
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Cement Co.	-	-
5	SICL Communication	-	-
6	Ashaka Cement Co	297,000	297,000
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Gusau fertilizer 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	104,000,661	104,000,661
	<b>TOTAL</b>	<b>109,647,661</b>	<b>109,647,661</b>

## 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 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 **₦3,501,012,100.00** (Three billion, five hundred and one million, twelve thousand, one hundred Naira) while the actual collection for the year was **₦3,590,301,999** (Tree billion, five hundred and ninety thousand, tree hundred) and one thousand, nine hundred and ninety Naira). The actual revenue represents 102.55% 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	1,346,410,770	1,898,115,260	1,979,213,199
2.	VAT	360,159,035	416,296,840	412,387,539
3.	Excess Crude Oil	-	-	-
4.	Excess Paris Refund	490,000,000	1,186,600,000	1,198,701,261
	<b>Total</b>	<b>2,196,569,805</b>	<b>3,501,012,100</b>	<b>3,590,301,999</b>

#### 3.2 STATUTORY RECEIPT (SURPLUS):

During the year under review, a surplus of N93,199,200.00 (Ninety-three million, one hundred and ninety-nine thousand, two hundred Naira) was revealed and it represent 2.66% 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	1,346,410,770	1,898,115,260	1,979,213,199	81,097,939
2.	Excess Crude Oil	-	-	-	
3.	Excess Paris Refund	490,000,000	1,186,600,000	1,198,701,261	12,101,261
	<b>Total</b>	<b>1,836,410,770</b>	<b>3,084,715,260</b>	<b>3,177,914,460</b>	<b>93,199,200</b>

#### 3.3 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of N3,909,301.00(Three million, nine hundred and nine thousand, three hundred and one Naira Naira) was revealed as per statutory Allocation. This represents 0.11 % shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 201 8 (₦)
1.	Vat Allocation	360,159,035	416,296,840	412,387,539	3,909,301
	<b>Total</b>	<b>360,159,035</b>	<b>416,296,840</b>	<b>412,387,539</b>	<b>3,909,301</b>

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦260,585,500** (Two hundred and sixty million, five hundred and eighty- five thousand, five hundred Naira) while the actual collection for the year was **₦209,686,850**(Two hundred and nine million, six hundred and eighty-six thousand, eight hundred and fifty Naira)The actual revenue represents 80.47% of the total projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Direct Taxes	22,246,221	-	-
2.	License	50,360,190	30,170,500	-
3.	Mining Rents	-	-	43,900,150
4.	Royalties	-	-	-
5.	Fees	29,189,600	68,432,980	20,390,100
6.	Fines	-	3,870,500	5,000,000
7.	Sales	-	17,891,620	4,600,000
8.	Earnings	83,900,100	65,549,900	93,900,300
9.	Sales/Rent on Govt. Buildings	43,500,250	9,090,000	5,400,000
10.	Sales/Rent on Lands &Others	-	20,780,000	9,400,104
11.	Repayments-General	-	-	-
12.	Investment Income	20,930,000	24,500,000	16,500,200
13.	Interest Earned	-	20,300,000	10,595,996
	<b>Total</b>	<b>250,126,361</b>	<b>260,585,500</b>	<b>209,686,850</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦73,380,050** (Seventy-three million, three hundred and eighty thousand, fifty - Naira), which represent 28.15% of the total projected revenue. The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Surplus 2018 (₦)
1.	Mining rent		-	43,900,150	43,900,150
2.	Fines		3,870,500	5,000,000	1,129,500
3.	Earnings		65,549,900	93,900,300	28,350,400
	<b>Total</b>		<b>69,420,400</b>	<b>142,800,450</b>	<b>73,380,050</b>



### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦124,278,700.00** (One hundred and twenty-four million, two hundred and seventy-eight thousand, seven hundred Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	License	50,360,190	30,170,500	-	30,170,500
2.	Fees	29,189,600	68,432,980	20,390,100	48,042,880
3.	Sales	-	17,891,620	4,600,000	13,291,620
4.	Sales/Rent on Lands & Others	43,500,250	9,090,000	5,400,000	3,690,000
5.	Sales/Rent on Land	-	20,780,000	9,400,104	11,379,896
6.	Investment Income	20,930,000	24,500,000	16,500,200	7,999,800
7.	Interest Earned	20,300,000	20,300,000	10,595,996	9,704,004
	<b>Total</b>	<b>164,280,040</b>	<b>191,165,100</b>	<b>66,886,400</b>	<b>124,278,700</b>

### 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 **₦2,569,620,820.00** (Two billion, five hundred and sixty-ninemillion, six hundred and twenty thousand, eight hundred and twenty Naira) during the year under review, but in the actual the sum of **₦711,927,660.00** (Seven hundred and eleven million, nine hundred twenty-seven thousand, six hundred and sixty Naira) was realized. This represents 27.7% of the total budget amount. The details are shown below:

S/ N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Transfer from CRF	558,525,501	1,569,620,820.00	(5,492,602.00)
2.	External Loans LGC	242,857,143	1,000,000,000.00	717,420,262.00
	<b>Total</b>	<b>801,382,644.00</b>	<b>2,569,620,820.00</b>	<b>711,927,660.00</b>

### 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 **₦1,857,693,160.00** (One billion, eight hundred and fifty-seven million, six hundred and ninety-three thousand, one hundred and sixty Naira) was reported by the Local Government Council the details is as per table below :-

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	Transfer from CRF	558,525,501	1,569,620,820.00	(5,492,602.00)	1,575,113,422.00
2.	External Loans LGC	242,857,143	1,000,000,000.00	717,420,262.00	282,579,738.00
	<b>Total</b>	<b>801,382,644.00</b>	<b>2,569,620,820.00</b>	<b>711,927,660.00</b>	<b>1,857,693,160.00</b>

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦2,569,620,820.00** (Two billion, five hundred and sixty-nine million, six hundred and twenty thousand, eight hundred and twenty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦692,846,057.00**(Six hundred and ninety-two million, eight hundred and forty-six thousand, fifty-seven Naira). This represents 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	239,878,620	44,818,389
2.	Economic Sector	375,588,229	1,032,871,080	476,478,565
3.	Social Services Sector	266,977,760	1,296,871,120	171,549,103
	<b>Total</b>	<b>767,013,553</b>	<b>2,569,620,820</b>	<b>692,846,057</b>

### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,876,774,763.00** (One billion, eight hundred and seventy-six million, seven hundred and seventy-four thousand, seven hundred and

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Savings (₦)
1.	Administrative Sector	124,447,564	239,878,620	44,818,389	195,060,231
2.	Economic Sector	375,588,229	1,032,871,080	476,478,565	556,392,515
3.	Social Sector	266,977,760	1,296,871,120	171,549,103	1,125,322,017
	<b>Total</b>	<b>767,013,553</b>	<b>2,569,620,820</b>	<b>692,846,057</b>	<b>1,876,774,763</b>

### **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 **₦420,186,310.00** (Four hundred and twenty million, one hundred and eighty-six 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 **₦257,676,190.00** (Two hundred and fifty-seven million, six hundred and seventy-six thousand, one hundred and ninety Naira) was expended. This resulted to a savings of **₦162,510,120** (One hundred and sixty-two million, five hundred and ten thousand, one hundred and twenty Naira).

### **3.14 OVERHEAD CHARGES:**

During the year under review the estimated overhead cost of the local government was **₦1,014,826,750.00** (One billion, fourteen million, eight hundred and twenty-six thousand, seven hundred and fifty Naira). Whereas the actual expenditure for the year stood at **₦1,010,688,350.00** (One billion, ten million, six hundred and eighty-eight thousand, three hundred and fifty Naira), this resulted to a savings of **₦4,138,400.00** (Four million, one hundred and thirty-eight thousand, four hundred 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 **₦499,482,750** (Four hundred and ninety-nine million, four hundred and eighty-two thousand, seven hundred and fifty Naira) while the actual expenditure for the year stood at **₦463,771,033** (Four hundred and sixty-three million, seven hundred and seventy-one thousand, thirty-three Naira). This resulted to a deficit of **₦35,711,717** (Thirty-five million, seven hundred and eleven thousand, seven hundred and seventeen Naira).

The table below shows the full details: -

S/N	DESCRIPTIO N	ACTUAL 2017 (₦)	ESTIMATE D 2018 (₦)	ACTUAL 2018 (₦)	SURPLUS/ DEFICIT 2018(₦)
1.	Primary Sch. Teachers Sal	203,185,420	215,185,420	203,185,420	12,000,000
2.	Training Funds	11,312,180	12,945,740	17,854,553	(4,908,813)
3.	Contribution to emirate	59,530,946	58,728,720	89,272,764	(30,544,044)
4.	Contribution to Pension	59,142,857	61,142,850	86,478,571	(25,335,721)
5.	Common Services	23,812,379	18,209,050	35,709,106	(17,500,056)
6.	Agency for Mass Edu. Salary	31,270,620	33,270,620	31,270,620	2,000,000
7.	<b>Zasiec</b>	-	100,000,000		100,000,000
	<b>Total</b>	<b>388,254,402</b>	<b>499,482,400</b>	<b>463,771,033</b>	<b>35,711,367</b>

### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

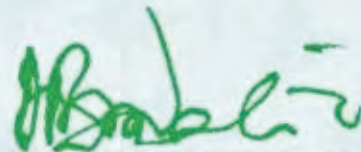
During the year under review the estimated Public debt charge of the local government was **₦145,481,320.00** (One hundred and forty-five million, four hundred and eighty-one thousand, three hundred and twenty Naira). Whereas the actual expenditure for the year stood at **₦140,300,580.00** (One hundred and forty million, three hundred thousand, five hundred and eighty Naira). This resulted to a savings of **₦5,180,740.00** (Five million, one hundred and eighty thousand, seven hundred and forty 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



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

