

ZAMFARA STATE OF NIGERIA

Report

OF THE

Auditor - General

FOR

LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

T/Mafara 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 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 which contravenes the provision of financial memoranda an instrument that guide the operation of local governments.
- 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 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 **₦19,885,714.30** (Nineteen million, eight hundred and eighty-five thousand, seven hundred and fourteen naira thirty kobo)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 receive, process and raised an authority for payment of retirement benefits. During the period under review files were received from this local government were 40 files were given approval from both the local Government and LGEA with total benefits standing at **₦30,191,158** (Thirty million, one hundred and ninety-one thousand, one hundred and fifty-eight Naira). Out of these amounts the sum of **₦6,402,303** (Six million, four hundred and two thousand, three hundred and three Naira) stood as total claims for 17 number local government staff while L G E A staff totaling to 23 number gulfed the sum of **₦2,051,931** (Two million, fifty-one thousand, nine hundred and thirty-one 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 **₦2,250,846.00** (Two million, two hundred and fifty thousand, eight hundred and forty-six Naira) for the pension funds.

2.7 INVESTMENTS:

As at 31st December, 2018 the investment value stood at **₦106,722,875.00** (One hundred and six million, seven hundred and twenty-two thousand, eight hundred and seventy-five naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2017 (₦)	VALUE 2016 (₦)
1	Gamji Bank	59,699	59,699
2	Sokoto Invest, Co Ind	-	-
3	CCNN Sokoto	200,000	200,000
4	Nigerian Merchant Bank Plc	33,300	33,300
5	First Bank Plc	66,600	66,600
6	Zamfara Investment Co.	-	-
7	Urban Dev. Bank Plc	500,000	500,000
8	FSB International Bank	-	-
9	Unity Bank (BON)	422,615	422,615
10	Zamfara Fertilizer Co.	-	-
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
14	Micro Finance Bank	-	-
	TOTAL	106,722,875	106,722,875

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 RECEIPTS:

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 **₦ 3,448,436,660.00** (Three billion, four hundred and forty-eight million, four hundred and thirty-six thousand, six hundred and sixty Naira) while the actual collection for the year was **₦3,417,552,848.00** (Three billion, four hundred and seventeen million, five hundred and fifty-two thousand, four hundred and forty-eight Naira). The actual revenue represents 99.1% 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	1,285,173,213	1,839,178,250	1,883,982,380
2.	VAT	363,193,196	419,258,410	392,545,309
3.	Excess Crude Oil			
4.	Excess Paris Refund	469,000,000	1,190,000,000	1,141,025,159
	Total	2,117,366,409	3,448,436,660	3,417,552,848

3.2 STATUTORY RECEIPTS (SURPLUS):

During the year under review, a surplus of **₦44,804,130.00** (Forty-four million, eight hundred and four thousand, one hundred and thirty Naira) was revealed and it represent % 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	1,285,173,213	1,839,178,250	1,883,982,380	44,804,130
	Total	1,285,173,213	1,839,178,250	1,883,982,380	44,804,130

3.3 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of **₦75,687,942.00** (Seventy-five million, six hundred and eighty-seven thousand, nine hundred and forty-two Naira) was revealed as per statutory Allocation. This represents 2.19% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	VAT	363,193,196	419,258,410	392,545,309	26,713,101
2.	Excess Paris Refund	469,000,000	1,190,000,000	1,141,025,159	48,974,841
	Total	832,193,196	1,609,258,410	1,533,570,468	75,687,942

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦174,068,160.00** (One hundred and seventy-four million, sixty-eight thousand, one hundred and sixty Naira) while the actual collection was **₦206,053,787.00** (Two hundred and six million, fifty-three thousand, seven hundred and eighty-seven Naira) The actual revenue represents almost 118.37% of the projected revenue.

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Direct Taxes	-	-	3,873,024
2.	Licenses	-	63,422,690	37,682,105
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	54,275,612	40,500,000	38,943,435
6.	Fines	-	-	6,668,560
7.	Sales	21,887,857	14,000,000	-
8.	Earnings	96,566,861	44,145,470	118,886,663
9.	Sales/Rent of Government Buildings	-	9,000,000	-
10.	Sales/Rent on Lands and Others	-	3,000,000	-
11.	Repayments- General	-	-	-
12.	Investment income	-	-	-
13.	Interest Earned	-	-	-
14.	Re-Imbursement	-	-	-
15.	Total-Independent	178,392,891	174,068,160	206,053,787

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of ₦85,282,777 (Eighty-five million, two hundred and eighty-two thousand, seven hundred and seventy-seven Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018(₦)	Surplus 201 (₦)
1.	Direct Taxes	-	-	3,873,024	3,873,024
2.	Fines	-	-	6,668,560	6,668,560
3.	Earnings	96,566,861	44,145,470	118,886,663	74,741,193
	Total	96,566,861	44,145,470	129,428,247	85,282,777

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦ 53,297,150** (Fifty-three million, two hundred and ninety-seven thousand, one hundred and fifty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Deficit 2018 (₦)
1.	Licenses	-	63,422,690	37,682,105	25,740,585
2.	Fees	54,275,612	40,500,000	38,943,435	1,556,565
3.	Sales	-	14,000,000	-	14,000,000
4.	Sales/Rent on land	-	3,000,000	-	9,000,000
5	Sales/Rent on Buildings	21,887,857	9,000,000	-	3,000,000
	Total	76,163,469	129,922,690	76,625,540	53,297,150

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 **₦1,974,758,060.00** (One billion, nine hundred and seventy-four million, seven hundred and fifty-eight thousand, sixty Naira) during the year under review, but in the actual the sum of **₦483,357,298.00** (Four hundred eighty-three million, three hundred and fifty-seven thousand, two hundred and ninety-eight Naira) was realized. This represents 24.47 % of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Transfer from CRF	559,885,412	974,758,060	(234,062,964)
2.	External Loans LGC	242,857,143	1,000,000,000	717,420,262
	Total	802,742,555	1,974,758,060	483,357,298

3.8 CAPITAL RECEIPTS (SURPLUS):

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

3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **₦1,491,400,762.00** (One billion, four hundred and ninety-one million, four hundred thousand, seven hundred and sixty-two Naira) was reported by the Local Government Council.

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)	Deficit 2018
1.	Transfer from CRF	559,885,412	974,758,060	(234,062,964)	1,208,821,024
2.	External Loans LGC	242,857,143	1,000,000,000	717,420,262	282,579,738
	Total	802,742,555	1,974,758,060	483,357,298	1,491,400,762

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,974,758,060.00** (One billion, nine hundred and seventy-four million, seven hundred and fifty-eight thousand, sixty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦470,285,114.00** (Four hundred and seventy million, two hundred and eighty-five thousand, one hundred and fourteen Naira). This represents 23.81 % 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	86,308,450	44,818,389
2.	Economic Sector	375,588,229	776,000,000	253,917,622
3.	Social Services Sector	266,977,760	1,112,449,610	171,549,103
	Total	767,013,553	1,974,758,060	470,285,114

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of N1,504,472,946.00(One billion,five hundred and four million,four hundred and seventy-two thousand,nine hundred and forty-six 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	86,308,450	44,818,389	41,490,061
2.	Economic Sector	375,588,229	776,000,000	253,917,622	522,082,378
3.	Social Services Sector	266,977,760	1,112,449,610	171,549,103	940,900,507
	Total	767,013,553	1,974,758,060	470,285,114	1,504,472,946

3.12 CAPITAL EXPENDITURE (DEFICIT):

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

3.13 RECURRENT EXPENDITURE (PERSONAL):

The sum of **N527,395,260.00** (Five hundred and twenty-seven million, three hundred and ninety-five thousand, two hundred and sixty Naira) was budgeted by this local government as personal cost for the year. While in the actual only the sum of **N460,952,232.00** (Four hundred and sixty million, nine hundred and fifty-two thousand, two hundred and thirty-two Naira) was expended. This resulted to a savings of **N66,443,028** (sixty-six million, four hundred and forty-three thousand,twenty-eight Naira).

3.14 RECURRENT EXPENDITURE (OVERHEAD):

During the year under review the estimated overhead cost of the local government was **₦1,243,300,000.00**(One billion, two hundred and forty-three million, three hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦942,726,637.00**(Nine hundred and forty-two million, seven hundred and twenty-six thousand, six hundred and thirty-seven Naira), this resulted to a savings of **₦300,573,363.00**(Three hundred million, five hundred and seventy-three thousand, three hundred and sixty-three Naira)

3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review was **₦587,426,740.00**(Five hundred and eighty-seven million, four hundred and twenty-six thousand, seven hundred and forty Naira), while the actual expenditure for the year stood at **₦504,075,522.00**(Five hundred and four million, seventy-five thousand, five hundred and twenty-two Naira). This resulted to a saving of **₦83,351,218** (Eighty-three million, three hundred and fifty-one thousand, two hundred and eighteen Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2017 (₦)	ESTIMATED 2018 (₦)	ACTUAL 2018 (₦)	SAVINGS 2018 (₦)
1.	Primary Sch. Teachers Sal	319,980,193	322,000,000	256,980,193	65,019,807
2.	Training Funds	10,767,889	15,426,740	16,995,472	(1,568,732)
3.	Contribution to Emirate	56,666,585	43,000,000	84,977,361	(41,977,361)
4.	Contribution to Pension	59,142,857	61,000,000	86,478,571	(25,478,571)
5.	Common Services	22,666,634	20,000,000	33,990,944	(13,990,944)
6.	Agency for Mass Edu. Salary	24,652,980	26,000,000	24,652,980	1,347,020
7.	Zasiec		100,000,000		100,000,000
	Total	493,877,139	587,426,740	504,075,522	83,351,218

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

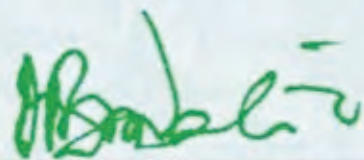
During the year under review the estimated Public debt charge of the local government was **₦96,291,420.00**(Ninety six million, two hundred and ninety-one thousand, four hundred and twenty Naira). Whereas the actual expenditure for the year stood at **₦93,450,210.00**(Ninety-three million, four hundred and fifty thousand, two hundred and ten Naira). This resulted to a savings of **₦2,841,210.00**(Two million, eight hundred and forty-one thousand, two hundred and ten 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)**

