

**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 2019**

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

Telephone:- 204868 Telegrams:-

P.M.B. 01015, Gusau

Date: \_\_\_\_\_

Ref. No: \_\_\_\_\_

## **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 2019 was submitted to this office on 20<sup>th</sup> August, 2020

### **1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:**

The previous year's 2018 financial audit report was submitted to the Honorable House of Assembly on 6<sup>th</sup> November, 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.

### **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 UN APPROPRIATED REVENUE:**

During the year under review it was observed that, the sum of **N732,659,848**(Seven hundred and thirty -two million, six hundred and fifty-nine thousand, eight hundred and forty-eight Naira) was received from Excess Paris club refund by the local government, but the revenue was not refereed for proper appropriation. It was expended without proper appropriation.

### **2.5 TRANSFER FROM OTHER GOVERNMENT AGENCIES:**

During the year under review the sum **N902,767,714** (Nine hundred and two million, seven hundred and sixty -seven thousand, seven hundred and fourteen Naira) was reported by the local government as transfer from Accountant General (MOF) FAAC Account and University Special project. Observation arising from this transfer revealed that, what the transfer is meant for has not been stated, weather it is loan to the local government or repayment of loan by the state government. More over this fund represent 30% of the total actual statutory allocation of the local government.

## 2.6 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. But it was observed that, the cash books were not balanced and closed at the end of every month as required by financial memoranda. Also reconciliation between the cash book and bank statements was observed to be ignored by the officers responsible for its preparation.
- b. **NonClassification of revenues and expenditure in accordance with IPSAS codes:** According to what I observed, internally generated revenues of the local government and the statutory allocations were not captured in the cash books in accordance with IPSAS code classification. Equally, recurrent and capital expenditure of the local government surpass the same defect as that of revenue. It was observed that, there was a mixed up in the codification of revenue and expenditure, sometimes old method of Head and Sub head is use while sometime IPSAS codes are used for recording of income and expenditure in the cash book and other books of account.
- 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. Local government staff salaries were posted in the cash books, but the payment vouchers were not made physically available for my scrutiny. For the year under review the sum N **373,265,316** (Three hundred and seventy -three million, two hundred and sixty-five thousand, three hundred and sixteen Naira) was paid as personnel cost by the local government.
- 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

2.7

### **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 41 files were given approval from both the local Government and LGEA with consist of 35 voluntary/compulsory retirement and 6 death staff with their total benefits standing at **₦20,779,731(Twenty million, seven hundred and seventy-nine thousand, seven hundred and thirty-one Naira)**. Out of these amounts the sum of **₦17,779,731(Seventeen million, seven hundred and seventy-nine thousand, seven hundred and thirty -one Naira)** stood as total claims for 35 number local government staff while L G E A staff totaling to 6 number gulfed the sum of **₦3,000,463(Three million, four hundred and sixty -three Naira)**.

2.8

### **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 **₦6,966,670(Six million, nine hundred and sixty-six thousand, six hundred and seventy Naira)** for the pension funds.

## 2.9 INVESTMENTS:

As at 31<sup>st</sup> December, 2019 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 2019 (₦)	VALUE 2018 (₦)
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
	<b>TOTAL</b>	<b>120,201,490</b>	<b>120,201,490</b>

## 2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦94,383,562.00** (Ninety -four million, three hundred and eighty-three thousand, five hundred and sixty -two 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 **₦2,558,233,020.00** (Two billion, five hundred and fifty-eight million, two hundred and thirty-three thousand, twenty Naira) **while** the actual collection for the year was **₦2,989,737,574.00** (Two billion, nine hundred and eighty-nine million, seven hundred and thirty seven thousand, five hundred and seventy -four Naira). The actual revenue represents 116.8% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)
1.	Statutory Allocation	1,991,962,272	2,128,583,690	1,740,153,693
2.	VAT	415,043,927	425,918,690	440,197,826
3.	Excess Crude Oil	-	3,730,640	-
4.	Excess Paris Refund	1,206,422,678		732,659,848
5.	Non-oil Revenue			76,726,207
	<b>Total</b>	<b>3,613,428,877</b>	<b>2,558,233,020</b>	<b>2,989,737,574</b>

### 3.2 STATUTORY ALLOCATION (SURPLUS):

During the year under review, a surplus of **₦823,665,191.00** (Eight hundred and twenty -three million, six hundred and sixty-five thousand, one hundred and ninety-one Naira) was revealed and it represent 32 % rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)	Surplus 2019(₦)
1.	VAT	415,043,927	425,918,690	440,197,826	14,279,136
2.	Excess Paris Refund	1,206,422,678		732,659,848	732,659,848
3.	Non-oil Revenue			76,726,207	76,726,207
	<b>Total</b>	<b>1,621,466,605</b>	<b>425,918,690</b>	<b>1,249,583,881</b>	<b>823,665,191</b>



### 3.3

#### **STATUTORY ALLOCATION (DEFICIT):**

In the year under review a deficit of **₦392,160,637.00**(Three hundred and ninety-two million,one hundred and sixty thousand, six hundred and thirty-seven Naira) was revealed as per Statutory Allocation and excess crude oil . This represents 15.3% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Deficit 2019 (₦)
1.	Statutory Allocation	1,991,962,272	2,128,583,690	1,740,153,693	388,429,997
2.	Excess Crude Oil	-	3,730,640	-	3,730,640
	<b>Total</b>	<b>1,991,962,272</b>	<b>2,132,314,330</b>	<b>1,740,153,693</b>	<b>392,160,637</b>

### 3.4

#### **INDEPENDENT REVENUE:**

During the year under review, the estimated Independent Revenue of this local government was **₦194,932,230.00** (One hundred and ninety-four million,nine hundred and thirty-two thousand,two hundred and thirty Naira) **while** the actual collection for the year was **₦111,222,790.00**(One hundred and eleven million,two hundred and twenty-two thousand,seven hundred and ninety Naira)The actual revenue represents 57% of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)
1.	Direct Taxes	15,253,840.00	49,300,000	15,443,920
2.	License	37,476,660.00	65,090,400	9,916,490
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	78,311,860.00	33,550,000	28,586,350
6.	Fines	-	-	8,321,810
7.	Sales	-	-	-
8.	Earnings	49,542,850.00	32,991,830	41,314,260
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	9,886,740.00	14,000,000	7,639,960
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	-
	<b>Total</b>	<b>190,471,950.00</b>	<b>194,932,230</b>	<b>111,222,790</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, a surplus of **N 8,322,430** (eight million, three hundred and twenty -two thousand, four hundred and thirty Naira) was recorded as regards to Independent Revenue and it emanate from earnings.

### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦100,353,680.00**(One hundred million, three hundred and fifty-three thousand,six hundred and eighty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Deficit 2019 (₦)
1.	Direct Taxes	15,253,840	49,300,000	15,443,920	33,856,080
2.	License	37,476,660	65,090,400	9,916,490	55,173,910
3.	Fees	78,311,860	33,550,000	28,586,350	4,963,650
4.	Sales/Rent on Lands & Others	9,886,740	14,000,000	7,639,960	6,360,040
	<b>Total</b>	<b>140,929,100</b>	<b>161,940,400</b>	<b>61,586,720</b>	<b>100,353,680</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 **₦1,936,035,630.00**(One billion,nine hundred thirty-six million,thirty-five thousand,six hundred and thirty Naira) during the year under review, but in the actual the sum of **₦1,943,043,830.00** (One billion, nine hundred and forty-three million,forty-three thousand,eight hundred a nd thirtyNaira) was realized. This represents 100% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Transfer from CRF	27,775,388.00	936,035,630	1,943,043,830
2.	External Loans LGC	717,420,262.00	1,000,000,000	-
	<b>Total</b>	<b>745,195,650.00</b>	<b>1,936,035,630</b>	<b>1,943,043,830</b>

### 3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus of N 1,007,008,200 N (One billion, seven million, eight thousand, two hundred and naira) was made in respect of capital receipt by the local government.

### 3.9 CAPITAL RECEIPTS (DEFICIT):

In the year under review a deficit of **₦1,000,000,000.00** (One billion Naira) was reported by this local government.

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,936,035,630.00** (One billion, nine hundred thirty -six million, thirty -five thousand, six hundred and thirty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,797,713,404.00** (One billion, nine hundred and forty-threemillion, forty-threethousand, eight hundred and thirty Naira). This represents 92.8 % of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)
1.	Administrative Sector	208,099,852	581,059,220	348,062,319
2.	Economic Sector	351,737,690	662,700,000	368,588,590
3.	Social Services Sector	171,549,103	692,276,410	1,081,062,494
	<b>Total</b>	<b>731,387,642</b>	<b>1,936,035,630</b>	<b>1,797,713,404</b>

### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦527,108,311.00** (Five hundred and twenty-seven million, one hundred and eight thousand, three hundred and eleven Naira) was revealed two three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)	Savings 2019(₦)
1.	Administrative Sector	208,099,852	581,059,220	348,062,319	232,996,901
2.	Economic Sector	351,737,690	662,700,000	368,588,590	294,111,410
	<b>Total</b>	<b>559,837,542</b>	<b>1,243,759,220</b>	<b>716,650,909</b>	<b>527,108,311</b>

### 3.12 CAPITAL EXPENDITURE (DEFICIT):

For the year under review, a deficit of **₦388,786,084** (Three hundred and eighty-eight million, seven hundred and eighty-six thousand, eighty-four Naira) was recorded in respect of capital expenditure which originate from social services sector.

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

The sum of **₦398,184,770.00** (Three hundred and ninety-eight million, one hundred and eighty-four thousand, seven hundred and seventy Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum **₦373,265,317.00** (Three hundred and seventy-three million, two hundred and sixty-five thousand, three hundred and seventeen Naira) was paid to 1,227 staff of the local government and its ADC. This resulted to a savings of **₦24,919,453.00** (Twenty-four million, nine hundred and nineteen thousand, four hundred and fifty-three Naira).

### 3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦513,000,000.00** (Five hundred and thirteen million). Whereas the actual expenditure for the year stood at **₦561,754,359.00** (Five hundred and sixty-one million, seven hundred and fifty-four thousand, three hundred and fifty-nine Naira), this resulted to a deficit of **₦48,754,359.00** (Forty-eight million, seven hundred and fifty-four thousand, three hundred and fifty-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 **₦556,553,820.00**(Five hundred and fifty-six million, five hundred and fifty-three thousand, eight hundred and twenty Naira) while the actual expenditure for the year stood at **₦518,713,904.00**(Five hundred and eighteen million, seven hundred and thirteen thousand, nine hundred and four Naira). This resulted to a savings of **₦47,839,916.00** (Forty-seven million, eight hundred and thirty-nine thousand, nine hundred and sixteen Naira).

The table below shows the full details: -

S/ N	DESCRIPTIO N	ACTUAL 201 8 (₦)	ESTIMATED 2019 (₦)	ACTUAL 2019 (₦)	DEFICIT/SA VINGS 2019 (₦)
1	Primary Sch. Teachers Sal	191,546,450	210,320,000	205,462,719	4,857,281
2	Training Funds	17,969,562	16,360,000	17,401,537	(1,041,537)
3	Contribution to Emirate	89,847,813	67,510,000	87,007,685	(19,497,685)
4	Contribution to Pension	86,478,571	87,553,820	85,714,286	1,839,534
5	Common Services	35,939,125	30,950,000	34,803,074	(3,853,074)
6	Agency for Mass Edu. Salary	7,261,800	17,860,000	8,037,056	9,882,944
7	ZasicContri.	-	100,000,000	65,102,047	34,897,953
8	Contribution to Emirate Security		36,000,000	15,185,500	<b>20,814,500</b>
	<b>TOTAL</b>	<b>429,043,322.00</b>	<b>566,553,820</b>	<b>518,713,904</b>	<b>47,839,916</b>

### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦176,851,270.00**(One hundred and seventy-six million eight hundred and fifty-one thousand, two hundred and seventy Naira).

Whereas the actual expenditure for the year stood at **₦101,768,279.00** (One hundred and one million, seven hundred and sixty-eight thousand, two hundred and seventy-nine Naira). This resulted to a savings of **₦75,082,991.00** (Seventy-five million, eighty-two thousand, nine hundred and ninety-one 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 Public Accounts committee of state house of assembly for their co-operation and show of interest especially on 2018 report send to the committee by this office. I also acknowledge with gratitude the co-operation given to this office by the Chief Executive and Accounting Officers of the local government and the supervising ministry i.e Ministry for Local Governments and community development.



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

