

ZAMFARA STATE OF NIGERIA

Report

OF THE

AUDITOR - GENERAL



FOR

LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

GUMMI 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

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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 2019 was submitted to this office on 20th August, 2020

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year's, financial year audit report was submitted to the Honorable House of Assembly on 6th 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 ₦ **703,837,318** (Seven hundred and three million, eight hundred and thirty-seven thousand, three hundred and eighteen Naira) was received from Excess Paris club refund by the local government, but the revenue was not referred for proper appropriation. It was expended without proper appropriation.

2.5 TRANSFER FROM OTHER GOVERNMENT AGENCIES:

During the year under review the sum of ₦ **867,253,212** (Eight hundred and sixty -seven million, two hundred and fifty- three thousand, two hundred and twelve 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 was fairly maintained as the cash book is characterized by little cancellations and alterations. Moreover the cash books were not balanced and closed at the end of every month. Additionally bank reconciliation between the cash book and bank statement has never been carried out throughout the year this local government.
- b. **Non Classification 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, despite the fact that the local government budget was prepared according to IPSAS approved format.
- 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~~ **346,730,090** (Three hundred and forty-six million, seven hundred and

2.7

CERTIFICATION OF RETIRING BENEFITS:

It is a mandate for this office to receive, process and raised an authority for payment of r etirement benefits. During the period under review files were received from this local government were 40files were approved from both the local Government and LGEA which consist of 29 voluntary/compulsory retirement and 11 death staff with their total benefits standing a **₦26,132,458(Twenty- six million, one hundred and thirty -two thousand, four hundred and fifty -eight Naira)**. Out of these amounts the sum of **₦ 7,543,740(Seven million, five hundred and forty- three thousand, seven hundred and forty Naira)** stood as total claims for 25 number local government staff while L G E A staff totaling to 15 number gulfed the sum of **₦18,588,718(Eighteen million, five hundred and eighty- eight thousand, seven hundred and eighteen 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 togeth er 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 **₦6,020,784.00(Six million,twenty thousand,seven hundred and eighty-fourNaira)** for the pension funds.

2.9

INVESTMENTS:

As at 31st December, 2019 the investment valu e stood at **₦95,977,047.00(Ninety-five million, nine hundred and seventy- seven thousand, forty -seven naira)** .The investment holding is ass shown below: -

S/N	NAME OF THE COMPANY	VALUE 2019 (₦)	VALUE 2018 (₦)
1	Gamji Bank	56,000	56,000
2	Sokoto Investment Co. Ltd	24,000	24,000
3	CCNN Sokoto		
4	Sokoto Cooperative Bank		
5	Gusau Community Bank		
6	Zamfara Investment Co.		
7	Urban Dev. Bank Plc		-
8	FSB International Bank	-	-
9	Unity Bank (BON)	-	-
10	Zamfara Fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	1,000,000	1,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	90,453,047	90,453,047
	TOTAL	95,977,047	95,977,047

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 **₦2,466,096,040.00** (Two billion, four hundred and sixty-six million, ninety-six thousand, forty Naira) **while** the actual collection for the year was **₦2,879,543,972.00**(Two billion, eight hundred and seventy-nine million, five hundred and forty-three thousand, nine hundred and seventy-two Naira). The actual revenue represents 116.7 % 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	1,913,599,313	2,053,348,950	1,671,696,779
2.	VAT	398,716,273	409,163,220	430,302,045
3.	Excess Crude Oil	-	3,583,870	-
4.	Excess Paris Refund	1,158,962,517	-	703,837,318
5.	Non-Oil Revenue			73,707,830
	Total	3,471,278,103	2,056,932,820	2,879,543,972

3.2 STATUTORY ALLOCATION (SURPLUS):

During the year under review, a surplus of **₦798,683,973.00** (Seven hundred and ninety-eight million, six hundred and eighty-three thousand, nine hundred and seventy-three Naira) was revealed and it represents 38.8% 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	398,716,273	409,163,220	430,302,045	21,138,825
2.	Excess Paris Refund	1,158,962,517	-	703,837,318	703,837,318
3.	Non-Oil Revenue			73,707,830	73,707,830
	Total	1,557,678,790	409,163,220	1,207,847,193	798,683,973

3.3 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦381,652,171** (Three hundred and eighty-one million, six hundred and fifty-two thousand, one hundred and seventy-one Naira) was recorded as per statutory Allocation.

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Deficit 201 9 (₦)
1.	Statutory Allocation	1,913,599,313	2,053,348,950	1,671,696,779	381,652,171
	Total	1,913,599,313	2,053,348,950	1,671,696,779	381,652,171

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦231,471,200** (Two hundred and thirty-one million, four hundred and seventy- one thousand, two hundred Naira) **while** the actual collection for the year was **₦99,244,572** (Ninety-nine million, two hundred and forty-four thousand, five hundred and seventy-two Naira) The actual revenue represents 42.8% of the projected Independent revenue. The details are as per table below

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)
1.	Direct Taxes	72,704,819	5,000,000	16,603,793
2.	License	-	46,000,000	9,189,142
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	6,962,057	83,000,000	26,094,004
6.	Fines	16,647,760	-	6,368,661
7.	Sales	-	30,871,200	-
8.	Earnings	68,232,345	34,600,000	33,845,081
9.	Sales/Rent on Govt. Buildings	29,637,174	10,000,000	-
10.	Sales/Rent on Lands & Others	-	-	7,143,891
11.	Investment Income	2,000,000	12,000,000	-
12.	Interest Earned	-	-	-
	Total	196,184,155	231,471,200	99,244,572

3.5

INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦25,116,345**(Twenty-five million, one hundred and sixteen thousand,three hundred and forty-fiveNaira). The table below give full details: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Surplus 2019 (₦)
1.	Direct Taxes	72,704,819	5,000,000	16,603,793	11,603,793
2.	Fines	16,647,760	-	6,368,661	6,368,661
3.	Sales/Rent on Lands & Others	-		7,143,891	7,143,891
	Total	89,352,579	5,000,000	30,116,345	25,116,345

3.6

INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦147,342,973.00**(One hundred and forty-seven million, three hundred and forty-two thousand, nine hundred and seventy-threeNaira). The table below give full details: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)	Deficit 2019 (₦)
1.	License	-	46,000,000	9,189,142	36,810,858
2.	Fees	6,962,057	83,000,000	26,094,004	56,905,996
3.	Sales	-	30,871,200	-	30,871,200
4.	Earnings	68,232,345	34,600,000	33,845,081	754,919
5.	Sales/Rent on Govt. Buildings	29,637,174	10,000,000	-	10,000,000
6.	Investment Income	2,000,000	12,000,000		12,000,000
		106,831,576	216,471,200	69,128,227	147,342,973

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 **₦1,785,745,100.00** (One billion, seven hundred and eighty-five million, seven hundred and forty-five thousand, one hundred Naira) during the year under review. While actual stood at **₦1,671,593,712.00** (One billion, six hundred and seventy-one million, five hundred and ninety-three thousand, seven hundred and twelve Naira). This represents 93.6% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)
1.	Transfer from CRF	(196,631,145)	785,745,100	1,671,593,712
2.	External Loans LGC	717,420,262	1,000,000,000	-
	Total	520,789,117	1,785,745,100	1,671,593,712

3.8 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus of **N 885,848,612** (Eight hundred and eighty-five million, eight hundred and forty-eight thousand, six hundred and twelve Naira) was recorded 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 and it originated from the External Loans of the Local Government Council.

3.10 CAPITAL EXPENDITURE:

the sum of **₦1,785,745,100.00** (One billion, seven hundred and eighty-five million, seven hundred and forty -five thousand, one hundred Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,535,264,056.00**(One billion, five hundred and thirty-five million,two hundred and sixty-four thousand,fifty-six Naira). This represents 85.9 % of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018(₦)	Actual 2018 (₦)
1.	Administrative Sector	64,648,873	718,357,140	348,062,319
2.	Economic Sector	254,229,422	676,407,960	276,677,355
3.	Social Services Sector	188,549,103	390,980,000	910,524,381
	Total	507,427,397	1,785,745,100	1,535,246,056

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **N 770,025,426.00** (Seven hundred and seventy million ,twenty-five thousand,four hundred and twenty-sixNaira)was revealed twosectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)	Savings 2019 (₦)
1.	Administrative Sector	64,648,873	718,357,140	348,062,319	370,294,821
2.	Economic Sector	254,229,422	676,407,960	276,677,355	399,730,605
	Total	318,878,295	1,394,765,100	624,739,674	770,025,426

3.12 CAPITAL EXPENDITURE (DEFICIT):

For the year under review, a deficit of **N 519,544,381**(Five hundred and nineteen million,five hundred and forty -four thousand, three hundred and eighty-one Naira) were made in respect of capital expenditure. It was originated from social services sector.

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

The sum of **₦530,393,300**(Five hundred and thirtymillion,three hundred and ninety-three thousand,three hundred Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **₦364,974,090** (Three hundred and sixty-four million, nine hundred and seventy-four thousand, ninety Naira) was paid to **1,692** staff of the local government and its ADCs. This resulted to a savings of **₦165,419,210**(One hundred and sixty-five million, four hundred and nineteen thousand, two hundred and ten Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦483,850,000.00** (Four hundred and eighty -three million, eight hundred and fifty thousand Naira). Whereas the actual expenditure for the year stood at **₦594,857,812.00** (Five hundred and ninety-four million, eight hundred and fifty -seven thousand , eight hundred and twelve Naira) this resulted to a deficit of **₦111,007,812.00** (One hundred and e leven million, seven thousand, eight hundred and twelve 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 **₦558,214,130**(Five hundred and fifty-eight million, two hundred and fourteen thousand, one hundred and t hirty Naira) while the actual expenditure for the year stood at **₦622,212,137**(Six hundred and twenty-two million,two hundred and twelve thousand,one hundred and thirty-seven Naira). This resulted to a deficit of **₦63,998,007**(Sixty-three million,nine hundred and ninety-eight thousand,seven Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2018(₦)	ESTIMATED 2019 (₦)	ACTUAL 2019(₦)	DEFICIT/SAV INGS 2019(₦)
1.	Primary Sch. Teachers Sal	252,474,158	252,474,160	286,534,915	(34,060,755)
2.	Training Funds	17,262,648	16,390,050	16,716,968	(326,918)
3.	Contribution to Emirate	86,313,237	81,950,260	83,584,839	(1,634,579)
4.	Contribution to Pension	86,478,571	59,142,860	85,714,286	(26,571,426)
5.	Common Services	34,525,925	32,780,110	33,433,936	(653,826)
6.	Agency for Mass Edu. Salary	33,595,056	33,595,060	36,125,147	(2,530,087)
	Contri. To Emirate Security		36,000,000	15,000,000	21,000,000
	ZASIEC	100,000,000	45,881,630	65,102,047	(19,220,417)
	Total	510,648,965	558,214,130	622,212,137	(63,998,007)

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦174,031,370.00** (One hundred and seventy-four million, thirty-one thousand, three hundred and seventy Naira). Whereas the actual expenditure for the year stood at **₦100,607,279.00** (One hundred million, six hundred and seven thousand, two hundred and seventy-nine Naira) This resulted to a savings of **₦73,424,091.00**(Seventy-three million, four hundred and twenty-four thousand, ninetyone 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)**

