

**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 2019**

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

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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:

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

### **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 ₦ **727,970,636** (Seven hundred and twenty-seven million, nine hundred and seventy thousand, six hundred and thirty-six Naira) which represent 24% of actual statutory allocation, 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 **₦896,989,767** (Eight hundred and ninety-six million, nine hundred and eighty -nine thousand, seven hundred and sixty-seven 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, the cash books are free from cancellations and alterations. Only that 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 by this local government.
- 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, 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 ₦ **276,880,475** (Two hundred and seventy-six million, eight hundred and eighty thousand, four hundred and seventy-five Naira) was paid as personnel cost by the local government. Efforts made by my office to have them examined proved abortive.

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 33files were approved from both the local Government and LGEA which consist of 29 voluntary/compulsory retirement and 4 death staff with their total benefits standing at **₦18,848,953(Eighteen million, eight hundred and forty-eight thousand, nine hundred and fifty-three Naira)**. Out of these amounts the sum of **₦ 14,867,192 (Fourteen million, eight hundred and sixty-seven thousand, one hundred and ninety-two Naira)** stood as total claims for 19 number local government staff while L G E A staff totaling to 4 number gulfed the sum of **₦3,981,761(Three million, nine hundred and eighty-one thousand, seven hundred and sixty-one 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 **₦700,275(Seven hundred thousand ,two hundred and seventy-five naira)** for the pension funds.

2.9

**INVESTMENTS:**

As at 31<sup>st</sup> December,2019the investment value stood at **₦109,647,661.00 (One hundred and nine million, six hundred and forty-seven thousand, six hundred and sixty-onenaira)**. The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2019(₦)	VALUE 2018 (₦)
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>

#### 2.10 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 **₦2,543,243,020** (Two billion, five hundred and forty-three million, two hundred and forty-three thousand,twentyNaira) **while** the actual collection for the year was **₦2,972,020,061**(Two billion,nine hundred and seventy-two million, twenty thousand,sixty-oneNaira). The actual revenue

S/N	DESCRIPTION	Actual 2017 (₦)	Estimate 2018 (₦)	Actual 2018 (₦)
1.	Statutory Allocation	1,979,213,199	2,116,343,560	1,729,016,261
2.	VAT	412,387,539	423,192,700	438,798,025
3.	Excess Crude Oil	-	-	-
4.	Excess Paris Refund	1,198,701,261	-	727,970,636
5.	Non-Oil Revenue			76,235,139
	<b>Total</b>	<b>3,590,301,999</b>	<b>2,543,243,020</b>	<b>2,972,020,061</b>

### 3.2 STATUTORY ALLOCATION (SURPLUS):

During the year under review, a surplus of **₦819,811,100** (Eight hundred and nineteen million, eight hundred and eleven thousand, one hundred 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	412,387,539	423,192,700	438,798,025	15,605,325
2.	Excess Paris Refund	1,198,701,261	-	727,970,636	727,970,636
3.	Non-Oil Revenue			76,235,139	76,235,139
	<b>Total</b>	<b>1,611,088,800</b>	<b>423,192,700</b>	<b>1,243,003,800</b>	<b>819,811,100</b>

### 3.3 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦387,327,299** (Three and eighty-seven million, three hundred and twenty-seventhousand, two hundred and ninety-nine Naira) was revealed as per statutory Allocation. This represents 15.2 % shortage of the projected Statutory Allocation revenue as shown below:



S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Deficit 201 9 (₦)
1.	Statutory Allocation	1,979,213,199	2,116,343,560	1,729,016,261	387,327,299
	<b>Total</b>	<b>1,979,213,199</b>	<b>2,116,343,560</b>	<b>1,729,016,261</b>	<b>387,327,299</b>

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦99,480,110** (Ninety-nine million, four hundred and eighty thousand, one hundred and ten Naira) **while** the actual collection for the year was **₦142,076,019** (One hundred and forty-two million, seventy-six thousand, nineteen Naira) The actual revenue represents 143% of the total projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)
1.	Direct Taxes	-	-	73,818,860
2.	License	-	12,956,610	11,021,640
3.	Mining Rents	43,900,150	-	-
4.	Royalties	-	-	-
5.	Fees	20,390,100	24,410,900	23,751,507
6.	Fines	5,000,000	1,220,000	10,921,510
7.	Sales	4,600,000	6,571,000	-
8.	Earnings	93,900,300	27,230,400	22,562,502
9.	Sales/Rent on Govt. Buildings	5,400,000	4,760,300	-
10.	Sales/Rent on Lands & Others	9,400,104	7,730,900	-
11.	Repayments-General	-	-	-
12.	Investment Income	16,500,200	7,100,000	-
13.	Interest Earned	10,595,996	7,500,000	-
	<b>Total</b>	<b>209,686,850</b>	<b>99,480,110</b>	<b>142,076,019</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦83,520,370** (Eighty-three million, five hundred and twenty thousand, three hundred and seventy Naira), which represent 85% of the total projected revenue. The table below give full details: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 20 19 (₦)	Surplus 2019 (₦)
1.	Direct Taxes	-	-	73,818,860	73,818,860
2.	Fines	5,000,000	1,220,000	10,921,510	9,701,510
	<b>Total</b>	<b>5,000,000</b>	<b>1,220,000</b>	<b>84,740,370</b>	<b>83,520,370</b>

### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦3,392,321**(Three million, three hundred and ninety-two thousand, three hundred and twenty -oneNaira). The table below give full details: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019 (₦)	Actual 2019 (₦)	Deficit 2019 (₦)
1.	License	-	11,021,640	12,956,610	1,934,970
2.	Fees	20,390,100	24,410,900	23,751,507	659,393
3.	Earnings	93,900,300	27,230,400	22,562,502	4,667,898
	<b>Total</b>	<b>114,290,400</b>	<b>62,662,940</b>	<b>59,270,619</b>	<b>3,392,321</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 **₦1,852,039,470** (One billion, eight hundred and fifty-two million, thirty-nine thousand, four hundred and seventy Naira) during the year under review, but in the actual the sum of **₦1,995,502,286** (One billion, nine hundred and ninety-five million, five hundred two thousand, two hundred and eighty-six Naira) was realized. This represents 107.7% of the total budget amount. The details are shown below:

S/ N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)
1.	Transfer from CRF	(5,492,602)	852,039,470	1,995,502,286
2.	External Loans LGC	717,420,262	1,000,000,000	-
	<b>Total</b>	<b>711,927,660</b>	<b>2,852,039,470</b>	<b>1,995,502,286</b>

### 3.8

#### CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus of **₦ 1,143,462,816** ( One billion, one hundred and forty -three million, four hundred and sixty - two thousand, eight hundred and sixteen 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 billionNaira) was reported by the Local Government and it was from external loans of the local government.

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,852,039,470** (One billion, eight hundred and fifty -two million, thirty -nine thousand, four hundred and seventy Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,837,927,704** (One billion, eight hundred and thirty-seven million, nine hundred and twenty-seven thousand ,seven hundred and four Naira). This represents 99% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)
1.	Administrative Sector	44,818,389	618,573,070	348,062,319
2.	Economic Sector	476,478,565	743,914,000	282,648,915
3.	Social Services Sector	171,549,103	489,552,400	1,207,216,469
	<b>Total</b>	<b>692,846,057</b>	<b>1,852,039,470</b>	<b>1,837,927,704</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 sixty-three Naira) was revealed in all the three sectors as shown in the table below: -

S/N	DESCRIPTION	Actual 2018 (₦)	Estimate 2019(₦)	Actual 2019 (₦)	Savings 2019 (₦)
1.	Administrative Sector	44,818,389	618,573,070	348,062,319	270,510,751
2.	Economic Sector	476,478,565	743,914,000	282,648,915	461,265,085
	<b>Total</b>	<b>521,296,954</b>	<b>1,362,487,070</b>	<b>630,711,234</b>	<b>731,775,836</b>

### 3.12 CAPITAL EXPENDITURE (DEFICIT):

For the year under review, a deficit of **₦717,664,069** (Seven hundred and seventeen million, six hundred and sixty-four thousand, sixty-nine Naira) was recorded in respect of capital expenditure.

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

The sum of **₦468,311,080** (Four hundred and sixty-eight million, three hundred and eleven thousand, eighty Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of **₦291,204,721** (Two hundred and ninety-one million, two hundred and four thousand, seven hundred and twenty-one Naira) was paid to **1,256** staff of the local government and its ADC. This resulted to a savings of **₦177,106,359** (One hundred and seventy-seven million, one hundred and six thousand, three hundred and fifty-nine Naira).

**3.14 OVERHEAD CHARGES:**

During the year under review the estimated overhead cost of the local government was **₦467,493,810** (Four hundred and sixty-seven million, four hundred and ninety-three thousand, eight hundred and ten Naira). Whereas the actual expenditure for the year stood at **₦558,601,431** (Five hundred and fifty -eight million, six hundred and one thousand, four hundred and thirty-one Naira), this resulted to a deficit of **₦91,107,621** (Ninety-one million, one hundred and seven thousand, six hundred and twenty-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 **₦547,397,450** (Five hundred and forty-seven million, three hundred and ninety-seven thousand, four hundred and fifty Naira) while the actual expenditure for the year stood at **₦566,539,579** (Five hundred and sixty-six million, five hundred and thirty-nine thousand, five hundred and seventy-nine Naira). This resulted to a deficit of **₦19,142,129** (Nineteen million, one hundred and forty-two thousand, one hundred and twenty-nine Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2018 (₦)	ESTIMATE D 2019 (₦)	ACTUAL 2019 (₦)	SURPLUS/ DEFICIT 2019(₦)
1.	Primary Sch. Teachers Sal	203,185,420	220,347,900	227,909,907	(7,562,007)
2.	Training Funds	17,854,553	13,270,400	17,290,163	(4,019,763)
3.	Contribution to emirate	89,272,764	59,156,210	86,450,813	(27,294,603)
4.	Contribution to Pension	86,478,571	65,156,210	85,714,286	(20,558,076)
5.	Common Services	35,709,106	19,185,620	34,580,325	(15,394,705)
6.	Agency for Mass Edu. Salary	31,270,620	34,281,110	33,683,939	597,171
7.	Contri Em irate Securi		36,000,000	15,808,100	20,191,900
8.	Zasiec		100,000,000	65,102,047	34,897,953
	<b>Total</b>	<b>463,771,033</b>	<b>547,397,450</b>	<b>566,539,579</b>	<b>(19,142,129)</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 **₦101,579,393** (One hundred and one million, five hundred and seventy-nine thousand, three hundred and ninety-three Naira). This resulted to a savings of **₦43,901,927** (Forty-three million, nine hundred and one thousand, nine hundred and twenty-seven 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)**

