



REPORT OF THE **AUDITOR - GENERAL**

FOR LOCAL GOVERNMENTS
ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS
OF

ANKA LOCAL GOVERNMENT

ZAMFARA STATE

For The Year Ended
31ST DECEMBER 2020



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OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA

204868

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 2020 was submitted to this office on 13th July, 2021.

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year's, financial year audit report was submitted to the Honorable House of Assembly on 7th October, 2020 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 UNAPPROPRIATED REVENUE:

During the year under review it was observed that, the sum of ₦ 151,203,666 (One hundred and fifty-one million, two hundred and three thousand, six hundred and sixty-six Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil revenue, share of forex equalization, share of solid minerals, stabilization fund and federal government intervention fund by the local government, but the revenue was not referred to the State house of Assembly for proper appropriation. It was expended without proper appropriation.

2.5 TRANSFER FROM OTHER GOVERNMENT AGENCIES:

During the year under review the sum ₦96,855,650 (Ninety-six million, eight hundred and fifty-five thousand, six hundred and fifty Naira) was reported by the local government as transfer from Revenue advert account, development saving account, home vestors concept ltd, Multi plus Investmant etc. 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



2.6 ACCOUNTING RECORDS:

During the year under review, it was observed that, the local government books of accounts were fairly maintained. The manner in which this aspect was handled by the local government is fairly encouraging. Some of the observation made includes the following:

a. In correct entries in the cash books: It was observed that the cash books maintained for the period under review were characterized by a lot of mistakes and unnecessary cancellations. 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 ₦292,418,660.00 (Two hundred and ninety-two million, four hundred and eighteen thousand, six hundred and sixty Naira) was paid as personnel cost by the local government. 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.



2.7 CERTIFICATION OF RETIRING BENEFITS:

It is a mandate for this office to received, process and raises an authority for payment of retirement benefits. During the period under review 17 files were approved from both the local Government and LGEA with consist of 13 voluntary/compulsory retirement and 4 death staff with their total benefits standing at ₦7,489,840.13 (Seven million, four hundred and eighty-nine thousand, eight hundred and forty Naira). Out of these amount the sum of ₦7,092,580 (Seven Million, ninety-two thousand, five hundred and eighty Naira) stood as total claims for 16 number local government staff, while 1 number L G E A staff benefits gulfed the sum of ₦397,260.00 (Three hundred and ninety-seven thousand, two hundred and sixty 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 these 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 ₦1,009,044.00 (One Million, nine thousand, forty-four Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2020 the investment value stood at ₦89,530,540.00 (Eighty-nine million five hundred and thirty thousand five hundred and forty naira) The investment holding is as shown below: -



S/N	NAME OF THE COMPANY	VALUE 2020(₦)	VALUE 2019 (₦)
1	Oceanic Bank	180,000	180,000
2	Kaduna Textile	100,000	100,000
3	CCNN Sokoto	100,000	100,000
4	Sokoto Mortgage		
5	SICL Communication		
6	Ashaka Cement		
7	NNPC Nig.		
8	ISB International Bank		
9	Bank of the North		
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	1,500,000	1,500,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	84,800,547	84,800,547
14	Micro Finance Bank		
	TOTAL	89,530,547	89,530,547

2.10 LOAN REPAYMENT:

The sum of N464,418,747.00(Four hundred and sixty-four million, four hundred and eighteen thousand, seven hundred and forty-seven 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 and VAT) was ₦1,846,526,610.00(One billion, eight hundred and forty-six million, five hundred and twenty-six thousand, six hundred and ten Naira)while the actual collection stood at ₦1,714,293,611.00 (One billion, seven hundred and fourteen million, two hundred and ninety-three thousand, six hundred and eleven Naira).The actual revenue represents93% of the projected revenue. Also this can be seen below:



S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)
1.	Statutory Allocation	1,589,997,555	1,457,208,830	1,253,592,390
2.	Vat	382,406,511	389,317,780	460,701,221
3.	Excess Paris Refund	641,169,164		-
		2,613,573,230	1,846,526,610	1,714,293,611

3.2 STATUTORY RECEIPTS (SURPLUS):

For the year under review, a surplus of ₦71,383,441.00 (Seventy-one million, three hundred and eighty-three thousand, four hundred and forty-one naira) was recorded as per Statutory Receipt of this local government. The surplus arose from VAT collection for the year. The breakdown can be seen in the table below:

S/ N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Surplus 2020(₦)
3.	Vat	382,406,511	389,317,780	460,701,221	71,383,441
2.	Excess Paris Refund	641,169,164	-	641,169,164	-
	Total	1,023,575,675	389,317,780	1,101,870,385	71,383,441

3.3 STATUTORY RECEIPTS (DEFICIT):

In the year under review, one head of Statutory revenue revealed a deficit of ₦203,616,440.00 (Two hundred and three million, six hundred and sixteen thousand, four hundred and forty



S/N	DESCRIPTION	Actual 2019(₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	Statutory Allocation	1,589,997,555	1,457,208,830	1,253,592,390	203,616,440
	Total	1,589,997,555	1,457,208,830	1,253,592,390	203,616,440

3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was ₦209,940,750.00(Two hundred and nine million, nine hundred and forty thousand, seven hundred and fifty naira)while the actual collection was ₦69,335,115.00(Sixty-nine million, three hundred and thirty-five thousand, one hundred and fifteen naira). The details is as per table shown below :-

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Direct Taxes	26,198,748		21,588,487
2.	License	4,655,159	78,101,760	5,223,390
3.	Mining Rents			
4.	Royalties			
5.	Fees	7,077,269	95,538,990	8,033,295
6.	Fines	3,875,787		1,917,572
7.	Sales		8,000,000	
8.	Earnings	29,844,579	28,300,000	23,929,771
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	6,615,477	-	5,587,481
11.	Re-Imbursement/Miscellaneous Receipt	3,901,495	-	3,055,119
	Total	82,168,515	209,940,750	69,335,115

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, three heads of independent revenue revealed a Surplus ₦32,148,659.00 (Thirty-two million, one hundred and forty-eight thousand, six hundred and fifty-nine naira). The table below give full details:

S/ N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Surplus 2020 (₦)
1.	Direct Taxes	26,198,748	-	21,588,487	21,588,487
	Fines	3,875,787	-	1,917,572	1,917,572
	Sales/Rent on Lands & Others	6,615,477	-	5,587,481	5,587,481
2.	Re- Imbursement/Miscellane ous Reciept	3,901,495	-	3,055,119	3,055,119
	TOTAL	40,591,507	-	32,148,659	32,148,659

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, three heads of independent revenue revealed a Deficit of ₦172,754,294.00 (One hundred and seventy-two million, seven hundred and fifty four thousand, two ninety four naira). The table below give full details:

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	License	4,655,159	78,101,760	5,223,390	72,878,370
2.	Fees	7,077,269	95,538,990	8,033,295	87,505,695
3.	Sales		8,000,000		8,000,000
	Earnings	29,844,579	28,300,000	23,929,771	4,370,229
	Total	41,577,007	209,940,750	37,186,456	172,754,294



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 ₦2,574,145,664.00 (Two billion, five hundred and seventy-four million, one hundred and forty-five thousand, six hundred and sixty-four Naira) during the year under review, but in the actual the sum ₦2,240,538,030.00 (Two billion, two hundred and forty million, five hundred and thirty-eight thousand, thirty Naira) was realized. This represents 87% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Transfer from CRF	1,567,526,154	359,859,950	26,252,316
2.	External Loans LGC	-	2,214,285,714	2,214,285,714
	Total	1,567,526,154	2,574,145,664	2,240,538,030

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 ₦330,072,465 .00 (Three hundred and thirty million, seventy-two thousand, four hundred and sixty-five Naira) was reported and it originated from Transfer from consolidated revenue fund of the Local Government Council

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	Transfer from CRF	1,567,526,154	359,859,950	26,252,316	330,072,465
	Total	1,567,526,154	359,859,950	26,252,316	330,072,465



3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of ₦2,574,145,664.00 (Two billion, five hundred and seventy-four million, one hundred and forty-five thousand, six hundred and sixty-four Naira) was budgeted, while on the actual the capital expenditure of the local government stood at ₦2,132,845,300.00 (Two billion, one hundred and thirty-two million, eight hundred and forty-five thousand, three hundred naira). This amount is 82% of the estimated figure. The details are shown as per table below

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Administrative Sector	348,062,319	674,500,000	528,982,640
2.	Economic Sector	261,170,716	1,186,000,000	996,389,589
3.	Social Services Sector	836,036,153	713,645,664	607,473,071
	Total	1,445,269,189	2,574,145,664	2,132,845,300

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of ₦441,300,364 (Four hundred and forty-one million, three hundred thousand, three hundred and sixty-four Naira) was made in respect of capital expenditure by this local government. The table below gives the breakdown :-

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Savings 2020 (₦)
1.	Administrative Sector	348,062,319	674,500,000	528,982,640	145,517,360
2	Economic Sector	261,170,716	1,186,000,000	996,389,589	189,610,411
3	Social Services Sector	836,036,153	713,645,664	607,473,071	106,172,593
	Total	1,445,269,189	2,574,145,664	2,132,845,300	441,300,364



3.12 CAPITAL EXPENDITURE (DEFICIT):

During the year under review no record of deficits was made in respect of capital expenditure by the local government.

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

The sum of ₦476,350,520.00 (Four hundred and seventy-six million, three hundred and fifty thousand, five hundred and twenty Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of ₦292,418,660.00 (Two hundred and ninety-two million, four hundred and eighteen thousand, six hundred and sixty Naira) was paid to 1,322 staff of the local government and its ADC. This resulted to a savings of ₦183,931,860.00 (One hundred and eighty-three million, nine hundred and thirty-one thousand, eight hundred and sixty Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was ₦488,100,180.00 (Four hundred and eighty-eight million, one hundred thousand, one hundred and eighty Naira). Whereas the actual expenditure for the year stood at ₦579,687,023.00 (Five hundred and seventy-nine million, six hundred and eighty-seven thousand, twenty-three Naira). This resulted to a deficit of ₦91,586,843.00 (Ninety-one million, five hundred and eighty-six thousand, eight hundred and forty-three 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 ₦389,000,000.00 (Three hundred and eighty-nine million Naira) while the actual expenditure for the year stood at ₦416,331,213.00 (Four hundred and sixteen million, three hundred and thirty-one thousand, two hundred and thirteen Naira). This resulted to a deficit of ₦27,331,213.00 (Twenty-seven million, three hundred and thirty-one thousand, two hundred and thirteen Naira).

The table below shows the full details:



S/N	DESCRIPTION	ACTUAL 2019 (₦)	ESTIMATED 2020 (₦)	ACTUAL 2020 (₦)	DEFICIT/SAVINGS 2020(₦)
1.	Primary Sch. Teachers Sal	198,308,427	195,000,000	216,936,298	(21,936,298)
2.	Training Funds	15,228,525	13,000,000	11,157,342	1,842,658
3.	Contribution to Emirate	76,142,626	63,000,000	58,224,279	4,775,721
4.	Contribution to Pension	85,714,286	63,000,000	85,714,286	(22,714,286)
5.	Common Services	30,457,050	30,000,000	24,541,681	5,458,319
6.	Agency for Mass Edu. Salary	21,374,960	25,000,000	19,757,328	5,242,672
7.	ZasicContri.	65,102,047			
8.	Contribution to Emirate Security	15,000,000			
	TOTAL	507,327,921	389,000,000	416,331,213	(27,331,213)

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was N157,823,370.00 (One hundred and fifty-seven million, eight hundred and twenty-three thousand, three hundred and seventy Naira) Whereas the actual expenditure for the year stood at N238,585,483.00 (Two hundred and thirty-eight million five hundred and eighty five thousand, four hundred and eighty-three Naira)This resulted to a deficit of N82,762,113.00(Eighty-twomillion,seven hundred and sixty-two thousand, one hundred and thirteen Naira)



4.0 GENERAL RECOMMENDATIONS

According to the observations set out on the report the following recommendations are here by suggested.

1. In correct entries in the cash books which was as a result of in adequate and proper training and re-training of the treasury staff, it is here by recommended that proper training should be organized to the treasury staff of the Local Government for proper understanding of the treasury process.
2. Improper classification of revenue and expenditure: this also comes about as result of lack of proper understanding of the National Chart of Accounts (NCOA). It is hereby recommend that the treasury staff should be giving a rigorous training on this important aspect of IPSAS program, which is a vital segment of the program.
3. Outstanding payment vouchers : the payment vouchers should be traced and be presented for inspection otherwise they will regarded as un-vouched expenditure which will be recovered from the officers controlling the vote for the period under review.
4. Plant Register: this document is not in existence over a long period of time, it is here by recommended that the register should be brought back for proper records of Local Government Assets.
5. Budget Implementation Analysis : going by the analysis of budget implementation by this local Government it is hereby recommended that, the local government should put more effort in ensuring that its budget is implemented properly, especially on the aspect of revenue generation, proper machineries should be put in place to ensure that what is due to the local government is collected and duly remitted into the revenue account of the local government. On the expenditure aspect more efforts should be made in seeing that over expenditure is avoided as per as possible.



5.0 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.

6.0 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 2019 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)**

