



# REPORT OF THE **AUDITOR - GENERAL**

FOR LOCAL GOVERNMENTS  
ON IPSAS CASH

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
OF

**BAKURA 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

Date: 7th September, 2021

Ref. No: LGA/AA/VOL.II/164

## 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 2019 financial 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 ₦ 146,402,939 (One hundred and forty-six million, four hundred and two thousand, nine hundred and thirty-nine 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 ₦83,685,965 (Eighty-three million, six hundred and eighty-five thousand, nine hundred and sixty-five Naira) was reported by the local government as transfer from Revenue advert account, development saving account, home vestors concept ltd, Multi plus Investment 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, 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 balanced and closed at the end of every month. Only the monthly reconciliation with the bank statements was observed to be neglected.

**b.** 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.

**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 N 14,471,000.00 (Fourteen million, four hundred and seventy-one thousand Naira) 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.



## **2.7 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 46files were approved from both the local Government and LGEA with consist of 40 voluntary/compulsory retirement and 6 death staff with their total benefits standing at ₦21,604,618 (Twenty-one million, six hundred and four thousand, six hundred and eighteen Naira). Out of these amount the sum of ₦17,080,155(Seventeenmillion, eighty thousand, one hundred and fifty-five Naira)stood as total claims for 42 number local government staff, while 4 number L G E A staff benefits gulfed the sum of ₦4,524,463(Four million, five hundred and twenty-four thousand, 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 ₦3,636,620.00(Three million, six hundred and thirty-six thousand, six hundred and twenty Naira) for the pension funds.

## **2.9 INVESTMENTS:**

As at 31st December, 2020 the investment value stood at ₦108,188,667.00(One hundred and eight million, one hundred and eighty-eight thousand, six hundred and sixty-sevonnaira). The investment holding is as shown below: -

<b>S/N</b>	<b>NAME OF THE COMPANY</b>	<b>VALUE 2020 (₦)</b>	<b>VALUE 2019 (₦)</b>
1	Oceanic Bank	-	-
2	Kaduna Textile	-	-
3	CCNN Soot	748,006	748,006
4	SootCement Co.	-	-
5	SICL Communication	-	-
6	Ashaka Cement Co	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Zamfara Investment Co.	2,000,000	2,000,000
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
	<b>TOTAL</b>	<b>108,188,667</b>	<b>108,188,667</b>



## **2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)**

The sum of ₦465,887,881.00 (Four hundred and sixty-five million, eight hundred and eighty-seven thousand, eight hundred and eighty-one 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 and VAT) was ₦1,737,275,410.00 (One billion, seven hundred and thirty-seven million, two hundred and seventy-five thousand, four hundred and ten Naira) while the actual collection for the year was ₦1,720,397,014.00.00 (One billion, seven hundred and twenty million, three hundred and ninety-seventhousand, fourteen Naira). The actual revenue 99% of the total projected revenue. Also this can be seen as per table below: -

<b>S/N</b>	<b>DESCRIPTION</b>	<b>Actual 2019 (₦)</b>	<b>Estimate 2020 (₦)</b>	<b>Actual 2020 (₦)</b>
1.	Statutory Allocation	1,474,501,842	1,337,885,470	1,213,790,748
2.	VAT	403,374,070	399,389,940	506,606,266
3.	Excess Crude Oil	-	-	-
4.	Excess Paris Refund	620,812,001	-	-
5.	Non-Oil Revenue	65,013,183	-	-
	<b>Total</b>	<b>2,563,701,098</b>	<b>1,737,275,410</b>	<b>1,720,397,014</b>



### 3.2 STATUTORY ALLOCATION (SURPLUS):

During the year under review, surplus of ₦107,216,326 (One hundred and seven million, two hundred and sixteen thousand, three hundred and twenty-six Naira) was recorded in respect of VAT allocation. Which represent 6.17% increase on estimated statutory allocation. The details is shown below :-

S/ N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Surplus 2020(₦)
1.	Excess Paris Refund	620,812,001	-	-	-
2.	Vat	403,374,070	399,389,940	506,606,266	107,216,326
3.	Non-Oil Revenue	65,013,183	-	-	-
	<b>Total</b>	<b>1,089,199,254</b>	<b>399,389,940</b>	<b>506,606,266</b>	<b>107,216,326</b>

### 3.3 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of ₦124,094,722.00(One hundred twenty-fourmillion,ninety-four thousand, seven hundred and twenty-two naira) was revealed as per statutory Allocation. This represents 9.3% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2019(₦)	Estimate 2020 (₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	Statutory Allocation	1,474,501,842	1,337,885,470	1,213,790,748	124,094,722
	<b>Total</b>	<b>1,474,501,842</b>	<b>1,337,885,470</b>	<b>1,213,790,748</b>	<b>124,094,722</b>





### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was ₦322,545,720.00 (Three hundred and twenty-two million, five hundred and forty-five thousand, seven hundred and twenty naira only) while the actual collection for the year was ₦58,772,660.00 (Fifty-million million, seven hundred and seventy-two thousand, six hundred and sixty naira) The actual revenue represents 18% of the total projected Independent revenue.

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020 (₦)	Actual 2020 (₦)
1.	Direct Taxes	35,523,120	3,250,000	12,218,990
2.	License	8,404,780	49,570,500	4,277,390
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	47,186,720	49,879,210	9,258,320
6.	Fines	15,329,060	12,550,800	5,783,910
7.	Sales	-	50,233,600	-
8.	Earnings	65,169,390	67,950,600	21,849,420
9.	Sales/Rent on Govt. Buildings	-	35,375,210	-
10.	Sales/Rent on Lands & Others	9,600,720	53,735,800	3,291,560
11.	Repayments-General	-	-	-
12.	Investment Income	-	-	-
13.	Interest Earned	8,500,050	-	2,093,070
14.	Re- imbursement/Misc	7,371,160	-	-
	<b>Total</b>	<b>197,085,000</b>	<b>322,545,720</b>	<b>58,772,660</b>



### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of ₦10,792,060.00 (Ten million, seven hundred and ninety-two thousand, sixty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Surplus 2020 (₦)
1.	Direct Taxes	35,523,120	3,250,000	12,218,990	8,968,990
2	Interest Earned	8,500,050	-	2,093,070	2,093,070
	<b>Total</b>	<b>35,523,120</b>	<b>3,250,000</b>	<b>14,312,060</b>	<b>10,792,060</b>

### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of ₦274,835,120.00 (Two hundred and seventy-four million, eight hundred and thirty-five thousand, one hundred and twenty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate2020(₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	License	8,404,780	49,570,500	4,277,390	45,293,110
2.	Fees	47,186,720	49,879,210	9,258,320	40,620,890
3.	Fines	15,329,060	12,550,800	5,783,910	6,766,890
4.	Sales	-	50,233,600	-	50,233,600
5.	Earnings	65,169,390	67,950,600	21,849,420	46,101,180
6.	Sales/Rent on Govt. Buildings	-	35,375,210	-	35,375,210
7.	Sales/Rent on Lands & Others	9,600,720	53,735,800	3,291,560	50,444,240
	<b>Total</b>	<b>145,690,670</b>	<b>319,295,720</b>	<b>44,460,600</b>	<b>274,835,120</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 ₦2,437,284,444.00 (Two billion, four hundred and thirty-seven million, two hundred and eighty-four thousand, four hundred and forty-four Naira) during the year under review, but in the actual the sum of ₦2,245,421,172.00 (Two billion, two hundred and forty-five million, four hundred and twenty-one thousand, one hundred and seventy-two Naira) was realized. This represents 183.6% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Transfer from CRF	1,469,367,025	222,998,730	31,135,458
2.	External Loans LGC	-	2,214,285,714	2,214,285,714
	<b>Total</b>	<b>1,469,367,025</b>	<b>2,437,284,444</b>	<b>2,245,421,172</b>

### 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 N191,863,272.00 (One hundred and ninety-one million, eight hundred and sixty-three thousand, two hundred and seventy-two Naira) was reported and it was originated from transfer from consolidated revenue fund.

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Deficit 2020 (N)
1.	Transfer from CRF	1,469,367,025	222,998,730	31,135,458	191,863,272
	<b>Total</b>	<b>1,469,367,025</b>	<b>222,998,730</b>	<b>31,135,458</b>	<b>191,863,272</b>



### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of ₦2,437,284,444.00 (Two billion, four hundred and thirty-seven million, two hundred and eighty-four thousand, four hundred and forty-four Naira) was budgeted, while on the actual the capital expenditure of the local government stood at ₦2,141,651,662.00 (Two billion, one hundred and forty-one million, six hundred and fifty-one thousand, six hundred and sixty-two Naira). The amount is 88% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Administrative Sector	348,922,319	721,496,040	703,568,068
2.	Economic Sector	256,133,529	994,285,714	849,849,244
3.	Social Services Sector	735,650,594	721,502,690	588,234,350
	<b>Total</b>	<b>1,340,706,443</b>	<b>2,437,284,444</b>	<b>2,141,651,662</b>

### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of ₦ 295,632,782 (Two hundred and ninety-five million, six hundred and thirty-two thousand, seven hundred and eighty-two Naira) was made in respect of capital expenditure by the local government. The details is as per shown below:-

S/ N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Savings 2020 (₦)
1.	Administrative Sector	348,922,319	721,496,040	703,568,068	17,927,972
2.	Economic Sector	256,133,529	994,285,714	849,849,244	144,436,470
3.	Social Services Sector	735,650,594	721,502,690	588,234,350	133,268,340
	<b>Total</b>	<b>1,340,706,443</b>	<b>2,437,284,444</b>	<b>2,141,651,662</b>	<b>295,632,782</b>



### **3.12 CAPITAL EXPENDITURE (DEFICIT):**

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

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

The sum of ₦471,729,360.00 (Four hundred and seventy-one million, seven hundred and twenty-nine thousand, three hundred and sixty Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of ₦300,853,218.00 (Three hundred million, eight hundred and fifty-three thousand, two hundred and eighteen Naira) was paid to 1,610 staff of the local government and its ADC. This resulted to a savings of ₦170,876,142.00 (One hundred and seventy million, eight hundred and seventy-six thousand, one hundred and forty-two Naira).

### **3.14 OVERHEAD CHARGES:**

During the year under review the estimated overhead cost of the local government was ₦535,482,180.00 (Five hundred and thirty-five million, four hundred and eighty-two thousand, one hundred and eighty Naira). Whereas the actual expenditure for the year stood at ₦499,413,042.00 (Four hundred and ninety-nine million, four hundred and thirteen thousand, forty-two Naira), this resulted to a surplus of ₦36,069,138.00 (Thirty-six million, sixty-nine thousand, one hundred and thirty-eight 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 ₦529,000,000.00 (Five hundred and twenty-nine million Naira) while the actual expenditure for the year stood at ₦468,877,390 (Four hundred and sixty-eight million, eight hundred and seventy-seven thousand, three hundred and ninety Naira). This resulted to a savings of ₦60,122,610 (Sixty million, one hundred and twenty-two thousand, six hundred and ten 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	224,254,895	258,000,000	265,567,282	(7,567,282)
2.	Training Funds	14,745,018	16,000,000	10,830,473	5,169,527
3.	Contribution to Emirate	73,725,092	80,000,000	56,346,197	23,653,803
4.	Contribution to Pension	85,714,286	90,000,000	85,714,286	4,285,714
5.	Common Services	29,490,037	32,000,000	23,745,648	8,254,352
6.	Agency for Mass Edu. Salary	28,748,462	33,000,000	26,673,504	6,326,496
7.	ZasicContri.	65,102,047	20,000,000		20,000,000
8.	Contribution to Emirate Security	15,000,000			
	<b>TOTAL</b>	<b>536,779,837</b>	<b>529,000,000</b>	<b>468,877,390</b>	<b>60,122,610</b>

### **3.16 CRF CHARGES-PUBLIC DEBT CHARGE:**

During the year under review the estimated Public debt charge of the local government was ₦107,277,520.00 (One hundred and seven million, two hundred and seventy-seven thousand, five hundred and twenty Naira). Whereas the actual expenditure for the year stood at ₦252,663,087.00 (Two hundred and fifty-two million, six hundred and sixty-three thousand, eighty-seven Naira). This resulted to a deficit of ₦145,385,567.00 (One hundred and forty-five million, three hundred and eighty-five thousand, five hundred and sixty-seven 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)**



