



# REPORT OF THE **AUDITOR - GENERAL**

FOR LOCAL GOVERNMENTS  
ON IPSAS CASH

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
OF

**TALATA MAFARA 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/174

## 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 i.e 2019 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 ₦ 163,413,455 (One hundred and sixty-three million, four hundred and thirteen thousand, five hundred and fifty-five 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 ₦98,155,046 (Ninety-eight million, one hundred and fifty-five thousand, forty-six 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, the cash books are free from cancellations and alterations. The cash books were balanced and closed at the end of every month. Only that, bank reconciliation between the cash books and bank statements 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 ₦414,522,039 (Four hundred and fourteen million, five hundred and twenty-two thousand, thirty-nine 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 receive, process and raised an authority for payment of retirement benefits. During the period under review files were received from this local government were 24files were approved from both the local Government and LGEA which consist of 17 voluntary/compulsory retirement and 7 death staff with their total benefits standing at ₦18,139,625 (Eighteen million, one hundred and thirty-nine thousand, six hundred and twenty-fiveNaira). Out of these amounts the sum of ₦6,349,309(Six million, three hundred and forty-nine thousand, three hundred and nine Naira) stood as total claims for 12 number local government staff, while L G E A staff totaling to 12 number gulfed the sum of ₦11,790,316(Eleven million, seven hundred and ninety thousand, three hundred and sixteen 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 ₦2,466,786(Two million, four hundre and sixty-six thousand, seven hundred and eighty-six Naira) for the pension funds.

## **2.9 INVESTMENTS:**

As at 31st December, 2020 the investment valustood at N106,722,875.00(One hundred and six million, seven hundred and twenty-two thousand, eight hundred and seventy-fivenaira).

The investment holding is shown below: -



| S/N | NAME OF THE COMPANY           | VALUE 2020 (₦)     | VALUE 2019 (₦)     |
|-----|-------------------------------|--------------------|--------------------|
| 1   | Gamji Bank                    | 59,699             | 59,699             |
| 2   | Sokoto Invest, Co Ind         | -                  | -                  |
| 3   | CCNN Sokoto                   | 200,000            | 200,000            |
| 4   | Nigerian Merchant Bank Plc    | 33,300             | 33,300             |
| 5   | First Bank Plc                | 66,600             | 66,600             |
| 6   | Zamfara Investment Co.        | -                  | -                  |
| 7   | Urban Dev. Bank Plc           | 500,000            | 500,000            |
| 8   | FSB International Bank        | -                  | -                  |
| 9   | Unity Bank (BON)              | 422,615            | 422,615            |
| 10  | Zamfara Fertilizer Co.        | -                  | -                  |
| 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        |
| 14  | Micro Finance Bank            | -                  | -                  |
|     | <b>TOTAL</b>                  | <b>106,722,875</b> | <b>106,722,875</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 RECEIPTS:

During the year under review, the estimated Statutory Receipt of this local government (which consist of Statutory Allocation and VAT) was ₦1,917,964,290 (One billion, nine hundred and seventeen million, nine hundred and sixty-four thousand, two hundred and ninety Naira) while the actual collection for the year was ₦1,890,511,011 (One billion, eight hundred and ninety million, five hundred and eleven thousand, eleven Naira). The actual revenue represents 98.5% of the total projected revenue. Also this can be seen as per table below: -

| S/N | DESCRIPTION          | Actual 2019<br>(₦)   | Estimate 2020(₦)     | Actual 2020<br>(₦)   |
|-----|----------------------|----------------------|----------------------|----------------------|
| 1.  | Statutory Allocation | 1,645,823,791        | 1,483,086,250        | 1,354,820,749        |
| 2.  | VAT                  | 434,064,475          | 434,878,040          | 535,690,262          |
| 3.  | Excess Paris Refund  | 692,943,970          | -                    | -                    |
|     | Non-oil Revenue      | 72,567,048           |                      | -                    |
|     | <b>Total</b>         | <b>2,845,399,284</b> | <b>1,917,964,290</b> | <b>1,890,511,011</b> |

### 3.2 STATUTORY RECEIPTS (SURPLUS):

During the year under review, a surplus of ₦100,812,222 (One hundred million, eight hundred and twelve thousand, two hundred and twenty-two Naira Naira) was revealed and it represent 5% rise on the total projected revenue as can be seen in the table below: -

| S/N | DESCRIPTION         | Actual 2019<br>(₦)   | Estimate 2020<br>(₦) | Actual 2020<br>(₦) | Surplus<br>2020(₦) |
|-----|---------------------|----------------------|----------------------|--------------------|--------------------|
| 1.  | VAT                 | 434,064,475          | 434,878,040          | 535,690,262        | 100,812,222        |
| 2.  | Excess Paris Refund | 692,943,970          | -                    | -                  | -                  |
| 3.  | Non-oil Revenue     | 72,567,048           | -                    | -                  | -                  |
|     | <b>Total</b>        | <b>1,199,575,493</b> | <b>434,878,040</b>   | <b>535,690,262</b> | <b>100,812,222</b> |

### 3.3 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of ₦128,265,501 (One hundred and twenty-eight million, two hundred and sixty-five thousand, five hundred and one Naira) was revealed as per statutory Allocation. This represents 9% shortage of the projected Statutory Allocation revenue as shown below:





| S/N | DESCRIPTION          | Actual 2019<br>(₦)   | Estimate<br>2020 (₦) | Actual<br>2020(₦)    | Deficit<br>2020 (₦) |
|-----|----------------------|----------------------|----------------------|----------------------|---------------------|
| 1.  | Statutory Allocation | 1,645,823,791        | 1,483,086,250        | 1,354,820,749        | 128,265,501         |
|     | <b>Total</b>         | <b>1,645,823,791</b> | <b>1,483,086,250</b> | <b>1,354,820,749</b> | <b>128,265,501</b>  |

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was ₦168,595,370(One hundred and sixty-eight million, five hundred and ninety-five thousand, three hundred and seventy Naira) while the actual collection was ₦36,391,690(Thirty-six million, three hundred and ninety-one thousand, six hundred and ninety Naira)The actual revenue represents almost 22% of the projected revenue.

| S/N | DESCRIPTION                        | Actual 2019<br>(₦) | Estimate 2020<br>(₦) | Actual 2020<br>(₦) |
|-----|------------------------------------|--------------------|----------------------|--------------------|
| 1.  | Direct Taxes                       | 2,201,172          | -                    | 9,656,850          |
| 2.  | Licenses                           | 28,016,839         | 61,500,000           | 2,425,510          |
| 3.  | Mining Rents                       | -                  | -                    | -                  |
| 4.  | Royalties                          | -                  | -                    | -                  |
| 5.  | Fees                               | 34,620,002         | 28,595,370           | 6,750,050          |
| 6.  | Fines                              | -                  | -                    | 3,049,720          |
| 7.  | Sales                              | -                  | 19,000,000           | -                  |
| 8.  | Earnings                           | 76,498,949         | 59,500,000           | 12,012,540         |
| 9.  | Sales/Rent of Government Buildings | -                  | -                    | -                  |
| 10. | Sales/Rent on Lands and Others     | -                  | -                    | 1,805,210          |
| 11. | Repayments- General                | -                  | -                    | -                  |
| 12. | Investment income                  | -                  | -                    | -                  |
| 13. | Interest Earned                    | -                  | -                    | 691,810            |
| 14. | Re-Imbursement                     | 9,400,528          | -                    | -                  |
| 15. | <b>Total-Independent</b>           | <b>150,737,490</b> | <b>168,595,370</b>   | <b>36,391,690</b>  |



### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of ₦15,203,590 (Fifteen million, two hundred and three thousand, five hundred and ninety Naira). The table below give full details: -

| S/N | DESCRIPTION                          | Actual 2019<br>(₦) | Estimate 2020<br>(₦) | Actual 2020(₦)    | Surplus 2020<br>(₦) |
|-----|--------------------------------------|--------------------|----------------------|-------------------|---------------------|
| 1.  | Direct Taxes                         | 2,201,172          | -                    | 9,656,850         | 9,656,850           |
| 2.  | Fines                                | -                  | -                    | 3,049,720         | 3,049,720           |
| 3.  | Sales/Rent on<br>Lands and<br>Others | -                  | -                    | 1,805,210         | 1,805,210           |
| 4.  | Interest Earned                      | -                  | -                    | 691,810           |                     |
|     | <b>Total</b>                         | <b>2,201,172</b>   | <b>-</b>             | <b>15,203,590</b> | <b>15,203,590</b>   |

### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of ₦147,407,270 (One hundred and forty-seven million, four hundred and seven thousand, two hundred and seventy Naira). The table below give full details:

| S/N | DESCRIPTION  | Actual 2019<br>(₦) | Estimate<br>2020(₦) | Actual 2020<br>(₦) | Deficit 2020<br>(₦) |
|-----|--------------|--------------------|---------------------|--------------------|---------------------|
| 1.  | Licenses     | 28,016,839         | 61,500,000          | 2,425,510          | 59,074,490          |
| 2.  | Fees         | 34,620,002         | 28,595,370          | 6,750,050          | 21,845,320          |
| 3.  | Sales        | -                  | 19,000,000          | -                  | 19,000,000          |
| 4.  | Earnings     | 76,498,949         | 59,500,000          | 12,012,540         | 47,487,460          |
|     | <b>Total</b> | <b>139,135,790</b> | <b>168,595,370</b>  | <b>21,188,100</b>  | <b>147,407,270</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 ₦2,238,872,594 (Two billion, two hundred and thirty-eight million, eight hundred and seventy-two thousand, five hundred and ninety-four Naira) during the year under review, but in the actual the sum of ₦2,189,140,868 (Two billion, one hundred eighty-nine million, one hundred and forty thousand, eight hundred and sixty-eight Naira) was realized. This represents 98 % of the total budget amount. The details are shown below:

| S/N | DESCRIPTION        | Actual 2019<br>(₦)   | Estimate<br>2020(₦)  | Actual 2020<br>(₦)   |
|-----|--------------------|----------------------|----------------------|----------------------|
| 1.  | Transfer from CRF  | 1,473,149,521        | 24,586,880           | (25,144,846)         |
| 2.  | External Loans LGC | -                    | 2,214,285,714        | 2,214,285,714        |
|     | <b>Total</b>       | <b>1,473,149,521</b> | <b>2,238,872,594</b> | <b>2,189,140,868</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 ₦25,144,846 (Twenty-five, million, one hundred and forty-four thousand, eight hundred and forty-six) was reported by the Local Government Council.

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of ₦2,238,872,594 (Two billion, two hundred and thirty-eight million, eight hundred and seventy-two thousand, five hundred and ninety-four Naira) was budgeted, while on the actual the capital expenditure of the local government stood at ₦2,053,916,236 (Two billion, fifty-three million, nine hundred and sixteen thousand, two hundred and thirty-six Naira). This represents 92 % of the estimated figure. The details are shown as per table below: -



| S/N | DESCRIPTION            | Actual 2019<br>(₦)   | Estimate<br>2020(₦)  | Actual 2020<br>(₦)   |
|-----|------------------------|----------------------|----------------------|----------------------|
| 1.  | Administrative Sector  | 348,062,319          | 927,285,714          | 764,197,628          |
| 2.  | Economic Sector        | 276,474,270          | 646,586,880          | 633,315,292          |
| 3.  | Social Services Sector | 728,125,128          | 665,000,000          | 656,403,316          |
|     | <b>Total</b>           | <b>1,352,661,717</b> | <b>2,238,872,594</b> | <b>2,053,916,236</b> |

### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of ₦184,956,358 (One hundred and eight-four million, nine hundred and fifty-six thousand, three hundred and fifty-eight Naira) was revealed in all the three sectors as shown in the table below: -

| S/N | DESCRIPTION            | Actual 2019<br>(₦)   | Estimate<br>2020(₦)  | Actual 2020<br>(₦)   | Savings 2020<br>(₦) |
|-----|------------------------|----------------------|----------------------|----------------------|---------------------|
| 1.  | Administrative Sector  | 348,062,319          | 927,285,714          | 764,197,628          | 163,088,086         |
| 2.  | Economic Sector        | 276,474,270          | 646,586,880          | 633,315,292          | 13,271,588          |
|     | Social Services Sector | 728,125,128          | 665,000,000          | 656,403,316          | 8,596,684           |
|     | <b>Total</b>           | <b>1,352,661,717</b> | <b>2,238,872,594</b> | <b>2,053,916,236</b> | <b>184,956,358</b>  |



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

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

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

The sum of ₦664,616,360 (Six hundred and sixty-four million, six hundred and sixteen thousand, three hundred and sixty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of ₦414,522,039 (Four hundred and fourteen million, five hundred and twenty-two thousand, thirty-nine Naira) was paid to 2,221 staff of the local government. This resulted to a savings of ₦250,094,321 (Two hundred and fifty million, ninety-four thousand, three hundred and twenty-one Naira).

### **3.14 OVERHEAD CHARGES:**

During the year under review the estimated overhead cost of the local government was ₦503,782,260 (Five hundred and three million, seven hundred eighty-two thousand, two hundred and sixty Naira). Whereas the actual expenditure for the year stood at ₦521,887,075 (Five hundred and twenty-one million, eight hundred and eighty-seven thousand, seventy-five Naira), this resulted to a deficit of ₦18,104,815 (Eighteen million, one hundred and four thousand, eight hundred and fifteen Naira)

### **3.15 CONSOLIDATED REVENUE FUND CHARGES**

The budgeted figure of consolidated revenue for the year under review was ₦563,912,840 (Five hundred and sixty-three million, nine hundred and twelve thousand, eight hundred and forty Naira), while the actual expenditure for the year stood at ₦548,141,802 (Five hundred and forty-eight million, one hundred and forty-one thousand, eight hundred and two Naira). This resulted to a saving of ₦15,771,038 (Fifteen million, seven hundred and seventy-one thousand, thirty-eight Naira).

The table below shows the full details: -



| S/N | DESCRIPTION                    | ACTUAL<br>2019 (₦) | ESTIMATED<br>2020 (₦) | ACTUAL<br>2020 (₦) | SAVINGS<br>2020 (₦) |
|-----|--------------------------------|--------------------|-----------------------|--------------------|---------------------|
| 1.  | Primary Sch. Teachers<br>Sal   | 283,742,046        | 285,453,110           | 336,218,356        | (50,765,246)        |
| 2.  | Training Funds                 | 16,458,238         | 20,415,010            | 11,988,672         | 8,426,338           |
| 3.  | Contribution to Emirate        | 82,291,190         | 89,040,740            | 63,001,260         | 26,039,480          |
| 4.  | Contribution to Pension        | 85,714,286         | 98,323,810            | 85,714,286         | 12,609,524          |
| 5.  | Common Services                | 32,916,476         | 41,834,770            | 26,566,248         | 15,268,522          |
| 6.  | Agency for Mass Edu.<br>Salary | 26,648,011         | 28,845,400            | 24,652,980         | 4,192,420           |
| 7.  | Contr Emirate Security         | 15,000,000         |                       |                    |                     |
| 8.  | Zasiec                         | 65,102,047         |                       |                    |                     |
|     | <b>Total</b>                   | <b>607,872,293</b> | <b>563,912,840</b>    | <b>548,141,802</b> | <b>15,771,038</b>   |

### 3.16 CRF CHARGES-PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was ₦164,327,980(One hundred and sixty-four million, three hundred and twenty-seven thousand, nine hundred and eighty Naira). Whereas the actual expenditure for the year stood at ₦255,213,304(Two hundred and fifty-five million, two hundred and thirteen thousand, three hundred and four Naira). This resulted to a deficit of ₦90,885,324(Ninety million, eight hundred and eighty-five thousand, three hundred and twenty-four 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)**



