



# 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 2021**



## TABLE OF CONTENTS

1.0	INTRODUCTION .....	2
1.1	MANDATE .....	2
1.2	SUBMISSION OF REPORTS.....	2
1.3	PREVIOUS AUDITOR'S REPORTS.....	2
2.0	OTHER OBSERVATIONS.....	2
2.1	ANNUAL ESTIMATES .....	2
2.2	EXPENDITURE MANDATES .....	2
2.3	PERSONNEL EMOLUMENT REGISTER (P.E) .....	3
2.4	UN APPROPRIATED REVENUE .....	3
2.5	OTHER TRANSFER .....	3
2.6	CERTIFICATION OF RETIRING BENEFITS.....	4
2.7	RECOVERIES MADE OUT OF PENSION & GRATUITY.....	4
2.8	INVESTMENTS .....	4
2.9	REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES.....	5
3.0	BUDGET IMPLEMENTATION ANALYSIS .....	5
3.1	STATUTORY ALLOCATION .....	5
3.2	STATUTORY ALLOCATION (DEFICIT) .....	6
3.2B	STATUTORY RECEIPT (SURPLUS) .....	6
3.3	VAT RECEIPTS .....	6
3.3A	VAT (SURPLUS) .....	6
3.3B	VAT AND OTHER RECEIPTS .....	7
3.4	INDEPENDENT REVENUE.....	7
3.5	INDEPENDENT REVENUE (SURPLUS).....	7
3.6	INDEPENDENT REVENUE (DEFICIT).....	8
3.7	CAPITAL RECEIPTS .....	8
3.8	CAPITAL RECEIPTS (SURPLUS .....	9
3.9	CAPITALRECEIPTS (DEFICIT) .....	9
3.10	CAPITAL EXPENDITURE .....	9
3.11	EXCESS CAPITAL EXPENDITURE .....	10
3.12	PERSONALCOST (INCL. SALARIES ON CRF CHARGES).....	10
3.13	OVERHEAD CHARGES .....	10
3.14	CONSOLIDATED REVENUE FUND CHARGES .....	11
3.15	CRF CHARGES-PUBLIC DEBIT CHARGE .....	11
4.0	GENERAL RECOMMENDATION .....	12
5.0	CONCLUSION .....	13
6.0	ACKNOWLEDGMENT .....	15





# OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA

204868

P.M.B. 01015, Gusau

Date: 21st October, 2022

Ref. No: LGA/AA/VOL.II/178

## 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 2021 was submitted to this office on 21<sup>st</sup> September, 2022 .

### 1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year's 2020 financial audit report was submitted to the Honorable House of Assembly of 17<sup>th</sup> September, 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.



### **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 ₦ 143,318,706.00 (One hundred and forty -three million, three hundred and eighteen thousand, seven hundred and 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. And share of ecological funds 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 OTHER TRANSFERS:** During the year under review the sum ₦35,724,193.00 (Thirty-five million, seven hundred and twenty-four thousand, one hundred and ninety-three Naira) was reported by the local government as transfer from Breed Seed Nigerian Limited and Masak Global Concept. 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 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 38 voluntary/compulsory retirement and 8 death staff with their total benefits standing at **₦24,536,698.00 (Twenty-four million, five hundred and thirty-six thousand, six hundred and ninety-eight Naira)**. Out of these amount the sum of **₦13,798,975.56.00**(Thirteen million, seven hundred and ninety-eight thousand, nine hundred and seven ty-five Naira)stood as total claims for 15 number local government staff, while 8 number L G E A staff benefits gulfed the sum of **₦10,737,722**(Ten million, seven hundred and thirty-seven thousand, seven hundred and twenty-two Naira)

**2.7 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 thos e 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, 868,401.00**(Three million, eight hundred and six ty-eight thousand, four hundred and one Naira) for the pension funds.

**2.8 INVESTMENTS:**

As at 31<sup>st</sup> December, 2021 the investment value stood at **₦108,188,667.00**(One hundred and eight million, one hundred and eighty-eight thousand, six hundred and sixty-seven naira). The investment holding is as shown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 2020 (₦)
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>

## 2.9 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦820,657,466.00** (Eight hundred and twenty million, six hundred and fifty-seven thousand, four hundred and sixty-six 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 was **₦1,400,133,710.00** (One billion, four hundred million, one hundred and thirty-three thousand, seven hundred and ten Naira) while the actual collection for the year was **₦1,229,897,273.00** (One billion, two hundred and twenty-nine million, eight hundred and ninety-seven thousand, two hundred and seventy-three Naira). The actual revenue 88% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	Statutory Allocation	1,213,790,748	1,400,133,710	1,229,897,273
2.	<b>Total</b>	<b>1,213,790,748</b>	<b>1,400,133,710</b>	<b>1,229,897,273</b>





### 3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦170, 236,437.00** (One hundred seventy million, two hundred and thirty-six thousand, four hundred and thirty-seven naira) was revealed as per statutory Allocation. This represents 12% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2020(₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Deficit 2020 (₦)
1.	Statutory Allocation	1,213,790,748	1,400,133,710	1,229,897,273	170,236,437
	<b>Total</b>	<b>1,213,790,748</b>	<b>1,400,133,710</b>	<b>1,229,897,273</b>	<b>170,236,437</b>

### 3.2B STATUTORY RECEIPT(SURPLUS) :-

For the period under review there was no surplus made in respect to statutory receipt by this local government.

### 3.3 VAT RECEIPTS:

For the period under review, the estimated figure for the value added tax was **₦480,275,090** (four hundred and eighty million, two hundred and seventy-five thousand, ninety naira). Whereas the actual collection was **₦702,508,466** (seven hundred and two million, five hundred and eight thousand, four hundred and sixty-six Naira) which resulted to over and above 146% of the projected figure, that could be seen in the table below:

S/N	DESCRIPTION	---	Estimated 2021₦	Actual 2021₦
1	VAT	506,606,748	480,275,090	702,508,466
	<b>Total</b>	<b>534,689,921</b>	<b>480,275,090</b>	<b>702,508,466</b>

### 3.3 a VAT (SURPLUS):

During the year under review, surplus of **₦222,233,376.00** (two hundred and twenty-two million, two hundred and thirty-three thousand, three hundred and seventy-six Naira) was recorded in respect of VAT allocation and others receipt revenue. The details are shown below: -



S/ N	DESCRIPTION	Actual 2020. (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Surplus 2021(₦)
1.	VAT	506,606,748	480,275,090	702,508,466	222,233,376
	<b>Total</b>	<b>534,689,921</b>	<b>480,275,090</b>	<b>702,508,466</b>	<b>222,233,376</b>

### 3.3b VAT AND OTHER RECEIPTS

For the period under review, there was no deficit made in respect of value added tax by the local government.

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was ₦61,813,030.00 (Sixty-one million, eight hundred and thirteen thousand, thirty naira only) while the actual collection for the year was ₦29,325,160.00 (Twenty-one million million, three hundred and twenty -five thousand, one hundred and sixty naira) The actual revenue represents 47% of the total projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	Direct Taxes	12,218,990	1,120,000	7,613,150
2.	License	4,277,390	22,395,980	1,873,880
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	9,258,320	24,893,680	4,321,120
6.	Fines	5,783,910	1,689,590	2,273,510
7.	Sales	-	236,450	-
8.	Earnings	21,849,420	11,477,330	10,361,620
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	3,291,560	-	1,449,900
11.	Repayments-General	-	-	-
12.	Investment Income	-	-	-
13.	Interest Earned	2,093,070	-	1,431,980
14.	Re- imbursement/Misc	-	-	-
	<b>Total</b>	<b>58,772,660</b>	<b>61,813,030</b>	<b>29,325,160</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of ₦9,958,950.00 (Nine million nine hundred and fifty-eight thousand, nine hundred and fifty Naira). The table below gives full details: -





### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦36, 707,550.00** (Thirty-six million, seven hundred and seven thousand, five hundred and fifty Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	License	4,277,390	22,395,980,	7,613,150	14,782,830
2.	Fees	9,258,320	24,893,680	4,321,120	20,572,560
3.	Saless	-	236,450	-	236,450
4.	Earnings	21,849,420	11,477,330	10,361,620	1,115,710
5.	Sales/Rent on Govt. Buildings	-	-	-	-
6.	<b>Total</b>	<b>35,585,130</b>	<b>59,003,440</b>	<b>22,295,890</b>	<b>36,707,550</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 **₦1,098,771,420.00**(One billion,ninety-eight million,seven hundred and seventy-one thousand,four hundred and twenty Naira) during the year under review, but in the actual the sum of **₦207,771,311.00**(Two hundred and seven million,seven hundred and seventy-one thousand,three hundred and eleven Naira) was realized. This represents 19% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	31,135,458	98,771,420	64,874,540
2.	External Loans LGC	2,214,285,714	1,000,000,000	142,896,772
	<b>Total</b>	<b>2,245,421,172</b>	<b>1,098,771,420</b>	<b>207,771,311</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 **₦891,000,109.00** (Eight hundred and ninety-one million, one hundred and nine Naira) was reported and it was originated from transfer from consolidated revenue fund and the external Loans.

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Deficit 2021 (N)
1.	Transfer from CRF	31,135,458	98,771,420	64,874,540	33,896,880
2	External loans	2,214,285,714	1,000,000,000	142,896,772	857,103,228
	<b>Total</b>	<b>2,245,421,172</b>	<b>1,098,771,420</b>	<b>207,771,311</b>	<b>891,000,109</b>

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,098,771,420.00** (One billion, ninety-eight million, seven hundred and seventy -one thousand, four hundred and twenty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦143,200,935.00** (One hundred and forty-three million, two hundred thousand nine, hundred and thirty-five Naira). The amount is 13% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Administrative Sector	703,568,068	75,000,000	83,337,326
2.	Economic Sector	849,849,244	783,771,420	25,632,349
3.	Social Services Sector	588,234,350	240,000,000	34,231,259
	<b>Total</b>	<b>2,141,651,662</b>	<b>1,098,771,420</b>	<b>143,200,935</b>





### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of ₦ 955,570,485 (Nine hundred and fifty-five million, five hundred and seventy thousand, four hundred and eighty-five Naira) was made in respect of capital expenditure by the local government. The details is as per shown below:-

S/ N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Savings /Deficit2021 (₦)
1.	Administrative Sector	703,568,068	75,000,000	83,337,326	(8,337,326)
2.	Economic Sector	849,849,244	783,771,420	25,632,349	758,139,071
3.	Social Services Sector	588,234,350	240,000,000	34,231,259	205,768,741
	<b>Total</b>	<b>2,141,651,662</b>	<b>1,098,771,420</b>	<b>143,200,935</b>	<b>955,570,485</b>

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

The sum of ₦287,313,280.00(Two hundred and eighty-seven million, three hundred and thirteen thousand, two hundred and eighty Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum of ₦268,720,959.00 (Two hundred and sixty-eight million, seven hundred and twenty thousand, nine hundred and fifty-nine Naira) was paid to 1, 702 staff of the local government and its ADC. This resulted to a savings of ₦18,592,321.00(Eighteen million, five hundred and ninety-two thousand, three hundred and twenty-one Naira).

### 3.13 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was ₦303,764,000.00 (Three hundred and three million, seven hundred and sixty -four thousand, seven hundred and sixty-four Naira). Whereas the actual expenditure for the year stood at ₦366,999,318.00 (Three hundred and sixty-six million, nine hundred and ninety -nine thousand,three hundred and eighteenNaira), this resulted to a deficit of ₦63,235,318.00 (Thirty-six million, sixty-nine thousand, one hundred and thirty-eight Naira)



### 3.14 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦863,373,130.00** (eight hundred and sixty -threemillion, three hundred and seventy -three thousand, one hundred and thirty Naira) while the actual expenditure for the year stood at **₦488,969,076**(Four hundred and eighty-eight million,nine hundred and sixty-nine thousand seventy-sixNaira). This resulted to a savings of **₦374, 404,054.00** (Three hundred and seventy-four thousand,four hundred and four thousand, fifty -four Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2020 (₦)	ESTIMATED 2021 (₦)	ACTUAL 2021 (₦)	DEFICIT/SAVINGS 2021(₦)
1.	Primary Sch. Teachers Sal	265,567,282	266,000,000	252,024,527	13,975,473
2.	Training Funds	10,830,473	17,000,000	7,549,082	9,450,918
3.	Contribution to Emirate	56,346,197	83,000,000	42,866,174	40,133,826
4.	Contribution to Pension	85,714,286	88,000,000	85,714,286	2,285,714
5.	Common Services	23,745,648	33,000,000	23,771,047	9,228,953
6.	Agency for Mass Edu. Salary	26,673,504	20,000,000	26,673,504	(6,673,504)
7.	PHC Staff salary		336,373,130	50,370,456	286,002,674
8.	Contribution to Emirate Security		20,000,000		(20,000,000)
	<b>TOTAL</b>	<b>468,877,390</b>	<b>863,373,130</b>	<b>488,969,076</b>	<b>374,404,054</b>

### 3.15 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦89,000,000.00** (Eighty-nine million, Naira). Whereas the actual expenditure for the year stood at **₦163,468,434.00** (One hundred and sixty-three million, four hundred and sixty-eight thousand, four hundred and thirty-four Naira). This resulted to a deficit of **₦74,468,434.00** (Seventy-four million, four hundred and sixty-eight thousand,four hundred and thirty-four Naira).





#### 4.0

### GENERAL RECOMMENDATIONS

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

1. Non reconciliation of 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. 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.
3. 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.
4. 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 2020 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 affairs.

.....  
AMINU MAMMAGA(CPA/ACCA/ACCrFA

ACTING AUDITOR GENERAL

FOR LOCAL GOVERNMENTS.



