



# REPORT OF THE

**Auditor - General**

**FOR LOCAL GOVERNMENTS**

**ON IPSAS CASH**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**OF**

**BUKKUYUM 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	ACCOUNTING RECORDS	4
2.7	CERTIFICATE OF RETIRING BENEFITS	5
2.8	RECOVERIES MADE OUT OF PENSION & GRATUITY	5
2.9	INVESTMENTS	5
2.10	REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)	6
3.0	BUDGET IMPLEMENTATION ANALYSIS	6
3.1	STATUTORY ALLOCATION	6
3.2	STATUTORY ALLOCATION (DEFICIT)	7
3.3	VAT ALLOCATION:	7
3.3A	VAT ALLOCATION (SURPLUS)	7
3.3B	VAT ALLOCATION (DEFICIT):	8
3.4	INDEPENDENT REVENUE	8
3.5	INDEPENDENT REVENUE (SURPLUS)	8
3.6	INDEPENDENT REVENUE (DEFICIT)	9
3.7	CAPITAL RECEIPTS	9
3.8	CAPITAL RECEIPTS (SURPLUS)	10
3.9	CAPITAL RECEIPTS (DEFICIT)	10
3.10	CAPITAL EXPENDITURE	10
3.11	EXCESS CAPITAL EXPENDITURE	10
3.12	CAPITAL EXPENDITURE (DEFICIT):	11
3.13	PERSONAL COST (INCL. SALARIES ON CRF CHARGES):	11
3.14	OVERHEAD CHARGES	11
3.15	CONSOLIDATED REVENUE FOR CHARGES	12
3.16	CRF CHARGES-PUBLIC DEBIT CHARGE	12
4.0	GENERAL RECOMMENDATION	13
5.0	CONCLUSION	14
6.0	ACKNOWLEDGMENT	14



# 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/180

## 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 on 17<sup>th</sup> September, 2021 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 ₦ **167,851,007** (One hundred and sixty-seven million, eight hundred and fifty-one thousand, seven Naira) was received from Exchange gain difference, excess bank charges recovered, distribution of Non-oil revenue, share of forex equalization, share of solid minerals, share of ecological fund and Distribution of FAAC deduction, 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 OTHER TRANSFERS :**

During the year under review the sum **₦42,160,399** (Forty-two million, one hundred and sixty thousand, three hundred and ninety-nine 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 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. But it was observed that, the cash books were not balanced and closed at the end of every month as required by financial memoranda. Also reconciliation between the cash book and bank statements was observed to be ignored by the officers responsible for its preparation.
- 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 captured in the cash books in accordance with IPSAS code classification. Equally, recurrent and capital expenditure of the local government was accorded the same as that of revenue. It was observed that, there was no mixed up in the codification of revenue and expenditure IPSAS codes are used for recording of income and expenditure in the cash book and other books of account.
- 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 and other expenditure. 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 ₦ **218,048,392** (Two hundred and eighteen million, forty- eight thousand, three hundred and ninety-two Naira) was paid as expenses by the local government.
- 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



**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 a total number of 12 files were approved for payment of retirement/death benefits from both the local Government and LGEA with consist of 11 voluntary/compulsory retirement and 1 death staff and their total benefits standing at **₦7,235,120 (Seven million, two hundred and thirty-five thousand, one hundred and twenty Naira)**. Out of these amounts the sum of **₦687,815 (Six hundred and eighty-seven thousand, eight hundred and fifteen Naira)** stood as total claims for 7 number local government staff while L G E A staff totaling to 5 number gulfed the sum of **₦6,547,305 (Six million, five hundred and forty-seven thousand, three hundred and five 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 **₦1, 986,141 (One million, nine hundred and eighty-six thousand, one hundred and forty-one Naira)** for the pension funds.

**2.9 INVESTMENTS:**

As at 31<sup>st</sup> December, 2021 the investment value stood at **₦120, 201,490.00 (One hundred and twenty million, two hundred and one thousand, four hundred and ninety naira)**. The investment holding is as shown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 2020 (₦)
1	Gamji Bank	301,170	301,170
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Investment Co	-	-
5	SICL Communication	-	-
6	Ashaka Cement	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank of the North	-	-
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	117,351,490	117,351,490
	<b>TOTAL</b>	<b>120,201,490</b>	<b>120,201,490</b>

## 2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦1,140,108,392.00** ( One billion, one hundred and forty million, one hundred and eight thousand, three hundred and ninety-two Naira) was paid by the local government for the year under review to various banks as repayment of various loans taken from them.

## 3.0 BUDGET IMPLEMENTATION ANALYSIS

### 3.1 STATUTORY ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,651,855,240.00** (One billion, six hundred and fifty-one million, eight hundred and fifty-five thousand, two hundred and forty Naira) **while** the actual collection for the year was **₦1,452,684,693.00** (One billion, four hundred and fifty-two million, six hundred and eighty-four thousand, six hundred and ninety-three Naira). The actual revenue represents 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	1,432,471,899	1,651,855,240	1,452,684,693
2.	<b>Total</b>	<b>1,432,471,899</b>	<b>1,651,855,240</b>	<b>1,452,684,693</b>



### **3.2 STATUTORY ALLOCATION (DEFICIT):**

In the year under review a deficit of **₦199,170,547.00** (One hundred and ninety-nine million, one hundred and seventy thousand, five hundred and forty-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 2021 (₦)
1.	Statutory Allocation	1,432,471,899	1,651,855,240	1,452,684,693	199,170,547
	<b>Total</b>	<b>1,432,471,899</b>	<b>1,651,855,240</b>	<b>1,452,684,693</b>	<b>199,170,547</b>

**3.2a STATUTORY SURPLUS :** No surplus made in respect to statutory receipt by the local government.

### **3.3 VAT ALLOCATION:**

During the year under review, the estimated figure of value added tax was **₦504,413,430**(five hundred and four million, four hundred and thirteen thousand, four hundred and thirty Naira) .Whereas the actual collection was to the tune of **₦737,861,309**(Seven hundred and thirty seven million, eight hundred and sixty-one thousand, three hundred and nine naira) this resorted for an over and above of projected amount of 146%

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	VAT	532,043,576	504,413,430	737,861,309
2.	<b>Total</b>	<b>532,043,576</b>	<b>504,413,430</b>	<b>737,861,309</b>

### **3.3a VAT ALLOCATION(SURPLUS):**

Which revealed a surplus of **₦233,447,879.00**(Two hundred and thirty-threemillion, four hundred and forty-seven thousand, eight hundred and seventy-nine Naira) it represent 46%rise on the total projected revenue as can be seen in the table below:-





S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Surplus 2021(₦)
1.	VAT	532,043,576	504,413,430	737,861,309	233,447,879
2.					
	<b>Total</b>	<b>532,043,576</b>	<b>504,413,430</b>	<b>737,861,309</b>	<b>233,447,879</b>

### 3.3b VAT ALLOCATION (DEFICIT):

During the year under review, there no record of deficit made in respect to 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 **₦49,451,440.00** (One hundred and thirty-five million, twenty-nine thousand, seven hundred and twenty Naira) **while** the actual collection for the year was **₦28,922,910.00** (Thirty-six million, ninety-two thousand, seven hundred and thirty Naira) The actual revenue represents 58% of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 20 21 (₦)	Actual 2021 (₦)
1.	Direct Taxes	1,880,900	8,200,000	4,809,340
2.	License	3,021,320	17,001,440	3,098,820
3.	Mining Rents			
4.	Royalties	-		
5.	Fees	6,853,480	9,800,000	3,550,870
6.	Fines	3,452,170		3,228,830
7.	Sales			
8.	Earnings	18,756,820	9,800,000	13,789,520
9.	Sales/Rent on Govt. Buildings	-		
10.	Sales/Rent on Lands & Others	2,128,040	4,500,000	445,730
11.	Investment Income	-		
12.	Interest Earned	-		
	<b>Total</b>	<b>36,092,730</b>	<b>49,451,440</b>	<b>28,922,910</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, only two heads of recurrent revenue revealed a surplus of **₦20,038,650** (twenty million, thirty-eight thousand, six hundred and fifty Naira) was recorded as regards to Independent Revenue and it emanate from fines and earnings.



S/N	DESCRIPTION	Actual2020₦	Estimate2021₦	Actual2021₦	Surplus2021₦s
1	Fines	6,853,480	9,800,000	3,550,870	6,249,130
2	Earnings	18,756,820	-	13,789,520	13,789,520
	<b>Total</b>	<b>25,756,820</b>	<b>9,800,000</b>	<b>17,789,520</b>	<b>20,038,650</b>

### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦28, 192,610.00** (Twenty-eight million,one hundred and ninety-two thousand,six hundred and ten Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)	Deficit 2020 (₦)
1.	Direct Taxes	1,880,900	8,200,000	4,809,340	3,809,340
2.	License	3,021,320	17,001,440	3,098,620	13,902,820
3.	Fees	6,853,480	9,950,000	3,550,870	6,550,130
4.	Sales/Rent on Lands & Others	2,128,040	4,500,000	445,730	4,054,270
	<b>Total</b>	<b>13,883,740</b>	<b>39,651,440</b>	<b>11,458,830</b>	<b>28,192,610</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 **₦1,324,341,420.00** (One billion,three hundred twenty-four million,three hundred and forty-one thousand,four hundred and twenty Naira) during the year under review, but in the actual the sum of **₦260,633,834.00** (Two hundred and sixty million,six hundred and thirty -three thousand,eight hundred and thirty-fourNaira) was realized. This represents just 20% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	265,078,416	324,341,420	91,992,238
2.	External Loans LGC	2,214,285,714	1,000,000,000	168,641,597
	<b>Total</b>	<b>2,479,364,130</b>	<b>1,324,341,420</b>	<b>260,633,834</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 **₦1,063,707,586.00** (One billion, sixty-three million, seven hundred and seven thousand, five hundred and eight-six Naira) was reported by this local government which have its origin from transfer from consolidated revenue fund and the externals loans.

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,324,341,420.00** (One billion, three hundred twenty-fourmillion, three hundred and forty-one thousand, four hundred and twenty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦184,452,108.00** (One hundred and eighty-four million, four hundred and fifty-two thousand, one hundred and eight Naira). The amount is 14% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Administrative Sector	797,580,278	149,341,420	113,803,244
2.	Economic Sector	865,422,369	825,000,000	30,250,371
3.	Social Services Sector	693,937,163	350,000,000	40,398,493
	<b>Total</b>	<b>2,356,939,810</b>	<b>1,324,341,420</b>	<b>184,452,108</b>

### 3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a of Savings **₦1,139,889,312** (One billion, one hundred and thirty-nine million, eight hundred and eighty-nine thousand, three hundred and twelve Naira) was recorded in respect of capital expenditure of this local government. The details as per shown below:-



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Savings 2021(₦)
1.	Administrative Sector	797,580,278	149,341,420	113,803,244	35,538,176
2.	Economic Sector	865,422,369	825,422,369	30,250,371	795,171,998
3.	Social Services Sector	693,937,163	350,000,000	40,398,493	309,601,507
	<b>Total</b>	<b>2,356,939,810</b>	<b>1,324,341,420</b>	<b>184,452,108</b>	<b>1,139,889,312</b>

**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 **₦274, 381,110.00** (Two hundred seventy-four million,three hundred and eighty-one thousand one,hundred and tenNaira) was budgeted by this local government as personal cost for the year. While in the actual the sum **₦270,197,564.00** (Two hundred and seventy million,one hundred and ninety-seven thousand, five hundred and sixty-fourNaira) was paid to 1,272 staff of the local government and it's ADC. This resulted to a savings of **₦4, 183, 546.00**(Four million,one hundred and eighty-three thousand, five hundred and forty-sixNaira).

**3.14 OVERHEAD CHARGES:**

During the year under review the estimated overhead cost of the local government was **₦460, 971,670.00**(Four hundred and sixty million nine hundred and seventy-one thousand, one hundred and seventy Naira). Whereas the actual expenditure for the year stood at **₦383,561,009.00**(Three hundred and eighty-three million, five hundred and sixty-one thousand, nine Naira), this resulted to a savings of **₦77,410,661.00** (Seventy-seven million, four hundred and ten thousand,six hundred and sixty-one Naira)



### 3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦677,940,800.00** (Six hundred and seventy-seven million, nine hundred and forty thousand, eight hundred Naira) while the actual expenditure for the year stood at **₦420,800,967.00** (Four hundred and twenty million, eight hundred and thousand, nine hundred and sixty-seven Naira). This resulted to a saving of **₦257,139,833.00** (Two hundred fifty-seven million, one hundred and thirty-nine thousand, eight hundred and thirty-three 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	214,34,928	215,334,920	186,474,588	28,860,332
2	Training Funds	12,626,377	15,650,840	8,625,051	7,025,789
3	Contribution to Emirate	66,664,481	68,254,270	50,741,987	17,512,283
4	Contribution to Pension	85,714,286	86,714,280	85,714,286	999,994
5	Common Services	28,119,271	27,301,700	28,226,795	(925,095)
6	Agency for Mass Edu. Salary	7,261,800	8,000,000	7,261,800	738,200
7	PHIC Salary.		256,684,790	53,756,460	202,928,330
8	Contribution to Emirate Security			-	-
	<b>TOTAL</b>	<b>414,721,143</b>	<b>677,940,800</b>	<b>420,800,967</b>	<b>257,139,833</b>

### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦168,085,110.00** (One hundred and sixty-eight million, eighty-five thousand, one hundred and ten Naira).

Whereas the actual expenditure for the year stood at **₦161,625,714.00** (One hundred and sixty-one million, six hundred and twenty-five thousand, seven hundred and fourteen Naira). This resulted to a savings of **₦6,459,396.00** (Six million, four hundred fifty-nine thousand, three hundred and ninety-six Naira).



#### 4.0 GENERAL RECOMMENDATIONS

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

1. In case of the cash books, lack of monthly balances and reconciliation 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 regard 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 affair.

.....  
**AMINU MAMMAGA(CPA/ACCA/ACCrFA**  
**ACTING AUDITOR GENERAL**  
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Zamfara State of Nigeria