



# REPORT OF THE

**Auditor - General**

**FOR LOCAL GOVERNMENTS**

**ON IPSAS CASH**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**OF**

**GUMMI LOCAL GOVERNMENT**

**ZAMFARA STATE**

**For The Year Ended**

**31st December 2021**



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# 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/182

## 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, financial year 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 ₦ **161,529,178.00** (One hundred and sixty-one million, five hundred and twenty-nine thousand, one hundred and seventy-eight 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 the share of ecological share 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 **₦40,501,827.00** (Forty million, five hundred and one thousand, Eight hundred and twenty-seven Naira) was reported by the local government as transfers 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 was fairly maintained as the cash book is characterized by little cancellations and alterations. Moreover the cash books were balanced and closed at the end of every month. But bank reconciliation between the cash book and bank statement has never been carried out throughout the year this local government.
- 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 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, there no outstanding in this local Government are those of Staff salaries and other charges. Local government staff salaries and other expenditure were posted in the cash books, the payment vouchers were made physically available for my scrutiny.
- 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 13 files were approved for payment of retirement/death benefits from both the local Government and LGEA with consist of 9 voluntary/compulsory retirement and 4 death staff and their total benefits standing at **₦13,621,600.65(Thirteen million, six hundred and twenty-one thousand, six hundred and Naira)**. Out of these amounts the sum of **₦5,429,455.65(Five million, four hundred and twenty -nine thousand, four hundred and fifty-five Naira)** stood as total claims for 7 number local government staff while L G E A staff totaling to 6 number gulfed the sum of **₦8,192,145.00(Eight million one hundred and ninety-two thousand, one hundred and forty-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 type 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 **₦4, 941,133.00.00(four million,nine hundred and forty-one thousand,one hundred and thirty-threeNaira)** for the pension funds.

**2.9 INVESTMENTS:**

As at 31<sup>st</sup> December, 2021 the investment value stood at **₦95,977,047.00(Ninety-five million, nine hundred and seventy-seven thousand, forty -seven naira)** .The investment holding is as shown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 2020 (₦)
1	Gamji Bank	56,000	56,000
2	Sokoto Investment Co. Ltd	24,000	24,000
3	CCNN Sokoto		
4	Sokoto Cooperative Bank		
5	Gusau Community Bank		
6	Zamfara Investment Co.		
7	Urban Dev. Bank Plc.		-
8	FSB International Bank	-	-
9	Unity Bank (BON)	-	-
10	Zamfara Fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	1,000,000	1,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	90,453,047	90,453,047
	<b>TOTAL</b>	<b>95,977,047</b>	<b>95,977,047</b>

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

The sum of **₦927,368,239.00** (Nine hundred and twenty-seven million, three hundred and sixty-eight thousand, two hundred and thirty-nine 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 **₦1,586,997,990.00** (One billion, five hundred and eighty-six million, nine hundred and ninety-seven thousand, nine hundred and ninety Naira) **while** the actual collection for the year was **₦1,395,273,690.00** (One billion, three hundred and ninety-five million, two hundred and seventy-three thousand, six hundred and ninety 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	1,376,119,057	1,586,997,990	1,395,273,690
	<b>Total</b>	<b>1,376,119,057</b>	<b>1,586,997,990</b>	<b>1,395,273,690</b>

### 3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦190,724,300.00** (One hundred and ninety million, Seven hundred and twenty-four thousand, three hundred Naira) was recorded as per statutory Allocation

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	Statutory Allocation	1,376,119,057	1,586,997,990	1,396,273,690	190,724,300
	<b>Total</b>	<b>1,376,119,057</b>	<b>1,586,997,990</b>	<b>1,396,273,690</b>	<b>190,724,300</b>

#### 3.2a STATUTORY ALLOCATION(SURPLUS):

For the period under review, there is no surplus made in respect to statutory allocation by the local government.

### 3.3 VAT ALLOCATION :

For the year under review the estimated value added tax was **₦497,488,590.00** (four hundred and ninety -seven million four hundred and eighty -eight thousand, five hundred and ninety naira) while the actual was to the sum of **₦727,719,240.00**(Seven hundred and twenty-seven million, seven hundred and nineteen thousand, two hundred and forty naira). Which represent over and above of 146% of the budgeted figure, Detail could be seen in the table below:





S/N	DESCRIPTION	---	Estimate2021₦	Actual2021₦
1	VAT	1,376,119,057	497,488,590	727,719,240
	<b>TOTAL</b>	<b>1,376,119,057</b>	<b>497,488,590</b>	<b>727,719,240</b>

### 3.3A VAT ALLOCATION SURPLUS :

In the year under review a surplus of **₦230,230,650.00** (Two hundred and thirty million, two hundred and thirty thousand, six hundred and fifty Naira) was made from the value added tax, the table given below details the transactions.

S/N	DESCRIPTION	Actual2020₦	Estimated2021₦	Actual2021₦	Surplus 2021₦
1	VAT	1,376,119,057	497,488,590	727,719,240	230,230,650
	<b>Total</b>	<b>1,376,119,057</b>	<b>497,488,590</b>	<b>727,719,240</b>	<b>230,230,650</b>

### 3.3B VAT ALLOCATION(DEFICIT) :-

It was observed that, there is no deficit made in respect to value added tax for year under review by the local government.

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦ 50,942,050.00** (Fifty million, nine hundred and forty-two thousand, fifty Naira) **while** the actual collection for the year was **₦51,251,070.00**(Fifty-one million, two hundred and fifty-one thousand, five hundred and seventy Naira)The actual revenue represents 0% increase of the projected Independent revenue. The details are as per table below:



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	Direct Taxes	6,752,912	4,302,050	6,052,714
2.	License	2,579,090	20,140,000	2,926,570
3.	Mining Rents			
4.	Royalties			
5.	Fees	15,352,840	7,500,000	17,270,415
6.	Fines	3,823,397		3,936,290
7.	Sales			
8.	Earnings	15,487,429	15,000,000	17,901,100
9.	Sales/Rent on Govt. Buildings			3,163,981
10.	Sales/Rent on Lands & Others	4,430,871	4,000,000	
11.	Investment Income		-	
12.	Interest Earned		-	
	<b>Total</b>	<b>48,426,539</b>	<b>50,942,050</b>	<b>51,251,070</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦18,358,469** (Eighteen million, three hundred and fifty-eight thousand, four hundred and sixty-nine Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Surplus 2021 (₦)
1.	Fees	15,352,840	7,500,000	17,270,415	9,770,415
2.	Fines	3,823,397	-	3,936,290	3,936,290
3	Rates	6,752,912	4,302,050	6,052,714	1,750,664
4	Earnings	15,487,429	15,000,000	17,901,100	2,901,100
	<b>Total</b>	<b>41,416,578</b>	<b>26,802,050</b>	<b>45,160,519</b>	<b>18,358,469</b>



### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦18,049,449.00** (Eighteen million, forty-nine thousand, four hundred and forty-nine Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	License	2,579,090	20,140,000	2,926,570	17,213,430
2.	Sales/Rent on land	4,430,871	4,000,000	-	836,019
	<b>Total</b>	<b>7,009,961</b>	<b>24,140,000</b>	<b>6,090,551</b>	<b>18,049,449</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 **₦1,200,026,150.00** (One billion, two hundred million, twenty-six thousand, one hundred and fifty Naira) during the year under review. While the actual receipt stood at **₦235,478,431.00** (Two hundred and thirty-five million, four hundred and seventy-eight thousand, four hundred and thirty-one Naira). This represents 20% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	73,020,120	200,026,150	73,471,124
2.	External Loans LGC	2,214,285,714	1,000,000,000	162,007,307
	<b>Total</b>	<b>2,287,305,834</b>	<b>1,200,026,150</b>	<b>235,478,431</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 **₹964,547,719.00** (Nine hundred and sixty-four million, five hundred and forty-seven thousand, seven hundred and nin eteen Naira) was reported by this local government which have its origin from transfer from consolidated revenue fund and the external loan.as shown below:-

S/N	DESCRIPTION	Actual2020₹	Estimate2021₹	Actual2021₹	Deficit2021₹
1	Transfer from CRF	73,020,120	200,026,150	73,471,124	126,555,026
2	External loan LGC	2,214,285,714	1,000,000,000	162,007,307	837,992,693
	<b>Total</b>	<b>2,287,305,834</b>	<b>1,200,026,150</b>	<b>235,478,431</b>	<b>964,547,719</b>

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₹1,200,026,150.00** (Two billion, five hundred and seventeen million, nine hundred and eighteen thousand, sixty-four Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₹162,352,148.00** (Two billion, one hundred and sixty-nine million, five hundred and fourteen thousand, six hundred and thirty-eight Naira). The amount is just 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	773,353,886	143,000,000	94,482,581
2.	Economic Sector	729,462,579	740,000,000	29,060,334
3.	Social Services Sector	666,698,172	317,026,150	38,809,233
	<b>Total</b>	<b>2,169,514,638</b>	<b>1,200,026,150</b>	<b>162,352,148</b>



### 3.11 EXCESS CAPITAL EXPENDITURE:

For the year under review, a savings of N 1,037,674,002.00 (One billion, thirty-seven million, six hundred and seventy-four thousand, two Naira) was made in respect of capital expenditure

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	savings 2021(₦)
1.	Administrative Sector	773,353,886	143,000,000	94,482,581	48,517,419
2.	Economic Sector	729,462,579	740,000,000	29,060,334	710,939,666
3.	Social Services Sector	666,698,172	317,026,150	38,809,233	278,216,917
	<b>Total</b>	<b>2,169,514,638</b>	<b>1,200,026,150</b>	<b>162,352,148</b>	<b>1,037,674,002</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 ₦310,988,070.00 (Three hundred and ten million, nine hundred and eighty-eight thousand, seven hundred and seventy Naira) was budgeted by this local government as personal cost for the year. While in the actual the net salary of ₦247,915,199.00 (Two hundred and forty-seven million, nine hundred and fifteen thousand, one hundred and ninety-nine Naira) was paid to 1,737 staff of the local government and its ADCs. This resulted to a savings of ₦63,072,871.00 (sixty-three million, seventy thousand, eight hundred and seventy-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 **₦744,962,390.00** (Seven hundred and four-four million, Nine hundred and sixty-two thousand, three hundred and ninety Naira) while the actual expenditure for the year stood at **₦590,372,552.00** (Five hundred and ninety million, Three hundred and seventy-two thousand five, hundred and fifty two Naira). This resulted to a saving of **₦154,589,838.00** (One hundred and fifty-four million, five hundred and eighty-nine thousand, eight hundred and thirty-eight Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2020(₦)	ESTIMATED 2021 (₦)	ACTUAL 2021(₦)	DEFICIT/SAV INGS 2021(₦)
1.	Primary Sch. Teachers Sal	335,668,285	198,900,000	310,331,635	(111,431,635)
2.	Training Funds	12,163,583	18,000,000	8,347,780	9,652,220
3.	Contribution to Emirate	64,005,828	69,000,000	48,712,436	20,287,564
4.	Contribution to Pension	85,714,286	65,000,000	85,714,286	(20,712,436)
5.	Common Services	26,992,214	35,000,000	27,078,575	8,078,575
6.	Agency for Mass Edu. Salary	33,595,056	30,000,000	33,595,056	(3,595,056)
	Contri. To Emirate Security		-		-
	PHC Staff salary		329,062,390	76,592,784	252,469,606
	<b>Total</b>	<b>558,139,253</b>	<b>744,962,390</b>	<b>590,372,552</b>	<b>154,589,838</b>

### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦156,280,000.00** (One hundred and fifty-six million, two hundred and eighty thousand, Naira). Whereas the actual expenditure for the year stood at **₦172,582,128.00** (One hundred and seventy-two million, five hundred and eighty-two thousand, one hundred and twenty-eight Naira) This resulted to a deficit of **₦16,302,128.00** (Sixteen million, three hundred and two thousand, one hundred and twenty-eight Naira).



#### 4.0 GENERAL RECOMMENDATIONS

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

1. Non reconciliation and little alteration in the cash books these were 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. 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.
3. 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.

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AMINU MAMMAGA(CPA/ACCA/ACCrFA

ACTING AUDITOR GENERAL  
FOR LOCAL GOVERNMENTS.



