



# REPORT OF THE

**Auditor - General**

**FOR LOCAL GOVERNMENTS**

**ON IPSAS CASH**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**OF**

**MARADUN 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/185

## 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 i.e. 2020 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 **166,822,942** (One hundred and sixty-six million, eight hundred and twenty-two thousand, nine hundred and forty-two 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 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 **N41,890,562** (Forty-one million, eight hundred and ninety thousand, five hundred and sixty-two 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, whether 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. Only that the cash books were not balanced and closed at the end of every month. Additionally bank reconciliation between the cash book and bank statement has never been carried out throughout the year by 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 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, also the local government budget was prepared according to IPSAS approved format.
- c. **Outstanding Payment Vouchers:** For the under review, there no outstanding payment voucher in this local Government 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 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 27files were approved from both the local Government and LGEA which consist of 22 voluntary/compulsory retirement and 5 death staff with their total benefits standing at **₦17,230,768(Seventeen million, two hundred and thirty thousand, seven hundred and seventy-eightNaira)**. Out of these amounts the sum of **₦9,486,358(Nine million, four hundred and eighty-six thousand, three hundred and fifty-eightNaira)** stood as total claims for 21 number local government staff while L G E A staff totaling to6 number gulfed the sum of **₦7,744,410(Seven million, seven hundred and forty-four thousand, four hundred and ten Naira)**.

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### 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 **₦892,803** (eight hundred and ninety-two thousand,eight hundred and three Naira) for the pension funds.

2.9

### INVESTMENTS:

As at 31<sup>st</sup> December, 2021 the investment value stood at **₦109,647,661.00(One hundred and nine million ,six hundred**



S/N	NAME OF THE COMPANY	VALUE 2021(₦)	VALUE 2020 (₦)
1	Oceanic Bank	-	-
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Cement Co.	-	-
5	SICL Communication	-	-
6	Ashaka Cement Co	297,000	297,000
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Gusau fertilizer Co.	2,000,000	2,000,000
11	T/Mafara Bricks B. Ind.	2,000,000	2,000,000
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	104,000,661	104,000,661
	<b>TOTAL</b>	<b>109,647,661</b>	<b>109,647,661</b>

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

The sum of **N465,887,881.00 (Four hundred and sixty -five million, eight hundred and eighty-seven thousand, eight hundred and eighty-one Naira)** was paid by the local government for the year under review to various banks as repayment of various loans taken from them.

#### 3.0 BUDGET IMPLEMENTATION ANALYSIS

##### 3.1 STATUTORY ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,641,314,610**(one billion, six hundred forty-one million, three hundred and fourteen thousand, six hundred and ten Naira) **while** the actual collection for the year was **₦1,443,344,348**(One billion, four hundred and forty-three million, three hundred and forty-four thousand, three hundred and forty-eight 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	1,423,303,709	1,641,314,610	1,443,344,348
	<b>Total</b>	<b>1,423,303,709</b>	<b>1,641,314,610</b>	<b>1,443,344,348</b>

### 3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of ₦197, 970,262 (One hundred and ninety-seven million, nine hundred and seventy thousand, two hundred and sixty-two 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	1,423,303,709	1,641,314,610	1,443,344,348	197,970,262
	<b>Total</b>	<b>1,423,303,709</b>	<b>1,641,314,610</b>	<b>1,443,344,348</b>	<b>197,970,262</b>

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

there is no surplus made in respect to statutory receipts for period under review by the local government.

### 3.3 VAT ALLOCATION:-

During the year under review, the estimated figure of the value added tax was ₦503,651,050 (Eighty-sixmillion,twenty-four thousand,sixty-threeNaira), while the actual received was to total of ₦736,744,738(Seven hundred and thirty -six million, seven hundred and forty-four thousand, seven hundred and thirty-eight naira),that represent over and above of 146% of the projected revenue,as shown below:-





S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	VAT	531,240,173	503,651,050	736,744,738
	<b>Total</b>	<b>531,240,173</b>	<b>503,651,050</b>	<b>736,744,738</b>

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

During the period under review, value added tax revealed a surplus of **₦233,093,688** (Two hundred and thirty-three million ,ninety -three thousand ,six hundred and eighty -eight 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	531,240,173	503,651,050	736,744,738	233,093,688
	<b>Total</b>	<b>531,240,173</b>	<b>503,651,050</b>	<b>736,744,738</b>	<b>233,093,688</b>

**3.3b VAT ALLOCATION(DEFICIT): -**

For the period under review no deficit was 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 **₦80,456,940** (Eightymillion, four hundred and fifty-six thousand, nine hundred and forty Naira) **while** the actual collection for the year was **₦40,753,000**(Forty million, seven hundred and fifty -threethousand, Naira)The actual revenue represents 50% of the total projected Independent revenue. The details are as per table below:



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 20 21 (₦)	Actual 2021 (₦)
1.	Direct Taxes	16,751,451	-	9,631,600
2.	License	4,453,301	13,210,420	3,646,250
3.	Mining Rents			9,819,300
4.	Royalties			
5.	Fees	11,794,050	20,683,310	4,341,250
6.	Fines	5,700,250	1,580,000	2,019,600
7.	Sales		14,680,000	
8.	Earnings	12,378,570	22,267,880	11,104,000
9.	Sales/Rent on Govt. Buildings		2,480,790	
10.	Sales/Rent on Lands & Others		1,564,760	191,000
11.	Repayments-General			
12.	Investment Income		1,132,450	
13.	Interest Earned		2,857,330	
	<b>Total</b>	<b>51,077,622</b>	<b>80,456,940</b>	<b>40,753,000</b>

### 3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦19,890,500** (Nineteen million, eight hundred and ninety thousand, five hundred Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 20 21 (₦)	Surplus 2021 (₦)
1.	Direct Taxes	16,751,451	-	9,631,600	9,631,600
	Fines	5,700,250	1,580,000	2,019,600	439,600
	<b>Mining rents</b>	-	-	<b>9,819,300</b>	<b>9,819,300</b>
	<b>Total</b>	<b>22,451,701</b>	<b>1,580,000</b>	<b>21,470,500</b>	<b>19,890,500</b>



### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦58,029,680** (Fifty-eight million, twenty-nine thousand, six hundred and eighty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	License	4,453,301	13,210,420	3,646,250	9,564,170
2.	Fees	11,794,050	20,683,310	4,341,250	16,342,060
3.	Sales		14,680,000	-	14,680,000
4.	Earnings	12,378,570	22,267,880	11,104,000	11,163,880
	Sales/Rent on Govt. Buildings		2,480,790		2,480,790
	Sales/Rent on Lands & Others		1,564,760	191,000	1,373,760
	Investment Income		1,132,450	-	1,132,450
	Interest Earned		2,857,330	-	2,857,330
	<b>Total</b>	<b>28,625,921</b>	<b>77,312,180</b>	<b>19,282,500</b>	<b>58,029,680</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 **₦1,238,100,640** (One billion, two hundred and thirty eight million, one hundred thousand, six hundred and forty-Naira) during the year under review, but in the actual the sum of **₦248,178,823** (Two hundred and forty eight million, one hundred and seventy eight thousand, eight hundred and twenty-three Naira) was realized. This represent just 20% of the total budget amount. The details are shown below:



S/ N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	246,688,548	238,100,640	80,616,577
2.	External Loans LGC	2,214,285,714	1,000,000,000	167,562,247
	<b>Total</b>	<b>2,460,974,262</b>	<b>1,238,100,640</b>	<b>248,178,823</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 **₦989, 921,817.00**(Nine hundred and eighty-nine million, nine hundred and twenty-one thousand, eight hundred and seventeen Naira) was reported by the Local Government.

### 3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,238,100,640** (One billion, two hundred and thirty -eight million, one hundred thousand, six hundred and forty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦167,918,912**(One hundred and sixty-seven million,nine hundred and eighteen thousand,nine hundred and twelveNaira). This represents 13.5% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Administrative Sector	793,638,823	130,000,000	97,722,219
2.	Economic Sector	856,137,679	800,000,000	30,056,760
3.	Social Services Sector	689,505,582	308,100,640	40,139,932
	<b>Total</b>	<b>2,339,282,084</b>	<b>1,238,100,640</b>	<b>167,918,912</b>



### 3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1, 070,181,728.00** (One billion seventy million, one hundred and eighty-one thousand, seven hundred and twenty-eight Naira) was revealed in all the three sectors as shown in the table below: -.

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Savings 2021 (₦)
1.	Administrative Sector	793,638,823	130,00,0000	97,722,219	32,277,781
2.	Economic Sector	856,137,679	800,000,000	30,056,760	769,943,240
	Social Services Sector				267,960,708
		689,505,582	308,100,640	40,139,932	
	<b>Total</b>	<b>2,339,282,084</b>	<b>1,238,100,640</b>	<b>167,918,912</b>	<b>1,070,181,728</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 **₦226,036,530** (two hundred and twenty-six million, thirty-six thousand, five hundred and thirty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦213,810,167** (Two hundred and thirteen million, eight hundred and ten thousand, one hundred sixty-seven Naira) was paid to **1,370** staff of the local government and its ADC. This resulted to a savings of **₦12,226,363** (Twelve million, one hundred and twenty-six thousand, three hundred and sixty-three Naira).



### 3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦453,300,000** (Four hundred and fifty-three million, three thousand, Naira). Whereas the actual expenditure for the year stood at **₦394,489,548** (three hundred and ninety-four million, four hundred and eighty-nine thousand, five hundred and forty-eight Naira), this resulted to a saving of **₦58,810,452** ( fifty-eight million, eight hundred and tenthousand, four hundred and fifty-two 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 **₦846,714,300** (Eight hundred and forty-six million, seven hundred and fourteen thousand, three hundred Naira) while the actual expenditure for the year stood at **₦492,896,423** (Four hundred and ninety-two million, eight hundred and ninety-six thousand, four hundred and twenty-three Naira). This resulted to a saving of **₦353,817,877** (Three hundred and fifty-three million, eight hundred and seventeen thousand, eight hundred and seventy -seven Naira). Table below gives the details:

S/N	DESCRIPTIO N	ACTUAL 2020 (₦)	ESTIMATED 2021 (₦)	ACTUAL 2021 (₦)	SURPLUS/DE FICIT 2021(₦)
1.	Primary Sch. Teachers Sal	259,674,690	279,797,440	239,841,158	39,956,282
2.	Training Funds	12,551,084	20,543,000	8,579,941	11,963,059
3.	Contribution to emirate	66,232,285	48,000,000	50,411,794	(2,411,794)
4.	Contribution to Pension	85,714,286	71,690,000	85,714,286	(14,024,286)
5.	Common Services	27,935,908	23,453,790	28,039,988	(4,586,198)
6.	Agency for Mass Edu. Salary	31,270,620	53,230,070	31,270,620	21,959,450
7.	PHC Staff salary		350,000,000	49,038,636	300,961,364
	<b>Total</b>	<b>483,378,872</b>	<b>846,714,300</b>	<b>492,896,423</b>	<b>353,817,877</b>



### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was ₦161,271,130.00 (One hundred and sixty-one million, two hundred and seventy-one thousand one hundred and thirty Naira). Whereas the actual expenditure for the year stood at ₦150,093,497 (One hundred and fifty million, ninety-three thousand, four hundred and ninety-seven Naira). This resulted to a saving of ₦11, 177,633 (Eleven million, one hundred and seventy-seven thousand, six hundred and thirty-three Naira).

### 4.0 GENERAL RECOMMENDATIONS

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

1. Lack of reconciliation in the cash books which was as a result of in adequate 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.





Zamfara State of Nigeria

LAND OF FARMING & SOLID MINERALS