



REPORT OF THE

Auditor - General

FOR LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

MARU 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 September, 2022

Ref. No: LGA/AA/VOL.II/186

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 21ST 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 17th 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 ₦ **217,904,011** (Two hundred and seventeen million, nine hundred and four thousand, eleven 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 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 **₦55,292,125** (fifty-five million, two hundred and ninety-two thousand, one hundred twenty-five 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. The cash books were balanced and closed at the end of every month. But bank reconciliation between the cash books and bank statements 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 in this local Government are those of Staff salaries and other charges, 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 files were received from this local government were 40files were approved from both the local Government and LGEA which consist of 33 voluntary/compulsory retirement and 7 death staff with their total benefits standing at **₦43,231,538 (Forty-three million, two hundred and thirty-one thousand, five hundred and thirty -eightNaira)**. Out of these amounts the sum of **₦18,970,359(Eighteen million, nine hundred and seventy thousand,three hundred and fifty-nineNaira)** stood as total claims for 23 number local government staff while L G E A staff totaling to 17 number gulfed the sum of **₦24,261,179(Twenty-four million, two hundred and sixty-one thousand, one hundred and seventy -nine 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**₦3, 893,813(Three million, eight hundred and ninety-three thousand, eight hundred and thirteen Naira)** for the pension funds.

2.9

INVESTMENTS:

As at 31stDecember, 2021 the investment value stood at **₦92, 561,986.00 (Ninety-two million, five hundred and sixty-one thousand, nine hundred and eighty-sixnaira)**.The investment holding is asshown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 20 20 (₦)
1	GamjiBank	162,500	162,500
2	Kaduna Textile	-	-
3	CCNN Sokoto	227,500	227,500
4	Sokoto Mortgage	425,862	425,862
5	SICL Communication	-	-
6	Ashaka Cement Co	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank Of the North	-	-
10	Zamfara 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	86,720,581	86,720,581
	TOTAL	92,561,986	92,561,986

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦1,328,781,078.00 (One billion, three hundred and twenty-eight million, seven hundred and eighty-one thousand, seventy-eight 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 was **₦2,165,480,650** (Two billion, one hundred and sixty-five million, four hundred and eighty thousand, six hundred and fifty Naira) **while** the actual collection for the year was **₦1,907,235,595** (One billion, nine hundred and seven million, two hundred and thirty-five thousand, five hundred and ninety-five 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	1,878,644,821	2,165,480,650	1,907,235,595
2.	Total	1,878,644,821	2,165,480,650	1,907,235,595

3.2 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of N 258,245,055 (Two hundred and fifty-eight million, two hundred and forty-five thousand, fifty-fives Naira) was recorded in respect of Statutory receipts by this local Government. A detail is as per table shown below:-

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	Statutory Allocation	1,878,644,821	2,165,480,650	1,907,235,595	258,245,055
3.	Total	1,878,644,821	2,165,480,650	1,907,235,595	258,245,055

3.2a STATUTORY ALLOCATION (SURPLUS):-

In the period under review there is 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 N582,766,390(Five hundred and eighty-twomillion,seven hundred sixty-six thousand, three hundred and ninety Naira).Where by the actual totaling to ₦ 852,616,514(Eighthundred and fifty-two million, six hundred and sixteen thousand, five hundred and fourteen Naira)that represent an over and above of 146% of the projected amount, as shown below:-



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	VAT	614,612,992	582,766,390	852,616,514
	Total	614,612,992	582,766,390	852,616,514

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

In the period under review a surplus of **₦269,850,124.00** (Two hundred and sixty-nine million, eight hundred and fifty thousand, one hundred and twenty-four Naira) was revealed and 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 2 021 (₦)
1.	VAT	614,612,992	582,766,390	852,616,514	269,850,124
	Total	614,612,992	582,766,390	852,616,514	269,850,124

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

For the year under review no deficit was made in respect to value added tax by this local government.

3.4 **INDEPENDENT REVENUE:**

During the year under review, the estimated Independent Revenue of this local government was **₦54,983,140**(Fifty-fourmillion,nine hundred and eighty-three thousand,one hundred and forty Naira) **while** the actual collection for the year was **₦44,149,271**(Forty-four million, one hundred and forty-nine thousand, two hundred and seventy-one Naira)The actual revenue represents 80% of the projected Independent revenue. The details are as per table below:



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	Direct Taxes	6,773,380	3,589,900	6,378,270
2.	License	3,480,620	23,408,140	2,981,300
3.	Mining Rents			10,423,220
4.	Royalties			
5.	Fees	6,764,961	15,923,380	6,380,180
6.	Fines		-	
7.	Sales		2,758,670	
8.	Earnings	12,122,426	9,303,050	10,044,860
9.	Sales/Rent on Govt. Buildings			
10.	Sales/Rent on Lands & Others	10,735,425		5,165,340
11.	Investment Income	272,620	-	-
12.	Interest earned	-	-	2,776,101
	Total	40,149,432	54,983,140	44,149,271

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦19,118,740** (Nineteen million, one hundred and eighteen thousand, seven hundred and forty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021(₦)	Surplus 2021 (₦)
1.	Direct Taxes	6,773,380	3,589,900	6,378,270	2,378,270
2.	Mining on rents	-	-	10,423,220	10,423,220
3.	Earnings	12,122,426	9,303,050	10,044,860	741,810
4.	Sales/Rents on Lands & others	10,735,425	-	5,165,340	5,165,340
5.	Interest earned	272,620	-	2,776,101	2,776,101
	Total	19,168,425	12,892,950	32,011,690	19,118,740



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦12,801,190** (Twelve million, eight hundred and one thousand, one hundred and ninety Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021(₦)	Deficit 2021 (₦)
1.	License	6,773,380	3,480,620	2,981,300	499,320
2.	Fees	6,764,961	15,923,380	6,380,180	9,543,200
3.	Sales	-	2,758,670	-	2,758,670
	Total	13,538,341	22,162,670	9,361,480	12,801,190

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, 406,823,720** (One billion, four hundred and six million, eight hundred and twenty-three thousand, seven hundred and twenty Naira) during the year under review, but in the actual the sum of **₦321,385,525** (Three hundred and twenty-one million, three hundred and eighty-five thousand, five hundred and twenty-five Naira) was realized. This represents 23% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	704,820,271	406,823,720	100,217,024
2.	External Loans LGC	2,214,285,714	1,000,000,000	221,168,501
	Total	2,919,105,985	1,406,823,720	321,385,525



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 **₦1,085,438,195** (One billion, eighty-five million, four hundred and thirty-eight thousand, one hundred and ninety-five Naira) 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 **₦1,406,823,720**(Three billion, ninety -three million, six hundred and forty-four thousand, three hundred and sixty -four Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦221,639,269**(Two billion, eight hundred and fifteen million, eight hundred and seventy-seven thousand, eight hundred and twenty-eight Naira). This represents 16% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Administrative Sector	989,392,431	190,000,000	128,985,360
2.	Economic Sector	916,883,861	848,823,720	39,672,473
3.	Social Services Sector	909,601,536	368,000,000	52,981,437
	Total	2,815,877,828	1,406,823,720	221,639,269

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦1,185,184,451**(One billion, one hundred and eighty-five million, one hundred and eighty-four thousand, four hundred and fifty-one Naira) was revealed in the three sectors as shown in the table below: -



S/N	DESCRIPTION	Actual 2020 (N)	Estimate 2021(N)	Actual 2021 (N)	Savings 2021 (N)
1.	Administrative Sector	989,392,431	190,000,000	128,985,360	61,014,640
2.	Economic Sector	916,883,861	848,823,720	39,672,473	809,151,247
	Social Services Sector	909,601,536	368,000,000	52,981,437	315,018,563
	Total	2,815,877,828	1,406,823,720	221,639,269	1,185,184,451

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 **₦358,654,640** (Three hundred and fifty-eight million, six hundred and fifty-four thousand, six hundred and forty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦354,261,615** (Three hundred and fifty-four million, two hundred and sixty-one thousand, six hundred and fifteen Naira) was paid to **1,927** staff of the local government and its ADCs. This resulted to a savings of **₦4,393,025** (Four million, three hundred and ninety-three thousand, twenty-five Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦474,000,000** (Four hundred and seven-four million, Naira). Whereas the actual expenditure for the year stood at **₦446,661,643** (Four hundred and forty-six million, six hundred and sixty-one thousand, six hundred and forty-three Naira), this resulted to a deficit of **₦27,338,357** (Twenty-seven million, three hundred and thirty-eight thousand, three hundred and fifty-seven 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 **₦1,073,590,310** (One billion, seventy-three million, five hundred and ninety thousand, three hundred and ten Naira) while the actual expenditure for the year stood at **₦658,316,998** (Six hundred and fifty-eight million, three hundred and sixteen thousand, nine hundred ninety-eight Naira). This resulted to a savings of **₦415,273,312** (Four hundred and fifteen million, two hundred and seventy-three thousand, three hundred and twelve Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2020 (₦)	ESTIMATED 2021 (₦)	ACTUAL 2021 (₦)	SAVINGS /DEFICIT 2021(₦)
1.	Primary Sch. Teachers Sal	353,123,428	310,000,000	307,620,201	2,379,799
2.	Training Funds	16,290,542	23,000,000	10,820,340	12,179,660
3.	Contribution to Emirate	87,718,033	115,000,000	66,810,926	48,189,074
4.	Contribution to Pension	85,714,286	86,000,000	85,714,286	285,714
5.	Common Services	37,042,730	46,000,000	37,317,813	8,682,187
6.	Agency for Mass Edu. Salary	51,366,156	55,000,000	51,366,156	3,633,844
	PHC Staff Salary		438,590,310	98,667,276	339,923,034
		631,255,174	1,073,590,310	658,316,998	415,273,312

3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦190,161,510** (One hundred and ninety million, one hundred and sixty-one thousand, five hundred and ten Naira). Whereas the actual expenditure for the year stood at **₦182,523,773** (One hundred and eighty-two million, five hundred and twenty three thousand, seven hundred and seventy-three Naira). This resulted to a saving of **₦7,637,737** (Seven million, six hundred and thirty- seven thousand, seven hundred thirty-seven 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



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 and community development.

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

**ACTING AUDITOR GENERAL
FOR LOCAL GOVERNMENTS.**

