



# REPORT OF THE

**Auditor - General**

**FOR LOCAL GOVERNMENTS**

**ON IPSAS CASH**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**OF**

**TALATA MAFARA 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/187

## 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 ₦ **159,139,870** (One hundred and fifty-nine million, one hundred and thirty-nine thousand, eight hundred and seventy 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 **₦39,874,977** (Thirty-nine million, eight hundred and seventy-four thousand, nine hundred and seventy-seven 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, the cash books are free from cancellations and alterations. The cash books were balanced and closed at the end of every month. Only that, 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, so also the local government budget was prepared according to IPSAS approved format.
- c. **Outstanding Payment Vouchers:** For the under review, there no payment vouchers that stood as outstanding in this local Government 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 re tirement benefits. During the period under review files were received from this local government were 31files were approved from both the local Government and LGEA which consist of 23 voluntary/compulsory retirement and 8 death staff with their total bene fits standing at **₦36,015,135 (Thirty-six million,one hundred and fifteen thousand,one hundred and thirty-fiveNaira)**. Out of these amounts the sum of **₦10,027,083(Ten million, twenty-seven thousand, eighty-threeNaira )** stood as total claims for 11 number local government staff, while L G E A staff totaling to 20 number gulfed the sum of **₦25,988,052(twenty-five million, nine hundred and eighty-eight thousand, fifty-two 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 routi ne 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 **₦1,700,833(One million, seven hundredthousand, eight hundred and thirty-three Naira)** for the pension funds.

2.9

**INVESTMENTS:**

As at 31<sup>st</sup> December, 2021 the investment valu estood at **₦106,722,875.00(One hundred and six million , seven hundred and twenty-two thousand, eight hundred and seventy-fivenaira)**. The investment holding is asshown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 2020 (₦)
1	Gamji Bank	59,699	59,699
2	Sokoto Invest, Co Ind.	-	-
3	CCNN Sokoto	200,000	200,000
4	Nigerian Merchant Bank Plc.	33,300	33,300
5	First Bank Plc.	66,600	66,600
6	Zamfara Investment Co.	-	-
7	Urban Dev. Bank Plc.	500,000	500,000
8	FSB International Bank	-	-
9	Unity Bank (BON)	422,615	422,615
10	Zamfara Fertilizer Co.	-	-
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
14	Micro Finance Bank	-	-
	<b>TOTAL</b>	<b>106,722,875</b>	<b>106,722,875</b>

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

The sum of **₦760,950,749.00** (Seven hundred and sixty million, nine hundred and fifty thousand, seven hundred and forty-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 RECEIPTS:

During the year under review, the estimated Statutory Receipt of this local government was **₦1,562,943,770** (One billion, five hundred and sixty-two million, nine hundred and forty-three thousand, seven hundred and seventy Naira) while the actual collection for the year was **₦1,373,575,455** (One billion, three hundred and seventy-three million, five hundred and seventy-five thousand, four hundred and fifty-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 2019 (₦)	Estimate 2020(₦)	Actual 2020 (₦)
1.	Statutory Allocation	1,354,820,749	1,562,943,770	1,373,575,455
	<b>Total</b>	<b>1,354,820,749</b>	<b>1,562,943,770</b>	<b>1,373,575,455</b>

### 3.2 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of **₦189,368,315** (One hundred and eighty-nine million, three hundred and sixty-eight thousand, three hundred and fifteen 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	1,354,820,749	1,562,943,770	1,373,575,455	189,368,315
	<b>Total</b>	<b>1,354,820,749</b>	<b>1,562,943,770</b>	<b>1,373,575,455</b>	<b>189,368,315</b>

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

There is no surplus made in respect to statutory receipt for the year under review by this local government.

### 3.3 VAT RECEIPTS :

During the year under review, the value added tax was estimated to the sum of **₦507,873,900** (Five hundred and seven million, eight hundred and seventy-three thousand, nine hundred Naira). Whereas the actual was to sum of **₦ 742,929,484** (Seven hundred and forty-two million, nine hundred and twenty nine thousand, four hundred eighty-four Naira) it represent an over and above 146% of the projected revenue, as shown below:-





S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	VAT	535,690,262	507,873,900	742,929,484
	<b>Total</b>	<b>535,690,262</b>	<b>507,873,900</b>	<b>742,929,484</b>

### 3.3a VAT RECIEPTS (SURPLUS) :-

For the period under review a surplus of **₦235,055,584** (Two hundred and thirty-five million, fifty-five thousand, five hundred and eighty-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 2021 (₦)
1.	VAT	535,690,262	507,873,900	742,929,484	235,055,584
	<b>Total</b>	<b>535,690,262</b>	<b>507,873,900</b>	<b>742,929,484</b>	<b>235,055,584</b>

### 3.4 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦40,333,180** (Forty million, three hundred and thirty three thousand, three hundred and eighty Naira) **while** the actual collection was **₦38,490,270** (Thirty-eight million, four hundred and ninety-thousand, two hundred and seventy Naira) The actual revenue represents almost 95% of the projected revenue.



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
	<b>Total</b>	<b>40,149,432</b>	<b>54,983,140</b>	<b>44,149,271</b>

### 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
	<b>Total</b>	<b>19,168,425</b>	<b>12,892,950</b>	<b>32,011,690</b>	<b>19,118,740</b>



### 3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦19,719,910** (Nineteen million, seven hundred and nineteen thousand, nine hundred and ten Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)	Deficit 2021 (₦)
1.	Licenses	2,425,510	18,433,180	2,455,090	15,978,090
2.	Earnings	12,012,540	16,000,000	12,258,180	3,741,820
	<b>Total</b>	<b>14,438,050</b>	<b>34,433,180</b>	<b>14,713,270</b>	<b>19,719,910</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 **₦1,071,333,000**(One billion, seventy-one million, three hundred and thirty-three thousand, Naira) during the year under review, but in the actual the sum of **₦231,794,973**(Two hundred thirty-one million, seven hundred and ninety-four thousand, nine hundred and seventy-three Naira) was realized. This represents 22 % of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	(25,144,846)	71,333,000	72,295,066
2.	External Loans LGC	2,214,285,714	1,000,000,000	159,499,907
	<b>Total</b>	<b>2,189,140,868</b>	<b>1,071,333,000</b>	<b>231,794,973</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 **₦839, 538,027** (Eight hundred thirty-nine million, five hundred and thirty-eight thousand, twenty-seven 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 **₦1,071,333,000** (One billion, seventy-one million, three hundred and thirty-three thousand, Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦159,839,410** (One hundred and fifty-nine million, eight hundred and thirty-nine thousand, four hundred and ten Naira). This represents 15% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Administrative Sector	764,197,628	144,000,000	93,020,266
2.	Economic Sector	633,315,292	853,333,000	28,610,565
3.	Social Services Sector	656,403,316	274,000,000	38,208,580
	<b>Total</b>	<b>2,053,916,236</b>	<b>1,071,333,000</b>	<b>159,839,410</b>

**3.11 EXCESS CAPITAL EXPENDITURE:**

During the year under review a savings of **₦911,493,590** (Nine hundred and eleven million, four hundred and ninety-three thousand, five hundred and ninety 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	764,197,628,	144,000,000	93,020,266	50,979,734
2.	Economic Sector	633,315,292	853,333,000	28,610,565	824,722,435
	Social Services Sector	656,403,316	274,000,000	38,208,580	235,791,420
	<b>Total</b>	<b>2,053,916,236</b>	<b>1,071,333,000</b>	<b>159,839,410</b>	<b>911,493,590</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 **₦350, 857,460** (Three hundred and fifty million, eight hundred and fifty-seven thousand, four hundred and sixty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦334, 569,622** (Three hundred and thirty-four million, five hundred and sixty-nine thousand, six hundred and twenty two Naira) was paid to **2,183** staff of the local government. This resulted to a savings of **₦16, 287,838** (Sixteen million, two hundred and eighty-seven thousand, eight hundred and thirty-eight Naira).

### 3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦341, 700,000** (Three hundred and forty-one million, seven hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦391,472,568** (Three hundred and ninety-one million, four hundred and seventy-two thousand, five hundred and sixty-eight Naira), this resulted to a deficit of **₦49,772,568** (forty-nine million, seven hundred and seventy-two thousand, five hundred and sixty-eight Naira).



### 3.15 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue for the year under review was **₦944,130,390** (Nine hundred and forty-four million, one hundred and thirty thousand, three hundred and ninety Naira), while the actual expenditure for the year stood at **₦687,689,894** (six hundred and eighty-seven million, six hundred and eighty-nine thousand, eight hundred and ninety-four Naira). This resulted to a saving of **₦256, 440,496** (Two hundred and fifty-six million, four hundred and forty thousand, four hundred and ninety-six Naira). The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2019 (₦)	ESTIMATED 2020 (₦)	ACTUAL 2020 (₦)	SAVINGS 2020 (₦)
1.	Primary Sch. Teachers Sal	336,218,356	285,453,110	410,026,802	124,573,692)
2.	Training Funds	11,988,672	20,415,010	8,242,987	12,172,023
3.	Contribution to Emirate	63,001,260	79,040,740	47,945,377	(31,,095,363)
4.	Contribution to Pension	85,714,286	82,117,140	85,714,286	(3,597,1460
5.	Common Services	26,566,248	41,834,770	26,644,611	15,190,159
6.	Agency for Mass Edu. Salary	24,652,980	28,845,400	24,652,980	4,192,420
7.	PHC Staff Salary	-	406,424,220	84,462,852	321,961.368
	<b>Total</b>	<b>548,141,802</b>	<b>944,130,390</b>	<b>687,689,894</b>	<b>256,440,496</b>

### 3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦102,680,000** (One hundred and two million, six hundred and eighty thousand, Naira). Whereas the actual expenditure for the year stood at **₦163,170,822** (One hundred and sixty-three million, one hundred and seventy thousand, eight hundred and twenty-two Naira). This resulted to a deficit of **₦60,490,822** (sixty million, four hundred and ninety thousand, eight hundred and twenty-two Naira).



#### **4.0 GENERAL RECOMMENDATIONS**

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

1. Non reconciliation in the cash book 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.

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

ACTING AUDITOR GENERAL  
FOR LOCAL GOVERNMENTS.



