



REPORT OF THE

Auditor - General

FOR LOCAL GOVERNMENTS

ON IPSAS CASH

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

TSAFE 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/189

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, 2021.

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



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 **₦184,990,399** (One hundred and eighty-four million, nine hundred and ninety thousand, three hundred and ninety-nine 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 **₦46,657,028** (Forty-six million, six hundred and fifty-seven thousand, twenty eight 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 not characterized with cancellations and alterations. But the cash books were not balanced and closed at the end of every month. In addition 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, 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 posted in the cash books, and 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 28files were approved from both the local Government and LGEA which consist of 16 voluntary/compulsory retirement and 12 death staff with their total benefits standing at **₦57,231,128 (Fifty-seven million, two hundred and thirty-one thousand, one hundred and twenty-eight Naira)**. Out of these amounts the sum of **₦13,350,352 (thirteen million, three hundred and fifty thousand, three hundred and fifty-two Naira)** stood as total claims for 15 number local government staff, while L G E A staff totaling to 13 number gulfed the sum of **₦43,880,776 (Forty-three million, eight hundred and eighty thousand, seven hundred and seventy-six 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 **₦2,887,074 (Two million eight hundred and eighty-seven thousand, seventy-four Naira)** for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2021 the investment value stood at **₦113,175,347.00 (One hundred and thirteen million, one hundred and seventy-five thousand, three hundred and forty-seven naira)**. The investment holding is as shown below: -



S/N	NAME OF THE COMPANY	VALUE 2021 (₦)	VALUE 2020 (₦)
1	Gamji Bank	720,000	720,000
2	Bricks Block Ind.	2,500,000	2,500,000
3	Sokoto Investment Co.	-	-
4	Sokoto Mortgage	655,173	655,173
5	SICL Communication	-	-
6	Sokoto Cement Co.	504,000	504,000
7	Urban Dev. Bank Plc.	-	-
8	FSB International Bank	-	-
9	Unity Bank (BON)	855,513	855,513
10	Zamfara Fertilizer Co.	2,500,000	2,500,000
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
	TOTAL	113,175,347	113,175,347

2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of ₦972, 487,249.00 (Nine hundred and sixty-two million, four hundred and eighty-seven thousand,two 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 ALLOCATION:

During the year under review, the estimated Statutory Receipt of this local government was ₦1,655,225,500 (One billion, six hundred and fifty-five million,two hundred and twenty-five thousand, five hundred Naira) while the actual collection for the year was ₦1,455,655,597(One billion,four hundred and fifty-five million, six hundred and fifty-five thousand,five hundred and ninety-sevenNaira). 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	1,435,388,045,	1,655,225,500	1,455,655,597
	Total	1,435,388,045	1,655,225,500	1,455,655,597

3.2 STATUTORY RECEIPT (DEFICIT):

In the year under review a deficit of ₦199, 569,903 (One hundred and ninety-nine million, five hundred and sixty-nine thousand, nine hundred and three 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	1,435,388,045	1,655,225,500	1,455,655,597	199,569,903
2	Total	1,435,388,045	1,655,225,500	1,455,655,597	199,569,903

3.2a STATUTORY RECEIPT (SURPLUS):-

In the period under review no surplus was made in respect to statutory receipt by this local government.

3.3 VALUE ADDED TAX RECIEPT:

During the year under review the estimated figure of value added tax was ₦ 557,491,810 (five hundred and fifty-seven million, four hundred and ninety-one thousand, eight hundred and ten Naira) While the actual collection was to the sum of ₦ 815,599,536 (eight hundred and fifteen million, five hundred and ninety-nine thousand, five hundred and thirty-six Naira) this represent an over and above of 146% of the projected revenue as shown below:-



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)	Surplus 2021(₦)
1.	VAT	587,978,294	557,491,810	815,599,536	258,107,726
2.	Total	587,978,294	557,491,810	815,599,536	258,107,726

3.3A VAT ALLOCATION (SURPLUS):-

For the period under review a surplus of **₦258,107,726**(Two hundred and fifty-eight million, one hundred and seven thousand, seven hundred and twenty-six 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	587,978,294	557,491,810	815,599,536	258,107,726
	Total	587,978,294	557,491,810	815,599,536	258,107,726

3.3B VAT ALLOCATION (DEFICIT) :-

during the period under review there is 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 **₦48, 132,410** (Forty-eight million, one hundred and thirty-two thousand, four hundred and ten Naira) **while** the actual collection for the year was **₦27, 547,182**(twenty-seven million, five hundred and forty-seven thousand, one hundred and eighty-two Naira) The actual revenue represents 57% of the total projected Independent revenue. The details are as per table below:



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021 (₦)
1.	Direct Taxes	9,386,510	1,600,000	3,881,650
2.	License	10,523,470	19,070,000	8,733,582
4.	Royalties			-
5.	Fees	539,720	12,920,000	708,600
6.	Fines	2,802,000	1,300,000	2,020,000
7.	Sales		2,700,000	
8.	Earnings	19,466,513	10,542,410	12,203,350
	Total	42,817,953	48,132,410	27,547,182

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a Surplus of **₦4,662,590** (Four million, six hundred and sixty-two thousand, five hundred and ninety Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021(₦)	Surplus 2021(₦)
1.	Direct Taxes	5,186,510	1,600,000	3,881,650	2,281,650
2.	Fines	1,602,000	1,300,000	2,020,000	720,000
3	Earnings	19,466,513	10,542,410	12,203,350	1,660,940
	Total	26,255,023	13,442,410	18,105,000	4,662,590

3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **₦25,247,818** (Twenty-five million, two hundred and forty-seven thousand, eight-hundred and eighteen Naira). The table below gives full details: -



S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021 (₦)	Actual 2021(₦)	Deficit 2021 (₦)
1.	License	10,523,470	19,070,000	8,733,582	10,336,418
2.	Fees	539,720	12,920,000	708,600	12,211,400
3.	Sales		2,700,000	-	2,700,000
4.	Earnings	19,466,513	-	-	
5.	Sales/Rent on Govt. Buildings	-	-	-	
6.	Sales/Rent on Lands & Others	-	-	-	
7.	Repayments- General	-	-	-	
8.	Investment Income	-	-		
9	Interest Earned	-	-		
	Total	30,529,703	34,690,000	9,442,182	25,247,818

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 **₦1,146,956,550**(One billion,One hundred and Forty -six million,Nine hundred and Fifty-Six thousand, five hundred and fifty Naira) during the year under review, but in the actual the sum of **₦245,645,539**(Two hundred and forty-five million,six hundred and forty-five thousand,five hundred and thirty-nine Naira) was realized. This represents 21% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2020 (₦)	Estimate 2021(₦)	Actual 2021 (₦)
1.	Transfer from CRF	128,316,362	146,956,550	76,660,632
2.	External Loans LGC	2,214,285,714	1,000,000,000	168,984,908
	Total	2,342,602,077	1,146,956,550	245,645,539



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 **₦901, 311,011** (Nine hundred and one million, three hundred and eleven thousand, eleven Naira) was reported by the Local Government Council. The origin of this deficit is from External loans of the local government and consolidated revenue funds.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,146,956,550** (One billion, one hundred and forty-six million, nine hundred and fifty-six thousand, five hundred and fifty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦169,344,601** (One hundred and sixty-nine million, three hundred and forty-four thousand, six hundred and one 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	798,833,945	170,000,000	98,551,914
2.	Economic Sector	721,787,211	719,956,550	30,311,953
3.	Social Services Sector	695,346,727	257,000,000	40,480,734
	Total	2,215,967,883	1,146,956,550	169,344,601



3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦977,611,949** (Nine hundred and seventy-seven million, six hundred and eleven thousand, nine hundred and forty-nine 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	798,833,945	170,000,000	98,551,914	71,448,086
2.	Economic Sector	721,787,211	721,787,211	30,311,953	691,475,258
	Social Services Sector	695,497,794	695,346,727	40,480,734	654,865,993
	Total	2,215,967,883	1,146,956,550	169,344,601	977,611,949

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 **₦265,726,900** (Two hundred and sixty-five million, seven hundred and twenty-six thousand, nine hundred Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦278,809,463** (Two hundred and seventy-eight million, eight hundred and ninethousand, four hundred and sixty-three Naira) was paid to **1,512** staff of the local government. This resulted to a deficit of **₦13,082,563** (thirteenmillion, eighty-two thousand, five hundred and sixty-three Naira).



3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦463,400,000**(Four hundred and sixty-three million four hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦387,972,040**(Three hundred and eighty-seven million,nine hundred and seventy-two thousand,forty Naira), this resulted to a saving of **₦75,427,960** (Seventy-five million,four hundred and twenty-seven thousand, nine hundred and sixty 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 **₦953,766,270.00** (Nine hundred fifty-three million,seven hundred and sixty-six thousand, two hundred and seventy Naira) while the actual expenditure for the year stood at **₦654,276,687**(Six hundred and fifty-four million,two hundred and seventy-six thousand, six hundred and eighty-seven Naira).This resulted to a savings of **₦299,489,583**(Two hundred and ninety-nine million,four hundred and eighty-nine thousand,five hundred and eighty-three Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2019 (₦)	ESTIMATED 2020(₦)	ACTUAL 2020(₦)	SAVINGS/DE FICIT 2020 (₦)
1.	Primary Sch. Teachers Sal	321,175,38	340,000,000	313,506,849	26,493,151
2.	Training Funds	12,650,318,	20,000,000	8,639,399	11,360,601
3.	Contribution to Emirate	66,802,435	90,000,000,	50,847,012	39,152,988
4.	Contribution to Pension	85,714,286	87,000,000	85,714,286	1,285,714
5.	Common Services	28,177,594	36,000,000	28,286,213	7,713,787
6.	Agency for Mass Edu. Salary	39,907,212	52,000,000	39,907,212	12,092,788
	PHC Staff salary		328,766,270	127,375,716	201,390,554
	Total	554,426,883	953,766,270	654,276,687	299,489,583



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦131, 000,000** (One hundred and thirty-one million Naira). Whereas the actual expenditure for the year stood at **₦181,865,833** (One hundred and eighty-one million, eight hundred and sixty-five thousand, eight hundred and thirty-three Naira). This resulted to a deficits of **₦50,865,833**(fifty million, eight hundred and sixty-five thousand, eight 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. 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



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