



ZAMFARA STATE OF NIGERIA

REPORT

of the

AUDITOR GENERAL

FOR LOCAL GOVERNMENTS

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS

of

SHINKAFI LOCAL GOVERNMENT

For The Year Ended

31ST DECEMBER 2023



TABLE OF CONTENTS

1.0	INTRODUCTION	2
1.1	MANDATE	2
1.2	SUBMISSION OF REPORT.....	2
1.3	PREVIOUS AUDITOR'S REEPORT	2
2.0	OTHER OBSERVATION.....	3
2.1	ANNUAL ESTIMATE	3
2.2	PERSONNEL EMOLUMENT REGISTER (P.E)	3
2.3	ACCOUNTING RECORDS (a, b, c, d)	3
2.4	CERTIFICATION OF RETIRING BENEFITS.....	3
2.5	RECOVERIES MADE OUT OF PENSION & GRATUITY.....	4
2.6	INVESTMENTS	4
2.7	LOAN REPAYMENT	5
3.0	BUDGET IMPLEMENTATION ANALYSIS	6
3.1	RECURRENT REVENUE	6
3.2	RECURRENT REVENUE (SURPLUS)	6
3.3	RECURRENT REVENUE (SHORTFALL)	7
3.4	CAPITAL RECEIPTS	8
3.5	CAPITAL RECEIPTS (SURPLUS)	8
3.6	CAPITAL RECEIPTS (DEFICIT)	9
3.7	CAPITAL EXPENDITURE	9
3.8	CAPITAL EXPENDITURE (EXCESS)	9
3.9	CAPITAL EXPENDITURE (DEFICIT)	10
3.10	RECURRENT EXPENDITURE (PERSONNEL)	10
3.11	RECURRENT EXPENDITURE (OVERHEAD)	10
4.0	CONSOLIDATED REVENUE FUND CHARGES	12
5.0	CONCLUSION	12
6.0	ACKNOLEDGMENT	12



OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS ZAMFARA STATE ZAMFARA STATE OF NIGERIA

☎ 204868

P.M.B. 01015, Gusau

Date: 20th January, 2023

Ref. No: LGA//VOL/214

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 2023 was submitted to this office on 13th march, 2024.

1.3 PREVIOUS AUDITOR'S GENERAL REPORTS:

The previous year i.e. 2022 financial year audit report was submitted to the Honorable House of Assembly on 30th November, 2023 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 estimate has become a tradition, as in almost every year it was submitted between the months of March to June 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.

A closer scrutiny of this scheme would reveal inadequate arrangement for timely expenditure returns to the Local Governments. Local Governments treasuries took unnecessary longer time before they brought these types of expenditures to book.

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 UNBUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦916,322,981** (nine hundred and sixteen million, three hundred and twenty-two thousand, nine hundred and eighty-one Naira) was received from Exchange gain difference, distribution of Non-oil excess account, share of electronic money transfer, share of ecological fund, forex equalization, share of Solid mineral, share of FGN treasury crude account, Share of exchange rate differential, share of Additional Funds FGN, and share of Refund FGN(SURE-P), 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 ₦ 17,978,253 (seventeen million, nine hundred and seventy-eight thousand, two hundred and fifty-three Naira) was reported by the local government as transfer from Amsabam Construction Ventures and Cash deposit Caliphate, 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. Only that the cash books were not balanced and closed at the end of every month. Additionally 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 period under reviewed as observed no single payment was reported missing.
- 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.
- e. **Internally generated revenue IGR;** for the period under review the IGR being the back born of every Local Government was observed very poor in this local government because only six months revenue was accounted.



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 3 files were approved from the local Government and which consist of 3 voluntary/compulsory retirement and 0 death staff with their total benefits standing at **₦4,190,465.00** (four million, one hundred and ninety thousand, four hundred and sixty-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 these 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 **₦2,353,533.00** (two million, three hundred and fifty-three thousand, five hundred and thirty-three Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦113, 012,226.00** (One hundred and thirteen million, twelve thousand, two hundred and twenty-six naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023(₦)	VALUE 2022 (₦)
1	Gamji Bank	56,250	56,250
2	Kaduna Textile	-	-
3	Sokoto Investment Co.	22,500	22,500
4	Sokoto Mortgage	294,827	294,827
5	Micro finance Bank	26,291,645	26,291,645
6	Ashaka Cement Co	1,825,200	1,825,200
7	Urban Dev. Bank Plc	225,000	225,000
8	FSB International Bank	340,800	340,800
9	Unity Bank (BON)	82,480	82,480
10	Fertilizer Blending Co.	1,500,000	1,500,000
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	86,720,581	86,720,581
	TOTAL	113,012,226	113,012,226



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦233,434,855.00** (two hundred and thirty-three million, four hundred and thirty-four thousand, eight hundred and fifty-five 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 (which consist of Statutory was **₦1,250,978,790.00** (One billion, two hundred and fifty million, nine hundred and seventy-eight thousand, seven hundred and ninety Naira) **while** the actual collection for the year was **₦1,075,588,635.00** (One billion, seventy-five million, five hundred and eighty-eight thousand, six hundred and thirty-five Naira). The actual revenue represents almost 86% of the projected revenue. Also this can be seen below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Statutory Allocation	1,275,447,444	1,250,978,790	1,075,588,635
	Total	1,275,447,444	1,250,978,790	1,075,588,635

3.2 STATUTORY RECEIPTS (DEFICIT):

In the year under review a deficit of **₦175,390,155.00** (One hundred and seventy-five million, three hundred and ninety thousand, one hundred and fifty-five Naira) was revealed as per statutory receipts. This represents 14% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory Allocation	1,275,447,444	1,250,978,790	1,075,588,635	175,390,155
	Total	1,275,447,444	1,250,978,790	1,075,588,635	175,390,155

3.2a STATUTORY RECEIPTS (SURPLUS):-

During the year under review there is no surplus made in respect of statutory receipt by the local government.



3.3 VAT RECEIPTS:

During the year under review, the value added tax was budgeted to the sum of **₦929,190,770** (nine hundred and twenty-nine million, one hundred and ninety thousand, seven hundred and seventy Naira) while the actual collection was to the sum of **₦1,050,740,850** (one billion fifty million, seven hundred and forty thousand, eight hundred and fifty Naira) that it represent an over and above of 113% of the projected revenue, as shown below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	769,541,241	929,190,770	1,050,740,850
	Total	769,541,241	929,190,770	1,050,740,850

3.3a VAT ALLOCATION(SURPLUS):-

For the year under review revealed a surplus of **₦121,550,080** (One hundred and twenty-one million, five hundred and fifty thousand, eighty Naira) it represent 13% rise on the total projected revenue as can be seen in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	769,541,241	929,190,770	1,050,740,850	121,550,080
	Total	769,541,241	929,190,770	1,050,740,850	121,550,080

3.3b VAT ALLOCATION(DEFICIT):-

In the year under review there is no deficit made in respect of 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 **₦41,772,020.00** (forty-one million, seven hundred and seventy-two thousand, twenty Naira) **while** the actual collection was **₦37, 719,500.00** (thirty-seven million, seven hundred and nineteen thousand, five hundred Naira) the actual revenue represents almost 78% of the projected revenue.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1	Rate	11,616,020	3,500,000	7,115,500
2	License	8,121,710	24,672,020	5,153,000
3	Fees	-	9,600,000	125,000-
4	Sales		500,000	-
5	Earnings	15,750,680	3,500,000	21,878,400
6	Interest Earned	-	-	3,447,600
	Total	38,756,110	41,772,020	37,719,500

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a surplus of **₦25, 441,500.00** (twenty-five million, four hundred and forty-one thousand, five Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Rates	11,616,020	3,500,000	7,115,500	3,615,500
2	Earnings	15,750,680	3,500,000	21,878,400	18,378,400
3	Interest Earned			3,447,600	3,447,600
	Total	27,366,700	7,000,000	32,441,500	25,441,500



3.6 INDEPENDENT REVENUE (DEFECIT):

In the year under review, independent revenue revealed a Deficit of **N29, 494,020** (twenty-nine million, four hundred and ninety-four thousand, twenty Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	8,121,710	24,672,020	5,153,000	19,519,020
2.	Fees		9,600,000	125,000	9,475,000
3	Sale		500,000	-	500,000
	Total	8,121,710	34,772,020	5,278,000	29,494,020

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, 448,979,050** (One billion, four hundred and forty-eight million, nine hundred and seventy-nine thousand, fifty Naira) during the year under review, but in the actual the sum of **₦2, 389,728,581** (two billion three hundred and eighty-nine million, seven hundred and twenty-eight thousand, five hundred and eighty-one Naira) was realized. This represents 165% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	222,456,976	448,979,050	1,221,690,424
2.	External Loans LGC	115,077,651	1,000,000,000	-
3	NTB fixed Deposit	-	-	995,421,681
4	Internal Loan(UBA TOD)	-	-	172,616,477
	Total	337,534,627	1,448,979,050	2,389,728,581

3.8 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local government in report of capital receipts



3.9 CAPITAL RECEIPTS (SURPLUS):

In the year under review a surplus of **₦940, 749,531.00** (nine hundred and forty million, seven hundred and forty-nine thousand five hundred and thirty-one Naira) was reported by the Local Government Council. The origin of this deficit is from internal loans of the local government, consolidated revenue funds and NTB.

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,448,979,050.00** (One billion, four hundred and forty-eight million, nine hundred and seventy-nine thousand, fifty Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,294,036,816.00** (one billion two hundred and ninety-four million, thirty-six thousand, eight hundred and sixteen Naira). This represents 89% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 20223 (₦)	Actual 2023 (₦)
1.	Administrative Sector	101,454,241	180,000,000	504,884,546
2.	Economic Sector	36,645,893	928,553,320	357,421,791
3.	Social Services Sector	141,509,886	340,425,730	431,730,479
	Total	279,610,020	1,448,979,050	1,294,036,816

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦154,942,234.00** (one hundred and fifty-four million, nine hundred and forty-two thousand, two hundred and thirty-four Naira) was revealed in one sector as shown in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	101,454,241	180,000,000	504,884,546	(324,884,546)
2.	Economic Sector	36,645,893	928,553,320	357,421,791	571,131,529
3	Social Services Sector	141,509,886	340,425,730	431,730,479	(91,304,749)
	Total	279,610,020	1,448,979,050	1,294,036,816	154,942,234

3.12 CAPITAL EXPENDITURE (DEFICIT):

During the year under review, no record of deficit was made in respect of capital expenditure by the local government.



3.13 PERSONAL COST (INCL. SALARIES ON CRF CHARGES):

The sum of **₦289, 587,890** (Two hundred and eighty-nine million, five hundred and eighty-seven thousand, eight hundred and ninety Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦189, 611,091** (one hundred and eight-nine million, six hundred and eleven thousand, ninety-one Naira) was paid to 630 staff of the local government. This resulted to a saving of **₦99, 976,799** (ninety-nine million, nine hundred and seventy-six thousand, seven hundred and ninety-nine Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦605, 700,000** (six hundred and five million, seven hundred thousand, Naira). Whereas the actual expenditure for the year stood at **₦499, 056,559** (four hundred and ninety- nine million, fifty-six thousand, five hundred and fifty-nine Naira), this resulted to a savings of **₦106, 643,441** (one hundred and six million, six hundred and forty-three thousand, four hundred and forty-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 **₦471,747,400** (four hundred and seventy-one million, seven hundred and forty-seven thousand, four hundred Naira) while the actual expenditure for the year stood at **₦451,657,152** (Four hundred and fifty-one million, six hundred and fifty-seven thousand, one hundred and fifty-two Naira). This resulted to a deficit of **₦20, 090,248.00** (twenty million, ninety thousand, two hundred and forty-eight Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	DEFICIT/SUR PLUS 2023 (₦)
1.	Primary Sch. Teachers Sal	230,835,888	166,747,400	225,645,888	(58,888,488)
2.	Training Funds	9,605,862	15,000,000,	9,025,607	5,974,393
3.	Contribution to Emirate	47,018,842	55,000,000	46,496,860	8,503,140
4.	Contribution to Pension	82,500,000	60,000,000	60,000,000	0
5.	Common Services	22,530,941	25,000,000	21,450,364	3,549,636
6.	Agency for Mass Edu. Salary	27,024,816	30,000,000	25,921,126	4,078,874
7	PHC Salary	68,866,152	120,000,000	63,127,306	56,872,694
8	Traditional Rulers Salary	39,711,143			
9	Salary of New S/Administrator	60,642,857			
10	Salary of Special Assistant	7,192,857			
	Total	593,929,358	471,747,400	451,657,152	20,090,248



3.16 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦150,000,000** (one hundred and fifty million Naira). Whereas the actual expenditure for the year stood at **₦460,075,214.00** (Four hundred and sixty million, seventy-five thousand, two hundred and fourteen Naira). This resulted to deficits of (**₦310, 075,214.00**) (three hundred and ten million, seventy-five thousand, two hundred and fourteen Naira).

4.0 GENERAL RECOMMENDATIONS

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

1. Lack of balances and reconciliation in the cash books which were 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. Well trained and able staff should be deployed to take care of the internally generated revenue to protect the local government from collapsing.
4. 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 ACKNOWLEDGMENT

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 2022 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)
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA
REPORT
of the
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS
SHINKAFI 2023

