



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

MARADUN 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/212

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 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 UN BUDGETED REVENUE:

During the year under review it was observed that, the sum of **₦1,056,977,761** (one billion fifty-six million, nine hundred and seventy-seven thousand, seven hundred and sixty one Naira) was received from Exchange gain difference, distribution of Non-oil excess account, share of ecological fund, share electronic money transfer by the local government, share of forex Equalization, share of solid minerals, share of FGN treasury crude account, share of exchange rate differential, share of additional fund 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 **₦21,814,809** (Twenty-one million, eight hundred and fourteen thousand, eight hundred and nine Naira) was reported by the local government as transfer from Amsabam construction venture, caliphate & others and transfer from other government agency. 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 observed non-balancing and reconciliation with the bank was not done, at the end of every month.
- 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 period under review, no report on missing payment vouchers.
- 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 5 files were approved from the local Government which consist of 3 voluntary/compulsory retirement and 2 death staff with their total benefits standing at **₦7,435,801.00** (seven million, four hundred and thirty-five thousand, eight hundred and one 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 **₦701,517.00** (seven hundred and one thousand, five hundred and seventeen Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦109, 647,661.00** (One hundred and nine million, six hundred and forty-seven thousand, six hundred and sixty-one naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023(₦)	VALUE 2022 (₦)
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
	TOTAL	109,647,661	109,647,661



2.9 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦283, 249,821.00** (two hundred and eighty-three million, two hundred and forty-nine thousand, eight hundred and twenty-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 **₦1,518,368,140** (one billion, five hundred eighteen million, three hundred and sixty-eight thousand, one hundred and forty Naira) **while** the actual collection for the year was **₦1,305,119,101** (One billion, three hundred and five million, one hundred and nineteen thousand, one hundred and one Naira). The actual revenue represents 86% of the total projected revenue. Also this can be seen as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Statutory Allocation	1,547,627,752	1,518,368,140	1,305,119,101
	Total	1,547,627,752	1,518,368,140	1,305,119,101

3.2a STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦213, 249,039.00** (Two hundred and thirteen million, two hundred and forty-nine thousand, thirty-nine naira) was revealed as per statutory Allocation. 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	1,547,627,752.	1,518,368,140	1,305,119,101	213,249,039
	Total	1,547,627,752	1,518,368,140	1,305,119,101	213,249,039

3.2b 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 **₦1,051,017,390.00** (one billion fifty one million, seventeen thousand, three hundred and ninety Naira), while the actual received was to total of **₦1,228,794,756** (one billion two hundred and twenty-eight million, seven hundred and ninety-four thousand, seven hundred and fifty-six naira), that represent over and above of 116% of the projected revenue, as shown below:-

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	898,887,989	1, 051,017,390	1,228,794,756
	Total	898,887,989	1, 051,017,390	1,228,794,756

3.3a VAT ALLOCATION(SURPLUS):-

During the period under review, value added tax revealed a surplus of **₦177,777,366** (one hundred and seventy-seven million, seven hundred and seventy-seven thousand, three hundred and sixty-six naira) it represent 25% rise on the total projected revenue as can be

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 20223 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	VAT	898,887,989	1, 051,017,390	1,228,794,756	177,777,366
	Total	898,887,989	1, 051,017,390	1,228,794,756	177,777,366

3.3b VAT ALLOCATION(DEFICIT):-

For the period under review no deficit was made in respect of 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 **₦48,625,370** (forty-eight million, six hundred and twenty-five thousand, three hundred and seventy Naira) **while** the actual collection for the year was **₦41,014,228** (forty-one million, fourteen thousand, two hundred and twenty-eight Naira) The actual revenue represents 84% of the total projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Rate	7,585,600	5,000,000	6,267,250
2	License	2,497,100	11,454,370	2,770,000
4.	Fees	12,528,020	14,890,500	13,577,800
6.	Fines	1,784,460		1,633,400
7.	Sales		6,000,000	
8.	Earnings	10,443,580	11,200,000	12,402,460
12.	Investment Income		80,500	
13.	Interest Earned		.	4,183,318
	Re- imbursement/miscellaneous Receipt			180,000
	Total	34,838,760	48,625,370	41,014,228

3.5 INDEPENDENT REVENUE (SURPLUS):

In the year under review, independent revenue revealed a surplus of **₦8,466,428**(eight million, four hundred and sixty-six thousand, four hundred and twenty-eight Naira). The table below give full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1.	Rate	7,585,600	5,000,000	6,267,250	1,267,250
2	Fines	1,784,460	-	1,633,400	1,633,400
3	Earning	10,443,580	11,200,000	12,402,460	1,202,460
4	Interest earned on fixed deposit			4,183,318	4,183,318
5	Re- Imbursement/miscellane ous	-	-	180,000	180,000-
	Total	19,813,640	16,200,000	24,666,428	8,466,428



3.6 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦14,764,870.00** (fourteen million, seven hundred and sixty-four thousand, eight hundred and seventy Naira).

The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	License	7,585,600	11,454,370	2,770,000	8,684,370
3.	Sales	-	6,000,000	-	6,000,000
	Investment Income		80,500	-	80,500
	Total	7,585,600	17,534,870	2,770,000	14,764,870

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 **₦1,680,756,550.00** (one billion, six hundred and eighty million, seven hundred fifty-six thousand, five hundred and fifty Naira) during the year under review, but in the actual the sum of **₦2,945,586,937.00** (two billion nine hundred and forty-five million, five hundred and eighty-six thousand, nine hundred and thirty-seven Naira) was realized. This represents just 175% of the total budget amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	259,645,523	680,756,550	1,528,289,598
2.	External Loans LGC	139,635,206	1,000,000,000	
3	NTB fix deposit	-	-	1,207,844,530
4	Internal Loan	-	-	209,452,809
	Total	366,280,729	1,680,756,550	2,945,586,937

3.8 CAPITAL RECEIPTS (DEFICIT):

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



3.9 CAPITAL RECEIPTS (SURPLUS):

In the year under review a surplus of **₦1,264,830,387.00** (one billion two hundred and sixty four million, eight hundred and thirty thousand, three hundred and eighty-seven Naira) was reported by the Local Government.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Transfer from CRF	259,645,523	680,756,550	1,528,289,598	847,533,048
2	External loans	139,635,206	1,000,000,000		1,000,000,000
3	NTB fixed deposit			1,207,844,530	1,207,844,530
4	Internal Loans			209,452,809	209,452,809
	Total	366,280,729	1,680,756,550	2,945,586,937	1,264,830,387

3.10 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,680,756,550** (One billion, six hundred and eighty million, seven 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 **₦1,624,049,788** (One billion, six hundred and twenty-four million, forty-nine thousand, seven hundred and eighty-eight Naira). This represents 97% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	115,224,010	299,025,280	631,159,979
2.	Economic Sector	41,181,037	1,080,000,000	451,089,435
3.	Social Services Sector	171,708,076	301,731,270	541,800,374
	Total	328,113,123	1,680,756,550	1,624,049,788

3.11 EXCESS CAPITAL EXPENDITURE:

During the year under review a savings of **₦56,706,762.00** (fifty-six million, seven hundred and six thousand, seven hundred and sixty-two Naira) was revealed in only one sector as shown in the table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Savings 2023 (₦)
1.	Administrative Sector	115,224,010	299,025,280	631,159,979	(332,134,699)
2.	Economic Sector	41,181,037	1,080,000,000	451,089,435	628,910,565
3	Social Services Sector	171,708,076	301,731,270	541,800,374	(240,069,104)
	Total	328,113,123	1,680,756,550	1,624,049,788	56,706,762

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 **₦288,393,320** (two hundred and eighty-eight million, three hundred and ninety-three thousand, three hundred and twenty Naira) was budgeted by this local government as personal cost for the year. While in the actual the net sum of **₦230,790,213** (two hundred and thirty million, seven hundred and ninety thousand, two hundred thirteen Naira) was paid to **1,236** staff of the local government and it's ADC. This resulted to a savings of **₦57,603,107** (fifty-seven million, six hundred and three thousand, one hundred and seven Naira).

3.14 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦644,500,000.00** (six hundred and forty-four million, five hundred thousand Naira). Whereas the actual expenditure for the year stood at **₦544,660,032.00** (Five hundred and forty-four million, six hundred and sixty thousand, thirty-two Naira), this resulted to a saving of **₦99,839,968.00** (ninety-nine million, eight hundred and thirty-nine thousand, nine hundred and sixty-eight 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 **₦565,400,000** (five hundred and sixty-five million, four hundred thousand, Naira) while the actual expenditure for the year stood at **₦462,988,094** (Four hundred and sixty-two million, nine hundred and eighty-eight thousand, ninety four Naira). This resulted to a saving of **₦102,411,906** (one hundred and two million, four hundred and eleven thousand, nine hundred and six Naira). Table below gives the details:

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	SURPLUS/DE FICIT 2023 (₦)
1.	Primary Sch. Teachers Sal	208,225,584	290,000,000	215,225,584	74,774,416
2.	Training Funds	11,503,359	18,000,000	10,953,584	7,046,416
3.	Contribution to emirate	56,443,124	55,000,000	56,563,865	(1,563,865)
4.	Contribution to Pension	82,500,000	65,000,000	78,000,000	(13,000,000)
5.	Common Services	27,261,557	25,000,000	26,121,100	(1,121,100)
6.	Agency for Mass Edu. Salary	30,889,136	35,000,000	29,171,878	5,828,122
7.	PHC Staff salary	49,03,8636	77,400,000	46,952,083	30,447,917
8	Traditional Rulers Salary	39,711,143-	-		
9	Salary of New S/Administrator ADCs	60,642,857-	-		
10	Salary of Special Assistance	7,192,857-	-		
	Total	573,408,252	565,400,000	462,988,094	102,411,906



3.16 CRF CHARGES-PUBLIC DEBT CHARGE:

During the year under review the estimated Public debt charge of the local government was **₦182,000,000** (One hundred and eighty-two million, Naira). Whereas the actual expenditure for the year stood at **₦554,378,733** (five hundred and fifty-four million, three hundred and seventy-eight thousand, seven hundred and thirty-three Naira). This resulted to a deficit of **₦372,378,733** (three hundred and seventy-two million, three hundred and seventy-eight thousand, seven 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 inadequate 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 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.

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AMINU MAMMAGA (CPA/ACCA/ACCrFA)
AUDITOR GENERAL
FOR LOCAL GOVERNMENTS

ZAMFARA STATE OF NIGERIA
REPORT
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AUDITOR GENERAL
FOR LOCAL GOVERNMENTS
MARADUN 2023

