



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

ON IPSAS (CASH)

GENERAL PURPOSE FINANCIAL STATEMENTS
of

BUKKUYUM LOCAL GOVERNMENT

For The Year Ended

31ST DECEMBER 2023



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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/207

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 2022 financial statement and 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 estimates has become a tradition, as almost every year it was submitted between the month of March and 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 **₦1,061,764,215.00** (One billion, sixty-one million, seven hundred and sixty-four thousand, two hundred and fifteen Naira) was received from electronic money transfer levy, Exchange gain difference, share of ecology funds, distribution of Non-oil excess account, share of forex equalization, share of solid minerals, share of FGN treasury crude account, share of exchanges rates differences share of additional funds FGN, and share of refunds FGN sure-p received 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 **₦ 21,955,329.00** (Twenty-one million, nine hundred and fifty-five thousand, three hundred and twenty-nine Naira) was reported by the local government as transfer from governmental agencies, Amsabam Construction Ventures and Cash deposit by caliphate & other. 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 and are free from mistakes and unnecessary cancellations. But it was observed that, the cash books were not balanced and closed at the end of every month as required by financial memoranda. Also, reconciliation between the cash book and bank statements was observed to be ignored by the officers responsible for its preparation.
- b. Outstanding revenues Vouchers;** - 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. but some numbers of revenue vouchers found missing to the sum of **₦558,324,607.74**(Five hundred and fifty-eight million, three hundred and twenty-four thousand, six hundred and seven naira) please trace them and forward to the inspection officer for physical examination.
- c. Outstanding Payment Vouchers:** For the under review, the payment vouchers that stood as outstanding in this local Government are those of Staff salaries, were posted in the cash books, but the payment vouchers were not made physically available for my scrutiny. For the year under review the sum **₦345,940,227.35** (Three hundred and forty-five million, nine hundred and forty thousand, two hundred and twenty-seven Naira) was paid as expenses by the local government.
- 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 a total number of 4 files were approved for payment of retirement/death benefits from this local Government which consist of 4 voluntary/compulsory retirement and nil death staff and their total benefits standing at **₦6,884,088** (Six million, eight hundred and eighty-four thousand, eighty-eight 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 **₦2,668,667.00** (Two million, six hundred and sixty-eight thousand, six hundred and sixty-seven thirty-six Naira) for the pension funds.

2.9 INVESTMENTS:

As at 31st December, 2023 the investment value stood at **₦120, 201,490.00** (One hundred and twenty million, two hundred and one thousand, four hundred and ninety naira). The investment holding is as shown below: -

S/N	NAME OF THE COMPANY	VALUE 2023 (₦)	VALUE 2022 (₦)
1	Gamji Bank	301,170	301,170
2	Kaduna Textile	-	-
3	CCNN Sokoto	-	-
4	Sokoto Investment Co	-	-
5	SICL Communication	-	-
6	Ashaka Cement	-	-
7	NNPC Nig.	-	-
8	FSB International Bank	-	-
9	Bank of the North	-	-
10	Zamfara Fertilizer Co.	1,500,000	1,500,000
11	T/Mafara Clay Ind. Co.	-	-
12	Intercontinental Bank	1,350,000	1,350,000
13	Bright way Solid Min. Dev. Co	117,351,490	117,351,490
	TOTAL	120,201,490	120,201,490



2.10 REPAYMENT OF EXTERNAL LOANS (INCLUDING SERVICES)

The sum of **₦293,123,560.00** (Two hundred and ninety-three million, one hundred and twenty-three thousand, five hundred and sixty Naira) was paid by the local government for the year under review to various banks and FAAC loan deduction 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 **₦1,575,607,290.00** (One billion, five hundred and seventy-five million, six hundred and seven thousand, two hundred and ninety Naira) **while** the actual collection for the year was **₦1,313,526,006.00** (One billion, three hundred and thirteen million, five hundred and twenty-six thousand, and six Naira). The actual revenue represents 83% 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	1,557,596,773	1,575,607,209	1,313,526,006
2.	Total	1,557,596,773	1,575,607,209	1,313,526,006

3.2 STATUTORY ALLOCATION (DEFICIT):

In the year under review a deficit of **₦262,081,203.00** (Two hundred and sixty-two million, eighty-one thousand, two hundred and three Naira) was revealed as per Statutory Allocation. This represents 17% shortage of the projected Statutory Allocation revenue as shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Statutory Allocation	1,557,596,773	1,575,607,290	1,313,526,006	262,081,203
	Total	1,557,596,773	1,575,607,290	1,313,526,006	262,081,203

3.3 STATUTORY ALLOCATION (SURPLUS)

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



3.4 VAT ALLOCATION:

During the year under review, the estimated figure of value added tax was **₦925,975,690.00** (Nine hundred and twenty-five million, nine hundred and seventy-five thousand, six hundred and ninety Naira). Whereas the actual collection was to the tune of **₦1,230,643,886.00** (One billion, two hundred and thirty million, six hundred and forty-three thousand, eight hundred and eighty-six naira), it represents over and above of 133% of the projected revenue

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	VAT	900,231,284	925,975,690	1,230,643,886
2.	Total	900,231,284	925,975,690	1,230,643,886

3.5 VAT ALLOCATION (SURPLUS):

Which revealed a surplus of **₦304,668,196.00** (Three hundred and four million, six hundred and sixty-eight thousand, one hundred and ninety-six Naira) it represents 33% 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	900,231,284	925,975,690	1,230,643,886	304,668,196
	Total	900,231,284	925,975,690	1,230,643,886	304,668,196

3.6 VAT ALLOCATION (DEFICIT):

During the year under review, there no record of deficit made in respect to value added tax by the local government.



3.7 INDEPENDENT REVENUE:

During the year under review, the estimated Independent Revenue of this local government was **₦44,976,260.00** (Forty-four million, nine hundred and seventy-six thousand, two hundred and sixty Naira) **while** the actual collection for the year was **₦44,003,245.00** (Forty-four million, three thousand, two hundred and forty-five Naira) The actual revenue represents 98% of the projected Independent revenue. The details are as per table below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Direct Taxes/Rates	5,404,320	2,926,260	738,300
2	License	3,734,690	15,050,000	6,157,420
3.	Mining Rents	-	-	-
4.	Royalties	-	-	-
5.	Fees	4,110,380	13,000,000	2,069,370
6.	Fines	4,378,690	-	6,129,100
7.	Sales	-	4,500,000	-
8.	Earnings	16,630,210	9,500,000	23,707,210
9.	Sales/Rent on Govt. Buildings	-	-	-
10.	Sales/Rent on Lands & Others	1,145,070	-	991,580
11.	Investment Income	-	-	-
12.	Interest Earned	-	-	4,210,265
	Total	35,403,360	44,976,260	44,003,245

3.8 INDEPENDENT REVENUE (SURPLUS):

In the year under review, four heads of recurrent revenue revealed a surplus of **₦25,538,155.00** (twenty-five million, five hundred and thirty-eight thousand, one hundred and fifty-five Naira) was recorded as regards to Independent Revenue and it emanate from fines, earnings, sales/rent on land and interest earned on fixed deposit.

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Surplus 2023 (₦)
1	Fines	4,378,690	-	6,129,100	6,129,100
2	Earnings	16,630,210	9,500,000	23,707,210	14,207,210
3	Sales/Rent on land	1,145,070	-	991,580	991,580
4	Interest earned	-	-	4,210,265	4,210,265
	Total	27,558,290	9,500,000	35,038,155	25,538,155



3.9 INDEPENDENT REVENUE (DEFICIT):

In the year under review, independent revenue revealed a Deficit of **₦26,510,170.00** (Twenty-six million, five hundred and ten thousand, one hundred and seventy Naira). The table below gives full details: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Deficit 2023 (₦)
1.	Direct Taxes	-	-	-	-
2.	Rates	5,404,320	2,926,260	738,300	2,187,960
3.	License	3,734,690	15,050,000	6,157,420	8,829,580
4.	Fees	4,110,380	13,000,000	2,069,370	10,930,630
5.	Sales	-	4,500,000	-	4,500,000
	Total	7,845,000	35,475,260	8,965,090	26,510,170

3.10 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 **₦1,491,807,970.00** (One billion, four hundred ninety-one million, eight hundred and seven thousand, nine hundred and seventy Naira) during the year under review, but in the actual the sum of **₦2,985,007,107.00** (Two billion, nine hundred and eighty-five million, seven thousand, one hundred and seven Naira) was realized. This represents an over and above 133% of the total budgeted amount. The details are shown below:

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Transfer from CRF	265,000,252	491,807,970	1,558,580,269
2.	External Loans LGC	140,534,664	1,000,000,000	-
3	Nig. Treasury bills	-	-	1,215,624,843
4	Internal loan	-	-	210,801,996
	Total	405,534,916	1,491,807,970	2,985,007,107

3.11 CAPITAL RECEIPTS (DEFICIT):

In the year under review no deficit was reported by this local government from capital receipts.



3.12 CAPITAL RECEIPTS (SURPLUS):

During the year under review, a surplus was made in respect of capital receipt by the local government of about **₦1,493,199,137.00** (One billion, four hundred and ninety-three million, one hundred and ninety-nine thousand, one hundred and thirty-seven naira) that originated from CRF, Nigerian treasury bills and internal loan received.

3.13 CAPITAL EXPENDITURE:

According to Director of Finance's report for the year under review, the sum of **₦1,491,807,970.00** (One billion, four hundred ninety-one million, eight hundred and seven thousand, nine hundred and seventy Naira) was budgeted, while on the actual the capital expenditure of the local government stood at **₦1,639,021,167.00** (One billion, six hundred and thirty-nine million, twenty-one thousand, one hundred and sixty-seven Naira). The amount is over and above of 1.09% of the estimated figure. The details are shown as per table below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)
1.	Administrative Sector	115,728,349	255,709,680	636,721,587
2.	Economic Sector	41,347,143	765,669,200	455,531,151
3.	Social Services Sector	172,814,131	470,429,090	546,768,429
	Total	329,889,624	1,491,807,970	1,639,021,167

3.14 CAPITAL EXPENDITURE (EXCESS):

During the year under review no record of saving was made in respect of capital expenditure by the local government for the year 2023.

3.15 CAPITAL EXPENDITURE (DEFICIT):

For the year under review, a of deficit **₦147,213,197** (One hundred and forty-seven million, two hundred and thirteen thousand, one hundred and ninety-seven Naira) was recorded in respect of capital expenditure of this local government. The details as per shown below: -

S/N	DESCRIPTION	Actual 2022 (₦)	Estimate 2023 (₦)	Actual 2023 (₦)	Saving/deficits 2023 (₦)
1.	Administrative Sector	115,728,349	255,709,680	636,721,587	(381,011,907)
2.	Economic Sector	41,347,143	765,669,200	455,531,151	310,138,049
3.	Social Services Sector	172,814,131	470,429,090	546,768,429	(76,339,339)
	Total	329,889,624	1,491,807,970	1,639,021,167	(147,213,197)



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

The sum of **₦396,398,540.00** (Three hundred ninety-six million, three hundred and ninety-eight thousand, five hundred and forty Naira) was budgeted by this local government as personal cost for the year. While in the actual the sum **₦301,077,807.00** (Three hundred and one million, seventy-seven thousand, eight hundred and seven Naira) was paid to **928** staff of the local government and its ADC. This resulted to a savings of **₦95,320,733.00** (Ninety-five million, three hundred and twenty thousand, seven hundred and thirty-three Naira).

3.17 OVERHEAD CHARGES:

During the year under review the estimated overhead cost of the local government was **₦668,000,000.00** (six hundred and sixty-eight million, Naira). Whereas the actual expenditure for the year stood at **₦523,069,869.00** (Five hundred and twenty-three million, sixty-nine thousand, eighty hundred and sixty-nine Naira), this resulted to a savings of **₦144,930,131.00** (One hundred and forty-four million, nine hundred and thirty thousand, one hundred and thirty-one Naira)

3.18 CONSOLIDATED REVENUE FUND CHARGES

The budgeted figure of consolidated revenue fund charges for the year under review of this Local Government was **₦562,526,960.00** (Five hundred and sixty-two million, five hundred and twenty-six thousand, nine hundred and sixty Naira) while the actual expenditure for the year stood at **₦392,187,426.00** (Three hundred and ninety-two million, one hundred and eighty-seven thousand, four hundred and twenty-six Naira). This resulted to a saving of **₦170,339,534.00** (One hundred and seventy million, three hundred and thirty-nine thousand, five hundred and thirty-four Naira).

The table below shows the full details: -

S/N	DESCRIPTION	ACTUAL 2022 (₦)	ESTIMATED 2023 (₦)	ACTUAL 2023 (₦)	DEFICIT/SA VINGS 2023 (₦)
1.	Primary Sch. Teachers Sal	156,614,248	250,000,000	158,614,248	91,385,752
2.	Training Funds	11,572,759	15,000,000	11,572,759	3,427,241
3.	Contribution to Emirate	56,787,809	60,000,000	56,869,897	3,130,103
4.	Contribution to Pension	82,500,000	75,000,000	78,000,000	(3,000,000)
5.	Common Services	27,431,899	25,000,000	26,257,271	91,276,755)
6.	Agency for Mass Edu. Salary	10,881,786	15,000,000	8,163,793	6,836,207
7.	PHC Salary.	55,756,460	122,526,960	53,276,755	69,250,205
8.	Traditional rulers salary	39,711,143	-	-	-
	Salary of S/A ADCS	60,642,857	-	-	-
	Salary of special assistant	7,192,857	-	-	-
	Total	509,091,819	562,526,960	392,187,426	170,339,534



3.19 CRF CHARGES- PUBLIC DEBT CHARGE:

During the year under review the estimated public debt charge of the local government was **₦275,000,000.00** (Two hundred and seventy-five million, Naira). Whereas the actual expenditure for the year stood at **₦561,432,357.00** (Five hundred and sixty-one million, four hundred and thirty-two thousand, three hundred and fifty-seven Naira). This resulted to a Deficit of **₦286,432,357.00** (Two hundred and eighty-six million, four hundred thirty-two thousand, three hundred and fifty-seven Naira).

4.0 GENERAL RECOMMENDATIONS

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

- 1. In case of the cash books,** lack of monthly balances and reconciliation which was as a result of in adequate and proper 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. Outstanding payment & receipt vouchers:** the vouchers should be traced and be presented for inspection otherwise they will regard as un-vouched revenue & expenditure which will be recovered from the officers controlling the vote for the period under review.
- 3. 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.
- 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.

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

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