



KADUNA STATE OF NIGERIA



COMPLIANCE AUDIT REPORT

OF THE

**AUDITOR-GENERAL ON THE
ACCOUNTS OF THE GOVERNMENT OF KADUNA STATE**

FOR THE YEAR ENDED 31ST DECEMBER 2022

TO

KADUNA STATE HOUSE OF ASSEMBLY

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OBSERVATIONS OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF GOVERNMENT OF KADUNA STATE FOR THE YEAR ENDED 31st DECEMBER, 2022

S/NO	OBSERVATION	REFERENCE		RESPONSIBLE MDA	AUDITOR-GENERAL REMARKS
		PAGE	PARAGRAPH /ITEM		
1	10% LGA share of IGR (₦ 77,087,430,000.00).	3	2.1	MOF/MFLG	The balance of 10% of the total amount collected in the sum of ₦ 6,908,743,000.00 be paid to LGCs.
2	Consolidated Revenue fund charges.	5	2.2.3	MOF/Accountant General	The amount and payees (Public office holders) should always be clearly captured in the draft report of the Accountant-General for IPSAS compliance.
3	Weak Internal Control system in the area of Internal Audit.	6	2.3	MOF	A Separate autonomous line of profession be established for Internal Auditors to strengthening the internal control system.
4	Audit Queries.	7	2.5	MOH, MOENR and Human Services & Social Development	The Ministries should be sanctioned for their inability to respond to Audit Query.
5	Receivables (₦ 49,106,614,000.00).	7	2.6	MOF/KADIRS	Machineries be put in place to ensure that, uncollected revenues are traced and collected from respective revenue payers.
6	Unearned salary deduction on retirees benefit to the tune of ₦ 146,579.46	10	2.8	Pension Bureau	The Auditor General requires the evidence(s) of remitting the deductions to the MOF
7	Boarded Vehicles.	10-11	2.9	KADPPA/MOF	To furnish the Office of the Auditor-General with the proceeds realized for completion of Audit process.
8	Unpresented payment vouchers (₦ 169,293,000.00).	11	2.11	Ministry of Human Services and Social development	I urge the ministry to submit the payment vouchers for audit examination.
9	Non-Attachment of relevant supporting documents.	12	2.13	Min. of Health	To attach the relevant documents and submit the PVs to the Office of Auditor-General for audit examination.
10	Outstanding payment vouchers.	13	2.13	Min. of Health	Payment vouchers to the tune of ₦ 44,973,638.17 be raised and submit to the OAG for examination.

S/NO	OBSERVATION	REFERENCE		RESPONSIBLE MDA	AUDITOR-GENERAL REMARKS
		PAGE	PARAGRAPH /ITEM		
11	Unremitted revenue (N8,510,000.00).	14	2.14	Ministry of Environment and Natural Resources	Evidence of remittances or payment to Single Treasury Account (TSA) be presented to the Auditor-General for audit examination.
12	Budget Monitoring and Evaluation.	18	3.6	Planning and Budget Commission	Evaluation report prepared are to be forwarded to the OAG for necessary action.
13	Revenue collection without approved estimate.	22	4.1.3	Kaduna Line, KADSWAC, MOF and Planning & Budget Commission	To explain the reasons for the scenario.
14	Absence and non-attachment of supporting documents.	23		KADCSDA	Furnish the Auditor- General with necessary and relevant documents for examination.
15	Absence of contract agreement between KADGIS and GIS Transport Management Consultants.	23		KADGIS	I urge the organization to present a duly signed copy of the contract agreement for Audit process.

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KADUNA STATE FOR THE YEAR ENDED, 31ST DECEMBER, 2022.

1.0 INTRODUCTION:

1.1 *Submission of Report:* In compliance with Section 125(5), of the Constitution of the Federal Republic of Nigeria, 1999, (as amended), it is my pleasure to humbly lay before the Honourable House of Assembly, Kaduna State, the Auditor-General's Annual Report on the Accounts of the Government of Kaduna State for the financial year ended, 31st December, 2022.

1.2 *Constitutionality:* In accordance with the section of the constitution quoted above, the draft annual report and accounts, including the related financial statements on the same accounts mentioned above, for the financial year ended, 31st December, 2022, were received on Tuesday the 9th February, 2023. The submission was almost one (1) month earlier than the three (3) months period allowed by the Kaduna State Audit Law No.9 of 2021. However, at the early stage of examination of the submission, significant observations were made and sorted out after series of reconciliations with the Office of the Accountant-General. The final reconciled draft report was later re-submitted on **Tuesday the 21st February, 2023**, by the Accountant-General.

1.3 *Tabling of Previous Audit Reports:* Auditor-General's Reports for the financial years ended, 31st December, 1998 – 2021 (23 years), had been separately submitted to the Honourable House of Assembly. However, reports for the years 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016, are at the final stage of procession for discussion between the Public Accounts Committee (PAC), Office of the Auditor-General and the affected Accounting Officers. While reports for the years 2017, 2018, 2019 and 2020 have been discussed and finalized between the Public Accounts Committee, Office of the Auditor-General and the concerned MDAs.

1.4 *General Overview of 2022 Appropriation:* The Report of the Accountant-General of Kaduna State, together with the Financial Statements for the year ended, 31st December, 2022, provide the records of the financial activities of Kaduna State for the year. This report reviews the financial efforts and outcome of the Government in its attempt to match the objectives of financial management with the goals of governance.

Section 14(1&2), Kaduna State Audit law of 2021, enjoins the Accountant-General to sign and present to the Auditor-General, the Accounts showing fully the Statements of financial performance, Financial position, Statement of Changes in Equity/ Net assets, Cash Flow statement, Statement of Comparison of Budget and Actual amount, Statement of Capital Development Fund (CDF), Statement of Donations and Grants, Statement of Contractual Liabilities, Statement of Investments and Statement of Internal and External loans on the last day of the financial year, the Consolidated Revenue Fund (CRF) and other funds specified in the law. These accounts are to be audited and certified by the State Auditor-General in

accordance with Section 125(2) of the Constitution of the Federal Republic of Nigeria, 1999,
(as amended).

2.0 GENERAL OBSERVATIONS:

2.1 Statutory Allocation to Local Government Councils from Internally Generated Revenue (IGR): Like in the previous Auditor-General's reports, this issue has attracted comments again. Local Government Area Councils in the State are entitled to 10% of all internally generated revenue. The report and Accounts of the Accountant-General, showed that, the sum of seventy-seven billion, eighty-seven million, four hundred and thirty thousand naira, (N77,087,430,000), was collected as Internally Generated Revenue (IGR). The breakdown of the collections is tabulated hereunder:

HEAD	DESCRIPTION	AMOUNT COLLECTED	
		2022	2021
		(₦ 000)	(₦ 000)
20007001	Direct Taxes	51,556,988	30,399,137
"	Licenses	1,473,062	2,882,677
"	Sales	13,587,242	1,310,308
"	Fees	5,920,983	16,509,876
"	Rent on Govt. Property	3,972,953	1,310,308
"	Penalties	434,804	-
"	Fines	96,630	-
"	Interest income	44,768	-
	TOTAL	77,087,430	52,412,306

The 10% statutory allocation to Local Government Councils from the collections was seven billion, seven hundred and eight million, seven hundred and forty-three thousand naira (N7,708,743,000). However, from the Accountant-General's report and Accounts, it shows that eight hundred million naira (N800,000,000.00) was disbursed to the Local Government Councils as their share of 10% entitlement, which represent 1.10%.

2.2.1 Statutory Allocation/Receipts: During the year ended, 31st, December, 2022, the total sum of fifty-four billion, seven hundred and thirty-five million, four hundred and thirty-five thousand naira, (N54,735,435,000), was realized from the Federation Account. This represents 98.53% of the projected amount of fifty-eight billion, two hundred and fifty-nine million, nine hundred and thirty-one thousand naira (N58,259,931,000), being the budgeted figure as reflected in the Accountant-General's report. Details of the revenue collected are presented hereunder: -

Months	Gross Amount (N000)	Deductions (N000)	Net Allocation (N000)	Share of Stabilization of Accts.. (N000)	Excess Bank Charges (N000)	Exchange Gain (N000)	Electronic money transfer Levy (N000)	Grand Total (N000)
January	2,151,208.00			898,349.00		41,626.00		3,091,183.00
February	2,895,994.00	1,585,515.00		718,680.00	67,191.00			3,681,865.00
March	4,318,980.00	1,634,866.00	2,684,115.00					4,318,980.00
April	3,810,186.00	1,610,149.00	2,200,037.00		79,875.00			3,890,061.00
May	3,245,601.00	1,594,936.00	1,650,665.00				1,375,667.00	4,621,268.00
June	5,131,124.00	1,645,743.00	3,485,381.00					5,131,124.00
July	6,660,180.00	1,683,945.00	4,973,235.00					6,660,180.00
August	3,799,717.00	1,609,867.00	2,189,850.00					3,799,717.00
September	2,464,516.00						134,239.00	2,598,755.00
October	3,620,280.00	1,605,032.00	2,015,248.00	898,349.00		46,157.00		4,564,786.00
November	5,662,280.00	1,660,056.00	4,002,225.00			57,104.00	180,306.00	5,899,690.00
December	<u>5,697,523.00</u>	<u>3,215,206.00</u>	<u>2,482,317.00</u>			<u>197,160.00</u>	<u>583,143.00</u>	<u>6,477,826.00</u>
TOTAL	<u>49,457,589.00</u>	<u>17,845,315.00</u>	<u>25,683,073.00</u>	<u>2,515,378.00</u>	<u>147,066.00</u>	<u>342,047.00</u>	<u>2,273,355.00</u>	<u>54,735,435.00</u>

2.2.2 Value Added Tax (VAT): The sum of thirty-three billion, seven hundred and sixty-five million, five hundred and sixty-six thousand naira, (N33,765,566,000), was realized from Federation Account, being share of the State's allocations from Value Added Tax (VAT). This amount is equivalent to 135.30% of the projected receipts of twenty-four billion, nine hundred and fifty-five million, five hundred and fifty-three thousand naira, (N24,955,553,000), for the year under review, as reflected in the Accountant-General's report. Details of State share of VAT are tabulated hereunder: -

MONTH	AMOUNT REALISED	
	2022 (N)000	2021 (N)000
JANUARY	2,693,309.00	2,318,518
FEBRUARY	2,341,294.00	2,109,306
MARCH	2,882,357.00	2,677,465
APRIL	2,558,892.00	2,691,453
MAY	2,807,591.00	2,768,392
JUNE	2,748,442.00	2,351,820
JULY	2,515,057.00	2,449,918
AUGUST	3,118,165.00	2,628,193
SEPTEMBER	2,667,623.00	2,325,353
OCTOBER	3,069,162.00	2,228,036
NOVEMBER	2,882,153.00	2,788,879
DECEMBER	<u>3,481,521.00</u>	<u>2,688,474</u>
TOTAL	<u>33,765,566.00</u>	<u>30,025,803</u>

2.2.3 Consolidated Revenue Fund Charges:- As at, 31st December, 2022, there was no disclosure for the disbursements in settlement of salaries and allowances charge to Consolidated Revenue Funds (CRF) of Statutory Office Holders.

It is worth noting that only salaries and allowances of the followings are recognized as a charge to Consolidated Revenue Funds (CRF): The Offices of the Governor, Deputy Governor, Auditor-General for the state, Chairmen and Members of the following bodies, i.e. the State Civil Service Commission, State Independent Electoral Commission, Judges and State Judicial Service Commission and Assembly Service Commission S.124 (4) of the 1999 constitution, (as amended) refers. However, it was observed that, the salaries of these Public Office Holders mentioned were not clearly captured in the Accountant-General's draft report for the year under review. Necessary actions should be taken in future to ensure compliance with relevant section(s) of IPSAS.

2.3 Internal Control System: - Internal Control mechanism continue to attract my comment, particularly in the area of internal audit, the expectations that internal audit will reduce the scope of external audit work is far from being a reality.

The practice whereby, Internal Auditors and Accountants are drawn from the same pool has created problem of preference for treasury duties as opposed to Internal Auditing, as such, the Internal Auditors are relatively of junior status and inexperienced, thereby jeopardizing the purpose(s) of the internal control system. For this objective to be achieved there is the need for each to constitute a separate line of profession. Necessary actions should be taken for strengthening the Internal Control System in the State.

2.4 Performance Audit:

2.4.1 Contract Awards: The concept of Value-For-Money Audit (VFMA) received top-most priority in the programme of this Office. Accordingly, verifications were carried out in respect of some significant items of capital expenditure and some services said to have been provided. This was only possible in respect of expenditure items that were physical in nature. In the case of social services, such verifications could not be effectively carried out due to the nature and circumstances under which such services were rendered. Some of the capital projects physically verified and their status are tabulated below:

**OFFICE OF THE AUDITOR-GENERAL KADUNA STATE
VERIFICATION OF CAPITAL PROJECTS ACROSS THE STATE**

S/No.	MDA	Description of Contract	Location	Name of Contractor	Contract Sum	Payment to date	Balance	Remark
1	KADFAMA (Min. Housing & Urban Development)	Construction of Gov. Lodge	State House Kawo	M/S Fajamas Ltd.	693,213,101.88	346,606,550.94	346,606,550.94	Level of work done 85%
2	Ministry of Human Services & Social Development	Upgrading of Tsangaya School	Mararaban Gwanda, Sabon Gari L.G	M/S Ramussal International Ltd.	128,464,189.31	108,543,446.41	19,920,742.90	level of work done 60%
3	Ministry of Human Services & Social Development	Upgrading of Tsangaya School	Hunkuyi, Kudan L.G	M/S Ramussal International Ltd.	166,918,938.03	128,976,867.27	37,942,070.76	level of work done 65%
4	Ministry of Human Services & Social Development	Construction of Skills acquisition Center	Maigana, Soba L.G	M/S Dynacent Trix Nig. Ltd.	29,854,366.75	-	29,854,366.75	The Contractor did not received a penny and he did not move to the site
5	Ministry of Human Services & Social Development	Construction of Skills acquisition Center	Maraban Jos, Igabi L.G	M/S Yelash Nig. Ltd.	29,854,366.75	-	29,854,366.75	The Contractor was not received a penny, yet the level of work done is 40%
6	Min. Housing & Urban Development	Renovation of Male & Female Hostels	Technical College Malali KD	Sultanet Contraction Nig. Ltd.	423,203,245.57	193,004,479.60	230,198,765.97	level of workdone 60%

S/No.	MDA	Description of Contract	Location	Name of Contractor	Contract Sum	Payment to date	Balance	Remark
7	Min. Housing & Urban Development	Construction of perimeter Wall Fence	Shehu Idris College of Health, Makarfi	M/S Bill Plus Ltd.	50,314,771.71	11,644,096.80	38,670,674.91	level of workdone 60%
8	Min. Housing & Urban Development	Construction of Mini Secretariate	Zaria L.G	M/S Smaf Associate	680,779,225.00	491,515,773.35	189,263,451.65	level of workdone 60% work has stop and no material on site
9	Min. Housing & Urban Development	Construction of New Studio & Administrative Block	KSMC, Kaduna	M/S Fhiko Ltd.	1,499,754,000.00	967,254,444.62	532,499,555.38	level of workdone 75% and Work is in progress
10	Min. Housing & Urban Development	Construction of Kpop Ham Palace	Kwai - Jaba L.G	M/S Kips Engineering Ltd.	185,290,320.43	37,058,064.09	148,232,256.34	level of workdone 25% and the contract was abandoned
11	Ministry of Education	Construction of Nutrition and Diabetics Complex	Shehu Idris College of Health, Science & Tech. Makarfi	M/S Terrific Engineering Ltd.	64,525,932.23	49,133,096.45	15,392,835.78	100% Completed
12	Ministry of Education	Construction of Chemistry, Physiology Laboratories	Shehu Idris College of Health, Science & Tech. Makarfi	M/S Concept Construction Engineering Ltd.	30,218,572.50	13,931,381.88	16,287,190.62	100% Completed

S/No.	MDA	Description of Contract	Location	Name of Contractor	Contract Sum	Payment to date	Balance	Remark
13	Ministry of Education	Construction of Biometrical Engr. & Physics Laboratories	Shehu Idris College of Health, Science & Tech. Makarfi	M/S Terrific Engineering Ltd.	30,148,360.00	26,232,679.22	3,915,680.78	100% Completed
14	Ministry of Education	Construction of Classroom Blocks & 2 offices	Shehu Idris College of Health, Science & Tech. Makarfi	M/S M & P Contractors Ltd.	29,533,690.88	7,008,067.71	22,525,623.17	100% Completed
15	Ministry of Human Services & Social Development	Renovation/R ehabilitation of Children's Home	Kafanchan - Jema'a L.G	M/S Tiagra Intergrated Global Services Ltd.	38,213,566.78	20,316,354.03	17,897,212.75	level of workdone 53.2% and Work is in progress
16	Min. of Public Works & Infrastructure	18 No. Road Projects	Kafanchan - Jema'a L.G	M/S Farmtrac Nig. Ltd.	5,725,333,666.28	1,000,000,000.00	4,725,333,666.28	level of Workdone 30%
17	Ministry of Education	Purchase of Laboratory & Kitchen Equipments	Shehu Idris College of Health, Science & Tech. Makarfi	M/S X3 Consultants Ltd.	33,378,192.97	11,159,493.60	22,218,699.37	During the verification, we observed that the Supplier locked the place where the items stored
18	KADRA - Min. of Public Works & Infrastructure	Roads Construction	Ikara - Soba	M/S Mother Cat Nig. Ltd.	553,907,342.40	490,898,128.31	63,009,214.09	100% Completed

S/No.	MDA	Description of Contract	Location	Name of Contractor	Contract Sum	Payment to date	Balance	Remark
19	KADRA - Min. of Public Works & Infrastructure	Roads Construction	Saminaka - Bauchi Boarder Board	M/S Farmtrac Nig. Ltd.	1,287,962,703.60	643,962,703.60	644,000,000.00	level of workdone 95% and Work is in progress
20	Ministry of Human Services & Social Development	Construction of perimeter Wall Fence	At Takau - Kafanchan	M/S Labilla Multi Concept Enterprises Ltd.	25,176,774.00	-	25,176,774.00	The Contractor was not received a penny, yet the work is 100% Completed

However, MDAs with Projects in which observations were made during the verifications exercise were dully communicated and recommend that they should treat these observations with all seriousness after which this office is notified for necessary actions. In addition, it is my candid request again that, relevant documents relating to projects to be executed by the state Government i.e. bills of quantity (BOQ), bills of engineering measurement (BOEM), variation order (VO), etc. are made available to this office at the appropriate time as we find it difficult in many cases in obtaining them from the affected MDA's. For the year under review, like the previous years, bills of quantity (BOQ) and other related contractual documents in respect of many projects from various MDAs were not made available to this office, for necessary action(s).

2.5 Audit Queries: Audit approach of discussing and resolving issues on the spot was greatly adopted during the period of this report. Consequently, many issues were discussed with the Accounting Officers without necessarily committing such issues into writing. However, five (5) additional queries were issued to three (3) MDAs during the year, which raised the number of queries of previous year's report from fourteen (14) to nineteen (19) and one (1) query was resolved and closed respectively. Most ministries failed to either treat or even respond to these queries as required by relevant legislation(s), up to the time of issuing this report.

I wish to recommend that, queries issued to Ministries of Science and Technology, Chieftaincy Affairs and Poverty Alleviation to be written off, as they are long overdue (almost 14 years) and the Ministries were no longer in existence.

S/NO	Ministry/Extra Ministerial Department	Queries issued		Queries partially/ settled		Queries settled		Queries unsettled	
		No.	Amount Involved N	No	Amount involved N	No.	Amount involved N	No	Amount Involved N
1	Ministry of Sc. & Tech	1	8,173,849.49	-	-	-	-	1	8,173,849.49
2	Min of Chieftaincy Affairs	1	489,235.00	-	-	-	-	1	489,235.00
3	Ministry of Justice	1	34,820,917.46	-	-	-	-	1	34,820,917.46
4	Min. of Education	1	127,165,127.72	-	-	-	-	1	127,165,127.72
5	Ministry of Health	3	68,695,286.17	-	-	-	-	3	68,695,286.17
6	Youths & Sports	3	122,432,439.46	-	-	-	-	3	122,432,439.46
7	Ministry of Agric	1	471,599,371.38	-	-	-	-	1	471,599,371.38
8	Ministry of Finance	1	18,727,871.11	-	-	-	-	1	18,727,871.11
9	Poverty Alleviation	1	43,000,000.00	-	-	-	-	1	43,000,000.00
10	Min. of Lands & Survey	1	3,977,500.00	-	-	-	-	1	3,977,500.00
11	Bureau of interfaith	2	9,850,000.00	-	-	2	9,850,000.00	-	-
12	Min. of Environment	1	8,510,000.00					1	8,510,000.00
13	Min. of Human Serv. & Social Development	2	<u>173,918,592.00</u>		-	-	-	<u>2</u>	<u>173,918,592.00</u>
	TOTAL	<u>19</u>	<u>1,091,360,189.79</u>			2	<u>9,850,000.00</u>	<u>19</u>	<u>1,081,510,189.79</u>

2.6 Receivables: From the Accountant-General's draft report for the year ended, 31st December, 2022, a total sum of forty-nine billion, one hundred and six million, six hundred and fourteen thousand naira (N49,106,614,000) was observed to be accrued revenue from certain MDAs. See table below.

MDA	DESCRIPTION	AMOUNT (₦000)
KADGIS	Ground Rent	38,995,068.00
KASUPDA	Fees	22,473.00
Kad. State Emergency Mgt. Agency (SEMA)	Fees	27,972.00
Federal Accounts Allocation	Fees	9,959,347.00
KADRIS	Taxes	10,888.00
Loans & Interest	Fees	<u>90,867.00</u>
TOTAL		<u>49,106,614.00</u>

It becomes imperative for Government to put every machinery in motion to ensure that, uncollected revenues are traced and collected from the respective revenue payers. In the same vein, there is no report of uncollected revenue for the previous years.

2.7 Certification of Terminal Benefits- (Defined Benefits Scheme) Pensions and Gratuities:

In the year under review, six (6) files were received from the State Pension Bureau and other Parastatals/Agencies. However, fourteen (14) files were treated and passed for payment including eight (8) untreated files from previous year. The financial implication of the process including gratuity and annual pension is two hundred and ten million, six hundred and fifty-eight thousand, three hundred and ninety-two-naira, twenty-one kobo (N210,658,392.21). Summarized as:

NO. OF FILES PROCESSED	GRATUITY ₦	PENSION ₦	TOTAL ₦
14	<u>169,944,764.12</u>	<u>40,713,628.09</u>	<u>210,658,392.21</u>

2.8 Unearned Salaries and deductions:

In the year under review, one hundred and forty-six thousand, five hundred and seventy-nine-naira, forty-six kobo (N146,579.46) and the sum of one hundred and fifty-seven thousand, three hundred and forty-three-naira, ninety-four kobo (N157,343.94) were deducted from retirees' benefit as unearned salaries and other deductions. However, this office is yet to receive details of actual remittances to Government coffers/appropriate beneficiaries by the State Pension Bureau/Ministry of Finance, this has occurred for several years.

2.9 Boarded Vehicles: During the year of this report, one hundred and sixteen (116) Vehicles were boarded after obtaining my consent. However, up to the time of writing this report, the Ministry of Finance is yet to furnish me with the details of the disposal in order to enable me complete the audit process. Details as follows:

S/NO	DATE	MDA	QUANTITY	REMARKS
1	20-01-22	KASUPDA	7	
2	14-02-22	KSMC	2	
3	03-03-22	SIECOM	7	
4	30-06-22	PUBLIC WORKS	14	
5	06-06-22	HEAD OF SERVICE	6	
6	19-07-22	PLANNING/BUDGET	9	
7	04-08-22	KADSWAC	7	
8	29-08-22	MINISTRY OF BUSINESS INNOVATION & TECHNOLOGY	8	
9	06-09-22	KADIPA	3	
10	28-09-22	CSC	1	
11	29-09-22	STATE EMERGENCY	9	
12	02-10-22	MIN. OF EDUCATION	41	
13	10-10-22	SHARIA COURT OF APPEAL	1	
14	19-10-22	KADSWAC	1	
		TOTAL	<u>116</u>	

2.11 General Observation on the budget: Budget Preparations since the year ended, 31st December, 2016-2021, have been on cash accounting basis, whereas Accountant-General's draft reports have always been translated into accruals basis (IPSAS) within the same period. But in the year under review, there was a greater improvement in this regard by the Planning & Budget Commission. Efforts were made to ensure migration to Accrual IPSAS Budget to conform with International Standards to avoid parallel operations.

Revenue forecast appears to be exaggerated or too bogus to achieve. Most MDAs were not able to realize revenue targets. So, I call on the Commission to put a lot of efforts in producing realizable forecast. In addition, I also wish to recommend that, Revenue collection agencies are fully motivated and consultants are strictly monitored to ensure all revenues collected are remitted to the Treasury Single Account (TSA) accordingly.

2.14 Payment Vouchers/Records not presented:

The Financial Instructions empowered the Auditor-General or his representatives, free access to the books of accounts, security documents and other records and information's relating to the accounts of all MDAs.

Audit Observation:

The sum of one hundred and sixty-nine million, two hundred and ninety-three thousand naira (N169,293,000) was the amount of payment vouchers not presented for examination by the ministry of Human Services and Social Development under AT-RISK Program. This represent ninety-nine percent (99%) of the total expenditure of the program during the year under review.

2.15 Non-attachment of relevant supporting Documents to Payment vouchers(N12,140,538):

All vouchers shall contain full particulars of each service and with invariably be supported by relevant documents such as Local Purchase Order (LPO), invoices letter of authority, BOQ etc.

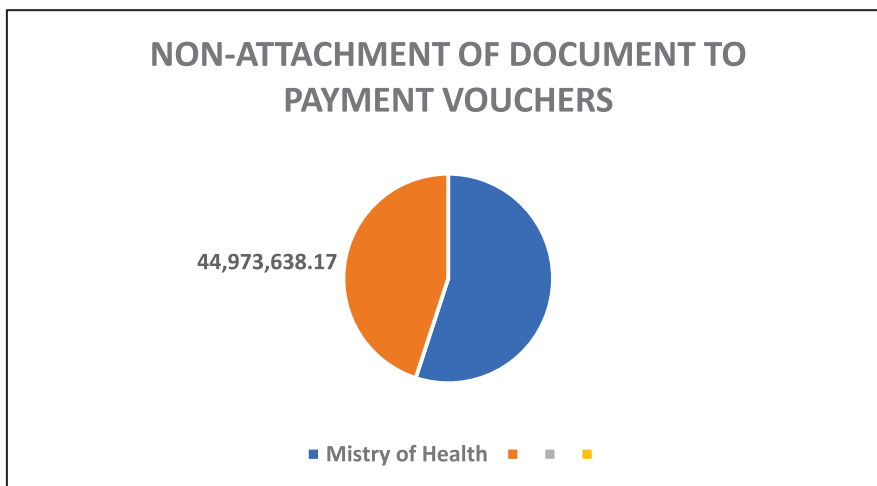
Audit Observation:

The sum of twelve million, one hundred and forty thousand, five hundred and thirty-eight naira (N12,140,538.00) was the amount of payment vouchers paid without attachment of relevant supporting documents by the Ministry of Health. This represent 4.34% of the total recurrent overhead cost of two hundred and seventy-eight million, eight hundred and forty-six thousand, two-naira ninety-eight kobo (N278,846,002.98).

2.16 Payment made without payment vouchers(N44,973,638.17)

Financial Instructions stipulated that all payments shall be vouched for on a prescribed treasury form. Vouchers shall be made out in favour of the person(s)/entity to whom the money is actually due, under no circumstances shall a cheque be raised or cash paid for services for which vouchers have not been raised.

Audit Observation: The sum of forty-four million, nine hundred and seventy-three thousand, six hundred and thirty-eight-naira, seventeen kobo (N44,973,638.17) was the amount of payment made without payment vouchers by the Ministry of Health. This represent 16.13% of the total recurrent overhead cost of two hundred and seventy-eight million, eight hundred and forty-six thousand, two-naira ninety-eight kobo (N278,846,002.98).



2.17 Non-Remittance of Revenue Collected: (N8,510,000.00)

The Kaduna State Government has mandated all revenues collected by MDAs to remit same to Treasury Single Account (TSA).

Audit Observation:

The sum of eight million, five hundred and ten thousand, naira (N8,510,000.00) was the amount of revenue collected but not remitted by Ministry of Environment and Natural Resources. This represents 7.10 % of the total revenue estimated of one hundred and twenty million naira (N 120,000,000.00).

3.0. APPROPRIATION AUDIT:

3.1 Introduction: This aspect of the report aims at highlighting actual performance, that is, achievements or otherwise of revenue targets. It also shows the extent of compliance with expenditure limits as contained in the various Appropriation Warrants issued by the Accountant-General for the period covered by the report.

3.2 Statutory Allocation: From the Accountant-General's report and accounts for the year, ended, 31st December, 2022, it was observed that, the sum of fifty four billion, seven hundred and thirty five million, four hundred and thirty five thousand, naira (N54,735,435,000), was realized as total statutory allocation, showing an increase of five billion, three hundred and thirty three million, nine hundred and seventeen thousand naira, (N5,333,917,000), which represents 10.80% above what was realized in 2021, See table below:

SOURCE	2022 (N000)	2021 (N000)
State Statutory Allocations	54,735,434,000	49,401,517,000
Statutory Allocation to L/Govt. Councils	-	-
Statutory Allocation to Judiciary	=	=
TOTAL	<u>54,735,434,000</u>	<u>49,401,517,000</u>

3.3 Total Revenue: Total revenue collected in the year ended, 31st December 2022, was two hundred and thirty-seven billion, six hundred and eighty-eight million, fourty nine thousand naira, (N237,688,049,000). This represents 74.77% of the approved estimated collections of three hundred and nine billion, eight hundred and seventy-one million, one hundred and thirty-six thousand naira, (N309,871,136,000). Total recurrent expenditure from revenue collection was ninety-four billion, five hundred and forty-two million, nine hundred and forty-eight thousand naira (N94,542,948,000) as shown below:

DESCRIPTION	ESTIMATED COLLECTION (₦ 000)	ACTUAL COLLECTION (ACHIEVEMENT)	
		AMOUNT (₦ 000)	PERCENTAGE (%) (₦ 000)
Statutory Allocation	58,259,931	54,735,434	93.95
VAT	24,955,553	33,765,567	135.3
Aid & Grants	63,317,009	39,779,500	62.83
Direct Taxes	35,615,077	51,556,988	144.76
Licenses	2,116,784	1,473,062	69.60
Penalties	688,300	434,804	63.17
Fines	212,850	96,630	45.4
Fees	21,071,251	5,920,983	28.1
Sales	18,486,820	13,587,242	73.5
Interest income	352,805	44,768	12.7
Rent	9,989,006	9,972,953	99.84
Development Partners	74,805,751	26,320,118	<u>35.19</u>
TOTAL	<u>309,871,137</u>	<u>237,688,049</u>	<u>74.77</u>

DESCRIPTION	AMOUNT (₦ 000)
Personnel cost	56,397,014
Govt. Contribution (pension)	-
Overhead charges	32,874,902
Interest on Internal Loans	<u>5,271,032</u>
TOTAL	<u>94,542,948</u>

3.4 Recurrent Revenue Shortfalls: A comparison of estimated revenue and actual performance from the Accountant-General's accounts and report during the period of this report showed, aggregate revenue shortfalls of twenty-six billion, nine hundred and eighty-seven million, three hundred and seventy-four thousand naira, (N26,987,374,000), from seven (7) economic codes. The amount represents 50.99% of the approved estimated collections from the affected Economic Codes shown below: -

DESCRIPTION	ESTIMATED COLLECTION (₦000)	ACTUAL COLLECTION (₦000)	SHORTFALLS	
			AMOUNT (₦000)	PERCENTAGE (%)
Licenses	2,116,784	1,473,062	643,722	30.41
Penalties	688,300	434,804	253,496	6.77
Fines	212,850	96,630	116,220	54.72
Fees	21,071,251	5,920,983	15,150,267	71.43
Sales	18,486,820	13,587,242	4,899,577	22.22
Interest Income	352,805	44,768	308,037	57.50
Rent	<u>9,989,006</u>	<u>3,972,953</u>	<u>6,016,053</u>	<u>66.67</u>
TOTAL	<u>52,917,816</u>	<u>25,930,442</u>	<u>26,987,574</u>	<u>50.99</u>

3.5 Recurrent Revenue Surplus: On the other hand, surplus of revenue collection amounting to fifteen billion, nine hundred and forty-one million, nine hundred and eleven thousand naira (N15,941,911,000), was observed from one (1) economic code for the year under review. The amount represents 44.76% of the approved estimated revenue from the affected code as shown below:

DESCRIPTION	ESTIMATED COLLECTION (₦000)	ACTUAL COLLECTION (₦000)	SURPLUS	
			AMOUNT (₦000)	PERCENTAGE (%)
Direct Taxes	<u>35,615,077</u>	<u>57,556,988</u>	<u>15,941,911</u>	<u>44.76</u>
TOTAL	<u>35,615,077</u>	<u>57,556,988</u>	<u>15,941,911</u>	<u>44.76</u>

These observations were communicated to the Accounting Officers concerned with a view to identifying the factors responsible for the shortfalls/surplus and actions being taken to safeguard against any likelihood of wrong budget forecast in future. However, it should be noted that, this surplus must be appropriated before being expended and explanation(s) should be given on the nature of disbursement(s).

3.6 Budget Monitoring and Evaluation: Budget preparation and monitoring is the absolute responsibility of the Planning and Budget Commission, invariably, it is also its responsibility to evaluate the overall implementation of the budget either quarterly or half yearly to take-care of any unexpected results/eventualities before the end of the Budget period.

The Planning and Budget Commission is requested to ensure that budget evaluation reports prepared, are forwarded to this Office for noting and necessary actions.

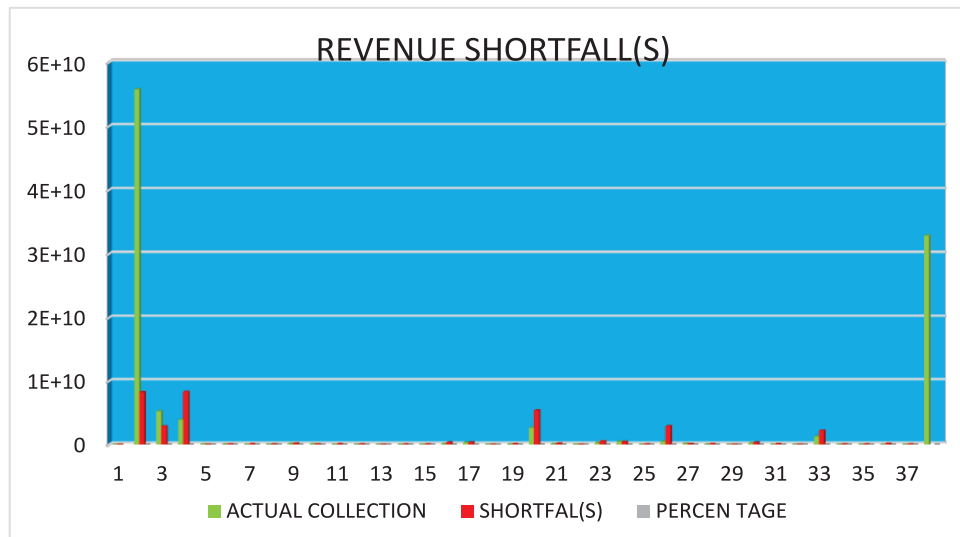
MINISTRY/EXTRA-MINISTERIAL DEPARTMENTS

4.0 Introduction: In the course of routine auditing during the year of this report, observations were made and brought to the attention of the Accounting Officers for comments summary of these observations are presented hereunder: -

4.1 MINISTRY/EXTRA MINISTERIAL DEPARTMENTS REVENUE SHORTFALL(S)

S/NO	MDAS	NO. OF ECONOMIC CODES	ESTIMATED COLLECTION ₦	ACTUAL COLLECTION ₦	SHORTFAL(S) ₦	PERCENTAGE	REMARKS
1	Ministry of Finance	3	64,039,970,996.07	55,800,846,823.52	8,239,124,172.55	12.87	Responded
2	Kad. State Int Rev. Services	18	8,095,670,612.35	5,232,683,151.63	2,862,987,460.72	35.36	
3	Kad. State Geog. Inform Services	16	12,244,800,000.00	3,918,583,680.86	8,326,216,319.14	67.99	
4	Kad. State Envr. Pro. Agency	6	2,915,000.00	22,218,850.00	2,892,781,150.00)	99.24	
5	Kad. State Emerg. Mant Agency	1	52,712,216.00	8,763,300.00	43,948,916.00	83.38	
6	Kad. State Local Govt. Serv. Board	1	67,598,004.36	-	67,598,004.36	100.00	
7	Kad. State Public Pro Authority	5	22,500,000.00	7,920,000.00	14,580,000.00	64.80	
8	Ministry of Health	12	307,627,271.80	121,524,643.82	186,102,627.98	60.50	
10	Ministry of Envr. & Nat. Res.	3	120,000,000.00	77,361,320.00	42,638,680.00	35.53	
11	Ministry of Agriculture	10	52,500,000.00	6,020,920.00	46,479,080.00	88.53	
12	Min. of Public Works Information	4	10,000,000.00	1,322,000.00	8,678,000.00	86.78	
13	Kad. State High Court of Justice.	1	3,900,000.00	2,826,979.00	1,073,021.00	27.51	
14	Customary Court of Appeal	3	15,000,000.00	6,132,227.00	8,867,773.00	59.12	
15	Sharia Court of Appeal	2	15,500,000.00	4,534,142.40	10,965,857.60	70.75	
16	Kad. State Schools Quality Assurance	4	420,000,000.00	89,746,000.00	330,254,000.00	78.63	Responded
17	Kad. State College of Education	22	626,150,000.00	296,443,800.00	329,706,200.00	52.66	
18	Kad. State Library Board	3	500,000.00	332,980.00	167,020.00	33.40	
19	Kad. State Pilgrims W/Agency	7	90,000,000.00	16,089,500.00	73,910,500.00	82.12	

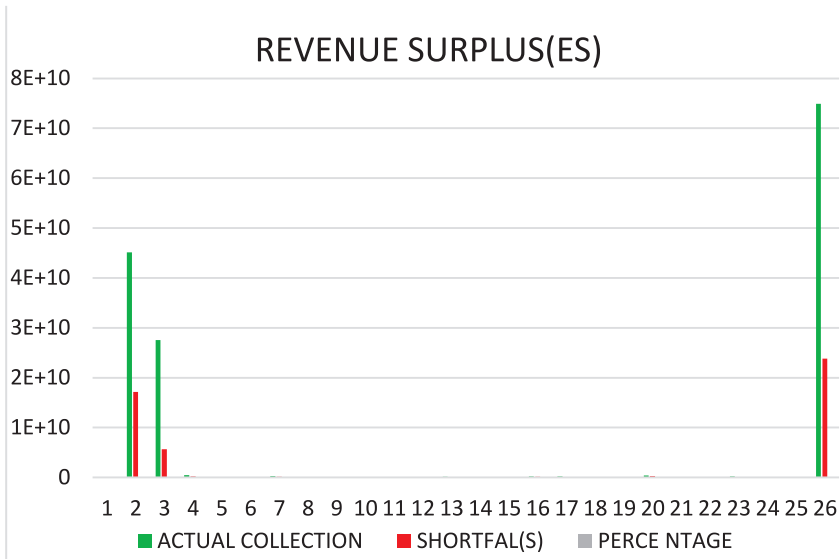
S/NO	MDAS	NO. OF ECONOMIC CODES	ESTIMATED COLLECTION ₦	ACTUAL COLLECTION ₦	SHORTFAL(S) ₦	PERCENTAGE	REMARKS
20	Kad. State Makst Dev/Comp	2	8,009,836,782.53	2,639,442,265.06	5,370,394,517.47	67.05	
21	Kad. State Media Corporation	4	245,000,000.00	81,070,643.25	163,929,356.75	66.91	
22	Kad. State Road Agency	1	5,000,000.00	1,922,000.00	3,078,000.00	0.62	
23	Kad. State Trafic Law E/Ag	3	800,000,000.00	271,557,550.00	528,442,450.00	66.06	
24	Nuhu Bamali Polytechnic Zaria	16	889,630,000.00	457,101,001.00	432,528,999.00	48.62	
25	Kad. State Public Pro Authority	2	30,814,874.50	8,124,994.00	22,689,880.50	73.63	
26	Kad. State University	24	3,367,279,200.00	477,258,793.00	2,890,020,407.00	85.83	
27	Kad. State College of Nursing Kaf	16	198,434,000.00	144,554,000.00	55,850,000.00	27.15	
28	Govt. Printing Department	3	88,000,000.00	19,466,805.00	68,533,195.00	77.88	
29	Min. of Sports Development	2	11,000,000.00	3,016,000.00	7,984,000.00	72.58	
30	Barau Dikko Teac/Hospital	5	562,112,875.98	247,712,897.33	314,399,978.65	55.93	Responded
31	Kaduna State Trans. Rg. Auth.	3	68,000,000.00	1,173,000.00	66,827,000.00	98.28	
33	Min. of Human Service & S/D.	2	550,000.00	216,000.00	334,000.00	60.73	
34	Kad. State Plann. & Dev. Auth.	4	3,469,300,000.00	1,274,788,536.49	2,194,511,463.51	63.26	
35	Kad. State Agric. Dev. Project	7	18,150,000.00	2,807,000.00	15,343,000.00	84.53	
36	Kad. State Livestock R Autho.	9	24,000,000.00	4,343,500.00	19,656,500.00	81.9	
37	Kad. State Mining Dev. Comp	2	129,000,000.00	60,000.00	128,940,000.00	99.95	
38	Kad. State W/Suply and San. Ag.	5	<u>45,000,000.00</u>	<u>2,534,000.00</u>	<u>42,466,000.00</u>	<u>94.37</u>	
	TOTAL		<u>4,610,576,875.98</u>	<u>1,700,671,738.82</u>	<u>2,909,905,137.16</u>	<u>816.56</u>	
	GRAND TOTAL		104,145,481,833.59	71,250,499,303.36	32,894,982,530.23	2364.45	



4.1.2. MINISTRY/EXTRA MINISTERIAL DEPARTMENTS REVENUE SURPLUS(ES)

S/NO	MDAS	NO. OF ECON. CODES	ESTIMATED COLLECTION ₦	ACTUAL COLLECTION ₦	SURPLUS(ES) ₦	PERCENTAGE	REMARKS
1	Ministry of Finance	3	27,985,552,583.00	45,131,047,754.69	17,145,495,171.69	61.27	Responded
2	Kad. State Int Rev. Services	12	21,882,778,638.00	27,521,411,418.53	5,638,632,780.53	25.77	
3	Kad. State Geog. Inform Services	2	255,200,000.00	462,172,530.56	206,972,530.56	81.1	
4	Kad. State Envr. Pro. Agency	2	85,000,000.00	99,304,208.00	14,304,208.00	16.83	
6	Kad. State Local Govt. Serv. Board	2	1,000,000.00	2,278,886.16	1,278,886.16	127.89	
7	Kad. State Public Procurement Authority	1	118,518,750.00	256,025,743.00	137,506,993.00	116.02	Responded
8	Ministry of Health	6	52,372,728.21	66,671,040.00	14,298,311.79	27.3	
9	Kad. State Indp. Elect. Comm	2	810,000.00	2,000,716.56	1,190,716.56	147	
11	Ministry of Agriculture	1	7,500,000.00	30,014,750.00	22,514,750.00	300.2	
13	Kad. State High Court of Justice.	3	16,100,000.00	23,301,311.56	7,201,311.56	44.73	
16	Kad. State Schools Quality Ass	2	30,200,000.00	53,511,150.00	23,311,150.00	77.19	Responded
17	Kad. State College of Education	3	23,580,000.00	112,407,125.00	88,554,125.00	37	
21	Kad. State Media Corporation	1	41,000,000.00	41,772,029.68	772,029.68	1.88	
24	Nuhu Bamali Polytechnic Zaria	1	3,000,000.00	8,205,285.84	5,205,285.84	173.51	
	TOTAL		50,502,612,699.21	73,810,123,949.58	23,307,511,250.37	1237.69	

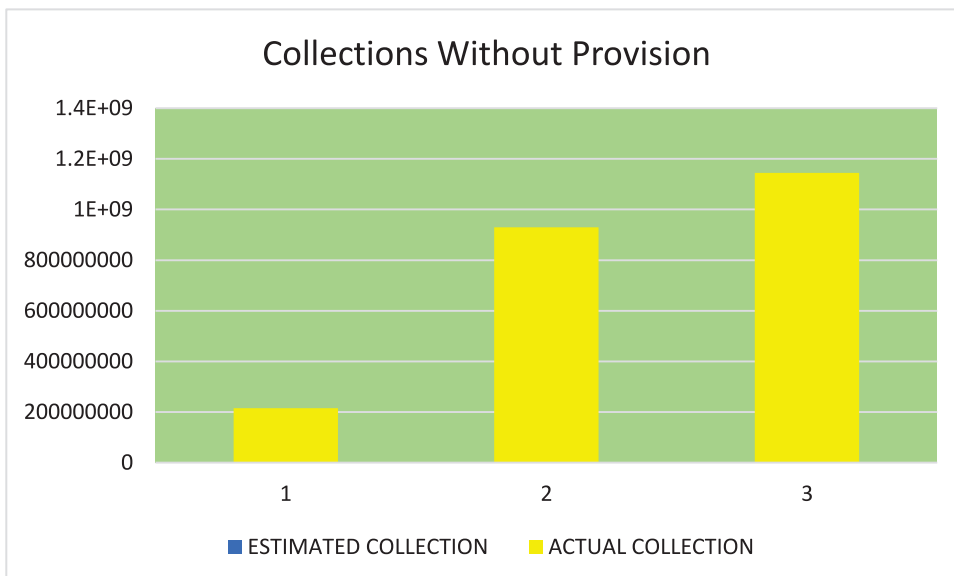
S/NO	MDAS	NO. OF ECON. CODES	ESTIMATED COLLECTION ₦	ACTUAL COLLECTION ₦	SHORTFAL(S) ₦	PERCENTAGE	REMARKS
25	Kad. State Public Procurement Authority	1	105,000,000.00	236,648,500.00	131,648,500.00	125.38	
26	Kad. State University	8	132,720,800.00	218,915,970.00	86,195,170.00	64.94	
27	Kad. State College of Nursing Kaf	1	1,566,000.00	1,571,000.00	5,000.00	0.32	
28	Govt. Printing Department	1	2,000,000.00	2,260,375.00	260,375.00	13.02	
30	Barau Dikko Teac/Hospital	9	169,946,471.68	426,095,096.31	256,148,624.63	150.72	Responded
32	Kad. State Schools Law Board	1	450,000.00	460,000.00	10,000.00	2.22	
33	Min. of Human Service & S/D.	3	3,100,000.00	3,820,000.00	720,000.00	23.23	
34	Kad. State Plann. & Dev. Auth.	1	130,700,000.00	183,095,343.35	52,395,343.35	40.09	
35	Kad. State Agric. Dev. Project	1	6,500,000.00	14,895,000.00	8,395,000.00	129.15	Responded
	TOTAL		551,983,271.68	1,087,761,284.66	535,778,012.98	549.07	
	GRAND TOTAL		51,054,595,970.89	74,897,885,234.24	23,843,289,263.35	1786.76	



4.1.3. REVENUE COLLECTION WITHOUT ESTIMATE

During the year under review, revenue to the tune of one billion, one hundred and forty-five million, two hundred and six thousand, four hundred and eighty-two-naira, fifty-eight kobo (N1,145,206,482.58) was collected by two Agencies without revenue estimate. I recommend that, the scenario should be given special consideration to curtail further occurrences.

S/NO	MDAS	NO. OF ECON. CODES	ESTIMATED COLLECTION ₦	ACTUAL COLLECTION ₦	SHORTFAL(S) ₦	REMARKS
1	Kaduna Line	1		215,466,868.00	215,466,868.00	
2	Kaduna State water Corporation	1		<u>929,739,614.58</u>	<u>929,739,614.58</u>	
	TOTALS			<u>1,145,206,482.58</u>	<u>1,145,206,482.58</u>	



5.0 Audit of Parastatals: During the year of this report, the number of Parastatals was Sixty-six (66). The Accounts of forty-four (44) Agencies/Commissions/Boards were discussed and finalised for the years 31st December, 2019, 2020 and 2021. The remaining are still in progress.

5.1 Audit Observations:

1. The following observation(s) were revealed from two (2) agencies i.e. Kaduna State Community and Social Development Agency (KADCSDA), and Kaduna State Geographical Service (KADGIS) and recommendation(s)/directives were given.

SN.	AGENCY	YEAR(S) OF ACCOUNT	AUDIT OBSRVATIONS	RECOMMENDATION/DIRECTIVES
1	KADCSDA	2018/2019	Absence of documents (Receipts and expenditure)	Efforts should be made to produce relevant documents for my audit examination
2	KADCSDA	2020	Lack of supporting relevant documents	Relevant supporting documents should be produced for further action
3	KADGIS	2021	Absence of Contract agreement between the Agency and G.I.S Transport Management consultants	I recommend that that the signed Contract agreement between the two parties be forwarded to my office for my examination

2. It was also observed that Internal Auditors of many agencies are not discharging their responsibilities efficiently and effectively. It is recommended that internal audit trainings should be in place so as to enhance the internal control systems of the agencies.
3. For many years, it has been observed that, the non-existence of Boards in some of the Parastatals is hampering their smooth operations. The importance of appointing Board Members to Parastatals cannot be over emphasized as vital decision making on policy matters and supervision affecting the Parastatals can only be made by Members (Board) as demanded by the law establishing all the Parastatals.

The summary of Audit of Parastatals for the period 2018 to 2022 is presented hereunder:

SUMMARY OF AUDIT OF PARASTATALS

YEAR	PARASTATALS	ACCOUNTS AUDITED AND FINALISED	OUTSTANDING AUDIT AT THE END OF EACH YEAR
2018	58	6	52
2019	68	8	60
2020	71	30	37
2021	73	56	17
2022	66	44	22

6.0 CONCLUSION

6.1 STAFF: The staff strength as at 31st December, 2022

-	Auditor-General (Consolidated).	(1)
-	Management Staff GL. 14–16	(23)
-	Senior Staff GL. 10–13	(35)
-	Middle Cadre GL. 07–09	(4)
-	Junior Staff Cadre GL. 01–06	<u>NIL</u>
	TOTAL	<u>63</u>

- a. Three (3) staff were promoted to various positions.
- b. Retired staff in the year under review were five (5) they left the service for attaining thirty-five (35) years in service or sixty (60) years of age.
- c. A four-day training was conducted in collaboration between this Office and that of the Head of Service by Association of National Accountants of Nigeria (ANAN) in the year under review.

I wish to commend the government for approving and ensuring that the training was conducted and wish to appeal that more relevant trainings/seminars and workshops will be done during the next fiscal year.

7.0 Acknowledgement: Like in the previous years, the Office again enjoyed maximum co-operation from all Chief Executives and Accounting Officers of Ministries/Extra-Ministerial Departments. I wish to express my profound appreciation to all of them. The Ministry of Finance, through the Office of the Accountant-General, gave me full co-operation especially during the process of producing this report. I wish to particularly thank them for this. I wish to equally emphasize to all Accounting Officers on the need to look into all the observations highlighted in this report in respect of their MDAs with a view to making appropriate corrections and safeguarding against future occurrence(s).

The esprit-de corps exhibited by the staff of the Office of the Auditor-General is very much recognized and appreciated.

I wish to thank His Excellency, the Governor of Kaduna State, Malam Nasiru Ahmed El-Rufai (OFR) and of course, members of the Kaduna State House of Assembly whose keen interest in accountability, since the inception of this Administration, continued to be exemplary. Consequently, they rendered all the support needed by this Office in the discharge of all its constitutional duties. I would also like to assure the Governor and the Honourable House of Assembly of the preparedness of the Office of the Auditor-General to discharge its constitutional responsibilities as long as Ministry of Finance and other MDAs perform their expected roles promptly.



ABUBAKAR ABDULLAHI, FCNA, ACTI, ACCrFA
FRCN/2020/002/00000021957
Auditor-General.