

IMO STATE WATER AND SEWERAGE CORPORATION

MANAGEMENT REPORT FOR FINANCIAL STATEMENTS

2024



UGOCHUKWU UKAH & CO
Chartered Accountants
Nigeria

1.0. Imo State Government Fund

- 1.1. ***Observation:*** In the course of our examination of your records, we observed that this fund was the balance brought forward. We could not ascertain the details of it.
- 1.2. ***Implication:*** The implication of it is that we could not get proper clarification of the transaction accordingly, hence we reported it.
- 1.3. ***Recommendation:*** We recommend that the Corporation should ensure that the details are made available for easy accounting.

1.4. Management Comment:

2.0. Asset Register:

- 2.1. ***Observation:*** In the course of our examination of the records of the Corporation, we observed that an Assets register is yet to be produced. Though the Accountant informed us that a committee has been set up to that effect.
- 2.2. ***Implication:*** This did not allow us to ascertain the history, true positions of the Assets and the costs.
- 2.3. ***Recommendation:*** We recommend that the Accounts department open an Asset register to record the movement of assets accordingly, where possible the services of a Consultant can be engaged to assist accordingly.

2.4. Management Comment:

3.0. Accounting System:

- 3.1. ***Observation:*** Our review of the accounting system of the Corporation shows need for improvement. There is need for standard accounting manual because of the peculiar nature of the business of the Corporation.

- 3.2. **Implication:** The implication of not having an improved standard accounting system is that reliability of information coming from such a system cannot be guaranteed. We are aware that the Corporation's Accounting activities are guided by relevant government guideline but still needs improvement.
- 3.3. **Recommendation:** We recommend a standard accounting manual be prepared and installed that will guarantee the production of reliable quarterly financial reports of the Corporation.

3.4. *Management Comment:*

4.0. General Control Reports:

- 4.1. **Observation:** There was no management control reports, management accounts, general ledgers in respect of the Corporation's financial activities/transactions. Some of the advances retired were not accompanied with attachment of relevant contract agreements and other documents. In some cases, there were no retirements of advances taken for assignments.
- 4.2. **Implication:** The implication is that, it is difficult to ascertain the level of compliance to recommendations and standard international practices. Though monthly or periodic cash book transactions prepared by Accounts department and Audit Unit are submitted to the Managing Director. Such reports are incomplete if not properly retired.
- 4.3. **Recommendation:** We recommend that the Accounts department in liaison with the Internal Audit Unit should submit their reports, management accounts, management reports to complement the audited financial statements. Every advances must be appropriately and properly retired with relevant contractual documents attached.
The Internal Audit Unit should be empowered to ensure post audit of Transactions before final retirement of advances.

4.4. *Management Comment:*

5.0. Stock/Inventory Management:

- 5.1. ***Observation:*** We observed that there are no Stock/Inventory Management reports. What is presently operated is not comprehensive enough to determine movement of stocks/inventory. No evidence of regular end of month stock taking exercise.
- 5.2. ***Implication:*** The implication is that it is an internal control lapse which can lead to loss of stocks/inventory. By this we are not able to ascertain the correctness of the stocks/inventory value at any period under review.
- 5.3. ***Recommendation:*** We recommend the production of stock/inventory control books/records which can be maintained by those officials in the stores for effective reporting/monitoring of movement of stock. Also regular monthly stock taking exercise should be carried out as internal control measure, in company of Internal Audit Unit.

5.4. Management Comment:

6.0. Debtors/Creditors Control Ledgers

- 6.1. ***Observation:*** In the course of our audit exercise we did not see the debtors/creditors ledgers to ascertain the details of the Debtors/Creditors.
- 6.2. ***Implication:*** The implication is that the recovery or payments in respect of the Debtors/Creditors respectively cannot be properly accounted for.
- 6.3. ***Recommendations:*** We recommend that the ledgers should be maintained appropriately. Where possible, the services of consultants can be engaged to help train the relevant staff on the subject.

6.4. Management Comment: