

**GENERATION IN PUBLIC CORPORATION IN
NIGERIA.**

**A CASE STUDY OF EKITI STATE WATER CORPORATION
ADO - EKITI, EKITI STATE**

BY

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**A Project Work Submitted to the Department
of Accountancy, Adekunle Ajasin University,
Akungba –Akoko.**

**In Partial Fulfilment of the Requirements for
the Award of Diploma In Accountancy.**

SEPTEMBER, 2002

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**THE PROSPECTS AND PROBLEMS OF REVENUE
GENERATION IN PUBLIC CORPORATION IN
NIGERIA.**

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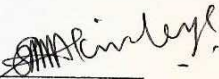
CERTIFICATION

I Certify that this project was carried out by MR. OLUSOLA DAVID BALOGUN in the Accounting department, Adekunle Ajasin University, Akungba-Akoko and the quality and presentation of the report are satisfactory.




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ACKNOWLEDGEMENTS

DEDICATION

I am dedicating this project to God Almighty, whose name alone is **JEHOVAH**, and to numerous people who have contributed to my education success.

I would like to acknowledge the support of my parents, MR TEM SYDNEY and MRS BETH AND MRS BETHU (BEACE) BALEMBU and my grandpa MR JOSEPH OJALEYE OJA for their love, support and assistance financially mostly in my life time. My thanks also go to my elderly Uncle Mr. E. C. OJALEYE for his contribution in my education and life. To the family of Mr. (ALU) IDORIS IYADENGBA for their warm welcome and provision towards me always and for his love and support in my education. My friends SI TORANSHI, OJASHI, KAYONG, C. OJASHI, OJASHI, POLUKI, SUNDAY, FRIDAY and other members of my group for their love and support in my education.

Finally, I would like to acknowledge my thankness to my friends and teachers of my school CH. AYI A. OJASHI for their love and support in my education and life.

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The generosity which has been shown to me by a lot of people in my educational train, if it could not be returned, it should be appreciated and passed on to others.

I am sincerely grateful to Jehovah for giving me the opportunity to attain this level in my academic career. My God has always directed ^{my} steps.

My special thanks goes to my supervisor MR. KAYODE BOWALE who took time and patience to read my manuscript, making helpful comments. The efforts of other staff in the department are also applauded, especially DR FASHORANTI, Co-ordinator of diploma programme.

I want to use this medium to commend the support from my parents; MR FEMI SYDNEY BALOGUN AND MRS IDOWU GRACE BALOGUN and my grandpa MR JOSEPH OGALEYE OLA for their care, support and assistance financially, morally in my life time. My thanks also goes to my elderly Uncle MR E. A. O. BALOGUN for his contribution in my educational and secular life. To the family of MR (ALH) JIMOH. E. AIYEMOWA for their warm and kind gesture towards me always and to my lovely and supportive Auntie BISI OGALEYE, Auntie ABIKE LAWAL. My brothers SUNKANMI, OLAMIDE, KAYODE, COUSINS DARE, LAKUNLE, FOLUKE, SUNDAY, FRIDAY and other relations who gave me the sense of belonging. My the living God support them in all their endeavours.

Finally, It would be nice for me to mention my friends name like my kinsman and coursemate lateef OLAIYA OLOKOBA who has been there as a brother and others Sunny, Yakubu, Azeez, Afam Toyce and others for their love and caring.

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- (i) Ekiti State Water Corporation
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The study is a government institution, agency, department, and organization, the intention to collect or carry out to meet the need of such organization approved and highly in demand. This way to a trail of the long-ought noted by government of the state as subsidiary or branch of the general office towards general and special organization which are not yet completed.

This is through Ekiti State Water Corporation, The Problems and Problems of Revenue Generation in Ekiti State Water Corporation in Nigeria with Ekiti State Water Corporation in any case study.

1.2 STATEMENT OF PROBLEM

Empowerment and that depends mostly on the ability of an organization to function efficiently and effectively towards the revenue for the financing of its day-to-day operations, the organization, or revenue is the life span of any organization.

The study is a descriptive study to present a general overview of revenue in the State Water Corporation, with the aim of highlighting the current situation, sources and prospects of generating revenue and why revenue is important to the organization.

1.3 OBJECTIVES OF THE STUDY

The main objectives intended in the study include presentation to the organization, the significant data for the day-to-day activities of the organization, such as the revenue, obligations and liabilities as of when due.



CHAPTER ONE

1.0 Introduction

1.1 BACKGROUND OF THE STUDY

The federal Government of Nigeria established companies, corporations, and other public institutions to cater for the various essential needs of the different sectors of the country's economy, so also in like manner each of the states of the federation, state government established their own companies, corporations and institutions to cater for the state economy.

The state Ekiti was carved out of the then Ondo state and came into legal existence on the 1st of October 1996 under the military regime of the late head of state, General Sani Abacha. And since its inception, it has established a number of public corporations. These include:-

- a) Ekiti State Water Corporation.
- b) Ekiti State Broadcasting Corporation.
- c) Ekiti State Investment Corporation.
- d) Ekiti State Agricultural Credit Corporation.
- e) Ekiti State Housing Corporation.

In almost all government institutions, agency, departments and corporations, the incentive to collect or earn revenue to meet the cost of such organizations operational cost is highly neglected. This may be as a result of the huge amount voted by government of the state as subsidy or because of the general attitude towards government owned organisations which are not-profit oriented.

This has brought about the research topic: The Problems and Prospects of Revenue Generation in Public Corporation in Nigeria with Ekiti State Water Corporation as my case study.

1.2 STATEMENT OF PROBLEM

Organizations survival depends much on the ability of its management team to efficiently and effectively generate revenue for the running of the day-to-day activities of the organization as revenue is the life-wire of any organization.

This work is therefore designed to present a general structure of revenue in Ekiti State Water Corporation, with the aim of highlighting the method, procedures, problems and prospects of generating revenue and why revenue of corporation should be judiciously managed.

1.3 OBJECTIVES OF THE STUDY

The main principle involved in the act of revenue generation is the need for sufficient fund for the day-to-day activities of the company to meet its immediate obligations and liabilities as at when due.

The general objective of this study is to look at the problem faced by the management of public corporation, on sourcing for fund and the possible solutions.

Specifically, the study seeks to reveal among other things.

- a) The effectiveness and efficiency of revenue generation policy of Water Corporation.
- b) The study will assess the components and techniques used in the management of revenue and its generation.

1.4 SIGNIFICANCE OF THE STUDY

It is strongly believed that, this study will bring to light some of the problems characterized with the revenue generation in the public corporations. More so, the analysis, suggestion and recommendation will be of immense use in improving the corporation's revenue generation capacity.

1.5 SCOPE OF THE STUDY

Though we so many public corporations among which are the Housing corporation, The Broadcasting Corporation, The investing Corporation, The National Electric Power Authority [NEPA] And Water Corporation. But for the purpose of this study, we will specially be focusing on the problems and prospects of revenue generation in Water Corporations with special reference to Ekiti State Water Corporation situated at Ado-Ekiti in Ekiti State

However, it is strongly believed that the analysis, suggestion and recommendation can be applied to other corporations.

1.6 LIMITATION OF THE STUDY

In spite of the fact that writing this project was vigorously pursued with all zeal, it has not been easy in gathering all the facts needed, even after gathering some facts, re-analyzing the data was not an easy task.

CHAPTER TWO

2.0 Literature Review

2.1 DEFINITION OF REVENUE

Revenue can be defined as the income yield from output by an individual, which can be measured in monetary terms, received from the selling of goods or rendering of services. The revenue of government can be said to be the sum of money derived from various sources and used in payment of government expenditure.

The revenue of a corporation is all the income or receipt, which are received in the ordinary course of business of the corporation, revenue in public corporation includes all prices charged by the corporation from specific commodities or services for their public usage.

Most of the services rendered by public corporation often seem not to go with the payments being made for them; this is to say that the cost of performing the services is often higher than the fees being paid for them by the public. This is because such services are rendered in 'the public interest' even though some prices are paid voluntarily by private persons who enter into contract, expressly or impliedly with such corporation.

Revenue can also be defined as the exchange of value of goods and services supplied by business, in order to earn income as 'returns' used in running of the business activities or obligations.

From the above, the main revenue of public corporation will consist of the sales value of its products or services and by-products. For example in Water Corporation, it generates revenue for the price or value of water produced and supplied to the public, while the Housing Corporation, the source of revenue will be the rent on House or leasehold, and the Investment Corporation, has their source of revenue from dividends received from other companies and also from the receipts on sales of commodities and other products like oil, cocoa, kolanut e.t.c.

The Broadcasting Corporation's revenue consist of the value received from advertisement of other programmes being sponsored by individuals, companies and business enterprises while NEPA has its source of revenue from the value of electricity supplied and the services rendered to the people.

In summary, revenue in public corporation can be defined as the monetary value received or receivable for the goods or services produced or supplied by public corporation in a particular period.

2.2 SOURCES OF REVENUE IN PUBLIC CORPORATIONS

Generally, there are two main sources by which public corporations derive money i.e. from the government and from the public. These sources of revenue can also be classified as main source of revenue and other sources of revenue.

2.3.1 MAIN SOURCE OF REVENUE

These types of revenue are mainly derived from government either as grant or subsidy. They are mainly used in the running of the corporation's activities. This revenue includes amounts recoverable from capital votes and their ploughed-back profits. It includes the following:

- i. Government grants.
- ii. Government subsidy [monthly].
- iii. Amount recoverable from capital vote.
- iv. Plough back profit.

I. GOVERNMENT GRANTS

These are amounts earmarked by the government for the capital development of the public corporations. The amount so received for the acquisition of lands, offices, furniture, office equipment, purchase of plants, generators, tools, installation of electricity and telephone for the corporation and also for the purchase of vehicles in the corporation.

II. GOVERNMENT MONTHLY SUBSIDY

This is the monthly subvention from the government to meet the day-to-day expenses of the corporation. It is usually collected monthly as a sort of control over the corporation expenses, like the wages and salaries, NEPA bill etc. This forms the greatest percentage of the working capital of public corporation.

III. AMOUNT RECOVERABLE FROM CAPITAL VOTES

As the entire water scheme forms the assets of the government, all expenses on all new schemes or improvement to the old schemes are capitalized. However, in process of establishing new schemes or improving old schemes, some expenses which are incurred by the corporation are deemed fit to be recovered.

IV. PLOUGH-BACK PROFIT

In the course of performing the organizing activities or rendering services to the public, revenue is earned if at the end of the day the amount received from every source for making goods or services available is greater than the cost of producing such services.

The profit or net balance can be retained and ploughed back into the corporation and used for the organization activities.

2.3.2 OTHER SOURCES OF REVENUE

In Ekiti State Water Corporation, other sources of generating revenue can be from the following:-

- i. Charges on profit-making consumer.
- ii. Charges on non-profit making consumer.
- iii. Services connections.
- iv. Administrative charges on advances of staff.
- v. Miscellaneous revenue.
 - a) sales of fish
 - b) sale of scraps (pipes, containers, old types etc)
 - c) Sales of minor items like jute bags, chlorine paper bags.
 - d) Hire of corporation equipments.
 - e) Interest on bank deposit.
 - f) Rent received from quarters.

I. CHARGES ON PROFIT MAKING CONSUMER.

Unlike other consumer, the consumption of the profit-making consumer is known through the meter. The profit-making consumers consist of the industries and businesses that make use of the supplied water for their business or commercial purposes.

The meter, which they make use of, are usually read monthly, by the water meter and the readings are recorded in the meter folio for onward transmission to the billing section of the accounts' department where necessary charges will be made.

II. CHARGES ON NON-PROFIT MAKING CONSUMER.

Revenue is also derived from non-profit making consumers which are three categories:-

- a) General water rate.
- b) Institutional consumers.
- c) Domestic consumers.

A. GENERAL WATER RATE

This is a flat rate on all taxable male adults; it is paid once in a year by all taxable male adults residing in towns and villages where the corporation supplies water.

B. INSTITUTIONAL CONSUMERS.

This are public consumers like schools, churches, mosques and other public institutions, the charges and the type of consumers are not of a profit nature because the institution serves the general public.

C. DOMESTIC CONSUMERS.

These are consumers whose private dwellings are served with water, however, there is private metered consumption in cases of tenanted buildings and the charges vary according to the sizes of the building.

III. SERVICE CONNECTION

This is the charge made in respect of new connections and reconnection of disconnected services. A NEW CONNECTION is of course when a consumer is justly applying for pipe borne water in his building or environment. The charge depends on the type of connection he wants and the services of pipe with which he intends to get supply of water.

RECONNECTION FEES:-

This is a charge on consumers whose services or connection was disconnected as a result of non-payment of service charged. The revenue derived from the reconnection can be used to cater for the expenses which the corporation incurred in respect of various connections.



- IV. **ADMINISTRATION CHARGE ON ADVANCES**
- To enhance the efficient performance of duties, advances for motor-vehicles, motor-cycles, bicycle and others are given to staff. These advances are in accordance with the provisions of the government circular No. 1/1975 on fringe benefits.
- When these advances are issued out, a 3% annuity charge is made on such advances to cater for its administration.

V. **MISCELLANEOUS REVENUE**

- a) Sales of fish:- This is the revenue derived from the sales of fishes got from its various water schemes and dams. The pricing method is according to its weight and the price per kilo depends on the market price of the fish. Generally, the rate per kilo is seldom lower than the market price.
- b) Sales of scraps:- The scraps of pipes, containers, old types and other things can be sold but the price depends largely on the highest price offered by bidders.
- c) Sales of minor items like jute bags, chlorine paper bags and other items.
- d) Hire of corporation vehicles and equipment:- The Corporation usually hires out some of its equipment and vehicles among which includes the cranes and motor vehicles. The Chief engineer on the receipt of application usually fixes the prices. The price in respect of equipment depends on their number of hours, and ranges from ₦70 to ₦80 per hour, while for the motor-vehicles the price is ₦45 per kilometer.
- e) Interest on Bank deposit:- The interest on the corporation money commonly deposited in bank usually form part of the revenue for the corporation.
- f) Rent received from corporation's quarters:- In most the head works quarters are built for staff. The officers occupying such quarters are made to pay some percentage on their monthly salary.

24 **FACTORS AFFECTING THE SOURCES AND CONNECTION OF REVENUE IN PUBLIC CORPORATION IN NIGERIA**

In almost all government institutions, agencies, departments, and most especially corporations, there is no incentive to collect or earn revenue to meet the cost of such organizations. The operational cost is highly neglected. This may be due to the following factors:

RULES AND REGULATIONS

A. Most corporations as a result of rules and regulations passed, as edicts have not been able to compete actively in the market. The rules and regulations seldom specify how much a corporation can charge for, example, the Water Corporation can not charge more than it is presently charging because of the government regulations.

B. Most Corporations are in the area of monopoly, that is, they are the only one operating in the market and should be able to influence their prices. Therefore if the government allows them, to charge arbitrarily, it is likely to cause some discomfort to the general public.

C. The public are not even willing to pay for services provided for them, by the government, most of them believe that the tax they pay is enough to provide for all their basic necessities, they therefore see their payment of general Water rate as being uncalled for.

D. Pricing policies: most public corporations have no means of pricing their products and services and even where this exists, the methods are not being efficiently used, because most of the prices of the goods and services produced are not related to the current cost of producing such services and commodities.

E. Lack of cost consciousness and transparency on both the staff of the corporation of the general public at large:-the staff makes most of their purchases at a rather very high price whereas the products are sold to the public at relatively low prices.

On the part of the public, the culture to report any wastage does not exist. In Nigeria as a whole, people prefer watching a burst pipe gushing out water instead of reporting to the nearest water corporation office.

F. Since the government has accepted to provide some basic infrastructure and necessities, it is therefore only just an equitable to provide such services at moderate charges.

G. Even the little revenue being generated are either embezzled or mismanaged by the management and staff of the corporations.

CHAPTER THREE

3.0 Findings/Presentation of Data

3.1 Formation of Ekiti State Water Corporation.

Ekiti State Water Corporation came into existence on the creation of Ekiti State on the 1st October, 1996. The Corporation is a government parastatal established under relevant edict to provide portable water for domestic, industrial, commercial, institutional, and other consumers in Ekiti State.

To ensure that this is adequately realized, the corporation is structured into five departments headed by one general manager who is the Chief Executive for administrative convenience, the corporation maintains at present four area organizations strategically located to ensure smooth maintenance of the various water supply of portable water in the state.

The other areas are located at Ado Ikere Ikole and Ido-Ekiti. In pursuance of its various objectives, the corporation has to its credit two high grade water supply schemes, namely Ero and little Osse (Egbe dam); two medium grade including Ureje and Itapaji Dam at Ado-Ekiti and four other small schemes.

All these water schemes whose age predate the birth of the corporation, have the ultimate capacity of supplying over 0.18 billion litres of treated water per day for an estimated population of three million people. In addition to the above, over 85% of the state have been connected to pipe-borne water except few towns whose plans are in the pipeline.

3.2 FUNCTIONS OF THE CORPORATION AS STATED IN THE EDICT.

The functions of the corporation in the edict are as follows;

- 1) To control and manage all water works rested under the provision of this edict as from the appointed day.
- 2) To ensure that water is available for all, supplied to the consumers at adequate charges and in adequate quantity.
- 3) To organize the conduct of comprehensive research for the purposes of the corporation from time to time and to submit the result when requested to the Executive council for proper utilization.
- 4) To establish, control, manage, extend and develop new water works and existing ones as may be considered necessary, by the corporation so as to meet the requirement of the public, Agriculture and industries in various parts of the state.
- 5) To make arrangements and enter into agreements with any person, department, office of the government or to delegate authority to any of its member, employees, servants or agents to exercise performance of provision by such people as agent for the corporation under the Edicts.

3.3 ORGANISATIONAL SET-UP OF THE CORPORATION.

The organization has six major departments. They are:-

1. General Administration department.
2. Accounts (finance) department.

3. Design department.
4. Internal Audit department
5. Operation maintenance department.
6. Mechanical and electrical department.
7. Commercial department.
8. Supplying of water.

1. GENERAL ADMINISTRATION DEPARTMENT.

This department is mainly concerned about the administrative matters of the corporation, like the staff welfare, public relations, staff training, land, property and other legal matters and annual reports.

2. ACCOUNTS (FINANCE) DEPARTMENT

This department deals with the accounts of the corporation like the annual budget rates and charges for water supply, statistic relating to finance, the raising of fund revenue collection, disbursements, investment of funds, insurance and internal accounting, credit and others.

3. DESIGN DEPARTMENT

This department deals with activities like conducting preliminary survey and preparing estimates for new works, development of new techniques, standard designs, research, the engagement with and liaison with other authorities concerning the requirement of data for future work, drilling and directing or supervision of special works and contracts.

4. INTERNAL AUDIT DEPARTMENT

For monitoring and controlling of financial procedures and transactions of the corporation, stock verification, the prevention (detection) of illegal activities and investigation of all types as may be required.

5. OPERATION AND MAINTAINANCE DEPARTMENT

This department deals with the general supervision of the maintenance of water supplies, collection of operational data for advising on proposal for new schemes or extension to existing schemes, administration and control of stores. It also liaise with design department on development of new technique, standard design and the collection of data for annual reports and administration of policies relating to store

6. MECHANICAL AND ELECTRICAL DEPARTMENT

This gives advice on all electrical and mechanical matters of policy and responsible for the installation, maintenance and repairs of mechanical and electrical equipment in accord with operations and maintenance department.

7. COMMERCIAL DEPARTMENT

The department takes care of the billings systems, the bookings by customers, and all other activities that generate revenue for the corporation

SUPPLYING OF WATER

Since drinking water supplied to people must meet the requirement of the World Health Organization [WHO] and international standard, selection of sources, treatment and distribution must be carefully planned. It is therefore of no use and highly detrimental to the society to be supplied with substandard quality of water whose after effect will adversely affect the society.

The supply of good quality of water therefore demands the use of a high technical know how. First and foremost before deciding on the scheme. Some preliminary survey has to be carried out; this is usually done by the design department. The area of feasibility survey includes population, source of water supply, finance, etc. However, since most of the data needed for the scheme are available in the ministry of finance and economic development, the most essential survey carried out by the design department is that of the source of supply.

In choosing a particular river, its ability to sustain the dry season, its extensiveness and the main source of the river have to be put into consideration. Having carefully studied it by taking measurement of the water at different periods of the year and the source found suitable and adequate for the schemes. Proposed, the next step is to design the water scheme viz: water-works, including treatment to the house reservoir, pumping station, and the distribution channels.

As soon as the design is completed it is sent to the management for approval and to the state government for ratification. After this is done and the provision for capital estimate is made, the corporation will invite quotation from contractors. When the normal procedure for tender is observed, through the state's tender board, the contract awarded to the best tender.

During the construction of the scheme it is the duty of the design department to supervise and ensure that the construction is in accordance with the design and to issue certificate of completion. The scheme is then handed over to the Operations and Maintenance department whose duty is to run and maintain the scheme. In treating the water, special equipment are used for adding various chemicals to the water and afterwards, the water must be tested by the laboratory sections to ensure that the water supplied is of the best standard for human consumption.

The distribution therefore involves pumping to the pipelines and tankers services for areas where distribution through pipeline is not possible as a result of damages or natural causes. It is the duty of each consumer to ensure that water is extended to their private dwellings if need be and such customers are responsible for the supply of connecting materials supply of water to the public through public stand pipe which is of responsibility of the corporation.

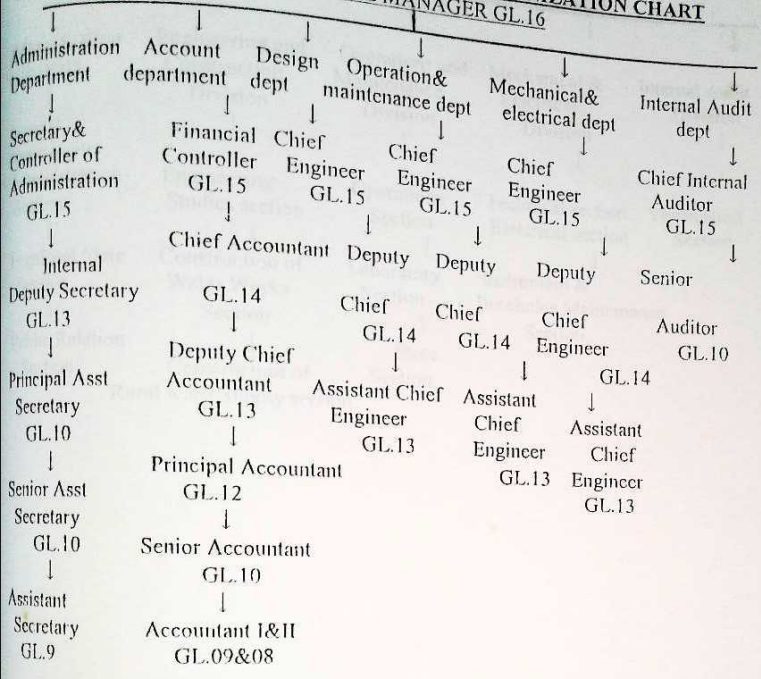
ORGANISATION CHART

The organization chart is a diagram that shows the settings of the organization or the various divisions according to their position in the hierarchy. It should be able to show the various divisions sections, departments and their relationship in the organization at a glance.

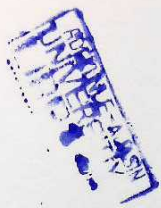
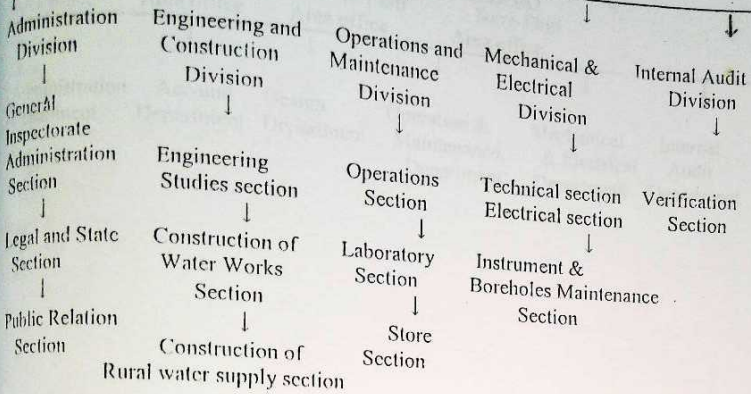
For the purpose of this study, I have about [4] four chart of the Ekiti state water corporation, they are:-

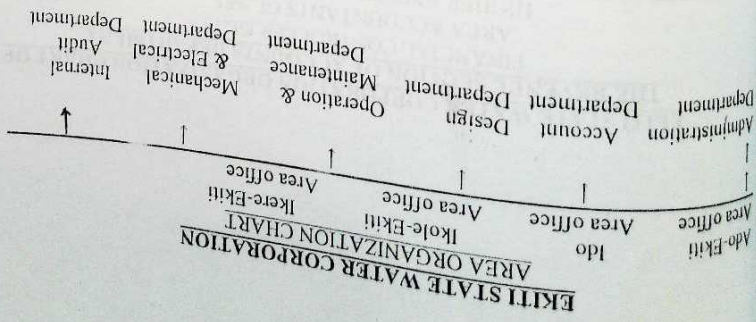
1. THE MANAGEMENT STRUCTURE of the Ekiti State Water Corporation.
2. THE FUNCTIONAL STRUCTURE of the Ekiti State Water Corporation.
3. THE AREA ORGANIZATION CHART of the Ekiti State Water Corporation.
4. THE REVENUE SECTION CHART.

EKITI STATE WATER CORPORATION ORGANIZATION CHART
GENERAL MANAGER GL.16

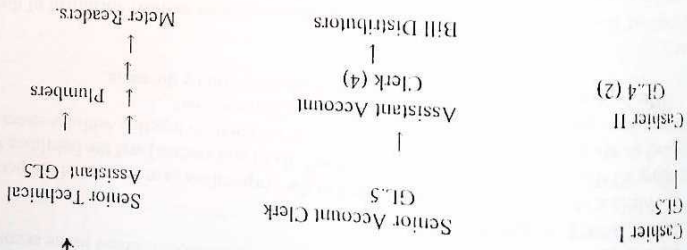


EKITI STATE WATER CORPORATION
FUNCTIONAL STRUCTURE TO MANAGEMENT





**ELITE STATE WATER CORPORATION ORGANIZATION CHART OF
 THE REVENUE SECTION OF ACCOUNTS DEPARTMENT
 FINANCIAL CONTROLLER GL 15
 AREA ACCOUNTANTS GL 9&8
 HIGHER EXECUTIVE OFFICE GL 8**



Cashier I
 GL 5
 Cashier II
 GL 4 (2)

ACCOUNT PREPARED BY THE CORPORATION
THE TWO MAIN final accounts prepared by the Ekiti State water corporation are:
1. THE INCOME AND EXPENDITURE ACCOUNT
2. THE BALANCE SHEET

These are called the Annual statement of Account and audited by the external auditors.
The total income or revenue generated by the corporation is posted to this account, included in the items are the profit brought forward from the previous year, the government grants received within the period, and all other income.
From the income, these expenses includes, the cost of treating the water, the amount spent on repairing and maintaining the asset of the corporation, the preliminary expenses and other expenses.
The excess or deficit of income over expenditure will be recorded in the account and

2. BALANCE SHEET

This is a statement showing the state of the corporation as at the end of the period. It is will show all the asset of the organization [both fixed and current] and the liabilities will also be stated so also is the fund used in financing the corporation together with the excess or deficit earlier arrived at in the income and expenditure account.
The balance on both side of the balance sheet should be the same.

Note:-
In view of the policy of the corporation, it is impossible for audited document of this enterprise to be released to the public, except after five years. And the Ekiti State Water Corporation, being a new headquarters, I was not able to get a copy of their audited annual statement of account.

BUDGET AND BUDGETARY CONTROL OF EKITI STATE WATER CORPORATION

Before the commencement of each financial year the corporation prepares an estimate of its revenue and expenditure for the financial year and submit to the state governor's office for approval, this is subject to disapproval as any item in the estimate may be considered in necessary or the cost may be seen to be too much.
The corporation in other to ensure maximum efficiency and control established a number of procedures.
They are:-
Necessary accounting records like the departmental vote book, control ledgers are kept by each division and section.
Each departmental head is made to prepare annual budget of his department.
The functions and relationship of each member of staff is shown in the organization chart.
Departmental members to know his position and their responsibilities to each other.
Departmental head are made responsible for the various expenditure heads and they are made to know the purpose of controlling the expenditure heads.

5. The annual budget is prepared by each departmental heads discussed in the meetings of the budget committee. After preparing the budget in accordance with the government directives, the budget will be passed to the board of the corporation for approval.

6. The corporation maintains an Annual Budget, which of course is subject to variations and amendments called "virement" in respect of it, is controlled by the ministry of Finance and Economic Development and has a long-term budget, which is being reviewed actually.

ADMINISTRATION.

The summary of expenditure and revenue are prepared monthly by the account department to enable the management to know the position of the corporation. It is also from this summary that the estimates for the following year are prepared.

At the end of each financial year the account department prepares the annual statement of account consisting of an income and expenditure and a balance sheet. This statement of account is audited by external auditors.

The Accounts Department is headed by the financial controller. He is responsible to the general manager. For the effective and satisfactory product of all accounting functions of the corporation. He plays the role of the finance officer and among his duties is:-

- (a) Institution of the Accounting system.
 - (b) General administration of accounting.
 - (c) Compilation of accounting manuals and service scheme.
 - (d) Rendering of financial advice to management.
 - (e) Completion of the budget manual.
 - (f) Discipline and control of members of the staff, posting, transfers and recommendation for recruiting personnel, promotion or dismissal or change in personnel engaged in activities in his own department.
 - (g) Preparation of department estimates and the corporation annual budget from other department estimates.
 - (h) Preparation of financial statement, management reports and business forecast.
 - (i) Compilation of development programmes of the corporation and their estimates on consultation with heads of the department.
 - (j) Liaison with other departments as required for accounting functions and co-operation with external auditors.
- The financial controller has a line authority over his department, but most of his duties are to advice.

ORGANIZATION CHART OF THE REVENUE SECTION OF THE ACCOUNT DEPARTMENT

From the diagram, it can be clearly seen that the Area Accountant is directly responsible to the Area Engineer/Manager, but accountable to the Financial Controller in Ado-Ekiti, the headquarter. His duties involve:

- i. Allocating the jobs of all the sub-sections of the department.
- ii. Attending to all complaints from consumers.
- iii. Processing monthly subvention in the Ministry of Finance.



- v. Sending monthly returns to the appropriate authority.
- vi. Collecting cash monthly for the payment of salaries and wages, claims, leave bonus, payment of creditors etc.

The Higher Executive Office is the next rank to the Area Accountant; he is the officer who is actually working directly with the other officers in charge of the various sections, as shown in the chart.

- a. He supervises the activities of the salaries and wages section.
- b. Prepares monthly returns of debits and credits notes relating to salaries and wages and sent it to the headquarters.
- c. Prepares Bank reconciliation statement for the accounts kept in the Bank.
- d. Ensure that all necessary information/documents are sent to the Headquarters without delay.
- e. Making sure that the General Claims Form are prepared and sent across to the Headquarters.

The cashier is directly responsible to the Higher Executive Officer. There are two categories of Cashiers i.e. Cashier Grade I & II. The Cashier Grade I is senior in rank to the Cashier Grade II and is involved with the actual payments of physical cash like salaries and wages, leave bonus, monthly transport claims, and sundry payment to creditors, pension gratuity etc.

The duties of the Cashier Grade II mainly involve collection of Revenue for the Corporation through cash office within the environments.

The next functional section to be considered is the billing section. A Senior Account Clerk whose schedule of duties is as follows heads this section:-

1. Supervision of billing clerks.
2. Opening of all new collection forms.
3. Writing of journals.
4. Daily Posting of receipt into their various ledgers.
5. Preparation of tanker billings and billing summary.

THE BILLS DISTRIBUTORS:- These are group of workers that distributes bills to all consumers assigned to them periodically they are basically field workers.

The Assistant Account Clerk are involved in the following:-

1. Preparation of bill and costing of bill on all metered and private consumers.
2. Daily posting of receipt to their various ledgers.
3. Preparing of disconnection list when necessary.
4. safe keeping of all ledger cards and connections forms.
5. Attending to customer who wants to sort out his bill.

METER READERS

They are also basically field workers, their functions involves reading of meters in all the metered premises and assessing their consumption. This information is passed on to the Assistant Account Clerk for writing of bills.

SENIOR TECHNICAL ASSISTANT

He is involved in the following:-

1. Supervision of disconnection gauge.
2. Measurement and inspection of service connection.

Investigations of complaint from customers.
 Monthly returns of disconnected and reconnected premises.
 It should be added that the Senior Technical Assistant has a lot of PLUMBERS with whom to effectively carry out his job.

PROBLEMS OF REVENUE GENERATION IN EKITI STATE WATER CORPORATION
 From this study, it has been possible to detect many problems, which have greatly affected the EKITI STATE WATER CORPORATION in generating revenue, some of these problems will now be highlighted and suggestions will be made.

A. THE BILLING SYSTEM

As at now, the procedure for preparing bills is manual and as such bills are prepared very late, usually two months (if not more) after, and so the consumer does not appreciate the value of what he has consumed. Consequently, the introduction of the computer may obviate or solve the problem of late bills, and part from writing up bills with the computer, it can also be used to balance up the debtors' ledger which is also done manually. By this, time will be achieved and more revenue will be generated monthly from their consumers.

B. CHARGES AND PRICES

There is no specific standard of determining the price to be paid for the water produced by the corporation. This is due to the Government Control of cost, the prices are usually fixed and approved by the government and no standard is employed. The actual cost of producing say 4,556 liters or 1,000 gallons of water should be known and taken into consideration in fixing prices.

C. GENERAL WATER RATE

The Edict establishing the corporation has created avenue from evading and avoiding the payment of general water rate. The general water rate should be exempt landlords from paying rates. The general water rate should however be a flat rate on all taxable adults, who resides in towns/villages with pipe borne water or who enjoys the service of the corporation. Since it is a charge for the installation, and maintenance of main pipelines in the sheets and so should be paid by everybody.

D. BILL DISTRIBUTION

Usually, one wonders whether bills are adequately delivered as consumers usually turn up to demand copies of the bills, there is a need to reorganize the bill distribution system either by giving better conditions to the bills distributors and enjoy their maximum efficiency or introduce as system whereby bills distributors will endorse and cards in each consumer's premises. This will serve as a control over the distributor and consumer as the form will also ensure the bills are delivered.

E. COLLECTION OF REVENUE

Most cash offices are located in place where consumers find it difficult to have free access. This makes it very difficult for consumers to settle their monthly bills. Therefore, cash offices can be located in commercial areas of the town where revenue can be placed on good salary to encourage them to stay.

E. METERED CONSUMERS

The revenue derived from metered premises is considerable but due to some constraints revenue collection is low for example the faulty meters, as a result of lack of maintenance and up-keep, a lot of meters have fault. Consequently, most bills sent to consumers are based on average consumptions and because of this, most consumers refuse to pay, as the average consumption is very unrealistic.

The corporation should examine why also all these meters are faulty. And the meter-readers should be encouraged with better condition of service so as to be able to do the proper supervision of these meters.

F. SERVICE CONNECTION

Though high revenue is derived from service condition, nevertheless, there is still the need to tidy up some loose ends in order to generate more revenue because most consumers complained of not getting service connected in home.

This delay in getting new services connected is greatly affecting the image of the corporation. A reduction in the period of processing application will do a lot of service to the corporation. Apart from this however, some consumers want to evade and avoid the payment of water charges, hence, they resort in the use of illegal connections and besides, some members of staff and public contractors make their living through illegal connections.

A powerful investigation section will solve this problem; furthermore, a bill by the government imposing a high fee as fine should be imposed on any illegal connection detected.

G. EMBEZZLEMENT

Even when this much needed revenue has been generated, you will find out that some members of staff still embezzle the money through manipulation of figures. The powerful internal audit can intensify its efforts in checking the cashier and other members of staff regularly so as to ensure proper accountability in respect of revenue.

II. OBSOLETE EQUIPMENT

Other problem facing this corporation is obsolete equipment, in many of the water scheme as well as outdated and limited pipeline network, some of which have been established and laid for about two to four decades. Apart from the need to change the pipeline in many places to modern one, there is the need to open new network of pipeline in most major towns, so as to generate more fund.

J. ELECTRICITY SUPPLY

The erratic and low electricity supply to the water schemes is one of the factors that have indirectly affected the revenue generation of the corporation. The corporation has been forced to rely on the use of power from generating set which is powered by diesel, the corporation is even lucky now that the price of diesel has been reduced, because, about 82,000 liters of diesel, on the average, are monthly used, to operate generating sets in all the water schemes to make up for poor electricity supply.

12. INFORMATION COLLECTED THROUGH EXAMINATION OF FILES AND BOOKS OF THE CORPORATION

The information collected through examination of files and books of the corporation...

13. FINDINGS AND RECOMMENDATIONS

Based on the findings and recommendations... the corporation should...
The following findings were noted during the examination of the files and books of the corporation:
1. The records of the corporation are not properly maintained.
2. The financial records are not properly audited.
3. The revenue records are not properly maintained.
4. The expenditure records are not properly maintained.
5. The inventory records are not properly maintained.
6. The personnel records are not properly maintained.
7. The general records are not properly maintained.
8. The correspondence records are not properly maintained.
9. The legal records are not properly maintained.
10. The technical records are not properly maintained.
11. The administrative records are not properly maintained.
12. The miscellaneous records are not properly maintained.
Based on the above findings, the following recommendations are made:
1. The records of the corporation should be properly maintained.
2. The financial records should be properly audited.
3. The revenue records should be properly maintained.
4. The expenditure records should be properly maintained.
5. The inventory records should be properly maintained.
6. The personnel records should be properly maintained.
7. The general records should be properly maintained.
8. The correspondence records should be properly maintained.
9. The legal records should be properly maintained.
10. The technical records should be properly maintained.
11. The administrative records should be properly maintained.
12. The miscellaneous records should be properly maintained.

CHAPTER FOUR

4.0 RESEARCH METHODOLOGY

4.1 SOURCES OF DATA

The sources of data used in study are of (2) types:

4.1.1 INFORMATION COLLECTED THROUGH INTERVIEW

Data were collected through series of interview with some of officers of the corporation, the administrative officers in charge of the Finance and Administration Department, the administrative officers in charge of the Commercial Department and the Public

relation were interviewed.

4.1.2 INFORMATION COLLECTED THROUGH EXAMINATION OF FILES AND BOOKS OF THE CORPORATION.

Files and records of the organization were reviewed the financial statement for some years were also reviewed. All this documents gave insight on the formation and functions of the corporation, the prospects of the corporation and even the problems being encountered by revenue generation derive.

4.2 PROCESSING AND ANALYSIS OF DATA

Almost all the data used were collected through personal interview, examination of files, records, articles, journals and the organization's information handbooks. Important note were made on items of information collected from each records and files. However the following accounts were thoroughly worked upon. They are:-

- a) Profit and loss account
- b) Receipt and payment account
- c) The balance sheet

d) And the revenue account generally.

All the information item collected were seriously examined like the files and records covering the revenue system of corporation, they were fully enumerated and notes important and relative items of information were made. However some information which is not really useful for the purpose of this write-up were discarded.

All these useful information undoubtedly helped in the writing of this project.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY

In almost all government institutions, agencies, departments and corporations, the activities to collect or earn revenue to meet the cost of such organizations' operational is highly neglected. Despite knowing that organizations survival depends much on ability of its management teams to efficiently and effectively generate revenue for running of the organisation's activities.

The project introductory background together with the problems were all discussed in chapter one, while some important headings like revenue, sources of revenue and factors affecting the sources and collection of revenue in public corporation are also discussed under the literature review.

The gathering of information used for this project was discussed under the writing of the formation of **EKITI STATE WATER CORPORATION**, its function set-up (organizational chart) the supplying of water by the organization was discussed, so also Accounting system, and budgetary control system and on the final note some problem of revenue generation in Ekiti State Water Corporation was also discussed.

CONCLUSION

The findings of this study have brought to the attention the important roles public corporations play in society, and the problems of revenue generation. Public Corporations should aim at providing better service to the public who in turn should appreciate by settling their bills when due for payment. In order to improve the internally generated revenue of these public corporations.

It is envisaged that the study will create greater awareness on the revenue generation of Public Corporation most especially Ekiti State Water Corporation.

RECOMMENDATION

Based on the findings of the study, some recommendations will be made for the purpose of policy implementation. They include the use of computers, improvement on the welfare of the staff of Public Corporation, purchase of new equipment in exchange for old ones, ensuring good and constant supply of electricity, the use of adequate internal control systems and others which will efficiently and effectively improve the generation of revenue by the Public Corporation i.e. Ekiti State Water Corporation.

There is need for Social Accounting, which involves measuring and reporting (internally or externally) information concerning the impact of an entity and its activities on the society and also SOCIAL AUDITING, which also involves a systemic attempt to identify, analyze, measure, evaluate and monitor the effect of an organization's problem on the society. This will make all these Public Corporations to function effectively and efficiently and make their impact felt in the society, so that the huge deficits usually incurred by these Public Corporations can be reduced.



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