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THE NATIONAL BUDGET SYSTEM AND ITS EFFECTIVENESS ON PUBLIC FINANCIAL MANAGEMENT WITHIN MINISTRIES IN RWANDA

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Abstract

The national budget system shows what the government intends to do during the period of its fiscal calendar and how it intends to finance its activities. It is these budgetary activities and their implications on public financial management that the study sought to assess. Particularly, the study was guided by the research questions as to whether the national budget system of Rwanda is perceived to be effective in terms of preparation, execution, reporting and follow up?; how effective the Rwandan system of budget is, in terms of compliance and clean up audit?; and whether the Rwandan budget system help in enhancing the effectiveness of public financial management? The study applied descriptive and inferential research technique in analysing both quantitative and qualitative data, form five ministries in Rwanda. The results indicated that the national budget system and effective public sector financial management of selected ministries are significantly correlated.

Keywords: Budgetary system, public financial management reforms, national budget, budget preparation, budget execution, audit report

INTRODUCTION

Presently, public spending in most developed and developing countries accounts for more than one-half of the gross domestic product (GDP) of a country (Bovaird & Löffler, 2009, p. 25). The fact that many countries, including Rwanda, continue to experience budget deficits and high levels of debt, allot of significant reforms have been introduced in the countries' national budgeting processes, which are aimed at enhancing their public sector financial management (Boex, Martinez-Vazquez, & McNab, 2000, p. 92; Bovaird & Löffler, 2009, p. 25). Overall economic performance of a country depends upon how well its public sector resources are managed. Therefore, an effective national budgetary system should pursue competing objectives, such as, maintaining fiscal discipline, allocating resources in accordance with policy priorities and efficiently delivering services (Hou, 2006, p. 730).

These objectives are the main indicators of effective public sector financial management (Antipova, 2013, p. 133; Matheson, 2002, p. 39). In order to promote these effective public sector financial management (PSFM) objectives, the national budget should contain the following elements: a macroeconomic framework and revenue forecast; a discussion of budget priorities; planned expenditure and past outturns; a medium-term outlook and details on budget financing; and debt and the government's financial position (Brignall & Modell, 2000, pp. 282-283). In other words, the national budget of a country should be comprehensive, transparent and realistic in the processes of preparation, execution, reporting and follow up. Therefore, this study attempted to assess the implications of these budgetary activities and their implications on effective public sector financial management within the ministries in Rwanda.

The Rwandan Public Accounts Committee report of 2009-2010 highlighted some 20 irregularities discovered in government spending. Among these irregularities were flouted tendering rules, spending on up planned activities and cases of embezzlement of public funds resulting to the loss of 9.8 billion Rwf by the state. Transparency Rwanda Analysis report on the Office of Auditor General report 2010/2011 stressed that there was still a journey to attain improved public sector financial management in Rwanda. This report revealed a state loss of Rwf 21,869,752,057 from 27 districts due to irregularities. The Office of the Auditor General report of 2010/2011 highlighted that Rwf 6.9 billion in Ministries and parastatals were spent without supporting documents while Rwf 627 million were embezzled.

This was further revealed by the Public Expenditure and Financial Accountability (PEFA) report of 2010-2011 which pointed out that the budget execution of 2010/2011 was affected by delay in disbursement of budget support funds and this led to periodic cash flow problems of government hence resulting into an increase in domestic debt and large out lay for domestic interest. On the expenditure side, the delay in finalizing contract documents led to slow-down in spending at the beginning of the fiscal year. The problem therefore was to establish the level of effectiveness of Rwandan budgetary system and to assess its efficacy in public sector financial management.

Therefore, the aim of this study was to ascertain whether the Rwandan budget system enhances effective public sector financial management within the selected Ministries. In particular, the study sought to establish the assessment of Rwandan budget system in selected Ministries in terms of budget preparation, execution, reporting and follow up; to determine the level of effectiveness of public sector financial management within the selected ministries; and to assess whether there is significant relationship between Rwandan budget and effective public financial management in Ministries.

Due to the importance of assessment of Budget system vis-à-vis effective public sector financial management, Ministers, State Ministers, heads of provinces, districts, public institutions, parastatals and projects designers will be aware of all processes that Rwandan budget system goes through, the constructive merits associated with budget compliance and the detrimental draw backs related to budget noncompliance. Additionally, the study is significant to the government of Rwanda since it is intended to provide adequate information to the budget policy makers in order to enhance its efficiency through enacting appropriate budget guidelines, laws, policies and budget reforms as well as enforcement of those budget reforms to ensure budget compliance and consequently effective public financial management in all Rwandan Ministries.

Public financial management

Public financial management is the most important component in managing the internal components' function of the new public management (Adamolekum, 1999, p. 68; Greener, 2013, p. 82; Hughes, 2003, p. 165). Any government activity needs money in order to operate, and the ability to raise money and to spend it (financing and expenditure management) is what distinguishes the institutions of government with other parts of the society. After the financial administrations under many governments have been reorganised, public financial management, under new public management, have followed three main themes; promoting result-oriented management, introducing an accrual-based management accounting system, and the use of market-oriented mechanisms, based on efficient budgetary control systems (Christensen & Laegreid, 2013, p. 106).

Even though researchers vary in what they consider the study of public financial management should comprise (Visser & Erasmus, 2013, p. 7). McKinney (2004, p. 2) argued that public financial management is the process whereby a governmental unit or agency (state corporation) employs the means to obtain and allocate resources, including finances, based on articulated priorities, and then utilizes methods and controls effectively to achieve publicly determined needs. He further argued that, traditionally, public financial management involved budgeting, taxation (raising revenue), accounting, treasury management, purchasing and auditing. However, McKinney (2004, p. 2) recognised that the integrated approach to financial management incorporates an additional set of components including planning, programming and evaluating functions. He summarised public financial management to include planning, programming, budgeting, financing, controlling and evaluating.

Therefore, public financial management includes budgeting of anticipated revenues and costs, accounting for the receipt and the disbursement of funds once the budget is enacted, issuing short- and long-term debt to buy equipment and construct facilities and, after the year end, auditing transactions for legal compliance and adherence to accounting principles (Visser & Erasmus, 2013, p. 8). This is a special area within the larger subject of financial management, aimed at delivering services as effectively and efficiently as possible to maximize benefits to the public. Depending on the level of government and the specific nation, these can range from local authorities' services in a city to a national governmental unit, like the state ministries' services for the whole nation. Therefore, the aim of this study was to ascertain whether the Rwandan budget system enhances effective public sector financial management within the selected Ministries.

Public financial management reforms

Countries worldwide are experiencing external and internal pressures to restructure their public sectors in order to solve financial management problems, to raise public confidence in government, and to adapt to social and economic trends (Lynn Jr, 1999, p. 302). Various reforms have occurred which can be viewed as a major policy shift in the manner in which governmental units exercise their financial management functions. Visser and Erasmus (2013, p. 15) argued that, in some countries, this change has given rise to the transformation of the whole public sector financial management. According to Tilley (2014, p. 65), this transformation has caused a permanent difference to strategy and culture, hence, enabling the necessary changes to systems and processes within the public sector financial management.

The new public management paradigm is a reference to public sector reform by practitioners and academicians (Polidano, 1999, p. 3). Polidano (1999, p. 3) argued that the new public management reforms are a response to common pressures like deregulation of line management; conversion of civil service departments into free-standing agencies or enterprises; performance-based accountability, particularly through contracts; and competitive mechanisms such as contracting-out and internal markets (Polidano, 1999, p. 3). This new public management (NPM) aims at nurturing a performance-oriented culture that seeks to refurbish the process through which state corporations operate in order to increase efficiency, effectiveness, and encompassing client-oriented, mission-driven, and quality-enhanced management which are normally the private-sector management practice (Hope, 2012, p. 129). These reforms are intended to better serve the needs of both the government and the citizenry with improved delivery of public services in order to reduce poverty, improve livelihoods, and sustain good governance.

Guthrie and Olson (1999, p. 210) contributed to the new public management (NPM) debate by stating that an increasing notable element of NPM movement is the accounting-based financial management techniques that are being drawn in the pursuit of reforms. In other words, the new public financial management (NPFM) reforms, which are advocated by the NPM movement, embrace the corporate financial management theories and techniques practised by the private-sector corporations (Padovani, Yetano, & Orelli, 2010). Roberge and Jesuit (2012, p. 422) observed that new public management reforms' adaptability is not pre-ordained and varies across regions, states and communities.

However, Guthrie and Olson (1999, p. 210) summarized the new public financial management reforms across countries into four main areas. The first area involved changes to financial reporting systems, including the promotion of accrual-based financial reporting framework across all governmental units, and reliance on professionally set accounting standards or budgetary control systems. The second area related to the development of commercially-minded, market-based management systems and procedures to deal with pricing and provision of services with emphasis on cash management, including financing. The third area referred to the development of a performance measurement approach, focusing on techniques such as financial and non-financial performance indicators for all the governmental units including state-owned corporations. The fourth area concerned the decentralisation or delegation of budgets, coupled with the attempted integration of both financial and management accounting system and also with economic-based information sets. In addition, the final category of reforms involved changing to internal and external public sector audits, notably in terms of providing reviews of efficiency and effectiveness of public services (Hughes, 2003, p. 172). Hence, it is important to find out whether the public financial management reforms, particularly in the area of budgetary control systems, can lead to efficient and effective public services within an African country like Rwanda.

Public financial management reforms in Africa

The importance of a well-functioning public sector in the development process of Africa is indisputable (F. Owusu, 2006, p. 471). F. Owusu (2006, p. 471) argued that the challenge, however, is finding ways to create effective governmental units capable of facilitating national development. Indeed, many African countries, with the support of the World Bank and other pro-reform international institutions, such as IMF, have, since the 1980s, experimented with various public-sector financial-management reform programmes (Antwi, Analoui, & Nana-Agyekum, 2008, p. 253). Public-sector financial-management reforms, therefore, have been on the agenda of African governments and their development partners for decades and yet the financial-management problems still persist (F. Y. Owusu, 2012, p. 136).

In the 1970s and 1980s, most governments of Africa experienced an overall decline in the motivation and performance of public-sector servants, which resulted in low collection and accounting for government revenues (Adamolekum, 1999, p. 71). In response and as part of Structural Adjustment Programmes (SAPS) adopted by most African countries, some governments in the region have established quasi-autonomous revenue authorities to be responsible for the collection of tax revenues. Further, most African countries, including Ghana, Malawi, Tanzania and Rwanda, have embarked on the budgetary reforms involving the introduction of medium-term expenditure planning or forward budget (Adamolekum, 1999, p. 75). In addition, most African countries have adopted the use of an independent comptroller and auditor general's office and the setting up of the parliamentary Public Accounts Committee to ensure financial accountability with the government units (Adamolekum, 1999, p. 82).

However, it is believed that the public-sector financial-management reforms policies in Africa have served external rather than domestic interests and ignored the experiences of organizations within those countries (F. Y. Owusu, 2012, p. 136). Goldfinch, DeRouen, and Pospieszna (2013, p. 50) also argued that, although considerable resources and attention have been allocated to the public sector financial management reforms in low income and fragile states in Africa, there is little evidence as to what degree this reform agenda has been implemented nor as to whether it has led to improved services and outcomes for populations.

In summary, Andrews (2010, pp. 12-39) looked at how far the public-financial-management reforms have progressed in Africa since the inception of reforms, and concluded that the public-sector financial-management process or practice reforms in Africa have resulted in budgets being made better than they are executed. The practice is lagging behind the creation of processes and laws, and processes are stronger where concentrated actors are engaged. In analysing the reforms across countries, Andrews (2010, pp. 23-49) concluded that different countries fall into different 'PFM performance leagues' and countries in the different leagues look very different to each other. A range of factors influence which league a country is associated with; including economic growth, stability, reform tenure and colonial heritage (Andrews, 2010, pp. 23-49). Public financial Management systems have therefore been an increasing focus of donor attention, their strength and adequacy being assessed for fiduciary purposes before aid is channelled via national budgets. In line with these reform arguments, this study attempted to determine budgetary control systems reforms enhances effective public sector financial management within the selected Ministries in Rwanda.

The concept of budget and budgeting systems

Today, budget describes a broader meaning and has been defined by various authors in different ways. A budget has been defined simply as a statement of government's estimated revenue and proposed expenditure for the year (Visser & Erasmus, 2013, p. 14). Therefore, a budget is a plan that deals with the future allocation and utilization of various resources to different enterprise activities over a given time period. In other words, budget system is a structure and a platform to improve the efficiency and effectiveness of financial planning by improving access to budget data, financial planning and analysis, reducing the institutional effort on manually building templates by using pre-built data entry forms, minimizing user error by automating aggregation processes and providing the ability to work closely with data, in real time, to develop a comprehensive understanding of internal economies.

As more resources are channelled to poor countries, such as Rwanda, and increasingly through modalities that rely on, or at least are compatible with, country systems and procedures, budget processes assume new importance, as the main mechanism not only for allocating and spending aid resources, but also for delivering on development outcomes (de Renzio, 2006, p. 628). However, the budget system from different countries has some differences depending on their differences in politics, economy and social norms but both budget systems have a lot in common such intended to finance public expenditures, government tools to enhance economic growth and development.

In Rwanda, preparation of the budget usually takes many months and involves all public institutions: the Ministry of Finance manages the process; the Cabinet sets or approves the policy priorities, line Ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands. A successful budget preparation process combines top-down direction and bottom-up planning. The overall budget envelope and ministerial spending ceilings are usually set by the Ministry of Finance and the cabinet in accordance with policy objectives. These are then communicated to the line

Ministries, which are responsible for preparing their respective sector budgets. Through an alternative process of review, debate and bargaining, a consolidated budget is hammered out. A budget proposal is then presented to the legislature, where it is debated and negotiated with the executive and eventually passed into law.

Budget execution is the phase where resources are used to implement policies incorporated in the budget. Budget execution involves a greater number of players than budget preparation, and calls both for assuring that the “signals” given in the budget are correctly transmitted, and for taking into account feedback from actual experience in implementing the budget. Hence, efficient budget execution calls for ensuring that the budget will be implemented in conformity with the authorizations granted in the law, both in relation to the financial and policy aspects, adapting the execution of the budget to significant changes in the macroeconomic environment, resolving problems arising during implementation and; managing the purchase and use of resources efficiently and effectively (Robinson, 2007).

To gain an understanding of how public funds have been utilized, and how they contribute to government policies, it is important to monitor the results of expenditure. This has led to the establishment of government monitoring and evaluation (M&E) systems. A common feature of such a system involves the Ministry of Finance keeping spending agencies in check by requesting reports on financial and non-financial performance. The latter is also referred to as the *results* of government spending, and can be measured at the levels of outputs, outcomes and impacts, which involves defining performance indicators. It is important for governments to define and keep track of indicators to consider what they are trying to achieve with their policies and how far they are progressing and to use the information to plan accordingly. For this reason, there is a strong link between budget monitoring and performance-based budgeting (Pradhan, 1996, p. 32). Therefore, budget processes and the national budgeting systems have assumed new significance, as the main mechanism not only for allocating and spending aid resources, but also for delivering on development outcomes, and enhancing effective and efficient public financial management (de Renzio, 2006, p. 628). This study attempted to ascertain whether the Rwandan budget system enhances effective public sector financial management within the selected Ministries.

METHODOLOGY

A cross-sectional, descriptive correlation study was carried out to examine the relationships among the study variables since the design describes phenomena, as they exist (Bailey, Sabbagh, Loiselle, Boileau, & McVey, 2010). This helped in determining the relationship between Rwandan budget system and its effectiveness on public financial management of the ministries.

The target population for the research comprised of 426 employees in 5 line ministries, namely Ministry of Agriculture and Animal Resources, Ministry of Finance and Economic Planning, Ministry of Education, Ministry of Defense and Ministry of East African Community. Basically, the researcher selected the first 5 ministries in the Audit report 2010/2011 of Office of Auditor General and Public Expenditure and Financial Accountability assessment report which highlighted the status of budget expenditure report of ministries, government institutions and parastatals from 2008 up to 2010. This assessment report highlighted the ministries whose budget execution exceeded budget plan. Additionally, the researcher selected ministries with above mentioned irregularities or noncompliance issues of 15% and above.

According to Tejada and Punzalan (2012, p. 129) the general formulae of calculating the sample size is given as:

$$\boldsymbol{n} = \frac{\boldsymbol{N}}{(\boldsymbol{1}+\boldsymbol{N}\boldsymbol{e}^{\boldsymbol{2}})}$$

Therefore sample size was made up 207 employees of the targeted ministries selected using Slovin's formulae. In addition, a simple random sampling technique was adopted in the administration of the research instruments to the respondents from the relevant departments, units and sections of the five (5) Ministries. These techniques were applied in order to allow all the elements in the population to have equal probability of participating in the research.

The questionnaires were preferred for this study because it enabled the researcher to reach a larger number of respondents within a short time, thus made it easier to collect relevant information. The questionnaires were developed basing on the specific objectives of the study and divided into various parts with part one addressing the respondents' profiles such as name of institution, gender, age, educational background and working experience. Part two focused on independent variable mainly the Rwandan budget system with the aim of investigating the respondent's perception on budget preparation, execution, monitoring and control as well as budget reporting, part three was basically addressing effective public financial management and was intended to solicit respondents' perceptions on budget compliance, clean audit report, national goals.

In addition, for some critical aspects such as links between Rwandan budget system and effective public financial management, interview guide was prepared and used by the researcher to interview high ranking officials with a pool of knowledge on research topic. These included permanent secretaries of selected ministries, director of parliamentary audit committee, and deputy director under the Office of Auditor General.

Furthermore, data from each questionnaire was categorized and coded for accuracy and completeness of information. Data was coded and edited in tables; here the researcher applied both quantitative and qualitative analysis. The data obtained from the field was analyzed using the Statistical Package of Social Sciences (SPSS) and presented in the form of tables and figures. The specific descriptive tools applied in the analysis of the data include means, frequencies, percentages, standard deviations, and correlation model to test the hypothesis. The research subjects were required to respond to items in the questionnaire using a Likert scale ranging from 1-4 (disagree to agree). In interpretation of the mean scores, 1 - 2.49 represented weak result and 2.50 - 4.00 represented a strong finding. While, for interpretation of the standard deviation, $\delta \leq 0.5$ represented homogeneous of perception of respondents and $\delta \geq 0.5$ represented heterogeneity of perception of respondents.

EMPIRICAL RESULTS

Profiles of the respondents

The study evaluated the profile of respondent in terms of age, education level and number of year of services within their ministries. The results indicated that the age of respondents of 3.4 % were in a range of 30 years and below, while the majority of respondents were in the range of 41-50 years with 53.6% followed by 31.9% in the age group of 31-40. In addition, the results indicated that the majority of respondents were between the ages of 30 to 50 years comprising on aggregate 85.5%. This age group comprised of individuals who were assumed to be knowledgeable in their respective fields of specialization and thus could be relied upon to provide appropriate responses to guarantee valid, relevant and reliable responses.

The results also indicated that 82% respondents of the respondents were bachelor's degree holders, 11.6% have master's degree, and 3.4% hold a PhD while 0.05% had secondary level qualification. These results showed that the respondents selected had good capacity on the basis of their qualifications to give the right responses. Regarding working experience 44.9% of respondents were in the age range of 6-11 and 12 years and above of experience. While respondents with less than one year experience were the least with 0.05%. This gave the researcher an assurance that the responses obtained from the selected respondents were relevant and reliable hence, facilitating the researcher to get the valid conclusion.

The perception on budget preparation, execution, reporting and follow up

Objective one answered research question: What is the perception of respondents on the Rwandan budget system in selected ministries in terms of budget preparation, execution, reporting and follow up? Data in table 6 gives a summary of the findings in response to research question one. The implications of the results in data are explained after the table. Budget preparation involves many items which include execution, reporting and follow up.

Table 1 shows general perception of respondents towards Rwandan budget system in terms of budget preparation. The respondents perceived budget preparation towards effective public financial management of selected ministries with a cumulative mean of 3.07 and a standard deviation of 0.30. In a scale of 1-4, where 4 was very strong, the perception of budget preparation scored 3.07 and this means that the budget preparation of the Rwandan system was effective. This answered part of research question which sought to know the level of effectiveness of budget preparation. In the literature review it was very critical to ascertain budget preparation and its effectiveness, thereof. It was shown clearly that most budgetary systems that succeeded were supported or opinionated by members of the public, particularly the officers involved in the budget making.

Table 1: Budget preparation

Items	**Mean**	**Std. Deviation**
There is a good format of national budget preparation	2.8713	.59288
There is communication about national priorities to various budget agencies	3.0495	.48615
There is good coordination in budget preparation	3.2129	.58949
There is mobilisation of funds from internal sources	3.0594	.49519
Resources are allocated according to MINECOFIN guidelines	3.0594	.73737
There is a link from various budget partners	2.9802	.58980
There is mobilization of donors and stakeholders for budget support	3.2723	.47852
There is synergy between various budget partners	3.1188	.56051
Budget preparation	**3.0780**	**.30047**

Item Mobilization of Donors and Stake holders as a Process of Budget Preparation

The other items under budget preparation had their means ranging from 2.87 up to 3.27. The highest mean falls on item of mobilization of donors and stakeholders for budget support with a mean of 3.27 and standard deviation of 0.47 indicating homogeneity of respondents on this item. Item mobilization of donors and stakeholders is a significant practice and activity in Rwandan budgetary system. The fact that perception was recorded of standard deviation of only 0.47 thus 3.27 was an indication of a practice towards effectiveness. The lowest mean falls on the item of good format of national budget preparation with a mean of 2.8 (strong) and a standard deviation of 0.56 which means there is heterogeneity of perceptions of respondents on this item. From the interview carried out, the researcher realized that the format used in budget preparation does not include all budget line which addresses each ministry key activities. The item of resources are allocated according to MINECOFIN guidelines has a mean of 3.05 (strong) and a standard deviation of 0.73 indicating that the respondents agree on this item but there is heterogeneity of respondents. According to the interview, the reason for different perception of respondents on this matter is based on limited government financial resources to cater for all ministries' activities as planned. The resources at the central government and within the ministries are allocated according to priorities.

The Researcher came to the conclusion that respondents agree on the following item but also have narrow different perception leading to heterogeneity of agreement.

- There is a good format of national budget preparation with a mean of 2.87 and a standard deviation of 0.59;
- There is good coordination of budget preparation with a mean of 3.21 and a standard deviation of 0.58;
- There is a link from various budget partners with a mean of 2.98 and a standard deviation of 0.58;
- There is synergy between various budget partners with a mean of 3.11 and a standard deviation of 0.56.

According to the researchers' observation, though the respondents are competent and skilled, their main challenge is lack of appropriate and prompt information on the budget preparation process.

Budget Execution as an Activity towards Effectiveness in Budget System

Research question one asked the perception of respondents in terms of budget execution. Budget execution is an activity of making the budget to be put into action or to be implemented in due time. It was important to capture perception of the budget execution in Rwanda budgetary system. Budget execution was done by skilled staff. This was realised when interviews were conducted where a record of standard deviation of 0.50565 was realized. The scale recorded 3.0693 in the perception index. It is important, therefore to note that budget execution was perceived to be driven towards effectiveness. If budget is carried out by people who are not skilled, it does not matter even if their decorum is above average, effectiveness will not be realized. It was also significant to note that budget execution involved budget mobilization. In the Likert scale of 1- 4, only 0.61453 deviation was note. It came out that 3.1238 mean was recorded. This was significant enough to prove the narrative of driving towards effectiveness. Mobilization of funds is a continuous process which can be realized even through internal controls. It came out clearly that mobilization of funds was a practice hence this was a factor in helping towards effectiveness and efficiency in budgetary system. Mobilization was done mainly through donor funding.

Table 2: Budget execution

	Mean	**Std. deviation**
Budget execution is driven by effectiveness	3.2475	.56262
Budget execution begin after budget approval by competent authorities	3.0693	.36671
Staff involved in budget execution are skilled	3.1337	.50565
Staff involved in budget execution are competent	3.1238	.61453
Staff involved in budget execution have integrity	3.0198	.51794
Budget execution involves funds mobilizations	3.1683	.63980
Budget execution involves budget allocations	3.2228	.56856
Budget is executed in conformity within the approved budget	3.1485	.56227
Budget execution	**3.1417**	**.26588**

The data in table 2 reveals that the ministries generally take into consideration budget system in terms of the budget execution for effective public financial management. The respondents perceived budget execution with a cumulative mean of 3.14 and a standard deviation of .026, implying that the respondents agree on this item and there is homogeneity of perception on this matter. The study under budget execution in ministries showed that the mean varies from 3.24 - 3.01 with the standard deviation of 0.56 and 0.51 respectively. The Researcher found out that item of “budget execution involving funds mobilization” has a mean of 3.16 and a standard deviation of 0.63. Respondents agree but have different views on this matter.

According to the interview, this difference of perception is caused by the management of cash flow in treasury which gives responsibilities of fund mobilization to other staff different from those who are in charge of budget on daily basis. The researcher also observed that fund mobilization with partners depends on the good will of donors and stakeholders and in some cases they may not support the budget as they had agreed before. This situation leads respondents to have different view associated with different people involved in mobilization of funds in ministries.

Budget Monitoring and Controls in managing effectiveness

In order to answer research question on budget controls various respondents were interviewed to seek their opinions on monitoring and controls. What is critical about budget monitoring is continuity of the control. It was important to sustain the continuity in monitoring. A mean of 3.2030 was realised, reporting a deviation of 0.58454. This data was confident enough to make conclusion that controls were continuous hence drive towards effectiveness was evident.

Table 3: Budget monitoring and controls

Items	**Mean**	**Std. Deviation**
Budget monitoring and control coordinates national efforts and resources in pursuit to national priorities	3.2228	.54167
Budget monitoring and controls is continuous	3.2030	.58454
Budget monitoring and control is enforced by MINECOFIN	3.1832	.41263
There is focus on regular feedback of budget execution	3.0693	.76954
Budget is monitored according to MINECOFIN budget policy	3.0495	.47581
Budget monitoring is in line with national mission	3.2189	.60153
Budget monitoring is in line with national strategies	3.0398	.65453
Budget monitoring and controls	**3.1405**	**.26863**

Table 3 shows budget monitoring and controls in the budget system for effective public financial management in selected ministries. In the analysis of perception on budget monitoring and controls, the findings indicate a cumulative mean of 3.14 with a standard deviation of 0.26, indicating homogeneity of respondents' perception. However, on the item about the focus of regular feedback on budget execution the mean rating is 3.06 (strong) and a standard deviation of 0.76 indicating heterogeneous of perception of respondents. On this item, respondents agreed but showed different views. According to the interview, the researcher discovered that there is no feedback on budget at various levels within the ministry.

At MINECOFIN level, the directorate of budget is getting feedback on a daily basis because of the use of software Smart FMIS and do not oblige the other ministries to report and therefore get a periodic feedback. The item “budget is in line with national strategies” has a mean of 3.01 (strong) and a standard deviation of 0.65 indicating heterogeneity of respondents' perception. Control forms an important ingredient of budgetary system hence it was significant that in a scale of 4 a mean of 3.01 was noted. Respondents agree on this item but with different perception and opinions. During the interview, it was found out that; implementation of national priorities through the budget system depends on the type of leadership. The researcher realized that some ministries close their budget year with under or overspending.

From table 4, it can be seen that the cumulative mean is 3.88 (strong) with a standard deviation of 0.26 indicating homogeneity of perception of respondents. This result shows significant variability from the mean implying differences in perceptions regarding the various areas of budget reporting. The highest mean is on item budget supported by documents which is 3.28 and as standard deviation of 0.51 implying that the respondents agree on this item and they are homogenous.

Table 4: Budget reporting

Items	**Mean**	**Std. Deviation**
Budget execution is reported according to MINECOFIN's standard	3.1881	.40428
Budget reporting is understandable	3.1535	.55648
Budget reporting is given regularly	3.1584	.54147
Budget reporting addresses all parties concern	3.0347	.62596
There are feedbacks from budget report	3.0842	.57980
Budget reporting is supported by documents	3.2871	.51518
Achievement of fixed priorities is considered in budget reporting	3.2673	.61314
Budget reporting ensures that national priorities are efficiently achieved	2.9950	.70179
Budget reporting	**3.1460**	**.26010**

Public Financial Management

Budgetary system cannot be effective when there is little or no good practice in public financial management. In order to answer research question 3 which asked whether or not there was a significant relationship between budget system and public financial management in achieving effectiveness respondents were asked several questions. Achievement of financial management goals was an outstanding question in this regard. In a scale of 4 a mean of 3.1535 was realized hence a standard deviation of 0.70620. Although the mean was expected to be much stronger it was important to note that goals were achieved in public financial management. Achievement of goals is an important factor in realizing effectiveness hence this was noted. Table 5 presents this phenomenon.

Table 5: Public financial management

Items	**Mean**	**Std. Deviation**
There is compliance of budget	3.0149	.47293
There is clean audit report	3.1040	.61010
There is achievement of financial management goals	3.1535	.70620
There is effective financial management	3.0842	.61316
There is public financial management committee in your ministry	3.0743	.58965
There is adequate public financial management	3.2315	.43440
Public financial management committee are operational	2.9950	.65028
Public financial management	**3.0978**	**.25504**

The item “There is adequate public financial management” has a mean of 3.16 (strong) and a standard deviation of 0.61 indicating heterogeneity of respondents’ perception though they agree that they have adequate public financial management. According to the interview with respondent, PFM committees are operational at all ministries level. Consequently, the government of Rwanda has initiated public financial programs aimed at providing transparency and accountability in central and local government. The item with the high mean was “There is adequate public financial management” with a mean of 3.61 and a standard deviation of 0.61. This means that the respondents agree that public financial management respect the policies. Generally, the study revealed that there is improvement in effective public financial management at all level of ministries.

Correlations co-efficiency

Correlation analysis measures the degree of relationship between two or more variables. Correlation analysis was done to determine the relationship between Assessment of Rwandan Budget System and the Effective Public Financial Management of selected Ministries. The Pearson’s correlation co-efficient was computed to measure the degree of relationships between assessment of Rwandan Budget System and Effective Public Financial Management of Selected Ministries

Table 6: Correlations

		Budget preparation	Budget execution	Budget monitoring & controls	Budget reporting
Public financial management	Pearson Correlation	.397**	.457**	.308**	.343**
	Sig.(2-tailed)	.000	.000	.00000	.000
	N	202	202	202	202

Correlation is significant at the 0.01 level (2-tailed).

From table 6, the value is closer to 1 indicating a strong correlation, which means that the value with a high number closer to 1 has a big influence on others. When the value is closer to 0 it signifies a weak correlation meaning that the independent valuables cannot affect the dependent valuables. From the above case as the Budget preparation and Execution are high; this implies that a change in these 2 values can have significant effect on public financial management. Nonetheless, the remaining values are not highly correlated as compared to the previous ones hence a change in budget preparation and execution cannot highly affect the implementation of monitoring, control and budget reporting. In respect to sig (2- tailed) the significance value is = 0.000 indicating a significant correlation between assessment of Rwandan budget system and effective public financial management of selected ministries. The significant value indicates that the two variables that is Rwandan budget Systemand effective financial management of selected Ministries are significantly correlated since significance value is 0.000 which is less than 0.05, which is the maximum significance value to declare a significant relationship. Hence null hypothesis which says that there is no relationship between assessment of Rwandan budget system and effective public financial management of ministries is rejected.

CONCLUSION

The research indicated that there is a positive correlation between budget preparation and public financial management at a Pearson correlation of 0.397. The significance is very strong. Meanwhile there is a need to improve the budget coordination in terms of fund mobilization, synergies between partners and the government, resources allocation in terms of respecting MINECOFIN guidelines. It has been established that there is a positive correlation between budget execution and public financial management at Pearson correlation of 0.457. The research revealed some weaknesses in terms of effectiveness, competence, and fund mobilization. Additionally, the research indicated that there is a positive correlation between Budget monitoring and controls and effective public financial management at a Pearson correlation of 0.307. This research indicated that there is a need to improve regular feedback to all staff involved in budget process during the whole period of the financial year, monitoring of achievement of national mission and strategies; regular or continuous budget monitoring and control. According to the research, on budget reporting, there is a positive correlation between the budget reporting and the effective public financial management at a Pearson correlation of 0.358. This research demonstrated that the Budget reporting does not ensures that national priorities are efficiently achieved, achievement of fixed priorities is not considered in budget reporting, There are no feedbacks from budget report, budget reporting does not addresses all parties concern.

Therefore, according to these research findings, the Ministry of finance and economic planning of Rwanda should know that in order to have effective public financial management, the Rwandan budget system must put emphasis, firstly, on good coordination of budget preparation in terms of fund mobilization, resources allocation and synergies between partners and the government. Secondly, the Ministry should focus on effectiveness, competencies, and fund mobilization during budget execution. Thirdly, it should provide regular feedback to all staff involved in the budget process during the whole period of the financial year, monitoring of achievement of national mission and strategies and continuous budget monitoring and control. Finally, the Ministry should also ensure that national priorities are efficiently achieved, particularly those considered in budget reporting, and always provide feedback to all parties concerned.

LIMITATIONS OF THE STUDY

Since the Ministries' headquarters are spread all over the city of Kigali, the researcher travelled to all of the sampled Ministries' headquarters to administer the questionnaires. Regrettably, the response from some Ministries was not so good. 70% of the sampled Ministries' employees filled and returned the questionnaires, 24% did not respond, while 6% of the sampled Ministries' employees declined to participate in the study. According to Altinay and Paraskevas (2008, p. 99), there is no generally agreed standard for a minimum acceptable response rate. However, Altinay and Paraskevas (2008, p. 99) argued that researchers generally consider an acceptable response rate to be anything from 15% to 20% and above, with 10% being the minimum.

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