

The Effect of Internal Audit on Budget Management of Local Government of Rwanda

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Abstract

This study aimed at investigating the effect of internal audit on budget management of local government of Rwanda taking Musanze District as case study. The problem of failing to consolidate transactions and balances of NBAs in financial statements of local government has still persisted. Many local governments have not been examining efficiently the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less budget execution from their activities or operations. Moreover to prove the general objective, the results of this study was presented in accordance with specific objectives stated by the researcher such as, to analyze the internal audit functions in local government of Rwanda; to assess budget process and execution in local government in Rwanda and to analyze the relationship between internal audit and budget process and execution in Rwanda. Descriptive research design was adopted for this study using both qualitative and quantitative methods of data collection. The study used a sample of 18 employees of Musanze District office selected purposive sampling techniques from a targeted population of 18 employees from department of finance of Musanze district Office. The study used primary data collected from semi-structured questionnaires. Based on the findings of this study, it was found that asset management; management control and staffing management are well used to enhance good budgeting process and execution in local government as it was indicated by 100

Index terms— internal audit, budget process, execution and local government.

1 The Effect of Internal Audit on Budget Management of Local Government of Rwanda Jean Bosco Harelimana

Abstract-This study aimed at investigating the effect of internal audit on budget management of local government of Rwanda taking Musanze District as case study. The problem of failing to consolidate transactions and balances of NBAs in financial statements of local government has still persisted. Many local governments have not been examining efficiently the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less budget execution from their activities or operations. Moreover to prove the general objective, the results of this study was presented in accordance with specific objectives stated by the researcher such as, to analyze the internal audit functions in local government of Rwanda; to assess budget process and execution in local government in Rwanda and to analyze the relationship between internal audit and budget process and execution in Rwanda. Descriptive research design was adopted for this study using both qualitative and quantitative methods of data collection. The study used a sample of 18 employees of Musanze District office selected purposive sampling techniques from a targeted population of 18 employees from department of finance of Musanze district Office. The study used primary data collected from semi-structured questionnaires. Based on the findings of this study, it was found that asset management; management control and staffing management are well used to enhance good budgeting process and execution in local government as it was indicated by 100% of respondents. The budget process and execution in local government is based on budget formulation; budget

3 II. MATERIAL AND METHODS

43 proposal and dialogue, budget monitoring, budget adjusting, budget control and budget reporting (100%). As
44 significant level is at 0.01 (1%), the p value of 0.000(i.e. 0.0%) is less than 1%. This leads to confirm that
45 there is significant relationship correlation between internal audit and budget process and execution in Musanze
46 district office. As it was recommended that Musanze District should put more efforts in raising more revenue to
47 supplement the government transfers and smoothen the budget execution.

48 2 General Introduction

49 he problem of failing to consolidate transactions and balances of Non Budget Agencies (NBAs) in financial
50 statements of local government has still persisted. Many local governments have not been examining efficiently
51 the internal audit in budgeting process and execution and this has consequently led to mismanagement; lack
52 of control and less budget Author: Institut d' Enseignement Superieur de Ruhengeri Musanze, Rwanda, P.O.B.
53 755 Musanze. e-mail: harelijordan@yahoo.fr execution from their activities or operations (Raghunandan et al.
54 , 2012).

55 According to Association of Certified Faud Examiners (2014), the majority of organizations today have
56 created the internal audit department to examine the fraud issues, financial reporting and misappropriation of the
57 organizations assets by ensuring accuracy, objectivity and consistency of the financial statements as a prerequisite
58 in monitoring proper organizational financial performance. Hansen & Kraemmergaard (2013) confirm that ,
59 accessing the high level of budgeting process and execution is a challenging task for local government. However,
60 these financing constraints tend to be more difficult for some local government to overcome. (Brook, 2010).
61 Hawkesworth et al.(2011) shown that, many local governments have not been examining efficiently the internal
62 audit in budgeting process and execution and this has consequently led to mismanagement; lack of control and less
63 budget execution from their activities or operations. However, there is no evidence of adequate follow up done to
64 verify the accountability reports submitted to Districts by non-budget agencies and to follow up activities reported
65 by non budget agencies. Such follow up should have been done on a regular basis by Internal Audit unit (Onumah
66 & Kraah, 2012). As a consequence, there is a continued problem of misuse and misappropriation of public funds
67 being perpetuated through non budget agencies.

68 The question that arises to the researcher therefore, is to make the analysis on the role of internal audit in
69 budgeting process and execution on local government in Rwanda.

70 The main objective of this study is to assess the effect of internal audit on budget process and execution
71 of local government in Rwanda. Specific objectives of this study are the following: To analyze the internal audit
72 functions in local government of Rwanda; to assess budget process and execution in local government in Rwanda
73 and to analyze the relationship between internal audit and budget process and execution in Rwanda.

74 The usefulness of this research is the improvement of the budgeting process and execution based on internal
75 audit system in local government, the results of findings is very useful to the government. The Government
76 and people now know how it can intervene in budgeting process and execution of much internal audit system in
77 local government in Rwanda through its policies and regulations in terms of taxes. The local government is the
78 backbone of development of its citizens through the funds invested from non budget agencies and national budget
79 prepared and issued by MINALOC if were used and reported well so the internal audit must involved in the
80 management of those funds in order to show the accuracy and fair value of report from Local government. The
81 reason why the researcher intends to assess the effect of internal audit in budget process and execution of local
82 government. The local government is great get importance because some suggestions clarifies where they have to
83 improve and how they are supposed to do it in terms of its budget implementation.

84 3 II. Material and Methods

85 In conducting this research, the data were obtained from primary and secondary sources. The primary data was
86 collected by use of a structured interview and questionnaires and the secondary data was obtained from different
87 data base including books and Musanze District annual report.

88 According to Bartlett et al. (2001), population is the full set of cases from which a sample is taken. Population
89 of this study is concerned with all staffs (employees) working in Musanze District (Headquarters) whereby 63
90 district members of staff were considered as the population to study.

91 According to Stumpf & Kerle (2011), "the sample is to choose a limited number of individuals, of object or
92 events whose observation makes it possible to draw the conclusions applicable to the whole population inside
93 which the choice is made". This definition relates to the fact of starting from a limited number of elements to draw
94 the conclusions applicable to the unit in which were drawn. Daniel (2012) further defined purposive sampling as
95 a type of sampling in which, "particular settings, persons, or events are deliberately selected for the important
96 information they can provide that cannot be gotten as well from other choices. Purposive sampling technique
97 was used to select respondents from different units of the district office and sectors because they were expected
98 to have necessary information with respect to objectives of the study, their availability and their willingness
99 to participate. The questionnaire was administered to the 18 respondents who are related with budget process
100 and execution from employees of Musanze District. Moreover, Secondary data was obtained from many existing
101 documents.

102 As said by Teubner & Woods (2013), data processing is concerned with classifying responses into meaningful
103 category called codes ; it consists of editing the schedule and coding the responses. The data processing included:
104 editing, coding, and tabulation. Data was cleaned and edited to ensure consistence of responses.

105 Becker et al. (2013) defined data analysis as the process of compiling and study data to provide summaries,
106 description and conclusion. Data analysis is developed to deal with manipulation of the information that was
107 gathered so as to present the evidence. Regarding this research the researcher was analyze views give finding by
108 respondent through questionnaire .on this, the qualitative technique was be used. All of those were applied in
109 order to find out and assess the relationship between the both variables included in this study. After coding, data
110 were input into the statistical package for social sciences (SPSS) for analysis. The data were analyzed using the
111 descriptive statistics like percentages in frequency table in statistical package for social science (SPSS) software
112 version 20.

113 4 III.

114 5 Results and Discussion

115 This chapter presents data gathered from Musanze district office using questionnaires administered, interviews
116 conducted and documentary review. The chapter also presents the analysis of the data with relevant interpretation
117 and from the presented data, conclusion and suggestions were drawn.

118 6 a) Characteristics of Respondents

119 This section was considered imperative that the biographical information of sampled respondents. Presented
120 information includes gender, age, education level and years of working experience.

121 Gender was assessed in this study since gender can affect the level of judgment on a given phenomenon.
122 Hence, the researcher wanted to determine the gender of the respondents and asked to respondents to indicate
123 their gender as depicted in the table below. The Table 3.1 illustrates that 77.8% of respondents were male whereas
124 22.2% of respondents were female. This implies that majority of respondents are males indicating that males
125 are more than female in the sample. However, since the research were not gender sensitive the researcher deduct
126 that the information that is obtained from both male and female will be equally relevant and reliable to answer
127 the stated research questions. This implies that both women and men have adequate information on the budget
128 processing and execution in Musanze District Age of respondents was identified since age would affect the level of
129 judgment of individuals. Here the researcher wanted to know the age distribution of respondents included in the
130 sample. Hence, respondents were requested to indicate their age category as depicted by the table below. Table
131 above depicts that 100% of respondents were in the age range of 26 years and above. This implies that sampled
132 respondents are distributed in all categories of age and involve young and mature as well as old individuals who
133 are employees of Musanze district. This indicates that the information collected from these individuals covers
134 ideas and opinions of individuals in many different age categories which make it accurate considering its source.

135 Education level of respondents was assessed in this study since education achievement represents the potential
136 and ability to reflect on a given phenomenon. Hence, respondents were asked to indicate their highest level of
137 education to ensure that selected respondents are knowledgeable about the variables under study. The results
138 are presented in the table below. Table 3.3 illustrates that 77.8% of respondents acquired masters and bachelors
139 as their highest level of education whereas majority of respondents equivalent to 77.8% attained university and
140 are masters or bachelors' degree holders in different field of study whereas 16.7% of respondents have advanced
141 diploma and 5.6 attained Secondary. This implies that majority of sampled respondents have acquired degrees
142 and another portion have diploma in different field of study which makes them able to understand the questions
143 and provide information on the variables under study.

144 Experience is considered worth an asset for an organization because the long experience that one has in
145 executing the task, the more expertise they accumulated making them better task performers. Here, the researcher
146 wanted to know the period in which they worked for Musanze district. Hence, respondents were asked to indicate
147 the period for which they had served for the institution under study to ensure that sampled employees have
148 adequate information about the functioning of the budgeting process in the District. Table 3.5 shows the years of
149 service for which respondents worked for Musanze district. Findings in the table 3.5 show that 61.1% of respondents
150 have worked for Musanze District for a period of 5 years and above whereas minority of respondents equivalent to
151 38.9% of respondents have worked for the district in a period between 3 to 4 years. This implies that the majority
152 of respondents worked for the district for a considerably long period indicating that they have vast information
153 about the functioning of the budget processing and execution of Musanze District they work for.

154 7 b) Analysis of Respondents' Views on Internal Audit of 155 Budget Process and Execution in Local Government

156 Preparation of budgets in an organization is a management function as well as an accounting task.

157 Here, the study wanted to know the budget processing and execution's practices adopted by Musanze district
158 and requested respondents to present their views on different practices and functions. Hence, this section presents
159 the budget processing and execution practices adopted by Musanze district.

7 B) ANALYSIS OF RESPONDENTS' VIEWS ON INTERNAL AUDIT OF BUDGET PROCESS AND EXECUTION IN LOCAL GOVERNMENT

160 Respondents were asked to highlight whether asset management is a systematic approach of maintaining and
161 operating physical assets in Musanze district office. The view of respondents is presented in tables below:
162 According to the table 3.6, the greater number about 61.1% of respondents agreed that asset management
163 is a systematic approach of maintaining and operating physical asset sin Musanze District while 38.9% of all
164 respondents strongly agreed that asset management is a systematic approach of maintaining and operating physical
165 assets in Musanze District. This means that asset management is well used in Musanze District office in order to
166 make a good budget preparation and execution through good practice of internal audit. This is in line with Zhang et
167 al. (2009) who stated that asset management is a systematic approach of maintaining, upgrading, and operating
168 physical assets cost effectively. Bhamidipati (2015) added that it combines engineering principles with sound
169 business practices and economic theory, and it provides tools to facilitate a more organized, logical approach to
170 decision making. Thus, asset management provides a framework for handling both short- and long-range planning.
171 D

172 According to the table 3.7, the greater number about 55.6% of respondents agreed that asset management is
173 a methodology to efficiently and equitably allocate resources among valid and competing goals and objectives in
174 Musanze District while 44.4% of all respondents strongly agreed that asset management is a methodology to
175 efficiently and equitably allocate resources among valid and competing goals and objectives in Musanze District.
176 This means that asset management is well used in Musanze District office in order to make a good budget
177 preparation and execution through good practice of internal audit. This findings is in line with Pedersen &
178 Garleanu (2015) who stated that asset management is a methodology to efficiently and equitably allocate resources
179 amongst valid and competing goals and objectives. Finally, Bloch & Bloch, (2017), emphasizes the service to
180 the public, which is the end customer of the road agencies and administrations and to him, asset management
181 is a systematic process of maintaining, upgrading and operating assets, combining engineering principles with
182 sound business practice and economic rationale, and providing tools to facilitate a more organized and flexible
183 approach to making the decisions necessary to achieve the public's expectations.

184 Respondents were asked to highlight whether management control is well applied in Musanze District office. The
185 view of respondents is presented in tables below: According to the table 3.8, the greater number about 55.6%
186 of respondents strongly agreed that management control is well applied in Musanze District office while 44.4% of
187 all respondents strongly agreed that management control is well applied in Musanze District office. This means
188 that management control is well applied in Musanze District office in order to make a good budget preparation and
189 execution through good practice of internal audit.

190 The findings is in line with Brown (2008) who stated that a management control system (MCS) is a system
191 which gathers and uses information to evaluate the performance of different organizational resources like human,
192 physical, financial and also the organization as a whole in light of the organizational strategies pursued. According
193 to the table 3.9, the greater number about 50.0% of respondents strongly agreed that Musanze district office use
194 formal management control system while 50.0% of all respondents strongly agreed that Musanze district office
195 use formal management control system. This means that management control is well applied in Musanze District
196 office in order to make a good budget preparation and execution through good practice of internal audit.

197 The findings is in line with Armesh et al. (2010) who stated that management control system influences the
198 behavior of organizational resources to implement organizational strategies. Management control system might be
199 formal or informal. According to the table 3.10, the greater number about 50.0% of respondents strongly agreed
200 that management control helps Musanze district office to achieve its objectives while 50.0% of all respondents
201 strongly agreed that management control helps Musanze district office to achieve its objectives in order to make
202 a good budget preparation and execution through good practice of internal audit. Those findings are confirmed
203 by the research done by Raduan et al. (2009) that who stated that management control systems are tools to aid
204 management for steering an organization toward its strategic objectives and competitive advantage. Management
205 controls are only one of the tools which managers use in implementing desired strategies. However strategies get
206 implemented through management controls, organizational structure, human resources management and culture
207 (Riccaboni & Luisa Leone, 2010).

208 Respondents were asked to highlight whether staff management is well applied in Musanze District office in its
209 internal audit staffing. The view of respondents is presented in tables below: According to the table 3.11, the
210 greater number about 50.0% of respondents strongly agreed that Staff management is well applied in Musanze
211 District office in its internal audit staffing while 50.0% of all respondents strongly agreed that Staff management
212 is well applied in Musanze District office in its internal audit staffing in order to make a good budget preparation
213 and execution through good practice of internal audit. This is in the line with Brymer et al. (2014) who stated
214 that before hiring or beginning any type of internal audit staffing, the organization must determine its human
215 capital strategy. According to the table 3.12, the greater number about 61.1% of respondents agreed that Staff
216 management is well applied in Musanze District office in its internal audit staffing while 38.9% of all respondents
217 strongly agreed that staff management is well applied in Musanze District office in its internal audit staffing in
218 order to make a good budget preparation and execution through good practice of internal audit. This is in the
219 line with Hoekstra (2011) who stated that the first human capital model is the experienced hire career model.
220 An International Accreditation Forum (IAF) that utilizes this model focuses on hiring or "importing" experienced
221 personnel from within or outside the organization (Scontrino, 2006). These functions want to ensure that they
222 have auditors with specialized business knowledge and skills. Internal auditing is seen as a permanent career

223 destination (Jans, Alles, & Vasarhelyi, 2013). The migration model also focuses on ensuring that the IAF is
224 staffed with individuals Core auditors remain with the IAF for an indefinite period of time. This model employs
225 the IAF as a management training ground. Finally, IAFs that employ the change agent model view the IAF as
226 an integral part of the organization's human resource strategy. "Companies using this model selectively deploy
227 talent through internal audit to create a pipeline of corporate change agents who flow continuously into business
228 units. Here, the migration of talent to line businesses occurs as part of a formal corporate strategy to achieve this
229 objective and is a primary performance metric for internal audit" (Abbott et al., 2016). 16.7% of all respondents
230 agreed that internal auditing is seen a permanent career destination in Musanze District office. This means that
231 internal auditing is seen a permanent career destination in Musanze District office as it indicated by 100% of
232 respondents. This is due to the good practice of internal audit. This is in line with Sarens et al. (2011) who
233 stated that internal auditing is seen as a permanent career destination. The migration model also focuses on
234 ensuring that the IAF is staffed with individuals who possess skills that are proven to make the IAF a successful
235 part of the organization. While this model is not designed to automatically move personnel from the IAF to
236 management positions, the movement of successful internal auditors into other areas of the organization is seen
237 as a positive sign of the IAF's ability to add value to the organization (Prawitt et al., 2012). On the other hand,
238 the strategy implicit in the consulting model's strategy is to recruit auditors into the IAF only to later move
239 these individuals into other organizational functions. Under this model, the IAF consists of a group of consultant
240 auditors and another group of core auditors. Consultants are internal auditors who expect to move to other areas
241 of the organization upon gaining valuable experience within the IAF. Core auditors remain with the IAF for an
242 indefinite period of time (Mat Zain et al., 2015).

243 The respondents view on budget process and execution in Musanze district office. The view of respondents is
244 presented in tables below: Table 3.14 reveals that the 61.1% of respondents strongly agreed that budget process
245 and execution in Musanze district office is well used while 38.9% of all respondents agreed that budget process and
246 execution in Musanze district office is well used. This is due to the good practice of internal audit. According to
247 Johansson & Siverbo (2014), budget process refers to the process by which governments create and approve a
248 budget, which is as follows: The Financial Service Department prepares worksheets to assist the department
249 head in preparation of department budget estimates; the Administrator calls a meeting of managers and they
250 present and discuss plans for the following year's projected level of activity; the managers can work with the
251 Financial Services, or work alone to prepare an estimate for the departments coming year; the completed budgets
252 are presented by the managers to their Executive Officers for review and approval; Justification of the budget
253 request may be required in writing. In most cases, the manager talks with their administrative officers about
254 budget requirements. Adjustments to the budget submission may be required as a result of this phase in the
255 process. Table 3.15 reveals that the 88.9% of respondents agreed that budget proposals and dialogue is used
256 in budget process and execution in Musanze district office while 11.1% of all respondents agreed that budget
257 proposals and dialogue is used in budget process and execution in Musanze district office. This means that budget
258 proposals and dialogue is used in budget process and execution in Musanze district office as it indicated by 100%
259 of respondents. This is due to the good practice of internal audit. This is in line with Higdon & Topp (2004) who
260 stated that a budget proposal must establish parameters for measuring performance with regard to attaining
261 goals and meeting benchmarks. According to National Priorities Project (2016), measuring performance could
262 be something as simple as monthly sales figures for a small business budget proposal or as complex as the national
263 unemployment rate for the federal government's budget proposal. This standard helps the business predict the
264 likelihood of meeting the goals set forth in the budget proposal. A budget proposal with a high standard for
265 measuring performance may have a lower chance of meeting goals than a budget which requires lower performance
266 numbers (Nisbet et al., 2012). Table 3.16 reveals that the 55.6% of respondents agreed that budget monitoring is
267 used in budget process and execution in Musanze district office while 44.4% of all respondents agreed that budget
268 monitoring is used in budget process and execution in Musanze district office. This means that budget monitoring
269 is used in budget process and execution in Musanze district office as it indicated by 100% of respondents. This
270 is due to the good practice of internal audit. According to Sponem & Lambert (2016), during budget monitoring,
271 to be successful, a budget proposal must quantify a business' objectives and identify how those objectives may
272 be reached. These are confirmed by Susha et al. (2015) who said that a budget proposal accomplishes this task
273 by creating benchmarks throughout the year, identifying when goals should be met and the level of performance
274 necessary for those benchmarks to be attainable. These benchmarks should be flexible, allowing the business the
275 ability to shift its goals and performance levels easily to compensate for more financially permissible or adverse
276 market conditions. Table 3.17 reveals that the 72.2% of respondents agreed that budget adjusting is used in budget
277 process and execution in Musanze district office while 27.8% of all respondents agreed that budget adjusting is
278 used in budget process and execution in Musanze district office. This means that budget adjusting is used in
279 budget process and execution in Musanze district office as it indicated by 100% of respondents. This is due to
280 the good practice of internal audit. This findings are in line with Raghunandan et al. (2012) who stated that
281 budgeting adjusting is an extremely individual process which in large part is tied to the fact that we can provide
282 estimates, but we cannot ensure that all students will incur the same cost of living nor that students will arrive
283 with the same financial resources. A hefty part of budgeting comprises an individual's financial resources, such
284 as personal assets and/or financial assistance. Table 3.18 reveals that the 55.6% of respondents agreed that
285 budget control is used in budget process and execution in Musanze district office while 44.4% of all respondents

10 B) RECOMMENDATIONS

286 agreed that budget control is used in budget process and execution in Musanze district office. This means that
287 budget control is used in budget process and execution in Musanze district office as it indicated by 100% of
288 respondents. This is due to the good practice of internal audit. These are in the line with Abata (2014) who
289 confirm that Budgetary control refers to how well managers utilize budgets to monitor and control costs and
290 operations in a given accounting period. In other words, budgetary control is a process for managers to set
291 financial and performance goals with budgets, compare the actual results, and performance. Table 3.19 reveals
292 that the 61.1% of respondents agreed that budget process and execution in Musanze district office while 27.8% of
293 all respondents agreed that budget process and execution in Musanze district office while 11.1% of all respondents
294 agreed that budget process and execution in Musanze district office. This means that budget process and execution
295 in Musanze district office as it indicated by 100% of respondents. This is due to the good practice of internal
296 audit. A budget report is an internal report used by management to compare the estimated, budgeted projections
297 with the actual performance number achieved during a period. In other words, a budget report is designed
298 to compare how close the budgeted performance was to the actual performance during an accounting period
299 (MELITSKI & MANOHARAN, 2014).

300 Respondents were asked to highlight whether there is a relationship between internal audit and budget process
301 and execution in Musanze district office. Respondents' view is presented in table below. Table 3.20 reveals
302 that the 77.8% of respondents agreed that internal audit contributes to the budget process and execution in
303 Rwanda at high level (80%-100%) while 22.2% of all respondents agreed that internal audit contributes to the
304 budget process and execution in Rwanda at medium level (50%-79%). This means that there is a relationship
305 between internal audit and budget process and execution in Musanze district office. This is in the line with Frazer
306 (2012) who stated that determine the accuracy and propriety of financial transactions, evaluate financial and
307 operational procedures for adequacy of internal controls and provide advice and guidance on control aspects of
308 new policies, processes systems, verify the existence of assets and ensure that proper safeguards are maintained
309 to protect them from loss, determine the level of compliance with the ministry policies and procedures, and
310 Government laws and regulations, evaluate the accuracy, effectiveness, and efficiency of the electronic information
311 and processing systems, to determine the effectiveness and efficiency of Ministry in accomplishing mission and
312 identify operational opportunities for cost savings and revenue enhancements, coordinate audit efforts with, and
313 provide assistance to, the Audit committee and external auditors finally to investigate fiscal misconduct.

314 All responses related to the questions of the reasons of the internal audit were summarized to generate a
315 representative independent variable while all responses related to budget process and execution in Musanze
316 district office were totaled to give the dependent variable.

317 8 Source: Primary data, 2016

318 The variation of Spearman Coefficient correlation is between -1 and 1. Spearman Coefficient correlation has
319 significance when it is equal or greater than 0.01. According to the research, the correlation was 0.987 (98.7%)
320 is located in the interval [0.75-1.00] [categorized as positive and high correlation. As significant level is at 0.01
321 (1%), the p value of 0.000 (i.e. 0.0%) is less than 1%. This leads to confirm that there is significant relationship
322 correlation between internal audit and budget process and execution in Musanze district office. This is in the
323 line stated by Feng et al. (2015) that to determine the accuracy and propriety of financial transactions, evaluate
324 financial and operational procedures for adequacy of internal controls and provide advice and guidance on control
325 aspects of new policies, processes systems, verify the existence of assets and ensure that proper safeguards are
326 maintained to protect them from loss, determine the level of compliance with the ministry policies and procedures,
327 and Government laws and regulations, evaluate the accuracy, effectiveness, and efficiency of the electronic
328 information and processing systems, to determine the effectiveness and efficiency of Ministry in accomplishing
329 mission and identify operational opportunities for cost savings and revenue enhancements, coordinate audit efforts
330 with, and provide assistance to, the Audit committee and external auditors finally to investigate fiscal misconduct.

331 9 IV. Conclusion and Recommendations a) Conclusion

332 Based on the findings of this study, the researcher concluded that asset management; management control and
333 staffing management are well used to enhance good budgeting process and execution in local government. The
334 budget process and execution in local government is based on budget formulation; budget proposal and dialogue,
335 budget monitoring, budget adjusting, budget control and budget reporting. As significant level is at 0.01 (1%),
336 the p value of 0.000 (i.e. 0.0%) is less than 1%. This leads to confirm that there is significant relationship
337 correlation between internal audit and budget process and execution in Musanze district office.

338 10 b) Recommendations

339 Based on the findings and conclusions of this study, the following suggestions are made for the budgeting and
340 budgetary controls of the district to happen in accordance to the regulations and achieve the desired goals and
341 objectives.

342 ? Musanze District should intensify capacity building of its employees in the field of budgeting and budgetary
343 controls ensure that officers keep abreast of the new developments in the field of public finance budgeting. ?
344 Musanze District should improve the participation of all stakeholders in budget execution in enhancing the overall

345 budget performance. ? Musanze district should adopt flexible budget which enables the District to adjust possible
 346 variances in the course of budget implementation. ? Government of Rwanda should provide its transfers to the
 347 Districts and other government institutions at the right time to ensure the timely availability of funds for budget
 348 execution and implementation. ? Musanze District should put more efforts in raising more revenue to supplement
 349 the government transfers and smoothen the budget execution. ? The researcher suggested that further similar
 350 studies need to be conducted in other public institutions in Rwanda in order to assess whether the study could
 351 yield similar findings regarding effect of budgeting and budgetary controls on financial performance of public
 institutions.^{1 2}

31

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	14	77.8	77.8	77.8
Female	4	22.2	22.2	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 1: Table 3 . 1 :

32

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 26 and above	18	100.0	100.0	100.0

Source: Primary Data, 2016

Figure 2: Table 3 . 2 :

33

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate	1	5.6	5.6	5.6
Diploma	3	16.7	16.7	22.2
Degree	14	77.8	77.8	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 3: Table 3 . 3 :

352

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10 B) RECOMMENDATIONS

35

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid3-4 years	7	38.9	38.9	38.9
5 years and above	11	61.1	61.1	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 4: Table 3 . 5 :

36

	Frequency	Percent	Valid Percent	Cumulative Percent
ValidAgree	11	61.1	61.1	61.1
Strongly Agree	7	38.9	38.9	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 5: Table 3 . 6 :

37

Year
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Valid	Agree	10	55.6	55.6	55.6
	strongly agree	8	44.4	44.4	100.0
	Total	18	100.0	100.0	

Source:
Primary Data,
2016

Figure 6: Table 3 . 7 :

38

	Frequency	Percent	Valid Percent	Cumulative Percent
ValidAgree	8	44.4	44.4	44.4
Strongly Agree	10	55.6	55.6	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 7: Table 3 . 8 :

39

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	9	50.0	50.0	50.0
Strongly agree	9	50.0	50.0	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 8: Table 3 . 9 :

310

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	9	50.0	50.0	50.0
Strongly Agree	9	50.0	50.0	100.0
Total	18	100.0	100.0	

Figure 9: Table 3 . 10 :

311

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	9	50.0	50.0	50.0
Strongly agree	9	50.0	50.0	100.0
Total	18	100.0	100.0	

Figure 10: Table 3 . 11 :

312

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	11	61.1	61.1	61.1
Strongly agree	7	38.9	38.9	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 11: Table 3 . 12 :

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3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	83.3	83.3	83.3
	Strongly agree	3	16.7	16.7	100.0
	Total	18	100.0	100.0	

Table 3.13 reveals that the 83.3% of respondents agreed that internal auditing is seen a permanent career destination in Musanze District office while

Figure 12: Table 3 .

314

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	7	38.9	38.9	38.9
Strongly agree	11	61.1	61.1	100.0
Total	18	100.0	100.0	

[Note: Source: Primary Data, 2016]

Figure 13: Table 3 . 14 :

3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	2	11.1	11.1	11.1
Strongly Agree	16	88.9	88.9	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 14: Table 3 .

3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agree	8	44.4	44.4	44.4
Strongly agree	10	55.6	55.6	100.0
Total	18	100.0	100.0	

[Note: Source: Primary Data, 2016]

Figure 15: Table 3 .

3

	Musanze district office			
	Frequency	Percent	Valid Percent	Cumulative Percent
ValidAgree	13	72.2	72.2	72.2
Strongly agree	5	27.8	27.8	100.0
Total	18	100.0	100.0	

Source: Primary Data,
2016

Figure 16: Table 3 .

3

	Musanze district office			
	Frequency	Percent	Valid Percent	Cumulative Percent
ValidAgree	8	44.4	44.4	44.4
Strongly Agree	10	55.6	55.6	100.0
Total	18	100.0	100.0	

Source: Primary Data,
2016

Figure 17: Table 3 .

3

	Musanze district office			
	Frequency	Percent	Valid Percent	Cumulative Percent
ValidNot sure	2	11.1	11.1	11.1
Agree	11	61.1	61.1	72.2
Strongly agree	5	27.8	27.8	100.0
Total	18	100.0	100.0	

Source: Primary Data,
2016

Figure 18: Table 3 .

320

	Frequency	Percent	Valid Percent	Cumulative Percent
ValidMedium (50%-79%)	4	22.2	22.2	22.2
HIGH (80%-100%)	14	77.8	77.8	100.0
Total	18	100.0	100.0	

Source: Primary Data, 2016

Figure 19: Table 3 . 20 :

3

21: Correlations

Internal audit

Budget process and execution in Musanze district office

Figure 20: Table 3 .

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356 .2 D

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