

Effect of Government Expenditure Management Control Mechanism on Service Delivery in Public Institution in Rwanda- A Case Study of WASAC Limited

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Abstract: *The purpose of this study was to examine the effect of government expenditures management control mechanisms on service delivery in public institutions in Rwanda because there are many issues and problems related to government funds such as over-spending, under-utilized and unauthorized expenditures which have been raised while contributing to the risks of public funds. The risks that had led to the mismanagement of fund influenced the service delivery while it failed to achieve its main objectives by the government entities or bodies accountable for it. The study was achieved by three specific objectives namely; to analyze the effect of planning and budget on service delivery in WASAC LTD; to examine the effect of clearance mandate on service delivery in WASAC LTD and to assess the effects of auditing practices on service delivery in WASAC LTD. The research is significant to the researcher, government and JKUAT. Researcher used a descriptive study based on qualitative and quantitative approach. The population of the study was 898, out of which 277 was taken as a sample. In analysis the researcher used a multivariate regression (Chi test) analysis to determine the relationship between the dependent and the independent variables. From the findings it was established that WASAC LTD have government expenditures management control mechanisms which includes budget planning, clearing mandates and auditing practices. The regression equations established that taking all factors into account Service delivery as a result of (budget planning, clearance mandate, and auditing practices) at Zero service delivery in WASAC LTD. The equation presented also shows that taking all other independent variables at zero, a unit increase in Budget planning would lead to a 0.320-unit increase in the scores of services delivery in WASAC LTD, a unit increase in Clearance mandate would lead to a 0.420-unit increase in service delivery in WASAC LTD and a unit increase in auditing practices would lead to a 0.449 increase in service delivery in WASAC LTD. In establishing the relationship between government expenditures management control mechanisms and Service delivery WASAC LTD whereby the respondent's N is 277 and the significant level is 0.01, the results indicate that independent variable has positive high correlation to dependent variable equal to .815** and the p-value is .000 which is less than 0.01. P-value is less than significant level, therefore the researcher concludes that variables are correlated and null hypothesis is rejected and remains with alternative hypothesis. This means that there is a significant relationship between government expenditures management control mechanisms and Service delivery in WASAC LTD. We can therefore conclude government expenditures management control mechanisms highly contribute positive to Service delivery in WASAC LTD by 81.5%.*

Keywords: Auditing practices, Clearance Mandate, Budget Planning, Government expenditure management and Service Delivery

1. Introduction

Analysis of government expenditure constitutes a central issue in public sector economics and public finance literature. Understanding the reasons for government spending growth has been a central concern of public sector economists. This is due to the fact that most economies of the world have consistently had increased government expenditures. Looking at the government expenditure in the form of publicly supplied goods and services, and other public spending, a series of issues has been addressed. According to (World Bank, 2008), the costs of providing these goods and services are borne by the community and the demand for them is decided collectively. Many developing countries are currently undergoing substantial macroeconomic and structural adjustment. Whether or not such programs are affecting government expenditure and hence longer term economic growth and poverty reduction is still not clear (Premchand, 2015). Fiscal operations of governments, especially of developing countries, are crucial because government expenditures provide channels for their growth.

2. Statement of the Problem

Managing public financial management system in an effective manner is the key in public finance. This is because it involves major sums of money collected from various sources through taxation incomes, grants and loans either from the public or even external sources such as donors like the World Bank and DFID. The funds collected will then need to be spent wisely and accordingly based on what being planned in the budgetary processes. Campos & Phadhan (2016), stated that a good government expenditure management should consists of three key objectives namely, fiscal discipline (expenditure control); allocation of resources consistent with policy priorities ("strategic" allocation); and good operational management. Unfortunately, there are many issues and problems related to public funds such as over-spending, under-utilized and unauthorized expenditures which have been raised while contributing to the risks of public funds.

The risks that had led to the mismanagement of fund influenced the service delivery while it failed to achieve its main objectives by the government entities or bodies accountable for it. The weaknesses that had been identified

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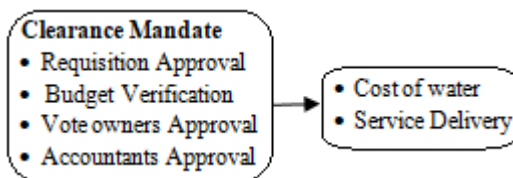
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by the World Bank (2008) in resource allocation and had been used that undermine public sector performance included poor expenditure controls; inadequate funding for operations and maintenance; little relationship between the budget as formulated and the budget as executed; poor cash management; inadequate reporting for financial performance; and poor cash management. Rwanda as a developing country in sub Saharan Africa is part of this problem which needs to be addressed in order to promote service delivery and economic growth in the country. It is based on the above problem that is why the research was prompted to examine the effect of government expenditures management control mechanisms on service delivery in public institutions in Rwanda.

3. Objectives of the Study

The general objective of this study was to examine the effect of government expenditures management control mechanisms on service delivery in public institutions in Rwanda. One of its specific objective was to examine the effect of clearance mandate on service delivery in WASAC Ltd.

4. Conceptual Framework



5. Research Methodology

- **Research Design:** This study used a descriptive research design on quantitative and qualitative approaches.
- **Target Population:** The study population was 898 staff of WASAC LTD in order to get the effect of government expenditures control mechanism on service delivery in WASAC LTD
- **Sample Size:** The sample size of the study was 277 respondents
- **Data collection instruments:** Primary data was used to provide first hand information relating to the subject under the study. Along this process, the exercise of collecting data involved different techniques in order to get data for the research i.e. Questionnaires and documentation .
- **Data processing and analysis:** The data collected was processed and this involved data coding, editing and tabulation especially quantitative data. The purpose of all these is to make the information clear and understandable for other people. Qualitative analysis technique was used. The Qualitative analysis techniques complemented with some statistics that mainly was obtained from the secondary through documentary analysis from the case study organization. The SPSS (Version 20) was used to establish correlation relationship between the independent variable and

dependent variables (Public expenditures control mechanism and Service Delivery in WASAC LTD).

6. Summary of Research Findings

6.1 Clearance mandate and Service delivery in WASAC Ltd

Table 1: Assessment of Clearance mandate and Service delivery in WASAC Ltd

| Statement | SA | A | UN | D | SD | Mean | SD |
|---|-------|-------|----|---|----|------|-----|
| - Requisition is approved by the user department in WASAC LTD | 86.7% | 13.3% | - | - | - | 4.5 | F |
| - Planning units needs to verify the budget | 85.6% | 14.4% | - | - | - | 4.5 | .45 |
| - Votes owners approve the amount to be spent | 78.4% | 21.6% | - | - | - | 4.4 | .50 |
| - Accounting officer authorizes payments | 96.3% | 3.7% | - | - | - | 4.8 | .53 |
| Valid N (listwise) | 277 | | | | | | .46 |

Table 1 describes the mandate clearance in WASAC Ltd and their responses were as analyzed in details as below. Requisition is approved by the user department in WASAC LTD: This was indicated by a very strong mean of 4.5196 and a heterogeneity standard deviation of .45113. This implies that Requisition is approved by the user department in WASAC LTD. Researcher wanted to ascertain whether planning units needs to verify the budget: This was indicated by a very strong mean of 4.5515 and a heterogeneity standard deviation of .50032. This implies that planning units needs to verify the budget.

Furthermore, the researcher wanted to prove whether Votes owners approve the amount to be spent; this was indicated by a strong mean of 4.8290 and a heterogeneity standard deviation of .53319. This implies that Votes owners approve the amount to be spent. Lastly on whether Accounting officer authorizes payments: This was indicated by a very strong mean of 4.8290 and a homogeneity standard deviation of .46479. This implies that WASAC LTD provides expenditures plan inform of budget.

6.2 Regression Analysis on Clearance mandate and Service delivery in WASAC Ltd

A multivariate regression analysis was used to establish the relationship between the independent which Clearing Mandate and Service delivery which is the dependent variables.

Where; Y = Service delivery

β_0 = Constant Term

$\beta_1, \beta_2,$ and β_3 = Beta coefficients

X_1 = Budget planning

X_2 = Clearance mandate

X_3 = Auditing practices

ϵ = Error term

Table 2: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .846 ^a | .716 | .715 | .52196 |

a. Predictors: (Constant), Clearance mandate

b. Dependent Variable; Service delivery (cost of service, Quality and timely service delivery)

R-square =0.716(71.6%). 71% variations in Service delivery have been captured by the model used above. Since the p-value is of 0.000, the model performance is statistically significant /very good.

Table 3: ANOVA^a

| Model | Sum of Squares | Df | Mean Square | F | Sig. | |
|-------|----------------|---------|-------------|---------|---------|-------------------|
| 1 | Regression | 188.803 | 1 | 188.803 | 692.994 | .000 ^b |
| | Residual | 74.923 | 275 | .272 | | |
| | Total | 263.726 | 276 | | | |

a. Dependent Variable: Service delivery
 b. Predictors: (Constant), Clearance mandate

Table 4: Coefficients^a

a. Dependent Variable: Service delivery

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.697 | .290 | | 5.843 | .000 |
| | Clearance mandate | .420 | .016 | .846 | 26.325 | .000 |

From the table 4; the researcher deduces the regression equation

Where; Y =:Service Delivery;

B₂ = Constant Term

B₂= Beta coefficients

X₂ = Clearance mandate

Y= 1.697+0 .420X₂ (Clearance mandate) ..Equation (ii)

Results indicate that Clearance mandate has a relationship with Service delivery. The significance is 0.000 which indicates that there is positive relationship (0.420) between Clearance mandate and Service delivery. These results provide reasonable evidence to the consistent view that, there is increase in timely delivery of service, cost effective and quality service hence they improved Service delivery. The beta of Clearance mandate is 0.846 with a t-statistic of 26.325. The positive coefficients mean a unit change in Clearance mandate leads to a 0.420-unit increase in Service delivery while keeping budget planning and Auditing practices constant and since the P- value = 0.000 < 0.05, the positive t-statistic value indicates that the effect is statistically significant at 5 % test level reject H₀ in favor of H_i the alternative.

7. Conclusions and Recommendations

7.1 Conclusions

- The researcher found that WASAC management has successfully conducts market survey especially on the prices of goods and products. This implies that WASAC ltd performs costing by use of different costing techniques
- The researcher conclude that, accountant officer of WASAC ltd authorizes payments easily and provides expenditures plan inform of budget on time
- Researcher concludes that, the Auditors in WASAC were insisted on the use of rules and procedures; this implies

that Auditors in WASAC ltd detect fraud and errors on time

7.2 Recommendations

The researcher has identified the following recommendations in order to promote service delivery in WASAC:

- WASAC requires comprehensive planning in order to provide effective service delivery in the organization.
- The company also needs to effectively clearance mandate control system in order to guard against funds misuse
- There should be effective internal and external audit systems in order to improve on the service delivery in the organization

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