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RESEARCH ARTICLE

FINANCIAL ACCOUNTABILITY AND PERFORMANCE OF LOCAL GOVERNMENT A CASE OF GATSIBO DISTRICT

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Abstract

Financial accountability has been one of the most prevalent issues for worldwide for a long time. The objectives of this study sought to establish the extent to which financial accountability influencelocal government performance. The specific objectives included to examine the effect of budgetary control system on the performance of Gatsibo District; to examine the effect of public expenditure tracking survey on the performance of Gatsibo District and to determine the relationship between adequate internal control system on the performance of Gatsibo District. This study has couple of benefitsto the researcher herself, students and local government stakeholders by anticipating some modalities that could eventually bridge the challenges facing policy implementers in the enhancement of practice of financial accountability. The target population and sample size were 85 Gatsibo District staff. Correlational research designwas used and quantitative approaches to data collection and analysis were employed. Data analysis was done using Statistical Package for Social Scientist (SPSS).The Pearson correlation analysis reported that budgetary control system (r=0.666, p=0.000), public expenditure tracking survey (r=0.733, p=0.000) and internal control systems (r=0.748, p=0.000) were all positive and statistically significant relationship with performance of local governments in Rwanda since their p-values were less than 5%. The regression analysis showed budgetary control system (β_1=0.219, p=0.001), public expenditure tracking survey (β_2=0.166, p=0.003) and internal control systems (β_3=0.307, p=0.000) were positive and statistically significant. This is because the p-value was less than 5%.Hence, the researcher recommend that public servants should embrace the financial accountability practices to improve service delivery to the community as well as improve their overall performance.

Introduction:-

All over the world there is a realization that the financial accountability has the potential to provide hitherto unparalleled services to management in the conduct of their duties. Financial accountability is a process of identifying, measuring and communicating economic information to permit informed and rational decisions to be

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made. This final responsibility is usually with the governing body, which delegates this function to the Chief Executive. Accountability is a key requirement of good governance it helps managers and leaders in both developed and developing countries to create stronger management systems that improve performance for the greatestsocial, political and economic impact (Downes, Moretti & Nicol, 2017).

Financial accountability has been one of the most problematic and prevalent issues for business worldwide for a long time. In USA, there was a case misappropriation of funds during the 1990s it has arguably served to strengthen, not weaken managers in the agencies in the federal government. The New Public Management (NPM) ushered in a debate over implications of various accountability systems managers and performance. NPM and the reinventing government movement sought a system geared to performance, where managers would be enabled to use entrepreneurial skills to achieve performance goals through greater discretion over managing processes. In this view, an accountability based on trust would empower government to be more effective stewards of public programs, grounded in dialogue and consensus building around goals and checks and balances among institutions, the older tools of accountability became the new targets of reformers. Contrast this with the view of auditors. Former United States Comptroller General, observed that accountability with a focus on financial controls and performance is essential to creating trust. From this perspective, accountability helps the public as principal gain confidence in the veracity and conduct of its agents. Given the many opportunities for shirking and moral hazards associated with these relationships, a strong and independent audit function is critical to promoting this level of trust (Lu & Willoughby, 2018).

In EU, there were financial crisis, the Brussels treaty reforms of 1970 and 1975, whereby financial accountability was linked to the norm of democratic and budgetary control. There basic principles were anchored, but were difficult to implement as a result, the parliament set up new structures and procedures internally including the discharge procedure and the establishment of the new budgetary control committee(De Vries, Nemec & Špaček, 2019).In Asia many local governments are still suffering from financial scandals. Concerns over lack of accountability, mismanagement of resources, and inefficiency and ineffectiveness of government institutions are repeatedly voiced by the media and corruption watchdog. In the last two decades, the accountability of governmental institutions has become more complex and attracted considerable interests from both academic researchers and the general public. However, lack of enforcement or rigorous punishment for violations make public organizations suffer from low level of efficiency, corruption and many other problems. In order to improve the level of government accountability at all levels of local government, a strong emphasis on assessing the government performance through a focus on outcome-oriented approach need to be strengthened. Therefore, the concept of KPIs must be implemented and disseminated to all public servants (So, et al., 2018).

In East Africa Community corruption is a disease still very prevalent in many public institutions in East Africa. Since the 1990s, it has developed in complexity as a result of globalization and technological advancement.Starting in the same period, countless efforts by international, regional and national bodies have sought to minimize and eventually eradicate corruption. At the national level, numerous reforms were undertaken to strengthen public accountability. When Administration Public Finance was changed to effect greater transparency and accountability, it also had another side effect. The changes were aimed to improve financial accountability. All countries considered that is; Kenya, Rwanda, Uganda and Tanzania have fairly comprehensive rules, standards and procedures for public expenditure accountability in place. In addition to Parliamentary procedures, the four Constitutions also establish institutions critical for public expenditure accountability. One important institution that exists in the four countries is that of the Auditor General, the ombudsman and prosecution office to enhance financial accountability. Rwanda recovered quickly from the tragic events of 1994 to establish a relatively strong public finance management and accountability system. The legal and institutional framework has been vital in delivering accountability in many respects, through public expenditure accountability, under the constitution, mandate, rules and procedures, sanctions and Anti-corruption and access to information and transparency (Umwari,, et al., 2020).

Problem Statement

In Rwanda there is a recent upsurge in public demand for the accountability of public servants at all levels voiced by the media. Due to the importance attached to the financial accountability the government of Rwanda has Parliamentary Accounts Committee, Auditor General of State Finance office and Local Government Audit committee that oversees and ensures that the civil servants follow the financial accountability parameters. Each year Public Account Committee chamber of deputy do public hearing to the issues of Public Finance Management raised by Auditor General of state finance. Despite the existence of financial accountability in Gatsibo District, there have been cases of wasteful expenditure resulting from court decisions against the district, performance safety not covering the entire period fiscal year, signing contract without obtaining performance contract, weaknesses noted in management of development project, delaysin using the constructed project, payment of partial executed works, ghost workers and not operating cooperatives financed under VUP financial services, delays in recovering loans from financial services beneficiaries of VUP, therefore financial accountability has become an issue of concern to local government (OAG report, 2019). Therefore, this study sought to find the effect of financial accountability on the performance of local governments in Rwanda, taking a case of Gatsibo District.

Objectives of Study:-

The purpose of the study is sought to establish the extent to which financial accountability impacts on Local government Performance. The specific objectives included

1. To examine the effect of budgetary control system on the performance of Gatsibo District.
2. To examine the effect of public expenditure tracking survey on the performance of Gatsibo District.
3. To determine the relationship between adequate internal control system on the performance of Gatsibo District.

Research Hypotheses

$H0_1$: There is no significant effect of budgetary control systems on the performance of Gatsibo District

$H0_2$: There is no significant effect of public expenditure tracking survey on the performance of Gatsibo District.

$H0_3$: There is no significant relationship between adequate internal control system on the performance of Gatsibo District.

Literature Review:-

Empirical Literature

Financial accountability is the assessment of value for money and acceptance by individuals of personal responsibility for their actions in relation to quality of their outputs and decisions (So, et al., 2018). Financial accountability is a plan for how resources are to be used. Line item budgets provide a detailed assessment of adherence to the plan. Expenditures and encumbrances (a commitment to pay) are generally tracked on a monthly basis to allow for adjustments to ensure annual compliance. When an agency uses public resources for items that are not a part of the plan or exceeds its budget, it is not in compliance with the plan, and those who are responsible for the deviations must be held accountable (Kristensen, et al., 2019).

It could be argued that the financial accountability relationship, in its widest sense, encompasses two broad processes; adequate taxation, i.e. raising and collection of money from citizens in an appropriate manner and adequate allocation and use of these resources. Although there is undoubtedly an integral relationship between these processes, financial accountability in our understanding refers only to the second process, where the emphasis is placed on the responsible and productive useof public money, i.e. public expenditure. Furthermore, it is necessary to specify the concept of financial accountability in relation to the overall process of public expenditure management (Dabbicco, et al., 2022).

Effendi (2017) investigated the influence of budgetary participation on the organizations working procedures in local governments in Indonesia. The main concerns for the author were the budgetary participation of the public, the budgetary control mechanisms used in local governments and how these affect the organizational performance of local governments. To achieve these objectives, the researcher employed purposive sampling technique as well as regression analysis. the findings showed that there is a positive effect of the use of budgetary control mechanisms on the organizational structure and performance at the local governments. However, the p-valuewas 0.935 which was greater than 5% and therefore no statistical significance was found. Asukile and Mbogo (2022) investigate the influence of budgetary practices on budgetary performance local government authorities in Tanzania. The study employed survey research design where the data was collected using structured questionnaires. The study was mostly quantitative in nature and simple regression analysis and correlation were used to analyze the effect of budgetary practices on budget performance. The main budgetary practices used in the study included budget planning, participation and budget execution. The findings showed that budget planning has positive and significant effect on budget performance at local governments.

Saputra (2022) sought to provide empirical evidence on the effect of human competent in budgeting on the performance accountability of government agencies in Indonesia. The author was also interested on the competency

of staff on internal control systems and how this affects the performance of government agencies. The author used purposive sampling and distributed questionnaires to 92 where 82 responded. The data was processed and analyzed using multiple regression. The results showed that staff competency on budgetary preparation did not have nay significant effect on performance accountability.
Augustine (2022) acknowledged the role played by local governments in creating sustainability in the local communities. To this therefore, the author sought to find the effect of budgeting techniques and control methods and how these influence the achievements of the mandate of local governments in Nigeria. Among the concerns of the study, budgetary control systems as well as participation were included in the study. Using exploratory research design, the study was mostly desk-top analyzing only secondary resources. The study concluded that budget process and its implementation should fairly done at local governments since this increase the performance of the local governments. Similarly, the use of sound internal control would help improve the budget processes and thereby increasing the performance of local governments.

In Rwanda, Harelimana (2017) studied the effect of intern audit on budget management of local governments in Rwanda. the researcher was more concerned about how internal control can be used to increase the budget performance and consequently the performance of local governments. The author distributed questionnaires to 18 employees of Musanze District. The findings revealed a positive significant effect of budget process and execution at local governments in Rwanda. Umwari, et (2020) investigated the influence of budgetary control processes on the efficiency on government agencies in Rwanda. The author specifically looked at budgetary preparation and how this affects the efficient performance in government institutions. The authors used 168 employees from which a sample of 118 was identified. The results showed a positive effect between budget practices and efficiency with R^2=0.317.

Bolen (2019) assessed the effect of financial performance and balanced funds on capital expenditure in local governments in Indonesia. The author used a sample of 473 local governments comprising district and city governments. The author also relied only on secondary data. The results of multiple regression showed that capital expenditure of local governments is influenced by financial accountability practices within these organizations with a high R^2=0.769. Yesyan, et al., (2021) sought to determine the effect of performance-based expenditure budgeting on performance accountability of local governments in Indonesia Papua. The performance accountability of local government was of interest in this study. The authors found that performance-based expenditure improves the performance accountability of these government organizations since the p-value was less than 5%.

Ibrahim and Lawal (2018)sought to find the influence of public expenditure management and performance of the local governments in Nigeria. The study was more concerned about the public expenditure mechanisms used in local governments and how these influence the service delivery at local government level. The authors used chi-square and reported a p-value=0.108 which is greater than 0.05.This showed that there was significant association reported on the use of public expenditure management and effective utilization of financial resources. Tran, et al. (2018) provided an empirical analysis of the determinant of capital expenditure in South Australian local governments. The researchers were motivated by the need for financial sustainability, accountability and the performance of local governments. The basic findings showed that there was an influence of local governmental expenditure arising from the social needs from the local communities being served.

Mukaramoja and Malenya (2019) investigated the influence of budget utilization on public expenditures in county governments in Kenya. The study targeted 112 respondents where self-administered structured questionnaires were used to gather primary data. Pearson and multiple regression analyses were used. The results reported R^2=0709, implied a high influence of utilization budget on the public expenditure in local governments. Kulova (2022) was more concerned on the influence of financial management reforms on public expenditures in county government in Kenya. A total of 65respondents were used as sample, and the results reported positive effect of financial management practices on public expenditure. This indicated financial accountability practices can have influence on the public expenditure of government institutions. On their part, Ochieng, et al. (2017) investigate the effect of public expenditure on economic growth of Rwanda.

Kewo (2017) investigate the influence of internal control implementation and managerial performance on financial accountability of local governments in Indonesia. The authors were interested with the internal control practices such as control environment, budgetary control and internal auditing functions and how these affect the performance accountability in the local governments. They also associated these practices with financial accountability which is needed in the government institutions. Data was collected using questionnaire and analyzed using Structural

Equation Model (SEMO. The results showed that implementation of internal control influence the financial accountability within local governments and consequently their performance. Similarly, Aramide and Bashir (2018) assessed the effect of internal control on the performance of local governments in Nigeria. The findings did not point a significant effect since the p-value was greater than 5%.

Cheruiyot, et al., (2018) looked at the influence of internal control practices on the performance of county governments in Kenya. The authors included internal control practices since they were concerned with the level of financial management practices in local governments. They proposed the utilizations of financial accountability practices would improve the performance of these organizations. The findings revealed that internal control practices such as internal control activities, control environment and internal audits have positive and high significance on the performance of local governments, with r=0.573 and R^2=0.328. Ntahondereye, et al., (2024) used internal control system as the independent variable to find its effect on quality of financial reporting in local governments in Rwanda. The results reported r=0.648 which was significant since the p-value was less than 5%/

Theoretical Framework

Agency theory

Agency theory is a theory where by a principal-agent relationship can be defined as a contract under which one or more persons, the principal(s) engage another person, the agent to perform some service on their behalf which involves delegating some decision-making authority to the agent such relationships are quite common. Agency theory traditionally assumes that these principals, agent relationships will be characterized by a conflict between the interests of the principal and those of the agent, and that the agent will be motivated to pursue her own goals specifically was developed by (Jesen & Meckling, 1976). When the agent’s behavior is not controlled or restrained, the goals of the principal are unlikely to be attained. This theory is applicable in this research because it is brings the concept of controlling behavior of agents (Local government authorities or managers) through financial accountability so the interests of principles (Citizens) will be attained measured by performance indicators

Fraud Theory/ Differential Association Theory

Theory was developed to explain the reasons why people commit crime. The theory is based upon the idea that criminals commit crimes based upon their association with other people. Basically, criminal behavior is learned by associating with other criminal individuals. In addition, criminals can exist in any income; race or sociological theory was developed by sociologist and professor (Edwin, 1883). The fraud model has its roots in the research and classical differential theory of noted criminologist by (Harrison et al., 2011). The elements of fraud are as false representation of a material fact; and representation made with knowledge of its falsity. This theory is applicableto this study in matter regarding the fraud prevention role and who should assume it, is a thorny issue. Internal audit and management has a role to play. As far as the role of the audit committee is concerned, it improves the capacity of the councilors to act as a management control by providing them with detailed information and knowledge on the financial statements, the management assumes internal monitoring, and their viability is enhanced by having councilors. However, fraud prevention and detection is a role that ought to be jointly accepted by the Board, senior management and internal auditing.

Contingency Theory

The contingency theory of leadership and management states that there is no standard method by which organizations can be led, controlled and managed. Organizations and their functions depend on various external and internal factors; this theory was developed by Austrian psychologist (Edward, 1964). Contingency theories were tested from the sociological functionalist theories of organization structure such as the structural approaches to organizational studies by (Woods, 2009). Contingency means one thing depends on other things and Contingency theory means it depends. The contingency theory focuses on specific situational factors that can affect the direct relationships between independent and dependent variables. It is applicable in this study by showing that various factors impact on organization‘s final results or performance, it clearly shows how these factors (financial accountabilities parameters) influence performance.

Conceptual Framework

A conceptual framework is a diagrammatical research tool intended to assist the researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. It can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. The interconnection of these blocks completes the framework for certain expected outcomes. An independent variable is one that is presumed to affect ordetermineadependent variable. It can be changed as required, and its values do not representa problem requiring explanation in an analysis, but are taken simply as given.

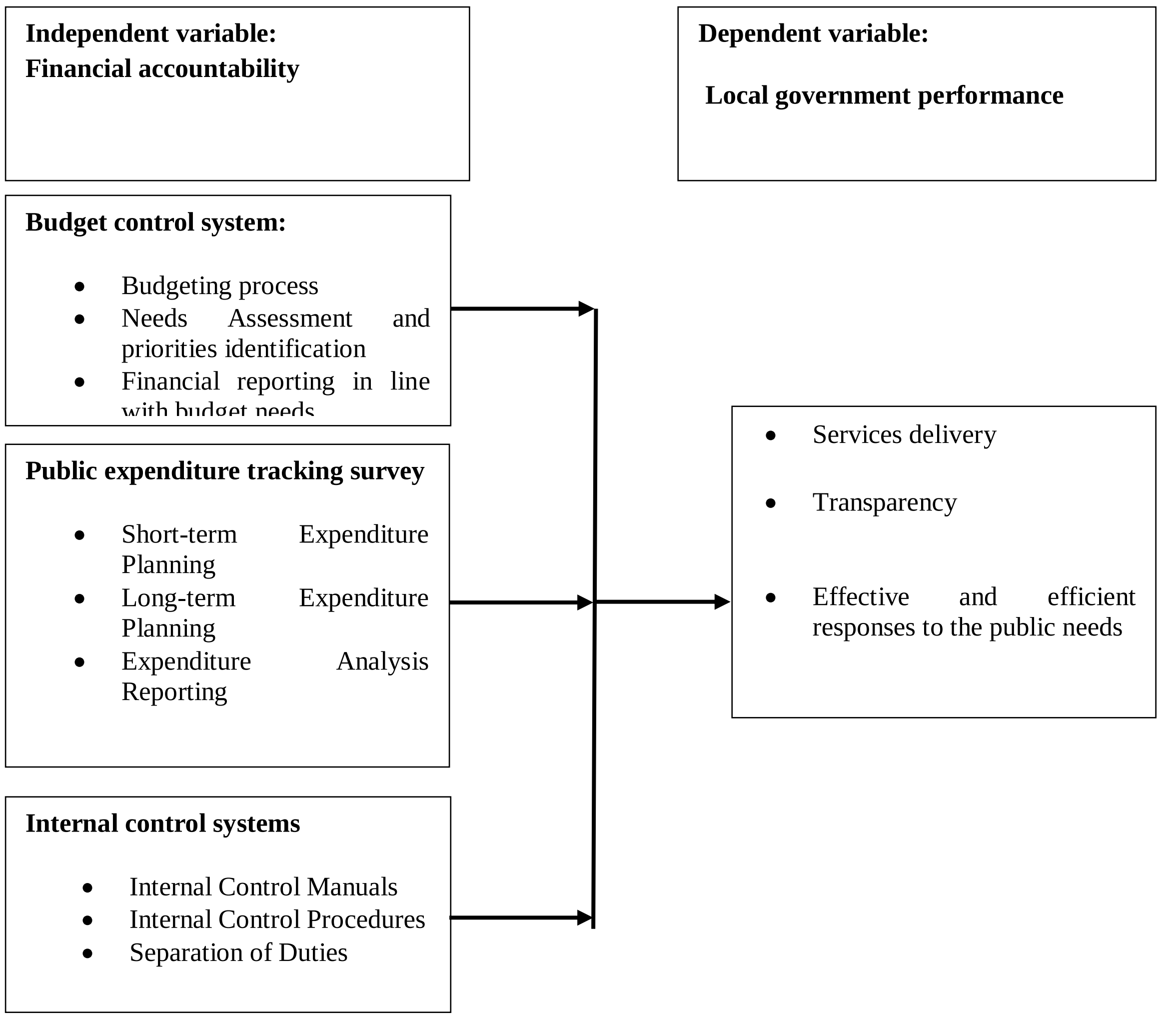

Figure 1:- Conceptual Framework
Source: Researcher, (2024)

There is no doubt that financial accountability as a process within the local government has increased in profile during the past decade due to the restrictions on funds and the need to ensure that these decentralized entities spent within their approved budgets. It could be argued that in the past it was no specific entity which took the limelight for ensuring accountability, but in recent years, thanks to Auditor General of State Finance reports reveled the role and importance of financial accountability in ensuring high performance. The independent variable comprises of the objectives of financial accountability such as Budget Control System, Public Expenditure Tracking Survey (PETS) and Internal Control System which when well-monitored can lead to better performance such as better services delivery, transparency and effective and efficient responses to the public needs. Different measurement indicators have been included under each of the variables to help adequately address the research objectives. On the other hand, the dependent variable, performance of local governments was measured by gauging the services delivery, transparency and the effective and efficient responses to the public needs.

Research Methodology:-

Research design

A research design is the scheme, outline or plan that is used to generate answers to research problem (Creswell& Creswell, 2017).Correlational research design was used in this study.This research design was chosen because the study aims collecting information about the incidence of the effect of financial accountability relate to performance of public institutions.

Target population and sampling design

Referring to Model organization structures of Districts, the target population for this study is 85 Gatsibo District staff and councilors at District level and non-Budget agencies, subsidiaries of Districts staff (MIFOTRA, 2021).Target population was 85 the sample size was also85 since the target population was relatively small and manageable There was therefore no need for calculating sample size. The researcher ensured that all parts of the population are represented in the sample in order to increase the efficiency and to decrease the error in the estimation. Since the sample size used was the same as the target population, the sampling method applicable was a census. The target population was manageable, and therefore all the employees were used in the sample.

Data collection methods

There are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collect specific data (Tan, 2022).In this study, the researcher used of both primary and secondary sources of data including published and unpublished materials. This was to combine the advantages of utilizing both sources of data in order to minimize the disadvantages of using only one source.

Data collection instruments

A survey structured questionnaire was used in the study. The questionnaire was the main research instrument because it is more appropriate for collecting data for a social survey research and where the target population is literate and capable of filling the questionnaire. The questionnaire was designed with reference to variables of the study consisting of both structured and few open-ended questions. The structured questionnaire type enabled simple data analysis through tabulation with regard to frequencies and percentages. The majority of these questions were rated on a five-point Likert scale with 5=strongly agree, 4=agree, 3=not sure, 2=disagree and 1=strongly disagree.

Administration of Data collection Instrument

Self-administered questionnaires were presented to respondents, but the researcher was available to make few clarifications where needed.However, interpreting the questions for the respondents as this may increase interviewer bias. There is some degree of personal contact as the two parties would be interacting. The advantage with this is that response rate is high and clarification were made where need arises. The researcher mainly relied on the drop and pick method, where the questionnaires are dropped at the respondents' desk and collected later. To facilitate this, the researcher identified two staff members at Gatsibo District who would help in distributing the questionnaire and to speed up the filling exercise. The two staff also helped to collect the questionnaires from the participants.

Reliability and validity

In order to ensure validity and reliability, the questionnaires were composed of carefully constructed questions to avoid ambiguity and in order to facilitate answers to all the research questions. The supervisor helped to make positive criticisms, make comments and suggest improvements. Amendments that were suggested by were incorporate into the final versions of the questionnaire. To establish validity, the designed instrument was availed to supervisor for review and approval. In this case before the researcher applying the research instrument, it was validated by examining its content whether it can measure to the assumed attributes, free from bias, contamination and deficiency. It therefore aided the researcher to minimize bias in the course of the study. Further, reliability of the research instrument was assessed using Cronbach's alpha statistics processed using SPSS. As shown in Table 1, the Cronbach's alpha was 0.864 greater than 0.7. This implied that the questionnaire was reliable enough to be used in the study.

Table 1:- Cronbach's statistics for reliability test.

Cronbach's Alpha	N of Items
.864	38

Source: Researcher, (2024)

Data analysis procedures

Data was collected through questionnaires and interview schedule was edited, coded, classified and tabulated. Coding was initiated for both closed ended and open-ended questions while data with significant similarities were categorized. Data processing involved editing of data by cross checking whether the questionnaires were filled in correctly and accurately, coding responses by assigning numerical figures to responses and entering codes into a computer program known as Statistical Package for Social Scientists (SPSS), entering codes in the computer program involved reading the codes against the responses and manually feeding them into the computer.The researcher also used inferential statistics, where Pearson correlation and multiple regression analyses were used. The following multiple regression model was used.

$$y = \beta_0 + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \epsilon$$

Where y= dependent variable, that is performance of local government

$\beta 0$= the constant

β_1, β_2 and β_3= regression coefficients for X_1, X_2 and X_3 respectively.

X_1, X_2 and X_3= indicators of financial accountability. These included budgetary control systems, public expenditure tracking survey and internal auditing system, respectively.

ε=the error term of the estimated regression model.

Research Findings and Discussions:-

In this study, the researcher sought to establish the effect of financial accountability on the performance of local governments in Rwanda, especially taking the case of Gatsibo District. To adequately measure the effect and the relationship between the study variables, the researcher identified three key indicators of financial accountability,namely, budgetary control, public expenditure tracking survey and internal control systems. Further, the researcher used Pearson correlation analysis as well as multiple regression to assess the relation and the effect of financial accountability variables and performance at localgovernments level.

Table 21:- Pearson Correlation analysis.

		Performance	Budgetary Control	Expenditure Tracking	Internal Control
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	81			
Budgetary Control	Pearson Correlation	.666**	1		
	Sig. (2-tailed)	.000			
	N	81	81		
Expenditure Tracking	Pearson Correlation	.733**	.617**	1	
	Sig. (2-tailed)	.000	.000		
	N	81	81	81	
Internal Control	Pearson Correlation	.748**	.518**	.674**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	81	81	81	81

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

Source: (Researcher, 2024)

Table 2 reports the results for Pearson Correlation coefficient analysis. As per the findings reported in the table, all the three key indicators of financial accountability, namely, budgetary control system, public expenditure tracking survey and internal control systems, were identified as having positive correlation with performance of local governments. For budgetary control system, the Pearson correlation (r=0.666, p=0.000) analysis showed that budgetary control system has a positive and statistically significant relationship with performance of local governments in Rwanda. The correlation was significant since the p-value was less than the 5% threshold.

On the public expenditure tracking survey, the Pearson correlation (r=0.733, p=0.000) analysis showed that public expenditure tracking survey also has a positive, strong and statistically significant relationship with performance of local governments in Rwanda. The correlation was significant since the p-value was less than the 5% threshold.

Similarly, the Pearson correlation (r=0.748, p=0.000) analysis showed that internal control system positively relates to the performance of local governments in Rwanda. The results of these correlation analysis confirm that there exist positive and statistically significant relationship between all the three key indicators identified with the performance of local governments in Rwanda.

Table 3:- Multiple regression model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837[a]	.701	.690	.18106

a. Predictors: (Constant), Budgetary Control, Expenditure Tracking, Internal Control
Source: (Researcher, 2024)

Further, the researcher conducted multiple regression analysis to determine the effect between the study variables. Table 3 reports the summary showing the outcome for the multiple regression analysis. As reported in the table, the R^2=0.701 which meant that 70.1% of the variation in the performance of local governments in Rwanda can effectively be explained by the use of financial accountability practices such as budgetary control systems, public expenditure tracking survey and internal control systems. In addition, the results showed that the contribution of financial accountability on the local government performance is high but other variables explain the variation in the performance.

Table 4:- Analysis of Variance outcome table.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.924	3	1.975	60.231	.000[b]
	Residual	2.524	77	.033		
	Total	8.448	80			

a. Dependent Variable: Performance
b. Predictors: (Constant), Budgetary Control, Expenditure Tracking, Internal Control
Source: (Researcher, 2024)

Table 4 reports the Analysis of Variance (ANOVA) for the multiple regression analysis conducted between financial accountability variables and the performance of local governments in Rwanda. the three key variables included in the analysis included budgetary control system, public expenditure tracking survey and internal control systems. As per the findings, the results showed that the multiple regression model (F=60.231, p=0.000) was statistically significant since the p-value was less than 5%. Further, the results revealed that what was earlier proposed that there is as significant effect of financial accountability on the performance of local governments was confirmed through this analysis.

Table 5:- Multiple regression coefficients outcome.

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.477	.253		5.834	.000
	Budgetary Control	.219	.064	.277	3.440	.001
	Expenditure Tracking	.166	.055	.282	3.028	.003
	Internal Control	.307	.064	.415	4.838	.000

a. Dependent Variable: Performance
Source: (Researcher, 2024)

In this study, the researcher sought to assess the effect of financial accountability on the performance of local governments in Rwanda, particularly taking Gatsibo District as the case of study. The research, through literature review, identified three key indicators of financial accountability. These included budgetary control systems, public expenditure tracking survey and internal control systems. As per three identified indicators, three hypotheses were formulated. In order to test these hypotheses, the researcher further analyzed the regression coefficients of each of the indicators in order to measure the contribution of each towards the performance of local governments in Rwanda.

The first hypothesis related to the first key indicator, that is, budgetary control system and was formulated as follows: **$H0_1$**: There is no significant effect of budgetary control systems on the performance of Gatsibo District. As per the findings reported in Table 5, it was shown that the regression coefficient (β_1=0.219, p=0.001) was positive and statistically significant. This is because the p-value was less than 5%. This implied that the first null hypothesis ($H0_1$) was rejected and therefore the alternative was supported.Hence, there is a positive and significant effect of budgetary control systems on the performance of Gatsibo District. Further, it is clear that a one percent improvement in the use of budgetary control system would positively improve the performance of Gatsibo District by 21.9%. The second hypothesis was related to the second key indicator of financial accountability, namely, public expenditure tracking survey. Hence, the second hypothesis was stated as follows: **$H0_2$**: There is no significant effect of public expenditure tracking survey on the performance of Gatsibo District. The results reported in Table 5 indicate that the regression coefficient (β_2=0.166, p=0.003) was positive and statistically significant. This is because the p-value was less than 5% used as the threshold. This implied that the second null hypothesis ($H0_2$) was rejected and therefore the alternative was supported. Hence, there is a positive and significant effect of public expenditure survey on the performance of Gatsibo District. It was reported that a one percent improvement in the use of public expenditure tracking system would positively improve the performance of Gatsibo District by 16.6%. The third hypothesis related to the third key indicator of financial accountability, namely, the use of internal control system in the local governments in Rwanda. To this effect, the third null hypothesis was stated as follows: **$H0_3$**: There is no significant relationship between adequate internal control system on the performance of Gatsibo District. As reported in Table 5, the regression coefficient (β_3=0.307, p=0.000) was positive and statistically significant. This is because the p-value was less than 5%. This implied that the third null hypothesis ($H0_3$) was rejected and therefore the alternative was supported. Hence, there is a positive and significant effect of internal control systems on the performance of Gatsibo District. Further, it is clear that a one percent improvement in the use of internal control system would positively improve the performance of Gatsibo District by 30.7%. The analysis of the multiple regression coefficients has shown that all the hypotheses of no effect were rejected, and this meant that the three key indicators of financial accountability, namely, budgetary control systems, public expenditure tracking survey and internal control systems were all positively significant.

Discussion of Key Findings:-

This study sought to assess the effect of financial accountability on the performance of local governments in Rwanda, particularly taking Gatsibo District as the case of study. The research, through literature review, identified three key indicators of financial accountability. These included budgetary control systems, public expenditure tracking survey and internal control systems. These key indicators helped the researcher to formulate three specific objectives as well as formulate three null hypotheses. With these, the researcher was able to focus more attention on the use of financial accountability through ethe use of budgetary control systems, public expenditure survey and internal control systems on the performance of local governments in Rwanda.

The findings have shown that there is a significant relationship between financial accountability and performance of local governments in Rwanda. More specifically, the study findings have shown a positive relationship between budgetary control systems with performance of local governments. This therefore means that the public servants must ensure efficient and open budgetary process and control mechanisms, within their institution to increase the organizational performance. The findings are in line with other authors who showed the significant role played by budgetary control system. For instant, previous studies like Effendi (2017) and Asukile and Mbogo (2022) showed that there is a positive effect of the use of budgetary control mechanisms on the organizational structure and performance at the local governments. The main budgetary practices used in the study included budget planning, participation and budget execution. The findings showed that budget planning has positive and significant effect on budget performance at local governments Umwari, et (2020) also reported a positive effect between budget practices and efficiency with R^2=0.317. However, Saputra (2022) revealed that staff competency on budgetary preparation did not have any significant effect on performance accountability.

Similarly, other researchers have found significance of public expenditure tracking on the performance of local governments. For instance, Bolen (2019) showed that financial accountability practices within these organizations is high with R^2=0.769. Yesyan, et al., (2021) also showed a positive effect. Tran, et al. (2018) provided an empirical analysis showing that there was an influence of local governmental expenditure arising from the social needs from the local communities being served. On the contrary, however, Ibrahim and Lawal (2018) used chi-square and reported a p-value=0.108 which is greater than 0.05 implying no association between public expenditure tracking and performance of local governments.

Conclusions and Recommendations:-

This study sought to find the effect of financial accountability on the performance of local governments in Rwanda. Specifically, the study took Gatsibo District as the case study and concentrated on three key areas, namely, budgetary control, public expenditure tracking survey and internal control systems. The findings showed that all these three indicators positively and significantly affect the performance of local governments in Rwanda. It is therefore concluded, that the three indicators can be adopted as part of the financial accountability practices that local governments and other organizations, alike can use to improve their performance.

The study has shown that there is a positive and significant effect between financial accountability and performance of local governments in Rwanda. In addition, all the indicators of financial accountability were important to the performance of local governments in Rwanda. Hence, the researcher recommend that public servants should embrace the financial accountability practices to improve service delivery to the community as well as improve their overallperformance. Moreover, taking up these practices would increase the use of sound financial management practices which are usually neglected in the public sector. If the use of financial accountability and other financial management practices are used in the government and government agenesis, it would be easier to audit, monitor and control the performance of these organizations. Consequently, the researcher recommend that the government reinforce the use of financial accountability in all local governments as well as in all other government agencies and institutions.

Future researches can be conducted on the following topics:
1. To determine the effect of adoption financial management practices in public sector in Rwanda.
2. To assess the effect of internal control practices on financial transparency in government agencies and institutions in Rwanda.
3. The relationship of using computerized financial management systems on the service delivery by government entities.

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