

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED
BY RWANDA**

ARTICLE 9, PARAGRAPHS 2 AND 3 UNCAC

MANAGEMENT OF PUBLIC FINANCES

RWANDA (SIXTH MEETING)

Measures to promote transparency and accountability in the management of public finances (art 9, 2) are the following:

1. Preparation and adoption of national budget: Institutions and local government entities prepare their annual action plan and budget to be presented to the Ministry of Finance and Economic Planning for consultation whereby priorities and financial ceilings are fixed. The consolidated budget of Central Government is approved by the Cabinet which submits it to Both Chambers of the Parliament as finance bill for the next financial year. The State Finance Law is adopted by the Chamber of Deputies after consultation with concerned organs. The Chamber of Deputies examines the relevance of the State finance bill, but "before the final adoption of the Budget, the Senate must provide the Chamber of Deputies with its opinion on the State finance bill" (art. 79 of the Constitution of the Republic of Rwanda of 04 June 2003 as amended to date).

The budget of decentralized entities is adopted by their respective Councils before the beginning of the fiscal year to which they relate (art.5 of the organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property).

According to the article 79 of the Constitution of the Republic of Rwanda of 04 June 2003 as amended to date, "The Parliament shall receive the Budget implementation report for the first semester of the current fiscal year presented to it by the Cabinet before examining the budget of the next fiscal year." The Auditor General of State Finances submits to the Parliament the audited State consolidated financial statements of the previous financial year before the commencement of the session devoted to the examination of the Budget for next financial year.

The implementation of the State finance law is monitored by the Ministry of Finance and Economic Planning. Furthermore, the Chamber of Deputies and the Council of the decentralized entity have powers to revise the respective proposed budgets without altering the fiscal balance.

In preparation of the budget, institutions organs play a fundamental role because they determine their action plan in line with their attributions. At local government level, the participation of citizens is highly taken into consideration because they are consulted for their suggestions concerning the activities plan. To that effect, the budget preparation is participatory.

In order to ensure the fair management of public funds, " The Chamber of Deputies shall have the authority to require members of Cabinet and chief budget managers to appear before it and explain policies, programs and utilization of their budget. The Council of the decentralized entity shall have the authority to require members of the Executive Committee and chief budget manager to appear before it and explain policies, programs and utilization of the budget of the concerned decentralized entity." (art. 11 of the organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property).

2. Reporting on revenue and expenditure

Public entities shall prepare and submit monthly financial statements to the Ministry by the fifteenth (15th) day following the end of the month. Quarterly budget execution reports approved by competent authorities are submitted to the Ministry of Finance and Economic Planning which submits a quarterly consolidated budget execution report to Cabinet and a mid-year consolidated budget execution report to the Chamber of Deputies. According to art. 66 of the organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property, "Public institutions shall also prepare and submit their annual financial statements in a period of two (2) months from the end of the fiscal year. All public

entities shall submit their annual financial statements to the Auditor General of State Finances not later than 30 September of the following fiscal year."

The Office of the Auditor General of State Finances conducts audit of public bodies, provides recommendations to audited entities and submits the reports to both Chambers of Parliament. The Parliament requires the officials of bodies to appear before it to explain the causes of mismanagement of public funds detected by the Office of the Auditor General of State Finances. Some cases are transferred to the National Public prosecution Authority for judgment.

Non compliance with the legislation governing the management of public funds is subject to sanctions which can be administrative sanctions against a public officer, against an entity (withholding of treasury transfers of the entity and/or freezing of the entity bank accounts by the Minister of Finance and Economic Planning) or penal sanctions.

3. Effective system of accounting and auditing

According to the article 63 of the organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property "The Accountant General shall be responsible for monitoring and coordinating accounting activities and for setting and promoting compliance with the accounting and financial reporting standards applicable to public entities."

4. Effective and efficient system of risk management and internal control

Internal controls are processes designed to provide reasonable assurance regarding reliability of financial reporting, effectiveness and efficiency of operations, safeguarding the Government resources/assets at the disposal of the entity and compliance with applicable laws and regulations. Each public entity should have internal auditor. It is required to set up an internal audit committee responsible "to provide oversight to the financial management of the entity." (art.2 of ministerial instructions n° 004/09/10/min

of 01/10/2009 for the establishment of the audit committees in public entities, local government entities and autonomous and semi-autonomous public entities)

The Government Chief Internal Auditor is "responsible for providing indicators for internal audit and risk management and monitor and coordinate services of internal auditors in public entities." (art. 70 of the organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property). It has been established the Office of Auditor General of State Finances "responsible for auditing of state finances and property" (art. 184 of the Constitution of the Republic of Rwanda as amended to date) and empowered to "carry out financial and property management audit to ensure compliance with applicable laws and regulations, proper use of finances and property and ascertain if finance and property were managed appropriately" (art. 6 of the law n° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances).

Civil and administrative measures to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue to prevent falsification of such documents

The Ministry of Finance and Economic Planning has elaborated the *Manual of Government Policies and Procedures: Financial Management and Accounting* in application of the article 13 of the organic law n°37/2006 of 12/09/2006 on State Finances and property as amended to date. The Manual aims at setting out financial policies and procedures (Volume 1), prescribing the uniform chart of accounts through Government (Volume 2), covering books of accounts, book-keeping and accounts (Volume 3), dealing with financial reporting requirements and procedures including the required government consolidated financial statements (Volume 4).

Rwandan Government initiated the Integrated Financial Management System (IFMS) intended for use by all the Budget Agencies. The system is designed to be centrally controlled at the headquarters of the Ministry of Finance and Economic Planning. In

general, the rollout and operation of the IFMS system throughout government is the responsibility of the Accountant General with the support of the Director of Public Accounts and ICT personnel in the Ministry. Nonetheless, the chief budget manager and/or the person responsible for the finance function at the budget agency have a primary responsibility to ensure that the system has been installed at the agency and that it is properly operational.