

# Evaluation of Budget Implementation in the Municipality: A Case of the City of Tshwane

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**Abstract:** The objective of the study is to evaluate the budget implementation plan in the municipality in accordance with the required budgeting processes. Municipalities are frequently none complying with legislation because of not spending the allocated budget. As a result, it affects the provision of services in the municipality. The study followed a quantitative approach to evaluate the implementation of budget estimates in the municipality using questionnaire to collect data from budget office in the operational budget sector, for a specific reason that it is a key component of municipal financial management. The result of the study reveals that the municipality is not spending according to their implementation plan as stated in their Service Delivery and Implementation Plan (SDIP) in monitoring performance between the Integrated Development Plan (IDP) and its annual budgets, which may prompt service delivery and budget spending protest. Possibly the community may not have been consulted in the planning phase or engaged, and needs are not aligned with the IDP of the municipality during the budget draft. The management may not have implemented what the ward councillors as representatives have prioritised. The study employed social cohesion and systems theory to evaluate the budget implementation plan for service delivery target. This study recommends that for management to implement a realistic or implementable budget they need to comply with budget processes as preferred by Municipal Finance Management Act (56 of 2003) MFMA and in line with their IDP.

**Keywords:** Budget, Financial management, Implementation plan, Municipalities, Service delivery

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## 1. Introduction

A priority of any municipality in South Africa is to provide basic services within its local boundaries using available financial resources (Joseph & Van Rensburg, 2002). In order to comply with the governance provisions of the Municipal Finance Management Act 56 of 2003, amongst others, many government organisations endeavour to implement their operational plan in their budgeting and decision-making processes. The primary aim is to provide management with the information needed to ensure optimal use of available financial resources and to manage costs associated with achieving the organisation's strategic goals and service delivery (Chauke, 2016; Hilton & Platt, 2011).

In a public sector, accurate and reliable budgeting implementation is expected in terms of their service delivery implementation plan (SDIP) within their budgeting process in line with their integrated Development Plan (IDP). However, if the budget implementation plans are not executed and/or are not properly applied, incorrect decisions regarding the service delivery are almost inevitable. This may lead to dissatisfaction among

the officials, ward councillors and the community at large. The resultant of a properly prepared and executed budget implementation plan will result in the elimination of unnecessary expenditure and protests and should increase the efficiency of service delivery and preservation of municipal financial management (Tassonyi, 2002; Tapela, 2015). However, budget implementation is affected by various external factors including inflation, government policy directives, and politics (CoT, 2005; Narbón-Perpiñá, Arribas, Balaguer-Coll & Tortosa-Ausina, 2020). Services within the public funds have always caused a challenge in trying to balance professional practice and political involvement and the real needs of the citizens are overlooked (Bohler-Muller, Davids, Roberts, Kanyane, Stuwig, Masiya & Nomdo, 2016). Such practices increase on the already existing social distress to provide service delivery (Zhang, 2020). The implementation of an inappropriate budget estimates in a municipality has the potential to undermine the decision-makers' ability to make effective decisions in internal reports (CoT, 2003; Nzama, 2019).

The effective budgeting techniques have been utilised in the preparation of budget estimates

for budget implementation, the resultant financial information on the utilisation of available financial resources has proved to be useful and appropriate to give preference to basic services (Chadwick, 1998:149; Oosthuizen & Thornhill, 2017). Therefore, accurate and consistent budgets permit better-informed estimates and simplify budgeting implementation by management. It is important to note that, even though the budget estimates may be reliable, without informed efforts from management to implement the plan as SDIP, taking all its components into account, could just as easily compromise the process.

Management should make themselves familiar with the preferred services for delivery and their essential uses to the community, if they are to discharge their responsibilities effectively municipal financial resources (Adewuni, 2022). For municipalities to maintain their credibility, the ability to implement their budget plan effectively with available financial resources is important. Even though, there is still an agenda between politicians and academics concerning the implementation of an effective system for public funds in local government (D'Inverno, Carosi & Ravagli, 2018). Consequently, the objective of the municipal budget is to estimate the amount of funding required accurately over a specified period for the execution of reliable functions assigned to it through legislation (Cirolia & Robbins, 2021). Stated slightly differently, implementation plan plays a major role in ensuring that budget estimates that feature in the compilation of a credible and balanced accurately, thereby improving basic service levels, and enabling alignment with the five-year strategic IDP (CoT, 2007).

In addition, municipal budgets and implementation plans must be reliable because of being the basis for the performance measurement of the public sector organisation. Therefore, the budget office has the responsibility, to the municipality, to provide management with accurate and relevant information on that service for practical implementation. Furthermore, planning in municipalities implies that management wishes to determine ahead of time the cost of resources that will be consumed and implementation is when the resources are expected to be executed (Govender & Reddy, 2019). However, the basic idea of identifying implementation plan and its changes, as the volume of services increase or decrease, lies at the heart of legislature and by extension to budgeting (Hirsch, 2000; Ingram,

Albright, Baldwin & Hill, 2005). In that manner, South African policies are adequate but for the fact that they are tokenistic; it makes implementation of the plan to achieve municipal objectives impractical (Bond, 2014).

## 2. Research Problem

The City of Tshwane municipality is faced with a problem of frequently none complying with legislation because of not spending the allocated budget. This disconnect continues to create uncertainties within the framework of the implementation plan. Due to the budgeting process being overly optimistic, and combined with management uncertainty, inaccurate budget inputs may lead to very serious diverted implementation and service delivery problems in the future. This inability could also create problems in the IDP. In the process of achieving the research objective, this research project endeavours to conduct an evaluation of the CoT's budget implementation regarding the application of the plan in their budgeting process, and of the reliability of the final budget input estimates. It also attempts to determine whether, when budgeting for a service, management follows the budgeting process requirements of the National Treasury whose aim is to improve the control of expenditure, financial decision-making and ultimately financial accountability at municipal level.

## 3. Research Objective

The objective of the research is to evaluate if the management is implementing the budget in compliance with legislation and maintaining their ongoing budget estimates in accordance with the requirements of recognised budgeting processes within the municipality.

## 4. Literature Review

In budget implementation, budget estimates are used to solve different budget problems such as determining the estimated price for the service. The availability and proper budget estimates can provide reliable and accurate information which can be used for implementation (Wordsworth, Ludbrook, Caskey & MacLeod, 2005). Due to budget being optimistic this may render municipalities with high expenditure poor implementation or inefficient managed operational systems (Phong Nguyen, Vihn Vo, Thuan Anh Tran & Kim Thao Tu, 2018).

Most importantly is how these budget estimates are applied depending on how stakeholders are qualified or well informed. The whole aim of a municipal budget is to use available financial resources for service delivery efficiently, effective, adequate and transparent (Jong, 2022). This allows the municipality to determine estimates on services and whether the available budget is spent accordingly. The budget estimates can also assist officials to report on the progress of the municipality during and after implementation. Each department must prepare its budget estimates, assess and reviewing for sustainability prior submission against targets and strategic objectives before consolidation and implementing deliverables (National Treasury, 2002; Estova, Majerova & Szarowska, 2018). This approach is part of performance measurement on efficiency of service delivery, reporting and disclosure of spending in their audits (Coetzee & Erasmus, 2017).

The budget inputs must be supervised by superiors with sufficient knowledge to avoid any discrepancies to boost decision making and enhance performance measurement. This will eliminate the quality of municipal finances being compromised due to lack of uniform classification of budget estimates, as most municipal budgets do not contain narrative information and transparency (National Treasury, 2009; Folz & Shults, 2018). Hence, some municipalities may have inadequate financial management capacity, and in budgeting, their accounting practices and financial reporting systems are weak (Lee & Min, 2022; National Treasury, 2011a). Therefore, their budgeting is often not properly linked to municipal planning, and less or non-participation of direct community. This will also reduce unnecessary use of discretions and severe fiscal stress by budget officials on budget estimates in an attempt balance their budgets due to unavailability of supervision (Pierson, Thompson & Thompson, 2022). Such practices, budget dishonesty can manifest through manipulation of estimates and funds which will halt and affect the implementation plan (Fisher, Mitchel, Peffer & Webb, 2019)

Financial management in the public sector must be performed under supervision of personnel with the necessary technical training and proficiency to apply a wide spectrum of budget estimates fit for implementation (National Treasury, nd:4). Specific context of municipalities, authors such as Narbón-Perpiñá *et al.* (2020) states that municipalities face challenges in terms of social, demographic, economic, political, and financial factors, among others which may be

affected not only by inadequate management or implementation but by inadequate programmes and lack of staff development. As such, municipal officials probably make, or ward councillors provide uniformed decision in the absence of credible data and poor advice. This could affect consistence information across the IDP and budget. This may compromise and weaken the municipality's ability to use budget estimates as a redistribution tool for budgeting towards implementation (National Treasury, 2009; CoT, 2020).

There is growing evidence that municipalities are not executing their budget estimates in accordance with their implementation plan as aligned in the IDP. Municipal budget activities not aligned with IDP will result in the implementation plan not achieved. This may be due to absence of budget inputs from the community during budget draft or inability to properly apply the prescribed costing techniques for budget estimates (National Treasury, 2011b). This dissatisfaction among municipal officials, ward councillors and community at large may prompt service delivery and budget spending protest. Consequently, the unreliable budget data could result in sub-optimal decision-making in their financial management affecting the implementation plan which may not comply with the Municipal Financial Management Act (56 of 2003).

The availability and appropriate budgets will ensure consistent, reliable, transparent, and accurate implementation plan based on financial resources availability, encouraging efficiency of service delivery (Imuezerua & Chinomona, 2015). Municipal budgets can be used to assess performance in important areas, and to use those measures to plan and control operations that will in turn improve efficiency and financial management (Gunasekaran, Williams & McGaughey, 2005; Mbatha, 2020). Scholars agree that budgets are needed for the evaluation of service innovations, and good municipal governance criteria establishment (McLean, 2006; Cartwright, 2008). Consequently, the use of budgets will enable municipalities to estimate specific projects more accurately, and general operational costs to analyse and interpret estimates and inputs enough for implementation (Yereli, 2009; Mathur, 2019).

Arnold and Atrz (2019) and Brandt (1982) argue that the purpose of an implementation plan in a municipality is not simply a matter of executing budget estimates, but also for multi-purpose to provide

municipal managers and officials with a strategy they can use to deliver service every time. Budget inputs are needed to plan for future service delivery while highlighting the need for a municipality to estimate funding of their services (Cartwright, 2008; Sennewald & Baillie, 2021). In this sense, the implementation plan should be executed according to the essential services as prescribed and described in the IDP.

Municipalities are expected to meet their service delivery targets and to strive to improve on their implementation plan. Therefore, an IDP focused on the achievement of objectives, within the constraints of available resources, should be prepared and adopted for implementation on a sustainable basis (CoT, 2008; National Treasury, 2022). This strategy implies that budget is essential for costing as it will reflect in the inputs, outputs, and outcomes (Mofolo, 2016). The implementation of budget estimates within the municipal services is a management-orientated activity. That means, once declared reliable they are forwarded to management, where budget retrenchments to these services can be made (Horngren, Datar, Foster, Rajan & Itter, 2009; Choi, Kim, Jung & Cho, 2021). Municipalities will increasingly need to consider implementing budget as plan to improve the efficacy of their estimates and community needs when budgeting (Valle-Cruz, Fernandez-Cortez & Gil-Garcia, 2022; National Treasury, 2010).

#### 4.1 Legislative Framework Pertaining to Municipal Budgets

The availability of legislations were designed to support the financial management in terms of procedural and institutional approach in improving municipal budgeting and basic service delivery, *inter alia*, the implementation plan (National Treasury, 2008; Folz & Shultz, 2018).

##### 4.1.1 The Constitution of South Africa, 1996

Section 215(3)(a-b) states that budgets in each sphere of government must contain estimates of revenue and expenditure, differentiating between capital and operating expenditure, and financial proposals for budget year. Section 41 states that the municipal officials must exercise their authority within the constitutional system to practice corporate governance. Managers, as an accounting officer with specific responsibilities and duties, are obliged to take effective and appropriate measures

to ensure that municipal finances are sound and efficiently managed.

Section 153(a-b) states that, a municipality is tasked with structuring and managing its budgeting and planning process and its administration, prioritising basic needs, and promoting the social and economic development. This process enables policy makers to re-assess the financial resources available for municipal priorities and to increase credibility by providing sound planning (Pearson, 2002). Policy makers in the planning process are faced with challenges whether to fluctuate a service due to economic, political desires and social development (Ren, Zhao, Zhong, Fu & Wu, 2021). This should require the preparation of budget estimates for implementation. In terms of the Constitution, the MFMA was promulgated to lay down guidelines for the management of finances of a municipality in South Africa.

##### 4.1.2 Municipal Finance Management Act (56 of 2003)

The MFMA is part of a broader municipal reform plan, intended to improve service delivery and to encourage participatory governance. It aimed to improve the efficiency and efficacy of public spending at municipal level in South Africa (Vennekens & Govender, 2005). In fact, the MFMA brought about numerous significant changes in the management of municipal finances in South Africa.

Before the MFMA, the CoT followed a top-down, exclusive budget preparation process which was compiled by municipal officials and approved by politicians (National Treasury, 2006b). Even nowadays the political intervention in the budgeting processes of all government's spheres cannot be ignored (Narbón-Perpiñá *et al.*, 2020). After a series of financial disasters, Fiscal statute (MFMA) was introduced to increase transparency in financial planning in service delivery (Grootjes & de Haan, 2022; Vennekens & Govender, 2005). Section 72(3) states that it is essential that the financial plan of the local government be based on a balanced approach. Expenditure should not exceed available resources, and the budget must be based on realistic estimates for implementation.

##### 4.1.3 Municipal Systems Act (32 of 2000) (MSA)

Section 25(1)(a-c) states that each municipal council has to adopt a single, inclusive and strategic plan for the development of the municipality. This plan links, integrates and co-ordinates existing plans,

considering the financial proposals for the development of the municipality. This plan forms the policy framework and provides the foundation on which the annual budget has to be based to be in line with Section 41 of the Constitution. Therefore, all municipalities are required to prepare their own budgets, and to approve and implement them independently, in compliance with approved legislation. The IDP will assist the municipality to identify its priority issues and problems, and to develop strategies to be incorporated in the budgeting process (National Treasury, nd:6; Vennekens & Govender, 2005).

Following the promulgation of the MFMA and the MSA and other legal procedures, the budgeting process has become a transparent, consultative process (National treasury, 2006b). Promoting reforms and other legislative frameworks encourages involvement, transparency, and accountability as well improves the municipality's fiscal performance (Jung, 2021). CoT (2005) vows that the records of the municipality indicate that the municipality was the first municipality to introduce a consultative, community-driven IDP as described in the MFMA.

Difficulties will be experienced in the practical application of fiscal statutes and reforms that were intended to bring about improvements in the quality of municipal financial governance and the importance of implementation (Ford, 2006; Garcia & Hayo, 2021). Current practices are complex and based on different provincial ordinances (de Azevedo & Pigatto, 2020). Generally Recognised Accounting Practice (GRAP) was also supposed to be applied to overcome shortcomings experienced within the existing municipal accounting practices. Unfortunately, this does not promote transparency in municipal financial practices, which may lead to fiscal profligacy of municipalities that can affect the implementation plan (Scott, 2008; Picchio & Santolini, 2020).

As the CoT is a large municipality it could be assumed that they are able to cover what they budget for to achieve their implementation plan. Vennekens and Govender (2005) with the CoT (2009) assert that all municipalities should outline their plans spending funds as part of their budget documentation. The inputs should be linked to priority needs that feature in master planning, and then forwarded to budgeting and then implementation. Concluding the plan to implement the budget as the final step should be compliant with legislation for the approved budgets, making use of the balanced budget estimates for

implementation. (National Treasury, 2006a; Pierson *et al.*, 2022). It is imperative that the overall financial plan be based on a balanced approach to budgeting and implementation (CoT, 2009).

## 5. Research Methods

### 5.1 Research Design

The research of this study took a form of case study. Case studies allow the researcher to closely examine data from within a specific context, the parameters of which include a select geographical area and a limited population (McCullum, 2004:19; Li, Yang, Sun, Ji & Feng, 2010). Case study research is also a way of learning about complex situations, based on a comprehensive understanding of a single event (Morra & Friedlander, 2005; Gray, 2009). In the case of CoT, the research wants to understand reason(s) why the municipality is not spending within the implementation plan.

### 5.2 Research Approach

The study followed a quantitative approach to evaluate the implementation of budget estimates in the municipality using questionnaire to collect data from budget office in the operational budget sector, for a specific reason that it is a key component of municipal financial management. The questions required respondents to respond according to a 5-point Likert and dichotomous scale, thus providing data that is categorical and is of ordinal or nominal type. In contrast, the rating-scale questionnaire gives an indication of how well the respondent understand the questions, by providing them with a choice from progressively more accurate and more nearly complete answers (Peterson, 2007).

#### 5.2.1 Targeted Population

The target population comprised 50 CoT municipal officials involved in the budget estimates and implementing the budget plan at the municipality. These include accountants, Municipal Manager, heads of departments, Chief Financial Officer, Assistant Directors and Financial advisers. From the targeted population 31 questionnaire responses were received.

## 6. Data Analysis and Discussions

The Statistical Package for the Social Science (SPSS) was used to analyse the data. SPSS is a comprehensive

and flexible statistical analysis and data management tool that can take data from almost any type of file and use it to generate tabulated reports, charts and trends (Collier, 2010). It also delivers descriptive statistics and is able to conduct complex statistical analysis. The current practices within the CoT were then compared with the theoretical approaches encountered in the literature review. The conclusions flowing from this study should expand the body of knowledge on municipal finance, particularly budgeting implementation process.

55% were not sure whether the Constitution prescribes the use of budget estimates for implementation even though 42% agreed that it did. However, as this Act is the foundation for all other legislation in South Africa it also applies to municipal finance, whether one is aware of this, or not. The Constitution requires officials to exercise sound corporate governance to ensure the efficient compilation and management of municipal finances. While corporate governance is not specifically mentioned, it can be assumed that municipal officials, in implementing sound governance policies, will include the proper budgets to implement the plan for efficacy in financial management (see response to Q3).

Furthermore, all respondents indicated that the MFMA is important for managing municipal finances in that it outlines the framework within which the policy and procedures for compiling a municipal budget may be drafted. The Act also provides guidelines for effective financial management and furthermore requires that submission deadlines have to be met.

Most respondents (71%) rejected the statement that the MSA guides the municipality to implement the budget according to plan, nor did they agree that the provisions of the MSA have to be integrated with the MFMA to enhance the quality of the budgeting process. This piece of legislation (MSA) encourages the efficient use of available financial resources. In this case, "efficient use" may be assumed to include ward councilors priorities in terms of community needs. While this legislation encourages, it does not provide specific guidance on the application for implementation, nor does it spell out the terms of its integration with the MFMA, which may be the reason why more than 70% of respondents disagreed with the statement presented. Most respondents (71%) believed that the CoT has no internal reports that indicate that the budget plan was followed. The benefit of executing the implementation plan lies in their potential to contribute to the improvement of decision-making in municipalities by the accuracy of their output, and by extension, the improvement to financial reporting. It seems obvious therefore, that the municipality must not only have a report stating what was spent, but also which budget estimates were used and whether they were properly executed for service delivery.

Respondents (71%) believed they do not spend according to their IDP. If budget estimates are reliable, spending accordingly should happen, and would provide a municipality with its best chance of achieving its service delivery targets. The responses here imply that budget estimates are not accurate or reliable, corroborating earlier responses questioning the accuracy of budgeting processes.

<b>Q1: Are budget estimates in the MTERF submitted in time?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Strongly agree	6	19.35	6	19.35
Agree	25	80.65	31	100.00
Sample Size = 31				

<b>Q2: Does the constitution compel the use of budget estimates for implementation?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Agree	13	41.94	13	41.94
Not sure	17	54.84	30	96.77

<b>Q3: Are appropriate measure taken to ensure efficacy and effectiveness of financial management?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Agree	31	100.00	31	100.00
Sample Size = 31				

<b>Q4: Is the MFMA being used to manage municipal finances?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	30	96.77	30	96.77
Agree	1	3.23	31	100.00
Sample Size = 31				

<b>Q5: Is the MFMA being used to outline the criteria for budget estimates in the budgeting process?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	8	25.81	8	25.81
Agree	23	74.19	31	100.00
Sample Size = 31				

<b>Q6a: Is the MFMA being used as a guide for costing and budgeting?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	13	41.94	13	41.94
Agree	18	58.06	31	100.00
Sample Size = 31				

<b>Q6b: Any other financial guidelines?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Assist on municipal finances	1	50.00	1	50.00
Guides on financial management of the municipality	1	50.00	2	50.00
Sample Size = 2				

<b>Q7a: Is the MSA being used as a guide to implement the budget?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	8	25.81	8	25.81
Not sure	1	3.23	9	29.03
Disagree	7	22.58	16	51.61
Strongly disagree	15	48.39	31	100.00
Sample Size = 31				

<b>Q7b: Does the MSA promote integration with the MFMA?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	8	25.81	8	25.81
Not sure	1	3.23	9	29.03
Disagree	6	19.35	15	48.39
Strongly disagree	16	51.61	31	100.00
Sample Size = 31				

<b>Q8: Do internal reports disclose that the budget plan was executed accordingly?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Strongly agree	1	3.57	1	3.57
Not sure	7	25.00	8	28.57
Disagree	2	7.14	10	35.71
Strongly disagree	18	64.29	28	100.00
Sample Size = 28				

<b>Q9: Do officials spend according to the operational plan (IDP)?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	9	29.03	9	29.03
No	22	70.97	31	100.00
Sample Size = 31				

<b>Q10: Are service delivery targets being achieved?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	29	93.55	29	93.55
No	2	6.45	31	100.00
Sample Size = 31				

<b>Q11: Is there enough time to consolidate the budget estimates?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Not sure	8	25.81	8	25.81
Disagree	5	16.13	13	41.94
Strongly disagree	18	58.06	31	100.00
Sample Size = 31				

<b>Q12: Is there enough time to consolidate the budget estimates for implementation?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Not sure	8	25.81	8	25.81
Disagree	5	16.13	13	41.94
Strongly disagree	18	58.06	31	100.00
Sample Size = 31				

<b>Q13: Do officials spend according to the operational plan (IDP)?</b>				
<b>Criteria</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percent</b>
Yes	9	29.03	9	29.03
No	22	70.97	31	100.00
Sample Size = 31				



<b>Q14: Are service delivery targets being achieved?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	29	93.55	29	93.55
No	2	6.45	31	100.00
Sample Size = 31				

<b>Q15: Any measures taken when budget inputs are due?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Inform the responsible SED and if no action is taken use own discretion	1	100.00	1	100.00
Sample Size = 1				

<b>Q16: Are budget estimates assessed and necessary changes made?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Not sure	1	3.23	1	3.23
Disagree	7	22.58	8	25.81
Strongly disagree	23	74.19	31	100.00
Sample Size = 31				

<b>Q17: Do officials align the IDP to operational and capital budgets?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Yes	31	100.00	31	100.00
Sample Size = 31				

<b>Q18: Do you use cost estimates to consolidate the budget input for the operational plan?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	13	41.94	13	41.94
Agree	18	58.06	31	100.00
Sample Size = 31				

<b>Q19: Do you discuss changes made to cost estimates received?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	2	6.45	2	6.45
Agree	29	93.55	31	100.00
Sample Size = 31				

<b>Q20: Does the legislative framework assist to manage the budgeting process more effectively and efficiently?</b>				
Criteria	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Strongly agree	26	83.87	26	83.87
Agree	5	16.13	31	100.00
Sample Size = 31				

Respondents (94%) agree that service delivery targets are being met. Previous paragraph it was noted that respondents had indicated that the IDP was not being followed, yet in response to Q13 they believed IDP targets were in fact being met. The only reasonable explanation for this discrepancy appears to be that the budget submissions contained in the IDP, are not reliable for implementation which means the spending pattern targets are not followed. Respondents may feel that their inputs are reliable and accurate can be since IDP targets are reached by the year-end. One respondent indicated that all officials are obliged to inform the SED if they believe that their budget submissions are not up to standard. If no response is received about the proposed estimates, they use their own discretion, and create the illusion that all estimates are prepared in full compliance.

It is assumed that all budgets are scrutinised and consolidated by the finance department and presented to municipal executives for approval. These estimates are not subject to assessment for reliability and accuracy. Responses may corroborate those where respondents use own discretion if no supervision was taking place. Respondents indicated having insufficient time to the budget inputs. Note, more than 25% were unsure. This throws more doubt on the validity of their budget inputs. The literature supports the notion that municipal departments need to regularly re-assess their strategic planning and budgeting. Respondents agreed that they do align their IDP with their operational and capital budgets. This alignment means that their service delivery targets within the allocated budget estimates are efficient for implementation. However, if this alignment takes place why did they indicate that they do not spend within the IDP limits? Similarly, respondents indicated that they do not discuss changes made on the budget estimates. It appears also here that the incorrect, influenced, and inappropriate budget estimates will result in incorrect budget inputs. This is supported by comments made during an interview, to the effect that budget implementation remains a problem even though they spend within their budget.

## 7. Conclusion and Recommendations

Municipal budgets should be prepared over a specific period with all necessary consultations and inputs considered. Only fewer municipalities have complied with legislature when preparing and implementing

budget plans over the past years. Most municipalities to-date have been put under administration. Even so, during the epidemic period most municipal funds had to be redirected towards supporting to combat the (COVID19) pandemic. These decisions have threatened high priority basic services and further added more problems and delays in the existing in service delivery problems, increased non-compliance and implementation plan backlogs.

Despite the implementation plan, budgets should be prepared by person(s) with relevant experience/qualification in that field of finance. If any problems exist, they should have a contingency plan to ensure that the plan is followed. Even if municipal budgets are politically motivated, relevant discretionary measures should be in place to redirect the implementation plan back to its original form to meet service delivery. To achieve budget implementation plan, the nature of the relationship between politicians and municipal administrators must be well-managed, and skilled people must be hired towards improving service delivery. Budgeting is a long complex consultative process; municipalities are still experiencing difficulties from the pre-democratic socio-economic exclusion gaps while simultaneously trying to unleash its potential in service delivery. Adequate planning and community consultation are the most important aspect of municipal budgeting, therefore knowledge on how basic municipal budgeting operates is key. Continuous consultations to inform on developments, implementation or diversions of a municipal budget plan should be conducted. Even though municipal financial statements are publicly available, most communities do not understand the financial aspects due to financial illiteracy. Future studies should be conducted on financial literacy programs to educate on basic aspects of municipal finances that affect their community specifically budgeting. Venture on smart budgeting by municipalities employing artificial intelligence (App or message box) to reach communities at their comfort zone on budget consultation and service delays.

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