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Examining the Effectiveness of Budgeting and Financial Management in Public Institutions: A Case Study of Chibombo Town Council

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Abstract
This study provides a critical examination of the effectiveness of budgeting and financial management practices in public institutions, offering a critical examination of the profound inefficiencies in budgeting and financial management practices, using Chibombo Town Council as a case study. Against a backdrop of systemic fiscal governance failures in Zambia, it argues that weak financial controls, inaccurate forecasting and a pervasive lack of transparency are not merely administrative shortcomings but fundamental barriers to effective service delivery. Crucially, this research establishes a direct causal link between these financial management failures and the impediment of public service delivery. Employing a mixed-methods approach and a case study design, the research argues that despite the existence of formal Public Financial Management (PFM) frameworks, their practical implementation is severely undermined by entrenched operational deficiencies. The findings reveal profound inefficiencies: budgeting processes are characterized by a lack of transparency, inadequate stakeholder involvement and misalignment with strategic goals, while financial management is crippled by ineffective internal controls and outdated systems. The study posits that technical reforms are insufficient without concurrently addressing the pervasive issues of capacity constraints, political interference and a culture of impunity. Consequently, this paper contends that holistic public financial management (PFM) reforms; prioritizing robust internal controls, enhanced stakeholder participation, and modernized systems, are not optional but imperative. These reforms are a prerequisite for breaking the cycle of resource wastage, rebuilding public trust and achieving sustainable development goals. The study provides empirically grounded recommendations for transforming budgetary processes to ensure public funds directly and effectively serve citizen needs.

Keywords: Budgeting Processes, Financial Management, Public Institutions, Service Delivery, Financial Control

1. Introduction

Zambia is facing a significant crisis in managing its public finances, taking place within the context of ongoing economic difficulties and urgent developmental needs. Findings from the 2023 audits of national and local governments, supported by international evaluations, reveal a substantial systemic failure that goes far beyond simple accounting issues (Office of the Auditor General Zambia & Transparency International Zambia, 2023). This crisis severely threatens the frameworks intended to promote transparency, accountability, and the lawful, effective use of taxpayer and governmental funds. The consequences are far-reaching, negatively affecting vital service delivery, diminishing public trust, and hindering the country's development path.

The 2023 national audit exposed alarming fiscal mismanagement, including ZMK 10.2 billion in expenditures under query and severe underspending, exemplified by only ZMK 53.7 billion utilised out of a budgeted ZMK 70.3 billion, critically impeding essential programmes (Office of the Auditor General Zambia & Transparency International Zambia, 2023). Crucially, it revealed debilitating weaknesses in internal controls facilitating fraud and non-compliance, such as unpaid pensions and taxes, alongside blatant circumvention of the Public Procurement Act. This dysfunction permeates local governance. Audits of local authorities documented endemic systemic weaknesses, manifesting as widespread unsupported or irregular payments such ZMK3,683,718 across six councils lacking basic documentation, misapplication of funds diverting capital resources to cover operational deficits, and rampant irregular procurement favouring direct bidding over competitive processes (Office of the

Auditor General Zambia & Transparency International Zambia, 2023). These findings are symptomatic of chronically inadequate oversight, deficient accountability mechanisms, and ineffective audit functions, leading to the chronic inefficient deployment of scarce public resources.

This situation sharply contrasts with the core tenets of effective Public Financial Management (PFM). Modern research highlights that effective PFM frameworks should go beyond simple budgetary control; they must involve a deliberate allocation of resources specifically aimed at optimizing the value generated for the public (Romenska *et al*., 2020). These frameworks are widely acknowledged as crucial for developing countries such as Zambia to attain fiscal responsibility, optimal resource distribution, improved service provision, transparency, and accountability fundamental elements of sound governance and sustainable growth (Andrews, 2010; World Bank, 2024).

Financial management inherently encompasses the systematic planning, directing, and controlling of resources to achieve institutional objectives, reliant on the integrated functions of budgeting, accounting, reporting, and auditing. Zambia's current context, however, is characterised by critically weak financial controls, deficient reporting practices, insufficient transparency, and a profound deficit in accountability, directly causing significant resource misallocation, pervasive financial mismanagement, and the consequent degradation of public services (World Bank, 2024).

1.1 Objectives

1.1.1 General Objective

The general objective is to analyse the root causes of systemic financial management failures within Zambia's public sector, using Chibombo Town Council to assess the effectiveness of existing budgeting and financial management controls to identify viable solutions for implementing robust budget and financial reforms.

1.1.2 Specific Objectives

1. To establish budgeting and financial practices used at Chibombo District Town Council.
2. To determine the primary causes of poor budgeting and financial management at Chibombo District Town Council.
3. To analyse the effectiveness of financial management practices and controls at Chibombo District Town Council.

1.2 Theoretical Framework

For the theoretical framework, we will use the Public Expenditure and Financial Accountability (PEFA) Framework. We have chosen the PEFA Framework because it is the most analytically effective theoretical lens for examining budgeting and financial management effectiveness. Further, we can apply it to Zambia's public institutions due to its comprehensive, diagnostic and benchmark-oriented structure.

The PEFA framework was developed as a global standardized assessment tool. PEFA evaluates PFM performance across seven pillars: 1. budget reliability, 2. transparency, 3. policy-based fiscal strategy, 4. expenditure predictability, 5. budget execution controls, 6. accounting and 7. reporting and external scrutiny and uses 94 discrete indicators (PEFA Secretariat, 2022). The PEFA framework is appropriate because of its methodological rigour which provides an empirically grounded basis to dissect systemic strengths and failures in Zambia's PFM landscape, where chronic fiscal deficits, debt distress, and service delivery gaps point to urgent finance management challenges.

Applying the PEFA framework to Zambia's public finance exposes significant conflicts between the established institutional framework and the practical situations on the ground. For example, when assessed under PEFA Pillar II; transparency, Zambia's PFM reveals critical accountability failures. This is evidenced in Zambia's Open Budget Survey score which stagnated at 32/100 in 2023 (Transparency International, 2023). This can further be taken as, for example, reflecting minimal citizen access to audit reports. Consequently, for example, this lack of transparency fuels rent-seeking as seen in forensic audits by Zambia's Auditor General. In 2022, ZMW 5.2 billion was unaccounted in COVID-19 funds, directly linking weak accounting and reporting to corruption.

As can be seen, and crucially, PEFA's integrated structure exposes how one failure in PFM principles and controls cascades into a domino effect of multiple failures. This demonstrating multi-pillar causality which in turn adversely and severely cripples service delivery, for example.

Nonetheless, the implementation of PEFA in Zambia warrants significant critique. Its focus on procedural adherence largely ignores factors such as politics and economics that influence PFM results. Andrews (2019) argues that the framework overlooks the patronage systems that consistently distort the execution of the Zambian budget, illustrated by the continual over resourcing of ministerial offices, even amid austerity measures.

Additionally, PEFA's scoring based on indicators can obscure important contextual details; for example, Zambia's 'A' rating regarding the existence of a legal framework (PEFA, 2022) starkly contrasts with noticeable gaps in the enforcement of procurement regulations, indicating a troubling formalism. Furthermore, the framework inadequately addresses variations at the local level, failing to acknowledge how limitations in local government capacity, such as insufficient training in Integrated Financial Management Information Systems (IFMIS), for example sustains misallocations despite Central Government initiatives aimed at reform.

Using PEFA sheds light on the paradox of Zambia's fiscal performance. Consistently high scores, for example in external scrutiny; Pillar VII, which arise from an independent auditor like the Auditor General, correlate with notable compliance rates regarding audit recommendations such as 75% in 2021 (Auditor General, 2022). However, this does not always translate in better results such as better service delivery, for example primarily due to failures in execution at higher levels. This gap highlights Mwansa's (2021) assertion that Zambia's public financial management reforms emphasize fiduciary control at the expense of allocative efficiency, which elucidates the weak correlation between budgetary inputs like education spending, at 12% of GDP and educational outcomes as noted by the World Bank in 2022.

In short, the PEFA framework serves as a crucial, though partial, diagnostic tool for Zambia's PFM. Its methodical evaluation pinpoints areas that can actually reform, particularly in improving cash management and expenditure oversight to boost predictability. However, its shortcomings call for additional analysis of the political economy to tackle the persistence of patronage. Lastly, we must note that while PEFA provides a solid evidence foundation to shift budgeting from mere compliance to focus on results, this can only occur when set against the backdrop of Zambia's financial governance challenges.

2. Literature Review

2.1 Budgeting And Financial Practices

Public Financial Management (PFM) encompasses policies, processes, and systems governing public resource mobilization, allocation, and expenditure. Globally, robust PFM frameworks are critical for fostering economic stability, transparency, and sustainable development. Effective PFM ensures fiscal discipline, strategic resource alignment with national priorities, and accountability in public service delivery (World Bank, 2019). In low-income nations, PFM reforms often focus on curbing corruption and enhancing domestic revenue mobilization to reduce aid dependency, while advanced economies prioritize efficiency and innovation in public spending (Andrews, 2015).

The 2015 Sustainable Development Goals (SDGs) amplified PFM's role, linking sound financial governance to broader objectives like poverty reduction and climate resilience. However, challenges persist, including digitalization gaps, political fragmentation, and capacity constraints in fragile states (IMF, 2020) [18]. The COVID-19 pandemic further exposed vulnerabilities, accelerating digitization and underscoring the need for agile, adaptive PFM systems to manage crises (OECD, 2021). Cross-border cooperation, through platforms like the Collaborative Africa Budget Reform Initiative (CABRI), highlights shared learning in fiscal decentralization and performance-based budgeting (CABRI, 2018).

The effectiveness of global Public Financial Management (PFM) relies on the incorporation of technology, enhancement of institutions, and the alignment of fiscal policies with goals that promote inclusivity and environmental sustainability; this requires a balance between local circumstances and global norms (Dabla-Norris & Lima, 2018). While effective public sector budgeting and financial governance are crucial for delivering services and supporting democratic principles, numerous persistent obstacles in public financial management exist; many governments face significant difficulties in managing financial operations.

Among these prominent challenges, corruption and financial leakages stand out as the most egregious. Corruption within PFM relates to the improper use of public funds due to fraud, bribery, and embezzlement, which results in extensive fund leakages. Issues stemming from corruption and financial leakages in Public Financial Management constitute major global impediments, jeopardizing economic progress and eroding public confidence. Notable problems include embezzlement, procurement fraud, and tax evasion, which are widespread in both developing and affluent countries (World Bank, 2018). In low-income nations, inadequate oversight structures can result in the loss of 20–30% of public resources due to corrupt behavior, thereby siphoning funds away from crucial services such as healthcare and education (IMF, 2020) [18]. The COVID-19 pandemic, for example, intensified these financial leakages, as emergency funding often lacked transparency, resulting in inflated contracts and bribery allegations in over 70 nations (Transparency International, 2021).

Literature highlights systemic drivers, including inadequate audit institutions, political interference, and digital gaps. For instance, Khan (2019) [21] identifies poor accountability structures as catalysts for leakage in sub-Saharan Africa, while Fisman and Svensson (2007) [13] correlate corruption with reduced firm growth globally. Solutions like digital PFM reforms such as e-procurement have shown promise but face implementation barriers in resource-scarce regions (OECD, 2020).

2.2 Effective Financial Management Practices and Controls

Efficient PFM is essential for governance and development, acting as a crucial pillar. At its foundation, PFM comprising budgeting, expenditure supervision, accounting and auditing, dictates how limited public funds are collected, distributed and applied to meet national objectives. As highlighted by Williams *et al.* (2019) and Comelli (2023) [10], although budgeting is critical for aligning resources with policy aims and maintaining fiscal responsibility, numerous governments still face major shortcomings in their PFM capabilities. This lack of capacity has a direct effect on the quality of service delivery and developmental outcomes. Properly managed budgets are vital for governments to stay within their financial limits while channelling investments into essential sectors such as health, education, and infrastructure, in accordance with national development goals (Williams *et al*., 2019).

Furthermore, effective PFM systems promote both accountability and transparency, which are key elements of good governance. An example of this is Rwanda's introduction of 'citizen budgets', illustrates how transparency can foster public oversight (Schreiber, 2018). Importantly, empirical research shows a direct connection between high-standard PFM and enhanced public services; Tapsoba *et al*. (2024) indicate that better PFM performance, especially in consistent budget execution, significantly correlates with a reduction in maternal and child mortality rates in various African countries for example.

In Sub-Saharan Africa, although some nations have made significant advancements, widespread issues continue to limit the effectiveness PFM across the region. A primary obstacle is the ongoing lack of skilled workforce. Many finance ministries and local governments often do not have sufficiently trained budget officers, financial managers, accountants, or auditors (Pathak and Dzigbede, 2016). This lack of capacity obstructs the adoption and sustainability of advanced reforms, including accrual accounting and Integrated Financial Management Information Systems (IFMIS), due to weak institutional memory and high employee turnover (Fromm, 2017) [14].

Moreover, persistent corruption and a lack of effective oversight are steadily diminishing the reliability of budgets and misallocating resources. Financial resources designated for critical services, such as healthcare facilities and educational institutions, face significant risks of misuse. Additionally, supreme audit institutions, which often lack independence and adequate funding, frequently struggle to identify or penalize instances of misconduct effectively (Lassou, Hopper and Soobaroyen, 2020). As noted by Richards and Eboibi (2021), the absence of strong financial controls and anti-corruption measures is evident from audit results showing absent paperwork and inflated expenditures,

leading to a decline in the quality of service delivery.
Adding to these challenges is the ongoing issue of political meddling and the domination by elites. Frequently, budgets turn into tools for patronage, with adjustments in spending tailored more towards immediate political convenience instead of long-range developmental needs or predefined regulations (Chohan, 2017; Miró, 2019). Williams *et al*. (2019) specifically urged for the removal of politics from fiscal decision-making in Africa, highlighting the importance of protecting budgetary processes from partisan influences and stopping influential elites from misappropriating resources for personal benefit, thus jeopardizing institutional oversight.
Considering these obstacles, many African countries have initiated extensive public financial management (PFM) reform initiatives, frequently with the backing of international collaborators. Major focus areas for reform encompass the introduction of updated PFM laws, the implementation of electronic financial management systems such as Integrated Financial Management Information Systems (IFMIS), the creation of Treasury Single Accounts, and a transition towards performance-oriented budgeting. International Financial Institutions (IFIs) and bilateral aid agencies, including the World Bank, IMF, African Development Bank (AfDB), and UNDP, play a vital role by providing essential technical support and funding. For instance, the World Bank's Financial Management Umbrella Program (FMUP) is active in several nations to enhance accounting capabilities and information technology infrastructure (Prinsloo, 2023). Cameroon has received support from the World Bank aimed at improving the transparent distribution of resources at the local level (Prinsloo, 2023).

2.3 Challenges in Budgeting and Financial Management
Zambia's financial management practices have evolved significantly, mirroring its overall economic and political developments. This transition has moved from basic manual systems to more advanced frameworks, despite ongoing challenges. In the past, financial activities were marked by simple processes that relied heavily on manual record-keeping. This limitation hindered automation and highlighted weak internal controls, which in turn created profound inefficiencies and heightened the risk of accounting mistakes, embezzlement, and corruption, thus compromising the management of public resources. Since the early 2000s, Zambia has actively pursued modernization through global partnerships, implementing computerized accounting systems, applying accrual-based standards, and launching integrated financial management information systems (IFMIS) to unify data, boost transparency, and streamline reporting. Nonetheless, these technological advancements encounter various obstacles, such as limited capacity, bureaucratic resistance, and poor infrastructure, all of which hinder successful implementation (Ministry of Finance 2020).
Fiscal decentralization is a critical policy modification intended to shift financial and administrative duties from central to local governments, thereby enhancing service responsiveness. However, local authorities often face restrictions due to limited autonomy, as decisions regarding revenues and expenditures frequently need central approval. This requirement stifles creativity in revenue generation and continues to perpetuate inefficiencies (Mwale & Chrine 2024). Additionally, the introduction of the Medium-Term Expenditure Framework (MTEF) aimed to improve expenditure management by integrating planning and budgeting processes. Yet, local governments continue to resist changes due to inadequate financing mechanisms and lack of necessary resources, which undermine the reliability of budgets and predictability of performance (Nguyen & Patel 2022). The previous implementation of cash budgeting to enforce fiscal discipline during economic downturns complicated local governance further, leading to erratic cash flows, diverting resources from critical services, and diminishing service delivery (Khan & Evans 2023).
Numerous obstacles obstruct the implementation of reforms. Local authorities grapple with fiscal deficits stemming from inadequate financial systems, which restrict their capacity to fulfill obligations. Furthermore, human resource difficulties exacerbate these challenges, with skill deficiencies in crucial areas such as risk management and financial modeling limiting opportunities for innovation (Miller & Davis 2022). The political economy situation complicates progress as central authorities frequently hesitate to truly delegate autonomy. Misaligned incentives among politicians and bureaucrats prioritize short-term electoral gains over long-term planning, leading to an uneven allocation of resources (Smith & Lee 2023). This politicization is reflected in the tendency for unplanned budget allocations to prioritize highly visible projects rather than essential social services, perpetuating service inequalities.
The financial performance of organizations is vital for their sustainability, facilitating quality service provision, timely payments to stakeholders, and maintaining credit ratings. However, Zambia's public institutions encounter various challenges in attaining stability. Rigid budgeting practices, which are embedded in legislative frameworks, limit responsiveness to new priorities since reallocating funds necessitates cumbersome approvals. This lack of flexibility, along with annual budget cycles, forces institutions to adhere to outdated assumptions, which can disrupt services during economic or environmental crises (Peters & Pierre 2022). Additionally, regulatory complexity imposes burdens on public entities, as conflicting compliance obligations distract resources from essential operations. The high costs associated with compliance—such as specialized software and training put pressure on budgets, especially in multi-jurisdictional environments (Johnson *et al*. 2021).
Economic instability exacerbates these problems, with recessions reducing revenues while escalating the demand for social services. In the absence of strong contingency reserves, institutions encounter fiscal pressures, necessitating difficult choices like underfunding infrastructure upkeep or preventive healthcare, which can escalate long-term expenses and exacerbate inequalities (Brown *et al*. 2021). Insufficient forecasting abilities, due to outdated data and inadequate tools, further impede proactive planning. For example, miscalculating demographic changes or inflation can lead to significant funding gaps in education or healthcare (Garcia & Thompson 2020). Proposed performance-based budgeting (PBB) aimed at improving accountability by associating funding with outcomes struggles due to unclear metrics, deficiencies in data infrastructure, and resistance from stakeholders, ultimately resulting in misallocations of resources (Wilson & Martinez 2023).

Technological integration, while promising efficiency gains through automation, encounters hurdles like high implementation costs, cybersecurity vulnerabilities, and user resistance. Legacy systems persist due to technical skill shortages, perpetuating error-prone manual processes (Nguyen & Patel 2022). Accountability mechanisms remain weak, as fragmented reporting and insufficient oversight obscure financial health and enable mismanagement. Independent audits are vital for transparency, yet bureaucratic inertia often delays disclosures, undermining public trust (Taylor & Robinson 2021).

Budgetary monitoring and control are crucial for preventing misappropriation and ensuring service efficacy. Establishing clear performance benchmarks and communicating budgetary policies enable variance tracking and corrective action. Failures in these processes – evident in contexts like Chibombo District lead to medicine shortages and infrastructure delays, worsening health outcomes. Conversely, Rwanda's outcome-linked financing improved service quality (Garcia *et al*. 2021).

The integration of digital financial management systems presents a critical problem for public institutions. While offering transformative potential to enhance fiscal efficiency, data accuracy and transparency (Nguyen and Patel 2022), implementation is met with significant related challenges. High initial capital costs, persistent operational expenses, and pervasive employee resistance impede adoption. Crucially, many institutions lack the requisite technical expertise, perpetuating reliance on error-prone manual processes. Furthermore, escalating cybersecurity threats pose severe risks to sensitive financial data and public trust. Critically, evidence indicates that despite potential benefits for fiscal discipline and resource allocation, digital transformation in the public sector faces profound obstacles, including revenue system difficulties, political interference, and entrenched technical barriers (Ibrahim *et al*. 2024). Consequently, successful navigation demands strategic investment, comprehensive workforce training, and robust cybersecurity frameworks to secure effective adoption.

Budgetary monitoring and control fundamentally function as a systematic, deterrent framework intended to safeguard public funds by establishing procedural and behavioural boundaries for financial conduct. While theoretically sound, its practical efficacy critically depends on establishing unambiguous, targeted performance levels across organizational departments to facilitate meaningful assessment, alongside the effective communication of budgetary policies to all stakeholders to engender understanding and ownership of outcomes (Smith and Lee, 2023). Empirical evidence consistently underscores a direct correlation between deficient budgetary control mechanisms and demonstrably suboptimal public service delivery outcomes across diverse sectors.

The necessity of continuous monitoring, evaluating actual performance against budgets, and reporting variances for timely corrective action is widely acknowledged (Simanjuntak *et al*., 2023). However, the effectiveness of these processes is intrinsically contingent upon the accuracy and regularity of reporting, coupled with the institutional capacity and political will to act decisively upon findings. Herein lies a profound challenge: the political economy of budgeting exerts a dominant influence on both equity and effectiveness. Political actors frequently prioritize short-term electoral gains over long-term strategic imperatives, distorting budget allocations to favour specific constituencies rather than addressing broader institutional or societal needs (Smith and Lee, 2023). This politicization often manifests in funding economically unviable projects misaligned with organizational goals, such as prioritizing high-visibility infrastructure over essential but less conspicuous social services. Moreover, the inherent volatility of political decision-making introduces significant instability into financial planning, as priorities shift abruptly with changes in administration. Cumulatively, this persistent misalignment between institutional objectives and political agendas erodes operational efficiency, undermines equitable resource distribution, and fosters public disillusionment with governmental accountability. Studies increasingly attribute the gap between prescribed budgetary accountability and actual practice to entrenched political interference, weak sanctioning mechanisms, executive dominance, and pervasive clientelism, which systematically undermine accountability reforms, particularly in local government budgets (Simanjuntak *et al*., 2023).

Strategic alignment of budgets with overarching development frameworks, such as the Sustainable Development Goals (SDGs), holds the potential for enhancing public impact (Khan and Evans, 2023). Crucially, integrating participatory budgeting is posited to empower citizens, fostering ownership and directing resources towards priority needs. However, its success is demonstrably conditional upon robust institutional transparency and adequate community capacity (Chiwawa and Uwizeyimana, 2025). Research indicates that while resources may be available, significant deficiencies often persist in the ability and willingness to plan and utilize them optimally. Resources can be diverted towards less critical needs or lost through leakages, hindering productive use. These interconnected deficiencies; lack of needs-based planning and inadequate resource monitoring, are identified as primary causes of failures in public service delivery. Importantly, while direct relationships exist between citizen participation in budgeting and improved service delivery, political affiliation and local political dynamics exert a more powerful influence on citizens' likelihood of participating than the participatory mechanisms themselves, fundamentally shaping outcomes (Chiwawa and Uwizeyimana, 2025).

Financial accountability mechanisms, particularly independent audits, are frequently championed as vital tools for enhancing institutional trust and combating corruption, thereby optimizing resource allocation for public services (Brown *et al*., 2021). However, the efficacy of Value for Money audits remains inconsistent, as they often fail to transcend compliance-focused limitations without robust governance environments that prioritize tangible outcomes over procedural adherence (Masoud, 2024). While Masoud (2024) posits correlations between strengthened audit institutions and improved public financial management (PFM) in contexts like Zimbabwe, such claims warrant scrutiny given the pervasive structural barriers that undermine accountability globally.

Persistent fiscal constraints exacerbate these challenges, as governments grapple with escalating service demands amid stagnant resources (Brown *et al*., 2021). This imbalance forces deleterious trade-offs, such as chronic underinvestment in infrastructure and preventive social programmes, which disproportionately harm marginalized communities and inflate long-term costs (Khan and Evans, 2023). Crucially, accountability systems themselves falter due to bureaucratic inertia and fragmented reporting, obscuring fiscal health and enabling corruption (Taylor and Robinson, 2021). Mere technological fixes, like real-time reporting, are insufficient without institutional reforms that empower auditors and embed ethical stewardship (Johnson *et al*., 2021).

Economic volatility further destabilizes PFM, as recessions simultaneously shrink revenues and inflate demand for safety nets, creating acute fiscal stress (Khan and Evans, 2023). The absence of contingency reserves heightens vulnerability, compelling suboptimal austerity. Compounding this, labyrinthine regulations impose excessive administrative burdens, diverting resources from service delivery to compliance tasks (Johnson *et al*., 2021). This inefficiency is magnified in multi-level governance systems, where regulatory overlaps generate redundancies and compliance risks.

Moreover, rigid budgeting processes, entrenched in legislative frameworks, cripple institutional agility (Peters and Pierre, 2022). The cumbersome reallocation protocols and protracted annual cycles prevent timely responses to emergencies, eroding public trust when crises expose bureaucratic paralysis. Peters and Pierre (2022) rightly critique this inflexibility but understate how such rigidity systematically entrenches inequities by prioritizing procedural legitimacy over adaptive resource distribution.

In essence, while audits and Value for Money frameworks hold theoretical promise, their real-world impact is constrained by governance deficiencies, economic precarity, regulatory complexity, and institutional inertia. Meaningful PFM reform requires not merely technical adjustments but a transformative political commitment to adaptive, equity-centred governance.

Persistent weaknesses in financial planning and forecasting systems within public institutions represent a critical vulnerability in governance, directly undermining budgetary integrity and public service efficacy. As Garcia and Thompson (2020) highlight, the lack of access to sophisticated forecasting tools and methodologies hinders accurate anticipation of volatile revenue and expenditure trends. This deficiency is compounded by reliance on outdated data, which fails to capture dynamic socio-economic shifts, leading to perilous outcomes: underestimations cause critical funding shortfalls in sectors like healthcare and education, while over-optimistic revenue projections precipitate deficits, forcing austerity or borrowing (Akram, 2021). Such systematic failures necessitate investment in integrated forecasting models incorporating economic, social, and technological variables, yet chronic underfunding often impedes such essential upgrades.

The aspiration for robust financial management systems to create organizational value (Akram, 2021, updating Padachi, 2006) and manage the fundamental trade-offs between liquidity, solvency, and profitability (OECD, 2019, updating Lazaridis, 2006) remains elusive in many contexts. Effective resource management, a key indicator of institutional performance linked to broader economic contribution (IMF, 2020 [18], updating Naser and Mokhtar, 2004), is jeopardized. Crucially, robust monitoring and control are indispensable for efficient and equitable service delivery. However, success demands far more than technical systems; it requires unwavering political commitment, audits focused on value-for-money and outcomes, genuine citizen engagement, and the capacity to overcome pervasive implementation barriers related to technology, data quality, and resistant institutional cultures. Failures in these areas perpetuate resource misallocation, service decline, and public trust erosion.

The Zambian experience exemplifies these challenges. Despite adopting reforms like the Medium-Term Expenditure Framework (MTEF), performance-based budgeting, and fiscal decentralization, progress is hampered by limited local autonomy, severe capacity constraints, centralizing political economy dynamics, persistently weak forecasting, and difficulties deploying integrated IT systems (World Bank, 2022). Addressing these issues demands a sustained, multi-faceted strategy: building institutional capacity, enabling genuine decentralization with adequate resources and authority, strengthening accountability via independent audits and transparency, investing strategically in human capital, and crucially, aligning political incentives with long-term development goals rather than short-term electoral cycles. Only through such comprehensive and politically courageous efforts can public financial management in Zambia and similar developing contexts fulfil its potential to enhance service delivery, promote equity, and restore public trust.

3. Research Methods

This study employs a mixed methods approach and a case study design to investigate the effectiveness of budgeting and financial management within the Chibombo District Town Council. This approach, as advocated by Yin (2018), is chosen to enable an in-depth, context-specific examination of complex practices embedded within the real-life setting of the district's public institutions. The core strategy involves systematic descriptive content analysis of data gathered through semi-structured questionnaires administered to key personnel and analysis of pertinent institutional documents and records.

The case study design will facilitate a holistic examination of the effectiveness of budgeting and financial management practices in Chibombo District Town Council. The focus on qualitative methods prioritizes depth of understanding over breadth or statistical representativeness. The aim is to generate detailed, nuanced findings about effectiveness within this specific council, forming a basis for contextually relevant practical recommendations for improvement.

3.1 Target Population

The target population for a study is defined as the group of individuals, objects, or items from which samples are taken for measurement, as described by Kombo and Tromp (2006). The current study will be conducted in Chibombo District focusing on Chibombo District Town Council to represent various public institutions, including local government offices, health centres, and educational institutions. The population encompasses public officials, financial managers, and those who are directly or indirectly involved in budgeting and financial management processes in the town council.

3.2 Sampling Design

The study will employ a purposive sampling procedure to collect the necessary data. To derive the desired sample of respondents, the researcher will work closely with local government offices in Chibombo District Town Council. A list of key personnel, those with the knowledge of budgeting and financial management practices will be obtained from the council administration, serving as sampling frame from which respondents will be purposefully selected. Respondents will be purposively selected to ensure a representative sample of different roles and responsibilities within the council and to target those deemed to possess the information needed.

3.3 Sample Size Determination

The researcher aims to sample 75 respondents from the target population. This sample size is deemed sufficient to provide the necessary data to address the research questions and achieve the study's objectives. The selection process will ensure that different units within the town council such as finance, administration and procurement are adequately represented.

Using purposive sampling, we will ensure adequate representation of the diverse range of stakeholders involved in budgeting and financial management in the town council. This strategic approach will enable us to make valid inferences and derive meaningful conclusions about the effectiveness of these practices in Chibombo District Town Council.

3.4 Data Collection Methods

Before beginning the process of collecting data, an introductory letter will be obtained from the University to introduce the researcher as a student intending to conduct a study. This letter will be taken to the relevant authorities in the district council for further clearance. After the necessary clearances and permissions are granted, the researcher will pilot the questionnaires for interviews.

The main data collection will involve administering and conducting semi-structured interviews using a semi-structured questionnaire and organizing focus group discussions. The questionnaires will be distributed to our respondents to gather data on budgeting and financial management practices. Focus groups will be conducted with financial managers and key personnel to obtain qualitative insights into the challenges and effectiveness of current practices.

3.5 Data Analysis

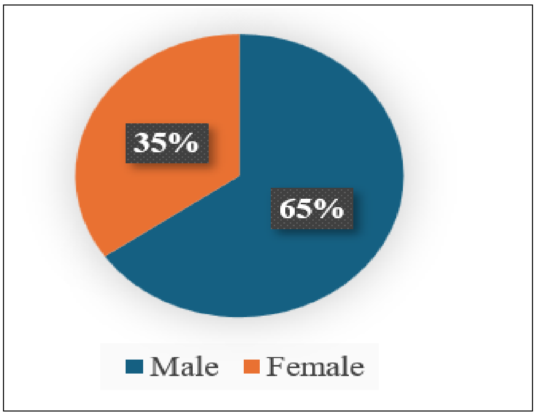
The study will comprise qualitative data generated from questionnaires and focus groups. To analyse this qualitative data, thematic analysis will be employed.

Quantitative data will be analysed using Stata 18 and Microsoft Excel 365 to produce descriptive statistics methods charts, graphs and pie charts.

These two analyses will help us identify patterns and recurring themes in order to provide a detailed and systematic examination of experiences, challenges, and effectiveness of budgeting and financial management.

4. Findings and Results

4.1 Presentation of Results Based on Demographic Information



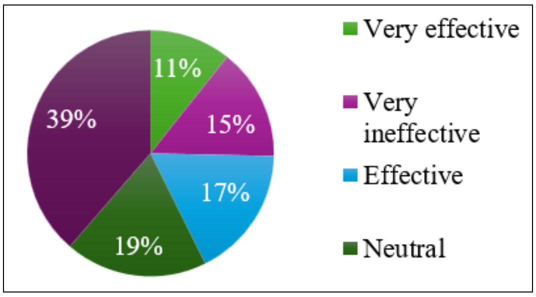
Source: Primary Data

Fig 1: Gender Distribution

Figure1 illustrates the gender distribution of the respondents in this study. Out of the 75 participants, 65 (49 respondents) were male, while 35 (26 respondents) were female. This indicates a higher representation of male respondents in the sample.

4.2 Presentation of results based on the Effectiveness of Financial Management Practices and Controls at Chibombo Town Council

4.2.1 Financial Management Effectiveness

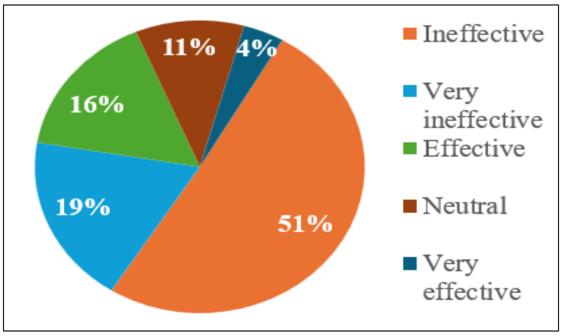


Source: Primary Data

Fig 2: Overall Effectiveness of Financial Management Practices

Figure 2 reveals respondents' perceptions of the overall effectiveness of financial management practices at Chibombo Council. The majority, 39% (29 respondents), rated these practices as ineffective, and 15% (11 respondents) deemed them very ineffective. Conversely, only 17% (13 respondents) found them effective, while 11% (8 respondents) rated them as very effective. A neutral stance was taken by 19% (14 respondents). These findings indicate that a significant proportion of participants are dissatisfied with the effectiveness of financial management practices, pointing to potential areas for improvement.

4.2.2 Effectiveness of Internal Controls

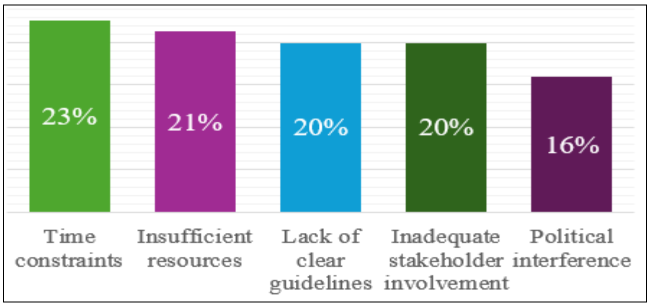


Source: Primary Data

Fig 3: Effectiveness of Internal Controls in Preventing Financial Mismanagement

As shown in Figure 3, 51% (38 respondents) rated internal controls as ineffective in preventing financial mismanagement, and 19% (14 respondents) found them very ineffective. Only 16% (12 respondents) deemed the controls effective, and 4% (3 respondents) considered them very effective, while 11% (8 respondents) remained neutral. This highlights a critical weakness in internal controls that could jeopardize the integrity of financial management processes.

4.2.3 Budgeting Process Challenges

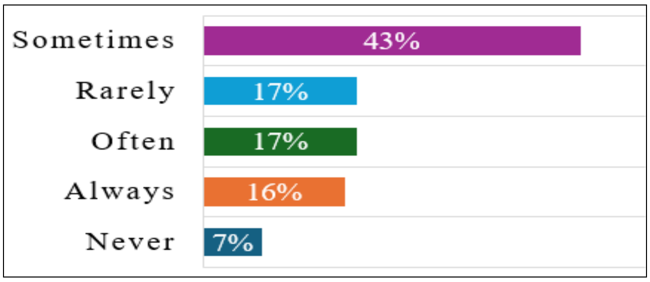


Source: Primary Data

Fig 4: Major Challenges in the Budgeting Process

Figure 3 identifies the major challenges faced in the budgeting process. The most frequently cited challenge was time constraints, reported by 23% (17 respondents). 21% (16 respondents) highlighted insufficient resources, while 20% (15 respondents) each mentioned inadequate stakeholder involvement and lack of clear guidelines. 16% (12 respondents) pointed to political interference. These findings suggest a wide array of challenges, with resource and time limitations, unclear processes, and political factors significantly affecting budgeting efficiency.

4.2.4 Financial Report Timeliness and Accuracy

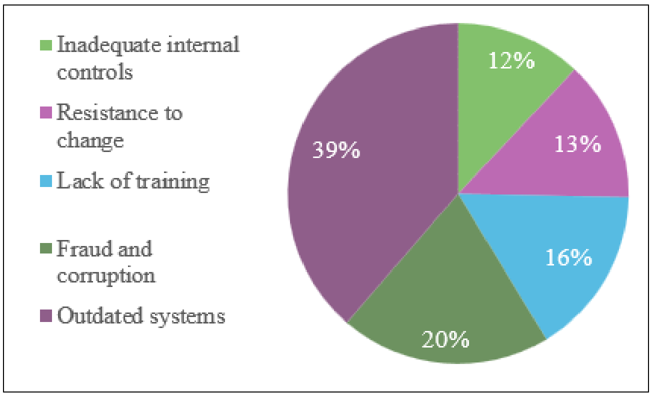


Source: Primary Data

Fig 5: Timeliness and Accuracy of Financial Reports

Figure 5 presents data on the timeliness and accuracy of financial report generation. 42% (32 respondents) indicated that reports are generated sometimes, while 17% (13 respondents) stated they are generated rarely, and 6% (5 respondents) reported that reports are never timely or accurate. On the positive side, 17% (13 respondents) noted reports are generated often, and 16% (12 respondents) affirmed that reports are generated always. These mixed responses suggest that while some progress has been made, significant gaps remain in ensuring consistent and reliable financial reporting.

4.2.5 Financial Management Challenges

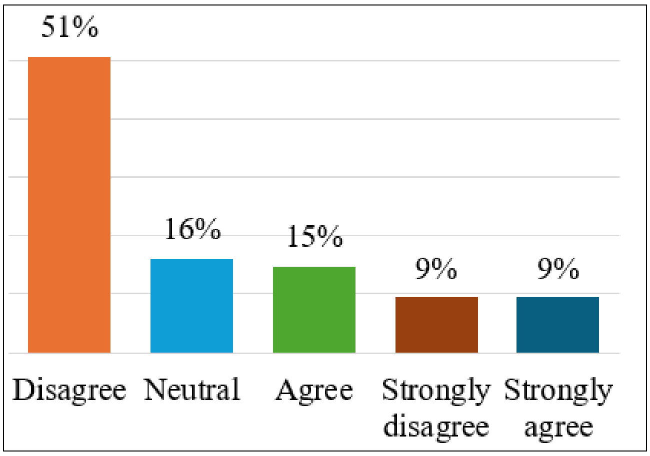


Source: Primary Data

Fig 5: Challenges in Financial Management Practices

As shown in Figure 5, the most prominent challenge in financial management practices is outdated systems, noted by 39% (29 respondents). 20% (15 respondents) cited fraud and corruption, and 16% (12 respondents) pointed to a lack of training. Other challenges include inadequate internal controls (12% (9 respondents)) and resistance to change (13% (10 respondents)). These responses highlight critical areas for improvement, particularly in modernizing systems and addressing governance and training gaps.

4.3 Presentation of Results Based on the Finance Management Practices at Chibombo Town Council



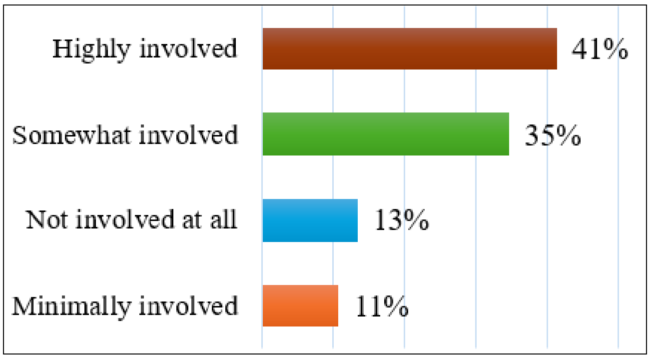
Source: Primary Data

Fig 6: Perception of Budgeting Process Transparency

Figure 6 reveals respondents' views on the transparency of the budgeting process in their institutions. A majority, 51% (38 respondents), disagree that the process is transparent, and an additional 9% (7 respondents) strongly disagree.

Only 15% (11 respondents) agree, and 9% (7 respondents) strongly agree that the process is transparent. 16% (12 respondents) remained neutral. The predominant disagreement indicates significant concerns regarding transparency, suggesting a need for institutions to enhance openness and stakeholder engagement in the budgeting process.

4.3.1 Level of Involvement in Budgeting

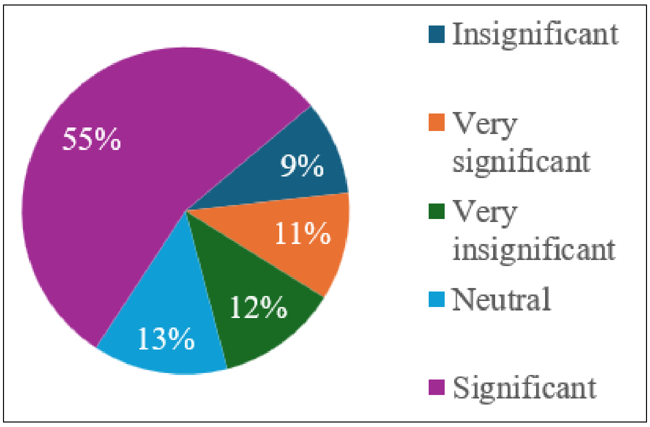


Source: Primary Data

Fig 7: Involvement in the Budgeting Process

As shown in Figure 7, 41% (31 respondents) are highly involved in the budgeting process. 35% (26 respondents) described themselves as somewhat involved. However, 13% (10 respondents) are not involved at all, and 11% (8 respondents) are minimally involved. This indicates that while a majority have some level of involvement, there is room for increased participation to enhance inclusivity and ownership of the budgeting process.

4.3.2 Impact and Influence of External Factors



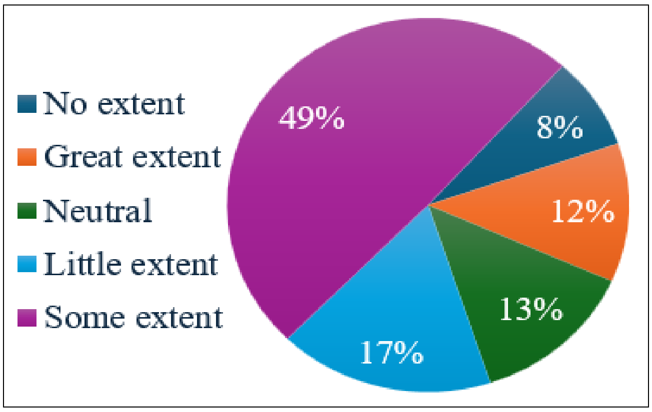
Source: Primary Data

Fig 8: Impact of External Factors on Budgeting and Financial Management

Figure 8 explores the significance of external factors, such as economic conditions, on budgeting and financial management. The majority, 55% (41 respondents), considered these factors to be significant, while 11% (8 respondents) rated them as very significant. 13% (10 respondents) remained neutral, while 9% (7 respondents) and 12% (9 respondents) considered the impact insignificant and very insignificant, respectively. This underscores the importance of external dynamics in shaping financial decision-making and outcomes.

4.4 Presentations of Results Based on the Impact of Budgeting and Financial Management Practices on Service Delivery

4.4.1 Budgeting Impact on Service Delivery

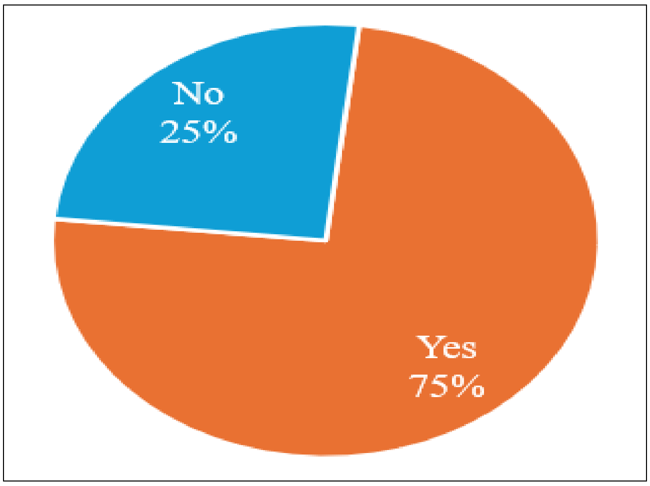


Source: Primary Data

Fig 9: Effect of Budgeting Practices on Quality-of-Service Delivery

Figure 9 explores the extent to which budgeting practices affect service delivery quality. The majority, 49% (37 respondents), indicated that budgeting practices influence service delivery to some extent, while 12% (9 respondents) noted a great extent of impact. 17% (13 respondents) believed there was little extent, and 8% (6 respondents) felt there was no extent of impact. 13% (10 respondents) maintained a neutral stance. These findings suggest that while budgeting practices do play a role in service delivery, the extent of their impact varies significantly among respondents.

4.4.2 Formal Budgeting/Finance Training



Source: Primary Data

Fig 10: Formal Training in Budgeting and Financial Management

According to Figure 10, a significant majority of respondents, 75% (56 respondents), reported receiving formal training in budgeting or financial management. The remaining 25% (19 respondents) had not received such training. This highlights a generally high level of preparedness among the participants but also suggests areas for further training and capacity building.

4.5 Discussion of Research Findings

The findings from Chibombo Council expose a profoundly alarming state of financial governance, where the mere existence of controls masks a near-total collapse in their operational effectiveness. The stark contradiction of 73% acknowledging controls but 69% deeming them ineffective or very ineffective reveals not merely weaknesses, but fundamental systemic failure. This gap between policy and practice creates fertile ground for fraud and misappropriation, representing a critical vulnerability that fundamentally breaches public trust and jeopardises service delivery.

The gravity of the above situation cannot be overstated; this is expressed concisely by Mukumbwa and Mbekomize (2023) stated that ineffective controls are not an administrative inconvenience but a direct conduit for resource leakage, eroding the very foundation of public financial stewardship. Further according to them, the problem becomes such that deficiencies directly correlate with increased instances of irregular expenditure and undermine the principles of accountability mandated for local government entities highlighting a profound disconnect between institutional design and operational reality.

The inconsistency in audit practices further compounds the crisis. While 45% report annual audits, the significant 19% where audits occur rarely signifies a dangerous unevenness in accountability. This irregularity is not merely procedural; it directly facilitates the concealment of financial misconduct and prevents timely corrective action. The absence of consistent, independent scrutiny across all council functions creates pockets of opacity where irregularities can flourish undetected (Ngwakwe, 2022).

The inconsistency critically undermines transparency, a non-negotiable pillar of public finance, and demonstrates a failure to institutionalise a core governance safeguard. The tension here lies in the disparity between departments subject to oversight and those operating in the shadows, creating an environment where comprehensive financial health cannot be assured.

Compounding these control and audit failures is the demonstrable unreliability of financial reporting. With only 16% affirming reports are consistently timely and accurate, the vast majority; over 66% acknowledge deficiencies, ranging from sporadic reliability to outright failure. This crisis of information quality has severe consequences.

Delayed and inaccurate reports paralyse evidence-based decision-making, forcing management into reactive guesswork rather than proactive strategy (Tran *et al*., 2023). Furthermore, it actively erodes stakeholder confidence; when financial data cannot be trusted, trust in the institution itself evaporates. The problem extends beyond technical glitches; it points to a deeper cultural or procedural malaise where accurate and timely financial disclosure is not prioritised or enforced. This reporting failure further directly weakens governance and accountability mechanisms and weakens financial management.

A critical, often underestimated, barrier making worse all other deficiencies is the pervasive lack of accessibility and poor usability of financial management systems. The finding that 71% of staff face limited or no access is staggering. When coupled with the 28% who find the systems difficult or not user-friendly, it becomes clear that the technological tools intended to enable control are instead obstructing it. This lack of access prevents staff from performing basic financial oversight functions, while poor usability breeds errors, frustration, and workarounds that bypass formal controls entirely (Mukosha and Chitimira, 2022).

The technological failure, noted above creates a direct correlation between system inadequacy and operational inefficiency, hindering not only daily transactions but also the capacity for effective monitoring and reporting. The inability of staff to interact efficiently with financial systems due to design flaws or insufficient training represents a critical root cause of the broader control failures observed.

Collectively, these interconnected deficiencies: performative controls, erratic audits, unreliable reporting, and inaccessible systems, paint a picture of a council operating in a state of severe financial vulnerability as without robust controls consistently applied, regular independent audits, dependable financial information, and functional systems accessible to trained staff, financial integrity is impossible.

The statistics from Chibombo Council are not isolated data points but symptoms of a systemic governance crisis requiring urgent, comprehensive intervention. Piecemeal solutions will fail; what is needed is a holistic reform of financial management culture, infrastructure, and processes. Strengthening controls demands not just policy revision but rigorous enforcement and accountability.

Agreeing and in line with Aikins (2021), audit consistency requires mandatory, organisation-wide schedules backed by consequences for non-compliance. Furthermore, reliable reporting necessitates both technological upgrades and strict accountability frameworks for data quality. Also, system access and usability demand significant investment in both technology and comprehensive, ongoing staff capacity development.

Without addressing these deep-seated, interlinked problems with sustained commitment and adequate resources, Chibombo Town Council remains dangerously exposed to financial malfeasance, operational paralysis, and an irreversible erosion of public confidence, fundamentally failing in its fiscal stewardship mandate.

5. Conclusion

This study has comprehensively examined the effectiveness of budgeting and financial management practices in public institutions, with a specific focus on Chibombo Town Center. The findings have revealed both strengths and weaknesses in these processes, providing valuable insights into how they influence institutional efficiency and service delivery. The analysis has also underscored the complexity of financial management in public institutions, where diverse challenges and factors interplay to shape outcomes.

The budgeting processes in public institutions are characterized by varying levels of familiarity, inclusivity, and clarity. While a significant proportion of staff are well-acquainted with budgeting practices, a notable number remain uninvolved or unaware of the intricacies of the process. This lack of inclusivity and awareness may limit the effectiveness of budgeting practices, as it excludes valuable input from stakeholders who could contribute to more comprehensive financial planning. Furthermore, inconsistencies in the clarity and application of budgeting guidelines reflect a need for better communication and standardization. Financial management practices and controls within Chibombo Council have been found to be partially effective but fraught with gaps that compromise their overall impact. Established financial controls exist in most institutions; however, their effectiveness in preventing mismanagement remains questionable. Issues such as inconsistent audit schedules, limited access to financial systems, and outdated technology further compound these challenges, weakening the overall financial accountability framework. These inefficiencies expose institutions to financial risks and undermine stakeholder confidence in financial processes.

The study also highlighted systemic and operational challenges in budgeting and financial management. Time constraints, insufficient resources, and political interference were identified as significant barriers to effective budgeting. In the realm of financial management, outdated systems, resistance to change, and inadequate training were notable challenges. These issues highlight the need for a more robust and adaptive financial framework that addresses internal inefficiencies and external pressures.

The relationship between budgeting and financial management practices and service delivery is evident but inconsistent. While effective financial practices have led to improved resource allocation and enhanced service delivery in some instances, frequent delays, poor communication, and capacity constraints have hindered outcomes in others. Institutions that align their budgeting and financial management practices with strategic goals are better positioned to deliver services effectively. However, inconsistencies in achieving service delivery targets indicate room for improvement in translating financial efficiency into tangible service outcomes.

Satisfaction with service delivery remains moderate among respondents, with a substantial proportion expressing dissatisfaction. This sentiment reflects the direct impact of financial inefficiencies on public institutions' ability to meet community needs. Delays in project implementation, limited funding, and inefficiencies in resource utilization were cited as recurring issues that limit the effectiveness of service delivery. These findings emphasize the need for institutions to strengthen their financial management practices to improve service delivery quality and consistency.

Overall, while there are efforts to establish effective budgeting and financial management practices in Chibombo Town Center, significant challenges remain. Addressing these challenges requires a holistic approach that combines capacity building, technological modernization, enhanced internal controls, and greater stakeholder engagement. By focusing on these areas, public institutions can achieve more efficient financial processes and deliver higher-quality services to the communities they serve.

6. Acknowledgements

Praise be to the Father of our Lord Jesus Chist, to Christ our Saviour and to the Holy Spirit our strength. Thank you God, for allowing this to be completed.

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