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## MUNICIPAL FINANCIAL MANAGEMENT PRACTICES FOR IMPROVED COMPLIANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS

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### Abstract

*Supply chain management (SCM) is guided by several related policies and regulations. However, compliance remains a challenge in South African local government. Municipalities are struggling to put in place financial management controls and to monitor the compliance with the regulations relating to financial management in general and SCM in particular. The aim of this study was to critically evaluate factors affecting financial management practices used by selected district municipalities in KwaZulu-Natal, South Africa; and to establish their impact on compliance with SCM regulations. A qualitative research approach was employed in this study and participants were selected using the purposive sampling strategy. Semi-structured interviews were conducted with 25 participants from Financial Services Departments of three district municipalities located in KwaZulu-Natal, South Africa. Data was analysed using thematic analysis. The study revealed that municipal leadership does not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations. Furthermore, the study found that adequate systems and controls are not in place within municipalities to ensure compliance with policies and regulations. Comprehensive MFMA compliance is lacking and this weakens municipal internal controls. Despite the existence of municipal financial management practices at the investigated District Municipalities, these practices fall short of ensuring compliance with SCM regulations and practices.*

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