

REMOTE B-BEE VERIFICATION



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Mariette van Wyk heads up the Verification Service Desk at the BEE Chamber and is a qualified Chartered Accountant. Following more than a decade in the verification space, she has a solid technical understanding of both the Codes and The B-BBEE Act. With her experience as a Technical Signatory, Mariette is versed on the SANAS audit requirements and is more than equipped to guide organisations through their B-BBEE Verification.

The global COVID-19 pandemic has brought with it change, chaos, challenges and a loss of cash flow. It has changed the way business is done not only in South Africa but globally too. Businesses of all sizes have had to adapt their business model and find innovative ways to survive. Some organisations have reverted to remote offices, online meetings and with that had to adjust their data security policies.

In the South African business landscape, the government has made some allowances to lessen the COVID burden. However, many compliance deadlines remain firmly in place; one such is that organisations must present a valid B-BBEE Certificate to their suppliers. With no leniency in presenting a valid B-BBEE Certificate, organisations must have a B-BBEE Verification in line with the SANAS requirements to present their valid credentials.

Early in the lockdown phase, SANAS announced temporary relaxation on the requirements to conduct an onsite B-BBEE Verification. However, it is on condition that B-BBEE Rating Agencies perform all the critical procedures necessary to verify a B-BBEE claim on a remote basis.

This relaxation is reviewed by SANAS monthly and at the time of going to print would remain in place until the end of October 2020. A similar process applies when SANAS conducts its annual surveillance visits on B-BBEE Rating Agencies.

A virtual B-BBEE verification is a new concept for all parties involved and each has had to adapt to the new requirements:

SANAS

In allowing remote B-BBEE Verification SANAS effectively had to change their operating model. The adaptation of requirements outside the ambit of R47-03, which sets out the relevant accreditation criteria for B-BBEE Rating Agencies, made it possible for B-BBEE Rating Agents to conduct remote verifications in line with requirements. SANAS further had to put processes in place to conduct their annual assessments of B-BBEE Rating Agencies which moved from a paper managed process to an electronic one.

Further, the method of interacting with B-BBEE Rating Agencies in terms of queries had to be temporarily adapted to allow for social distancing.

The B-BBEE Rating Agency

B-BBEE Rating Agencies had to adapt their operating model from both a SANAS and corporate perspective. Like many organisations over lockdown, some have had to furlough or trim their employee complement to survive lockdown. In such a case, the transfer of its clients' B-BBEE Verification files, that includes a full briefing and official hand over to another Verification Analyst, is a process that must be managed.

To effectively conduct remote verifications, B-BBEE Rating Agents had to amend internal policies and procedures to accommodate the requirements of a remote B-BBEE Verification. Those working in the field had to undergo training on the new procedures of conducting a B-BBEE Verification. Amendments on B-BBEE Rating Agencies performing file reviews, which is when a Verification Analyst justifies their findings to a Technical Signatory, had to accommodate social distancing. However, most importantly, they had to source secure platforms to conduct remote Verification.

Traditionally, organisations have chosen B-BBEE Rating Agencies within their vicinity to conduct their B-BBEE Verification. Choosing a B-BBEE Rating Agency close to an organisation's operation was often done to save on the extra cost of travel and accommodation during the verification process. However, due to remote Verification, organisations can adopt a B-BBEE Rating Agency from another province, giving rise to opportunities.

The Measured Entity Verified

As there is no respite for organisations presenting a valid B-BBEE Certificate, those due for their B-BBEE Verification had to continue the process under the SANAS guideline of conducting a remote Verification.

Many organisations had to adjust their policies and procedures to transfer highly sensitive data. Adaptation of all hard copies to an online format was necessary. Consequently, timeline allowances to provide further supporting evidence in the correct format for an verification is a matter that must be considered.

Organisations had to prepare Beneficiaries of initiatives and schedule meetings to ensure their availability. As the interview requirement extends to Learnerships, Apprenticeships and Bursary Students, organisations have to navigate the challenges of not having access to the internet or stable enough connections, which extends to access to devices like smartphones or tablets.

In the chaos of the lockdown, many organisations have employees working remotely without access to information held at the workplace. Consequently, some organisations opted to postpone their B-BBEE Verification until their offices open at which time they would have the resources onsite to manage the verification process. Other organisations have put their B-BBEE Verification on hold. Thus they trade without a valid B-BBEE Certificate until the lockdown ends.

One reason is that such organisations are opting to focus on keeping their business operational as they do not have the capacity to drive their B-BBEE Strategy to its full potential. Hence, no B-BBEE Verification means no valid B-BBEE Certificate, which puts such an organisation's current contracts at risk for penalties or termination. This decision may further impact their ability to secure future contracts.

Organisations going ahead with their B-BBEE Verification must ensure they receive an invoice from their B-BBEE Rating Agency that itemises all expenses. If a remote Verification has taken place, all proposed costs for travel and accommodation must fall away.

Following the end of the lockdown, what will be the process for a B-BBEE Verification? Will onsite visits resume? Or do virtual B-BBEE Verifications have a place in the future? Will some elements of a remote Verification remain in place with the rest returning to what they were before the lockdown relaxation of requirements? Should any changes continue following lockdown, SANAS would have to amend the R47 requirements that allow a B-BBEE Rating Agency to issue an organisation's B-BBEE Certificate.

Only time will tell whether changes to the B-BBEE Verification process will evolve through the necessity of adapting to the circumstances resulting from the lockdown.