

SANAS ACCREDITATION

The Stakes are High

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What is the SANAS mandate?

Conformity with the Codes of Good Practice (Codes) led to establishing an accreditation programme for B-BBEE Rating Agencies under the auspices of the South African National Accreditation System (SANAS). The Department of Trade, Industry and Competition (the dtic) gave SANAS the mandate to develop, maintain and enforce the accreditation criteria of B-BBEE Rating Agencies.

As per statement 005 of the Codes, SANAS is the only accreditation body that oversees B-BBEE Rating Agencies. Therefore, the SANAS accreditation process is of the highest standard of compliance in line with the verification manual and the R47-03 document. All B-BBEE Certificates issued by an accredited B-BBEE Rating Agency must include its unique accreditation number and the SANAS accreditation symbol.

SANAS is responsible for carrying out assessments to drive conformity with a mandate through the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act (Act 19 of 2006). Besides the Accreditation of B-BBEE Rating Agencies, the SANAS mandate covers accreditation for Calibration Laboratories, Certification Bodies, Chemical and Microbiological Laboratories, Forensic Laboratories, Inspection Bodies, Medical Laboratories, Pharmaceutical Laboratories, Physical and Mechanical Laboratories, Producers of Certified Reference Materials, Proficiency Testing Service Providers, Testing Laboratories, Verification Laboratories and Veterinary Laboratories.

How does SANAS ensure conformity of B-BBEE Rating Agencies?

Core to ensuring ethical and transparent B-BBEE Verifications is the annual assessment undertaken by each B-BBEE Rating Agency. The result of this assessment is what determines a B-BBEE Rating Agency's continued accreditation. In addition, the annual re-evaluation of accreditation ensures consistent and accurate processes and procedures, ensuring that B-BBEE Rating Agencies conduct B-BBEE Verifications in line with the verification manual and R47-03 document.

An assessment team is allocated to a B-BBEE Rating Agency, made up of a Team Leader and a Technical Assessor. The team members are representatives from the public, private and academic sectors. Before participating in an assessment, each

assessor undergoes comprehensive training for compliance requirements on both the Codes of Good Practice and the Sector Codes of Good Practice.

A Team Leader is responsible for managing the assessment team and evaluating the quality management system used by a B-BBEE Rating Agency. A Technical Assessor's role and responsibility is to:

- > Witness the performance of B-BBEE Verifications;
- > Evaluate the accuracy of how a B-BBEE Rating Agency applied the requirements held in the verification manual; and
- > Evaluate the B-BBEE Rating Agency's employees and technical signatories to appraise their overall performance, including their continuous training and knowledge on amendments published.

An Assessment Team is responsible for recording evidence provided to the B-BBEE Rating Agency by its client. If a team uncovers deficiencies, they are recorded as non-conformances that will require corrective action by the B-BBEE Rating Agency. Once a B-BBEE Rating Agency confirms that all non-conformance issues have been addressed, an Approval Committee (AC) reviews the evidence. Following that, the AC will either approve or suspend the accreditation of the B-BBEE Rating Agency.

What is the impact of a SANAS Assessment on a B-BBEE Rating Agency?

SANAS is the sole accreditation body overseeing the accreditation of B-BBEE Rating Agencies in South Africa, where the highest standards are upheld. The SANAS website keeps an up-to-date list of the accredited B-BBEE Rating Agencies, which includes their accreditation status, listed as accredited, expired, withdrawn or suspended.

A B-BBEE Rating Agency may not conduct a B-BBEE Verification or issue a B-BBEE Certificate if their accreditation has expired, been withdrawn or suspended. The following scenario outlines the impact of a B-BBEE Certificate issued by a B-BBEE Rating Agency that is no longer accredited.

On 1st September 2020, following an annual assessment, SANAS suspended XYZ Rating Agency's accreditation, as it did not meet the requirements outlined in the verification manual or

Accredited	A B-BBEE Rating agency has successfully passed the SANAS accreditation process and applied to retain its status as a SANAS Accredited B-BBEE Rating Agency.
Expired	When a B-BBEE Rating Agency has allowed their SANAS Accreditation to expire.
Withdrawn	Where a B-BBEE Rating Agency either voluntarily or involuntarily withdraws its accreditation.
Suspended	SANAS has issued a B-BBEE Rating Agency with a serious non-conformance regarding their B-BBEE Verification processes and procedures. Following a suspension, SANAS investigates the severe non-conformance/s. Depending on the result, a B-BBEE Rating Agency may retain its accreditation status.

R47-03 document. In addition, it was issued with severe non-conformances for principles they applied when measuring the Ownership of their client, ABC Traders. Thus, their accreditation was immediately suspended, pending an investigation. Following the outcome of the investigation, XYZ Rating Agency amended its procedures and rectified the principle it used for measuring Ownership.

Consequently, XYZ Rating Agency had to withdraw ABC Traders' B-BBEE Certificate and re-issue it, applying the correct principles for measuring Ownership. Similarly, XYZ Rating Agency had to follow the same procedure for all its other clients where they applied the incorrect Ownership principles in its B-BBEE Verifications.

On 15th January 2021, XYZ Rating Agency had its suspension lifted and its accreditation reinstated.

Therefore, between 1st September 2020 and 15th January 2021, XYZ Rating Agency was not accredited to conduct any B-BBEE Verifications or issue any B-BBEE Certificates. Consequently, if any B-BBEE Certificates were issued during that time, they would be invalid. However, for any B-BBEE Certificate issued by XYZ Rating Agency prior to 1st September 2020 or after 15th January 2021, their validity remains intact. Nevertheless, had the investigation revealed severe non-conformance issues requiring extreme measures, SANAS could have indefinitely maintained the suspension of XYZ Rating Agency's accreditation; hence it would not be able to trade. Consequently, XYZ Rating Agency had to retract, then re-issue, the B-BBEE Certificate to ABC Traders and all other organisations where its B-BBEE Certificate was issued using the incorrect principles. ABC Traders, following the re-issue of its B-BBEE Certificate, in turn, had to replace its invalid B-BBEE Certificate with the re-issued one to all its customers.

One would, therefore, have to consider the consequences for ABC Traders. For example, let's assume they were awarded a tender based on the initial B-BBEE Certificate, where a B-BBEE Rating Agency applied the incorrect Ownership principles, and the amendment meant a drop in Status Level. ABC Traders would be at risk of losing that tender. Therefore, as the stakes

are so high, organisations must choose a B-BBEE Rating Agency accredited with processes and procedures in place that align with the Verification Manual and R47-03 document.

“Choose an accredited B-BBEE Rating Agency as the stakes are high.”

Tips on how to evaluate the competence of a B-BBEE Rating Agency:

- > Ensure that the B-BBEE Rating Agency is accredited to perform a B-BBEE Verification on the Code on which an organisation is measured. For example, XYZ Rating Agency is accredited to perform a B-BBEE Verification on the Generic Codes, but not on the Construction Sector Code.
- > Whether choosing a new B-BBEE Rating Agency or using the same one as the year before, confirm that it is, or has remained, accredited and is not under suspension.
- > Interview at least three B-BBEE Rating Agencies to determine:
 - o For which Code are they accredited to perform a B-BBEE Verification?
 - o Do they outsource any part of their B-BBEE Verification?
 - o Do they have the internal capacity and infrastructure to adequately conduct a B-BBEE Verification based on the size and threshold of an organisation? Do a site visit to confirm this.
 - o In the past year, have they had any severe non-conformances issued by SANAS? If so, how were these resolved?
 - o Has SANAS suspended them over the past year? If so, why, and how was the issue resolved?
 - o Determine what their B-BBEE Verification policies and process entail.
 - o What is the internal expertise held within the agency?
 - o How many Technical Signatories are employed by them?
 - o How long has the agency been in existence?
 - o Obtain a list of references to validate their competence.

Source of reference
<https://www.sanas.co.za/Pages/index.aspx>