



## GLOBAL BUSINESS SOLUTIONS

future thinking, now

Stay up to date with the latest developments in BEE

Edition 8/2016

### VARIOUS B-BBEE RELATED MATTERS

There are a number of matters to address this month. I will discuss each of them briefly. Note that the brevity of my discussion does not mean that they do not have a significant impact.

#### 1. Status of IRBA accredited Verification Agencies

In March 2016 the Independent Regulatory Board for Auditors or IRBA indicated that they were withdrawing from the regulation of the B-BBEE verification industry on 30 September 2016. On 02 August 2016 IRBA issued an update on their withdrawal. The following are relevant points:

- after 30 September 2016 anyone wishing to be accredited to issue B-BBEE certificates, or to continue issuing B-BBEE certificates must be accredited by SANAS;
- existing IRBA accredited agencies are encouraged to commence their registration and accreditation with SANAS;
- a 3-month transition period has been granted for verification engagements that commenced before 30 September 2016. Such engagements must be signed off by 31 December 2016.

This has the following implications:

- companies whose B-BBEE certificates are issued by IRBA agencies must ensure that their agency is in the process of accrediting with SANAS, or will have to consider changing agencies;
- there are a large number of agencies accredited with IRBA which need to change to SANAS. SANAS currently has its hands full dealing with the roughly 50 SANAS accredited agencies. The question is whether SANAS will have the capacity to handle the volume of new accreditations, and the ongoing annual reviews of existing agencies;
- the accreditation process is long and stringent, and it is doubtful whether IRBA agencies will have their SANAS accreditation in place by 31 December if the process is not already well advanced;
- ongoing compliance required by SANAS is also strict, as are the verification procedures. This is time consuming and expensive. Agencies will need to cover these costs and such costs are likely to be passed onto the customer. This will be compounded by a more rigid verification process. Companies used to debate issues with their verification agency will have to get used to limited debate and the blanket answer "we do this because SANAS requires it".

EAST LONDON  
JOHANNESBURG  
CAPE TOWN  
PORT ELIZABETH  
DURBAN

T- 043 721 1030  
T- 011 483 3722  
T- 043 721 1030  
T- 041 364 0472  
T- 041 364 0472

F- 043 721 1027  
F- 011 483 1650  
F- 043 721 1027  
F- 041 363 0043  
F- 041 363 0043

elmarketing@globalbusiness.co.za  
jhbmarketing@globalbusiness.co.za  
ctmarketing@globalbusiness.co.za  
pemmarketing@globalbusiness.co.za  
dbnmarketing@globalbusiness.co.za



GLOBAL BUSINESS SOLUTIONS  
future thinking, now



## GLOBAL BUSINESS SOLUTIONS

future thinking, now

### 2. B-BBEE regulations

These have been gazetted and are now in force. They deal with the operations of the B-BBEE commission and reporting that is required. The commission will be tasked with investigating complaints and the thorny issue of fronting. Certain reporting requirements are laid down:

- companies listed on the JSE are required to report on their B-BBEE compliance on the prescribed form within 90 days of financial year end;
- if the listed company includes such statement of compliance in its annual audited financial statements and annual report, such annual report must be lodged with the commissions within 30 days of approval of the annual report;
- major broad-based black economic empowerment transactions must be registered with the Commission in terms of section 13F (1) (f) of the Act. Such transactions are those above a threshold determined by the Minister by notice in the Gazette. No such threshold has been gazetted as yet.

### 3. Planning for financial year end

Most companies have completed their first verifications under the new codes and are aware of the difficulty of achieving reasonable B-BBEE scores under these codes. You will be aware of the need for detailed strategies to be in place to maximise points. In addition, many companies are well into the second half of their financial year, so we need to be implementing strategies to maximise points.

These strategies can be as simple as ensuring that targets for Skills Development, Enterprise Development, Supplier Development and Socio-Economic Development have been set and are being monitored. It's not a good idea to leave this spend until the 15 December for 31 December year ends. People are all going off on leave and such payments will not be made.

If you need us to calculate the required target, please send us the following forecasted information:

- Turnover
- Net Profit After Tax
- Payroll
- Head count

Changing policies can assist. As an example, most procurement policies require procurement staff to concentrate on price, quality and delivery. Suppliers with better B-BBEE levels often charge higher prices, so strict adherence to a lower price wins policy means a B-BBEE sacrifice.

EAST LONDON  
JOHANNESBURG  
CAPE TOWN  
PORT ELIZABETH  
DURBAN

T- 043 721 1030  
T- 011 483 3722  
T- 043 721 1030  
T- 041 364 0472  
T- 041 364 0472

F- 043 721 1027  
F- 011 483 1650  
F- 043 721 1027  
F- 041 363 0043  
F- 041 363 0043

elmarketing@globalbusiness.co.za  
jhbmarketing@globalbusiness.co.za  
ctmarketing@globalbusiness.co.za  
pemmarketing@globalbusiness.co.za  
dbnmarketing@globalbusiness.co.za



GLOBAL BUSINESS SOLUTIONS  
future thinking, now



## GLOBAL BUSINESS SOLUTIONS

future thinking, now

Companies may be able to resolve a number of B-BBEE procurement issues if they include B-BBEE level as an evaluation criterion, and if they can accept suppliers with a higher B-BBEE level and a higher price instead of always taking the lower price option. It is accepted that this will have a profitability impact.

#### 4. Charlene Skipp

Charlene has joined Global Business Solutions as a B-BBEE consultant from 01 August. She has 8 years of experience in B-BBEE, Employment Equity and Skills Development consulting, so she brings a wealth of knowledge and experience to our team. She will be based in Johannesburg. Her contact details are shown at the bottom of this document.

If you need assistance with questions on any B-BBEE related matter, including training courses and strategic sessions on the amended codes, please feel free to contact either Charlene or myself on:

- Charlene - 083 780 7209 or [charlene@globalbusiness.co.za](mailto:charlene@globalbusiness.co.za)
- Richard - 083 440 2130 or [richard@globalbusiness.co.za](mailto:richard@globalbusiness.co.za).

Regards

Richard Ryding  
Global Business Solutions

05 August 2016

