

# Sanec BEE Seminar – 26 June 2015

- Introduction
- About us
- Framework for B-BBEE verification –  
inside the mind of a verification  
professional

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# About us

- ✓ SA's first VA to offer BBBEE certificates online
- ✓ Only VA to offer the ability to apply for a BEE certificate online 24hrs, through out the year for small companies
- ✓ Only VA to provide a supplier listing
- ✓ One for the first VAs to apply for SANAS accreditation in 2007 and now accredited on 8 codes)
- ✓ Rated over 5000 companies to date
- ✓ Operate in Durban, Cape Town and Pretoria

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# Our approach

- ✓ BEE and Business because ...
- ✓ Coordinated and sustainable programmes
- ✓ Partnerships

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# B-BBEE services

- Ratings
- Advisory
- Implementation strategy and policy development
- Compliance ratings
- Bid Adjudication
- Fronting investigations
- Training on B-BBEE implementation

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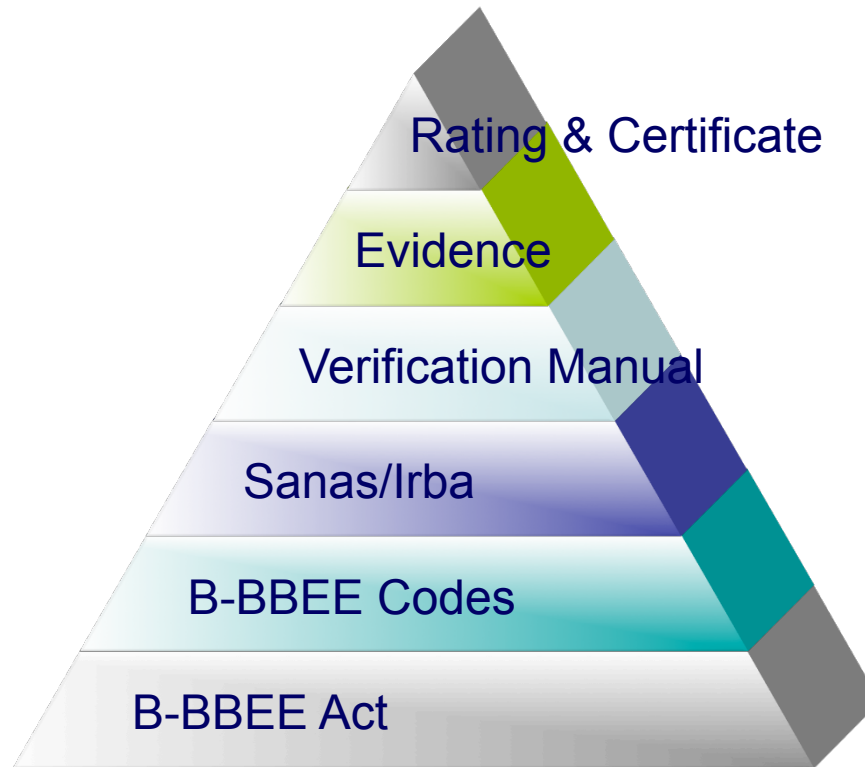
# What is verification, who do we verify and how?

**“Verification”** means the process and activities conducted by a Verification Agency / Registered Auditor to assess, verify and validate that the score awarded to a Measured Entity is a result of individual scorecard elements supplied by a Measured Entity, and to evaluate BEE transactions in order to provide an indicative B-BBEE score and Certification based on the principles of the Broad-Based BEE Codes of Good Practice.

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# What is verification, who do we verify and how?

## Key Principles

- Impartiality, Competence, Confidentiality
- Substance over form (Professional judgment/ Professional scepticism )
- You play (during the measurement period or date), you claim, we verify the claim

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# What is verification, who do we verify and how?

Assess, verify and validate

Award points, give confidence, reduce the risk of misstatement

Use the same certificate to award procurement points

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# EXEMPTED ENTERPRISES

## EME – EXEMPTED MICRO-ENTERPRISE

- ANNUAL TURNOVER R10 MILLION OR LESS (WAS R5 MILLION)
- GRANTED LEVEL 4 CONTRIBUTOR STATUS WITH 100% RECOGNITION
- 51 % OR MORE BLACK OWNERSHIP : LEVEL 2 STATUS WITH 125% RECOGNITION
- 100 % BLACK OWNED : LEVEL 1 STATUS WITH 135% RECOGNITION

# TURNOVER THRESHOLD INCREASE

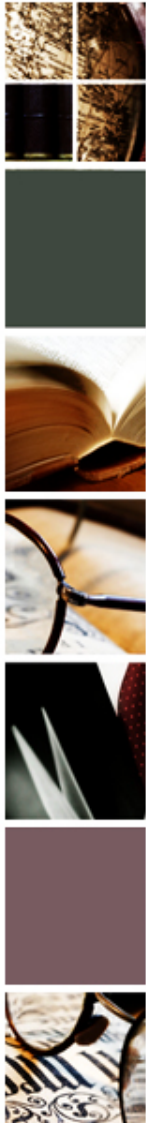
## GENERIC ENTERPRISE

- ANNUAL TURNOVER
- GREATER THAN R 50 MILLION
- ON-SITE AUDIT REQUIRED
- COMPULSORY 5 ELEMENTS

# SCORECARD COMPARISON

ELEMENT	AMENDED CODES	OLD CODES
OWNERSHIP	25	20
MANAGEMENT CONTROL	15	10
EMPLOYMENT EQUITY		15
SKILLS DEVELOPMENT	20	15
PROCUREMENT	40	20
ENTERPRISE DEVELOPMENT		15
SOCIO-ECONOMIC	5	5
<b>TOTAL</b>	<b>105</b>	<b>100</b>

# GENERIC SCORECARD CHANGE



ELEMENT	WEIGHT	CHANGE
OWNERSHIP	25	+ 5
MANAGEMENT CONTROL	15	- 10
SKILLS DEVELOPMENT	20	+ 5
ENTERPRISE AND SUPPLIER DEVELOPMENT	40	+ 5
SOCIO-ECONOMIC DEVELOPMENT	5	-
<b>TOTAL</b>	<b>105</b>	<b>+ 5</b>

# AMENDED CODES B-BBEE STATUS


B-BBEE STATUS	QUALIFICATION	RECOGNITION LEVEL
LEVEL 1 CONTRIBUTOR	> 100	135%
LEVEL 2	$\geq 95$ but < 100	125%
LEVEL 3	$\geq 90$ but < 95	110%
<b>LEVEL 4</b>	<b><math>\geq 80</math> but &lt; 90</b>	<b>100%</b>
LEVEL 5	$\geq 75$ but < 80	80%
LEVEL 6	$\geq 70$ but < 75	60%
LEVEL 7	$\geq 55$ but < 70	50%
LEVEL 8	$\geq 40$ but < 55	10%
<b>NON-COMPLIANT</b>	<b>&lt; 40</b>	<b>0%</b>

# COMPLIANCE LEVEL COMPARISON

B-BBEE STATUS	AMENDED CODES	OLD CODES
LEVEL 1 CONTRIBUTOR	$\geq 100$	$\geq 100$
LEVEL 2	$\geq 95$ but $< 100$	$\geq 85$ but $< 100$
LEVEL 3	$\geq 90$ but $< 95$	$\geq 75$ but $< 85$
<b>LEVEL 4</b>	<b><math>\geq 80</math> but <math>&lt; 90</math></b>	<b><math>\geq 65</math> but <math>&lt; 75</math></b>
LEVEL 5	$\geq 75$ but $< 80$	$\geq 55$ but $< 65$
LEVEL 6	$\geq 70$ but $< 75$	$\geq 45$ but $< 55$
LEVEL 7	$\geq 55$ but $< 70$	$\geq 40$ but $< 45$
LEVEL 8	$\geq 40$ but $< 55$	$\geq 30$ but $< 40$
NON-COMPLIANT	$< 40$	$< 30$


# OLD VERSUS AMENDED POINTS

B-BBEE STATUS	OLD QUALIFICATION	AMENDED QUALIFICATION
LEVEL 1 CONTRIBUTOR	$\geq 100$	$> 100$
LEVEL 2	$\geq 85$ but $< 100$	$\geq 95$ but $< 100$
LEVEL 3	$\geq 75$ but $< 85$	$\geq 90$ but $< 95$
LEVEL 4	$\geq 65$ but $< 75$	$\geq 80$ but $< 90$
<b>LEVEL 5</b>	<b><math>\geq 55</math> but <math>&lt; 65</math></b>	$\geq 75$ but $< 80$
LEVEL 6	$\geq 45$ but $< 55$	$\geq 70$ but $< 75$
<b>LEVEL 7</b>	$\geq 40$ but $< 45$	<b><math>\geq 55</math> but <math>&lt; 70</math></b>
LEVEL 8	$\geq 30$ but $< 40$	$\geq 40$ but $< 55$
<b>NON COMPLIANT</b>	<b><math>&lt; 30</math></b>	<b><math>&lt; 40</math></b>



# AMENDED CODES DISCOUNTING EFFECT

B-BBEE STATUS	QUALIFICATION	RECOGNITION LEVEL
LEVEL 1 CONTRIBUTOR	> 100	135%
LEVEL 2	≥ 95 but < 100	125%
LEVEL 3	≥ 90 but < 95	110%
LEVEL 4	≥ 80 but < 90	100%
LEVEL 5	≥ 75 but < 80	80%
LEVEL 6	≥ 70 but < 75	60%
<b>LEVEL 7</b>	<b>≥ 55 but &lt; 70</b>	<b>50%</b>
LEVEL 8	≥ 40 but < 55	10%
NON-COMPLIANT	< 40	0%





# Summary

- Get into the mind of a verification professional
- Provide appropriate and sufficient evidence to maximise all the points
- Fronting is now a criminal offence

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# Conclusion

- Government wants to support black owned SMMEs
- Government wants the private sector to buy from black owned SMMEs
- Government prefers to procure from larger entities

# THANK YOU

