

## The status of self-assessment

The dti **does not make it mandatory** for a company to use a verification agency for verification of B-BBEE compliance purposes. According to 10.3 of Statement 000 in the dti codes of good practice, accreditation of verification agencies will be conducted by SANAS on behalf of the dti in terms of the accreditation criteria that will be developed, maintained and enforced by SANAS. Although the Department of Trade and Industry (dti) encourages verification of B-BBEE compliance no verification agency has so far been accredited. A company can carry out a self-assessment. The Association of B-BBEE Verification Agencies (ABVA) in the past issued an email suggesting that self-assessment is not acceptable. Keith Levenstein, CEO of EconoBEE, contested the issue through the Competition Commission of South Africa. In its ruling the Competition Commission noted that:

“Currently, the dti does not make the use of a verification agency mandatory but the decision whether to accept or reject scorecards produced by independent verification agencies or through self-rating/self-assessment rests on the procurer of goods/services.”

ABVA has since made an undertaking to raise awareness among its members regarding the concerns raised in the complaint by Mr. Levenstein to ensure that if the practice of discouraging self-assessment exists among its members, it is not condoned.

In this light therefore, companies can use self-assessment as long as they have proof of their B-BBEE activities in compliance with the recommendations set out in 2.6 of Statement 000 in the dti codes of good practice. Companies should strive to keep records and valid documentation as proof.

In carrying out self-assessment companies should stick to the recommendations made by the Verification manual. Some of them are as follows:

- Verification agencies should get proof of suppliers' B-BBEE recognition status and proof of B-BBEE recognition status.
- An agreed sample of suppliers should be used to determine that the amount included in the supplier schedule is correct.
- A verification agency may agree a sufficient sample of suppliers to suitable evidence or documentation as proof of BEE status.
- A verification agency should determine whether the correct B-BBEE recognition level was used in the calculations of B-BBEE spend.
- Any representation made by a company about its B-BBEE compliance must be supported by suitable evidence or documentation. Failure to do this leads to the company not receiving any points on the initiative.
- EME's should provide a sufficient sample of suppliers as agreed by a verification agency, to either a valid verification certificate or auditors or accounting officer's letter.

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