

How to prepare for BBBEE verification

Whether businesses are start-up operations or listed entities, they need to meet specific Broad Based Black Economic Empowerment (BBBEE) criteria to conduct business in South Africa, especially with government bodies and public-sector organisations.



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Roxanne Da Mata Gonçalves of Strata-G Labour Solutions says the regulatory environment for conducting business in South Africa has changed significantly. “There is increased pressure from government for businesses to be BBBEE compliant or lose out on potential business opportunities.”

She says complying with BBBEE requirements can be a complicated matter. “Firstly, companies need to understand how the amended codes affect their BBBEE compliance. In addition, they need clarity on their specific sector codes, which change from industry to industry.”

She adds that the codes can be vague. “This means they are open to interpretation. Every business is responsible for remaining abreast of how their verification agency interprets the codes and providing their BBBEE consultants with relevant and up-to-date data which will, in turn, be collated as per the verification agency’s specifications.”

Strata-G encourages businesses to prepare for current and future verification in three major ways:

Make sure your BEE certificate is valid

“Businesses need to know when their BBBEE certificates are due to expire. Certificates are usually aligned with an organisation’s 12-month financial period. If certificates are not updated in time, many operations will find themselves in the unfortunate predicament of not being able to conduct business with their regular clients,” says Gonçalves.

She adds that any BBBEE strategy should be aligned with the company’s financial period. “BBBEE guidelines are based on a 12-month period, specifically focusing on the compliance of each element and what the company intends to do to maximise its points throughout the period.”

Know what codes apply to you

Companies need to know which codes are applicable to their operations. “Every industry has sector codes that apply to the company’s scorecard. In addition to being clear on what codes apply to their business, companies need to know how their verification agency interprets those codes.

“Verification agencies may change the way they interpret the codes from time to time, which means it is imperative that companies communicate with their agencies on a regular basis. This is critical for the successful planning and maintenance of the company strategy to maximise BBBEE points,” notes Gonçalves.

Keep thorough records

“The document management process is incredibly important when it comes to BBBEE,” says Gonçalves. “A company’s computer or software solution must be able to store, process and manage the documentation it requires to achieve the points it needs, as well as store the supporting documentation it needs in pursuit of those points.”

In short, good record keeping means a reduction in the time it takes to retrieve relevant information as well as the maximisation of access to substantiating documentation.

“A good document management system means companies can come up with interim scores and then look at what the business actually does. By accurately aligning their BBBEE strategies with their business objectives, they will be able to achieve the highest score possible,” concludes de Mata.

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