



SANAS R 47-01

ACCREDITATION OF BEE VERIFICATION AGENCIES

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1. INTRODUCTION

- 1.1 Black Economic Empowerment (BEE) Verification Agencies can accelerate the achievements of the South African economy in its drive towards sustainable broad-based BEE.

2. OBJECTIVES

- 2.1 This document aims to clarify the roles of BEE Verification Agencies and to specify the criteria by which they shall be accredited by SANAS on behalf of the Department of Trade and Industry (**the dti**).
- 2.2 This document is to be used by SANAS to accredit BEE Verification Agencies.

3. BACKGROUND

- 3.1 In order to obtain accreditation as a Verification Agency, a Verification Agency shall:
- 3.1.1 apply in writing to SANAS who shall notify the Minister of the application, and
 - 3.1.2 provide evidence of compliance with the requirements of this document.
- 3.2 Upon receiving an application, SANAS shall:
- 3.2.1 accredit the applicant as a Verification Agency if the applicant has complied with the requirements of the Verification Standard
 - 3.2.2 otherwise refuse to accredit the applicant if the applicant has not complied with the requirements of this document.
- 3.3 If SANAS grants accreditation, SANAS shall:
- 3.3.1 confirm that decision in writing as soon as possible, and
 - 3.3.2 provide the agency with an Accreditation Certificate after it has met the accreditation criteria.

4. REFERENCES

BEE Codes of Good Practice.

5. DEFINITIONS

For the purpose of this document, the following terms have the following meanings assigned to them:

- 5.1 **'Accreditation Body'** means the South African National Accreditation System (SANAS), a company registered under Section 21 of the Companies Act of 1973 and affiliated to the Department of Trade and Industry.
- 5.2 **'effective date'** means the date on which the codes were gazetted.
- 5.3 **'evaluation'** means to assess, verify and validate the BEE status of entities.
- 5.4 **'consultancy'** means the provision of any service that assists an enterprise to implement a BEE Strategy or any element of a BEE Strategy. This includes implementation in ownership, management control, employment equity, skills development, preferential procurement, enterprise development and corporate social investment. With reference to avoidance of conflicts of interest, the service would be considered to be consultancy if the company had provided enterprise-specific solutions and assisted the enterprise to implement the proposed solutions. Examples of consultancy include, but are not limited to, the following:
- (a) coaching or facilitating the BEE process on behalf of an enterprise towards the development and implementation of activities leading to BEE compliance
 - (b) preparing or producing manuals, handbooks or procedures
 - (c) participating in the decision-making process regarding the management system
 - (d) giving specific advice on the development and implementation of the management system for eventual verification.

NOTE: The management system covers all aspects of such a system, including financial aspects.

Verification Agencies may carry out the following duties without them being considered as consultancies or necessarily creating a conflict of interests:

- (a) verification, including information meetings, planning meetings, examination of documents and follow-up of non-conformities
- (b) arranging training and participating as a trainer – this is not considered to be consultancy work provided that, where training relates to the BEE process, it shall be confined to providing generic information and advice that is freely available in the public domain, i.e. the trainer should not provide enterprise-specific solutions; giving guidelines to entities as to what they need to comply with is not considered consultancy
- (c) making available or publishing on request information on the basis of the Verification Agency's interpretation of the requirements of the Verification Standard
- (d) activities prior to verification aimed solely at determining readiness for verification; however, such activities should not result in the provision of recommendations or advice that would contravene the above examples of consultancy and the Verification Agency should be able to confirm that such activities do not contravene these provisions and that they are not used to justify a reduction in the eventual duration of the verification process
- (e) adding value during verification and surveillance visits, e.g. by identifying opportunities for improvement, as they become evident during the verification, without recommending specific solutions.

- 5.5 **'the Act'** means the Broad-Based Economic Empowerment Act of 2003.

- 5.6 **‘the codes’** means all Codes of Good Practice issued in terms of Section 9 of the Act.
- 5.7 **‘the dti’**– the Department of Trade and Industry.
- 5.8 **‘Verification Agency’** means a BEE Verification Agency accredited in terms of Statement 020.
- 5.9 **‘Verification Standard’** means the minimum standard required from Verification Agencies to be accredited and the standard gazetted by the Minister from time to time.
- 5.10 **‘related party’** means a party that is linked to the Verification Agency by common ownership or directors, contractual arrangement, common elements in the name, informal understanding or the means such that the related party has a vested interest in the outcome of an assessment or has a potential ability to influence the outcome of an assessment.
- 5.11 **‘Approval by the Minister’** means that the Verification Agency needs to obtain formal approval from the Minister of Trade and Industry. As a minimum for approval to be granted by the Minister, the Verification Agency will have to be accredited by the Accreditation Body, be a superior contributor to BEE and be a member of the Industry Body.

6. THE ROLE OF BEE VERIFICATION AGENCIES

6.1 Assess, verify and validate BEE information for decision-making

BEE Verification Agencies should assess, verify and validate both disclosed and undisclosed BEE-related information on entities. The verification thereof should be based on the principles contained in the Broad-Based BEE Codes of Good Practice, as well as the relevant gazetted industry charters, published and accepted as a Sector Code of Good Practice on Broad-Based BEE (Section 9 of the Act).

6.2 Evaluate BEE transactions and scenarios

BEE Verification Agencies shall evaluate the BEE transactions/scenarios to determine the effective creation and/or enhancement of economic wealth for black people. The evaluation shall be based on all the relevant components of broad-based BEE and shall ensure that the transactions/scenarios reflect the aims of these components in the empowerment of black people. This may include giving an indicative BEE score based on the scenarios presented by an enterprise.

7. THE ACCREDITATION ROLE OF SANAS ON BEHALF OF THE DTI

- 7.1 SANAS, as the national accreditation body, operates in compliance with the requirements for accreditation bodies as defined in the International Standard ISO/IEC Guide 62 and ISO 17011. BEE Verification Agencies are required to apply to SANAS for accreditation. SANAS, on behalf of **the dti**, shall accredit BEE Verification Agencies in terms of the accreditation criteria set out in this document for Verification Agencies.

- 7.3 SANAS undertakes to perform an initial assessment of an applicant within the agreed time period.

NOTE: It is normal for Verification Agencies to have a number of non-conformances highlighted during the initial on-site assessment. The Verification Agency must ensure that these have all been cleared up to the satisfaction of SANAS within 180 days. Typically, this can take from one to two months.

- 7.4 After the grace period, all previous verifications conducted by non-accredited BEE Verification Agencies shall not be acceptable as an opinion on the BEE status of entities.
- 7.5 **The dti** should endeavour to evaluate the BEE status of the Verification Agency under review in terms of all indicators of broad-based BEE, as well as the technical expertise of the agency that is applying.

8. RESPONSIBILITIES OF BEE VERIFICATION AGENCIES

- 8.1 In order to be approved, it is the BEE Verification Agency's responsibility to comply with the requirements set out in the Verification Standard, to be itself a Superior Contributor to BEE and to be a member of the Industry Body.
- 8.2 After the Codes have been gazetted, all Verification Agencies have one month within which they must apply for Pre-assessment and as from the date of temporary approval, a Verification Agency has a maximum period of 180 days to perform BEE verifications, after which it shall only perform BEE verifications if it has been accredited.
- 8.3 All previous verifications not conducted in accordance with the standard set in this document and in the Codes of Good Practice by the accredited BEE Verification Agencies prior to the accreditation shall be updated within 12 months of the effective date of this document to reflect all the principles and methodologies encapsulated in this document. The updating shall be done by on-site verification or by some other suitable means, depending on the significance of the declaration.
- 8.4 No measured entity shall perform the task of BEE Verification Agency (as defined) without the proper accreditation from SANAS as set out in Statement 020.
- 8.5 The methodology followed by BEE Verification Agencies in the performance of BEE verifications should demonstrate a clear understanding and knowledge of all Codes of Good Practice on BEE and should focus on all elements of the broad-based BEE strategy.

9. TEMPORARY APPROVAL TO OPERATE AS A BEE VERIFICATION AGENCY FOR NEW OR EMERGING VERIFICATION AGENCIES

- 9.1 Temporary approval is granted by the Minister of Trade and Industry for a period not exceeding 180 days. The 180 days is calculated from the date on which temporary approval was granted.
- 9.2 Before temporary approval is granted, the new or emerging Verification Agency shall have a Pre-assessment performed by SANAS.

- 9.3 On the basis of the Pre-assessment, SANAS shall make a recommendation to the Minister for temporary approval.
- 9.4 Final approval can only be given by the Minister.
- 9.5 To have a positive recommendation made by SANAS to the Minister, the Verification Agency shall demonstrate to SANAS that it has implemented the following:
- 9.5.1 a documented system addressing all aspects of Statement 020
 - 9.5.2 an impartial structure and manner of operation
 - 9.5.3 competent staff.

This shall be confirmed by means of a desktop review of documents and an on-site visit to the applicant.

- 9.6 Failure on the part of the Verification Agency to obtain a positive recommendation shall prohibit the Agency from applying to SANAS again within a three-month period. It shall also prohibit the Agency from performing any further verifications.
- 9.7 A Verification Agency may not perform any verification until such time that temporary approval has been granted by **the dti**.
- 9.8 **Temporary approval does not imply that the Verification Agency is accredited.**
- 9.9 Verification Agencies that are temporarily approved are required to inform all clients of this and of the process that they have to follow in order to become accredited.
- 9.10 In the case where a Verification Agency is granted temporary approval but does not fulfil or meet the accreditation criteria within the agreed time period, the verification performed by the Verification Agency whilst temporarily approved shall be recognised for a period of 12 months from the date on which it obtained its approval.
- 9.11 Verification Agencies shall apply for accreditation at the same time as they apply for temporary approval.
- 9.12 The success of an applicant shall depend on the degree to which the applicant has implemented the accreditation criteria.
- 9.13 A Verification Agency that is granted temporary approval but that fails to become accredited within the agreed time period shall not be entitled to re-apply within a three-month period. Any such Agency may be required to prove additional compliance with the accreditation criteria before a positive recommendation is made.

10. PRINCIPLES

10.1 General

- 10.1.1 The principles outlined in this document are fundamental and are not prescriptive requirements. This document does not give specific requirements for all the situations that can occur; however, these principles should be applied as guidance for decisions that may need to be made for unanticipated situations.

- 10.1.2 The overall aim of verifying is to give confidence to all parties that rely upon the verification. The value of verifying is public trust achieved by gaining the confidence of all these parties, which include but are not limited to:
- (a) the Measured Entities that are the clients of the BEE Verification Agencies
 - (b) the customers of the BEE Verified Entities
 - (c) Government authorities
 - (d) non-government entities
 - (e) consumers and members of the public
 - (f) public entities.

10.1.3 Principles for inspiring confidence include:

(a) Impartiality

Impartiality is the actual and perceived presence of objectivity. Objectivity means that conflicts of interest do not exist or are resolved so as not to influence adversely the subsequent activities of the BEE Verification Agency. Synonyms that are useful in conveying the element of impartiality are: objectivity, independence, freedom from conflicts of interest, freedom from bias, lack of prejudice, neutrality, fairness, open-mindedness, even-handedness, detachment and balance.

Being impartial, and being perceived to be impartial, is necessary for a BEE Verification Agency to be able to deliver a verification that provides confidence. It is recognised that the source of revenue for a BEE Verification Agency is the client paying for its service and that this is a potential threat to impartiality. In order to obtain and maintain confidence, a BEE Verification Agency has to be able to demonstrate that its decisions are based on objective evidence and that its decisions have not been improperly influenced by other interests or by other parties.

Threats to impartiality include:

- Self-interest threats – threats that arise from a person or enterprise acting in their own interest, for example financial self-interest
- Self-review threats – threats that arise from a person or enterprise reviewing the work done by themselves, for example evaluating the BEE compliance of a client to whom the BEE Verification Agency provided consultancy
- Familiarity (or trust) threats – threats that arise from a person or body being too familiar with or trusting towards another person instead of seeking evaluation evidence on which to base the verification conclusion
- Intimidation threats – threats that arise from a person or enterprise having a perception of being coerced openly or secretly, such as a threat to be replaced or reported to a supervisor.

(b) Competence

Competence is the demonstrated ability to apply knowledge and skills effectively. The competence of the personnel supported by the infrastructure of the Agency is necessary for the BEE Verification Agency to deliver a verification that provides confidence.

(c) Responsibility

The client's enterprise, *not* the BEE Verification Agency, is responsible for conforming with the requirements for BEE Verification. The BEE Verification Agency is responsible for carrying out a factual, thorough evaluation of an enterprise's BEE status and, based on the result, for granting a BEE score.

(d) Openness

Openness is access to or disclosure of information. A BEE Verification Agency needs to provide public access to, or disclosure of, appropriate and timely information about the evaluation and verification process and about the verification status of any enterprise in order to gain confidence in the integrity and credibility of the BEE verification process.

A BEE Verification Agency needs to provide appropriate access to or disclosure of specific interested parties' non-confidential and non-proprietary information about the results of specific evaluations (e.g. evaluations in response to complaints) in order to gain and maintain confidence.

(e) Confidentiality

In order to gain access to the privileged information that is needed for the BEE Verification Agency to assess adequately the requirements for BEE Verification, a BEE Verification Agency needs to keep any proprietary information about an enterprise confidential. However, a BEE Verification Agency may disclose an enterprise's actual verification result, without compromising the confidentiality of the information supporting the verification outcome.

(f) Resolution of complaints

Parties that rely on the outcome of their verification status as assessed by accredited BEE Verification Agencies expect to have their complaints investigated. If these complaints are found to be valid, they need to have confidence that the complaints shall be appropriately addressed and that a reasonable effort shall be made to resolve the complaints (refer also to Section 21.7). An appropriate balance between the principles of openness and confidentiality, including resolution of complaints, is necessary in order to demonstrate integrity and credibility.

11. GENERAL REQUIREMENTS**11.1 General**

- 11.1.1 A BEE Verification Agency should display internally a positive commitment to all seven of the relevant indicators of the broad-based BEE scorecard as set out by **the dti**.

These indicators include:

1. Equity ownership
2. Management and control
3. Employment equity
4. Skills development
5. Preferential procurement
6. Enterprise development
7. Residual factors.

- 11.1.2 BEE Verification Agencies shall be seen as being both factually and perceptually independent from their verified entities, and shall avoid any circumstances that give rise to or may potentially give rise to a conflict of interests between the various parties. Should such circumstances arise, the full nature thereof shall be disclosed immediately to all the parties involved and no verification shall be done. The entity should then approach another Verification Agency to perform the verification.

11.2 Legal and contractual matters

11.2.1 Legal responsibility

The BEE Verification Agency shall be a legal enterprise, or a defined part of a legal enterprise, so that it can be held legally responsible for all its activities.

11.2.2 Ownership

BEE Verification Agencies, their directors and shareholders may not hold an equity share in the entity to be rated or have any voting rights in the entity. When evaluating the type of financial interest, consideration shall be given to the fact that financial interests range from those where the individual has no control over the investment vehicle to those where the individual does indeed have some control over the financial interests or is able to influence investment decisions. The provisions of this statement do not exclude the holding of a minority interest or listed share/s where the total shareholding does not constitute a substantial shareholding when compared with the total number of shares issued by the enterprise. The materiality of such a financial interest needs to be evaluated to ensure that the independence of the BEE Verification Agency is not impaired. The material financial interests in the enterprise to be verified need to be disclosed to **the dti** in accordance with sound corporate governance principles.

11.2.3 Investment through another equity and/or debt instrument

A BEE Verification Agency shall not be a party to a debt-creating agreement between itself and the client to be verified, where such an agreement factually encumbers or is perceived to encumber the Agency in the execution of its professional discretion and objectivity towards the BEE assessment for the client. The provision of this statement does not necessarily preclude the BEE Verification Agency from entering into such agreements where it is the normal business of the client to provide such services and it is entered into under conditions not more favourable than those provided to the general public at large.

11.2.4 Verification Agreement

The BEE Verification Agency shall have a legally enforceable Agreement for the provision of services to its verified entities.

11.2.5 Responsibility for BEE verification decisions

The BEE Verification Agency shall retain authority and shall be responsible for its decisions relating to the BEE verification.

11.3 Liability and financing

Within a month of being accredited, the Verification Agency:

- 11.3.1 shall evaluate and document the significant risks arising from its verification activities and demonstrate that it has made arrangements (e.g. insurance or reserves) to cover liabilities arising from its operations in each of the geographic areas in which it operates, and

- 11.3.2 shall evaluate its finances and sources of income and shall be able to demonstrate that commercial, financial or other pressures do not compromise its impartiality.

12. MANAGEMENT SYSTEM REQUIREMENTS FOR VERIFICATION AGENCIES

- 12.1 The Verification Agency's overall objectives shall be established, and shall be reviewed during a management review.
- 12.2 The Verification Agency shall establish, implement and maintain a management system appropriate to the scope of its activities. The Verification Agency shall document its policies, systems, programmes, procedures and instructions to the extent necessary to assure accurate and reliable verification. The system's documentation shall be communicated to, understood by, available to and implemented by the appropriate personnel.

13. STRUCTURAL REQUIREMENTS

13.1 Structure and top management of BEE Verification Agencies

- 13.1.1 The organisational structure of the BEE Verification Agency shall be such as to give confidence in its activities.
- 13.1.2 The BEE Verification Agency shall identify the top management (board or equivalent governing body of persons) having overall authority and responsibility for each of the following, where relevant:
- (a) development of policies relating to the operation of the agency
 - (b) supervision of the implementation of the policies and procedures
 - (c) supervision of the finances of the body
 - (d) performance of evaluations and verifications
 - (e) decisions on BEE verifications
 - (f) delegation of authority to committees or individuals, as required, to undertake defined activities on its behalf
 - (g) provision of adequate, qualified resources for its activities.
- 13.1.3 The BEE Verification Agency shall document its organisational structure, showing the duties, responsibilities and authorities of management and other verification personnel, and any committees.

(When the BEE Verification Agency is a defined part of a legal enterprise, the structure shall include the line of authority and the relationship to other parts within the same legal enterprise.)

- 13.1.4 The BEE Verification Agency shall have formal rules for the appointment, terms of reference and operations of any committees that are involved in the verification activities.

13.2 Safeguarding of impartiality

The composition, terms of reference, duties, authorities and responsibilities of any committee involved in the verification process shall be formally documented and authorised by the top management of the BEE Verification Agency to ensure:

- (a) representation of a balance of interests such that no single interest predominates, and
- (b) access to all the information necessary to enable it to fulfil its functions.

14. HUMAN RESOURCE REQUIREMENTS

14.1 Competence of management and personnel

- 14.1.1 The BEE Verification Agency shall have processes to ensure that appropriate personnel have up-to-date knowledge relevant to BEE criteria. It shall determine the competence required (including experience and the level of training). Where applicable, it shall determine any other qualification requirements for demonstrating competence prior to authorisation to carry out specific functions.
- 14.1.2 In determining the competence requirements for their personnel who perform the different activities involved in BEE verification, the BEE Verification Agency shall address the functions undertaken by management and administrative personnel in addition to the functions of those who perform evaluations and verification functions directly.
- 14.1.3 The BEE Verification Agency shall have access to the necessary expertise for advice on matters relating directly to BEE verification. Such advice may be provided externally or by BEE Verification Agency personnel.

14.2 Personnel involved in the verification process

- 14.2.1 The BEE Verification Agency shall, irrespective of the use made of external or temporary resources, have, as part of its own enterprise, personnel having competence to manage the BEE verification.
- 14.2.2 The BEE Verification Agency shall employ or have access to a sufficient number of verifying verification analysts, including verification managers.
- 14.2.3 The BEE Verification Agency shall make clear to each person concerned his or her duties, responsibilities and authority.
- 14.2.4 The BEE Verification Agency shall have defined processes for selecting, training, formally authorising and monitoring verification analysts and experts used in the verification process. The initial competence evaluation of verification analysts shall include observing an on-site verification undertaken by the person being evaluated.
- 14.2.5 The BEE Verification Agency shall have a process for ensuring that the verification analysts it uses (including team leaders) are competent to verify specific areas of the elements of the broad-based BEE scorecard for the complexity of the entity being verified.
- 14.2.6 The BEE Verification Agency shall ensure that its verification analysts are familiar with the verification processes/systems of a Verification Agency, BEE verification requirements, methodology and other relevant requirements. The BEE Verification Agency shall give its verification analysts and experts access to an up-to-date set of documented procedures giving evaluation instructions and all relevant information on verification operations.
- 14.2.7 The BEE Verification Agency shall use verification analysts and experts only for those activities in which they have demonstrated competence.
- 14.2.8 The BEE Verification Agency shall ensure the satisfactory performance of the personnel involved in the evaluation and BEE verification process. There shall be documented procedures and criteria for monitoring the performance of all the people involved, based on the frequency of their usage and the level of risk linked

to their activities. In particular, the BEE Verification Agency shall regularly review the competence of its personnel in the light of their performance in order to identify training needs.

- 14.2.9 The BEE Verification Agency shall have appropriate documented requirements for monitoring the performance of its verification analysts and experts. These requirements shall include a combination of on-site observation, review of evaluation reports and feedback from verified entities or from the market.
- 14.2.10 The BEE Verification Agency shall observe the performance of each verification analyst and expert on site once every four years. The frequency of on-site observations shall be based on the needs determined from all monitoring information available.
- 14.2.11 The BEE Verification Agency shall offer or provide access to specific training in order to make its verification analysts and experts knowledgeable with regard to the BEE verification requirements and processes.
- 14.2.12 The group or individual taking the decision on BEE verification shall have knowledge and experience to evaluate the BEE verification processes and the related recommendations of the Evaluation Team. (See Annexure A.)

14.3 Use of individual external verification analysts and external verification experts

The BEE Verification Agency shall require external verification analysts and external experts to have a written agreement by which they commit themselves to comply with the applicable policies and procedures as defined by the BEE Verification Agency. The agreement shall address aspects relating to confidentiality and to independence from commercial and other interests, and require the external verification analysts and external experts to notify the BEE Verification Agency of any existing or prior association with any entity they may be assigned to evaluate.

14.4 Personnel records

The BEE Verification Agency shall maintain records of the relevant qualifications, training experience and competence of each person involved in the verification process. In addition, the BEE Verification Agency shall maintain up-to-date records of the affiliations and professional status of all external verification analysts and external experts.

14.5 Outsourcing

- 14.5.1 The BEE Verification Agency shall have a process by which it describes the conditions under which outsourcing may take place. The BEE Verification Agency shall have a legally enforceable agreement covering the arrangements, including confidentiality and conflict of interests, with each outsourced body.
- 14.5.2 Decision-making regarding BEE verifications shall never be outsourced.
- 14.5.3 The BEE Verification Agency shall:
- (a) take full responsibility for all verifications outsourced to another body
 - (b) maintain its responsibility for granting a BEE score

- (c) ensure that the outsourced body uses individuals who conform to the applicable provisions of this document, including competence, impartiality and confidentiality, and BEE status
- (d) ensure that the outsourced body uses individuals who are not involved, either directly or through any other employer, with an enterprise to be evaluated in such a way that impartiality could be compromised, and
- (e) obtain the consent of the enterprise being evaluated to use a given outsourced body.

14.5.4 The BEE Verification Agency shall have documented procedures for the qualifications, monitoring and records of all outsourced bodies used for verifications.

14.6 Management of impartiality

14.6.1 The BEE Verification Agency shall be committed to, and shall demonstrate its commitment to, impartiality in its BEE verification activities, especially through its top management structures. The BEE Verification Agency shall have a publicly available statement that it understands the importance of impartiality when managing conflicts of interest and that it ensures objectivity when carrying out its activities.

14.6.2 The BEE Verification Agency and any related party shall not offer or provide both BEE verification and BEE consultancy to the same measured entity.

14.6.3 The BEE Verification Agency shall identify, analyse and document the possibilities for conflicts of interest arising from the provision of its services, including any conflicts arising from its relationships. Having relationships does not necessarily present a BEE Verification Agency with a conflict of interest. A Verification Agency must document all relationships in terms of their impact on the organisation. However, if any relationship poses a risk to impartiality, the BEE Verification Agency shall document how it has (or intends to) eliminated or minimised such a risk to an acceptable level. If the Verification Agency cannot demonstrate that a relationship does not present a conflict of interest, or that it can manage the conflict satisfactorily, then it must end the relationship.

14.6.4 The BEE Verification Agency shall ensure that the activities of other related bodies do not affect the confidentiality, objectivity and impartiality of its activities. The BEE Verification Agency shall avoid any situation that would create a conflict of interests arising from the activity of any other body.

14.6.5 The BEE Verification Agency shall not provide BEE verification to an enterprise that has received BEE consultancy from that Verification Agency or from any related party. A minimum period of two years needs to elapse following the end of such a BEE consultancy.

14.6.6 The BEE Verification Agency shall take measures to prevent a consultancy body from stating or implying that BEE verification would be simpler, faster or less expensive if a specified BEE Verification Agency is used. Similarly, a BEE Verification Agency shall not state or imply that BEE verification would be simpler, faster or less expensive if a specified consultancy body is used. '

14.6.7 All BEE Verification Agency personnel, either internal or external, or committees that could influence the verification activities, shall act impartially and shall not allow commercial, financial or other pressures to compromise their impartiality.

14.6.8 To ensure that there is no conflict of interests, personnel who have provided BEE consultancy, including those acting in a managerial capacity, shall not be employed to take part in a verification evaluation or the verification process if they have been involved in BEE consultancy for the measured entity within the last two years.

14.6.9 BEE Verification Agencies shall require personnel, both internal and external, to declare any situation known to them that may present them or the BEE Verification Agency with a conflict of interest. BEE Verification Agencies shall use this information as input to identify threats to impartiality raised by the activities of such personnel or by the organisations that employ them and shall not use such personnel, internal or external, unless they can demonstrate that there is no conflict of interests.

The fact that the evaluator's employer is known to have provided the entity under evaluation with BEE consultancy within the last two years is likely to be considered as a high threat to impartiality.

14.6.10 If a member of the verification team, or an immediate family member, has a direct financial interest, or a material indirect financial interest, in the client, the self-interest threat created would be so significant the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to:

- (a) dispose of the direct financial interest prior to the individual becoming a member of the verification team,
- (b) dispose of the indirect financial interest in total, or dispose of a sufficient amount of it so that the remaining interest is no longer material, prior to the individual becoming a member of the verification team, or
- (c) remove the member of the verification team from the verification engagement.

15. INFORMATION REQUIREMENTS

15.1 Disclosable information

15.1.1 The BEE Verification Agency shall maintain and provide, upon request, information about its activities to SANAS.

15.1.2 The information that the BEE Verification Agency provides to any rated entity or to the marketplace, including advertising, shall be accurate and not misleading.

15.1.3 The BEE Verification Agency shall make publicly accessible information about the BEE status level granted.

15.1.4 On request from SANAS, and/or the rated enterprise, the BEE Verification Agency shall provide means to confirm the validity of a given BEE score.

15.1.5 The BEE Verification Agencies shall provide to **the dti**, upon completion of each verification, the BEE status level of the measured entities.

16. DOCUMENT CONTROL

16.1 The Verification Agency shall establish and maintain procedures to control all documents that form part of its management system. This procedure shall ensure that authorised editions of appropriate documents are available at all locations

where operations are performed, that the documents are periodically reviewed and, where necessary, that they are revised and that obsolete documents are promptly removed from all points of issue or use.

- 16.2 All documents that are part of the management shall be reviewed and approved for use by authorised personnel prior to issue. A master list or an equivalent document-control procedure identifying the current status of the revision and the distribution of documents in the management system shall be established and shall be readily available to preclude the use of invalid and/or obsolete documents.
- 16.3 If the Verification Agency's document-control system allows for the amendment of documents by hand, pending the re-issue of the documents, the procedure and authorities for such amendments shall be defined. Amendments shall be clearly marked, initialled and dated
- 16.4 A procedure shall be established to describe how changes in documents maintained in computerised systems are made and controlled.

16.5 BEE Verification Certificates

- 16.5.1 The BEE Verification Agency shall provide to the client, by any means it chooses, a BEE Verification Certificate.
- 16.5.2 The effective date on a Verification Certificate shall not be a date before the BEE score was decided.
- 16.5.3 The Verification Certificate shall identify:
- (a) The name and identifiable physical location(s) of the measured entity
 - (b) The registration and VAT number of the measured entity
 - (c) The dates of granting of the BEE score and the period of validity
 - (d) The expiry date of the Verification Certificate
 - (e) A unique identification number
 - (f) The standard and/or normative document, including the issue and/or revision used to evaluate the client
 - (g) The name and/or mark/logo of the BEE Verification Agency
 - (h) The scorecard against which the enterprise has been verified
 - (i) The broad-based BEE status level
 - (j) The SANAS logo on the Verification Certificate
 - (k) The BEE procurement recognition level.

BEE Verification Certificates should show the overall BEE status level as well as the BEE status level of each of the seven elements.

The ranges are essential to avoid drawn-out disputes over percentage points between differently rated entities.

16.6 Directory of verified entities

The BEE Verification Agency shall maintain and make available to **the dti** a current directory of valid Verification Certificates which, as a minimum, shall show the details outlined in Section 16.5 above.

16.7 Reference to verification and use of marks

- 16.7.1 A BEE Verification Agency shall have a policy governing any mark that it authorises verified entities to use. This shall assure, among other things, traceability back to the BEE Verification Agency.
- 16.7.2 The BEE Verification Agency shall require that the verified enterprise:
- (a) conforms to the requirements of the BEE Verification Agency when making reference to its verification status in communication media such as the internet, documents, brochures or advertising
 - (b) does not make or permit the use of any misleading statement regarding its BEE score
 - (c) does not use or permit the use of a BEE Verification Certificate or any part thereof in a misleading manner
 - (d) does not use its verification status in such a manner that would bring the BEE Verification Agency into disrepute and lose public trust
 - (e) reproduces any verification report only in full.
- 16.7.3 The BEE Verification Agency shall exercise proper control of ownership and take suitable action to identify and deal with incorrect references to an entity's BEE verified status.

17. CONFIDENTIALITY

- 17.1 The BEE Verification Agency shall, through legally enforceable commitments, have a policy and arrangements to safeguard the confidentiality of the information obtained or created during the performance of verification activities at all levels of its structure, including committees and external bodies or individuals acting on its behalf.
- 17.2 The BEE Verification Agency shall inform the verified enterprise, in advance, of the information it intends to place in the public domain. All other information, except for information that is made publicly available by the client, shall be considered proprietary information and regarded as confidential.
- 17.3 Except as required in this Statement, information about a particular client or individual shall not be disclosed to a third party without the written consent of the client/individual concerned. Where the BEE Verification Agency is required by law to release confidential information to a third party, the verified enterprise or individual concerned shall, unless prohibited by law, be notified in advance of the information provided.
- 17.4 Information about the verified enterprise from sources other than the verified enterprise itself (e.g. complainant, regulators) shall be treated as confidential, consistent with the BEE Verification Agency's policy.
- 17.5 Personnel, including any committee members, contractors, personnel of external bodies or individuals acting on the BEE Verification Agency's behalf, shall keep confidential all information obtained or created during the performance of the verification activities.
- 17.6 The BEE Verification Agency shall have available and use equipment or facilities that ensure the secure handling of confidential information (e.g. documents, records).
- 17.7 When confidential information must be made available to other bodies (e.g. **the dti**, SANAS), prior to making this information available, the BEE Verification Agency shall inform its verified enterprise of this action.

18. INFORMATION EXCHANGE BETWEEN A BEE VERIFICATION AGENCY AND ITS CLIENTS

18.1 Information on the verification process and requirements

The BEE Verification Agency shall provide and update the following information to clients:

- (a) A detailed description of the verification process, including a request to be verified
- (b) Information about the fees involved in a request for verification
- (c) The BEE Verification Agency's requirements of the prospective client:
 - to conform with verification requirements
 - to make all necessary arrangements for the conduct of the verification evaluations, including provision for examining documentation and access to all areas, records and personnel for the purposes of verification and the resolution of complaints
- (d) Documents describing the rights and duties of clients, including requirements when making reference to its verified status in communications of any kind
- (e) A summary of the process for granting BEE-verified status
- (f) Information on the procedure for handling complaints and appeals.

19. PROCESS REQUIREMENTS

The BEE Verification Agency shall demonstrate adequate expertise in the field of both BEE verification and the reporting thereof.

19.1 Verification methodology

19.1.1 The BEE Verification Agency shall verify, evaluate and validate to verify entities based on the principles encapsulated in the BEE *Codes of Good Practice* and shall include all relevant elements of the broad-based BEE scorecard. All verifications are to be based on information that has been verified by an on-site visit to the entity. No score can be given without an on-site assessment of the entity.

19.1.2 The BEE Verification Agency shall verify the information provided in order to reach its opinion on the BEE status of an enterprise. Simple telephonic enquiries do not constitute verification.

19.1.3 When using computers for calculating scores, the BEE Verification Agency shall ensure that:

- (a) the computer software developed is documented in sufficient detail and is suitably validated as being adequate
- (b) procedures are established and implemented for protecting the data; such procedures shall include, but not be limited to, integrity and confidentiality of data entry or collection, data storage, data transmission and data processing
- (c) computers are maintained to ensure proper functioning.

19.2 General requirements applicable to verification evaluations

- 19.2.1 The BEE Verification Agency shall have a process for selecting and appointing the verification team, including the verification team leader, taking into account the competence needed to achieve the objectives of the verification.
- 19.2.2 The BEE Verification Agency shall have formal rules and/or contractual conditions to ensure that each team member acts in an impartial manner. Each team member shall inform the BEE Verification Agency, prior to accepting assignment of the verification, about any known existing, former or envisaged link to the enterprise to be verified.
- 19.2.3 The BEE Verification Agency shall ensure that a verification plan is established for each verification to provide the basis for agreement regarding the conduct and scheduling of the verification activities.
- 19.2.4 The BEE Verification Agency shall determine, in accordance with documented procedures, the time needed to accomplish a complete and effective verification of the enterprise. The time determined by the BEE Verification Agency, and the justification for the determination, shall be recorded.
- 19.2.5 In the determination of the verification programme and any subsequent adjustments, the size of the enterprise, and the scope and complexity of its structure, products and processes shall be considered, as well as its demonstrated level of commitment to BEE and the results of any previous verification.
- 19.2.6 Where multi-site sampling is utilised for the verification of a client, covering the same activity in various locations, the BEE Verification Agency shall develop a sampling programme to ensure proper verification of the whole enterprise. The rationale for the sampling plan shall be documented for each client.
- 19.2.8 The tasks given to the verification team shall be clearly defined and made known to the client enterprise, and shall require the verification team:
 - (a) to examine the structure, policies, processes, procedures and related documents (records) of the client enterprise which are relevant to the BEE requirements, and
 - (b) to determine that these contain sufficient evidence to support the BEE verification.
- 19.2.9 The BEE Verification Agency shall provide the name of, and make available background information on, each member of the verification team, giving sufficient time for the client enterprise to object to the appointment of any particular analyst or expert and for the BEE Verification Agency to reconstitute the team in response to any valid objection.
- 19.2.10 A Verification Plan shall be communicated and the dates of the verification shall be agreed upon, in advance, with the client enterprise.
- 19.2.11 The BEE Verification Agency shall have a process for conducting on-site verifications.

19.3 Verification

19.3.1 Request for a BEE verification

The BEE Verification Agency shall require an authorised representative of the enterprise requesting verification to provide the necessary information to enable it to establish:

- (a) the general features of the enterprise, including its name and the address(es) of its physical location(s)
- (b) general information such as its activities, human and other resources, and its functions and relationships within a larger corporation, if any, and
- (c) information concerning the enterprise's use of consultancy relating to BEE.

19.3.2 Review of request for a BEE verification

19.3.2.1 Before proceeding with the verification, the BEE Verification Agency shall conduct a review of the request for verification to ensure that:

- (a) the information is sufficient for the conduct of the review
- (b) the requirements for verification are clearly defined, documented and have been provided to the enterprise
- (c) any known difference in understanding between the BEE Verification Agency and the enterprise has been resolved
- (d) the BEE Verification Agency has the competence and ability to perform the service.

The location and number of the applicant enterprise's operations, the time required to complete verifications, and any other points influencing activities or the verification process shall be considered (language, safety conditions, threats to impartiality, etc.). Based on this review, the Agency shall determine the competences it needs to include in its verification team.

- (e) records of the justification for the decision will be maintained.

19.3.2.2 Where a BEE Verification Agency will be taking account of verification or other evaluations already granted to the enterprise, it shall collect sufficient evidence to justify and record any adjustments to the verification programme.

19.3.2.3 After having reviewed the request for verification, the BEE Verification Agency shall notify the enterprise whether or not it is accepting the request for verification. The reasons for non-acceptance shall be conveyed to the applicant (e.g. resource constraints).

19.3.2.4 Before commencement of the verification, an Agreement shall be established between the BEE Verification Agency and the enterprise which:

- (a) requires the enterprise to supply any information needed for its intended verification, and
- (b) requires the enterprise to conform to the requirements for BEE verification.

19.3.2.5 The verification team shall be appointed and composed of verification analysts (and any other experts as necessary) who, between them, have the totality of the competences identified by the BEE Verification Agency as being needed for the verification of the enterprise. The selection of the team shall be performed with reference to the designations of competence of verification analysts and experts and may include the use of both internal and external human resources.

19.3.3 Verification

- (a) Verifications shall be done according to a Verification Plan.
- (b) The verifications shall take place at the site(s) of the client's enterprise. The purpose of the evaluation is to measure the enterprise's BEE progress or status.
- (c) The verification team shall conduct the evaluation to gather evidence to verify the enterprise in terms of BEE.

- (d) The verification team shall rate a sufficient number of examples of the activities of the enterprise in relation to the BEE criteria to arrive at a sound appraisal of the enterprise's BEE status.
- (e) As part of the verification process, the verification team shall interview a sufficient number of the staff, including top management and operational personnel of the enterprise, to provide assurance that the information gathered is sound.
- (f) The verification team shall analyse all the information and verification evidence gathered to determine the BEE status of the enterprise.
- (g) The BEE Verification Agency shall ensure that a detailed, written Verification Report is promptly provided to the verified enterprise.
- (h) Ownership of the Verification Report shall be retained by the BEE Verification Agency.

19.3.4 BEE verification decision

19.3.4.1 The information provided by the verification team to the BEE Verification Agency for the decision shall include as a minimum:

- (a) the Agreement as indicated in paragraph 19.3.2.4, and
- (b) the verification recommendation from the verification team.

19.3.4.2 The individual or group that makes the decision shall include a level of knowledge and experience sufficient to evaluate the verification processes, results and recommendations of the verification team.

19.3.4.3 The BEE Verification Agency shall make the decision on the basis of an evaluation of the verification results and any other relevant information.

19.3.4.4 The BEE Verification Agency shall ensure that the person(s) or committees that participate in the decisions are different from those who carried out the verification.

19.3.4.5 The BEE Verification Agency shall confirm, prior to making a decision, that the information provided by the verification team is sufficient with respect to the BEE verification requirements.

19.4 Special evaluations

It may be necessary for the BEE Verification Agency to conduct evaluations of entities at short notice in order to investigate complaints or in response to changes. In such cases:

- (a) the BEE Verification Agency shall describe and make known in advance to the enterprise the conditions under which these short-notice visits are to be conducted, and
- (b) the BEE Verification Agency shall exercise additional care in the assignment of the verification team because of the lack of opportunity for the enterprise to object to the verification team members.

20. APPEALS

20.1 The BEE Verification Agency shall have a documented process for receiving, evaluating and making decisions on appeals.

20.2 A description of the process for handling appeals shall be made publicly available.

20.3 The BEE Verification Agency shall be responsible for all decisions at all levels of the appeals-handling process.

- 20.4 Investigation of and decisions on appeals shall not result in any discriminatory actions against the appellant.
- 20.5 The appeals-handling process shall include at least the following elements and methods:
- (a) an outline of the process for receiving, validating and investigating the appeal, and for deciding what actions are to be taken in response to it, and
 - (b) a procedure for tracking and recording appeals, including the actions undertaken to resolve them.
- 20.6 The BEE Verification Agency shall acknowledge receipt of the appeal and provide the appellant with progress reports and the outcome.
- 20.7 The decisions to be communicated to the appellant shall be made by, or reviewed by, individual(s) not involved in the matter that is the subject of the appeal.
- 20.8 The BEE Verification Agency shall give the appellant formal notice of the end of the appeals-handling process.
- 20.9 All appeals shall be resolved in a timely manner by the BEE Verification Agency. As a guide, an appeal shall be resolved within a maximum of 30 days of the initial lodging of the appeal.

21. COMPLAINTS

- 21.1 A user of the results of the verification of a BEE-verified enterprise can expect to have any complaints investigated and, if these are determined to be valid, have confidence that the complaints shall be appropriately addressed and that a reasonable effort shall be made to resolve the complaint in a timely manner.

The effective resolution of complaints is an important means of protection for the BEE Verification Agency, its verified entities and other users against errors, omissions or unreasonable behaviour. Confidence in verification activities is safeguarded when complaints are processed appropriately.

- 21.2 A description of the process for handling complaints shall be made publicly available.
- 21.3 Upon receipt of a complaint, the BEE Verification Agency shall confirm whether or not the complaint relates to BEE verification activities for which it is responsible, and if so, shall deal with it.
- 21.4 Any complaint about a verified enterprise shall also be referred by the BEE Verification Agency to the verified enterprise in question.
- 21.5 The BEE Verification Agency shall have documented procedures for receiving, evaluating and making decisions on complaints. This process shall be subject to the requirements for confidentiality as they relate to the complainant and to the subject of the complaint.
- 21.6 The complaints-handling process shall include at least the following elements and methods:
- (a) an outline of the process for receiving, validating and investigating the complaint, and deciding what actions are to be taken in response to it
 - (b) a procedure for tracking and recording complaints, including the actions undertaken to resolve them, and

- (c) a procedure for ensuring that any appropriate corrections and corrective actions are taken.
- 21.7 The BEE Verification Agency receiving the complaint shall be responsible for gathering and verifying all the necessary information to validate the complaint.
- 21.8 Whenever possible, the BEE Verification Agency shall acknowledge receipt of the complaint, and provide the complainant with progress reports and the outcome.
- 21.9 The decisions to be communicated to the complainant shall be made by, or reviewed by, individual(s) not involved in the matter that is the subject of the complaint.
- 21.10 The BEE Verification Agency shall give the complainant formal notice of the end of the complaints-handling process.

22. RECORDS ON BEE-VERIFIED CLIENTS

- 22.1 The BEE Verification Agency shall maintain records on the audit and verification process for all verified entities, including all entities that submitted requests for verification, and all entities verified.
- 22.2 Records on verified entities shall include:
 - (a) request for verification information and initial and on-going verifications
 - (b) justification for the time determined for verification
 - (c) records of complaints and appeals, and any subsequent corrections or corrective actions
 - (d) deliberations and decisions, if applicable
 - (e) documentation of the decisions, and
 - (f) record of BEE Verification Certificates issued.
- 22.3 The BEE Verification Agency shall keep the records on verified entities in such a way as to ensure that the information is kept confidential. When records are transported, transmitted or transferred, secured handling shall ensure that confidentiality is maintained.
- 22.4 The BEE Verification Agency shall have a document policy and documented procedures on the retention of records.

23. INTERNAL VERIFICATION PROCESS AUDIT

- 23.1 The Verification Agency shall periodically, and in accordance with a predetermined schedule and procedure, conduct internal audits of its activities to verify that its operations continue to comply with the requirements of the management system. The internal audit programme shall address all elements of the verification process/system, including verification activities. Such audits shall be carried out by trained and qualified personnel who are, wherever resources permit, independent of the activity to be audited.
- 23.2 When audit findings cast doubt on the effectiveness of the operations, the Verification Agency shall take timely corrective action and shall notify customers in writing if investigation shows that verification has been affected.
- 23.3 The area of activity audited, the audit findings and the corrective actions that arise from them shall be recorded.

- 23.4 Follow-up audit activities shall verify and record the implementation and effectiveness of the corrective action taken.

24. CORRECTIVE ACTION

- 24.1 The Verification Agency shall establish a policy and a procedure and shall designate appropriate authorities for implementing corrective action when departures from policies and procedures in the management system or verification processes have been identified.
- 24.2 The procedure for corrective action shall start with an investigation to determine the root cause(s) of the problem.
- 24.3 Where corrective action is needed, the Verification Agency shall identify potential corrective actions. It shall select and implement the actions that are most likely to eliminate the problem and to prevent recurrence.
- 24.4 The Verification Agency shall monitor the results to ensure that the corrective actions taken have been effective.
- 24.5 Where the identification of non-conformities or departures casts doubt on the Verification Agency's compliance with its own policies and procedures, the Verification Agency shall ensure that the appropriate areas are audited as soon as possible.

25. MANAGEMENT REVIEW

- 25.1 In accordance with the predetermined schedule and procedure, the Verification Agency's top management shall conduct a review of the management system, including information on relevant complaints and appeals from users of verification services.
- 25.2 Findings from management reviews and the actions arising from them shall be recorded. The management shall ensure that those actions are carried out within an appropriate and agreed period of time.