



SUNDAY TRIBUNE / NEWS

File photo: Chris Ratcliffe/Bloomberg

BEE fronting in the spotlight as four Empowerdex branches suspended

By Wendy Jasson da Costa  Apr 14, 2019



Durban - Durban-based empowerment verification agencies have called on their colleagues in the industry to work with integrity, as corruption could have widespread ramifications for transformation.

This follows the part-suspension of Empowerdex, the country's largest BEE verifications agency, this week.

The SA National Accreditation System (Sanas) suspended four Empowerdex branches for three months as a result of a “failure to comply with some accreditation requirements”.

The rating agency faces a freeze after having measured the BEE status of more than 6000 companies. Its suspension allegedly followed claims of corruption which emerged during the judicial commission of inquiry into allegations of state capture.

Empowerdex boss Vuyo Jack told several media houses they took the matter seriously and were determined to clear their name.

Yesterday, chartered accountant Priscilla Ramphal, the managing director of the AAA BEE verification agency, said the suspension of Empowerdex served as a reminder to all BEE verification agencies that integrity and honesty were crucial in their industry.

“Offers of bribes should never be entertained as they reflect negatively on the agency and on the industry. BEE verification agencies should rather lose the work than compromise their integrity and honesty,” she said.

Ramphal currently serves as a technical assessor for Sanas and was previously an expert on the technical skills expert panel of the Association of BEE Verification Agencies.

She said corruption might seem a lucrative short-term incentive to many, but in the long run, was not worth it.

Accountant Bulelani Mahlangu, the owner of Ntsikelelo Verification Agency in Pinetown, said businesses which had false BEE certificates were bad for the country’s transformation process.

“This is big because the BEE Commission has been complaining about companies that are fronting. Now you have a situation where outsiders are giving money to companies who are issuing certificates.”

Mahlangu said during a contract with one of the country’s biggest companies last year, they discovered that some of the verification agencies would issue certificates without doing the work.

Durban economist Bonke Dumisa said the allegations of corruption were not surprising as the BEE Commission had raised the issue several times.

“You have a lot of fronting that is protected at the highest levels, which is why this cannot be stopped.”

Dumisa accused senior politicians of colluding with business for monetary gain. “People in high places are protecting companies that are fronting, partly because many of the people who front for companies with dodgy BEE ratings are politicians.”

Trade and Industry Minister Rob Davies recently said fronting, which was made a criminal offence through the B-BBEE Amendment Act of 2013, was becoming more sophisticated and complex as entities such as the B-BBEE Commission cracked down on it.

He said: “Fronting is still a challenge to true economic transformation and needs to be ruthlessly eradicated.”

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