



Presents

Vendor Auditing Process

INTRODUCTION TO VENDOR AUDITING (BCEA/LRA)

- The success of your organisation largely depends on the internal and external capacity of your suppliers to deliver products/services.
- Corporate Governance and best business practice is very much dependent on solid BCEA/LRA understanding and implementation across all supply chain partners.
- The S.A. Government places a strong focus on BCEA and LRA issues and the private sector has no alternative but to comply to legislation, especially the mining sector.
- Trade unions check the implementation of the BCEA and LRA to the letter.
- **The purpose of vendor auditing is to ensure that:**
 1. Every vendor complies to the minimum requirements of the BCEA.
 2. Every vendor complies to the minimum requirements of the LRA.
 3. Liability is removed where possible from your premises and placed with vendors.
- **The aim of vendor auditing is to ensure that:**
 1. All vendors are accredited.
 2. Guide vendors to comply in areas that are currently lacking.

PROCESS OF VENDOR AUDITING (BCEA/LRA)

- **First Phase of Vendor Auditing: Information Session:**
- Establish a date to invite all vendors/contractors for an informative session to:
 1. Explain the reasons for the audit (legal compliance and liability).
 2. Explain mutual benefits to all parties involved (job security).
 3. Explain the consequences of not being certified (termination).
- On the specified day of the initial meeting the following will be discussed:
 1. Registration of vendors/contractors for audit purposes.
 2. Welcoming and setting of agenda.
 3. Introduction to the panel of auditors.
 4. Issue questionnaire in order to prepare for audit.
 5. Discuss the auditing process in fair amount of detail.
 6. Discuss compliance certification and noncompliance certification.
 7. Provide suggestions on how noncompliance can be remedied.
 8. Provide each vendor with possible date of being audited.
 9. Disclose date of commencement of audit.

PROCESS OF VENDOR AUDITING (BCEA/LRA)

• **Second Phase of Vendor Auditing: Planning and Implementing:**

- Ensuring every vendor/contractor will have a session to disclose in one day.
- Direct vendors/contractors officials to make appointments.
- Finalise who needs to be present at the presentation of evidence.
- How certification will take place and when.
- What happens with a non compliance certification?
- Recommending institutions to assist where needed.
- How to appeal against finds.
- Time frame to rectify compliance.
- What is supporting documents and how must they be presented?
- Possible incorporation of Labour Brokers (if contractor make use of them).
- Profile of Evidence.

PROCESS OF VENDOR AUDITING (BCEA/LRA)

- **Third Phase of Vendor Auditing: Findings and Results:**
- Ensuring every vendor/contractor has been screened.
- Ensuring that compliance is well documented and filed.
- Providing vendor with validation certificates.
- Providing feedback to management on findings.
- Providing feedback to vendors on pitfalls and common mistakes.
- Providing suggestions for the raising of existing standards.

CONCLUSION

- The amendments to the BCEA and LRA will be in effect soon.
- Business must comply with legislation; being pro active is better than reactive.
- **By being pro active the following can be avoided:**
 1. Legal issues.
 2. Law suites.
 3. Union problems.
 4. Worker unrests.
 5. Corporate Governance issues.
 6. Supply Chain delays/frustrations.
- The raising of existing standards is not only part of being “world class”, but the responsibility of management in any way.
- Raising Vendor standards automatically raises the standards at your company!

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