**INDEPENDENT REGULATORY BOARD FOR AUDITORS**

**Effect of the proclamation of the B-BBEE Amendment Act into law**

Johannesburg / 23 January 2015

The Broad-Based Black Economic Empowerment (B-BBEE) Amendment Act 2013 (the Act) was proclaimed into law in Government Gazette 38126 of 24 October 2014. The Act has significant implications for practitioners.

One of the consequences of the Act is that all actions that are not aligned to the letter of the Codes of Good Practice and the Sector Codes are considered a punishable offence. The sections of the Act that describe the offences and penalties are detailed below.

**Offences and penalties**

Section 13O(1)

* A person who knowingly commits an offence in terms of the act is guilty of an offence where the person:
	+ Misrepresents the B-BBEE status of a measured entity;
	+ Provides false information or misrepresents B-BBEE information to a verification professional; and
	+ Provides false information or misrepresents B-BBEE information to an organ of state or public entity.
* In terms of S13O(3)(a) this person, if found guilty, will be fined or imprisoned for a period not exceeding ten (10) years or both. If it is not a natural person, then a fine of not more than ten percent (10%) of the annual turnover will be payable.

Section 13O(2)

* A B-BBEE verification professional or procurement officer or other official of an organ of state or public entity who becomes aware of any of these offences and does not report it to an appropriate law enforcement agency is also guilty of an offence.
* In terms of S13O(3)(b) this person, if found guilty, will be fined or imprisoned for a period not exceeding 12 months or both.

Government Gazette 38126 may be downloaded from the IRBA website at [www.irba.co.za](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/other-assurance-including-b-bbee/b-bbee-verification-assurance).

Should you have any further queries please do not hesitate to contact the Standards Department by email: b-bbeequeries@irba.co.za.

**Bernard Peter Agulhas**

**Chief Executive Officer**

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*