

SAMPLING PROCEDURE CORE-03/F06

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Compiled By	Chengetai Zvomuya
Approved by	Shadrack Hlongwane

1. Sampling Methodology

1.1 INGWANE VERIFICATIONS verification samples shall be selected using the following procedure:

1.1.1 The verification analyst shall ensure that they select a sample that covers all scorecard indicators for that particular element. Monetary value shall be considered when selecting the samples for testing.

1.1.2 Preferential procurement samples for suppliers' B-BBEE compliance shall be selected, without exception on all suppliers based on the B-BBEE Procurement Recognition level, on suppliers that are either Generic, QSE or EME, on suppliers that are at least 50% black-owned and on suppliers that are at least 30% black women owned. It is the policy of INGWANE VERIFICATIONS that the client provides the sampled B-BBEE certificates for their claimed suppliers. On site the analyst shall inspect the entire transaction list or purchase list.

1.1.3 Skills development testing shall be performed on skills development expenditures on black people, black females and black employees with disabilities including each category. 10% of the expenditure should be tested looking at each category. The population for skills development expenditure shall be the entire list of training transaction provided by the measured entity.

Category A, B, C, D and E

<i>Population (P)</i>	<i>Sample size (S)</i>
$P < 5$	$S \geq 2$
$5 \leq P < 10$	$S \geq 3$
$10 \leq P < 30$	$S \geq 5$
$P \geq 30$	$S \geq 7$

1.1.4 Enterprise development, Supplier development and socio-economic development sampling shall at least meet 60% of the expenditure claimed. The population for ESD and SED transactions shall be the entire transaction list on ESD and SED provided by the measure entity

1.2 Sampling on Preferential Procurement

1.2.1 The analyst shall calculate Total Measured Procurement Spend (TMPS) derivable from the annual financial statements or management accounts.

1.2.2 To test the accuracy of the clients' suppliers claim, the analyst shall test 10% of the TMPS rand value, by selecting a sufficient number of suppliers. The expenditure with sampled suppliers should meet or exceed 10% of TMPS in rand value for the verification to comply with the requirements of INGWANE VERIFICATIONS sampling methodology. The analyst shall inspect the transaction list and request general purchase ledgers, from which invoices shall be requested.

1.2.3 The analyst shall select at least 3 invoices from the selected ledgers randomly spread over the financial year.

1.2.4 This systematic selection method uses rand unit values, rather than the items. Each individual rand is given an equal chance of selection. Using this method high value transactions have a higher chance of being selected.

1.2.5 If measured entity claims less than 10% of the TMPS, the analyst shall test 100% of the procurement cost claimed.

1.3 Sampling for Management Control

1.3.1 The analyst shall apply stratified random sampling. In the stratified samples, the population shall be total number of people in each and every category. For example, under Middle management, the population is the total number of managers in the middle management category.

1.3.2 The analyst shall ensure that his/her sample selection is fully representative as stated below:

i) Races (African, Coloured, Indian, White and NSA)

ii) Gender (female and male)

iii) Categories available (e.g., senior and other top management; senior, middle, junior management; executive and non-executive directors and so on.

iv) Categories for Skills Development shall include each category of the skills development matrix according to Measured entity claim.

1.3.3 Sampling size: INGWANE VERIFICATIONS sample size for interviews and other relevant evidence shall be determined following the table below. Analysts should note that, this is only prescribing the minimum requirements and the higher the sample the better. The below sample shall be applied on Management Control and Skills Development.

Population (P)	Sample size (S)
$P < 10$	$S \geq 2$
$10 \leq P < 20$	$S \geq 3$
$20 \leq P < 50$	$S \geq 5$
$P \geq 50$	$S \geq 6$

1.3.3.1 If the minimum sample size is not met, the analyst shall reject the entire evidence. The client shall be informed of how important for them to meet or exceed the sample size

1.3.3.2 In case of the sample error, the score shall be computed based on the pass rate. For example, if 80% of the sample conform to the claim, then 80% of the entire population shall be accepted and 20% rejected

1.4 Interview Forms:

1.4.1 Interview forms shall be:

- i) CORE-03/F02
- ii) CORE-03/F03
- iii) CORE-03/F04
- iv) CORE-03/F05
- v) CORE-03/F08

1.5 Multi-Site Sampling

1.5.1 Where the activities on an enterprise are conducted across multiple sites, INGWANE VERIFICATIONS shall inspect these various sites on a sample basis to ensure that the whole enterprise is properly verified.

1.5.2 The multi-site sampling methodology is based on the following principles:

1.5.2.1 multi-site sampling will be performed over a 2-year cycle, with sites that were selected for testing in year 1 not being eligible for selection again in year 2.

1.5.2.2 Each site will be ranked based on levels of turnover or alternatively levels of operational expenditure should the site be classified as a cost centre. This value is hereafter referred to as the “ranking value”

1.5.2.3 Sites with a “ranking value” of less than 50% of the average “ranking value” for all sites combined will not be eligible for testing selection.

1.5.2.4 Eligible sites must then be ranked in accordance with their ranking values, with the site with the highest value being allocated the no.1 ranking etc.

1.5.2.5 Eligible sites will then be selected for testing as follows:

- i)** The site with the no. 1 ranking must be selected.
- ii)** Thereafter, select every 2nd site as per the site rankings.
- iii)** Selection of sites must continue up to where the cumulative ranking value of the sites selected reaches at least 50% of the total cumulative ranking values of all eligible sites, or up to where the number of sites selected reaches at least 20% of the total number of eligible sites – whichever comes first.
- iv)** Should neither of these sub-minimum values come into play, the analyst will continue selecting every 2nd site as per the rankings calculated