

Inquiry into KPMG runs into secrecy problems

An investigation into possible wrongdoing by auditing firm KPMG in its report on the South African Revenue Service (Sars) "rogue unit" and its author, Johan van der Walt, could grind to a halt over restricted documents.



Bernard Agulhas, Irba CEO

The report commissioned by Sars sparked controversy when KPMG withdrew it, citing "quality controls" that were not performed to standards. The firm offered to pay back the R23m it had already received from Sars for the report.

The Independent Regulatory Body of Auditors (Irba) announced in September that it would investigate whether KPMG and Van der Walt had broken any regulations in dealing with SARS and in compiling the report.

This week, Irba said the investigation was still in the "first phase" and that KPMG had provided "incomplete information", citing reasons of confidentiality.

This is despite undertakings by KPMG international chairman Bill Thomas and KPMG SA CEO, Nhlamu Dlomu, to Irba CEO, Bernard Agulhas, that the auditors would co-operate and provide all the information needed in the investigation.

KPMG spokesman, Nqubeko Sibiya, said the firm remained committed to co-operating with the inquiry.

"Irba has asked for certain information that legal restrictions prevent us from providing," Sibiya said. "However, we are

actively working with Irba to find a way for Irba to have access to this information in a manner which allows Irba to complete its inquiry. To this end, we have made a number of suggestions which we understand Irba is considering."

Agulhas told Parliament's finance committee that Irba had held a special board meeting to discuss the KPMG matter and to recommend that the investigation be fast-tracked.

Irba has not been able to give any indication of the timeframe for the completion of the probe, but Agulhas indicated he wanted to finalise it quickly as it was "a matter of public interest".

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