

Registration of KPMG at risk over Gupta audit

KPMG auditors responsible for the audit of Gupta-owned Linkway Trading risk losing their designation as registered auditors if an investigation by the profession's regulator finds against them.

The Independent Regulatory Board for Auditors may, in terms of the Auditing Profession Act and following a disciplinary hearing, impose a warning, a fine or cancel an audit practitioner's registration where improper conduct is found.



Photo: KPMG

The board is now investigating KPMG's 2014 audit of Linkway Trading, which paid for the R30m Gupta wedding at Sun City in 2013 using money meant to develop Free State farmers.

On Friday, the amaBhungane Centre for Investigative Journalism reported that the leaked Gupta e-mails revealed how money from the Free State provincial government had flowed via Free State company Estina to Gupta-owned Accurate Investments in Dubai and then on to Linkway Trading.

Linkway, supposedly a project management company in the Gupta-owned Oakbay Group, used the money to pay for the wedding. By classing it as a business expense, it paid no tax on the income.

KPMG, which resigned as Oakbay auditor in April 2016, said it was standard procedure for entities such as Linkway to "receive and disburse funds against a specific event".

KPMG said it was not auditors of any offshore entities and therefore could not comment on the flow of funds from the Free State dairy project. "We have acted with integrity in our dealing with the Oakbay Group."

Still, Moses Kgosana, who was KPMG's CEO during the firm's audit of Linkway and attended the Gupta wedding, has elected to withdraw as future chairman of Alexander Forbes.

Kgosana, who served on the company's board for two years, was due to become chairman on August 31. He felt that time spent dealing with these allegations would compromise what he was able to deliver as chairman, Alexander Forbes said.

The South African Institute of Chartered Accountants said it would await the outcome of the audit regulator's investigation before deciding whether to take any disciplinary action in terms of its own code of conduct.

Source: *Business Day*

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