

KPMG told to hand over tax agency's probe memo

KPMG has been ordered to provide the memo for the original briefing it got from the South African Revenue Service (SARS) outlining the scope of the audit firm's mandate to investigate issues such as the existence of a "rogue unit" at the tax agency.



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MPs demanded that KPMG SA, which has won about 1,301 government projects, stop bidding for lucrative state work.

Auditor-General Kimi Makwetu said his office had decided to reduce work awarded to KPMG until the Independent Regulatory Board of Auditors completed its inquiry into the audit firm.

New KPMG CEO Nhlamulo Dlomu, flanked by senior management, came in for hard questioning during a sitting of the standing committee on public accounts in Parliament on Thursday.

But not a single ANC MP showed up at the start of the marathon sitting, while Nyami Booi recused himself. One ANC MP attended the latter part of the committee meeting.

About a month ago, Booi appeared next to SARS commissioner Tom Moyane when the tax authority provided its response

to KPMG's retraction of the recommendations in its report on the "rogue unit".

The KPMG officials at Thursday's sitting could not provide straight answers to pointed questions from MPs, leading to a series of embarrassing admissions from the firm, including that the nine executives who had quit in the wake of the controversies surrounding its work for the Guptas and SARS remained on its payroll and had been given golden handshakes.

KPMG was also forced to concede it had not consulted SARS about its decision to repay the tax authority the R23m the audit firm earned in fees for compiling its report.

The firm was also forced into a corner when its officials were asked what they meant when they said KPMG had "complied with all reporting requirements". Pressed on this, the officials said they could not provide details of any criminal complaints filed.

Dlomu said KPMG would cooperate with the Independent Regulatory Board of Auditors during its inquiry into the audit firm's conduct.

DA MP David Maynier said he was not convinced by Dlomu and director Gary Pickering's assurances to Parliament that there were no systemic issues at KPMG. "My hypothesis is that there is in fact a systemic problem at KPMG SA," he said.

Standing committee on public accounts chairman Themba Godi urged KPMG to take the opportunity the committee was giving it as a platform to clarify matters and ease fears that the scandals had compromised other work done by the firm.

Source: Business Day

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