

KPMG's damage control exercise is too little, too late

Early last week, *The Times* sent auditing firm KPMG a list of questions around a tip-off we received on its handling of an internal review into the 2014 audit of Linkway Trading, the company allegedly involved in the Gupta wedding scandal.



Photo: KPMG

KPMG finally responded to our questions on Thursday evening, saying our information was incorrect, and declining to answer most of the questions.

Then, voila, like magic, a [statement](#) to all media drops on Friday morning. KPMG International will now "independently lead all aspects of a comprehensive review".

"All aspects of our Gupta Group is being robustly reviewed [sic]," KPMG beamed to the world.

Its first official response to the report in July was decidedly more flippant, including its view on KPMG partners attending the Gupta wedding: "We are satisfied that our independence was not impaired at any stage," CEO Trevor Hoole said at the time.

On Friday, KPMG was singing a brand new tune: "The South African firm accepts that the partners should not have attended this wedding."

It suspended the lead audit engagement partner and relieved two other partners of their board and executive positions pending the outcome of the "comprehensive reviews".

Can you hear the PR wheels turning?

What will become of us if one of the biggest auditing firms in the world cannot be trusted to spot symptoms of state capture, or perhaps even worse, chooses to ignore the signs? JSE-listed asset manager Sygnia has already fired KPMG. An auditing firm's job is to provide reasonable assurance that financial statements are free from material misstatements.

KPMG's damage control exercise on Friday was too little, too late.

The damage to itself - and the country - has already been done.

Source: *The Times*

For more, visit: <https://www.bizcommunity.com>