

KPMG under scrutiny about Gupta involvement, as clients jump ship

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8 Sep 2017

The board of the Institute of Directors in Southern Africa (Iodsa) has temporarily suspended all co-branded activities with KPMG, while a review of work done for the controversial Gupta family is conducted.



Magda Wierzycka, CEO of Signia Asset Management. Photo: Invest SA

Iodsa said this included a move to drop KPMG as sponsor for its golf day and involvement in the Audit Committee Forum.

KPMG has come under fire for the role it played in the audit of Gupta-owned Linkway Trading, which was allegedly used to channel R30m of taxpayers' money to fund the Guptas' 2013 Sun City wedding. The money was to have been used for the upliftment of indigent farmers in the Free State.

This has spurred some of KPMG's clients to drop the audit firm because of the controversy.

In July, Sygnia Asset Management announced it was breaking ties with KPMG after a meeting between its CEO, Magda Wierzycka, and the audit firm's partners at which she attempted to ascertain how KPMG could have missed "a big money-laundering exercise" related to the financing of the infamous Gupta wedding.

In August, KPMG announced that KPMG International would be leading the review into the work it had done for the family. Following this announcement, the audit firm looked set to lose another JSE client as investment company Deneb, which is part of the Hosken Consolidated Investments group, launched its own review of KPMG's role as the company's auditor.

Iodsa said it had met with KPMG and "In line with its commitment to good governance, the board is allowing KPMG International a fair and equitable opportunity to conduct a thorough internal investigation". It also said it was aware of the investigation by the Independent Regulatory Board for Auditors against certain partners at KPMG.

The institute said it would continue to monitor the situation until a "standing decision" can be made based on factual findings in relation to the allegations against KPMG and its relationship with the Guptas.

Source: *Business Day*

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