

Audit firm pays back Sars

Embattled international auditing firm KPMG SA says it has paid back the R23m it received as payment from the South African Revenue Service (Sars) for the report on the so-called rogue unit.



KPMG SA said it paid the money back on January 29. Sars did not respond to requests for comment.

When KPMG SA found itself at the centre of state capture allegations in 2017, the firm announced that it was withdrawing all its findings, recommendations and conclusions of the Sars report.

It also said it had contacted Sars and offered to repay the R23m fee received for the work it had done or to donate the same amount to charity.

The discredited KPMG report on the rogue unit was used to bring charges against former finance minister Pravin Gordhan and as the basis for the continued harassment of former Sars officials by the Hawks.

Gordhan and former Sars employees implicated in the rogue unit report - Ivan Pillay, Johann van Loggerenberg, Peter Richer, Yolisa Pikie and Adrian Lackay - have all called on KPMG to scrap the entire report. None of the former employees has seen the final report, which was released in January 2016, nor were they called to give their side of the story when KPMG started its investigation. A draft report was leaked in 2015.

Lackay called the contents of the report "fraudulent".

Brett Murison of Boqwana Burns, on behalf of Van Loggerenberg, said his client had concluded that KPMG SA was "not straightforward and honest" in compiling the report and "did not act truthfully".

There were a number of material omissions, factual errors and material misrepresentations, Murison said.

KPMG SA is facing two separate inquiries in which the work done for SARS is being investigated. The first is the Ntsebeza inquiry into the conduct of the South African Institute of Chartered Accountants members who worked for KPMG SA on Gupta accounts and the report for the revenue service. The second is a Regulatory Board for Auditors inquiry into the audit firm's conduct.

The former Sars employees have made submissions to the Ntsebeza inquiry, which is set to start hearings on February 19. KPMG has also made submissions to the inquiry.

In response to questions, KPMG SA, quoting a Sars statement from 2015, said the disciplinary hearings against Van Loggerenberg, Pillay and Richer were not conducted as a result of the firm's report but on the basis of the Sikhakhane report.

However, in the letter to Pillay in 2015 informing him of disciplinary charges, Sars commissioner Tom Moyane told him that he was being charged based on both the Sikhakhane and the KPMG reports.

Source: *Business Day*

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