KPMG heads roll after Gupta probe

Eight of KPMG SA's senior executives have fallen on their swords and "resigned", following KPMG International's investigation into work done for Gupta businesses, and the infamous Sars report, which ultimately got Pravin Gordhan ousted as minister of finance.

Trevor Hoole, former CEO of KPMG SA

“While the investigation did not identify any evidence of illegal behaviour or corruption by KPMG partners or staff, this investigation did find work that fell considerably short of KPMG’s standards,” a statement from KPMG said.

Executive resignations

Nonetheless, Trevor Hoole has tendered his resignation to the board of KPMG South Africa and stepped down as CEO, and Steven Louw has resigned as chief operating officer and country risk management partner.

In addition, Ahmed Jaffer has resigned from the firm and stepped down as chairman of the board.

The following partners will also be leaving the firm:

- Mike Oddy, head of audit and board member
- Muhammad Saloojee, head of tax and board member

- Herman de Beer, former head of forensic and board member
- John Geel, head of deal advisory
- Mickey Bove, risk management partner for deal advisory

KPMG South Africa has decided to take disciplinary action seeking dismissal in relation to Jacques Wessels, the lead partner on the audits of the non-listed Gupta entities.

Sars report

The investigation also vindicates Pravin Gordhan, who, thanks to a report commissioned by the South African Revenue Services (Sars) entitled *Report on Allegations of Irregularities and Misconduct* in December 2014, was implicated in establishing the so-called rogue intelligence unit within Sars during his tenure there.

“This was not the intended interpretation of the report. To be clear, the evidence in the documentation provided to KPMG South Africa does not support the interpretation that Mr Gordhan knew, or ought to have known, of the “rogue” nature of this unit,” the statement said.

KPMG South Africa then goes on to make an apology of sorts to Sars, and by extension, Gordhan, saying the firm had no political agenda. It has also offered to repay Sars the R23m fee for the report, or to make a donation to a charity of the same amount.

The forensic practice has since made changes to certain of its controls and methodologies. For example, before accepting contentious engagements, discussion with, and approval by, the firm’s executive committee is required. In addition, prior to finalising an investigation report, engagement teams are required to provide anyone who is the subject of the report an opportunity to respond to relevant findings.