

KPMG SA fined \$100,000 for "improper professional conduct"

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KPMG SA has been censured by the powerful US Securities and Exchange Commission (SEC) and has to pay a \$100,000 fine for "improper professional conduct" in its audit of a US-listed Canadian company operating in Zimbabwe, in 2013 and 2014.



Photo: KPMG

The charge relates to audit work ostensibly done by KPMG SA but which relied substantially on audit work done by KPMG Zimbabwe. KPMG Zimbabwe is not registered with the Public Company Accounting Oversight Board (PCAOB) and, therefore, should not have been involved in the audit of the Canadian firm.

Although KPMG SA had been informed that KPMG Zimbabwe was not registered with the PCAOB, it failed to follow up and analyse whether this would prevent KPMG Zimbabwe from playing a substantial role in the audit.

In its ruling, the SEC said an adequate analysis "performed with due professional care" would have revealed it should not have used the audit work.

On Wednesday, a spokesperson for KPMG SA said that when it identified the issue in May 2016 it reported the matter to

the SEC.

Source: *BDpro*

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