

TFG latest to flee from Gupta auditor

TFG is the latest JSE-listed company to drop KPMG as its auditor. The retail group made the announcement just hours after Telkom said it would not award any new business to KPMG until the outcome of the Independent Regulatory Board for Auditors (Irba) probe was known.



On Friday, food producer AVI said it would stop using KPMG once its 2017 financial year-end audit was completed.

TFG said on Monday that it had appointed Deloitte & Touche as its auditing firm with immediate effect. "We have initiated this change in response to governance concerns raised at KPMG," said TFG CEO Doug Murray. "TFG remains committed to the highest standards of corporate governance and to our role as a leading investor in growing the local manufacturing industry and the economy as a whole in SA."

TFG made the decision despite close ties between KPMG and key executives at the company. The retail group's chief financial officer, Anthony Thunstrom, had been a board member of KPMG SA until 2015 when he joined TFG. Thunstrom had worked with KPMG for 21 years and, according to the group's annual report, held various regional and pan-African leadership positions including chief operating officer of KPMG Africa.

TFG nonexecutive director David Friedland was a partner of KPMG until his retirement in 2013. Friedland was appointed to the TFG board in 2013 and is a member of the group's audit committee.

AVI's independent nonexecutive chairman Gavin Tipper, who joined the board in 2007, was a technical partner at KPMG before moving to Coronation in 2001.

The ties between KPMG and companies it audits is not unusual. Research done by the Irba, underpinning its proposal to implement mandatory audit firm rotation, identified strong relationships between all four major audit firms and the boards of companies they audit.

Source: Business Day

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