Independent Review of KPMG

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Independent Reviewer

Provided to

Secretary of the Department of Finance

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Foreword

'Trust will only be rebuilt through sustained action and demonstrable change.'

This statement, made on 23 June 2026 by KPMG Australia's (KPMG) then Interim Chief Executive Officer (CEO), Mr Stan Stavros, captures the central challenge facing KPMG, and one addressed in this independent review (the Review).[1] Trust is fundamental to the role played by audit and professional services firms in the economy, in financial markets and in supporting governments to make informed decisions and deliver public outcomes. Auditors, in particular, occupy a position of public confidence because their work supports the reliability of financial information, investment decisions and institutional accountability, among other things.

Trust is also essential because auditors need to have access to some of the most sensitive information (particularly financial information) that companies possess in order to perform their role.

For a firm such as KPMG, loss of trust, or having its trustworthiness seriously called into question, undermines confidence in its integrity and the reliability of its advice and services across audit, assurance, accounting, tax, risk and management consulting.

A healthy, capable and trusted consulting and professional services sector plays an important role in supporting the operations of the public service. Governments, at times, need specialist expertise, technical capability or independent advice that is not available within the public service, or not available at the time or scale required.

However, its use depends on suppliers acting with integrity, safeguarding government information, managing conflicts appropriately, and being transparent when problems arise. When trust is lost, the consequences can extend beyond a particular supplier and can affect the willingness and ability of governments to draw on external expertise to the detriment of broader public sector outcomes.

On 24 March 2026, allegations concerning KPMG's governance, audit independence and integrity were raised publicly in the Senate. The allegations originated from disclosures made by a former employee and included a number of workplace grievances, together with broader concerns relating to potential misuse of confidential client information, integrity in tender processes and broader governance issues.

[1] KPMG Australia (KPMG), 'KPMG Australia announces leadership changes and governance overhaul to rebuild trust', media release, 23 June 2026.

KPMG's initial response to these matters was that they had been investigated and were unsubstantiated, and that the allegations were complaints raised by a former employee. As subsequent investigations showed, the matter instead spoke to serious ethical failings by some senior members of KPMG, significant cultural concerns within KPMG and a lengthy mismanagement of the whistleblower's claims and concerns.

This Report should not, however, be read as a judgment on every member of KPMG. When I met with the whistleblower, they made that distinction directly:

'My absolute observation is that 99 per cent of people at KPMG are really good. I know that serving the public interest and serving the Australian Government is something they take seriously and passionately.'[2]

This is an important point and highlights another of the key issues the Review needs to address. Virtually all of KPMG's staff had no involvement in the events that occurred. The Report instead is focused on the leadership and culture of a major professional services firm that had been warned on previous occasions about weaknesses in ethical culture, speak-up confidence and accountability, but did not deal with them with the rigour and urgency required.

Since 24 March 2026, KPMG has undergone significant change. A new Chair and a new CEO have been appointed, and a number of senior personnel have left the firm. KPMG has also commissioned several reviews to understand the root causes of the events and has given assurances that it will implement the recommendations. Trust, however, is not restored through assurances alone.

As was often observed during Review interviews, trust takes time to build, and while transparency builds trust, lack of transparency damages it. Ultimately, an organisation rebuilds trust when it demonstrates that it has acknowledged and confronted difficult issues honestly, admitted shortcomings where they exist, taken meaningful and sustained action to address their causes, and results publicly confirm essential change.

Another key question for this Review is whether KPMG's actions to improve its governance and integrity frameworks to date and its comments about future implementation provide a sound basis for confidence in its future conduct and ongoing engagement with the Commonwealth. The Review must also consider whether something more is required, and whether and when KPMG can again be fully trusted to provide advice and services that support public outcomes without the current restrictions it faces.

[2] Whistleblower statement provided during a meeting with the Independent Reviewer, 27 August 2026.

As the Review approached completion, several KPMG-commissioned reviews, including those undertaken by the Andrews Group and Principia Advisory, were also nearing completion. The Review's conclusions and recommendations were informed by the Review's own evidence gathering, before those reports became available. Having subsequently considered those findings, there is broad consistency on many of the key issues. This provides additional confidence in the priorities KPMG must address to rebuild trust.

Throughout the Review, KPMG engaged constructively and cooperatively with the Reviewer, the Secretariat, and the Review process. The firm provided extensive access to documents, information and personnel, and responded promptly to requests. KPMG's willingness to engage openly and transparently assisted the Review to examine the issues of concern, and that has been appreciated.

Finally, I would like to acknowledge and thank the Secretariat that the Department of Finance (Finance) established to support the Review work. They were highly competent and did most of the challenging work to ensure the Report was delivered to the high standard Finance expects and to a tight timetable.



Dr Ian Watt AC
Independent Reviewer

Summary

The Review of KPMG was commissioned by Finance following a broad range of allegations raised in the Senate on 24 March 2026. These allegations concerned KPMG's 'audit independence failures, misuse of confidential client information, corruption of ASX audit tender processes, knowingly misleading a Senate inquiry, generative AI exam cheating following prior remediation claims, a pre-disclosure pattern of retaliation corroborated by a senior KPMG partner, retaliation against a protected whistleblower following formal disclosure, use of a deed of release as a suppression instrument, controlled and conflicted investigative processes, and international governance refusal to intervene'.[3]

Dr Ian Watt AC was appointed as Independent Reviewer on 24 June 2026. The Review examined events from as early as 2021 to early October 2026, including the firm's culture and governance and efforts to improve it. The examination drew on documents, interviews, Commonwealth and Parliamentary material, information supplied by KPMG, and advice from legal, governance and ethical leadership experts.

KPMG mishandled the whistleblower matter. Its response was misguided, fragmented, prolonged and, at critical points, lacked clear ownership. The whistleblower first made a written disclosure to senior audit leadership on 30 May 2024. The firm dealt with the whistleblower's disclosure primarily as an employment matter, even though it included alleged broader unethical conduct arising from commercial pressure, fear of retaliation, a weak speak-up culture including conduct connected with major audit tenders. No person, function or governing body maintained a timely and complete view of the matter and its combined risks.

The Review concludes that KPMG's whistleblower framework was not fit for purpose in its application to this matter. The firm had policies and reporting channels, but their existence did not make them effective. The available pathways did not appear sufficiently independent or provide the whistleblower with confidence that the disclosure would be treated seriously and that protection from detriment would follow. There was little or no evidence of a structured assessment and management of risks to the whistleblower. The firm focused more heavily on the legal status of the disclosure, the allegations and the risks to the organisation than on the practical protection and support that should be provided to the person raising the concerns, and too little on the possibility that the whistleblower's broader allegations might be correct.

The Review considered these failures in a wider cultural context. Independent work commissioned by KPMG in 2020 had already identified vulnerabilities involving the primacy of financial returns, inconsistent ethical leadership, reluctance to challenge senior personnel, barriers to reporting misconduct and weaknesses in ethical decision-making. Although the firm introduced initiatives in response to this work, and again after the PricewaterhouseCoopers (PwC) matter, the Review found little evidence that the unresolved vulnerabilities were addressed with sufficient and sustained focus. This was a missed opportunity. Many of the same themes later reappeared in the whistleblower matter.

[3] *Senate Hansard*, 24 March 2026, p. 102 (Senator O'Neill).

The Review also finds that KPMG's governance arrangements were stronger in design than in operation. The firm had policies, committees, Independent Directors, control functions, investigation pathways and disciplinary processes. However, these mechanisms did not collectively provide the ownership, information flow, escalation, challenge and urgency required. Information remained fragmented across functions, Independent Directors had limited influence and relied on management's limited information and characterisation of the matter, and sustained National Governance Board (Board)-level scrutiny occurred only after substantial public, parliamentary and commercial pressure. A central governance failure manifested when the firm did not bring multiple warning signs together and test the possibility that the whistleblower's concerns might be correct.

The Review's conclusions are not a judgement on every person at KPMG. The whistleblower told the Independent Reviewer that the great majority of the firm's people (99 per cent in their words) were good people who took their responsibilities to clients, government and the public interest seriously. The Report instead properly focuses on failures of leadership, culture, governance and accountability. The composition of the firm's senior leadership has changed significantly since the whistleblower's allegations were made public, and this has been considered when assessing the firm's future relationship with the Commonwealth.

The matter has had substantial consequences for KPMG. These include leadership turnover, partner departures, workforce reductions, regulatory and parliamentary scrutiny, client reassessment and significant reputational damage. Some major clients have changed auditor, reconsidered future appointments or imposed greater oversight. Commonwealth, state and territory governments have also introduced measures limiting the firm's ability to seek new work. These financial, commercial, organisational and reputational effects have already been material and are likely to continue beyond 2026–27.

Since June 2026, KPMG has changed its senior leadership, appointed a new Chair, is in the process of appointing independent directors, taken disciplinary actions and published an Action Plan covering governance, culture, ethics and controls. It has also commissioned further external reviews, accepted their findings, and begun efforts to repair its relationships with the whistleblower and its clients. These steps are important, but alone, they are not sufficient. Lasting remediation will require disciplined implementation, independent assurance, transparent reporting and evidence that reforms are changing behaviour in practice. Trust cannot be restored through commitments or structural changes alone.

Although the Commonwealth Supplier Code of Conduct (Code) did not apply to the full extent of the conduct considered by the Review, the expectations it establishes provide a useful framework for assessing KPMG's conduct against the Commonwealth's expectations. The Review concludes that, had the Code applied in full to the relevant events, KPMG would have failed to meet the expectations to uphold business integrity and demonstrate high standards of professional conduct and corporate citizenship.

Overall, the Review considers that KPMG should not be treated as permanently unsuitable for Commonwealth work, but nor should confidence be restored on the strength of assurances and encouraging early signs alone. Any future engagement should depend on independently verified implementation, cultural and governance reform, transparent reporting and demonstrated compliance with Commonwealth supplier expectations.

The Review's conclusions point to 3 areas requiring action:

- First, KPMG must demonstrate that governance, cultural and whistleblower reforms are being implemented and have an impact.
- Second, the Commonwealth requires independent assurance and transparent reporting before confidence in KPMG can be restored and procurement restrictions lifted.
- Third, lessons from this matter should be used to strengthen Commonwealth arrangements for identifying and responding to supplier integrity concerns more broadly.

The following recommendations are directed at those objectives. The recommendations are sequenced to reflect this progression, beginning with KPMG's remediation and assurance obligations, then addressing the conditions for future Commonwealth engagement, and finally recommending broader improvements to the Commonwealth Procurement Framework. The context and analysis supporting these recommendations are set out in chapters 1 to 8 and summarised in chapter 9.

Recommendations

1. KPMG should implement its Action Plan to ensure the necessary measures are put in place as rapidly as is appropriate. KPMG should maintain an implementation focus over the medium term to ensure the desired impact of the Action Plan.
    a. This will include implementing the recommendations and suggestions of the reviews they commissioned (Principia, Andrews Group and Mallesons) and ensuring that the independent external reviews are properly addressed (Chartered Accountants Australia New Zealand).
    b. While all the recommendations are important, KPMG should prioritise the governance elements of its Action Plan (Items 1.1 of the Action Plan) and Principia's recommendations (Recommendation 1) to ensure that KPMG's Board members have the explicit information and authority to assess, test, challenge and, where necessary, direct implementation, and help ensure the reforms deliver the expected outcomes as early as possible.
    c. KPMG should empower its independent Board members by ensuring it has an effective Board charter, the capacity for Independent Members to influence the Board's agenda, and processes in place to ensure Independent Members can access information from within KPMG effectively and promptly.
    d. To maintain transparency and build confidence in their implementation progress, KPMG should provide regular public updates of their implementation progress against the Action Plan.

2. Finance should monitor the implementation of the Action Plan and the recommendations of the related reviews over the next 3 years, or until all substantive actions and recommendations have been implemented (whichever is the earlier).
    a. KPMG should develop an Implementation Plan and benchmarks for the consideration of Finance to form the basis of Finance's monitoring.
    b. Monitoring should commence following agreement to the Implementation Plan and benchmarks to be used.
    c. To assist monitoring:
        i. KPMG should provide updates to Finance on their progress on a quarterly basis, with the first report to be provided 3 months after agreement to the Implementation Plan and benchmarks.
        ii. Finance should have access to necessary information and KPMG staff as required and to help it assess the quarterly updates.

3. The support provided to the Board and KPMG management by an Independent Implementation Advisor should continue beyond the current contract, and until the Implementation Plan is implemented.
    a. Should the current Advisor prefer not to continue in that role, KPMG should find a suitable replacement.
    b. To assist Finance in their monitoring role, KPMG needs to provide Finance regular access to the Advisor to discuss implementation progress.

4. Finance should maintain the current pause on KPMG bidding for Commonwealth work for a further short period until KPMG has further demonstrated that the Action Plan and related recommendations are being effectively implemented, KPMG is engaging constructively with the Australian Securities and Investment Commission (ASIC) and the Tax Practitioners Board (TPB) reviews, and is committed to addressing any recommendations that have been made by those organisations.
    a. KPMG's implementation progress should be reviewed quarterly to coincide with KPMG's quarterly update.

5. Finance should consider reinstating the 'no bid' arrangement, in full or in part, if in the future:
    a. KPMG's implementation of the Action Plan materially stalls, and/or significant components of the Action Plan and the related recommendations not be pursued
    b. additional substantive information regarding the KPMG whistleblower matter becomes known and/or
    c. KPMG is found non-compliant with the Supplier Code of Conduct for matters unrelated to the KPMG whistleblower matter.

6. Finance should strengthen the Supplier Code of Conduct framework to:
    a. provide strengthened sanctions, including the ability to restrict or prohibit suppliers from bidding for Commonwealth Government contracts where appropriate
    b. improve guidance for suppliers on their notification obligations
    c. improve reporting by clarifying and promoting pathways for individuals and organisations to report concerns about suppliers' potential unethical behaviour
    d. provide clearer guidance for Commonwealth departments and agencies to assist them in assessing disclosures of potential unethical supplier conduct
    e. support disclosures to be effectively managed by Commonwealth departments and agencies through broadening the review role of the Procurement Coordinator
    f. improve information sharing across Commonwealth departments and agencies
    g. provide a consistent basis for the treatment of existing procurements and contracts when establishing any future agreements with suppliers that they will not bid for Commonwealth procurements.

7. Finance should continue working closely with the states and territories through the Australasian Procurement and Construction Council (APCC) and, where agreed:
    a. help them monitor KPMG's progress in implementing the Action Plan and related recommendations and, where in place, support them to manage their own 'no bid' agreements with KPMG
    b. share information on unethical behaviour by suppliers and strengthen Commonwealth and State and Territory procurement frameworks to improve supplier integrity.

8. To embed effective procurement practices in agencies, Finance should:
    a. encourage Accountable Authorities and senior officials (including Department and Agency heads) to take a greater interest in, and improve oversight of, their entity's procurement processes to improve procurement outcomes
    b. build on the strong work of the Procurement and Contract Management profession, by exploring options to improve the procurement capability of entities and empower senior officials to undertake high-quality procurement.

1 Introduction

On 24 March 2026, Senator Deborah O'Neill made a series of statements in the Senate regarding potential unethical behaviour by KPMG,[4] following the receipt of information from a former KPMG employee.[5] Senator O'Neill described the allegations as 'profoundly unprofessional and unethical behaviour'[6] and emphasised the extent to which the former employee had sought to escalate concerns within KPMG, which included 'KPMG executives, KPMG International, including its global chairman and global general counsel, and eventually ASIC.'[7]

What began with matters first raised by the former KPMG employee, including allegations relating to ethics, integrity and partner conduct, subsequently developed into a major whistleblower-related issue. Later parliamentary hearings and external legal reviews identified significant unethical conduct by key KPMG personnel and broader concerns about culture, governance and accountability. The issue was not just confined to the conduct of individual personnel, or a few 'bad apples', but also involved KPMG's handling of serious concerns. These included: how those concerns were recognised and escalated within KPMG; whether people felt able to raise serious allegations through internal channels; whether governance oversight was effective; and whether the firm's culture supported challenge, accountability and the investigation of potential misconduct.

This Report examines how concerns first formally raised by the former KPMG employee in May 2024 became a significant whistleblower-related matter[8] involving senior KPMG personnel, external legal advice and investigations by Ashurst and Allens, a Board-overseen investigation, an ASIC disclosure, significant Commonwealth and State and Territory government scrutiny, further investigations conducted by Allens, and extensive public scrutiny.

Following the 24 March 2026 Senate statement, Finance engaged extensively with KPMG, including through emails, formal correspondence, phone calls and meetings with KPMG's then CEO. Those exchanges concerned what had been alleged, what KPMG had investigated and discussed, and any implications for KPMG's work with the Commonwealth. Finance did not consider KPMG's responses sufficient to resolve its concerns, particularly as further information (often contrary to previous advice) continued to emerge through public reporting and parliamentary scrutiny. On 24 June 2026, Finance announced it had commissioned an independent review of KPMG. The Terms of Reference of the Review are at Appendix A.

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[4] *Senate Hansard*, 24 March 2026, p. 102 (Senator O'Neill).

[5] The concerns were raised by a former KPMG Australia employee who has been referred to publicly, and is referred to in parts of this Report, as the whistleblower. In sections dealing with the whistleblower allegations, disclosures and KPMG's handling of those matters, references to 'the employee', 'the former employee' and 'the whistleblower' refer to the same person, unless otherwise indicated. The term 'individual' is used in this Report in its ordinary sense unless the context makes clear that it refers to the whistleblower.

[6] *Senate Hansard*, 24 March 2026, p. 102 (Senator O'Neill).

[7] *Senate Hansard*, 24 March 2026, p. 103 (Senator O'Neill).

[8] In correspondence to KPMG outlined in this Report, the whistleblower sometimes referred to the 'matter' or 'matters' without defining those terms. In context, those references are understood as referring broadly to the issues they had raised, including employment concerns, proposed cessation arrangements and a Deed of Release, alleged retaliation, taxation and payment issues, and wider concerns about conduct, culture, ethics and integrity within KPMG.

1.1 The Commonwealth's interests

The Commonwealth Government has two broad interests as they relate to the operation of major professional services firms.

- Financial reporting and auditing are vital to informed investor decision making and the proper functioning of financial markets and the wider economy. A strong financial reporting system is fundamental to economic growth, as it promotes corporate integrity, investor confidence, capital investment, and the efficient allocation of resources. In particular, auditing plays a key role in providing reasonable assurance of the accuracy of financial reports and informed decision making.
- External suppliers are a normal and necessary part of government administration and provide a variety of capabilities to governments. Suppliers competing for work for governments are assessed not only on whether they can do the job or offer a competitive price but also whether they can be trusted with public money, government information, and/or works of public importance.

This Report focuses on the latter. The former is outside the Terms of Reference of the Review and is being separately addressed by the Government, most recently through the Treasury's public consultation processes on the *Regulation of accounting, auditing and consulting firms in Australia*[9] and *Identifying issues in tax and corporate whistleblowing frameworks*.[10] In relation to KPMG, other issues are being addressed by reviews underway by ASIC and the TPB.

1.2 KPMG Australia

KPMG is one of Australia's largest professional services firms and part of the global KPMG network, one of the 'Big Four' international professional services organisations. KPMG provides audit, assurance, accounting, tax, advisory, risk management, consulting, actuarial and related services to public and private sector clients. It operates through a partnership model and, during the relevant period, formed part of KPMG's South Asia Pacific (ASPAC) Group structure.

For the year ended 30 June 2026, KPMG Australia reported total revenue of $2.3 billion, including revenue generated from KPMG Fiji and KPMG Papua New Guinea.[11] KPMG reported that in early 2026 it employed almost 9,000 people across Australia, Fiji and Papua New Guinea and had 684 partners.[12] KPMG was also reported providing services to more than 13,000 clients during the 2025–26 financial year. Its revenue was generated across several business lines, including Consulting, Enterprise, Audit and Assurance, Deal Advisory and Infrastructure, Tax and Legal and other activities. Given its scale, client base and role in delivering services across the public and private sectors, KPMG occupies a prominent position within Australia's professional services market.

[9] Treasury, *Regulation of accounting, auditing and consulting firms in Australia: Options paper*, July 2026.
[10] Treasury, 'Identifying issues in tax and corporate whistleblowing frameworks', June 2026.
[11] KPMG, 'KPMG Australia releases FY26 results; streamlines business as soft market conditions expected to continue', media release, 24 August 2026. KPMG reported total revenue of $2.257 billion. In this Report, the figure has been rounded to one decimal place.
[12] KPMG, *Our Impact Plan 2025*, p. 5.

1.2.1 The importance of the Commonwealth as a client

The Commonwealth Government is a material client for KPMG. KPMG provided revenue data to the Review for KPMG's Defence and Federal Government client groups which shows that the Commonwealth contributed $207.1 million, or 9.5 per cent of total KPMG revenue, in 2025–26. Although this was well below the recent peak in 2022–23 of $405.7 million, or 17.7 per cent of revenue, the 2025–26 performance indicates the Commonwealth is still a very important client and KPMG an important supplier.

Similar data for the States and Territories was not sought. However, there is no doubt that KPMG is significantly linked to the government work at all levels in Australia, and well above the Commonwealth's 9.5 per cent share.

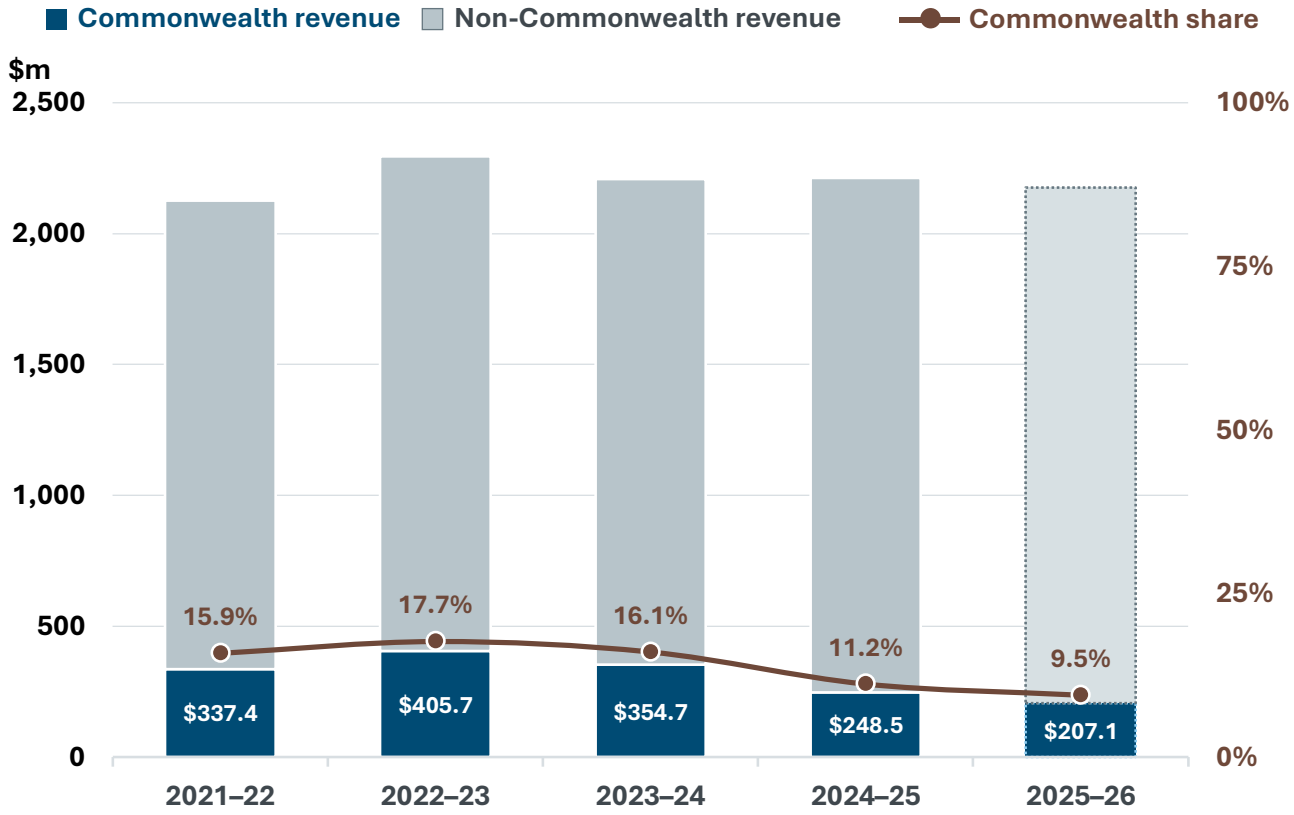


Figure 1: KPMG Australia's revenue, by Commonwealth and non-Commonwealth sources, and the Commonwealth share of revenue, 2021–22 to 2025–2026[13]

1.3 Summary of events

Understanding how complex events developed in the whistleblower matter is critical to understanding the underlying problems that need to be addressed. The matter progressed over 5 broad phases. They provide a high-level guide to the progression of events and form the structure of the narrative set in Chapter 3 and Chapter 4.

[13] Commonwealth revenue comprises revenue from entities subject to the Commonwealth Procurement Rules (CPRs). Commonwealth revenue excludes all non-Commonwealth Procurement Rules (CPR) entities. Audit and Assurance and includes External Audit and ESG Assurance.

Phase 1: Emerging concerns and path to disclosure

During this period the whistleblower had a number of experiences within KPMG's audit business that they later linked to broader questions of culture, governance and integrity. The period culminated in the May 2024 disclosure.

Phase 2: Initial disclosure and KPMG's early response

From the end of May to November 2024, the matter centred on the whistleblower's 30 May 2024 email and KPMG's early handling of the issues raised. KPMG all too often treated the matter as employment-related, while giving some recognition to the broader references to ethics, integrity and partner conduct.

Phase 3: Internal review and external legal advice

From late 2024 to August 2025, KPMG primarily undertook internal consideration and obtained external legal advice. That advice addressed workplace conduct allegations, whistleblower-related claims and KPMG's internal response to allegations contained in documents located through system searches. KPMG has referenced the contents of those documents in publicly available material as 'Allegation Documents'.[14]

Phase 4: Formal investigation pathway

From August to December 2025, the matter moved into a more formal investigation pathway following the whistleblower's 19 August 2025 correspondence to KPMG.[15] KPMG established the Magenta Sub-Committee to oversee an investigation by Allens (Project Magenta), which reported in December 2025.

Phase 5: Public scrutiny and reconstruction of events

From March 2026, the matter became subject to public, parliamentary, regulatory and Commonwealth and State and Territory Government scrutiny.

Following Senator O'Neill's 24 March 2026 Senate statement, KPMG wrote to Finance on 25 March 2026 notifying Finance of the matters raised in the Senate.

Across these various phases, the matter involved senior KPMG partners, personnel from People and Inclusion—KPMG's internal human resources and employment function—the Office of General Counsel (OGC), the CEO, Independent Directors and the Board.[16] External legal firms Ashurst and Allens were engaged at different points to advise on, review or investigate aspects of the matter. Figure 2 sets out the chronology and participants at a high level.

[14] Parliamentary Joint Committee on Corporations and Financial Services (PJC), 'Mr Martin Sheppard, Chairman, KPMG; and Andrew Yates, CEO, KPMG, Parliamentary submission (whistleblower allegations), received 30 April 2026'.

[15] PJC, 'Allens, Legal advice, 'KPMG Australia: Project Magenta: Final Investigation report', 12 December 2025', pp. 46–53, reproducing Schedule 1, the whistleblower's 19 August 2025 correspondence. The document was published by the PJC on 10 August 2026 as part of the Ashurst and Allens documents released on public interest grounds.

[16] This Report refers to a number of KPMG personnel whose roles are relevant to the sequence and management of events. Their roles may have changed over time, and some individuals later resigned, stepped aside or moved to different positions. For readability, the chapter identifies roles as they were relevant to the events being discussed.



Figure 2: Progression of the KPMG whistleblower matter through 5 broad phases

1.4 Independent Review

Finance commissioned this Review in June 2026 to examine KPMG's handling of the whistleblower-related matter, and the governance and integrity arrangements relevant to that handling. The Terms of Reference are set out in Appendix A and Dr Ian Watt AC was appointed to undertake the Review. To support Dr Watt, additional expertise was sought from the Australian Government Solicitor, Cranlana Centre for Ethical Leadership, Griffin Legal, and Professor Ian Ramsay AO. Dr Watt was supported by a small team within Finance (Secretariat).

The Review covers the period 2021 to early October 2026 and considers earlier matters relevant to KPMG's governance, culture and integrity settings, including the regulatory scrutiny arising from KPMG's test-cheating matter in 2021 and KPMG's response to the PwC matter in 2023.

The Review involved document review, interviews, meetings and analysis of relevant public and Commonwealth material. It considered documents provided by KPMG, including correspondence, internal records, review reports and legal advice prepared during the relevant period, as well as Commonwealth material, parliamentary material where relevant, and information provided through interviews and meetings.[17]

To support development of the Report, the Secretariat used Microsoft Copilot to assist with the drafting of elements of the report, prepare diagrams, refine language, improve readability and ensure accessibility. The analysis, conclusions, and recommendations were developed by Dr Watt, with the support of the Secretariat and have not involved the use of AI.

[17] A list of stakeholders, experts, and organisations consulted during the Review, and a list of the key documents and evidence sources considered are available at Appendix L and Appendix M respectively. The Report deadline means that material received or events occurring after 30 September 2026 have not been taken into account, except where expressly stated.

1.4.1 Out of scope matters

Historical allegations concerning former Australian Taxation Office Commissioner

Over the course of the Review, allegations from a separate whistleblower were raised regarding former Australian Taxation Office (ATO) Commissioner, Mr Chris Jordan. Media reporting in August 2026, described historical allegations concerning conduct by former KPMG tax partners in the late 1990s and early 2000s.[18] Those allegations were separate from the matters examined by the Independent Reviewer and were outside the scope of the Review. Those matters were assessed and considered separately by Finance.

At the time of Mr Jordan's appointment as ATO Commissioner, the Independent Reviewer was serving as Secretary of the Department of the Prime Minister and Cabinet and had no role in the appointment process.

Other media allegations concerning former KPMG personnel

Comments have also been made in the media concerning former KPMG personnel, including former KPMG partner Michelle Hinchliffe[19] and former KPMG executive Michael Rowland.[20] On the information available, these matters were considered to be out of scope of this Review. Evidence provided from the Chair of ASIC to the Parliamentary Joint Committee on Corporations and Financial Services (PJC), was that ASIC had active investigations underway concerning aspects of the KPMG matter and was considering related issues.[21]

Matters concerning KPMG member firms outside Australia

The Secretariat received correspondence from a KPMG employee concerning matters relating to a KPMG member firm outside Australia. As the matters concerned conduct outside the scope of the Review, the employee was provided with appropriate contact details within the relevant country's government to allow them to progress their concerns directly.

Concerns regarding an entity's procurement practices

The Secretariat, and the Procurement Coordinator Secretariat within Finance were contacted by an individual raising concerns about a procurement undertaken by the Office of the Australian Information Commissioner in 2022, which resulted in KPMG's engagement. The individual raised concerns about the subsequent increase in value of that contract and queried how suppliers could gain access to ethical advice.

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[18] Neil Chenoweth, 'KPMG paid over $500,000 to silence tax division whistleblower as firm faced allegations of data misuse in the audit team', *Australian Financial Review*, 12 August 2026.
[19] Malavika Santhebennur, 'Macquarie director met senior KPMG staff 3 times during audit tender', *Accounting Times*, 3 September 2026.
[20] Edmund Tadros and Hannah Wootton, 'KPMG audit scandal expands into Westpac C-suite', *Australian Financial Review*, 25 September 2026.
[21] PJC, public hearing, Hansard, 4 September 2026, p. 29.

This matter was addressed by the Procurement Coordinator Secretariat as it related to complaints about an entity's compliance with the CPRs.

Audit and whistleblower concerns

During the final stages of the Review, a submission was received concerning a separate whistleblowing matter connected with a KPMG audit relationship. The submission described concerns regarding KPMG's handling of disclosures made between 2015 and 2026 and suggested that the matter may be relevant to broader questions of culture, governance and whistleblower handling. Given the timing of the submission, received shortly before finalisation of this Report, it was not possible for the Independent Reviewer to fully assess and address the matters raised. The information has been provided to Finance for assessment and ongoing management.

2 Organisational culture and whistleblower protections

The KPMG-commissioned Andrews Group report identified 3 reasons why an organisation's whistleblower program is central to its overall integrity and conduct framework:

- it acts as the last line of defence when other more formal governance arrangements fail
- the willingness of staff to raise concerns reflects the organisation's culture
- an organisation's response to disclosures demonstrates its values in practice.[22]

These themes are reinforced throughout their report. Andrews Group observed that a whistleblower program is 'at the heart of an organisation's integrity system' and, when properly implemented, 'can be pivotal in exposing both mild and egregious wrongdoing'.[23] The report also noted that organisational culture is a key determinant of whether people report wrongdoing and that the management of whistleblower disclosures demonstrates how committed an organisation is to its stated values and principles.

Before the whistleblower's first disclosure in May 2024, KPMG had already received warning signs relevant to these themes. For example, following notification by KPMG, in 2021 the United States Public Company Accounting Oversight Board (US PCAOB) sanctioned KPMG for violations of the US PCAOB's standards.[24]

The sanction was as a result of (between the period 2016 to early 2020) more than 1,100 KPMG Australia personnel sharing answers when taking training tests including Independence Training, Audit Foundations, Spotlight, and United States Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards courses. Improper sharing of training test answers occurred at all levels of KPMG. Following an internal investigation, KPMG also sanctioned 1,131 individuals, or approximately 12 per cent of KPMG staff, for their involvement in answer sharing. The matter exposed existing ethical challenges in KPMG's culture.[25]

In response, KPMG commissioned Principia Advisory (Principia) in 2020 to conduct an independent assessment of its ethical culture. Principia is a global consulting firm that helps organisations assess and build ethical practices, governance frameworks, and organisational integrity. Principia's March 2021 Independent Assessment of Ethical Culture identified, 'four strengths and six interlinked vulnerabilities that should guide KPMG's approach to understanding and evolving its ethical culture'.

[22] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 1 (report pagination).
[23] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 30 (report pagination).
[24] The US PCAOB has responsibility for establishing auditing and related attestation, quality control, ethics, and independence standards, inspecting registered public accounting firms' audits and quality control systems and investigating and disciplining registered public accounting firms and their relevant staff for violations of specific laws, rules, or professional standards.
[25] Public Company Accounting Oversight Board (PCAOB), 'PCAOB posts two settled disciplinary orders', news release, 14 September 2021.

The strengths identified were the pursuit of excellence, a collegial work environment, strong ethical foundations, and tone from the top. The 6 vulnerabilities identified were:

- 'Primacy of financial returns – excessive focus on financial metrics thwarts the realisation of growth and trust goals.
- Ethical myopia – KPMG's people have a narrow understanding of ethics and how purpose connects to day-to-day roles.
- Inconsistent ethical leadership – leaders' skills, knowledge and commitment to ethics vary considerably.
- Harnessing the benefits of diversity – increased diversity is not yet translating into inclusion of diverse perspectives.
- Fear of challenging superiors – there are widespread fears around challenging superiors at KPMG.
- Barriers to reporting misconduct – there is inconsistent engagement with misconduct reporting processes'.[26]

Those findings pointed to broader cultural issues within KPMG, including ethical leadership, willingness to raise concerns and confidence in reporting misconduct.

In 2022, KPMG engaged Principia to undertake a follow-up Ethical Culture Index Pulse Report (Pulse Report) to track progress against the 2021 findings and assess whether the firm's ethical culture had improved.

Following the initial assessment, KPMG had implemented a range of initiatives aimed at strengthening its ethical culture. The Pulse Report noted 'progress across 3 vulnerability areas': ethical leadership, inclusion of diverse perspectives and misconduct reporting. However, it also indicated that progress was not uniform across the vulnerability areas, and that further attention was required in several areas. Concerns relating to ethical decision-making (myopia), willingness to challenge superiors and the primacy of financial returns remained. While Principia noted some improvements in perceptions of fairness in incentives and compensation decisions, relevant scores remained low. They also found little to no improvement in the core drivers of ethical decision-making: responsibility, capability, and motivation. The report concluded that there remained untapped opportunities to further reduce misconduct risk and advance broader strategic goals. Incentives were also perceived as fairer and better aligned with organisational purpose and values. Further, while there had been a positive shift, it continued to be a shared perception that challenging superiors could result in negative consequences. Finally, there had been no improvement in the core drivers of effective ethical decision-making. [27]

Those findings provide context for the later whistleblower matter. KPMG had been alerted to cultural vulnerabilities requiring continued and significant attention, including ethical decision-making and speak-up culture. There was little evidence that KPMG addressed those outstanding issues with the sustained focus and effort required. When the whistleblower matter emerged and escalated, KPMG was not dealing with a wholly new issue. It was dealing with the consequences of cultural themes identified by Principia that had remained unresolved.

[26] Principia Advisory (Principia), 'Independent Assessment of Ethical Culture', March 2021.
[27] Principia, 'Ethical Culture Index, 2022 Pulse Report', June 2022.

Following the PwC matter in 2023, KPMG had another review opportunity, this time by assessing whether similar governance, culture and accountability risks existed within its own firm. KPMG undertook a review of its governance, culture and accountability arrangements against the recommendations of the *Review of Governance, Culture and Accountability at PwC Australia*, authored by independent expert Dr Ziggy Switkowski AO (the Switkowski Review).[28] KPMG's response of September 2023 concluded that it met or substantially met 17 of the 23 recommendations, with 6 others partially in place and under review, and considered that it did not have the same systemic issues identified at PwC. As part of that response, KPMG did introduce a range of reforms aimed at strengthening confidentiality, integrity and governance, including:

- a third-party review of confidentiality obligations
- updates to confidentiality policies
- enhanced disclosure and attestation requirements
- additional training and awareness activities
- stronger Board committee oversight, including increasing the number of Independent Directors, from 2 to 3, on its Board.

KPMG also strengthened information-handling and data governance controls.

However, information gathered during this Review, and the conclusions reached by the Andrews Group and Principia, raise doubts about whether those reforms achieved their intended outcomes.

KPMG's view of its own strengths is further set out in its 2025 Transparency Report where it states, 'We are committed to the highest standards of professional behaviour in everything we do. Ethics and integrity are core to who we are…'[29] The report then steps through the various mechanisms in place within KPMG including its:

- ethical decision-making framework which '…helps KPMG people to make ethical decisions, especially when faced with a challenging situation or ethical dilemma…'[30]
- ethics champion network which provides a '…channel for partners and staff to navigate ethical dilemmas or report unethical behaviour'[31]
- automated tools which 'identify potential independence and conflict of interest issues and facilitate compliance with these requirements'.[32]

However, a comparison of the 2022 and 2026 Principia reports indicates that a number of cultural and behavioural concerns persisted over time. While KPMG's 2025 Transparency Report highlighted the firm's ethics and compliance framework, the 2026 Principia assessment suggests that KPMG continued to face challenges in identifying, escalating and addressing unethical behaviour.[33] These findings raise questions about the effectiveness of the reforms and governance mechanisms described in KPMG's public

[28] PricewaterhouseCoopers Australia (PwC), *Independent review of governance, culture and accountability at PwC Australia*, August 2023.
[29] KPMG, *Transparency Report 2025*, p. 7.
[30] KPMG, *Transparency Report 2025*, p. 22; referring to the KPMG International, Global Code of Conduct.
[31] KPMG, *Transparency Report 2025*, p. 22.
[32] KPMG, *Transparency Report 2025*, p. 22.
[33] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Findings A2, AW3, CC1, SU1–SU3, RT1, ACM1–ACM3 and DE1.

reporting. They also suggest that KPMG's public reporting may have painted a more favourable picture of its ethical culture than was reflected in the independent assessment commissioned by the firm itself.[34]

Table 1: Key cultural vulnerabilities relevant to speak-up culture and accountability identified by Principia, 2021 to 2026

2021 vulnerability	2022 Pulse Report assessment	2026 Ethical Culture Review
Primacy of financial returns	Progress was limited. Concerns remained regarding the impact of financial metrics and incentives on behaviour and decision-making.	Financial metrics were still widely perceived to carry greater weight than ethics and values in practice (Finding I1). There remained a residual risk that an over-emphasis on financial metrics could adversely affect challenge culture (Finding CP1).
Ethical myopia (ethical decision-making)	Little to no improvement in the core drivers of ethical decision-making.	KPMG had substantial frameworks to support ethical decision-making, but they did not consistently produce effective deliberation on ethical grey areas (Finding DE1). KPMG also did not consistently convert information about ethical vulnerabilities into organisational learning (Finding AW3).
Inconsistent ethical leadership	Ethical leadership showed some improvement.	Ethical expectations continued to be weakened by a perceived gap between professed values and visible actions (Finding E2). There were also identified weaknesses in governance oversight and leadership accountability (Findings A1 and AC1).
Fear of challenging superiors	Challenging superiors was still perceived as carrying negative consequences.	Readiness to challenge remained dependent on trusted local relationships. There was reluctance to challenge senior colleagues and people in positions of power (Findings A2 and CC1).
Barriers to reporting misconduct	Some improvements in misconduct reporting, but further work was required.	Employee confidence in speak-up outcomes remained limited (Finding SU1). Case handling experiences were inconsistent (Finding SU2), and limited visibility of outcomes reduced confidence in reporting processes (Finding SU3).
Confidence in reporting and accountability	Progress noted, but concerns remained.	There was a widespread perception that speaking up carried professional risk (Finding RT1). People did not consistently believe accountability was applied impartially (Finding ACM1), and limited visibility of accountability outcomes weakened confidence in the system (Finding ACM3).

The comparison in Table 1 shows that many of the cultural vulnerabilities identified by Principia in 2021 continued to be evident in its 2026 review, notwithstanding some areas of progress identified in the 2022 Pulse Report. Taken together, the findings suggest that several longstanding challenges relating to

[34] KPMG, *Our Impact Plan 2025*, p. 18.

overemphasis of financial returns, ethical decision-making, challenge culture, speak-up processes and accountability had not been resolved.

Principia's 2026 review found that several cultural vulnerabilities remained. While there was widespread evidence of teams with strong local trust, openness and constructive challenge, people's readiness to challenge continued to depend heavily on trusted local relationships.[35] There was continued reluctance to challenge senior leaders or raise concerns outside those relationships.[36] Principia also found limited confidence in speak-up outcomes, inconsistent experiences of case handling, and limited visibility and trust in the resolution of concerns.[37] There was a widespread perception that speaking up carried professional risk, and people did not consistently believe that accountability was applied impartially, regardless of seniority, influence or commercial value.[38] These findings reinforce the conclusion that KPMG had not adequately addressed longstanding weaknesses in challenge culture, accountability, organisational learning and ethical decision-making.[39]

Conclusion: The 2022 Pulse Report and 2026 Ethical Culture Review identified continuing vulnerabilities in a range of areas including the impact of financial returns on ethical decision-making, willingness to challenge senior personnel and the influence of financial incentives. Although KPMG had implemented initiatives following Principia's earlier assessment, the reports found that the progress was uneven and that further action was required.

The evidence available to the Review does not demonstrate that KPMG subsequently addressed those outstanding vulnerabilities with sufficient and sustained focus, including in the changes made following the Switkowski Review. This was a missed opportunity to strengthen the cultural conditions relevant to speaking up, ethical decision-making and accountability.

2.1 The partnership model and a missed reform opportunity

KPMG's partnership model sits as a key part of the story. Authority is dispersed across senior partners, management, governance bodies and committees, and major decisions depend heavily on consensus, influence and partner buy-in. That model may support collaboration, commercial focus and partner engagement in ordinary times. However, when a firm needs to address significant cultural issues, responsibility can become diffuse, decision-making can slow, and accountability can become less clear.

Over time, organisational norms can become deeply embedded, particularly where leadership, promotion and remuneration systems reinforce shared ways of thinking and decision-making. In those circumstances, independent oversight and external perspectives may assist organisations to identify risks, behaviours or practices that those within the organisation have come to regard as normal.

The partnership model helped influence how KPMG responded to Principia's 2021 and 2022 findings and, later, considered the implications of the PwC matter for its own governance, culture and accountability

[35] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding CC1.
[36] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Findings A2 and CC1.
[37] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Findings SU1–SU3 and ACM3.
[38] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Findings RT1 and ACM1.
[39] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Findings A2, AW3, CC1, ACM1–ACM3 and DE1.

arrangements. Given the importance of the partnership model to the issues examined by this Review, prior to the receipt of the Andrews Group and Principia reviews, advice was sought from the Cranlana Centre for Ethical Leadership regarding ethical culture, governance and accountability within large professional partnerships (Appendix I).

Cranlana's advice is consistent with a number of Principia's findings and recommendations. Both pointed to the risks created when financial and commercial considerations are given greater weight than stated values, and to the need for clearer responsibilities and accountability for ethical culture. They also emphasised the importance of aligning leadership, performance and remuneration with the firm's values, properly resourcing ethics and integrity functions, and developing practical ethical judgement and leadership capability alongside compliance training.

2.2 KPMG's whistleblower framework

Whistleblowers play an important role in organisational integrity systems because they may bring forward information that would otherwise remain hidden, fragmented or difficult for formal controls to detect. Their value is not limited to establishing each allegation at the point of disclosure. A whistleblower disclosure can identify warning signs, patterns of conduct, weaknesses in culture or failures of escalation that require proper examination. For that reason, the adequacy of an organisation's response is not measured only by whether allegations are ultimately substantiated. It is also measured by whether the organisation recognises the seriousness of what has been raised, protects the person raising it, tests the information with appropriate independence and acts with sufficient urgency. The Andrews Group's observation that whistleblower programs often operate as a final safeguard where other governance and control mechanisms have failed[40] is a neat summation of the critical role whistleblower disclosures play in identifying risks that may not otherwise come to light.

Australian whistleblower laws, including the *Corporations Act 2001* (Cth) (Corporations Act) and the *Taxation Administration Act 1953* (Cth) (Taxation Act) (together, the whistleblower laws), are intended to encourage individuals to report suspected misconduct, breaches of law or improper conduct without fear of retaliation.[41] Whistleblower protection does not depend on every allegation ultimately being substantiated. Rather, protections may apply where a person has reasonable grounds to suspect misconduct and makes a disclosure through a recognised reporting pathway. Where a disclosure qualifies for protection, the whistleblower framework is intended to protect the individual from detriment as a result of making the disclosure. This can include protection from dismissal, disciplinary action, adverse treatment, threats, harassment, discrimination, reputational harm or other forms of retaliation. The framework also contains protections relating to the confidentiality of a whistleblower's identity.

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[40] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 1.

[41] The primary differences of the whistleblower protections between the 2 are that the:
Corporations Act: focuses on corporate, financial sector misconduct, and breaches of corporate law; covers structured corporate entities (including public companies, large proprietary companies, superannuation trustees, and financial corporations); and requires the employer to carry the burden of proof to justify the detrimental actions once a whistleblower points to a 'reasonable possibility' of harm.
The Taxation Act: focuses on tax avoidance, fraudulent tax returns, and general tax non-compliance; covers a broader range of entities universally (all corporate entities, ordinary partnerships, sole traders, and trusts); and features a streamlined process where the whistleblower only needs to establish a 'reasonable possibility' of protection eligibility to shift the evidentiary burden to the employer.

The Review has focused on these whistleblower laws because those were the whistleblower regimes most commented on publicly and relevant for comparison. Other legal obligations may also have been relevant to employment, confidentiality or professional conduct issues, but they were not the principal statutory whistleblower regimes considered for this purpose.

The application of these statutory protections to partnerships is not always straightforward. The Corporations Act whistleblower regime does not apply directly to KPMG Australia as a partnership. Statutory protection may nevertheless apply where disclosure concerns conduct in relation to one of KPMG's associated corporate entities. Griffin Legal noted that while it is untested, it is possible a court may consider, in some circumstances, conduct by a partner undertaken in connection with a services company to be conduct in relation to an entity covered by the Corporations Act. In such instances this may provide protections to the discloser.[42]

Through its whistleblower framework, KPMG should have been able to recognise genuine whistleblowers and whistleblower issues, support those bringing those issues forward and escalate serious concerns.

KPMG updated its Whistleblower policy several times during the period November 2018 to July 2026. Across the versions reviewed, the overall framework remained substantially consistent, but for the inclusion of a newly established local hotline. The policy encouraged the reporting of concerns, provided channels for making disclosures, and included provisions relating to confidentiality and protection from retaliation. The July 2026 policy also provided for reports through KPMG's local and international hotlines.[43]

KPMG defines a whistleblower broadly as anyone who makes a report under the policy, including current and former officers, partners, clients, employees, contractors, suppliers, associates, their relatives, and any other person KPMG chooses to protect. The policy encourages reporting suspected or actual wrongdoing, including dishonest, corrupt, illegal or unethical conduct, breaches of KPMG's Code of Conduct, policies or values, and human rights violations. Reports may concern KPMG personnel, operations, its supply chain, or related third parties.

The policy identifies several ways in which reporting may extend beyond statutory whistleblower protections: it defines a whistleblower as anyone who makes a report under the policy; allows KPMG to treat a person as a whistleblower even where a report falls outside the Whistleblower Laws; and permits personal work-related grievances to be reported through the process, while noting that those reports do not receive protection under the Whistleblower Laws. The policy also provides for anonymous and attributed reporting, includes protections relating to confidentiality and protection from retaliation or adverse action.

KPMG commissioned Mallesons in July 2026 to undertake a review of KPMG's Whistleblower Policy. Mallesons noted that the policy used 'whistleblower' broadly and stated that equivalent protections would apply where KPMG treated a person as a whistleblower, even though the whistleblower laws did not. Mallesons concluded that 'the current Policy does not meet various policy content requirements under the Corporations Whistleblower Regime, or expectations outlined in the Regulatory Materials. Nor is it appropriately structured to meet those requirements. We consider the Policy would benefit from

[42] Griffin Legal.

[43] KPMG Australia, KPMG 'Australia Whistleblowing Policy', July 2026. The Review considered the current policy and earlier versions of KPMG's Whistleblower Policy provided by KPMG: November 2019, March 2021, February 2023, July 2023 and May 2026.

significant redrafting and simplification in design and content.'[44] Mallesons also identified that the policy did not clearly explain the nature, source and limits of those protections. These included aspects of confidentiality protection, protection from detriment, support arrangements and how disclosures made through pathways other than the hotlines would be handled.

Consistent with this conclusion, in advice to the Review, Griffin Legal also identified differences between the policy and the Corporations Act framework, including in relation to confidentiality, deemed consent to the disclosure of the whistleblower's identity, protection against victimisation and threats, disciplinary consequences, and access to compensation or other statutory remedies. While KPMG could extend internal protections beyond the legislation, its policy could not replicate the statutory rights, penalties and enforcement mechanisms.[45] Although KPMG's policy could encourage reporting, provide internal confidentiality commitments and prohibit retaliation, it could not confer statutory rights, remedies or enforcement mechanisms. This created an inherent ambiguity in KPMG's whistleblower framework.

In practice, the policy encouraged broad reporting but did not clearly distinguish between a person treated as a whistleblower under KPMG's policy and a person entitled to protection under the whistleblower laws. The result was a risk that individuals would assume statutory protections applied where they did not. The distinction was particularly important in this matter because the disclosure raised concerns about governance, conduct and ethical issues within a partnership structure. Whether statutory whistleblower protections applied, and the extent to which KPMG's policy protections operated in their place, was therefore a significant consideration in assessing KPMG's response to the disclosure.

The Andrews Group report also drew an important distinction between legal compliance and ethical judgement. While organisations must consider questions of law – 'what must we do?' – those questions are distinct from ethical questions – 'what should we do?' The Andrews Group said organisations should be guided by the foundation of the whistleblower protection framework, together with their own values and principles. It considered that 'KPMG lost sight' of that foundation in managing the whistleblower disclosures, and was instead 'guided by the law rather than their values and principles'.[46]

2.2.1 Broader impacts

The issue extends far beyond KPMG. The limited or uncertain application of key Commonwealth whistleblower protections to some disclosures involving partnerships exposes a broader weakness in Australia's whistleblower framework, particularly for other businesses operating as a partnership.

Where statutory protections are unavailable or uncertain, individuals must rely on organisational policies and processes. These arrangements may encourage reporting and provide support, but they do not provide the same legal rights or remedies as statutory whistleblower protections. This uncertainty may discourage reporting, particularly where concerns involve senior personnel, governance failures or conduct spanning several parts of an organisation.

On 2 June 2026, Treasury released the *Statutory review of tax and corporate whistleblowing* consultation paper.[47] It notes that the current corporate whistleblower regime is limited to 'regulated entities' under

[44] Mallesons – KPMG Whistleblower review – Legal Review findings.
[45] Griffin Legal.
[46] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 7.
[47] Treasury, Statutory review of tax and corporate whistleblowing.

the Corporations Act. This excludes entities operating as partnerships, highlighting a potential gap in whistleblower protections. The paper includes questions around extending legislation to cover partnership arrangements. If those protections had applied, it is likely that this would have significantly addressed the whistleblower's concerns regarding their coverage under KPMG's whistleblower policy.

On 1 July 2026, Treasury released the *Regulation of accounting, auditing and consulting firms in Australia* consultation paper.[48] The paper does not address whistleblowing directly but does identify potential reforms that may have reduced the likelihood of the events identified by the whistleblower occurring. For example, the paper's options for managing conflicts of interest may have limited the opportunity for information to be shared within the organisation or reduced any disincentive to investigate the matter earlier.

Regarding the investigation of the whistleblower's disclosure, the option exploring adoption of minimum governance structures, including a minimum number of Independent Directors would potentially have assisted, provided those directors were provided appropriate support to challenge views (where necessary). It is arguable, however (noting that KPMG did have Independent Directors over most of the relevant period) that the directors in themselves would not be sufficient but would also require sufficient governance and whistleblower policy reform to provide appropriate confidence in a firm's arrangements. The Andrews Group report on KPMG's handling of the whistleblower matter gives a useful sense of those broader issues.

Finally, additional oversight by, and resourcing for, ASIC may have identified these issues earlier.

Conclusion: It is outside the Terms of Reference of this Review to recommend changes to whistleblower protections or to the governance and oversight of large multidisciplinary firms. Nevertheless, the KPMG whistleblower matter has highlighted gaps in the current framework and demonstrated the importance of ensuring that individuals who make disclosures about entities not covered by existing statutory protections, including partnerships, have the same protections to those in corporate entities. Treasury should progress reform in this area.

[48] Treasury, Regulation of accounting, auditing and consulting firms in Australia.

3 The whistleblower disclosure and KPMG's internal response

KPMG was made formally aware of the whistleblower's concerns by email on 30 May 2024. The concerns had been developing for some time. The disclosure commenced a process that continues to the date of this Review and is likely to continue for some time.

Phase 1: Emerging concerns and path to disclosure (late 2022 to May 2024)[49]

Late 2022 to early 2024: early warnings about culture and speak-up

In discussion with the whistleblower, they advised that from late 2022 they began to develop concerns regarding the ethical behaviour of KPMG. According to the whistleblower, their role gave them a broad view across KPMG's audit practice and commercial operations. They said their work involved engagement with multiple partners and exposure to client pursuits, tender processes, pricing, profitability and the commercial performance of audit work. This meant they were able to see issues across different partners, clients and parts of the business.[50]

The whistleblower indicated that their concerns strengthened during 2023 and 2024. Those concerns related to the treatment of individuals, wellbeing issues, partner behaviour and the reluctance of partners to challenge other partners. The whistleblower said that, when they first joined KPMG, 'one of the parts of the role was an acknowledged need that we [KPMG] need to change'. The whistleblower understood their role included an expectation that they would call out issues when they saw them and over this period they raised their concerns with senior personnel in the audit division of KPMG. The whistleblower considered that individual matters that might be viewed as explainable in isolation appeared more serious when considered together. They became further concerned when, as the PwC matter emerged and KPMG positioned itself as different from PwC, some internal conduct did not align with that positioning.

In that context, they formed the view that the concerns were not isolated and that 'we [KPMG] could and should do better'.

[49] This and subsequent phases summarise the matters most relevant to the Review's findings. The whistleblower and KPMG provided additional evidence, submissions and contextual material that is not fully reproduced or discussed in this Report. The omission of material does not indicate that it was not provided to, considered by, or taken into account by the Independent Reviewer.

[50] The account in this and subsequent phases is drawn from the Independent Reviewer's meeting with the whistleblower, their additional evidence, and correspondence contained in the whistleblower's document titled 'Section 1 Emails Supporting the Submission' ('Whistleblower's emails') and material published on the PJC website.

November 2023 to April 2024: KPMG's review and development of overseas working policies

In November 2023, KPMG paused its Work From Anywhere Guideline and commenced a review of the operational, compliance and risk issues associated with overseas working arrangements. KPMG advised that the review was prompted by a significant increase in applications to work overseas, instances of employees working overseas without approval, and legal, tax, immigration, information security, client confidentiality and operational risks.[51] At the time, the number of employees working overseas under approved arrangements was relatively small, ranging from 8 to 20 employees across 6 to 12 countries.[52]

The review resulted in the development of a new Work From Overseas Policy, which introduced tighter controls and more limited access to overseas working arrangements. KPMG's National Executive Committee (NEC) approved the policy on 30 April 2024 (for commencement on 1 July 2024).

KPMG advised that it did not undertake a broader consultation process with employees specifically on the proposed overseas working policy. The review drew on feedback obtained through existing employee surveys and forums, feedback from employees who had applied to work overseas under the previous guideline, and KPMG's experience administering those arrangements. Employees with pending overseas working applications when the guideline was paused were consulted as part of the assessment of their individual applications. KPMG advised that employees already working overseas under approved arrangements, and employees who had previously worked overseas under the guideline, were not specifically consulted on the proposed policy changes.

2024: audit growth pressure and escalation of concerns

The whistleblower believed that 'KPMG had been historically unsuccessful in securing new audit work', including major ASX clients. They added that there was a desire within the firm to turn that position around. In the whistleblower's account, the PwC matter created audit opportunities as some PwC-tenure clients were likely to consider changing auditors. Further, work had started in 2022 to position KPMG for new work, and there was a view within the audit division that it had lost status internally as consulting and deals work became more prominent. They added that some senior leaders with audit backgrounds wanted audit to regain its position within the partnership. Together, the whistleblower believed that these factors increased the 'pressure on audit leadership, audit partners and people below the partner level to succeed [in securing additional business]'.

In the whistleblower's description, the concerns that led to the 30 May 2024 disclosure were cumulative. They said the disclosure was intended to prompt action on matters they believed were already known within KPMG but had not been adequately addressed.

[51] KPMG's account in this and subsequent phases is drawn from the Independent Reviewer's meetings with KPMG, additional material that KPMG provided the Review, and material published on the PJC website.

[52] As at 1 December 2023, 8 employees were working overseas across 6 countries: India (2), Sri Lanka (1), Malaysia (1), New Zealand (1), United States (2) and Vietnam (1). As at 1 April 2024, 20 employees were working overseas across 12 countries: United Arab Emirates (1), Spain (1), Ireland (1), India (4), Malaysia (2), New Zealand (4), Oman (1), Singapore (1), United States (2), Vietnam (1), South Africa (1) and Zimbabwe (1).

Phase 2: Initial disclosure and KPMG's early response (May to November 2024)

30 May 2024: the whistleblower's first disclosure

The whistleblower sent an email titled 'Protected Disclosure – Private and Confidential' to Julian McPherson, KPMG National Managing Partner, Audit and Assurance.[53] The correspondence was directed to Mr McPherson as the senior leader responsible for the division in which the whistleblower's concerns were said to have arisen.

The email referred to previous conversations with Mr McPherson, including a lunch on 24 February 2024, meetings on 29 February and 4 April 2024, and a warning the whistleblower said Mr McPherson had given on 28 October 2023 about a culture of retaliation.

In the email, the individual raised a range of employment-related concerns.[54] The email also raised a specific concern about alleged inappropriate and bullying behaviour by Kim Lawry, described in the email as an Audit Partner and KPMG Board member. The whistleblower alleged that they had raised concerns about Ms Lawry's conduct with Mr McPherson and other partners, and that they had been discouraged from progressing those concerns because of Ms Lawry's Board role and her involvement in commercially sensitive audit pursuit work.

More broadly, the email alleged that the whistleblower had seen or become aware of conduct by current and former KPMG partners that, in their view, fell below KPMG's ethical standards and the expectations of regulators, governments and the public. The concerns were said to include the prioritisation of profit and revenue growth over integrity, people and wellbeing; a lack of speak-up culture; fear of retaliation; and conduct connected with large ASX audit tenders. The email did not set out the full particulars of those broader audit-integrity concerns, but it did frame them as part of a wider issue concerning ethics, integrity, culture and partner conduct within KPMG's audit practice.

Figure 3: Extract from the whistleblower's 'Section 1 emails supporting the submission' – parts relevant to the Review's Terms of Reference

Document 1 – 30 May 2024

Private and Confidential – 'Protected Disclosure – Private and Confidential'

From: [The Discloser] (personal email)

To: Julian McPherson, National Management Partner, Audit and Assurance, KPMG Australia

[53] PJC, 'Whistleblower's emails', Document 1, p. 2.

[54] The employment-related concerns included remuneration and bonus outcomes, salary and working conditions, role clarity, performance management, taxation and superannuation issues arising from the whistleblower's cross-border working arrangements, alleged bullying and retaliation, including alleged retaliation connected with the whistleblower's decision not to relocate to Australia. The 30 May 2024 email also referred to KPMG having previously asked the whistleblower to relocate to Australia, and to KPMG's ongoing management of their working arrangements.

10. Ethics, integrity and culture- in my role I have a deep understanding of what is going on within the audit practise, I work with multiple Partners identifying and pursuing new business opportunities and I work with multiple partners on the commercial operations of our business, ie setting of fees, negotiations and process improvements. Through this I have seen a number of actions taken by individuals that are quite clearly not up to the ethical standards of KPMG or the expectations of regulators, governments or the public at large. These are not isolated incidents but instead endemic within the organisation whereby profit and revenue growth is placed above everything else including integrity, people, wellbeing and fundamentally doing the right thing. Some of these incidents involving current KPMG Partners and ex KPMG Partners I have personally witnessed, others I have seen evidence of and have led to significant commercial outcomes for KPMG, but raise serious questions about what lengths the business is prepared to go to achieve growth and profit. As a consequence of witnessing some of these actions, and in some cases questioning them I have faced further marginalisation and retaliation as a consequence of what in my view was acting with integrity and raising genuine concerns that I have over things like conduct, wellbeing of team members and matter of ethics and integrity. Again I have spoken with you at length about some of these and of certain individuals insecurities and retaliatory natures, and as discussed as a consequence of raising some of these concerns I have been retaliated against. We discussed this in our meeting on 4th April 2024. You have commented to me on several occasions that there is a culture of retaliation, and even went so far as to warn me about this on Saturday 28th October 2023. The lack of speak up culture, the culture of fear, retribution and revenue growth at all costs is not acceptable. Whilst I regret the role that I have played in this to date, I have learnt that personal prospects, promotion and income should not warrant turning a blind eye and not speaking up louder, sooner. I can no longer stand by and watch this happen and absolutely feel that I have done the right thing when raising some of these concerns. It is KPMG's toxic culture and its thirst for improved Partner renumeration at all costs that has resulted in them not being listened to or acted upon. It appears to me that certain Partners at KPMG and some retired Partners have forgotten that ultimately they serve the public interest and those of shareholders, and they have not conducted themselves properly when involved in large ASX listed audits contracts. In my opinion it is unacceptable to be retaliated against for calling some of these actions and behaviours out, but is instead an obligation of all KPMG employees around the world.

May to October 2024: initial classification and employment-pathway response

KPMG stated that following receipt of the 30 May 2024 email, it considered the broader concerns were not particularised in a way that enabled specific allegations to be investigated at that time. KPMG advised that, on that basis, the matter was initially managed through People and Inclusion. KPMG also advised

that searches of the whistleblower's work account were undertaken following receipt of the 30 May 2024 disclosure.[55]

KPMG advised that, during this period, it sought further information from the whistleblower and directed them to a number of avenues through which concerns could be raised, including KPMG's international whistleblower hotline, direct engagement with senior personnel, and discussions with People and Inclusion representatives. KPMG's whistleblower reporting arrangements included an international hotline operated by an external provider. KPMG described the international hotline as 'a pass through' with reports provided to KPMG for internal triage and handling. The international hotline was not sufficiently independent of the KPMG network and KPMG's domestic whistleblower hotline had not been implemented at that time. KPMG also stated that it continued to engage with the whistleblower regarding the employment-related matters, including consultation processes associated with their proposed relocation to Australia.

The whistleblower advised, following the 30 May 2024 disclosure, they did not receive a substantive response for approximately 2 weeks. They said that when a response was received, it directed them to a whistleblower offshore reporting channel rather than initiating what they regarded as a meaningful inquiry into the concerns they had raised. The whistleblower told the Review that this response reinforced their perception that KPMG was not meaningfully engaging with the concerns they had raised. They contrasted the response with what they considered should have occurred, including triggering an investigation or creating a safe process for them to explain the substance of the concerns.

The whistleblower also advised that, after they raised follow-up questions, they did not receive a further response for another week. In their account, the effect was that approximately 3 weeks had passed after the disclosure before they received a response from KPMG.

1 July 2024

KPMG advised the whistleblower that, under a new firm-wide policy that commenced on 1 July 2024, permanent employees of KPMG Australia were required to reside in Australia. The policy replaced the previous Work From Anywhere Guideline and KPMG proposed that the whistleblower relocate to Australia by 1 October 2024. At the time the policy commenced, 24 KPMG Australia employees were working overseas across 15 countries outside Australia. Separately, KPMG's Flex Your Work policy was reviewed and amended, with the updated policy also taking effect on 1 July 2024.

KPMG stated that the policy update was prompted by broader post-COVID working arrangements and related pay, superannuation and compliance issues, and was not introduced in response to the whistleblower's individual relocation matter. KPMG further advised that it would not have updated a firm-wide policy for one employee. KPMG's National Managing Partner, People and Inclusion, advised: 'There isn't any way in an organisation of 12,000 people I could change a policy for one individual'. KPMG acknowledged, however, that the timing of the policy change and the relocation consultation contributed to the whistleblower's perception that the policy was targeted at them, and part of the sequence of actions taken after they raised protected disclosure concerns. KPMG advised that this was not the case.

[55] PJC, 'Correspondence: Mr Michael Ebeid AM, former KPMG Independent Director and Independent Chairman to the whistleblower, KPMG Australia's response to the whistleblower's submission to the PJC CFS, 9 August 2026', p3.

The whistleblower advised that they regarded the timing and application of the policy as significant. They said they believed it was designed to exit them from the firm after they had raised concerns, and that they had asked KPMG to provide evidence that the policy was a genuine firm-wide policy change. They advised that they remained unconvinced that the policy was unrelated to their circumstances.[56]

The whistleblower also advised that they had previously travelled frequently between their home location and Australia under arrangements KPMG had designed. They said those arrangements had created unresolved tax issues and that, after the May 2024 disclosure, KPMG ceased withholding tax without notice. The whistleblower described these matters alongside the relocation policy process and said they contributed to their concern that KPMG was using employment-related mechanisms to exit them from the firm after they had raised concerns.[57]

KPMG and the whistleblower continued to engage on the employment-related aspects of the matter, including the proposed relocation and, later, the terms of a Deed of Release.[58] The whistleblower told the Review that they associated those steps with having raised concerns, including changes to work, bonus issues, relocation discussions and the prospect of their employment ending. The whistleblower advised that KPMG made clear at all times that termination was the only alternative to relocation, and that KPMG withdrew, and denied knowledge of, relocation commitments previously agreed with the whistleblower, including an offer of partnership and enhanced employment terms. The whistleblower's position is that these steps were taken in direct response to the 30 May 2024 disclosure.

KPMG did not accept that those steps were retaliatory and maintained that the relocation process and related employment matters were managed separately from the broader ethics and integrity concerns.

30 October to 18 November 2024: People and Inclusion discussions

30 October 2024

KPMG advised the Review that senior People and Inclusion representatives, including the National Managing Partner, Ms Dorothy Hisgrove, met with the whistleblower on 30 October 2024. The whistleblower advised that this was their first interaction with KPMG's People and Inclusion team following the 30 May 2024 disclosure. The whistleblower described the discussion as an opportunity to raise broader concerns relating to ethics, integrity and conduct. They said they understood the engagement to be presented as fresh and independent but later formed a different view about the extent to which People and Inclusion had already been involved in advising on the matter.

The whistleblower's position, which they raised with Ms Hisgrove in writing, is that she materially misrepresented her prior knowledge of the matter, and did so intentionally. The whistleblower advised that they received no substantive response to that issue from KPMG.

[56] At the time this Report was prepared, KPMG advised that it considered that it had responded to the whistleblower's request by providing information in support of its position in its letter to the whistleblower of 9 August 2026.
[57] At the time this Report was prepared, the whistleblower's queries regarding the handling of their tax position were unresolved.
[58] During this period, discussions between KPMG and the whistleblower included the possibility that the whistleblower's employment with KPMG may come to an end. As part of those discussions, KPMG provided a proposed Deed of Release for the whistleblower's consideration.

4 November 2024

The whistleblower wrote to Mr McPherson advising that they would not proceed with the proposed Deed of Release. In the email, the whistleblower sought clarification about whether discussions with People and Inclusion representatives were to be treated as without prejudice and set out a number of reasons for rejecting the deed. These included the whistleblower's view that:

- the deed was designed to prevent issues relating to conduct, culture, ethics and integrity from being reported
- KPMG had predetermined the termination of their employment while not reflecting that position in its correspondence
- KPMG had not acknowledged wrongdoing or apologised for the impacts that had resulted from the matter
- the deed did not provide protection against potential future retaliation by KPMG partners or employees
- aspects of the proposed settlement related to payments the whistleblower considered were already owed to them, including bonus payments and payment in lieu of notice.

The whistleblower also:

- raised unresolved personal taxation issues
- objected to being pressured to sign the deed within KPMG's proposed timeframes
- stated that linking the provision of a work reference to execution of the deed was unreasonable
- asserted that the proposed deed did not reflect the content of prior without prejudice discussions.

The email concluded by stating that the whistleblower remained open to resolving the matter and to participating in further discussions.[59]

15 to 18 November 2024

The whistleblower and senior People and Inclusion representatives held further discussions on 15 and 18 November 2024. KPMG stated that, during those discussions, the whistleblower referred to broader ethics and integrity concerns, but that insufficient detail had been provided regarding the underlying circumstances. For example, information was not provided regarding when the events occurred, the individuals involved, the relevant clients, or other particulars that would enable investigation of those concerns.

Further, KPMG stated that the whistleblower did provide information regarding 2 partners, Kim Lawry and Suzanne Bell, including allegations of bullying against both partners and adverse treatment after ethical concerns had been raised with one partner. Following these discussions, KPMG decided that the matters should be referred to the OGC as the matter broadened beyond employment-related issues and involved

[59] PJC, 'Whistleblower's emails', Document 5, p. 10. In the 4 November 2024 email to Mr McPherson, the whistleblower stated that without prejudice discussions had 'clearly indicated a pre-determined outcome whereby KPMG has decided that it wants to terminate my employment' and asserted that this position was not reflected in KPMG's correspondence to date. The whistleblower also stated that they remained open to relocation if KPMG could demonstrate a psychologically and physically safe working environment and provide other assurances.

allegations concerning ethics, integrity and conduct. KPMG advised that the referral enabled the OGC to arrange an external review and investigation by Ashurst, consistent with KPMG's commitment to the whistleblower that the matters would be independently reviewed and investigated under the oversight of the Independent Directors.

KPMG described its triage process as considering whether a matter was employment-related, conduct-related, quality-related or otherwise required escalation, with employment-related matters generally managed through employee relations processes and the OGC involved where appropriate.

Phase 3: Internal review and external legal advice (November 2024 to August 2025)

Late November 2024: OGC involvement

20 November 2024

Deputy General Counsel, James McClelland, initiated an external review of the workplace-related allegations raised by the whistleblower and engaged Ashurst to undertake the review.[60] KPMG stated that, because the whistleblower did not provide further information to Ashurst, the review proceeded by reference to notes prepared by KPMG personnel from their conversations with the whistleblower. It was then determined in January 2025, following advice from Ashurst, that the workplace-related allegations review would proceed internally with an Ashurst review.

21 November 2024

The whistleblower wrote to Mr McPherson seeking confirmation that they could commence work on client engagements. Referring to discussions held the previous week, the whistleblower stated that they were willing to participate in those client engagements but sought assurances that they would not be placed in situations that, in their view, raised ethics and integrity concerns. The email cited a number of examples that the whistleblower stated had previously concerned them, including:

- KPMG's implementation of ethical walls between the Optus and Telstra teams during the Telstra tender process
- the recording and sharing of client conversations
- an offer to provide access to documents from Telstra's IT environment
- the attendance of KPMG's CEO at a concert with Telstra's CEO during a live audit tender
- the treatment of individuals by an engagement partner.

The whistleblower requested confirmation that such matters would not occur again and sought guidance on how similar concerns should be escalated if they arose in future.[61]

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[60] This was the first of 3 Ashurst engagements referred to in this narrative. The later Ashurst engagements concerned legal advice sought in April–May 2025 regarding claims made by the former employee, and a June–August 2025 review of whether there was a reasonable basis for conclusions reached in KPMG's internal investigation.

[61] PJC, '[Whistleblower's emails]', Document 6, p. 12.

On the same day, KPMG's leadership was informed a search of its systems had found a draft document written by the whistleblower (referred to by KPMG as the '21 November document'[62]) which contained further details of the allegations that had broadly been mentioned in the 30 May 2024 allegations.

The document raised the following issues:

- Continued exam cheating through the use of generative AI tools, including the alleged use of those tools to obtain answers to internal examination questions.
- Power mapping, relationship mapping or similar practices to identify influence within existing and prospective clients, and concerns about the consistency of KPMG's public evidence on those practices.
- An alleged offer, during preparation for the Dexus external audit tender, to leave a laptop unattended with Dexus material open and available for review by members of the tender team.
- Commercially sensitive Lendlease audit tender material allegedly being used or shared in connection with the Dexus and Westpac audit tenders, including material relating to competing firms' tender submissions.
- Concerns regarding the involvement of a retired KPMG partner in advising KPMG on a future audit tender, including allegations that the retired partner encouraged a KPMG partner to obtain responsibility for significant client engagements to strengthen that partner's credentials and experience for the tender.
- Communications allegedly occurring outside formal tender channels during the Dexus and Westpac audit tenders, including communications involving former KPMG partners or senior client representatives.
- The relocation requirement imposed on the whistleblower, which the whistleblower alleged followed their earlier disclosures and was retaliatory.

The whistleblower advised that they were unaware at the time that searches of their systems, accounts and records had been undertaken during 2024. They only became aware later that multiple searches had been authorised on multiple occasions during 2024. This contributed to their concerns regarding how the matter was being managed and who had access to information identified through those searches.

KPMG advised that on this same day, on the instruction of Mr Yates, Mr McClelland commenced an internal investigation into the broader ethics, integrity and conduct allegations being raised by the whistleblower. Mr McClelland said the instruction from Mr Yates was verbal rather than set out in a written scope.[63]

22 November 2024

KPMG Board National Chairman, Martin Sheppard, emailed Independent Directors, Jane Hemstritch, Mike Baird and Patty Akopiantz, advising that a current employee might contact them regarding concerns and requested that they contact Louise Capon (from the OGC), if contacted.[64]

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[62] Throughout this and subsequent phases, references to the '21 November 2024 document' adopt the terminology used by KPMG. The Review has verified that the description and content correspond to the document provided to the Review.

[63] PJC, public hearing, Hansard, 14 August 2026, pp. 76–77.

[64] PJC, Correspondence (email): Mr Martin Sheppard, Chair, KPMG, to Mr Mike Baird, Independent KPMG Board member et al, 'KPMG employee may contact you' (KPG.1002.0002.8438), 22 November 2024.

23 November 2024

The whistleblower wrote directly to KPMG Australia's Independent Directors, Ms Hemstritch and Mr Baird, seeking their intervention. The whistleblower referred to their 30 May 2024 email, citing issues both personal and in relation to the integrity, ethics and conduct of certain KPMG partners, National Executive Committee (NEC) members and Board members.

The whistleblower stated that, since making that disclosure, they had experienced retaliation and attempts to remove them from the business, and alleged that KPMG had not undertaken a serious investigation into the matters they had raised. The whistleblower also asserted that:

- they had been excluded from work projects for an extended period
- KPMG had ceased withholding tax from their salary without notice
- concerns they had raised had been disclosed to individuals outside KPMG Australia
- requests for information and an independent investigation had not been addressed.

The email emphasised the whistleblower's view that conflicts of interest and independence issues prevented the matters from being examined fairly through existing management processes. The whistleblower requested that the Independent Directors intervene to ensure the disclosure was dealt with independently, transparently and free from conflicts of interest, noting that they had informed KPMG management, including the CEO, Mr Yates, of their intention to escalate the matter directly to the Independent Directors.

The whistleblower advised that they believed KPMG intended to terminate their employment during the week commencing 2 December 2024 and offered to discuss the matters further.[65]

25 November 2024

Following contact from the whistleblower, Ms Hemstritch referred the matter to Ms Capon, consistent with the earlier request from Mr Sheppard.

Ms Hemstritch also responded to the whistleblower's email of 23 November 2024 and advised that KPMG had commenced an external investigation into the concerns (referring to the Ashurst review commenced on 20 November). She stated that the investigation was being overseen by the Independent Directors and requested that the whistleblower provide details of their concerns in writing to Ashurst to assist with the investigation. The email did not describe the scope or nature of the external investigation.[66]

KPMG advised that the whistleblower did not provide written details of their concerns to Ashurst in response to Ms Hemstritch's email. Further, KPMG advised that it understood Ashurst would contact the whistleblower directly. Ashurst's review instead considered KPMG records of the whistleblower's discussions with Employee Relations and People and Inclusion on 15 and 18 November 2024.

The whistleblower advised that they did not provide further written detail to Ashurst as they understood the external review process would involve them providing evidence and being interviewed. The whistleblower did not describe the process as one in which they understood the burden rested on them

[65] PJC, 'Whistleblower's emails', Document 7, p. 15.
[66] PJC, 'Whistleblower's emails', Document 8, p. 16.

to initiate engagement with Ashurst after receiving contact details through Ms Hemstritch. They said that, following Ms Hemstritch's email, a member of KPMG's People and Inclusion team informed them that Ashurst would contact them within the next few days to discuss the investigation and that no action was required from the whistleblower in the meantime. The whistleblower further advised that, on the evening before they signed the Deed of Release, the same People and Inclusion representative informed them that signing the Deed would not prevent the external investigation from proceeding.

26 November 2024

Following a request from the OGC, the Cyber Security Investigations team placed legal holds over the user accounts associated with the employee. KPMG advised the legal hold was intended to preserve relevant records.

KPMG identified a second document as part of its numerous searches (referred to by KPMG as the '26 November document'[67]). The document included:

- Additional detail regarding alleged generative AI exam cheating, including that the activity related to internal examinations and was said to have been detected through KPMG's monitoring processes.
- A more developed description of power mapping or relationship-mapping practices, including the alleged purpose of identifying influence, relationship strength and opportunities to build or leverage client relationships.
- Further detail regarding the Dexus ethical wall concern, including that the alleged laptop incident arose in the context of recognised concerns about separating internal audit information from the external audit tender team.
- A more detailed description of the Lendlease tender material allegedly used or shared in connection with the Dexus and Westpac audit tenders, including that it related to competing firms' tender submissions.
- Further detail regarding alleged communications outside formal tender channels in the Dexus and Westpac audit tenders, including the alleged provision of informal feedback or information to KPMG during live tender processes.
- Additional context regarding alleged commercial pressure in the Dexus tender, including the allegation that pressure to win new work contributed to a 'win at all costs' approach.
- A more developed relocation and retaliation chronology, including the allegation that the relocation requirement followed earlier disclosures and was not a neutral operational requirement.

29 November 2024

The whistleblower signed the Deed of Release proposed by KPMG.[68] The whistleblower stated that they signed the deed without being told that KPMG had already located documents containing further allegations through system searches, or that those documents had been shared with senior KPMG

[67] Throughout this and subsequent phases, references to the '26 November 2024 document' adopt the terminology used by KPMG. The Review has verified that the description and content correspond to the document provided to the Review.

[68] PJC, 'KPMG whistleblower, Response to KPMG's parliamentary submission (whistleblower allegations) dated 30 April 2026—Observations, received 15 June 2026 (published with permission of the whistleblower)'.

personnel, including people who were named in, or connected to, the allegations. The whistleblower said their understanding of how they would be engaged by the external investigation influenced their decision to sign the deed.

The whistleblower advised that KPMG had told them that, unless they signed the Deed of Release, they were required to be in Sydney on Monday 2 December 2024, failing which their employment would be terminated.

That context influenced their decision to sign the deed. The whistleblower's position is that, in those circumstances, they had no real alternative but to sign.

17 December 2024

Mr McClelland met with Mr Yates to discuss the progress of his investigation into allegations contained in documents referred to as the 21 and 26 November documents. As part of that work, Mr McClelland had interviewed a number of KPMG partners and reviewed information relevant to the allegations. They discussed the work completed to date and possible next steps. Those steps could have included a forensic review of emails, which had not been undertaken at that stage.[69]

Mr McClelland advised the nature and limits of the work he had undertaken. He said he was 'tasked with investigating whether there was substance in the content of the document identified on the 21st of November… and the updated version on the 26th of November'.[70] He characterised the task as: 'We've identified this document. This document contains allegations. James, can you look into that matter?'

He advised that the 17 December meeting with Mr Yates covered the scope of work completed, what had not been done, what could be done and what more could be done. His account was that 'Andrew felt that I'd done enough. At that point in time', and that this meant 'you've taken enough steps for now'.[71]

He also said Mr Yates 'didn't want me to interview' another person who Mr McClelland considered was 'the obvious next person for me to interview at that point in time'. He said Mr Yates told him it was before Christmas, that he should not proceed with that interview and that he had 'done enough for now'.[72]

24 February 2025: Ashurst review – workplace treatment and conduct review

Ashurst's review, focused on the workplace matters, concluded that it was not able to determine that the whistleblower had been subjected to conduct contrary to KPMG's Code of Conduct or values and advised that no further action was required.[73]

26 February 2025

According to the whistleblower, KPMG wrote to them advising that the Ashurst investigation was closed, that no participation was required from them, and reminding them they had obligations under the Deed of Release. The whistleblower noted that KPMG's document-retention arrangements provided for records

[69] PJC, public hearing, Hansard, 14 August 2026, p. 77.
[70] Evidence provided by Mr McClelland to the Independent Reviewer, 4 August 2026.
[71] Evidence provided by Mr McClelland to the Independent Reviewer, 4 August 2026.
[72] Evidence provided by Mr McClelland to the Independent Reviewer, 4 August 2026.
[73] PJC, 'Ashurst, Legal advice, 'Outcome of Ashurst review relating to matter involving [redacted]', 24 February 2025.

to be deleted 90 days after the end of employment and that, in their case, this date would fall the following day. The whistleblower advised that these matters contributed to their further loss of confidence in KPMG's handling of their complaints.

15 April 2025

The KPMG Board received its first formal briefing from the CEO on the matter. It was presented to the Board as a confidential staff matter, and the purpose of the briefing was to provide an update on a staff complaint that KPMG had received. Michael Ebeid, who was a special adviser to the Board at the time, was not part of the briefing. However, Independent Directors Ms Hemstritch, Ms Akopiantz and Mr Baird did attend.[74]

From May 2025 – early June

The Independent Directors had visibility of, and provided input into, correspondence with the former employee. In late May and early June 2025, the Board asked management to conduct a culture review of the Audit & Assurance division, including the Audit & Assurance Pursuits team. The Board also asked management to arrange an external review of the OGC review and implement sanctions arising from its findings.[75]

The review recommended a range of measures to address the identified cultural issues. In response, KPMG implemented and developed initiatives focused on leadership capability, ethical decision-making, speak-up culture, onboarding and employee connection within Audit & Assurance.

23 April 2025 – 9 May 2025: Ashurst – legal advice in relation to claims made by former employee

Following the completion of the Ashurst review, the whistleblower raised a series of concerns focused on their view that they had been misled regarding the nature of Ashurst's review, the whistleblower's involvement, and how the Deed of Release subsequently constrained them from raising their concerns further. In response, KPMG sought further legal advice from Ashurst regarding these claims on 23 April 2025.

Ashurst was asked to provide legal advice regarding:

- the operation of the whistleblower provisions in Part 9.4AAA of the Corporations Act
- the status of concerns raised by the former employee
- KPMG's ability to investigate those concerns based on the information available
- the validity and enforceability of the deed of release entered into following the cessation of the former employee's employment.

Ashurst reported on 9 May 2025 that the former employee had provided details of personal work-related grievances but had not sufficiently particularised the broader ethical concerns to enable further investigation. Ashurst considered that the ethical concerns appeared, on their face, to be disclosable

[74] PJC, 059 KPMG Australia, Answers to written questions on notice from Senator Barbara Pocock, received on 12 August 2026.
[75] PJC, 059 KPMG Australia, Answers to written questions on notice from Senator Barbara Pocock, received on 12 August 2026.

matters. However, it concluded that insufficient information had been provided to determine whether they constituted qualifying disclosures under the statutory whistleblower regime.

Based on information provided by KPMG, Ashurst also found no apparent unlawful detrimental conduct, no proper basis to conclude that the Deed of Release was void or unenforceable, and no indication that KPMG was relying on the Deed to prevent the former employee from raising concerns. Ashurst noted that KPMG had offered several opportunities and avenues for the former employee to provide further particulars. It also advised that KPMG should continue to make clear that it was not seeking to prevent the former employee from raising concerns, that it took those concerns seriously, and that it remained willing to consider any further information provided. It recommended that KPMG continue to invite additional information and explain that any further information provided would be considered.[76]

26 June and 25 July 2025

The internal investigation ('Investigated Response'), which Mr McClelland commenced on 21 November 2024, continued through 2025. On 26 June 2025, acting on a verbal instruction received during a meeting involving KPMG leadership and governance representatives, Mr McClelland asked Ashurst to review whether there was a reasonable basis for the conclusions being reached through that investigation. The internal investigation concluded on 25 July 2025. It set out KPMG's assessment of the allegations and formed the basis for subsequent review and investigation activity. The internal investigation found that none of the allegations could be substantiated.[77]

19 August 2025: Ashurst review relating to concerns raised by former employee

Ashurst concluded that relevant and reasonable enquiries had been undertaken by Mr McClelland and that the conclusions reached in the Investigated Response generally appeared reasonable based on the material reviewed.[78] Ashurst advised that no additional investigative steps were required at that time, although it noted that further enquiries might become appropriate if additional information became available.

Ashurst identified that the sharing of Lendlease audit tender and pricing information within KPMG may 'not properly have been regarded as falling squarely within the engagement terms'. In context, Ashurst was referring to the risk that the use of Lendlease-related information within KPMG may not have been covered by the permitted uses of information under KPMG's engagement terms with Lendlease. Ashurst also recorded KPMG's position that the information was highly unlikely to have been relevant to the Westpac tender.[79]

[76] PJC, 'Ashurst, Legal advice, 'Advice in relation to claims made by former employee, [redacted]', 9 May 2025'.
[77] Information provided by KPMG.
[78] PJC, 'Ashurst, Legal advice, 'Ashurst review relating to concerns raised by former employee', 19 August 2025'.
[79] Ashurst considered the terms of KPMG's engagement with Lendlease, including permitted use of information for 'Administrative Purposes' and 'Business Purposes', and stated there was 'some risk' that, in all the circumstances, the use of the information would not properly be regarded as falling squarely within the engagement terms.

Phase 4: Formal investigation pathway (August to December 2025)

19 August 2025: the whistleblower's second set of disclosures

Following the cessation of their employment, correspondence between the former employee and KPMG continued. During 2025, the individual disputed KPMG's handling of the concerns previously raised, questioned the operation of the Deed of Release and sought assurances regarding whistleblower protections. They also maintained that KPMG had not adequately investigated broader ethics and integrity concerns that had been raised throughout 2024.

Against that background, the whistleblower wrote to Mr Yates and Mr McClelland setting out a detailed series of allegations concerning KPMG's conduct, governance and integrity practices. Many of the allegations related to concerns that the former employee had previously raised in general terms during discussions in October and November 2024 but were articulated in substantially greater detail in this 19 August 2025 correspondence.[80]

Figure 4: Extract from 'Allens 12.12.2025 - Final Project Magenta - Investigation Report'

Schedule 1 – Letter dated 19 August 2025

5. Theft of Lendlease Board Papers – Misappropriation for Competitive Advantage

KPMG's Lendlease audit team stole confidential Lendlease board papers and circulated them internally to support bids for the Westpac and Dexus audits. These stolen documents were weaponised to give KPMG an improper competitive advantage and to secure material commercial gain in multi-million-dollar tenders.

I raised the inappropriateness with multiple partners and was told not to escalate — warnings that came with clear fear of reprisal. Michael Ulmer, then Chair of Lendlease and presiding over the Westpac tender, was never told that the process had been corrupted because no one outside the inner circle even knew. This was not an oversight; it was a deliberate concealment of misconduct for commercial gain. These documents were shared extensively including with some copied into this correspondence.

6. CEO Complicity – Insider Information Solicited Repeatedly

The CEO of KPMG Australia exploited a personal relationship with the outgoing CEO of Dexus to solicit confidential information on multiple occasions — including discussions on the golf course — while the Dexus audit tender was still live. That insider knowledge was then used to shape KPMG's bid and secure the mandate. Information was sought on several occasions throughout the

[80] PJC, 'Allens, Legal advice, 'KPMG Australia: Project Magenta: Final Investigation report', 12 December 2025', Schedule 1, pp. 49–51.

process, and the information shared without the knowledge o fteh [sic] Dexus Audit committee or selection committee.

Separately, during the Telstra tender, the CEO accepted corporate hospitality in Telstra's corporate box, bringing family members, while the tender was active. These are not lapses of judgment. They are deliberate breaches of independence, repeated acts of soliciting insider advantage, and proof of a CEO personally compromising competitive processes for KPMG's commercial benefit.

7. Misuse of Internal Audit Information (Dexus) – Deliberate Breach of Client Instructions

Dexus expressly instructed that its internal audit information must not be shared with the external audit team in written documents before the audit tender was issued. On 6 November 2023, under pressure, a KPMG internal audit partner said he would 'go to lunch and leave his laptop unattended, and open with certain documents open' effectively inviting others to access restricted data in defiance of client orders. This was not a misunderstanding — it was a calculated move to provide an illicit competitive advantage in an audit tender.

8. Telstra Tender – Improper Offer of System Access

During the Telstra audit tender, KPMG Advisory colleagues offered to share a Telstra-issued laptop (from a separate engagement) with the Audit team to mine information on AI governance models and internal documentation. This was offered without Telstra's knowledge or permission, solely to secure an unfair advantage in a live tender. Even if not ultimately acted upon, the fact it was suggested shows a culture where breaches of independence were normalised as tools for commercial gain.

9. Recording and Circulation of Client Conversations

KPMG partners covertly recorded confidential conversations, including discussions with Telstra's Group Financial Controller, and circulated the recordings internally. Telstra was never informed. This was a calculated breach of trust — capturing client confidences under false pretenses [sic] and exploiting them for internal advantage.

10. Advisory/Audit Collusion – Insider Intelligence Converted Into Tender Advantage

On multiple occasions, Advisory partners shared confidential, market-sensitive information with Audit teams during live audit tenders. In one case, an Advisory partner who had advised a board on strategy sat with the Audit team and relayed private CEO discussions and boardroom decision-making. This information should have been restricted under insider protocols. Instead, it was handed across for one reason: to give KPMG's bid an edge and secure commercial gain.

11. False Assurances to Singtel Optus – Ethical Wall Promised, Then Broken

During the Telstra audit pitch, KPMG assured the management of Singtel Optus — a direct competitor of Telstra — that there would be a strict ethical wall in place. Optus had raised serious concerns about conflicts of interest, and KPMG promised in unequivocal terms that:

- no members of the Optus audit team would participate in or support the Telstra audit tender;
- no information from the Optus audit would be shared with the Telstra bid team; and
- if successful, KPMG would keep the two engagements fully separate, citing physical separation between Sydney (Optus) and Melbourne (Telstra) as further protection.

The reality, however, was starkly different. Senior members of the Optus audit team were present in the Telstra bid room. They were actively leveraged to provide intelligence, including detailed insights into the Optus audit approach, data analytics routines, sector-specific challenges, operating models, and business rhythms. This information was not general knowledge — it was confidential client intelligence entrusted to KPMG by Optus under an audit engagement.

The assurances given to Optus were false from the outset. KPMG broke its promises, breached its duty of independence, and exploited the trust of one major ASX-listed client to gain improper advantage in securing another. This was a textbook example of a conflict of interest being disguised with empty assurances while, in practice, confidential client information was converted into commercial gain.

12. Power Mapping & Misleading Parliament

'Power mapping' was widespread within KPMG, and I personally participated in sessions with the CEO. Yet the CEO later denied knowledge of the practice when questioned by a Senate inquiry in 2023. That denial was knowingly false. Misleading Parliament is not simply a lapse in ethics — it is contempt of Parliament and a potential criminal act by the most senior officer of the firm.

13. Generative AI Exam Cheating – A Culture of Dishonesty

Internal exams were completed using generative AI, openly known among partners, amongst the Ethics and Independence team such as Andrew Bryant, reported and ignored by Dorothy Hisgrove, and flagged via keystroke monitoring by Ethics & Independence. Despite this, no action was taken. KPMG had already been fined for exam cheating in the past, yet chose to let the same misconduct continue unchecked. This was not ignorance — it was tolerance of dishonesty.

14. Transparency Reports – Public Deception by Omission

KPMG's 2024 and 2025 Transparency Reports omitted any mention of an active whistleblower complaint, despite indisputable evidence one existed. Those reports are relied upon by regulators, investors, and the public. By leaving out this fact, KPMG produced documents that were not transparent at all but misleading — at best deceptive, at worst fraudulent.

15. Purging of Evidence – Calculated Obstruction

KPMG admitted to deleting and wiping all emails and system records relating to me, despite being on notice of escalation. It has refused to confirm when the purge occurred. If before an investigation, it was to pre-emptively conceal evidence. If after, it was willful [sic] obstruction. Either way, this was not housekeeping — it was destruction of evidence.

Following receipt of the former employee's detailed allegations, KPMG considered it had sufficient detail to investigate the allegations.

21 August 2025 – Establishment of Magenta Sub-Committee

Members of the KPMG Board agreed to establish a sub-committee and appoint an external law firm to investigate many of the whistleblower's allegations of 19 August 2025. The Magenta Sub-Committee was to consist of 3 Independent Directors, Patty Akopiantz, Michael Ebeid, Jane Hemstritch, together with Board Deputy Chair Carmel Mortell. It would be co-chaired by Ms Hemstritch and Ms Mortell. KPMG advised that the sub-committee was established, in part, to take into consideration conflicts of interest identified by the KPMG Board.

25 August 2025

KPMG advised that the OGC wrote to the whistleblower to inform them that a sub-committee of the Board would be established to oversee an external investigation into many of the allegations outlined in their 19 August 2025 correspondence, and offered a choice of legal firms.

28 August 2025

The Magenta Sub-Committee informally met for the first time and discussed the proposed charter, scope and approach for the external investigation, including which allegations would be examined. The Sub-Committee was formally established on 4 September 2025 by the KPMG Board.

3 September 2025

The whistleblower made a disclosure to ASIC which resulted in regulatory consideration of aspects of the matter.[81] Separately, the OGC, on behalf of members of the (at that time informal) Magenta Sub-Committee, initiated an external investigation of the whistleblower's 19 August 2025 claims, engaging Allens.

1 October 2025

Following the establishment of the South ASPAC Group, KPMG Australia's Independent Directors were transferred from the KPMG Board to the South ASPAC Board. As a result, KPMG no longer had Independent Directors serving directly on its Board.

12 December 2025: Allens - Project Magenta Final Investigation Report (Allens report no. 1)

Allens delivered its *Project Magenta Final Investigation Report* on 12 December 2025. The report set out Allens' investigation of the allegations contained in paragraphs 5 to 15 of the whistleblower's 19 August 2025 correspondence.[82]

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[81] The existence and scope of ASIC's later work was discussed at the 4 and 10 September 2026 PJC hearings.

[82] Allens, *Project Magenta – Final Investigation Report*, 12 December 2025. Allens stated that its investigation was engaged by the Magenta Sub-Committee of KPMG Australia's National Board and concerned the allegations made in paragraphs 5 to 15 of the former employee's 19 August 2025 disclosure.

Allens described the scope and approach to its investigation as involving questions of judgement about what investigative steps were reasonable and proportionate in the circumstances. It said those steps were informed by the specificity of each allegation, the lack of evidence provided by the complainant, and the seriousness of the allegations. The report was directed to whether the allegations in the 19 August 2025 disclosure were substantiated. Allens concluded that all allegations were 'not substantiated'. However, the report identified a number of underlying factual matters that had occurred, including:

- sharing of certain Lendlease-related information with the Westpac tender team
- a joke by a Dexus partner about leaving his laptop accessible
- Mr Yates attending a Telstra-hosted hospitality event during the tender process
- instances of unauthorised use of generative AI in KPMG examinations
- deletion of the former employee's email and OneDrive records through KPMG's standard offboarding process.

Allens concluded that these matters did not support the broader allegations that KPMG had acted dishonestly, gained an improper competitive advantage, knowingly misled Parliament, ignored misconduct, or deliberately destroyed evidence. KPMG advised the Review that it accepted the findings of the Allens Project Magenta investigation and relied on those findings to determine its response. KPMG further advised that, where conduct issues were identified, appropriate disciplinary and remedial actions were taken.

The whistleblower advised that they regarded the Allens process as lacking sufficient independence because, in their view, it remained connected to the OGC. They said this contributed to their decision to pursue external avenues, including engagement with Senator O'Neill and the PJC. The whistleblower advised that they remained concerned that key aspects of their disclosures, including questions regarding recipient status and whistleblower protections, had not been adequately addressed. This contributed to their view that KPMG had not effectively managed the matter.

Allens also provided separate advice on the application of Part 9.4AAA of the Corporations Act to the whistleblower's previous disclosures.

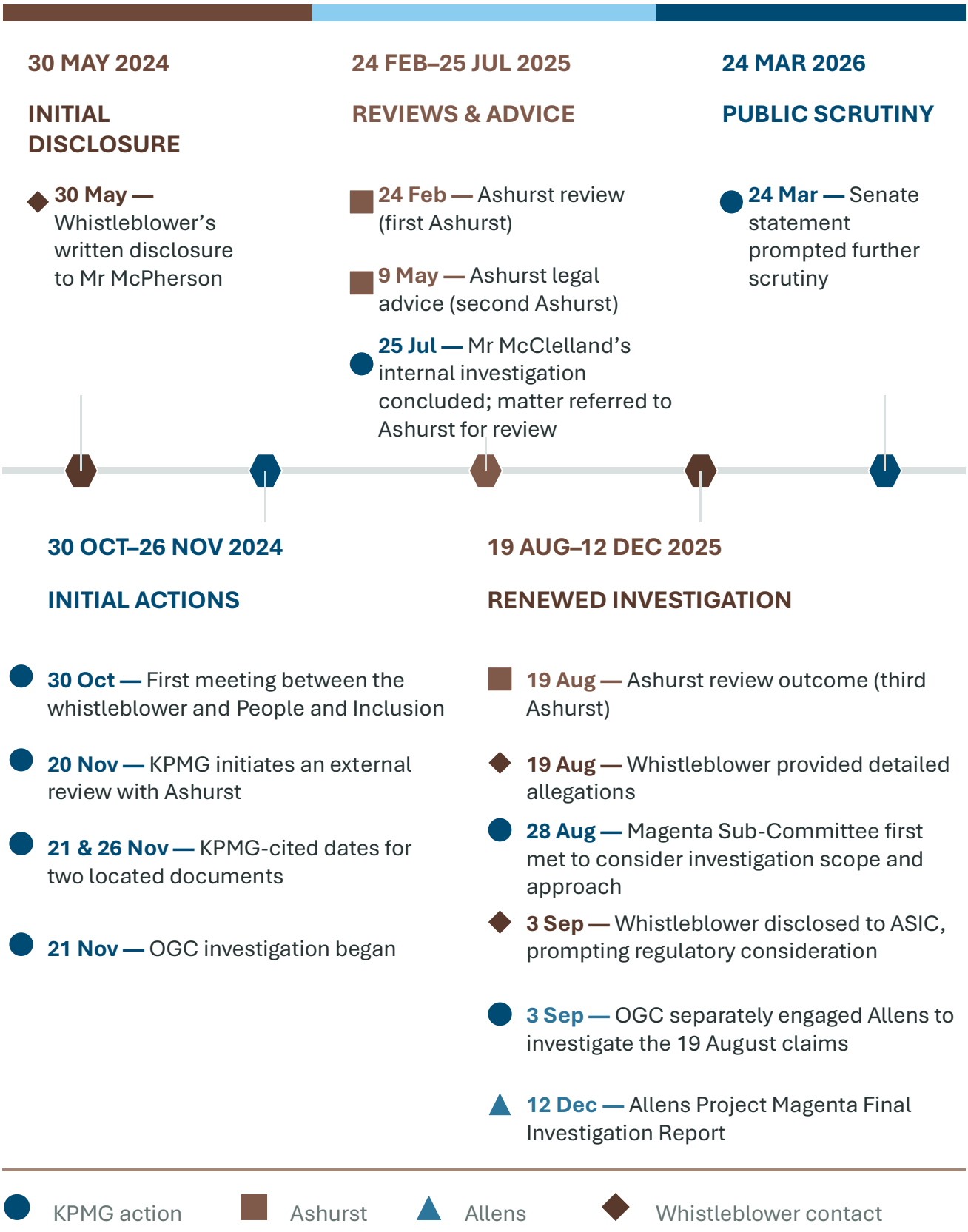
Allens concluded that it had not identified evidence of:

- a breach of whistleblower protections by KPMG
- improper disclosure of the former employee's identity by KPMG
- victimisation by KPMG, as defined in the Whistleblower Laws.

Allens concluded that the 30 May 2024 disclosure was unlikely to qualify for protection because it was not made to an eligible recipient. Allens was unable to reach a concluded view regarding the status of later disclosures because of uncertainties regarding recipient status, relevant KPMG entities and the factual basis of some allegations.[83] The matter was, however, already being taken out of KPMG's hands.

[83] PJC, '*Allens, Legal advice, 'Project Magenta: Corporations Act Whistleblower Provisions', 12 December 2025*'.

Figure 5: Selected key touchpoints from May 2024 to March 2026



4 Public revelations, emerging evidence and external scrutiny

Phase 5: Public scrutiny and reconstruction of events (March 2026 to current)

Whistleblower allegations became public

24 March 2026

On 24 March 2026, Senator Deborah O'Neill raised the whistleblower's allegations in the Senate. Until that point, the concerns had largely been addressed internally through KPMG's personnel processes, internal legal review and a commissioned legal investigation. The Senate statement brought the matter into the public domain and prompted public examination of KPMG's handling of the allegations, the whistleblower's overall disclosures, and the adequacy of KPMG's earlier investigations and responses. The Senate statement occurred 663 days after the whistleblower's initial written disclosure to KPMG leadership on 30 May 2024.

KPMG’s further response, searches and external investigations

30 March 2026

KPMG had believed that it had deleted the whistleblower’s KPMG mailbox, in line with its record retention processes. However, following Senator O’Neill’s statement, Mr Yates asked KPMG’s IT team to check again whether the mailbox had been deleted.

Those enquiries ultimately identified that the former employee’s Outlook and Teams data remained retrievable, contrary to KPMG’s earlier understanding that the mailbox and other records had been purged.

Further enquiries identified that legal holds had been placed over 2 user accounts associated with the former employee on 26 November 2024 following a request from OGC. The data available comprised Outlook and Teams data for both accounts and OneDrive and SharePoint data for one account.

The investigation found that, when responding to the former employee’s 2025 personal information access request, the appropriate search had not been conducted to establish what data remained accessible or recoverable. The relevant technical search was limited to OneDrive because it was assumed that the retention period for Outlook had expired. That assumption was not tested and the legal holds were not identified. The Privacy Team was also unaware of the legal holds. OGC was consulted in preparing the response, including through review of the proposed response, but the existence of the legal holds was not raised and the belief that the relevant records had been purged was not corrected.

The mailbox was important because it represented a separate repository of potentially relevant information that had not previously been examined.

The searches identified material relevant to the allegations prompting further investigations overseen by the Magenta Sub-Committee.

13 June 2026: Allens - Project Magenta Investigation Report No. 2 (Optus/Telstra) (Allens report no. 2)

Allegation 11 of the former employee's 19 August 2025 correspondence concerned the conduct of KPMG's Optus audit team and Telstra audit tender team in connection with KPMG's tender for the Telstra audit work between approximately 12 December 2023 and 26 June 2024.

- Allens identified 2 documents created by the KPMG Optus audit team that contained information confidential to Optus and had been shared with members of the Telstra audit tender team:
  - a draft Optus audit plan for the year ended 31 March 2024 that was sent on 5 February 2024 to 2 junior members of the Telstra audit team who had been supporting work on a draft Telstra audit plan.
    - the draft Optus audit plan contained some Optus confidential information, including forecast revenue, Optus-specific risks, segmentation and materiality information, planned audit meetings and references to additional audit procedures responsive to the Optus cyber-attack.
  - an Optus Data and Analytics Insights Report prepared by KPMG's data and analytics team that was shared by email on 24 January 2024 with members of the Telstra tender team, with the sender noting the sensitivity between the 2 clients and that the report contained client data. This Optus report was:
    - more likely than not shared on screen in an 'Optus Audit Innovation discussion' on 24 January 2024
    - shared again on 15 April 2024 in the context of preparing a Telstra revenue dashboard presentation.[84]

At the time the Review began, KPMG advised that the matter remained under investigation and oversight by the Magenta Sub-Committee. Following the conclusion of the Allens investigation into this matter, KPMG subsequently applied sanctions including financial consequences of up to $180,000, first and final warnings, restricted career progression, impacts on performance ratings and future remuneration, and changes to partner banding. KPMG also required affected individuals to comply with self-reporting obligations to relevant professional associations and regulatory authorities where appropriate.

10 August 2026: Allens - Project Magenta Investigation Report Lendlease (Allens report no. 3)

Allegation 5 concerned the alleged theft and circulation of Lendlease board papers. The Locker Allegation concerned claims that lead partners on the account, Eileen Hoggett and Paul Rogers, removed board papers from Lendlease and secured them in Ms Hoggett's locker. Allens found that confidential Lendlease tender documents were accessed and that information from those documents was shared with KPMG

[84] Allens, *Project Magenta – Investigation Report (Lendlease)*, 10 August 2026. This document is not publicly available.

personnel, including the Westpac external audit tender team. Allens could not determine, due to a lack of evidence, whether there was broader circulation of the documents within KPMG.[85]

Allens also found evidence that printed copies of PwC and EY tender proposals were stored in Ms Hoggett's locker.[86]

KPMG has advised that while sanctions in relation to some individuals have been finalised, the sanctions process is ongoing for other individuals named in the Allens report.

1 September 2026: Allens – Project Magenta Investigation Report Dexus (Allens report no. 4)

Allegations 7 and 19 of the former employee's 19 August 2025 correspondence, concerning matters involving Dexus, were investigated by Allens. Allens has completed its investigation and provided its report to KPMG.[87] The investigation found that 3 individuals involved in KPMG's external audit tender had accessed or possessed competitor tender documents. While no evidence was identified that those documents were distributed more broadly within the tender team, the investigation noted that such sharing could not be ruled out.

The Allens investigation found no evidence supporting allegations concerning the provision of a laptop to tender team members or the provision of non-public infrastructure-related insights to Dexus. However, the investigation identified instances where internal audit reports prepared for Dexus, and Dexus policies relating to external auditor appointment and auditor independence, were shared within the KPMG team in the context of preparing for the anticipated external audit tender.

KPMG has advised that while sanctions in relation to some individuals have been finalised, the sanctions process is ongoing for other individuals named in the report.

Parliamentary Joint Committee on Corporations and Financial Services scrutiny

Parliamentary scrutiny was a significant part of the public examination of KPMG's handling of the whistleblower matter. The PJC examined, among other things, KPMG's investigation and review processes, its communication with affected clients, its treatment of information provided by the whistleblower, and its reliance on legal professional privilege in responding to questions and requests for material.

Over the course of the Review, the PJC held 2 hearings directly focused on these issues, on 19 June 2026 and 14 August 2026.[88,89] Those hearings tested evidence from KPMG, affected clients and other relevant witnesses. The PJC's questions and requests for documents resulted in evidence being placed on the public record. Some of that material had been available to the Review through KPMG, but the PJC process made it available in a form that could be referred to more directly in this Report. Later PJC hearings considered broader financial services matters and were less relevant to the work of this Review.

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[85] Allens, *Project Magenta – Investigation Report (Lendlease)*, 10 August 2026. This document is not publicly available.
[86] Allens, *Project Magenta – Investigation Report (Lendlease)*, 10 August 2026. This document is not publicly available.
[87] Allens, *Project Magenta – Investigation Report (Dexus)*, 1 September 2026. This document is not publicly available.
[88] PJC, Hansard, Friday 19 June 2026.
[89] PJC, Hansard, Friday 14 August 2026.

Affected client and regulatory evidence

19 June 2026 hearing

Lendlease

Lendlease's evidence emphasised that the matter went to the core trust required between an audited company and its auditor. Chair and Independent Non-Executive Director, Mr John Gillam, described the conduct as a 'grave misuse' of KPMG's access privileges and a 'fundamental breach of trust'. Group Chief Executive Officer and Managing Director, Mr Anthony Lombardo, said trust was 'crucial' to the audit relationship and that Lendlease's information should have been used for audit purposes only. Lendlease was first told of a whistleblower allegation in May 2025, more than a year after the whistleblower's May 2024 disclosure.

Lendlease:

- advised that it could have helped KPMG assess the confidentiality and sensitivity of the relevant material. It was instead told in May 2025 that the allegation had been investigated and not substantiated, and they received substantially more information only after the matter was raised in the Senate on 24 March 2026.
- after learning of the allegations, sought copies of internal and external investigation material involving Lendlease data, but KPMG did not provide those documents.
- described KPMG's later provision of information as 'piecemeal' and 'sporadic'.

ASIC

Evidence from ASIC reinforced the seriousness of the KPMG matter and its broader implications for audit quality, market integrity and regulatory oversight. ASIC Chair, Ms Sarah Court, described the episode as 'deeply troubling' and said the evidence before the PJC had 'only served to deepen' ASIC's concern. She told the PJC that ASIC considered there had been 'an egregious and serious breach of trust' that contravened 'some of the most basic tenets of integrity and honesty in this profession'.

Ms Court emphasised that the relationship between an auditor and the entity being audited is critical, stating that a company 'has to be able to make itself vulnerable to its auditor' and fully expose its 'books, records and extensive commercial-in-confidence information'. She said the misuse of confidential information by an auditor is a breach of trust that 'goes to the heart of the professional obligations of an auditor', because high-quality independent audit is critical to market integrity and informed investor decision making.

ASIC:

- advised that ASIC had formal investigations underway into individual registered company auditors within KPMG concerning the potential misuse of Lendlease confidential information and alleged misuse of Optus confidential information.
- identified 'clear gaps in the regulatory settings', including ASIC's 'extremely limited' jurisdiction over audit firms, and explained that ASIC cannot presently investigate systemic misuse of confidential information by an audit firm as a whole.

- called for reform to strengthen oversight of large audit partnerships, including extending the Corporations Act to large partnerships, 'significantly' increasing sanctions, improving whistleblower protections so disclosures are 'clearly protected', and addressing governance arrangements that do not provide 'any meaningful check or oversight' of audit firm leadership.

14 August 2026 hearing

Westpac

Westpac's evidence focused on the importance of audit integrity and the frustration caused by KPMG's gradual disclosures. Director of Westpac Group, Mr Michael Ullmer (and former Chairman of Lendlease Corporation[90]) said auditors must demonstrate 'trust and integrity' because of the 'extraordinary open access' they have to corporate records. He described KPMG's subsequent disclosures as a 'drip-feed' of information that required Westpac to repeatedly press for fuller and more transparent explanations.

Westpac:

- gave evidence that Mr Ullmer first became aware of the matter through the Senate statement on 24 March 2026. He later learned that, in May 2025, Mr Yates had advised the then Chair of Westpac's Board Audit Committee, Peter Nash, of a confidential matter concerning Westpac's audit tender and indicated there were no issues of concern. The matter was not reported to the Board Audit Committee or to Mr Ullmer.[91]
- subsequently engaged with KPMG's Australian and global leadership to seek fuller and more transparent information.
- sought specific assurance about whether Westpac's own confidential information had been accessed, used or disclosed inappropriately. KPMG initially conveyed that the allegations had been fully investigated and were not substantiated. However, further information continued to emerge, prompting Westpac to press KPMG's leadership for full and transparent disclosure.

Dexus

Dexus similarly gave evidence that the matter had been frustrating and that KPMG's disclosures did not provide the information needed to make decisions with confidence. Chair and Independent Director, Mr Warwick Negus said it had been 'a process of extracting small bits of additional information' and that Dexus 'never really knew whether we had all of the information'. Dexus also made clear that KPMG should not have used confidential information obtained through its internal audit role to prepare its external audit tender.

Dexus:

- was initially told by KPMG that the issue concerned a dissatisfied employee, that matters concerning Dexus were unsubstantiated, and that an independent legal review had confirmed this.
- was not provided particulars of the issues concerning it, and Dexus representatives were not interviewed as part of the Allens investigation.

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[90] Mr Ullmer retired as Chairman of Lendlease Corporation in November 2024, Australian Institute of Company Directors.

[91] PJC, Correspondence: Mr Richard Collyer, Director, Government Affairs, Westpac - KPMG whistleblower matter - response to KPMG claims of Legal Professional Privilege.

- could have provided Allens with a direct answer about whether information gained through KPMG's internal audit role should not have been transferred to anyone bidding for the external audit.

Macquarie

Macquarie's evidence was directed to the implications for confidence in audit quality and its proposed appointment of KPMG as future auditor. Chair of the Macquarie Group Board, Mr Glenn Stevens, said audit integrity is 'critical' because investors must be able to rely on audited financial reports, and that the matters revealed through the PJC's work were 'clearly concerning'.

Macquarie:

- sought assurances from KPMG about whether KPMG retained the capability and capacity to deliver the audit from FY2028, given senior departures from the firm.
- requested assurances about whether KPMG's pursuit of the Macquarie audit tender involved any misuse of Macquarie information.
- advised that its board would assess the information received about its future audit appointments and could revisit the decision if required.

Optus

Optus was direct in characterising the conduct as a breach of professional duty. Optus Chairman, Mr John Arthur, told the PJC that the issues were 'crystal clear': KPMG had breached professional duties of confidence owed to Optus 'to further its own business interests'. Optus was first told of the relevant issue on 29 May 2026, when KPMG advised that documents prepared in relation to the Optus audit had been shared with members of the team bidding for the Telstra audit, despite earlier assurances that the teams and audit files would be kept separate. Mr Arthur said this amounted to 'a flagrant breach of duty owed to Optus' and described the matter as 'an egregious breach of professional responsibilities.'

Optus:

- had received written assurances that the Optus audit team and the Telstra tender team would be kept separate, including that data and audit files would be kept secure and accessible only by the Optus engagement team.
- was later told by KPMG that documents prepared in relation to the Optus audit had been shared with members of the team bidding for the Telstra audit.
- gave evidence that it had moved from a trust/confidence environment to a 'trust/confidence and verified' environment in its dealings with KPMG.

4 September 2026 hearing

ASIC

ASIC outlined that it was undertaking 3 active investigations concerning KPMG's:

- alleged misuse of confidential client information in relation to Lendlease and Optus
- alleged whistleblower victimisation
- potentially false or misleading statements in KPMG's auditor transparency reports.

Ms Court stated that ASIC was considering a further line of work to assess whether officers of corporate entities within the KPMG Australia structure may have breached directors' or other duties. She also noted that ASIC had not commenced a formal investigation into allegations concerning former KPMG partners who served on the Westpac and Macquarie boards.

Other parties with an interest

The Treasury

As mentioned in chapter 1, in June and July 2026 respectively, Treasury released 2 consultation papers: *Statutory review of tax and corporate whistleblowing* and *Regulation of accounting, auditing and consulting firms in Australia*. The former is an initial review to consider any limitations of the Corporations Act in applying to different entity types including large audit, accounting and consulting firms.

Treasury's second consultation paper considered whether existing regulatory arrangements were adequate for large multidisciplinary accounting firms, including in relation to governance, conflicts of interest, management of confidential information, professional standards, transparency reporting, regulatory oversight, enforcement powers and accountability within partnership structures.

That paper was much broader than the KPMG matter, but it is relevant to this Review because the issues canvassed overlap with matters arising from the whistleblower allegations

Treasury is currently considering the submissions received through both processes.

Australian Securities and Investment Commission

ASIC commenced an investigation on 6 May 2026 into alleged conduct by KPMG registered company auditors, including matters associated with the Lendlease audit. On 9 July 2026, ASIC also announced a broader review of how major accounting firms handle internal and whistleblower complaints concerning audit conduct and the misuse or sharing of confidential information. The review is directed to the systems and processes used by firms to receive, assess, escalate and respond to complaints about audit conduct. In subsequent evidence to the PJC, ASIC referred to these activities as part of its active investigations concerning KPMG.

Tax Practitioners Board

The Tax Practitioners Board (TPB) is the statutory body responsible for regulating tax agents and business activity statement agents (collectively known as tax practitioners) under the tax practitioner regulatory framework, as contained in the Tax Agent Services Act 2009 (TASA). Its functions include registering tax practitioners, administering professional and ethical standards, and investigating conduct that may breach the TASA, including the Code of Professional Conduct or otherwise affect a tax practitioner's fitness to provide tax agent services. Some Code of Professional Conduct obligations, such as client honesty and integrity, and acting lawfully in the best interest of client, are not limited to the conduct by the tax practitioner in the provision of tax agent services but apply more broadly.

KPMG is a tax practitioner registered with the TPB and is subject to its jurisdiction. In addition to complying with the legislated Code of Professional Conduct, KPMG must also demonstrate that each of its partners is a fit and proper person. The TPB is investigating KPMG conduct and whistleblower-related

matters. This includes consideration of whether conduct associated with the whistleblower matter, KPMG's handling of concerns, KPMG's handling of whistleblower complaints generally or related governance and integrity issues raised questions about compliance with professional obligations under the tax practitioner framework.

Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) is a professional membership body for chartered accountants that sets professional and ethical standards for its members, administers professional conduct processes and, where applicable, issues and regulates Certificates of Public Practice. CA ANZ commenced professional conduct investigations relating to KPMG personnel and also undertook a targeted quality practice review of KPMG. These actions followed the public disclosure of the allegations in the Senate in March 2026. During the subsequent period, 3 KPMG partners made a self-disclosure to CA ANZ, which formed part of the professional conduct investigations undertaken by the organisation.[92]

The professional conduct processes concerned whether individual members had complied with applicable professional and ethical obligations. The targeted quality practice review was directed to KPMG's systems, controls and practices, including matters relevant to governance, quality management, ethical conduct and compliance with professional standards. CA ANZ's processes are therefore separate from government and statutory regulatory action but were relevant to the broader professional accountability framework applying to KPMG and its personnel.

Conclusion: The Review's Terms of Reference requires it to provide advice on whether any other known matters are currently under investigation by KPMG or Australian regulators. Those known to the Review are outlined above. While some have been completed, others are still under way and may not report for some time. Their findings are likely to have relevance for KPMG's future business relationship with the Commonwealth. Finance will need to monitor their progress and review their recommendations when they become available.

4.1 Overall assessment of KPMG's handling of the whistleblower matter

Impact of KPMG's handling of the disclosure

Throughout the initial period KPMG all too often treated the matters raised by the whistleblower through an employment and people-management pathway, on the basis that the broader concerns had not been sufficiently particularised to investigate. The Andrews Group also recognised this through their fourth hypothesis, suggesting KPMG 'placed too much emphasis on the former [personal workplace grievances] and downplayed the latter [public interest wrongdoing]'.' It noted 'It appears that, due to the mixed nature of their disclosures, assumptions were made about the whistleblowers motivations.'[93]

Conclusion: That initial classification had consequences. It influenced ownership, visibility and responsiveness. The matter needed to engage multiple risk domains from the outset, including

[92] PJC, public hearing, Hansard, 19 June 2026, p. 8.
[93] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, pp. 7–8.

employment, whistleblower, ethics, governance and audit-integrity issues. However, it was not managed initially as a single cross-functional integrity matter. Consideration of the broader allegations remained seemingly continually dependent on further particulars being provided, while the employment-related issues progressed through established people-management processes and set the pace, actions and outcomes.

The result was a growing divergence between KPMG's view that it was taking steps to understand the issues, and the whistleblower's view that, at best, the concerns were not being treated as a serious integrity matter.

Whole-of-matter ownership

Responsibility for individual parts of the matter became clearer as it developed. Responsibility for the matter as a whole did not. KPMG did not provide evidence that anyone in the first 18 months following the May 2024 stood back and asked, 'what if some or all of these claims are correct?', at least not until the Independent Directors were involved.

There was considerable involvement across the firm, but involvement is not the same as ownership, and the involvement wasn't always effective. The handling would have been more effective if there had been one person, function or governance body to maintain a complete view of the allegations, records, risks, investigations and decisions. That whole-of-matter ownership was not established. Similar concerns were identified by Principia, which found that 'investigations do not always have clearly visible end-to-end ownership' and that concerns could move between functions, leaving uncertainty about who was 'responsible for coordination, progression, communication and resolution, and repeated follow-up required'.[94]

The Andrews Group report identified that 'the whistleblower program at KPMG did not have well established and mature processes'.[95] Furthermore, the nature of the disclosures required that the people charged with its management had sufficient capacity (that is, they were not juggling competing priorities associated with their business-as-usual roles) and experience (in managing complex whistleblower matters). This was not the case. Collectively, this made it difficult for KPMG to manage the whistleblower and their disclosures in a manner that would meet the standards prescribed in their own whistleblower protection framework.

Conclusion: Over time, the matter extended well beyond the employment and relocation issues that first brought it, albeit incorrectly, into KPMG's systems. It came to encompass partner conduct, client information, audit tender processes, whistleblower handling and KPMG's governance response. The broader the matter became, the more important clear ownership became. KPMG did not have appropriate processes in place to effectively assess and investigate the claims, nor appropriate whole of organisation oversight to clarify ownership and responsibility.

[94] Principia, *Ethical Culture Review*, 5 October 2026, Finding PJ2, p. 30.
[95] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 8.

Confidence in reporting and whistleblower pathways

KPMG had formal speak-up and whistleblower arrangements. These included People and Inclusion processes, reporting to senior personnel, the international whistleblower hotline, access to Independent Directors and external legal pathways. A domestic whistleblower hotline was added after the whistleblower first raised the relevant matters in 2024.

The practical test of a reporting system is whether a person raising serious concerns trusts the pathway, uses it and believes that protection will follow. This becomes more important where the concerns involve senior personnel, alleged or potential retaliation, organisational integrity and scrutiny of the firm's own conduct.

The whistleblower had significant concerns regarding the independence of any investigation, confidentiality and protection against retaliation. These concerns affected their willingness to provide further material through the pathways offered by KPMG. They did not regard referral to an offshore inbox as a meaningful response to the May 2024 disclosure nor later processes as sufficiently separate from KPMG management, legal advisers or firm-controlled arrangements. The whistleblower finally contacted KPMG International's whistleblower hotline in March 2025.[96]

The Andrews Group noted that 'The pre-disclosure and disclosure phases of the whistleblower cycle are critical as they provide whistleblowers with the confidence to come forward. Among other things, they must provide the whistleblower with comfort and assurance that the organisation will take all appropriate steps to protect their anonymity, shield them from any harm or detriment, and treat their concerns with the necessary level of seriousness.'[97]

Conclusion: KPMG treated the availability of reporting pathways as evidence that the system was working and the whistleblower's reluctance to provide further details as an indication that there was no substantive issue. The existence of reporting channels was only a small part of the test.

The whistleblower considered that aspects of KPMG's handling of the matter reinforced their concerns about independence, transparency and accountability, and at times impeded their efforts to pursue the issues they had raised. The whistleblower considered that subsequent events and information that later became available reinforced those concerns. In the whistleblower's view, this further reduced confidence in the available reporting pathways.

Consistent with this conclusion, Principia found that 'multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited'.[98] Their effectiveness depended on whether they gave the whistleblower confidence that protection and meaningful action would follow. That was not apparent in this case and, in summary, confidence was never established.

Principia likewise reported that trust in KPMG's reporting and investigation processes was weak, finding that 'trust in procedural justice and investigation credibility is low'[99] and that confidence in speak-up processes 'is weakened by limited visibility of outcomes'.[100]

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[96] Whistleblower statement during meeting with the Independent Reviewer, 27 August 2026.
[97] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, p. 11.
[98] Principia, *Ethical Culture Review*, 5 October 2026, Finding SU1, p. 35.
[99] Principia, *KPMG Australia Ethical Culture Review*,5 October 2026, Finding PJ1, p. 38.
[100] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding SU3, p. 35.

Whistleblower risk management

KPMG's whistleblower framework was intended to protect whistleblowers from retaliation and adverse treatment, and included confidentiality protections, reporting mechanisms and arrangements intended to identify and respond to potential detriment. These arrangements included a Retaliation Monitoring System, which monitored selected employment-related indicators and provided for further review where concerns were identified.

The Andrews Group identified whistleblower risk management as a significant weakness in KPMG's handling of the matter. Its sixth hypothesis was that KPMG viewed the whistleblower and the disclosures as a risk to the organisation, while giving insufficient consideration to the risks faced by the whistleblower. The report noted that if whistleblower protection is an objective, risks to the whistleblower must be treated with the same level of seriousness as risks to the organisation, and actively mitigated. The matters raised by the whistleblower contained a number of indicators of elevated risk.[101]

Principia found that while anti-retaliation controls existed, there was 'no evidence of routine retaliation risk assessments at case intake, structured protection plans proportionate to case-specific risks, clearly assigned accountability for reporter protection, systematic review of protections over time' or defined monitoring arrangements following case closure.[102]

Conclusion: KPMG gave little attention to assessing the risks faced by the whistleblower. Whistleblower protection required active consideration of the risks of retaliation, adverse treatment and other forms of detriment. There is little or no evidence that these risks were formally assessed and managed through a structured whistleblower risk process.

Independent oversight and investigation

Independent Directors, external legal advisers and, later, a National Board sub-committee were involved in the matter. Their involvement provided levels of oversight and challenge outside the ordinary employment process.

Independent oversight, independent investigation and independent control are different. External legal involvement does not, by itself, establish that a process is either independent or complete. The strength of each process depended on its terms of reference and scope, the information available to it, the questions it was asked to answer and who controlled key decisions.

The November 2024 pathway gave the whistleblower an avenue involving Independent Directors and Ashurst. The scope of the external investigation was not explained in the correspondence to the whistleblower. At the PJC hearing on 19 June, Ashurst noted 'The important point there is that we, Ashurst, did not conduct an investigation and we were not asked to conduct an investigation. We were asked to provide a piece of advice in relation to the investigation, the internal investigation'.[103]

Ashurst's February 2025 work focused on workplace-treatment allegations concerning 2 partners. Later Ashurst advice considered KPMG's ability to investigate broader ethical matters where KPMG regarded

[101] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026, pp. 11–12.
[102] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding RT2, p. 37.
[103] PJC, public hearing, Hansard, 19 June 2026, p. 76.

the allegations as insufficiently particularised, relying on KPMG file notes and information provided by KPMG, including records of discussions with the whistleblower.

The September 2025 pathway was more formal. KPMG advised the Review that Allens was engaged to conduct investigations as directed by the Magenta Sub-Committee (with support provided by OGC). The investigation included seeking further information from the former employee, seeking to understand and identify the key chronology of events, reviewing documents, and interviewing 12 individuals across 14 interviews.

The whistleblower considered that the independence of the investigation was not sufficiently visible or convincing and that the involvement of Independent Directors did not provide an effective intervention or protection given the continued involvement of the OGC.

A credible response required more than limited independence or the appearance of it. Principia identified similar concerns and concluded that 'perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility'.[104] The arrangements needed clear scope, access to complete information, authority to follow the evidence and visible separation from the people and functions whose conduct formed part of the matter. The KPMG investigations did not establish the requirement for whistleblower confidence.

The involvement of external legal advisers, Independent Directors and the Magenta Sub-Committee did not, by itself, resolve concerns about independence. Independence also depended on who set the scope, what information was available, whether the process could follow the evidence and whether separation from the functions under scrutiny was clear.

Conclusion: The absence of established processes and clear policies for the independent investigation of serious allegations undermined the whistleblower's confidence in KPMG's investigations. It also limited the ability of KPMG executives and Board Members, including the Independent Directors, to effectively challenge, review and, where necessary, escalate concerns about KPMG's handling of the matter.

Records and system visibility

Records were central to determining what happened, and the veracity of the allegations. The ability to preserve, locate and retrieve those records was central to KPMG's handling of the matter, not a minor administrative matter.

KPMG initially advised that the former employee's mailbox was unavailable or had been deleted. It was later located and searched after further checks in 2026. Material identified through those searches informed subsequent review and investigation activity.

That sequence damaged stakeholder confidence in KPMG's records management and ability to identify and locate relevant records. It also undermined confidence in KPMG's investigations, as on several occasions, material identified or made available at later stages showed that earlier understandings and conclusions were incomplete or incorrect. KPMG should have been able to establish promptly what

[104] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding PJ3, p. 39.

records existed, whether they had been preserved, where they were held and how they could be retrieved. That they couldn't, damaged their credibility further.

Reliable issue management depends on an organisation knowing what information it holds and being able to provide accurate information to investigators, decision-makers and affected people. Important records should not have surfaced only after further public scrutiny and senior-level intervention.

Timeliness, coordination and repeated investigation

Information became available to KPMG at several points through formal disclosures, system searches, allegation documents, internal investigations, external legal advice and later mailbox searches. Each new information point generated further activity, reconsideration or investigation.

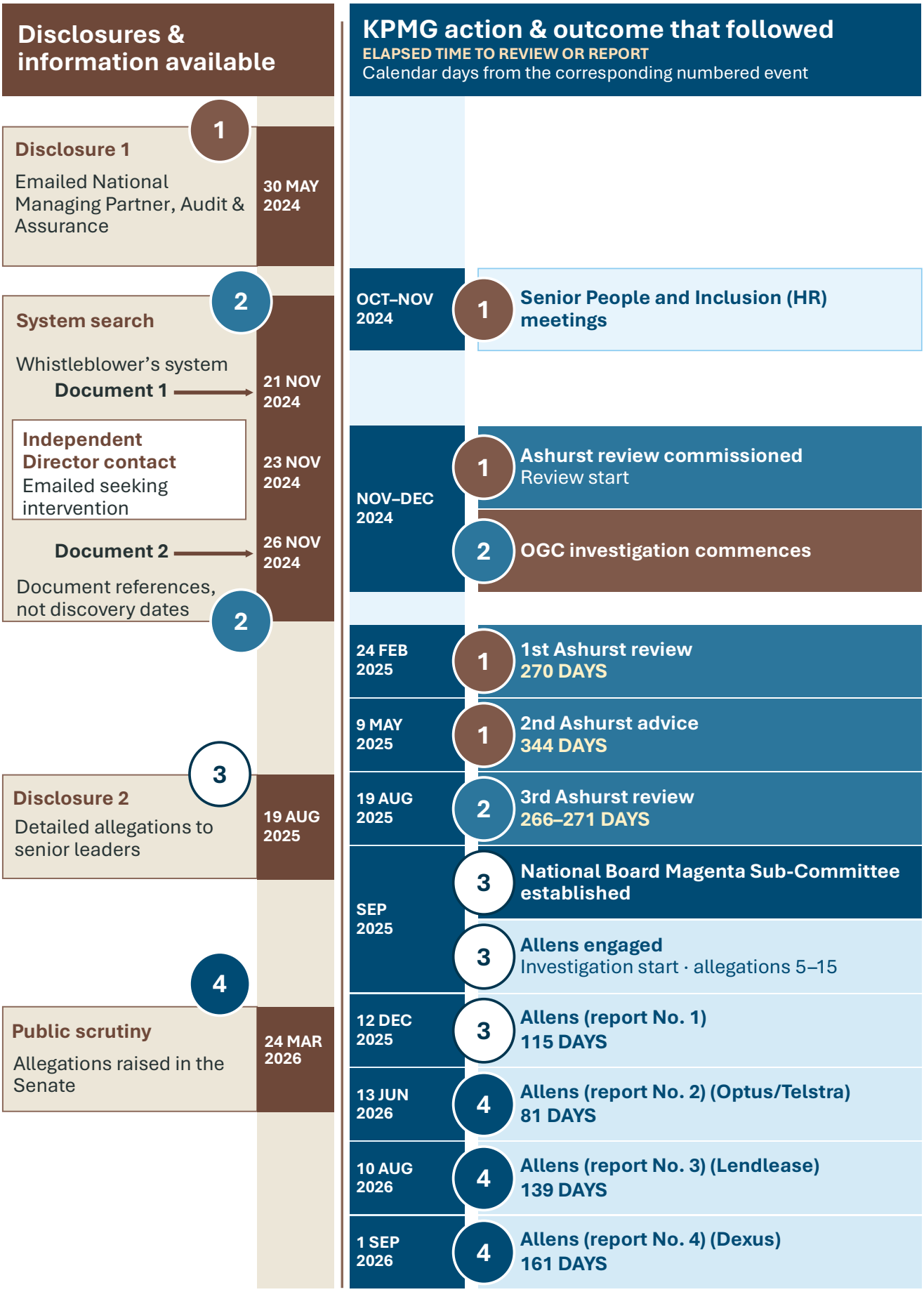
More than 18 months passed between the whistleblower's disclosure on 30 May 2024 and the final Project Magenta report on 12 December 2025. Further investigation was required in 2026 after additional records were located and more information became public. By the time of the first PJC hearing on 19 June 2026, more than 2 years had passed since the whistleblower's disclosure.

The response did not operate as one continuous process. It moved between employment, legal, whistleblower, conduct and governance pathways. Different parts of KPMG held or considered different information, and the scope of the work changed as further material became available. No one was in charge for the period as a whole.

The repeated need to revisit earlier work shows that KPMG did not establish a complete and settled account through its earlier processes. It also reduced confidence in the accuracy and completeness of KPMG's earlier responses and assurances.

Conclusion: KPMG's internal processes for record management, information sharing and investigation of the whistleblower's disclosures were insufficient and made it more difficult for KPMG to identify and address the issues raised. The absence of clear escalation pathways and decision-making authority for serious allegations further limited KPMG's ability to respond effectively. Together, these shortcomings significantly damaged the whistleblower's confidence in KPMG's handling of the claims. It also damaged client and public confidence and KPMG's credibility.

Figure 6: Timeline of disclosures and KPMG's responses, May 2024 to September 2026



4.2 KPMG's reflections and apologies to the whistleblower

During the PJC hearings on 19 June and 14 August 2026, current and former KPMG leaders acknowledged failures in KPMG's handling of the whistleblower's disclosures and their consequences for the whistleblower. Several expressed regret and apologised, while others provided more detailed reflections.

John Sams, after becoming CEO, addressed the PJC on the whistleblower and KPMG's failures:

- '…clearly we have absolutely failed the whistleblower in this case.'[105]
- 'When you are dealing with a situation such as ours, your biggest concerns are for your clients and your people—obviously in addition to the concern we have for the whistleblower that we discussed earlier and are deeply sorry for.'[106]
- '…we've let our people down. I've apologised to them for that, as I have to our clients.'[107]

Mr Ebeid, Independent Chair, reflected on the personal impact of a meeting with the whistleblower 2 days earlier, and acknowledged the harm experienced. Describing his first direct conversation with the whistleblower, he told the PJC:

- '…in my 40 years of working, I can probably count on one hand the number of times that I was physically and emotionally shaken after a call, and I was after the call.'[108]
- Mr Ebeid also said he understood the whistleblower had 'suffered enormously'.[109]

Mr McClelland reflected on the internal investigation he undertook and how it was 'undermined by limitations on scope' and by the 'answers which were given':[110]

- 'I was angry, frustrated and hugely disappointed that had occurred and that, frankly, the entire engagement and sequence of events for the firm would have been fundamentally different if those individuals, to my mind, had answered those questions honestly.'[111]

He also apologised for the way he engaged with the whistleblower:

- 'I'd like to take the opportunity to note that every email that I sent to the whistleblower was sent on instructions on behalf of the firm. Personally, I reflect on the nature and tenure of that communication. I reflect on the empathy that this committee showed on the last occasion, which was impactful for me in terms of understanding what had happened to the whistleblower because I've never had an opportunity to meet the whistleblower. I want to take the opportunity to say, I am sorry. I have been part of this. I'm sorry.'[112]

[105] PJC, public hearing, Hansard, 14 August 2026, p. 103.
[106] PJC, public hearing, Hansard, 14 August 2026, p. 98.
[107] PJC, public hearing, Hansard, 14 August 2026, p. 99.
[108] PJC, public hearing, Hansard, 14 August 2026, p. 81.
[109] PJC, public hearing, Hansard, 14 August 2026, p. 81.
[110] PJC, public hearing, Hansard, 14 August 2026, p. 76.
[111] PJC, public hearing, Hansard, 14 August 2026, p. 78.
[112] PJC, public hearing, Hansard, 14 August 2026, p. 76.

Board Deputy Chair, Ms Mortell, acknowledged that the internal investigation should have pursued further lines of inquiry, including email examinations, and apologised to the whistleblower for the additional distress caused by those shortcomings:

- 'To start, I want to say that I am extremely apologetic that we didn't do that…and I do apologise sincerely to the whistleblower that it extended the grief and the anguish to them throughout that time.'[113]

Former National Managing Partner, Audit and Assurance, Mr McPherson apologised to the whistleblower and others affected across both the June and August hearings, stating:

- 'I would like to take the opportunity, again, to apologise to the whistleblower…to apologise to our clients and to all of our KPMG people and partners who do great work each day. I apologise for the harm that I've caused them'[114] and '…'I'm devastated by what has happened and I'm sorry.'[115]

Former CEO Mr Yates acknowledged that KPMG did not handle the matter as it should have and that the whistleblower was not adequately supported through the process. When challenged about the impact on the whistleblower, Mr Yates expressed regret and told the PJC:

- 'I'm deeply distressed to hear that that has been the impact on the individual, absolutely.'[116]

He further acknowledged that describing the whistleblower as not having been made 'comfortable' may not have adequately reflected the personal, mental, financial and career impacts experienced by the individual.[117]

Former Chair Mr Sheppard acknowledged the firm's failings and apologised to the whistleblower:

- 'To the whistleblower and to our clients, I do want to sincerely apologise.'[118]

Apologies are an essential condition for genuine change, and KPMG has taken that step, but they are only one condition and come at the beginning of the change journey.

[113] PJC, public hearing, Hansard, 14 August 2026, p. 94.
[114] PJC, public hearing, Hansard, 19 June 2026, p. 51.
[115] PJC, public hearing, Hansard, 14 August 2026, p. 111.
[116] PJC, public hearing, Hansard, 19 June 2026, p. 24.
[117] PJC, public hearing, Hansard, 19 June 2026, p. 24.
[118] PJC, public hearing, Hansard, 19 June 2026, p. 52.

5 Impact on KPMG: confidence, clients and capacity

Since the allegations emerged, KPMG has experienced client losses (actual and prospective), staff retrenchment, leadership changes and reduced revenue, and a significant adverse impact on its reputation. The allegations created reputational and commercial risks beyond the matters under investigation and had broader consequences for the firm. Regardless of any recommendations from this Review, or other reviews underway, KPMG has already experienced significant adverse organisational, financial and reputational consequences.

5.1 Reputational impact

The cumulative reputational damage for KPMG to date has been significant. The matter did not remain a confined dispute about a former employee's allegations or the adequacy of particular investigations. Through the work of the PJC, sustained media coverage, public statements, regulatory activity, and Commonwealth and State and Territory action, it has become a continuing and very public examination of KPMG and its handling of this matter.

The PJC's public hearings have been central to that scrutiny. Through its questioning of current and former KPMG personnel, professional bodies, legal advisers, Independent Directors and affected business clients, the PJC has brought into view issues that went directly to the trust, integrity and the professional standing of a major audit and professional services firm.

Media reporting has amplified and sustained that scrutiny. For example, the headline 'Move over PwC – Why KPMG audit leaks are the ultimate betrayal', from Edmund Tadros published by the *Australian Financial Review* on 10 June 2026, captures a sense of the public framing of the issue.[119] The article treated it as a breach of trust by a major audit firm and early on placed KPMG in the public discussion of professional services integrity. That framing continues to resonate.

For a firm whose work depends on confidence in its independence, confidentiality, professional judgement and integrity, the matters under public scrutiny were not peripheral. They went to the basis on which clients, regulators, governments and financial markets assess whether the firm can be trusted.

KPMG has also experienced significant leadership turnover, personnel departures and workforce reductions while undertaking remediation activities and responding to ongoing scrutiny. Appendix G outlines the leadership changes.

[119] Edmund Tadros, Move over PwC - Why KPMG audit leaks are the ultimate betrayal, *Australian Financial Review* 10 June 2026.

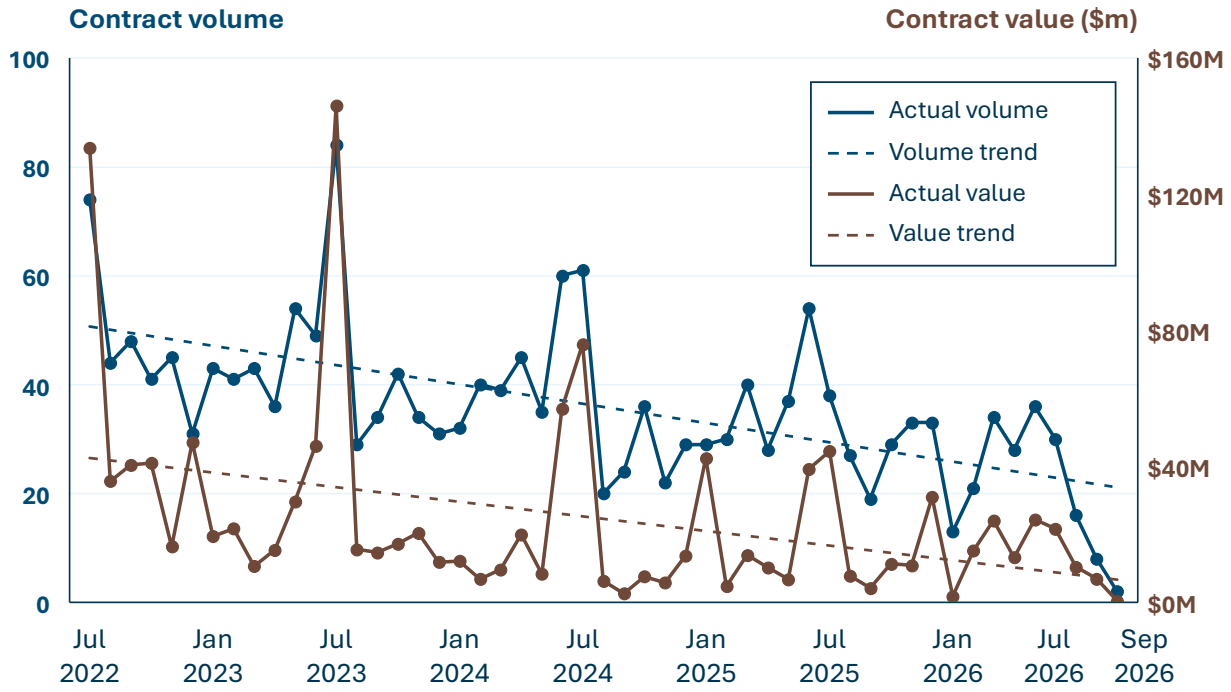
5.2 Commercial and client impacts

The allegations also affected the confidence of major clients, disrupted audit relationships, resulted in actual and prospective loss of business, increased scrutiny from clients and regulators, and constrained its ability to pursue new Commonwealth and State and Territory work since mid–June 2026.

5.2.1 Commonwealth work and estimated contract impacts

As indicated in Chapter 1, KPMG is a major supplier of professional services to the Commonwealth, and the Commonwealth is a significant source of revenue for KPMG. Figure 7 below shows the number and value of Commonwealth contracts won by KPMG since July 2022 (including any amendments to contracts).

Figure 7: KPMG monthly Commonwealth contract volume and value, July 2022 to September 2026[120]



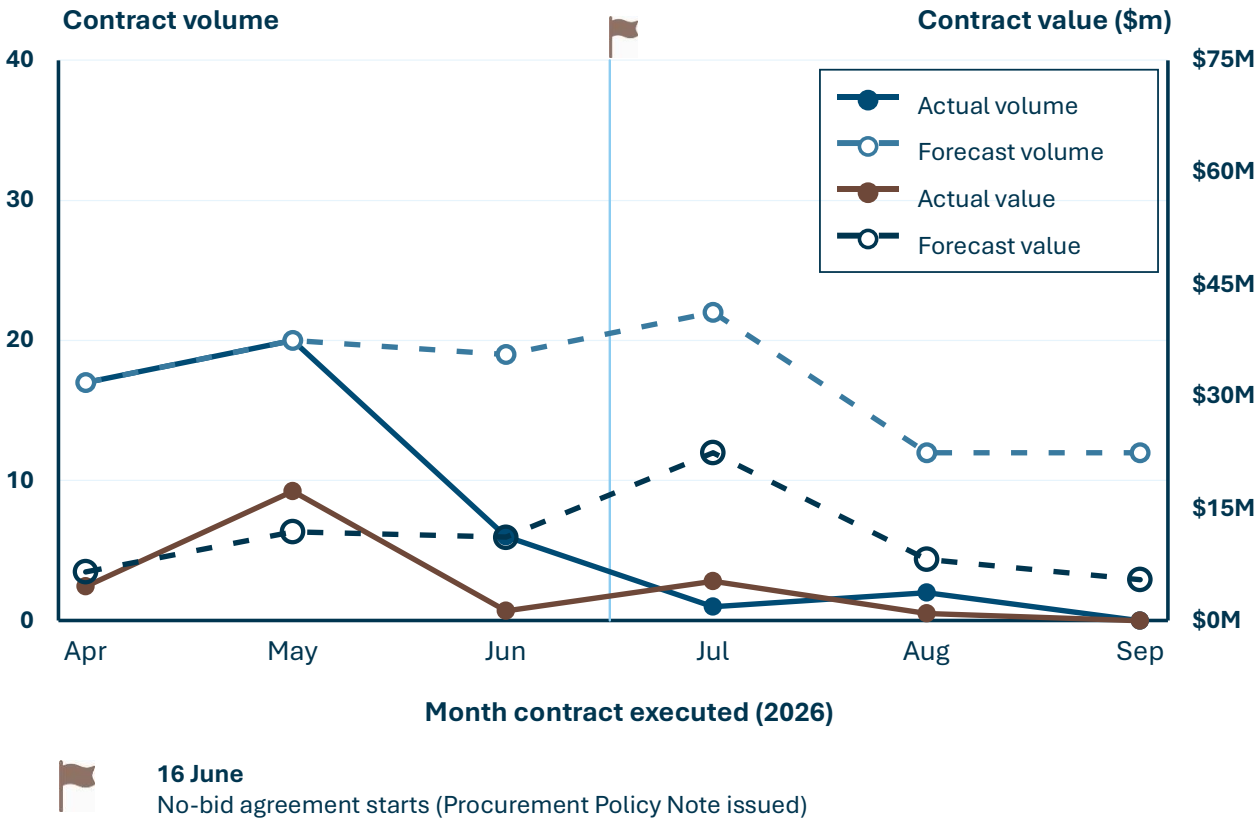
	Jul 2022	Jan 2023	Jul 2023	Jan 2024	Jul 2024	Jan 2025	Jul 2025	Jan 2026	Jul 2026	Sep 2026
Actual volume	74	43	84	32	61	29	38	13	16	2
Actual value ($m)	133.6	19.4	145.9	12.1	75.9	42.3	44.4	1.7	10.4	0.4

The longer-term decline (which is common across the larger professional services firms) is clearly evident in both measures over the period (despite significant monthly variations). The decline since May 2026 in both measures reflects the impact of the whistleblower matter.

[120] Based on AusTender data as at 7 October 2026. Commonwealth entities subject to the CPRs have 42 days to report contracts to AusTender. Values have been rounded to 1 decimal point.

Figure 8 compares actual new contracting activity with estimates based on modelling undertaken by Finance using AusTender data. Finance conducted a statistical forecast to estimate how many contracts KPMG might have won from March 2026 but for the whistleblower matter. The model uses 10 years of KPMG contract volumes and values, grouped by month, and adjusts for long-term trends and seasonality. This captures monthly patterns and recurring peaks in contracting activity, providing a more realistic forecast than extrapolating historical averages. These estimates are then compared to AusTender data for the period March to September 2026 reflecting KPMG's actual volume and value of new contracts entered into.[121] Both Figure 7 and Figure 8 show the sharp decline from June 2026 following the agreement with KPMG that it would not bid for Commonwealth contracts after 16 June 2026. Further, the modelling shows that over the period 1 April 2026 to August 2026, KPMG has won significantly fewer contracts, with a combined lower value, than might have been expected.

Figure 8: Actual and forecast monthly contract volume and value, April 2026 to September 2026[122]



	Apr	May	Jun	Jul	Aug	Sep
Actual volume	17	20	6	1	2	0
Forecast volume	17	20	19	22	12	12
Actual value ($m)	4.6	17.3	1.3	5.3	1.0	0.0
Forecast value ($m)	6.6	11.9	11.2	22.5	8.2	5.5

[121] Forecasting was run with 10 years of contract execution dates from 1 July 2016 to 31 March 2026. The modelling also allows for the longer-term decline and month-to-month variation evident in the AusTender data. The Volume forecast provides reliable results (Mean Absolute Percentage Error 23.6%), while the Value forecast has a high error rate (MAPE 74.7%) and should be used with caution as a directional guide only.

[122] Based on AusTender data as at 7 October 2026. Values have been rounded to 1 decimal point.

From 1 April to 31 August 2026, 46 new contracts were executed with KPMG, compared with a modelled estimate of 90.[123] This suggests that KPMG has lost a possible 44 new contracts, or 48.9 per cent of the modelled estimate over that period. The actual value of contracts won by KPMG was $29.4 million, compared with a modelled estimate of about $60.3 million. This represents a difference of about $31 million, or 51.3 per cent. While this is no more than a ballpark figure, and Finance cautions that the value figures are much less reliable than the volume data, the picture is one of significant new business and revenue loss. When the impact of contract amendments are added into the model, the financial impact increases to $61.3 million or 44 per cent of the modelled estimate over that period, with an actual value of $78.1 million versus forecast value of $139.4 million.

The values in Figure 8 reflect modelling of Commonwealth contracts. If the losses from the bans introduced by the ACT, NSW, Qld, Victoria and Western Australia (all of whom implemented similar arrangements to the Commonwealth) were factored in, the loss of business is expected to be significantly higher.

5.2.2 State and territory government responses

Confidence impacts were not confined to the Commonwealth Government. State and territory governments also reviewed their relationships with KPMG in light of the allegations, parliamentary scrutiny and related regulatory processes.

On 4 June 2026, officials from the Commonwealth Government, state and territory governments and the New Zealand Government met under the auspices of the APCC to discuss the allegations, KPMG's assurances to government clients, and each jurisdiction's proposed response. Members of this temporary group subsequently met on a fortnightly basis to support timely information-sharing between jurisdictions and provided a common forum to monitor developments relevant to their own procurement and supplier assurances.

Partly as a result, there was a reasonable consistency of response from Australian jurisdictions (with the exception of Tasmania and South Australia).[124] The New South Wales, Victorian, Queensland, Western Australian, Northern Territory and Australian Capital Territory governments all introduced arrangements to limit KPMG's ability to bid for new work. Those same jurisdictions, plus the South Australian and Tasmanian governments also sought additional assurances from KPMG regarding whether the personnel involved in the whistleblower allegations were providing services under any contracts with their government.

Appendix F summarises the actions the states and territories took.

Conclusion: The co-ordination provided through the APCC enabled a broadly consistent approach and support for a single review commissioned by Finance, rather than other jurisdictions commissioning individual reviews. This helped KPMG have the capacity to engage with the Review.

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[123] No new contracts with a September 2026 executed date had been reported when the data were extracted. The model estimated 12 contracts with a value of about $5.5 million for that month. However, this comparison is incomplete because Commonwealth entities subject to the CPRs have up to 42 days to report contracts to AusTender.

[124] Tasmania and South Australia did not impose a government wide restriction on KPMG's engagement or its participation in procurements. New Zealand is serviced by KPMG New Zealand which is not captured in the whistleblower matter.

Operating as a group also enabled jurisdictions to share information and consider developments with the benefits of a broader perspective.

5.2.3 Market and client responses

The matter has also had tangible commercial sector consequences for KPMG. During the Review period, a number of clients publicly indicated they would cease using, or reconsider their use of, KPMG's services. Public statements and media comments indicate that the common issues were whether KPMG could be relied on to protect confidential information, manage conflicts, disclose issues transparently and retain the capability to deliver complex audit work. The potential loss of business for the firm is substantial, although some of the financial impact may not occur immediately.

- Lendlease announced that its Board had resolved to change the Group's auditor, with the change process to commence after completion of FY2026 reporting. Lendlease indicated it was targeting an orderly transition through FY2027 so that the incoming firm could audit the Group from FY2028.
- Dexus is actively considering whether to continue to use KPMG as its auditor beyond the 2026 financial year.
- Macquarie announced on 26 August 2026 that its Board had decided not to recommend KPMG's appointment as auditor at Macquarie's 2027 annual general meeting. Macquarie identified concerns relating to KPMG's capacity to deliver the audit and its culture, including transparent disclosure of issues. Public reporting linked the decision to concerns about departures of key audit team members and whether relevant issues had been transparently disclosed.[125]
- Optus allowed KPMG to complete the audit work underway but applied greater scrutiny and additional controls to the engagement. It described its approach as having moved from one based on trust and confidence to one based on trust, confidence and verification.
- IAG Limited announced that after 26 years with KPMG, they will begin a competitive tender process for the provision of external audit services. KPMG will not be invited to participate.[126]
- ANZ announced that its Board would commence a competitive tender process to select the next provider of external audit services. ANZ stated that KPMG had provided external audit services since 1969 and that a tenure of this length was no longer considered appropriate. KPMG will not be eligible to participate in the tender process.[127]

On 24 August 2026, KPMG reported total revenue of $2.3 billion for 2025–26, down 1 per cent on the prior year.[128] Four of its 5 divisions recorded revenue growth, including Audit & Assurance, up 11.0 per cent, and Tax & Legal, up 10.9 per cent. Consulting revenue, however, declined by 16.9 per cent, which KPMG attributed to softer market conditions and a continued reduction in government use of consultants. [129]

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[125] Macquarie Group Limited, 'Update on audit tender', 26 August 2026, press release.
[126] IAG Limited, 'IAG announces external audit tender process', media release, 18 September 2026.
[127] Australia and New Zealand Banking Group Limited (ANZ), 'ANZ to commence external audit tender process', media release, 2 October 2026.
[128] KPMG, 'KPMG Australia releases FY26 results; streamlines business as soft market conditions expected to continue' ('FY26 results'), media release, 24 August 2026.
[129] KPMG, 'FY26 results', 24 August 2026.

Virtually all the 2025–26 revenue would have been unaffected by the Senate statement and subsequent events, so the real financial impact from the events for KPMG is yet to come.

On the same day, KPMG also announced that it would reduce its workforce by approximately 5 per cent, primarily across Consulting and Business Services, involving the reduction of a further 27 partners and approximately 360 employees. KPMG stated that this followed a review of its cost base and future workforce needs in response to continued economic weakness, difficult market conditions and 'the impact of the firm's conduct and whistleblower matters'.[130] Separately, public reporting stated that approximately 75 partners had already left KPMG since March 2026, including much of KPMG's local leadership cohort.[131]

There has also been significant disruption to KPMG's senior leadership (Appendix G identifies senior personnel departures and other personnel movements). Since late May 2026, KPMG has replaced its Chair and CEO, a number of its National Executive Committee, and several senior personnel in key roles within the organisation.

Conclusion: KPMG has experienced significant financial, commercial, organisational and reputational consequences arising from the surfacing of the whistleblower issues. These consequences have proved to be material and have affected the firm, its people, clients and stakeholders and their impacts will continue into and well beyond 2026–27.

[130] KPMG, 'FY26 results', 24 August 2026.
[131] Public reporting included: 24 August, Edmund Tadros, 'KPMG Australia cuts 5pc of staff as data scandal shrinks demand', *Australian Financial Review*.

6 KPMG's governance and control environment

6.1 Overview

KPMG's mishandling of the whistleblower matter was not the result of a single failure, such as one process or one decision. KPMG had governance structures, committees, policies and advisers in place. However, the interaction between these mechanisms was ineffective, limiting KPMG's ability to respond in a coordinated way. An important weakness was the failure of the overall framework to connect warning signs and recognise their combined significance.

This was confirmed by Principia's 2026 Ethical Culture Review's finding that weaknesses in KPMG's governance structure significantly constrained independent oversight of the executive and reduced the firm's ability to identify, challenge and correct departures from its stated values and expectations.[132] Professor Ramsay's advice, obtained early in the Review process, pointed to similar concerns and provided independent advice against which aspects of KPMG's arrangements could be assessed. The advice compared KPMG's governance arrangements with the ASX Corporate Governance Council's (Council) 8 Corporate Governance principles (Appendix K) and concluded that, 'although KPMG has some factors of good governance, it is missing a significant number of others'.[133] [134] [135]

6.2 Accountability in KPMG

At the time of this Review, day-to-day management of KPMG is vested in the CEO and the NEC, with oversight exercised by the Board.

Decision-making within KPMG's partnership structure is distributed among partners, executive management, the National Board, committees and functional leaders. Each group has a role in overseeing different aspects of the firm's operations and governance. Functional leaders and control owners are responsible for specific systems and frameworks, including People and Inclusion, the OGC, Risk, Ethics and Independence, and Audit Quality areas. Partners also retain decision-making rights under the partnership model, particularly in relation to significant governance and structural changes.

At the regional level, KPMG Australia sits within the South ASPAC Group structure, which includes the South ASPAC Group Board and South ASPAC Group Executive. KPMG advised that this structure was intended to support a more integrated regional operating model, including common governance, leadership and oversight arrangements across participating member firms. Above the Group structure sits KPMG International, which serves the central coordinating entity for the global network of KPMG member firms. Figure 9 shows KPMG's governance structure as at 1 September 2026.

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[132] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding A1, pp. 19–20; Findings Summary p. 6.

[133] Professor Ian Ramsay AO, advice to the Independent Reviewer, 30 August 2026, referring to ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (4th ed, February 2019).

[134] The Council states that the principles and recommendations are intended to apply to ASX listed entities. However, the Council also states that as the principles and recommendations 'reflect a contemporary view of appropriate corporate governance standards, other bodies may find them helpful in formulating their governance rules or practices'.

[135] KPMG's 9 October 2026 Action Plan, in response to new item 1.1.4 has indicated it will 'appoint a third-party Corporate Governance Advisory firm to undertake benchmarking of KPMG's established governance processes against the ASX Corporate Governance Principles and other leading practices.'

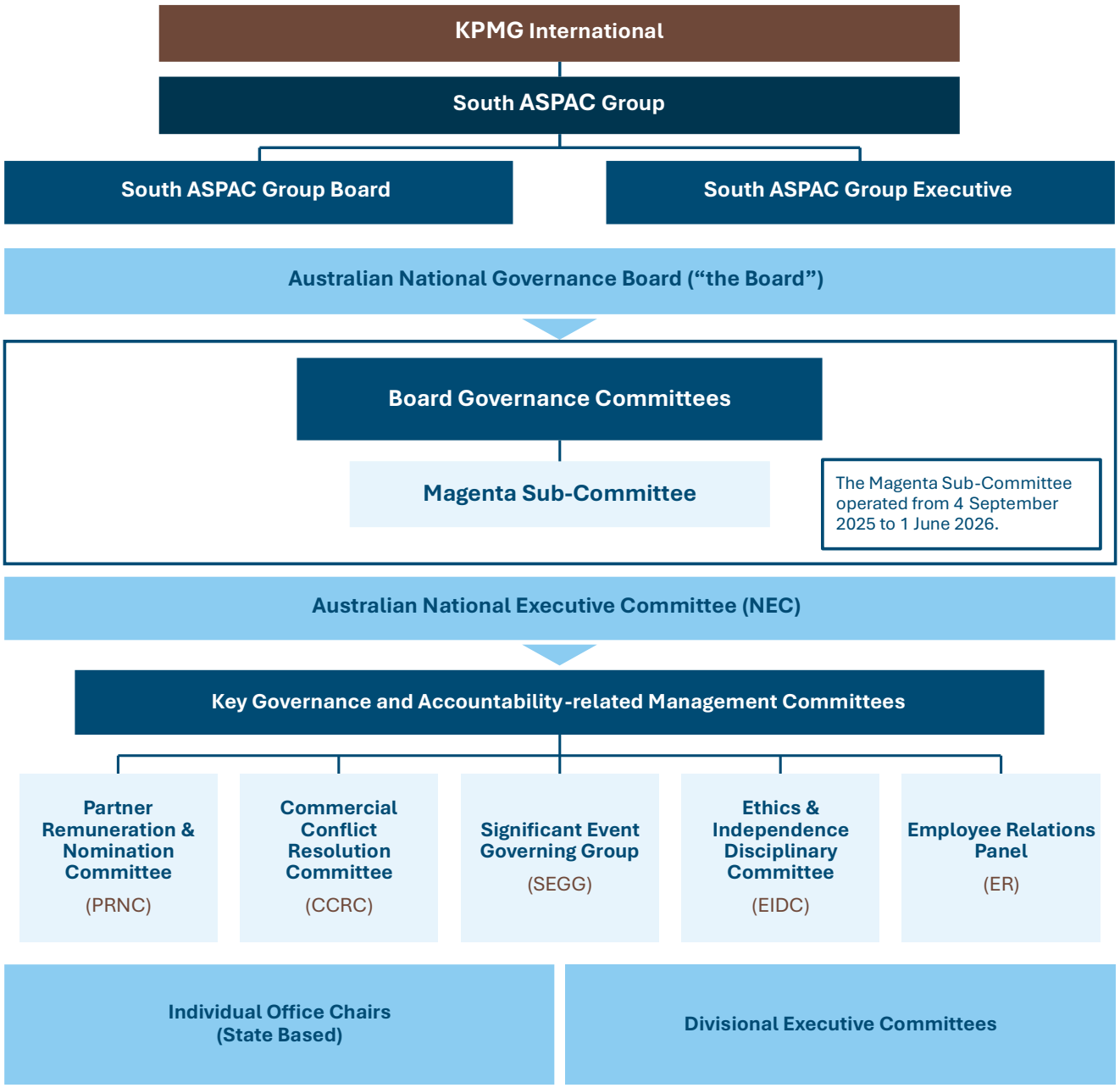


Figure 9: KPMG governance structure as at 1 September 2026

At the time of the whistleblower matter, KPMG's governance arrangements operated across global, regional and Australian structures and included partnership, Board, executive, specialist committee and local management responsibilities. On 1 June 2026, the Magenta Sub-Committee ceased operating and responsibility for matters within its remit returned to the Board because the conflicts it had been established to manage no longer existed. As a result, it did not form part of the governance structure in place at the time of this Review.

Appendix J provides a summary of the governance structures in place at the time of this Review and their stated responsibilities.

Within the Australian firm, responsibility for conduct, conflicts, confidentiality, employee relations and significant-event reporting was distributed across several governance and management bodies. During the whistleblower matter, effective oversight depended on information being shared across functions,

cross-cutting risks being recognised, responsibility being allocated for matters as a whole, and significant issues being escalated promptly to the appropriate decision-makers and the Board. Effective coordination between governance bodies was therefore critical to ensuring that significant matters were managed holistically and brought to the attention of the Board when required.

6.3 Role of Board Members

Between 2020 to 2026, the composition of KPMG's Board changed on several occasions:

- In the period to 2023, the Board comprised the National Chairman, the CEO, 9 KPMG partners and one to 2 Independent Directors.
- From 2024, the Board comprised the National Chairman, the CEO, 7 KPMG partners and 3 Independent Directors.[136]

Partner Board members were elected from within the Firm. As Principia noted, they faced inherent conflicts as they oversaw executives who could influence their remuneration and career progression.[137] These conflicts may have reduced the opportunity for challenge and placed even greater importance on the Independent Directors to call out poor governance and ethical decision-making.

6.3.1 Role of Independent Directors

The role of Independent Directors on KPMG Australia's Board was to provide oversight and hold KPMG to account.[138] Their effectiveness relied on information provided through management and established governance processes. Issues relating to operational matters were usually brought to the attention of Independent Directors if those matters were formally escalated to the Board.

From 1 October 2025 the Independent Director roles were transferred to the KPMG South ASPAC. South ASPAC comprised member firms from Australia, Singapore, New Zealand and the Philippines. As a result, between 1 October 2025 and July 2026, KPMG Australia had no Independent Director serving directly on its Board while the whistleblower matter remained unresolved.

Conclusion: Independent challenge was available in form, but did not operate with enough proximity, authority or persistence while the matter remained unresolved. The effectiveness of the Independent Directors depended on timely escalation and access to complete information, and their ability to require management to address issues that were raised.

In July 2026, KPMG appointed Mr Ebeid as its first Independent Chair. As at 30 September 2026, the Board comprised the Independent Chair, the CEO and 3 elected partner members, with processes underway to identify 3 Independent Directors.[139]

[136] KPMG Transparency Reports 2020, 2021, 2022, 2023, 2024 and 2025.
[137] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026, Finding A2.
[138] KPMG, 'Governance leadership'.
[139] KPMG, *Governance and Leadership Org Structures Detail*, July 2026, provided to the Review on 14 July 2026.

6.3.2 Board changes and impact on oversight

At the time the whistleblower first escalated the matter to Independent Directors in November 2024, the relevant Independent Directors included Mr Baird and Ms Hemstritch. Mr Ebeid, while not an Independent Director, was contracted as a special advisor to the Board.

Mr Baird resigned from the KPMG Australia Board with effect from 1 September 2025. At the PJC hearing on 19 June 2026, he said the decision was primarily driven by the additional workload associated with KPMG's 'regional clustering arrangements',[140] which he considered incompatible with his other roles. He also told the PJC that he was dissatisfied with the progress of the whistleblower matter and believed there had been insufficient urgency and transparency in the firm's response.[141]

Ms Hemstritch's term with the KPMG Australia Board ended on 30 September 2025.[142] However, at the time of this Review, she remained a member of the KPMG South ASPAC Board. Ms Hemstritch reportedly intends to leave once replacement Independent Directors are appointed to KPMG Australia's Board.[143]

As a result of the transfer of Independent Directors from KPMG Australia to the South ASPAC, from 1 October 2025 KPMG Australia no longer had Independent Directors serving directly on its Board while the whistleblower matter remained unresolved. This meant that KPMG Australia did not have direct independent oversight and lacked an independent director's voice on its Board. The Independent Directors continued to play a somewhat distant role with regard to the whistleblower matter, although they no longer served on KPMG Australia's Board.

Conclusion: The transfer of Independent Directors away from direct oversight weakened the firm's capacity for independent scrutiny and challenge and limited their ability to scrutinise serious integrity concerns.

Board oversight sharpened only after the matter attracted significant public, parliamentary and commercial attention. Risk and integrity controls identified individual elements but did not bring the complete risk picture together. Consequences were available but were applied gradually and only after substantial external scrutiny.

6.3.3 Role of the independent Directors and the whistleblower matter

In late 2024, KPMG's National Chairman, Mr Sheppard, emailed Ms Hemstritch, Mr Baird and Ms Akopiantz advising that a current employee may contact them to raise concerns. He provided background on the employee and noted that aspects of the matter had been the subject of discussions over an extended period. The email requested that any contact be referred to the OGC.[144] The whistleblower subsequently wrote to Ms Hemstritch and Mr Baird on 23 November 2024 seeking independent

[140] Relates to the transfer of Independent Directors to the South ASPAC Group Board from 1 October 2025.
[141] PJC, public hearing, Hansard, 19 June 2026, p. 68.
[142] PJC, public hearing, Hansard, 14 August 2026, p. 107.
[143] Colin Kruger and Nick Bonyhady, 'KPMG directors flee as whistleblower scandal worsens', *The Age*, 28 July 2026.
[144] PJC, public hearing, Hansard, 19 June 2026, p. 69. The PJC has not identified the date of this email. Mr Baird gave evidence that it was received 'at the end of 2024'. This suggests it was sent before or around the time the whistleblower approached the Independent Directors directly.

intervention. Ms Hemstritch referred the matter to the OGC and advised the whistleblower that an external investigation was underway.

Prior to the whistleblower's contact, they had sought confirmation from KPMG that they could raise their concerns directly with the Independent Directors, which KPMG provided.[145] However, as noted above, the Chair subsequently wrote to the Independent Directors in a manner which appeared to seek to minimise their involvement, limiting the practical independence of that escalation pathway.

Mr Baird told the PJC that the matter was initially presented as a complex HR issue that had been resolved, including that 'an NDA[146] had been signed'. He stated the Independent Directors were not provided with the full detail of the whistleblower's claims and later acknowledged that the Independent Directors had been 'too trusting' of management's assurance. He stated that he only sought additional action after receiving information directly from the whistleblower in April 2025. Mr Baird said the whistleblower's allegations deserved to be properly assessed.[147]

Subsequently, on 4 September 2025, KPMG's Board approved the establishment of the Magenta Sub-Committee comprising Board Deputy Chair Ms Mortell, and Independent Directors, Ms Hemstritch, Ms Akopiantz, and Mr Ebeid. Ms Mortell and Ms Hemstritch filled the role of co-Chairs. The Sub-Committee's role was to provide direct oversight of an investigation of allegations made by a former employee. From 1 October 2025, the Independent Directors served on the South ASPAC Group Board rather than the KPMG Australia Board, although they continued their involvement in the Magenta Sub-Committee. The Sub-Committee was authorised to appoint and direct an external investigator, approve the investigation's scope, provide access to relevant KPMG records and personnel, receive reports, and oversee any remedial action or engagement with the whistleblower.[148]

The transfer of Independent Directors to the South ASPAC Group Board created additional complexity. However, it appears that the Independent Directors of the Australian Board had anyway not been able to operate as effectively as might have been hoped. Their effectiveness depended importantly on the quality, completeness and timing of the information they were provided, the issues discussed, and their ability to influence actions.

The evidence of the Independent Directors suggests that KPMG did not provide them with the information and support to allow them to investigate these matters appropriately, until at least the establishment of the Magenta Sub-Committee.[149] Even then, the investigation process underway remained constrained, influenced by earlier internal investigations, existing management accounts of the matter, and legal advice which was too narrow with regard to the breadth of information searches.

Conclusion: The matter exposed a gap between the formal design of KPMG's governance framework and its practical capacity to respond to a complex, sensitive and commercially uncomfortable integrity issue. KPMG's structures captured, recorded, considered and investigated

[145] Advice from KPMG.
[146] Non-Disclosure Agreement.
[147] PJC, public hearing, Hansard, 19 June 2026, p. 68.
[148] KPMG, *Board Sub Committee [whistleblower] Matter Charter*, July 2026, provided to the Review.
[149] PJC, public hearing, Hansard, 19 June 2026, pp. 68–72 (evidence of Mr Baird, Ms Akopiantz and Ms Hemstritch); and PJC, public hearing, Hansard, 14 August 2026, p. 108 (evidence of Ms Hemstritch).

parts of the matter, but they did not bring those parts together quickly enough to make decisive governance action possible.

6.4 KPMG's governance framework and integrity in practice

KPMG maintained a range of controls relevant to the issues raised in the whistleblower matter. These included:

- risk management processes
- ethics and independence requirements
- audit quality systems
- confidentiality obligations
- compliance monitoring activities
- reporting mechanisms.

These controls were intended to support compliance, identify emerging risks and maintain professional standards across the firm. Their effectiveness depended on how they operated when commercial pursuit activity, client information, audit independence and partner conduct intersected.

KPMG used several methods to identify and manage conduct and integrity risks, including:

- risk assessments
- compliance monitoring
- complaint data
- whistleblower reports
- employee surveys
- operational reporting.

Significant risks were reported through established governance channels. Key enterprise risks were allocated to senior executives and regularly reported through governance channels.

KPMG has described to the Review escalation through the relevant functional areas, consideration by the Employee Relations Panel where applicable, then reporting through the National Executive Committee and, finally, aggregated reporting to Board committees, including reporting on trends and root causes.

A confidentiality concern could be treated as a client-information issue. An audit independence concern could be treated as an audit-quality issue. An allegation of retaliation could be treated as an employment issue. A whistleblower concern could be treated as a policy or reporting-pathway issue. A legal concern could be referred for external advice. However, in the whistleblower's case, the seriousness of this matter arose from the combination of these risks, not the individual risks.

The presence of multiple reporting channels increased the importance of connecting information across functions and ensuring that related risks were assessed together. Effective controls were needed to

identify related concerns early, assess them as a single integrity issue, and apply coordinated treatment, escalation and senior oversight.

Consequences and accountability

KPMG's accountability arrangements are supported by its Employee Relations Panel process, consequences frameworks, associated Ethics and Independence and People Inclusion disciplinary processes. The mechanisms were intended to support fair and consistent accountability outcomes. Decision-making involved representatives from Legal, Risk, and People and Inclusion functions with Ethics and Independence, where relevant. The frameworks provided flexibility to account for individual circumstances. They also depended on the consistent classification of conduct, transparent consideration of aggravating and mitigating factors, and consequences strong enough to counter incentives associated with partner status, client revenue, leadership roles and remuneration.

Flexibility in a consequences framework can support proportionate outcomes. It can also weaken confidence where the criteria for decisions are not sufficiently visible or predictable. This risk is likely to be greater in a partnership where the people being assessed may be senior, commercially important, personally known to decision-makers and/or connected to significant clients and revenue.

However, this flexibility also meant that outcomes depended heavily on the judgement of decision-makers. This was consistent with Principia's findings that, although 'KPMG has established a substantial accountability framework…[it] could not establish a sufficiently clear relationship between the severity of misconduct and the consequences ultimately applied'. Principia observed 'significant discretion in the selection and application of consequences, particularly for partners and senior personnel'. It noted that the partner consequence guidance was 'expressly described as a guide and preserves broad powers for the CEO and Board to adjust, reduce or remove proposed consequences'.[150]

The Review also found that the source and authority for some consequences were not readily apparent from the framework documentation. For example, in response to questions from the Review, KPMG advised that a first and final warning was available through the Disciplinary Statement and can be used to inform any future determinations in relation to Partner conduct under the Partnership Agreement, notwithstanding that it was not expressly identified within the Partner Consequences Framework itself. This made it difficult to trace how particular outcomes were derived from the documented framework and highlighted the extent to which accountability arrangements were distributed across multiple instruments.[151]

The Review was also unable to assess systematically whether comparable misconduct resulted in comparable consequences across cases. Consistent with Principia's findings, limitations in the available evidence made it difficult to demonstrate that accountability outcomes were applied consistently in practice.[152]

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[150] Principia, *Ethical Culture Review*, 5 October 2026, Finding ACM2, p. 41.
[151] As part of its response to the Review, KPMG advised that 'Under item 1.21 of the Action Plan, the firm is reviewing the Conduct and Consequences Framework with consideration being given to ensuring the conduct framework is appropriately documented including the intersection with the Disciplinary Statement.'
[152] Principia, *Ethical Culture Review*, 5 October 2026, Finding ACM2, p. 41.

The handling of consequences became part of the broader confidence issues associated with the matter. This issue was also reflected in the whistleblower's experience. They raised concerns that commercially important and senior personnel were not being challenged appropriately and described a culture in which speaking up was associated with retaliation and marginalisation rather than visible accountability for those whose conduct was being questioned.[153]

This was consistent with Principia's findings, which heard 'widespread feedback that people do not consistently believe that comparable conduct would produce comparable consequences where seniority, commercial contribution, sponsorship or influential relationships were involved'.[154]

Questions about the consistency, visibility and credibility of accountability outcomes extended beyond individual decisions and raised broader issues about how the firm's disciplinary framework was understood in practice. Accountability measures emerged gradually and largely after significant external scrutiny had occurred.

For example, evidence to the PJC on 14 August 2026 suggested that the availability of expulsion as a disciplinary outcome was not widely understood, at least not in practice. Eileen Hoggett's evidence that expulsion was 'news' to her suggested that the most serious available sanction was not familiar or commonly understood. This raised questions about how visible and credible some or all sanctions were within the framework. Although KPMG ultimately applied its strongest available sanction, this occurred only well after substantial reputational, commercial and governance consequences had arisen.

Board oversight and governance response

The whistleblower matter tested whether KPMG's governance framework could identify, escalate and respond to a serious integrity issue involving multiple risk areas. At key points, KPMG's response lacked the level of scrutiny and challenge the risks warranted. Information was managed through separate reporting channels and functions, rather than assessed collectively. As warning signs emerged across the firm, no individual, function or governance body assumed responsibility for bringing them together and assessing their cumulative significance.

This was consistent with Principia's findings that 'responsibility for receiving, assessing, investigating, resolving and overseeing whistleblowing, speak-up and misconduct matters is distributed across several functions and oversight bodies'. While noting that 'complex matters may legitimately require different expertise and decisionmakers', Principia found that 'stage- and context-specific responsibilities did not always translate into clearly visible end-to-end ownership'.[155]

Independent oversight, independent investigation and independent control are not the same. External legal advisers undertook investigative work, while the OGC provided support. Some sanctions-related matters progressed through KPMG's internal processes before being considered by the relevant governance forums. Independent Directors and the Magenta Sub-Committee provided oversight and challenge, but they did not conduct the investigations or control investigative decisions.

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[153] PJC, 'Whistleblower's emails', Document 1, p. 2.
[154] Principia, *Ethical Culture Review*, 5 October 2026, Finding ACM1, p. 41.
[155] Principia, *Ethical Culture Review*, 5 October 2026, Finding PJ2, p. 39.

Principia similarly found that, although 'responsibilities are identifiable at particular stages and operate in practice…responsibility for investigations as a whole is not always clearly visible, particularly when concerns cross functional boundaries, creating procedural risk around continuity, communication, timeliness and accountability.'[156]

The existence of governance structures did not, by itself, ensure effective oversight. Effective oversight depended on accurate reporting, timely escalation and the flow of information between management, control functions, governance forums and the Board. Further, information moved too slowly and unevenly through the governance structure. This delayed sustained scrutiny by the Board and Independent Directors.

The issue should not have required public scrutiny, parliamentary attention and commercial consequences before receiving sustained Board-level attention. That threshold should have come earlier, preferably much earlier.

Conclusion: KPMG's governance arrangements were stronger in structure than in operation. KPMG had policies, reporting channels, governance bodies, committees, Independent Directors, control functions, reporting mechanisms, investigation pathways and consequences frameworks. However, those mechanisms did not collectively provide the ownership, visibility, connection, escalation and challenge required by the matter.

A persistent weakness in KPMG's response was the absence of sustained challenge to the assumptions underpinning its approach. The governance system did not sufficiently test whether the concerns raised might be correct and, if so, what that would mean for KPMG's integrity, reputation and obligations. Partly, as a result, the matter was not treated early on as a single integrity issue requiring coordinated governance attention and decisive action.

Beyond the procedural and governance shortcomings, there was a deeper issue of KPMG's organisational mindset: no one asked the big question, 'what if this person is right?', at least not until far too late. The governance system did not ask this critical question of whether the concerns raised might be correct and, if so, what that meant for KPMG's integrity, reputation and obligations. Consequently, the matter was allowed to persist longer, probably much longer, and on the wrong path, than it should have before decisive governance action occurred.

Conclusion: The various governance mechanisms considered aspects of the matter, but they did not operate with sufficient integration, persistence, curiosity or urgency to establish a shared understanding of the broader underlying risks and respond accordingly to them.

[156] Principia, *Ethical Culture Review*, 5 October 2026, Finding PJ2, p. 39.

7 KPMG's remediation and assurance

7.1 KPMG's remedial activity and assurance

KPMG is implementing a range of measures to address the whistleblower matter and restore confidence in its ability to undertake client work, including Commonwealth work. The primary initiative is the development and implementation of a KPMG Action Plan (Action Plan).[157]

KPMG advised that disciplinary action, including terminations, and senior leadership changes since June 2026, form part of its response to the issues identified. Personnel changes alone do not establish a causal link to the matters considered by the Review. However, KPMG advised that the termination of Eileen Hoggett in late July 2026 was a direct response to new evidence substantiating the whistleblower allegation that client information relating to the Lendlease audit had been retained in a locker in KPMG's Sydney Office.

Since mid-August 2026, KPMG's new Chair and CEO have sought to pursue reconciliation with the whistleblower regarding their treatment. KPMG advised that this includes efforts to engage with the whistleblower and build trust 'knowing that over the last two years…they had suffered enormously'.[158] KPMG stated that its 'paramount' focus is on the whistleblower's wants and needs, including setting the record right, holding wrongdoers to account, and making things right with their former colleague.[159]

KPMG advised that its remediation program remains separate from its investigations. It stated that investigations are used to identify additional issues that inform remediation activities.

Mr Sams' comments to the Review emphasised personal ownership, governance and execution. He said responsibility for remediation rests with him as CEO and noted that effective remediation depends on effective governance. He also stressed that strategies and reviews have limited value unless they are implemented.

This framing is relevant to the Review's assessment of remediation. KPMG's challenge will be not simply to publish an Action Plan or complete individual actions. It is to demonstrate disciplined and sustained implementation and effective execution, accountability for outcomes and sustained behavioural change across the partnership. Mr Sams' evidence supports the proposition that KPMG's leadership recognises this distinction. Whether KPMG's governance, monitoring and assurance arrangements are sufficient to deliver and demonstrate lasting change remains a matter for future assessment.

7.1.1 Evidence from the whistleblower

The whistleblower's evidence[160] to the Review provides a relevant comment on KPMG's leadership and remediation evidence. The whistleblower advised that, after meeting Mr Sams and Mr Ebeid shortly before the 14 August 2026 PJC hearing, they saw a changed approach to addressing what had happened

[157] KPMG, KPMG Australia Action Plan. The KPMG website contains the original Action Plan and subsequent progress updates on its implementation, p91.
[158] PJC, public hearing, Hansard, 14 August 2026, p. 81.
[159] PJC, public hearing, Hansard, 14 August 2026, p. 83.
[160] Whistleblower statement provided during a meeting with the Independent Reviewer, 27 August 2026.

and looking after KPMG people. The whistleblower recognised what they regarded as a genuine change in KPMG's tone and position since engaging with Mr Ebeid and Mr Sams. They also recognised the genuine remorse, concern and an apology the current leadership extended. The whistleblower considered that Mr Ebeid and Mr Sams were genuinely seeking to drive change, but that leadership remained limited by the constraints of the partnership structure, and by the conflict between their duties to the organisation and other interests.

The whistleblower also considered that many of the issues described in their evidence had been addressed through the removal of KPMG Australia's previous leadership, although they maintained that some matters remained unresolved, including issues relating to their tax position and the conduct of KPMG International.

The whistleblower considered that, notwithstanding their concerns about KPMG's handling of the matter and aspects of its partnership structure, they considered 99 per cent of KPMG staff to be good people who took seriously their responsibilities to clients, the public interest and the Commonwealth Government. The whistleblower said, in substance, that those staff did not deserve to bear the consequences of the actions that gave rise to the concerns, or of the actions that followed.

The whistleblower considers that the root causes of the matters described in this Report are the conflicts of interest inherent in the partnership structure; the constant pursuit of growth and increased partner distributions; the resulting pressure on leadership to increase and maintain earnings; and an inability to recognise and manage those conflicts of interest and independence concerns, in fact or in appearance.

7.2 KPMG's remediation Action Plan

On 23 June 2026, KPMG published on its website an Action Plan which sets out a program of work it is undertaking to 'address the integrity issues facing [KPMG], strengthen accountability and ensure the failings…seen are not repeated', with actions covering governance, culture and ethics, and controls.[161]

The Action Plan commenced after then Chair Mr Sheppard asked Dennis Krallis on 29 May 2026 to lead the remediation program. An initial plan was prepared before KPMG's appearance before the PJC hearing on 19 June 2026. This work involved:

- reviewing the PwC Switkowski Review report and findings
- reviewing KPMG's investigations and reviews of related matters overseas
- undertaking a root cause analysis of the 38 past whistleblower allegations to identify recurring themes and potential remediation measures.
- KPMG identified 3 key themes, which it described as 'Guiding Principles': governance, speak-up culture and ethics, and controls.
- KPMG then assessed its existing controls against these Guiding Principles to determine why the controls had failed, how they should have operated and whether additional controls were required.

[161] KPMG, Action Plan.

Based on this assessment, KPMG developed a series of immediate actions aligned with each Guiding Principle.

KPMG's remediation program includes a review and update of key policies and processes to strengthen corporate governance, conduct and consequences, ethics and independence, confidentiality, whistleblowing, conflicts of interest, audit quality and pursuits and quality management.

KPMG has also committed to reforms aimed at strengthening its governance arrangements, including the appointment of an Independent Chair and Independent Directors. In addition, it has commissioned several external reviews to assess and improve its whistleblower framework and related practices.

Assurance and oversight of the Action Plan

Implementation of the Action Plan is overseen by the Australian Board, the National Executive Committee and the partners responsible for individual actions. Operational oversight is provided by a Gold Steering Committee, which meets twice weekly. A Silver Committee, comprising approximately 20 partners and Directors, meets weekly and reports to the Gold Committee. The Silver Committee is responsible for coordinating Action Plan activities, managing interdependencies and identifying potential gaps.

Independent assurance is also built into the Action Plan. Action Item 3.2 provides for an external assessment of KPMG's implementation progress. KPMG initially appointed Dr Kerry Schott to provide independent advice on implementation of the Action Plan until 31 October 2026. That appointment is now expected to be extended with the duration and scope informed by additional remediation activities arising from external reviews. KPMG also advised that, following any active advisory role, Dr Schott would undertake quarterly reviews during the first year of implementation.

KPMG further advised that the Action Plan includes an independent review of its governance arrangements approximately 12 months after establishment of the new Board and work is underway to update its Board charter to reflect a range of matters including setting out the role of the Independent Board Members.

Conclusion: Effective implementation of the Action Plan will partly depend on robust governance, monitoring and independent assurance. The continuation of independent external oversight beyond the initial term of Dr Schott's appointment, and probably beyond the first 12 months, will be an important mechanism for providing confidence that remediation activities are being implemented as intended. Should Dr Schott not be available for that period, another independent adviser should be appointed to help provide that confidence.

7.2.1 Updated and new actions

KPMG updated its Action Plan on 9 October 2026. The revised Action Plan provided additional detail of a number of previously committed actions, and added 8 new actions, capturing KPMG's commitments to address the recommendations of its commissioned reviews.

7.2.2 Completed actions

At the time of this report, KPMG reported that it had completed 11 of 33 actions under its Action Plan, including a number of important third-party reviews. These actions included appointing an Independent National Chairman, reviewing and strengthening key policies, completing confidentiality-related training, strengthening its System of Quality Management, and launching a confidentiality attestation process.

This is a good start, but as the Action Plan also shows, there remain a lot more actions to be implemented, and it will take time for the desired effects to take root.

Table 2: Action Plan items that KPMG has completed, at 9 October 2026

Action item		Overview of activities
1.1.1	**Independent Chair** Appoint an independent chair to the National Governance Board.	Mr Ebeid appointed Independent National Chairman for a 3-year term commencing 12 August 2026.
1.2.2	**Ethics and Independence** Review and strengthen ethics and independence policies and procedures. Update Gifts and Entertainment Policy.	Key policies relating to confidentiality, conflicts of interest and workplace relationships have been reviewed and updated. Gifts and Entertainment Policy updated.
1.2.3	**Confidentiality** Review, strengthen and clarify confidentiality policy.	Confidentiality policy updated.
1.3.3	**Confidentiality Obligations (firm-wide)** Strengthen mandatory firm-wide training.	Completed mandatory firmwide training reinforcing obligations in relation to client confidentiality, privacy and information protection.
1.3.4	**Confidentiality Obligations** Targeted mandatory training for Partners and Directors, with a specific focus on audit.	Completed mandatory firmwide training reinforcing obligations in relation to client confidentiality, privacy and information protection. Additional targeted training on confidentiality and data security has also been completed within Audit & Assurance.
1.3.5	**System of Quality Management (SoQM)** Strengthen SoQM with a focus on professional and ethical standards.	Updated SoQM. Relevant workspaces have been restricted to authorised teams.
1.3.6a	**Confidentiality attestation** All personnel to confirm their understanding of the updated confidentiality policies and guidance.	All Partners and staff have attested their understanding of the updated Confidentiality Policy and supporting guidance.

Action item		Overview of activities
2.1	**Independent Lessons Learned Review** Andrews Group to undertake a lessons learned review to assess the failings in KPMG's handling of the whistleblower and identify steps that could be taken to ensure such failings do not recur.	Andrews Group completed its review in September 2026. KPMG accepted all findings and recommendations.
2.3	**CEO Quality review** CA ANZ to undertake a practice review of KPMG, involving a quality review of the design and effectiveness of KPMG's: • systems and processes for the storage and handling of client confidential information of audit clients within the audit function; and • systems and processes for promoting an ethical culture within the audit function, and across the organisation.	CA ANZ completed its review in September 2026. KPMG accepted all suggestions.
2.5	**Ethical Culture Review** Principia to undertake an independent retrospective review of KPMG's whistleblowing system and the broader cultural context that either supports or impedes effective whistleblowing.	Principia completed this review in October 2026. KPMG accepted all findings and recommendations.
2.6	**Third-Party cultural program** Principia to support a cultural program and identify targeted actions to reinforce expected leadership behaviours, including strengthening accountability for adherence to firm standards, focused leadership interventions in identified areas, consequences frameworks and monitoring behavioural outcomes arising from the review.	Principia completed this review in October 2026. KPMG accepted all findings and recommendations.

7.3 Completed third-party reviews

Andrews Group: Lessons learned review into handling of whistleblower disclosure

KPMG commissioned the Andrews Group to undertake a lessons learned review to assess the failings in KPMG's handling of the whistleblower and identify steps that could be taken to ensure such failings do not recur.

The Andrews Group found that KPMG adopted an overly legalistic approach, had deficiencies in its whistleblower program, failed to appropriately manage conflicts of interest, initially placed too much emphasis on workplace grievances rather than the ethical issues being raised, and failed to provide the whistleblower with appropriate support. The Andrews Group identified 7 lessons and made 6 recommendations.[162]

KPMG has accepted the report's findings, and 5 of the 6 recommendations.

Table 3: Andrews Group recommendations and KPMG's response

Andrews Group recommendation	KPMG response
1 Review of values and principles and identify cultural drivers	KPMG does not accept this recommendation, arguing that its values are appropriate, while recognising that they were not followed. KPMG argue that their commissioned Principia review will enable the cultural drivers to be considered.
2 Appoint a Whistleblower Protection Officer	KPMG accepted the recommendation.
3 Establish an Integrity Office within KPMG Australia	KPMG accepted the recommendation.
4 Review of whistleblower program	KPMG accepted the recommendation.
5 Enhance and uplift the Ethics Champions Network Initiative	KPMG accepted the recommendation.
6 Advocate for legislative reform	KPMG accepted the recommendation.

Recommendations 2 to 5 are critical as they implement additional processes aimed at improving KPMG's identification and response to future whistleblower issues. However, without cultural change, any change to whistleblower processes, no matter how well intended, will be likely much less effective.

With reference to Recommendation 1, the Andrews Group concluded that 'KPMG Australia lost sight of its values and failed to apply them when making decisions with ethical import'. The Andrews Group recommended that KPMG reflects on:

a) the decisions, actions and choices that led to the failure to protect the whistleblower
b) how, or whether, these decisions, actions and choices support the documented values; and
c) what needs to change (the organisation's values or the identified decisions, actions and choices).'

While not accepting the recommendation, KPMG has stated that it accepts 'that we need to reflect on the cultural drivers that enabled or led to these failings – and that improvements in parts of our culture will be necessary.'

[162] Andrews Group, *KPMG Australia, Lessons learned review into handling of whistleblower disclosure*, 3 September 2026.

Mallesons: Legal review of KPMG's whistleblower policy

KPMG commissioned Mallesons to review its whistleblower policy against the legal requirements set out in the *Corporations Act 2001* and *Tax Administration Act 1953*, and the expectations set out by ASIC in Regulatory Guide 270 *Whistleblower policies* and ASIC report 758 *Good practices for handling whistleblower disclosures*. The review identified that improvements could be made in a range of areas including:

- Confidentiality protection
- Clarity of liability protection
- The support available to disclosers
- Clarity of protection from detriment
- Processes for review of decisions.

Mallesons recommended that the policy be drafted afresh to address the various issues and areas for improvement it had identified. The conclusions reached by Mallesons were consistent with the advice provided by Griffin Legal to the review regarding the coverage of KPMG's whistleblower policy as compared to the whistleblower protections set out in the Corporations Act.

Principia Advisory: KPMG Australia Ethical Culture Review

KPMG commissioned Principia Advisory in June 2026 to review its ethical culture and whistleblowing and speak-up environment. Conducted from 17 June to 30 September 2026, the review identified that KPMG's institutional and cultural resources were insufficient.[163] The review identified 26 findings, grouped around 3 'dynamics':

- KPMG's leadership took actions that were increasingly misaligned with the firm's stated ethical and cultural aspirations and purpose. This gap between what the firm said and what it did contributed to a high degree of variance in staff's readiness to challenge, an emerging shift in behavioural norms, and an erosion of the firm's fundamental sense of purpose and what is valued
- leadership and institutional issues were compounded by weaknesses in governance and oversight that limited the firm's ability to identify, challenge and correct misconduct by leaders and
- KPMG has not succeeded in creating the enabling conditions for a consistent ethical culture across the firm.

The 14 recommendations arising from the findings are over page.

[163] Principia, *KPMG Australia Ethical Culture Review*, 5 October 2026.

Table 4: Principia's recommendations and KPMG's response

Principia recommendations	KPMG response
1 Reform the National Governance Board to enable effective and sufficiently independent oversight and challenge including: a. an independent Chair and an appropriate balance of independent board members b. explicit accountability for the Board to oversee the firm's values, culture and CEO performance and development c. an Ethics and Culture board sub-committee with an independent Chair and majority of independent board members d. independent oversight of the performance and remuneration process for elected partner board members, and e. an external board effectiveness review annually for the next 3 years	KPMG accepted the recommendation.
2 Undertake a leadership reset, including a clear ethical vision, more transparent appointments, defined leadership commitments and accountability for role-modelling them a. developing a clear ethical vision linked to the long-term success of the firm b. implementing a more transparent leadership appointment process aligned with the ethical vision and cultural transition objectives c. defining concrete leadership commitments d. implementing accountability mechanisms to support the consistent role-modelling of the leadership commitments	KPMG accepted the recommendation.
3 Review and reinforce the operating model and accountability for people leadership at all levels within the firm	KPMG accepted the recommendation.
4 Improve organisation-wide processes to learn from near misses and significant failures, including oversight by the board	KPMG accepted the recommendation.
5 Review the learning and development architecture to promote principles-based ethical decision-making and the exercise of strong professional judgement	KPMG accepted the recommendation.
6 Simplify, clarify and integrate ethical expectations, including in relation to redline non-negotiables	KPMG accepted the recommendation.

Principia recommendations	KPMG response
7 Strengthen the implementation of the values-based criteria for performance, progression and remuneration including: a. introduce a values and conduct gateway for a performance rating of 'Effective Performance' and above b. review of the partner performance feedback process c. increase oversight by the board, including commissioning an independent random sampling audit of the annual performance and remuneration processes to validate alignment with values-based criteria	KPMG accepted the recommendation.
8 Strengthen the consequence framework, including: a. the development of an appropriate remuneration adjustment and recovery mechanism for serious misconduct, and b. increased oversight by the board, including commissioning an independent random sampling audit of the consequence framework to validate consistency and proportionality	KPMG accepted the recommendation.
9 Improve transparency on consequences for misconduct and lessons learned without compromising confidentiality or procedural justice	KPMG accepted the recommendation.
10 Establish a centralised Integrity and Speak-Up function with a reporting line to an independent board committee with sufficient protections, authority and resourcing	KPMG accepted the recommendation.
11 Appoint a Whistleblower and Speak-Up Protection officer with a reporting line to an independent board committee	KPMG accepted the recommendation.
12 Redesign the end-to-end Whistleblowing and Speak-Up process including defining an explicit protocol for the communicating of misconduct matters	KPMG accepted the recommendation.
13 Commission an independent quality assurance audit of case management and investigations annually for the next 3 years	KPMG accepted the recommendation.
14 Reconstitute and resource the Ethics Champions Network with protected time and recognition	KPMG accepted the recommendation.

KPMG has accepted the findings and has committed to implement all recommendations.

The KPMG Australia Ethical Culture Review was provided to the Review shortly before its completion. The conclusions and recommendations in this Report were informed by the Review's own evidence gathering before the Ethical Culture Review report became available on 5 October 2026. Having subsequently considered Principia's findings, the Review's earlier analysis and conclusions have been reinforced by substantial consistency between the two reviews on the key issues examined.

Chartered Accountants Australia and New Zealand: CEO Review Report

Between July and October 2026, CA ANZ undertook a targeted review of KPMG Australia's arrangements for protecting confidential audit client information and promoting an ethical culture, including its whistleblower protections. CA ANZ found that, within the scope of its review, KPMG's systems and processes met the applicable mandatory requirements and identified no significant deficiencies.[164]

CA ANZ made 9 suggestions for improvement covering the following areas:

Table 5: CA ANZ's suggestions and KPMG's response

CA ANZ suggestion (summarised)	KPMG response (summarised)
1 All mandatory training should be aligned to existing available resources	KPMG accepted the suggestion.
2 Develop guidance or Frequently Asked Questions setting out KPMG's expectations regarding the appropriate use of information obtained through professional engagements	KPMG accepted the suggestion.
3 Training for all partners and relevant staff to emphasis restrictions on using audit confidential information for pursuits	KPMG accepted the suggestion.
4 Undertake work to further embed the existing ethical decision-making framework in training and decision-making	KPMG accepted the suggestion.
5 Appoint an Independent Chief Ethics Officer	KPMG accepted the suggestion.
6 Clarify existing role and committee titles	KPMG accepted the suggestion.
7 Consider establishing clear criteria for when an external investigator should be engaged	KPMG accepted the suggestion.
8 Improve clarity and consistency of language used in KPMG's policies, training and communications regarding whistleblower complaints versus workplace grievances	KPMG accepted the suggestion.
9 Improve the visibility of the application of KPMG's accountability and disciplinary framework	KPMG accepted the suggestion.

Many of the areas suggested for improvement by CA ANZ, support and build on the recommendations from the Andrews Group and Principia reports.

The CEO Review Report was provided to the Review shortly before this Review was finalised. The conclusions and recommendations in this Report were informed by the Independent Reviewer's own evidence gathering before the CEO Review report became available on 2 October 2026. Examination of its suggestions for improvement indicates alignment with the Review's earlier considerations.

[164] CA ANZ, *KPMG Australia CEO Review Report*, 1 October 2026.

KPMG noted that a number of the suggestions are already being addressed through the implementation of its Action Plan.

7.4 Sufficiency of remediation measures and confidence for future Commonwealth work

KPMG has made important steps in admitting its faults in this matter, including apologising to the whistleblower, acknowledging the problem and making a commitment to change. It has begun a substantial remediation program that includes governance reforms, policy and process improvements, leadership changes, external reviews and enhanced assurance arrangements. These measures are relevant to addressing the problems identified in this matter.

Remediation should be assessed as a whole rather than by reference to individual actions or the range of actions at a point in time. Leadership changes, owning the problem, engagement with and apologies to the whistleblower, governance reforms and policy improvements and independent reviews are all relevant components of KPMG's response. However, the effectiveness of that response will ultimately depend on whether all of these measures are implemented consistently and pursued until they result in sustained improvements to governance, decision-making, ethical conduct and the management of integrity concerns. Further, it will take time for change to show.

KPMG has publicly released its Action Plan, implementation updates and a number of commissioned reviews. Continued transparency regarding implementation and outcomes will assist all stakeholders to assess whether meaningful change is occurring within the firm. While some remediation activities have been completed or are underway, the most important measures are intended to be implemented progressively, including actions arising from external reviews and ongoing governance reforms, and will take time to implement.[165]

Both the whistleblower and KPMG representatives made comments that lasting cultural change requires more than the introduction of new policies, controls or governance arrangements. As recognised by KPMG in developing its Governing Principles, governance arrangements and controls alone are unlikely to achieve change unless they are accompanied by changes in behaviour and organisational culture. While these measures are important, their effectiveness depends on how they are applied in practice and whether they influence behaviour across the partnership.

Conclusion: KPMG has already taken important first steps towards necessary change. It has also established a framework for remediation that addresses most of the issues identified during this Review. The measures implemented to date demonstrate a commitment to reform and provide a basis for improving governance, accountability and ethical conduct.

However, it is too early to determine whether these reforms will achieve the cultural change desired. Confidence in KPMG's future performance, including its suitability to undertake

[165] KPMG advised the Review that some items, including 1.2.4 and 1.2.5 relating to whistleblower policies, procedures and training, are intended to be implemented incrementally, for example, following the receipt of recommendations from the Andrews Group, Mallesons and Principia.

Commonwealth work, will depend not on the existence of KPMG's Action Plan measures alone, but on their sustained implementation and effectiveness over time.

A key challenge for KPMG will be sustaining reform and maintaining a consistent and disciplined focus on implementation so that previous behaviours and practices do not re-emerge. Continued independent assurance, transparency and monitoring will therefore remain important indicators of whether the intended reforms have been successful.

A key challenge for the Commonwealth will be assessing the changes being made by KPMG and determining whether they provide sufficient confidence to support future Commonwealth engagement with the firm.

8 Commonwealth Procurement Framework

8.1 The Commonwealth Procurement Framework

Commonwealth Government procurement activities, through which external suppliers are engaged to provide goods and services, operate under the Commonwealth Procurement Framework (the Framework).[166] The Framework sits within the broader Commonwealth Resource Management Framework, which establishes the legislative and policy settings for the use and management of public resources (see Chart 1). It includes a range of mechanisms that support integrity over the procurement lifecycle, and arrangements for identifying, escalating and responding to integrity concerns. Together, these mechanisms provide the governance framework through which the Commonwealth promotes ethical supplier conduct and manages supplier integrity risks.

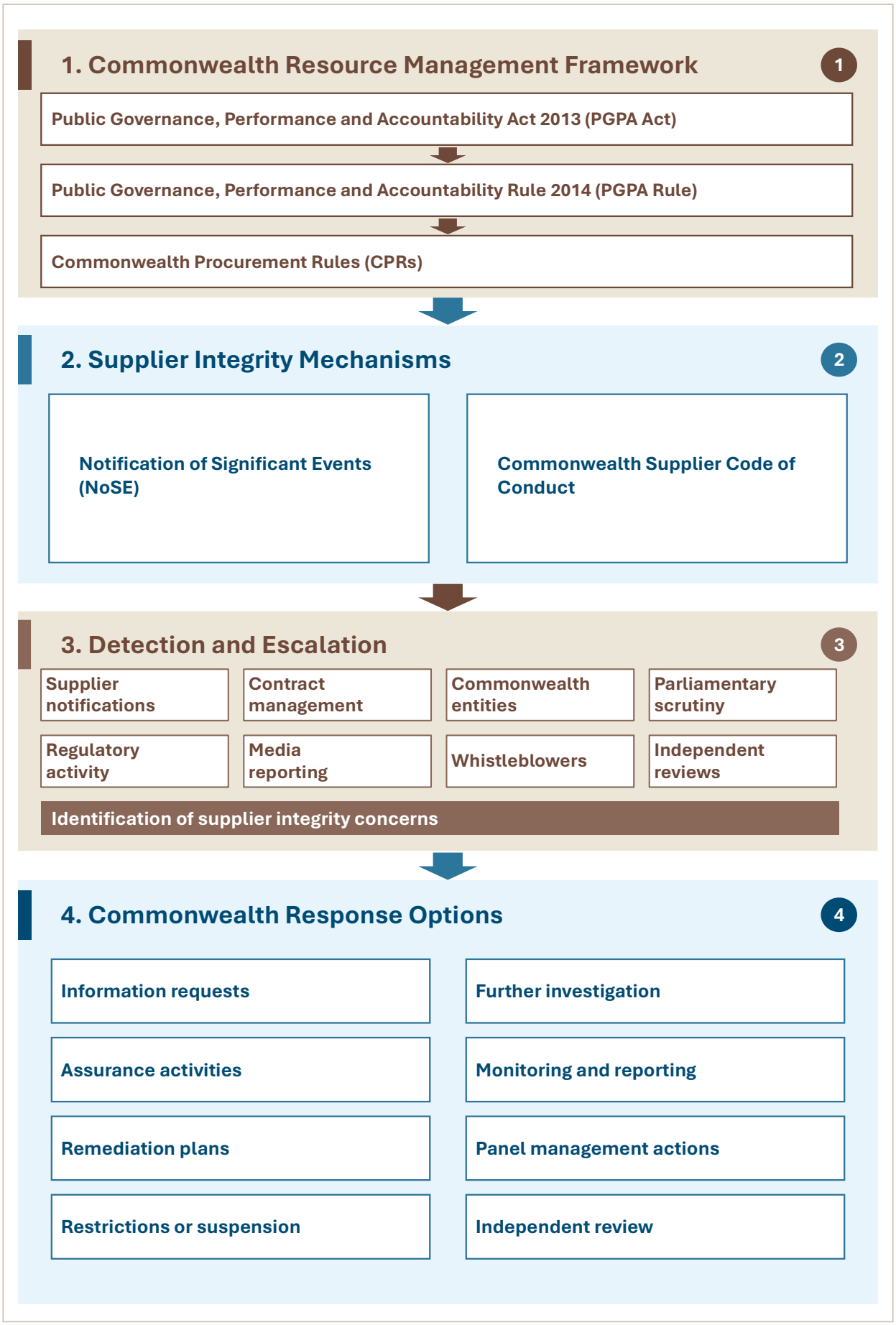
The Framework's legislative foundation is the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)[167] and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).[168] The PGPA Act requires public resources to be used in an efficient, effective, economical and ethical manner. The Commonwealth Procurement Rules (CPRs), made under the PGPA Act, require officials to achieve value for money and promote accountability and transparency. The CPRs describe ethical conduct by reference to honesty, integrity, probity, diligence, fairness and consistency.[169]

8.1.1 Strategic Commissioning Framework and the use of external expertise

The Commonwealth Government relies on external suppliers for a range of goods and services. While the Commonwealth has committed to reducing reliance on consultants, contractors and labour hire and strengthening Australian Public Service (APS) capability through the APS Reform agenda, the APS Strategic Commissioning Framework nevertheless recognises that there will continue to be circumstances where external expertise is necessary. The challenge for the Commonwealth is not just whether to use external expertise, or when it should be used, but how to ensure that suppliers operate with the standards of integrity, confidentiality, accountability and ethical conduct expected by the Government.

[166] All Non-corporate Commonwealth Entities and a small number of prescribed Corporate Commonwealth Entities are covered by the Commonwealth Procurement Framework. The PGPA Act Flipchart and List provides detail of which entities are covered by the Framework.
[167] *Public Governance, Performance and Accountability Act 2013 (Cth)*.
[168] Public Governance, Performance and Accountability Rule 2014.
[169] Finance, 'Commonwealth Procurement Rules 2025', paragraph 6.5.

Chart 1: Supplier integrity within the Commonwealth Resource Management Framework.



8.1.2 Scale of Commonwealth procurement

Commonwealth procurement is both expansive and diverse. In 2025–26, there were 87,112 contracts and amendments awarded to 13,835 unique businesses, with a combined value of $117.2 billion. Of these, 3,594 consultancy service contracts, with a combined value of $781.4 million, were awarded.[170]



Figure 10: Consultancy services and overall Commonwealth Government procurement contracts by number and value, 2025–26

8.2 Supplier integrity within the Framework

The Commonwealth Government expects and requires its suppliers to conduct themselves with high standards of ethics such that they consistently act with integrity and accountability.

Historically, procurement decisions placed substantial emphasis on capability, capacity, delivery, performance, price and risk. Ethical conduct and integrity have always been relevant considerations in the Commonwealth's dealings with suppliers, but they were often assessed indirectly through broader questions of supplier suitability and risk. Increasingly, however, ethical conduct has become a more visible and explicit component of the value for money assessment itself.

This shift was influenced by a small number of supplier integrity matters, including the misuse of confidential Commonwealth information by PricewaterhouseCoopers (PwC) which came to light over the period January to May 2023. That matter raised broader questions about governance, confidentiality controls, conflicts management, culture and accountability.

In responding to these supplier integrity issues, from May 2023 to July 2024, Finance introduced a range of mechanisms to help Commonwealth entities identify, escalate and manage supplier integrity risks. These mechanisms included procurement guidance on ethical conduct and past performance,[171]

[170] AusTender.
[171] Finance, *Procurement Policy Note: Ethical conduct by tenderers and suppliers*, May 2023.

Notification of Significant Events (NoSE) clauses[172] and, later, the development and implementation of the Code.[173]

Together, these developments reflect the shift from treating supplier integrity primarily as a matter of contract performance to treating it as relevant to supplier assurance, procurement decision-making and value for money.

8.2.1 Notification of Significant Events

A NoSE is a contractual mechanism that requires a supplier to tell the relevant Commonwealth entity when certain serious matters arise that may affect the supplier, the contract, the Commonwealth or public confidence in the supplier's conduct. It is not limited to ordinary contract performance issues.

The NoSE clauses were introduced into the Commonwealth Contracting Suite[174] and ClauseBank[175] on 19 May 2023. They create a positive obligation for suppliers to notify the relevant Commonwealth entity immediately on becoming aware of significant matters involving the supplier, its personnel, agents or subcontractors. Depending on the terms of the relevant contract, a significant event may include:

- any adverse comments or findings by a court, commission, tribunal, or other statutory or professional body
- any unsettled judicial decisions against it relating to unpaid employee entitlements
- any other significant matters, including the commencement of legal or regulatory action, that may have a material adverse impact on:
  - compliance with Commonwealth policy or legislation
  - Finance's or an agency's compliance with Commonwealth policy or legislation
  - the Commonwealth's reputation
  - the supplier's professional capacity or capability to deliver the services.

Finance guidance emphasises that deciding whether a matter constitutes a significant event, and identifying the appropriate response, requires judgment by the relevant entity. The NoSE provisions are intended to ensure that entities become aware of serious integrity concerns early and can assess any implications for procurement activities. Depending on the circumstances, an entity may seek further information, increase monitoring, require remediation, impose contractual restrictions, terminate a contract, and (where the entity is the owner of a panel arrangement) they could suspend or remove a supplier from that panel arrangement.

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[172] Finance, Notification of Significant Events.
[173] Finance, Commonwealth Supplier Code of Conduct.
[174] The Commonwealth Contracting Suite is a set of standardised procurement and contracting templates maintained by Finance to support Commonwealth entities to procure goods and services using consistent terms and conditions. It is primarily used for lower-risk procurements. The use of CCS is mandatory for (non-corporate Commonwealth entities) procurements under $200,000 and encouraged for procurements up to $1 million.
[175] ClauseBank complements the Commonwealth Contracting Suite by providing model clauses that Commonwealth entities may use or adapt in other contracts, including bespoke contracts, panel arrangements and standing offers. In this way, ClauseBank helps promote consistency across Commonwealth contracting while preserving flexibility for entities to tailor contracts to the risk, value and nature of the procurement.

8.2.2 The Commonwealth Supplier Code of Conduct

The Code sets the minimum expectations regarding the conduct of suppliers, their personnel and subcontractors, while under contract with the Commonwealth.[176] It makes the Commonwealth's expectations of suppliers clearer, more visible and more usable in contract management. The Code also requires suppliers to comply with all applicable laws and regulations and to conduct their operations with integrity. It sets out expectations in relation to ethical business practices, including the prevention of fraud, corruption, and conflicts of interest.

It also requires suppliers to comply with obligations as they relate to workplace relations, work health and safety, anti-discrimination, and the environment. They are also expected to uphold human rights, address modern slavery risks in their operations and supply chains, and cooperate with Commonwealth entities in relation to compliance, monitoring and investigations.

Importantly, the Code's expectations are framed at an organisational level and are not limited to compliance with individual contractual obligations or isolated incidents of misconduct. This enables consideration not only of the conduct itself, but also of what the organisation's response demonstrates about its governance arrangements, leadership, organisational culture, accountability mechanisms and capacity to identify, escalate and address concerns.

In 2024, the CPRs were amended to require all Commonwealth forms of contract, subject to limited exceptions, to include an obligation for suppliers to comply with the Code.[177] This requirement was intended to establish a consistent baseline of behavioural expectations across Commonwealth procurement arrangements and to provide entities with a mechanism for addressing conduct that falls below those standards. Further, in 2025, the CPRs were amended to explicitly call out that the ethical performance of a potential supplier should form part of a value for money assessment.

Together, the CPRs and the Code establish a set of expectations and obligations in which supplier conduct is relevant not only to contract performance, but also to procurement decision-making and the Commonwealth's assessment of value for money. They reflect an increasing emphasis on supplier integrity as a factor in assessing whether a supplier can be trusted with public resources and government work, or not.

8.2.3 Procurement complaint processes

The Commonwealth Government has established procurement complaint review processes to manage complaints by suppliers, or the public, regarding an entity's procurement activities. Paragraph 6.10 of the CPRs requires officials to implement within their organisation timely, equitable and non-discriminatory

[176] Finance, 'Commonwealth Procurement Rules 2025', p. 34. 'Supplier' is defined as 'an entity or person who has entered into a contract with the Commonwealth'. Under the *Commonwealth Supplier Code of Conduct*, references to supplier also include the suppliers' personnel.

[177] Finance, 'Commonwealth Procurement Rules 2025', p. 17, paragraph 6.13. It states: 'Relevant entities must incorporate the Commonwealth Supplier Code of Conduct into all Commonwealth forms of contract. a. An *Accountable Authority* (or an *official* to whom the *Accountable Authority* delegates the power to determine such measures) may determine that a contract should not include the Commonwealth Supplier Code of Conduct, in part or in full, and document the basis for this decision'.

complaint-handling procedures. When a complaint is received from an individual (discloser), the following broad processes are followed:

- Review by the entity - The Commonwealth Procurement Framework is devolved with entities responsible for their decisions. In the first instance investigation of individual complaints is undertaken by the entity that undertook the procurement.
- Internal Review – If the discloser is dissatisfied with the review, they can seek internal review by the procuring entity.
- Judicial Review – If the complaint relates to a procurement covered by the *Government Procurement (Judicial Review) Act 2018* (covered procurement), the discloser can seek judicial review by the Federal Court.
- Procurement Coordinator Review – The Procurement Coordinator, within the Department of Finance, will consider procurement complaints following their review by the relevant entity, and confirmation that the discloser is not seeking judicial review of a covered procurement.
- Commonwealth Ombudsman Review – At any stage the discloser may seek a review of the procurement process by the Commonwealth Ombudsman.

These processes, however, are focused on whether a procurement was undertaken in a manner consistent with the CPRs, and do not address issues of whether a supplier is in breach of other policy or legal requirements, such as the Code.

The Commonwealth Government's identification of significant events or potential non-compliance with the Code typically arise from notifications from the supplier (due to their contractual requirements), or media reporting. In rare circumstances, another supplier, a member of the public, or a whistleblower from within the supplier (third parties) may provide the relevant Department with information that leads to that Department seeking additional advice from the contracted supplier. However, perhaps partly because there is not a clear pathway for third parties to provide this detail to the relevant department, this tends to be uncommon, with those third parties more likely to approach more visible mechanisms such as the National Anti-Corruption Commission (NACC) or Commonwealth Ombudsman.

Under the devolved framework, entities are responsible for developing their own processes for investigating third party disclosures (where they are not captured under the Public Interest Disclosure Act). To support entities, Finance has developed guidance that outlines the following process for responding to third-party disclosure regarding supplier unethical behaviour:[178]

- Assessment: Upon receipt of the disclosure, assess the disclosure's relevance and severity.
- Initial action: Seek additional information from the supplier. If the facts support the disclosure, the entity can either seek a remediation plan from the supplier or terminate the contract.
- Assess remediation plan: Review the remediation plan and either accept it, request changes, or terminate the contract.
- Monitor: Monitor the supplier's implementation of the remediation plan.

[178] Guidance regarding management of Notification of Significant Events and breaches of the Supplier Code of Conduct

While clear processes and supports exist to manage supplier issues, the mechanisms for third parties to provide information confidentially are unclear. There is no consistent approach across the Commonwealth or clear guidance on where disclosures should be made. For example:

- Concerns about potential corrupt activity by a supplier may be considered by the relevant government entity that has contracted with the supplier, the NACC, the Australian Federal Police, state and territory police agencies, or relevant regulatory agencies.
- Concerns about unethical behaviour by a supplier may be considered by the relevant government entity that has contracted with the supplier, Finance (as the agency with policy responsibility for the Procurement Framework), or relevant regulatory agencies.

Further, some entities may not be well placed to assess such disclosures due to their size, capability, role, or concerns about potential conflicts of interest. In such cases a clear mechanism for independent assessment is required.

Conclusion: There is limited guidance to assist disclosers identify where to submit concerns regarding a supplier's potentially unethical performance. This can have the outcome of a disclosure not being made or being made to the wrong entity and not being actioned. The procurement framework would benefit from improved guidance for the public and suppliers around where potential disclosures should be directed in the first instance. Further, Commonwealth entities need to be appropriately supported to enable thorough investigations of disclosures received that provide appropriate protections and support to third party disclosers

8.3 Why supplier conduct beyond Commonwealth contracts matter

Suppliers to the Commonwealth Government do not operate in a vacuum. While procurement decisions are made in relation to specific goods and services, the Commonwealth's assessment of supplier integrity is not confined to conduct occurring within the performance of a particular Commonwealth contract. Conduct that falls short of expected standards, even where it does not directly relate to a Commonwealth contract, may raise questions about governance, culture, integrity, accountability, confidentiality, conflicts management or the effectiveness of organisational controls more broadly.

Equally important is how a supplier responds to identified concerns, including whether issues are acknowledged, appropriately investigated, remediated and addressed through governance and cultural reform. The increasing focus on supplier integrity reflects a broader expectation that suppliers entrusted with public resources demonstrate not only technical capability and commercial performance, but also sound governance, accountability and ethical conduct in their business as a whole.

There is also a broader market-signalling effect. The award or continuation of a Commonwealth contract may confer legitimacy and credibility on a supplier. Commonwealth procurement decisions can therefore signal to the market the standards of ethics and integrity that government considers acceptable. While not the case in this instance, as the Commonwealth publicly announced that it had agreed with KPMG a pause in KPMG bidding for work while this Review was undertaken, where the Commonwealth continues

to contract with a supplier that has a demonstrated record of significant ethics or integrity concerns, this weakens that signal and affects confidence in the standards applied to Commonwealth suppliers.

Recent supplier integrity matters helped influence, and later test, the Commonwealth's approach to supplier integrity. The PwC matter was central to the development of strengthened procurement guidance, NoSE clauses and the Code. These critical tools have since been used to manage subsequent matters, such as the McNair yellowSquares (McNair) matter.

Box 1: The PwC matter (2023 to 2025)

PricewaterhouseCoopers Australia (PwC)

In January 2023, the Tax Practitioners Board (TPB) announced that PwC's former head of international tax, Mr Peter Collins, had been deregistered as a tax agent for integrity breaches.[179] A TPB investigation identified that Mr Collins had made unauthorised disclosures of confidential information to colleagues at PwC. On 2 May 2023, the TPB tabled emails in Parliament that included 144 pages of redacted internal PwC emails. [180] Those emails highlighted the extent of those breaches and the number of staff directly and indirectly involved.[181]

Finance's response recognised that, although the underlying conduct did not arise from a Commonwealth procurement process, it was highly relevant to PwC's ethical soundness and future suitability to contract with the Commonwealth. Finance took steps to manage immediate supplier integrity risks, including directing PwC to remove staff involved in the confidentiality breach from work under the Finance-administered Management Advisory Services (MAS) Panel[182], strengthening procurement guidance on ethical conduct, introducing NoSE clauses into standard Commonwealth contracts, and later reviewing PwC's ethical soundness. PwC agreed that it would not bid for new Commonwealth work for a defined period while reforms were implemented and assessed. That mutual arrangement commenced in April 2024 and was extended through to July 2025.

Finance's later examination drew on a substantial body of material, including independent review material, PwC's commitments to reform, implementation assurance, parliamentary reports, information provided by PwC and feedback from Commonwealth entities with active contracts.[183] Finance concluded that PwC had implemented, or was in the process of implementing, reforms sufficient to support re-engagement with the Commonwealth Government. However, because cultural and governance reforms take time to embed, Finance will continue to monitor PWC's progress until 30 June 2027, including six-monthly implementation updates and continued engagement with Commonwealth entities to identify contractual underperformance or ethical concerns.

[179] Tax Practitioners Board, 'Former PwC partner banned for integrity breach'.
[180] PJC, Tax Practitioners Board, answer to questions on notice AET243, Senate Economics Committee Supplementary Budget Estimates 2022–23, 17 February 2023 (received 2 May 2023).
[181] Senate Finance Administration References Committee, *PwC: A Calculated Breach of Trust*, June 2023.
[182] The MAS panel is a Whole of Australian Government mandatory coordinated procurement established to improve the quality, consistency and efficiency of the procurement of Management Advisory Services by Commonwealth entities. The services provided under the MAS Panel are commonly known as consultancies.
[183] Finance, Examination of the ethical soundness of PricewaterhouseCoopers Australia.

Box 2: McNair yellowSquares (2024 to 2025)

McNair yellowSquares

In August 2024, Finance became aware of allegations that McNair, a market research agency, had fabricated research data for projects conducted for the Australian Electoral Commission and the Department of Defence. The matter raised supplier integrity concerns about the reliability of evidence used to support government decision-making, subcontractor oversight and the adequacy of controls over fieldwork data.

Finance responded by suspending McNair from the MAS Panel on 23 August 2024, directing Commonwealth Government campaign advertising suppliers not to enter into subcontracting arrangements with McNair, and notifying Commonwealth entities of the suspension. Over the following 12 months, Finance engaged with McNair to satisfy itself that the company had addressed the concerns and strengthened its controls.

McNair commissioned an independent report, terminated the employee involved, and implemented stronger whistleblowing, training and data-validation arrangements, including GPS tracking and supervisor spot checks. Finance lifted the suspension on 5 September 2025, which was subject to ongoing monitoring once McNair received its first MAS Panel contract after suspension, and advised McNair that further suspension or termination from the Panel remained available if justified.

8.4 Finance's management of KPMG integrity concerns

Finance is responsible for managing the MAS Panel. The MAS Panel is a whole-of-Commonwealth Government panel arrangement which enables entities to engage consultants through a streamlined procurement process.[184] In 2025–26, by value over half of all consultancy services engaged by the Commonwealth Government were through the MAS Panel. The MAS Panel Head Agreement (Head Agreement)[185] includes the NoSE and Code clauses.

Following the allegations raised publicly in the Senate on 24 March 2026, KPMG wrote to Finance on 25 March 2026 notifying it of the matters raised.[186] Later that day, Finance acted in accordance with the Head Agreement and the NoSE clauses by seeking information and assurances from KPMG regarding the allegations, KPMG's investigation of those allegations, and any potential implications for the Commonwealth.

[184] The MAS Panel is a whole-of-Australian-Government procurement arrangement that gives Commonwealth entities access to pre-qualified providers of consultancy and advisory services across financial, corporate, and commercial streams. It spans a wide range of service categories and subcategories—including financial management, governance, internal audit, human resources, risk, procurement and policy delivery.

[185] Finance, *Management Advisory Services (MAS) Panel Head Agreement*, available through the MAS Panel webpage, is the overarching agreement between the Commonwealth and suppliers appointed to the MAS Panel. It sets out the terms and conditions that apply to work performed under the panel arrangement.

[186] A copy of relevant correspondence can be found on Finance's website. Formal meeting minutes, letters and briefing about the KPMG whistleblower matter.

KPMG responded on 31 March 2026, describing the allegations and the internal and external processes it said had been undertaken. KPMG advised that, based on the information available to it, it had not substantiated any wrongdoing and did not anticipate adverse implications for Commonwealth engagements. It also said Finance would be informed if its position changed.

Finance continued to engage with KPMG throughout April and May 2026, including through a meeting with KPMG's then CEO, Mr Yates, and KPMG's MAS Panel Representative, on 19 May 2026. During the meeting, Finance sought further detail on the sequence and handling of the whistleblower allegations, the conduct matters identified, any sanctions applied, and KPMG's governance, conflict-management, information-barrier, probity-control and escalation processes. Finance also asked whether relevant complaints, findings and risks had been reflected in KPMG's transparency and significant-event reporting.

By late May, Finance's concerns had deepened for 3 reasons:

- Finance continued to learn of further allegations through media reporting and parliamentary material, rather than through direct and timely disclosure by KPMG.
- Material before the PJC, including Lendlease correspondence, appeared to describe conduct involving confidential information in terms that appeared inconsistent with KPMG's earlier advice to Finance.
- Questions remained about the adequacy of KPMG's governance response, including the role of Independent Directors, handling of the whistleblower complaints, Mr Baird's departure, and whether KPMG had properly recognised and reported the matter as a significant event under the Head Agreement.

On 26 May 2026, Finance wrote to Mr Yates stating that it remained concerned that additional allegations were continuing to emerge through the media despite Finance's request for open lines of communication. It sought information known to KPMG about criticisms raised by Independent Directors regarding its handling of the whistleblower complaints, the reasons for Mr Baird's departure from the Board, and a reconciliation between KPMG's earlier advice to Finance and Lendlease's correspondence to the PJC.[187]

Finance advised KPMG that, given the significance of the allegations and the ongoing emergence of new allegations, it was considering what steps were required to ensure Commonwealth suppliers acted with integrity and upheld the highest ethical standards. Finance expressly raised the possibility of suspension from the MAS Panel. It noted that, in similar ethical and integrity matters, it had suspended suppliers from the MAS Panel or had mutually agreed with suppliers that they would not bid for a defined period while the supplier investigated, remediated and demonstrated its commitment to appropriate standards.

On 29 May 2026, KPMG advised Finance that it had assessed the matter as a reportable significant event under clause 16.2.3 of the Head Agreement. Finance also treated the matter as significant for its supplier integrity response. KPMG stated that the matters under investigation did not concern Commonwealth work. KPMG also advised that it considered its handling of the whistleblower and earlier investigations had fallen short of expectations, and that the Board had identified shortcomings in the management of the whistleblower, the rigour of investigations and action by leadership.

[187] PJC, 'Correspondence regarding the KPMG whistleblower matter from Lendlease, received on 30 April 2026'.

Finance also considered the wider public-sector implications. On 4 June 2026, it met with State and Territory representatives through the APCC to discuss the allegations, KPMG's assurances to government clients, and each jurisdiction's proposed response.

On 10 June 2026, Finance notified KPMG that it intended to commission an independent review under clause 29.1 of the Head Agreement. The Review was to consider KPMG's practices and procedures relating to the Head Agreement and Commonwealth contracts, including culture, ethics, integrity, governance, confidentiality, privacy, security and other obligations. Finance advised that, if the Review identified systemic culture, ethics or integrity concerns, or material breaches of the Head Agreement, it would consider all available remedies, including suspension or termination from the MAS Panel.

Finance also sought KPMG's agreement not to bid for new Commonwealth work during the Review, consistent with the approach previously applied in other significant supplier integrity matters. It advised that, if KPMG did not agree, it reserved its rights under the Head Agreement to suspend or terminate. KPMG agreed on 12 June 2026 not to bid for new Commonwealth work until completion of the Review.

On 15 June 2026, Finance publicly released a procurement policy note which advised that KPMG had agreed not to bid for new Commonwealth work until 30 September 2026 while the Review was underway. The arrangement did not apply to existing contracts, extension options within those contracts, ongoing licensing or sale of KPMG proprietary products already in use by Commonwealth Government entities, or proposals submitted before the pause commenced. The note also advised entities with existing contracts with KPMG that they should seek assurances regarding contracted personnel. Further, on 10 July 2026, Finance wrote to KPMG seeking broader assurance that no Commonwealth information, data, records or confidential material had been improperly accessed, used, disclosed or otherwise mishandled. Appendix D summarises the assurances provided by KPMG to Commonwealth entities regarding the matters under investigation, including assurances relating to personnel, contracted services, and the access, use and disclosure of Commonwealth information.

The no-bid pause was later extended. On 13 August 2026, Finance agreed to a request from the Independent Reviewer for a short 9-day extension to allow fuller consideration of other relevant reviews into KPMG due to report in the period immediately prior to 30 September 2026.

On 24 August 2026, Finance sought KPMG's agreement to extend the no-bid pause to 31 October 2026 so that the existing procurement controls remained in place while the Review was finalised and for a period afterwards. The period from 9 October to the end of the no-bid pause on 31 October is intended to allow the Secretary of Finance to fully consider the Review's findings and recommendations and determine any actions arising. KPMG agreed on 28 August 2026.

Finance then advised Commonwealth entities, and the state and territories, that the Review timeframe had been extended to 9 October and that Finance's agreement with KPMG that it would not bid for Commonwealth tenders would continue unchanged until 31 October, with the same exceptions. [188] Those state and territory governments which had also agreed with KPMG that it would cease bidding through to 30 September subsequently extended the length of their agreements.

[188] Finance, Update on Procurement of Goods and Services from KPMG, 9 September 2026.

Box 3: The KPMG no-bid agreement and Commonwealth procurement powers

Why a voluntary no-bid agreement was implemented

The Commonwealth Procurement Framework does not contain powers which provide for the Commonwealth to unilaterally ban a supplier from bidding for, and potentially winning, a Commonwealth contract. In recognition of this, Finance agreed with KPMG, and PwC before it, that those firms would not bid for Commonwealth Government work while various review processes were underway. If KPMG had not agreed to this approach, the Commonwealth would still have had a small number of more limited options.

Finance could potentially have suspended or terminated KPMG from the MAS Panel. The Head Agreement provides for suppliers to be suspended or terminated from the Panel where the supplier has, for example, materially breached the Head Agreement. This includes instances of non-compliance against the Code. The MAS Panel covers a range of categories of service. Under the Head Agreement a supplier could be removed from one, multiple, or all categories. However, the majority of KPMG's revenue from Commonwealth contracts is generated outside of the MAS Panel. In 2025–26 less than half of all contracts, and only one fifth of their value, were MAS Panel contracts.[189]

- Similar requirements apply to other panel arrangements. Entities responsible for those panels could have suspended or terminated KPMG from accessing contracts through those panels.

The CPRs also contain a requirement that officials must consider a potential supplier's relevant experience, performance history and ethical conduct when assessing value for money. On 15 June 2026, Finance released a Procurement Policy Note reminding procuring officials of this requirement and noting that when assessing the reputation and behaviour of tenderers, officials should do so against the Code. While not targeted at any specific supplier, such notes are effective at ensuring that entities consider these issues when undertaking a procurement.

Throughout this period, entities continued to engage with KPMG, in line with the agreement. A key strength of the Framework is that each accountable authority is responsible for its procurement decisions and accountable for them. This devolved accountability provides each with the flexibility to assign resources to manage business objectives and risk, reduces whole-of-government red tape, and promotes innovation.

However, the KPMG matter also demonstrated some of the challenges associated with a devolved framework when significant supplier integrity concerns arise. While Finance could take action in relation to arrangements under its control, including the MAS Panel, responsibility for procurement and contract management decisions remained with individual entities. As a result, Finance could not unilaterally prevent KPMG from participating in Commonwealth procurement activities. Without the agreement of KPMG that it would not bid for Commonwealth Government work, there remained the possibility that one

[189] AusTender data. Includes new contracts and amendments. If capturing only new contracts, this changes to less than half of all contracts, and one third of their value, were MAS Panel contracts.

or more entities may have engaged KPMG regardless. This possibility can be inferred from AusTender data from 16 June to 30 September 2026 which shows that 4 new contracts[190] were signed with KPMG over that period, and 36 contracts[191] varied[192]. Given entities' requirements and willingness to continue to engage with KPMG following the 24 March 2026 announcements, it is likely that, in the absence of an agreement with KPMG, or the Commonwealth having access to and making use of a unilateral power, KPMG would have continued to win new Commonwealth contracts.

Conclusion: The Commonwealth's supplier integrity framework, including the Notification of Significant Event and the Supplier Code of Conduct mechanisms, provides important machinery for identifying, escalating and responding to supplier integrity concerns. The KPMG matter demonstrated the value of these mechanisms but also highlighted limitations in information sharing, coordination and the consistent management of supplier integrity risks across Government.

Finance entered into broadly similar agreements with PwC and KPMG under which they would not bid for Commonwealth contracts. No such agreements with Scyne Advisory (Scyne) or McNair. Scyne was not on the MAS Panel, limiting its access to Commonwealth contracts, while unilaterally suspending McNair from the Panel.

Conclusion: While each instance arose from different events and had unique circumstances which required differently targeted responses, there are sufficient similarities to question why less varied responses were not taken. Finance's response to unethical behaviour by suppliers would benefit from a more robust framework which considered how and when the various mechanisms available to it are triggered.

8.5 KPMG's compliance against the Supplier Code of Conduct

The Code came into effect on 1 July 2024 and applies to all suppliers performing work for CPR covered entities under Commonwealth contracts. Some provisions relate directly to the performance of those contracts, while others establish broader expectations of supplier conduct. The matters initially raised by the whistleblower pre-date the introduction of the Code, which does not apply retrospectively. However, as it is the integrity framework that applies to all current and future contracts, it is useful to assess these matters against the Code to both identify where KPMG's conduct fell short of the Commonwealth Government's current expectations, and to identify any shortcomings in the Code.

[190] AusTender data reports 5 new contracts. One of these contracts (CN4275951) is an extension of an earlier contract (CN4240043). Due to financial system limitations within the Department of Health, Disability and Ageing, it was unable to report this contract as an extension to an existing contract.

[191] AusTender data reports 35 contracts were amended. As noted above, this figure does not include CN4275951 as it was reported as a new contract due to financial system limitations within the Department of Health, Disability and Ageing.

[192] All new contracts entered into were in line with the agreement between Finance and KPMG, which allowed for new contracts to be entered into between the period 16 June to 31 October included certain allowed exceptions.

KPMG's conduct was inconsistent with both the expectations and the underlying intent of the Code, which is to promote integrity, accountability and ethical conduct by suppliers undertaking Commonwealth work. Had the Code been in effect at the time of these events, KPMG would have been non-compliant with:

- expectation 1.2 - Uphold business integrity
- expectation 2.1 - Demonstrate high standards of professional conduct and corporate citizenship.

Expectation 1.2 states 'Suppliers must conduct their business with integrity by acting honestly, responsibly, transparently, consistently and holding themselves accountable for their actions. Suppliers are expected to reflect their organisations communicated values and ethics in their actions and behaviours. Suppliers must not engage in conduct or misuse a position with the intention of obtaining an advantage for themselves or for another person, or to cause, or seek to cause, detriment to the Commonwealth or to any other person.'

KPMG was non-compliant with expectation 1.2 for the following reasons:

- KPMG was in a professional relationship with its clients (Lendlease and Optus) and had privileged access to the confidential information of those clients through that position.
- KPMG misused its access by disclosing the information to KPMG personnel not involved in the relevant client engagements for reasons that were unrelated to the client engagement.[193]

KPMG's actions were also inconsistent with its stated organisational value of integrity: 'We do what is right'. KPMG's Global Code of Conduct explains that this includes acting lawfully and ethically, in the public interest, and maintaining independence and objectivity. The unauthorised sharing of client confidential information was inconsistent with those commitments.[194] Taken together, this conduct was inconsistent with the honesty, responsibility, transparency and accountability required by expectation 1.2.

Expectation 2.1 states 'Suppliers must conduct themselves in a manner that is fair, professional, free from bias and avoids bringing the Commonwealth into disrepute. Suppliers must exercise due care and responsibility and must not engage in any activities that are illegal, unsafe, exploitative, fraudulent, corrupt, collusive, or otherwise unethical. Suppliers must comply with their competition law obligations and must not engage in collusive and/or anti-competitive conduct.'

KPMG was non-compliant with expectation 2.1 for the following reasons:

- KPMG was in a professional relationship with its clients (Lendlease and Optus) and had privileged access to the confidential information of those clients through that position.
- KPMG misused its access to that confidential information that it held through that position by disclosing the information to KPMG personnel not involved in the relevant client engagements for reasons that were unrelated to the client engagement.

[193] Advice from Australian Government Solicitor.
[194] KPMG International, Global Code of Conduct.

- KPMG has publicly conceded shortcomings in the management of the whistleblower and the allegations, the rigour of the investigations, and action taken by leadership regarding the allegations raised.[195]

It is possible that KPMG may also have been non-compliant with expectation 3.4 - Respect employee rights.[196]

Expectation 3.4 of the Code states 'Suppliers are expected to respect the rights and entitlements of their personnel and comply with all relevant workplace legislation. This includes:

- ensuring that their personnel receive their correct entitlements on time including, but not limited to, wages, penalty rates, overtime, allowances, superannuation, leave, and compensation; and
- respecting the rights to freedom of association for employees and contractors, particularly their rights to choose to do or not do any of the following: join unions or other industrial associations, collectively bargain, and engage in lawful industrial activities.'

There is the potential that KPMG has not complied with expectation 3.4 as the whistleblower has alleged bullying and similar conduct by KPMG partners. Depending on the extent of this conduct it could amount to a breach of work health and safety duties owed to the whistleblower as an employee. Further, the whistleblower also alleges breach of the Whistleblower Protection Regime in the Corporations Act by KPMG.[197] As these matters are outside the scope of this Review, they have not been further considered but are included as a potential non-compliance for completeness.

Consistent with the conclusion that KPMG would have been non-compliant with the Code, the Review requested that KPMG set out its views on its compliance with the Commonwealth's expectations. In response, KPMG's CEO, Mr Sams, wrote to the Review on 18 August 2026 advising that KPMG accepted that it had not fully met the Commonwealth's expectations relating to integrity, governance, culture and organisational behaviour. He advised that although the firm had ethics, confidentiality, risk management and compliance frameworks in place, the conduct of some partners was inconsistent with those frameworks, and exposed shortcomings in the firm's governance oversight. He further identified that the firm had not fully met the Code on Expectations 1.2 - Uphold business integrity and 1.3 - Protection of sensitive, privileged and confidential information.[198]

Conclusion: While the Code is not retrospective and most of the conduct examined by the Review occurred before it came into effect on 1 July 2024, KPMG would clearly have been non-compliant had the same conduct occurred after that date. This needs to be taken into account when considering the future relationship with KPMG.

The agreement with KPMG that it would not bid for Commonwealth contracts included the following exceptions: extensions and amendments to existing contracts, the licencing or sale of KPMG proprietary products; and any proposals submitted prior to 16 June 2026.

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[195] PJC, Correspondence: Mr John Sams, CEO, KPMG Australia to Chair, PJC CFS, 'Update regarding whistleblower allegations and correction of the record', 24 July 2026.
[196] Advice from Australian Government Solicitor.
[197] Advice from Australian Government Solicitor.
[198] Expectation 1.3 of the Supplier Code applies the protection of Commonwealth information. As there is no evidence of the misuse of confidential Commonwealth information, it is arguable that there has been no failure by KPMG to comply with this expectation.

Noting these exceptions, during the period 16 June to 30 September 2026, AusTender reported entities entered into 4 new contracts[199] with KPMG at a value of $5.5 million and varied 36 contracts[200] with KPMG to a value of $23.8 million. The Procurement Policy Note which communicated the nature of the agreement with KPMG, reflects the view that, with a supplier like KPMG, which had approximately 300 contracts with the Commonwealth Government at 16 June 2026, it is not possible to immediately cancel all contracts and pivot to new suppliers. Further, the Review had yet to begin, which made it unreasonable to implement an immediate cancellation of all existing contracts with KPMG.

However, there is an apparent inconsistency in the view that there was sufficient information to justify seeking KPMG's agreement not to bid for Commonwealth contracts, but insufficient information to determine whether KPMG should be excluded from bidding for all Commonwealth contracts.

Conclusion: Decisions to restrict a supplier from bidding for Commonwealth contracts should be measured, consider the broader impact on Government's operations, be evidence based and internally coherent. While Finance sought to balance these considerations, aspects of its approach warrant closer examination.

8.6 Operation of the Notification of Significant Events and Supplier Code of Conduct

Since its introduction, some suppliers have raised with Finance confusion regarding what constitutes a notifiable significant event. KPMG raised similar issues over the course of the review, setting out that while it had established a Significant Events Governing Group to identify issues that it should report to the Commonwealth (and states and territories) ambiguity remains as to how and when to appropriately report potential significant events or non-compliance with the code. Feedback from suppliers to Finance similarly suggests there is currently a lack of clarity regarding:

- what types of information are sufficiently significant to require reporting
- the extent of detail that should be reported
- when it should be reported to the Commonwealth (for example, at the time the issue becomes known, or after it has been investigated
- how external constraints (such as legal orders) impact on reporting.

Conclusion: The details of each event are important in determining whether it should be reported to the contracting entity. The absence of guidance for suppliers requires them to make their own judgements, resulting in inconsistency in the reporting and management of these issues, and reduces effective operation of the NoSE and the Code.

Finance's involvement in managing this matter, as well as the previous PwC and McNair incidents, arose as a result of Finance's responsibility for administration of the MAS Panel (all 3 firms are suppliers under

[199] AusTender data reports 5 new contracts. One of these contracts (CN4275951) is an extension of an earlier contract (CN4240043). Due to financial system limitations within the Department of Health, Disability and Ageing, it was unable to report this contract as an extension to an existing contract.

[200] AusTender data reports 35 contracts were amended. As noted above, this figure does not include CN4275951 as it was reported as a new contract due to financial system limitations within the Department of Health, Disability and Ageing.

the panel arrangement). Since the introduction of the Code, there have been a range of other incidents involving suppliers being potentially captured under the NoSE clauses or Code.[201] However, as Finance did not have contractual relationships with those firms, these matters were managed by other Commonwealth entities. This means that it is currently not possible to provide a comprehensive report of suppliers who have been found to be non-compliant with the Code.

Conclusion: There are currently no assurance mechanisms in place within the Commonwealth Procurement Framework to provide confidence that all potential significant notifications or non-compliance with the Code are being identified, and effectively managed. Instead, there is a significant risk that, in the absence of greater coordination across the Commonwealth, some unethical suppliers will continue to win Commonwealth contracts.

Notwithstanding that there are gaps at the whole-of government level, at the individual event/supplier level, the information available and range of options for responding to suppliers' non-compliance with the Code have improved since the PwC matter. However, these mechanisms rely on suppliers engaging constructively, addressing identified issues and implementing remediation measures that satisfy the Commonwealth.

The Commonwealth still cannot currently prevent a supplier from bidding for Commonwealth contracts solely because of past unethical behaviour. As a result, there remains a small risk that a supplier with a known history of unethical behaviour could win further contracts. In such cases, the Government may have limited options for action without creating significant legal risk.

Conclusion: The Commonwealth Procurement Framework has improved arrangements to engage with suppliers seeking to address and resolve their ethical challenges. It would, however, benefit from further powers to improve management of suppliers unwilling to engage with the Commonwealth to address significant ethical issues within their business.

8.7 Improving procurement practices

The Commonwealth Procurement Framework is devolved, with more than 80,000 procurement decisions made each year by officials across more than 100 entities.

Since September 2023, Finance has focused on strengthening procurement and contract management capability across the Commonwealth. Between September 2023 and September 2026, more than 27,000 attendances, including Senior Executive Service delegates, have been recorded across Finance's Procurement and Contract Management Training suite. In September 2024, the Procurement and Contract Management Profession was established, supporting the growth of procurement and contract management capability across the Australian Public Service (APS).

Further, to improve transparency of entity's procurement practices, and to ensure there is appropriate oversight of procurement activity, the Government introduced new Annual Report requirements in

[201] For example: In late 2025 concerns were raised regarding MA Services Group's potential compliance with the Code. In another instance, in August 2026, concerns were raised regarding Delivery Centric Technology Services. As Finance did not have lead responsibility for the Commonwealth's contractual relationship with those firms, responses to these matters were managed by other Commonwealth entities.

2025-26. Entities are now required to provide additional detail on their procurement performance and publish a standardised table of procurement data.

Despite these initiatives, procurement and contract management capability remains uneven across the Commonwealth. This can result in suppliers having different experiences depending on the entity, or even the individual, managing the procurement process.

To further strengthen entity capability, Finance piloted the Entity Procurement and Contract Management Capability Review Program. The pilot independently assessed procurement and contract management capability across 5 entities covered by the Commonwealth Procurement Rules. A review of the pilot found it was effective and recommended expanding the program to include a broader range of entities and increase the sharing of good practice across the APS.

Conclusion: Procurement is an effective enabler of government policy and is dependent on well-trained, capable officials, effective leadership and strong oversight. Further improvements in capability and senior oversight across government would support a more consistent approach and increase confidence in entities' compliance with the Commonwealth Procurement Framework.

9 Recommendations

KPMG first published its Action Plan on 23 June 2026, providing progress updates on 12 August, 4 September and 9 October 2026. The Action Plan set out the immediate actions that KPMG was taking to address the issues made public in and following Senator O'Neill's statement in the Senate of 24 March 2026.

A key element of the Action Plan involved KPMG commissioning, or responding to, a range of reviews. KPMG commissioned the Andrews Group, Principia and Mallesons to assess their whistleblower policy, processes and culture. Further, CA ANZ, ASIC and TPB commissioned reviews of KPMG, with CA ANZ completing their review in late September 2026. KPMG has publicly released the Andrews Group, Principia and CA ANZ's Reviews, and has provided the Review copies of the Mallesons advice. The Andrews Group and Principia reviews made a range of additional recommendations for KPMG action, with the Mallesons and CA ANZ reviews providing suggestions for future improvement. On 9 October 2026, KPMG updated its Action Plan to capture the outcomes of these reviews. Taken together, the current Action Plan and the review recommendations and suggestions form an essential basis for improving KPMG's governance, accountability and ethical conduct.

However, it is too early to determine whether these reforms will be implemented as the authors intend and whether they will achieve the lasting cultural change required. A key challenge for KPMG will be sustaining reform and maintaining a consistent and disciplined focus on implementation so that previous poor behaviours and practices do not re-emerge. Confidence in KPMG's future performance, including its suitability to undertake Commonwealth work, will depend on their sustained implementation and effectiveness over time.

Continued independent assurance, transparency and monitoring will therefore remain important indicators of whether the intended reforms are likely to be and have been successful.

1. KPMG should implement its Action Plan to ensure the necessary measures are put in place as rapidly as is appropriate. KPMG should maintain an implementation focus over the medium term to ensure the desired impact of the Action Plan.
    a. This will include implementing the recommendations and suggestions of the reviews they commissioned (Principia, Andrews Group and Mallesons) and ensuring that the independent external reviews are properly addressed (Chartered Accountants Australia New Zealand).
    b. While all the recommendations are important, KPMG should prioritise the governance elements of its Action Plan (Items 1.1 of the Action Plan) and Principia's recommendations (Recommendation 1) to ensure that KPMG's Board members have the explicit information and authority to assess, test, challenge and, where necessary, direct implementation, and help ensure the reforms deliver the expected outcomes as early as possible.
    c. KPMG should empower its independent Board members by ensuring it has an effective Board charter, the capacity for Independent Members to influence the Board's agenda,

and processes in place to ensure Independent Members can access information from within KPMG effectively and promptly.

d. To maintain transparency and build confidence in their implementation progress, KPMG should provide regular public updates of their implementation progress against the Action Plan.

2. Finance should monitor the implementation of the Action Plan and the recommendations of the related reviews over the next 3 years, or until all substantive actions and recommendations have been implemented (whichever is the earlier).
    a. KPMG should develop an Implementation Plan and benchmarks for the consideration of Finance to form the basis of Finance's monitoring.
    b. Monitoring should commence following agreement to the Implementation Plan and benchmarks to be used.
    c. To assist monitoring:
        i. KPMG should provide updates to Finance on their progress on a quarterly basis, with the first report to be provided 3 months after agreement to the Implementation Plan and benchmarks.
        ii. Finance should have access to necessary information and KPMG staff as required and to help it assess the quarterly updates.

Effective implementation of the Action Plan will depend on robust governance, monitoring and independent assurance. KPMG have appointed an Independent Implementation Advisor to provide the KPMG Board with independent assurance of progress in implementing the KPMG Action Plan. The continuation of this external advice over the next 3 years will be an important mechanism for providing confidence to both the KPMG Board and Finance that the Action Plan, and related recommendations, are being implemented as committed.

3. The support provided to the Board and KPMG management by an Independent Implementation Advisor should continue beyond the current contract, and until the implementation plan is implemented.
    a. Should the current Advisor prefer not to continue in that role, KPMG should find a suitable replacement.
    b. To assist Finance in their monitoring role, KPMG needs to provide Finance regular access to the Advisor to discuss implementation progress.

4. Finance should maintain the current pause on KPMG bidding for Commonwealth work for a further short period until KPMG has further demonstrated that the Action Plan and related recommendations are being effectively implemented, KPMG is engaging constructively with ASIC and the TPB reviews, and is committed to addressing any recommendations that have been made by those organisations.
    a. KPMG's implementation progress should be reviewed quarterly to coincide with KPMG's quarterly update.

5. Finance should consider reinstating the 'no bid' arrangement, in full or in part, if in the future:
    a. KPMG's implementation of the Action Plan materially stalls, and/or significant components of the Action Plan and the related recommendations not be pursued
    b. additional substantive information regarding the KPMG whistleblower matter becomes known and/or
    c. KPMG is found non-compliant with the Supplier Code of Conduct for matters unrelated to the KPMG whistleblower matter.

An essential component of the Commonwealth Procurement Framework is its devolved nature, which ensures decisions are taken by those with greatest responsibility and accountability. However, when responding to potential unethical behaviour by suppliers, this devolved accountability creates the risk that entities will respond inconsistently to notifications and potential Code breaches by suppliers and whistleblowers. The Commonwealth's supplier integrity framework, including the NoSE and Code, are important mechanisms for identifying, escalating and responding to supplier integrity concerns. The KPMG matter demonstrated the value of these mechanisms but also highlighted limitations in information sharing, coordination and the consistent management of supplier integrity risks across the devolved system.

6. Finance should strengthen the Supplier Code of Conduct framework to:
    a. provide strengthened sanctions, including the ability to restrict or prohibit suppliers from bidding for Commonwealth Government contracts where appropriate
    b. improve guidance for suppliers on their notification obligations
    c. improve reporting by clarifying and promoting pathways for individuals and organisations to report concerns about suppliers' potential unethical behaviour
    d. provide clearer guidance for Commonwealth departments and agencies to assist them in assessing disclosures of potential unethical supplier conduct
    e. support disclosures to be effectively managed by Commonwealth departments and agencies through broadening the review role of the Procurement Coordinator
    f. improve information sharing across Commonwealth departments and agencies
    g. provide a consistent basis for the treatment of existing procurements and contracts when establishing any future agreements with suppliers that they will not bid for Commonwealth procurements.

The co-ordination provided through the APCC enabled a broadly consistent approach and support for a single review commissioned by the Commonwealth Government. Operating as a group gave substantially more leverage to all governments than operating individually.

7. Finance should continue working closely with the states and territories through the APCC and, where agreed:
    a. help them monitor KPMG's progress in implementing the Action Plan and related recommendations and, where in place, support them to manage their own 'no bid' agreements with KPMG
    b. share information on unethical behaviour by suppliers and strengthen Commonwealth and State and Territory procurement frameworks to improve supplier integrity.

Procurement is an effective enabler of government policy and is dependent on well trained, capable officials and procurement teams, effective leadership and strong oversight. Further improvements in capability and senior oversight across government would support a more consistent approach and increase confidence in entities' compliance with the Commonwealth Procurement Framework.

8. To embed effective procurement practices in agencies, Finance should:
    a. encourage Accountable Authorities and senior officials (including Department and Agency heads) to take a greater interest in, and improve oversight of, their entity's procurement processes to improve procurement outcomes
    b. build on the strong work of the Procurement and Contract Management profession, by exploring options to improve the procurement capability of entities and empower senior officials to undertake high-quality procurement.

Appendix A – Terms of Reference and mapping to the Report



Independent review of KPMG – Terms of Reference

Background

On 24 March 2026, allegations were raised in the Senate relating to KPMG Australia's governance and integrity, based on information provided by a whistleblower (the allegations).[1] The allegations related to potential misuse of confidential client information, integrity issues in tender processes, and broader governance concerns.

In light of the seriousness of the allegations, the regular emergence of new matters, and concerns regarding the adequacy and independence of KPMG's prior review processes, the Department of Finance (Finance) has appointed Dr Ian Watt AC (the Reviewer) to undertake a high level, independent, arms-length review.

Scope

The review will consider:

- relevant aspects of KPMG's culture, ethics and integrity, and the effectiveness of its governance arrangements
- the adequacy of KPMG's remedial activities to meet the Commonwealth's ethical expectations of suppliers; and
- the Commonwealth Government's procurement and contract management processes to identify and manage unethical behaviour by suppliers.

The review will provide Finance with independent advice on KPMG's future suitability for the delivery of work to the Commonwealth Government under the Commonwealth procurement framework; and will include:

- advice on the operation of KPMG's relevant governance, accountability, culture, ethics and integrity frameworks, how they compare with best practice, and how their structure, implementation and operation may have given rise to or contributed to the allegations.
- advice on the effectiveness of KPMG's issue management processes, with particular regard to whether KPMG's response, escalation and disclosure processes to the Commonwealth were timely, appropriate and effective.
- advice on whether any other known significant matters are currently under investigation by KPMG or by Australian Regulators.
- advice on whether KPMG complied with, and has processes in place to support compliance with, the Commonwealth Supplier Code of Conduct and relevant contractual obligations.

- advice on the adequacy or otherwise of the remedial activities KPMG intends to take.
- recommendations regarding the Commonwealth's ongoing and future contractual engagement with KPMG, including any actions, conditions, assurances or monitoring arrangements that may be appropriate in light of the Reviewer's findings.
- advice on the appropriateness of, and any reforms necessary to, the existing protections under the Commonwealth procurement framework.

Timeframe and Administration

The Reviewer will provide a written report to the Secretary of the Department of Finance by 30 September 2026 or such other date as agreed between the Reviewer and Finance.

Finance will provide secretariat support to the Reviewer. The Reviewer may be supported by further independent experts as required.

Terms of Reference coverage

Note: The Report addresses individual Terms of Reference elements across multiple chapters. This table identifies the principal chapters in which each element is substantively addressed as is intended as a guide to the Report's coverage of the Terms of Reference.

Table 6: Mapping of the Terms of Reference to the Report

Terms of Reference element	Principal location in the Report
Relevant aspects of KPMG's culture, ethics and integrity, and the effectiveness of its governance arrangements	Chapter 6
Adequacy of KPMG's remedial activities to meet the Commonwealth's ethical expectations of suppliers	Chapter 7
Australian Government procurement and contract management processes to identify and manage unethical behaviour by suppliers	Chapter 8
Independent advice on KPMG's future suitability for the delivery of work to the Australian Government under the Commonwealth procurement framework	Chapter 7 Chapter 8
The operation of KPMG's relevant governance, accountability, culture, ethics and integrity frameworks, how they compare with best practice, and how their structure, implementation and operation may have given rise to or contributed to the allegations	Chapter 2 Chapter 3 Chapter 4 Chapter 6
The effectiveness of KPMG's issue management processes, with particular regard to whether KPMG's response, escalation and disclosure processes to the Commonwealth were timely, appropriate and effective	Chapter 3 Chapter 4 Chapter 6 Chapter 8
Whether any other known significant matters are currently under investigation by KPMG or Australian regulators	Chapter 4
Whether KPMG complied with, and has processes in place to support compliance with, the Commonwealth Supplier Code of Conduct and relevant contractual obligations	Chapter 8
The adequacy or otherwise of the remedial activities KPMG intends to take	Chapter 7
Recommendations regarding the Commonwealth's ongoing and future contractual engagement with KPMG, including any actions, conditions, assurances or monitoring arrangements	Chapter 9 Chapter 8
Appropriateness of existing protections under the Commonwealth procurement framework	Chapter 8
Any reforms necessary to the existing protections under the Commonwealth procurement framework	Chapter 8 Chapter 9

Appendix B – Chronology of events

Source reference codes used in this appendix identify the primary document or evidence supporting each chronology entry. Appendix M contains the key reference documents for this Report. Most documents are publicly available, while others were provided to the Review. Some entries are based on evidence obtained through meetings conducted by the Independent Reviewer rather than documentary sources. Where this occurs, dates and relevant details have been verified with the source. Appendix L lists the meetings conducted by the Independent Reviewer.

Table 7: Chronology source references

Code	Source	Code	Source
ASH-1	Ashurst review, 24 February 2025	WB-1	Whistleblower PJC Submission - 01 - Opening Statement and Section 1, 30 May 2026
ASH-2	Ashurst advice, 9 May 2025	WB-2	Whistleblower PJC Submission – 02 - Principal Response, 30 May 2026
ASH-3	Ashurst review, 19 August 2025	WB-3	Whistleblower PJC Submission – 03 – Observations, 30 May 2026
ALL-1	Project Magenta, Final Investigation Report, report no. 1, 12 December 2025	WB-4	Whistleblower Section 1 Emails Supporting the Submission, 30 May 2026
ALL-2	Project Magenta, Whistleblower provisions, 12 December 2025	WB-5	Whistleblower, n.d., Statement tabled at 19 June 2026 PJC hearing
ALL-3	Project Magenta, report no. 2 (Optus/Telstra) (not publicly available), 13 June 2026	WB-MTG	Meeting with the whistleblower, 27 August 2026
ALL-4	Project Magenta, report no. 3 (Lendlease) (not publicly available), 10 August 2026	KPMG-1	Correspondence from Martin Sheppard and Andrew Yates to PJC, 30 April 2026
PRI-1	Principia Ethical Culture Review (2021) (not publicly available)	KPMG-2	Correspondence from Michael Ebeid to the whistleblower (copied to PJC), 9 August 2026
PRI-2	Principia Pulse Report (2022)	KPMG-3	Correspondence from Mr John Sams, KPMG to PJC, 24 July 2026
PRI-3	Principia Ethical Culture Review (2026)	KPMG-4	Correspondence from Martin Sheppard to Independent Directors, 22 November 2024.
HAN-1	Senate Hansard, 24 March 2026	KPMG-5	KPMG's Response to Questions on Notice, received 28 July 2026.
HAN-2	PJC hearing, 19 June 2026	CAANZ-1	Correspondence from Ainslie van Onselen to the PJC, 1 May 2026
HAN-3	PJC hearing, 14 August 2026	LEND-1	Correspondence from Tony Lombardo, Lendlease to the PJC, 30 April 2026
HAN-4	PJC hearing, 4 September 2026	SWIT-1	Switkowski Review, September 2023
FIN-1	Finance records and correspondence released as FOI 25–26-239	KPMG-MAT	Material KPMG provided to the Review
WBC-1	Correspondence from Mr Richard Collyer, Westpac to the PJC, n.d.	KPMG-MTG	Meeting(s) with the Independent Reviewer and KPMG

Table 8: Chronology from 2021–2026

Date	Event
March 2021	Principia completed an Independent Ethical Culture Assessment identifying 6 cultural vulnerabilities (PRI-1).
June 2022	Principia completed an Ethical Culture Index (ECI) Pulse, with the aim of tracking the impact of efforts to enhance ethical culture at KPMG since the Independent Culture Assessment in 2020. The 'Pulse Report' identified improvement in some areas but ongoing concerns relating to the impact of financial returns on ethical decision-making, speak-up culture, and willingness to challenge senior personnel (PRI-2).
October 2022 to May 2023	Lendlease decided to take its audit to tender in October 2022. KPMG agreed not to participate and intended to cease as auditor in 2023 but later agreed to extend its audit term for a further year when requested by Lendlease (ALL-1).
End of 2022 to 2024	The whistleblower recalled first developing concerns regarding the ethical operations of KPMG in late 2022, including matters relating to the treatment of individuals, wellbeing issues, partner behaviour and the reluctance of partners to challenge other partners (WB-MTG). They recalled that, in mid-2023, KPMG approached them about relocating to Australia to pursue partnership. The whistleblower declined the opportunity, citing concerns about the firm as well as family relocation considerations (WB-4).
September 2023	*Review of Governance, Culture and Accountability at PwC Australia*, authored by independent expert Dr Ziggy Switkowski AO (the Switkowski Review) is published (SWIT-1).
September 2023	Following the PwC matter, KPMG concluded that it met or substantially met 17 of the 23 recommendations the Switkowski Review, and considered that it did not have the same systemic issues identified at PwC (KPMG-MAT).
19 July 2023	The whistleblower emailed a KPMG partner raising difficulties with relocating to Sydney (KPMG-MAT).
September to October 2023	KPMG participated in Westpac audit tender activity while Lendlease related tender feedback and audit material were referred to or shared in internal tender preparation contexts (ALL-1).
10 October 2023	Lendlease audit material was shown during a Westpac tender-team meeting. This later became significant when KPMG accepted that unauthorised sharing of client information had occurred (ALL-4).
28 October 2023	The whistleblower stated that Julian McPherson warned them about a culture of retaliation within KPMG (WB-4).
November 2023	KPMG paused their Work From Anywhere Guideline (KPMG-MAT).
7 to 11 December 2023	KPMG personnel provided or discussed assurances to Singtel/Optus that Optus and Telstra teams, information and files would be separated, and that Singtel/Optus information would remain secure (ALL-3).
12 December 2023	Telstra invited KPMG to tender for audit services (ALL-1).

Date	Event
16 January 2024	Telstra issued its Request for Tender (ALL-1).
24 January 2024	An Optus Data and Analytics Insights Report was shared with members of the Telstra tender team. The covering email noted sensitivity between the 2 clients and that the report contained client data (ALL-3).
5 February 2024	A draft Optus audit plan was sent to members of the Telstra tender team. A related email stated that the developing Telstra audit plan had leveraged or overlaid materials including the Optus audit plan (ALL-3).
24 February 2024	The whistleblower discussed concerns regarding culture, conduct and retaliation with Mr McPherson over lunch (WB-4).
6 March 2024	KPMG submitted its proposal for Telstra's audit services (ALL-1).
8 March 2024	Westpac confirmed KPMG as the preferred firm to be appointed as Westpac's external auditor for the 2025 financial year, beginning 1 October 2024 (ALL-3).
16 March 2024	KPMG CEO attended a concert at the invitation of Telstra's CEO after KPMG had submitted its audit proposal (KPMG-1).
15 to 16 April 2024	The Optus Data and Analytics Insights Report was shared again in the context of preparation for a Telstra revenue dashboard presentation (ALL-3).
21 and 29 April 2024	Telstra management and board presentations took place during the tender process (ALL-3).
30 April 2024	KPMG's National Executive Committee (NEC) approved the Work From Overseas Policy and amendments to the Flex Your Work policy following consideration of risks associated with overseas working arrangements. These became effective from 1 July 2024 (KPMG-MAT).
8 May 2024	KPMG advised it sought legal advice regarding employment conditions and relocation requirements in relation to the whistleblower's circumstances. Advice was obtained from external lawyers through the OGC (KPMG-MTG).
30 May 2024	3:20pm a Senior Partner in the Audit & Assurance team sent a calendar invite to the whistleblower for a meeting on 31 May to discuss relocation requirement with the Senior Partner and a member of the P&I team. 3:29pm The whistleblower sends an email raising employment, relocation and ethical concerns (the whistleblower's first disclosure). It is later confirmed that the meeting is cancelled due to time needed to consider the email and that the call would be rescheduled (KPMG-1).
30 May to 3 June 2024	KPMG undertook an IT download or sharing activity check in relation to the whistleblower's KPMG accounts. KPMG later advised that material identified through the search was provided to OGC on 3 June 2024 (KPMG-2).
May 2024 onward	The whistleblower said that, after the May 2024 disclosure, KPMG ceased withholding tax and did not tell them or give prior warning. The whistleblower also said tax positions for previous years remained unresolved (WB-1).

Date	Event
After 30 May 2024	KPMG sought further legal advice to assess whether information provided by the whistleblower should result in changes to the relocation consultation process (KPMG-MTG).
31 May 2024	KPMG acknowledged receipt of the whistleblower's disclosure. The whistleblower offered to clarify their concerns and provide further examples (WB-4).
13 to 25 June 2024	KPMG formally acknowledged the 30 May 2024 disclosure and sought further particulars from the whistleblower. The whistleblower submitted clarification questions on 18 June 2024. KPMG responded on 25 June 2024 and advised that relocation discussions would proceed. The whistleblower later stated that this occurred before they had an opportunity to provide the requested information (WB-2).
26 June 2024	KPMG communicated through Brekky News a change to its Flex Your Work policy, requiring all permanent employees of KPMG Australia to reside in Australia and prohibiting partners and employees from working remotely from another country on a permanent or long-term basis (KPMG-MAT, WB-4).
28 June 2024	KPMG published the Work From Overseas policy, which replaced the Work From Anywhere Guideline (KPMG-MAT).
1 July 2024	The Work From Overseas Policy and revised Flex Your Work policy came into effect (KPMG-MAT). KPMG advised the whistleblower that the revised firmwide policy required permanent employees of KPMG Australia to reside in Australia and proposed relocation by 1 October 2024 (KPMG-MTG).
30 August 2024	A without-prejudice meeting occurred between the whistleblower and a senior KPMG partner in relation to relocation and employment matters (WB-1).
Mid 2024	KPMG said it encouraged the whistleblower to use formal channels, including whistleblower, internal contact and employee-relations pathways (KPMG-1).
30 October 2024	Representatives from the People and Inclusion team met with the whistleblower, 5 months after the May disclosure (KPMG-MTG, WB-MTG).
31 October 2024	The People and Inclusion team sent the whistleblower details of KPMG's employee assistance program (EAP), a confidential service that provides employees with professional supp for personal or work-related issues that may affect their well-being or work performance (KPMG-1).
4 November 2024	The whistleblower wrote to KPMG advising that they would not proceed with the proposed deed and setting out concerns about confidentiality, retaliation, pressure, unresolved tax issues and the proposal to link a work reference to signing the deed (WB-4).
14 November 2024	KPMG approved a further IT search, which preceded the discovery of allegation documents later relied upon in internal investigation activity (KPMG-2)
15 November 2024	Following a discussion in which the whistleblower provided further information about allegations involving 2 partners, KPMG states that the People and Inclusion team decided to refer the matter to OGC for external consideration (KPMG-MTG).

Date	Event
18 November 2024	KPMG records that the People and Inclusion team held a further discussion with the whistleblower (KPMG-MTG).
20 November 2024	The first Ashurst review (workplace treatment/conduct review) was initiated by the OGC. This report is finalised 25 February 2025 (KPMG-MAT).
21 November 2024	The whistleblower wrote to KPMG seeking assurance that they could work on client engagements without being exposed to situations they believed raised ethical or integrity concerns. They also requested guidance on how to report similar concerns in the future, citing several past incidents that had caused them concern (WB-4).
21 November 2024	KPMG's CEO instructs the OGC to commence an internal investigation. This investigation was concluded on 25 July 2025, with Ashurst asked on 26 June 2025 to review whether there was a reasonable basis for the conclusions (KPMG-MAT).
21 November 2024	KPMG's leadership was informed a search of its systems had found a draft document written by the whistleblower (referred to as the '21 November 2024' letter) (KPMG-MAT).
22 November 2024	Mr Sheppard emailed Independent Board Members advising a current employee may contact them (KPMG-4).
23 November 2024	The whistleblower wrote directly to KPMG Australia's Independent Directors, Ms Hemstritch and Mr Baird, seeking their intervention (WB-4).
25 November 2024	Independent Director, Ms Hemstritch, advised the whistleblower that KPMG had already commenced an external investigation into their concerns, overseen by Independent Directors, and asked that further details be provided to Ashurst. Ms Hemstritch requested the whistleblower provide details of their concerns to Ashurst (WB-4).
26 November 2024	Following an email request from the OGC, the Cyber Security Investigations team placed legal holds over the user accounts associated with the employee (KPMG-MAT).
26 November 2024	KPMG identified a second document as part of its numerous searches (referred to as the '26 November document') (KPMG-MAT).
27 November 2024	KPMG circulated a draft deed of release to the whistleblower (KPMG-1).
29 November 2024	The whistleblower signed the Deed of Release (WB-MTG).
5 December 2024	The signed deed was returned to the whistleblower (HAN-2).
13 December 2024	The Chair emailed Independent Directors (Mr Baird and Ms Hemstritch) advising that the deed had been signed and it included non-disclosure protections (HAN-3).
17 December 2024	OGC met with the CEO to discuss progress of the OGC's internal investigation into the allegations of the '21 November 2024' and '26 November 2024' documents (HAN-3).

Date	Event
24 February 2025	Ashurst's review into the workplace matters concluded. Ashurst was not able to determine that the whistleblower had been subjected to conduct contrary to KPMG's Code of Conduct or values and advised that no further action was required (ASH-1).
26 February 2025	KPMG advised the whistleblower that the Ashurst Review had been completed, no further action would be taken and the matter had been closed (WB-MTG).
March 2025	The whistleblower advised they raised matters through the international hotline and began engagement with KPMG International (WB-MTG).
15 April 2025	The Board received its first formal briefing from the CEO regarding what was described at the time as a confidential staff matter (KPMG-5).
23 April 2025	KPMG commissions the second Ashurst review (legal advice) (KPMG-MAT). This review is finalised 9 May 2025 (ASH-2).
May 2025	KPMG engaged with Lendlease about the information-sharing allegation (LEND-1).
May 2025	Independent Directors had visibility of, and input into, correspondence with the former employee (KPMG-5).
9 May 2025	Ashurst finalised its legal advice. It found that the former employee had raised personal workplace grievances but had not provided enough detail about broader ethical concerns for a full investigation. Ashurst considered that the concerns could potentially be disclosable matters but could not determine whether they qualified for protection under whistleblower laws because of the limited information provided (ASH-2).
Late May to early June 2025	The Board requested that management undertake a culture review (focused on inclusion, ethics, speak-up culture and workload (KPMG-MAT)) of the Audit & Assurance division, including the Audit & Assurance Pursuits team, arrange an external review of the OGC review from late 2024, and implement sanctions arising from the findings of the OGC review (KPMG-5).
2 June 2025	The former employee sent correspondence to the Independent Directors and a senior employee in the OGC team alleging KPMG had breached whistleblower confidentiality and made an APP 12 privacy request (KPMG-1).
13 June 2025	The KPMG privacy team responded and advised that some records had been purged in accordance with standard retention processes (KPMG-1).
26 June 2025	The OGC commissions the third Ashurst review (reasonable basis for conclusions in the Investigated Response) (KPMG-MAT). This report is finalised 19 August 2025 (ASH-3).
2 July 2025	The whistleblower sent correspondence to 2 Independent Directors, KPMG's Chair, CEO and a senior Audit & Assurance partner, enclosing a Pre-Action Notice that set out a series of demands and allegations (KPMG-1).
16 July 2025	KPMG confirmed that KPMG Australian Services Pty Ltd was subject to Corporations Act whistleblower protections, regulated by ASIC, and that KPMG would comply with its whistleblower policy in respect of disclosures received from the former employee (KPMG-1).

Date	Event
25 July 2025	KPMG's internal investigation into allegations contained in the 21 November and 26 November documents concluded (KPMG-MAT).
19 August 2025	The whistleblower sent a further disclosure to KPMG CEO and the OGC (the whistleblower's second disclosure). This disclosure later formed the basis for Allens to investigate a defined set of allegations (ALL-1).
19 August 2025	Ashurst finalised its review on whether there appeared to be a reasonable basis for KPMG's internal response, based on material provided to Ashurst (ASH-3).
21 August 2025	Members of the Board agreed to establish a sub-committee and engage an external law firm to investigate allegations raised by the whistleblower on the 19 August 2025 (KPMG-MAT).
25 August 2025	OGC wrote to the whistleblower to inform them that a sub-committee of the Board would be established to oversee an external investigation into many of the allegations outlined in their 19 August 2025 correspondence (KPMG-MAT).
28 August 2025	The newly established Magenta Sub-Committee informally met and discussed the proposed charter, scope and approach for the external investigation, including which allegations would be examined (KPMG-MAT).
3 September 2025	The OGC, on behalf of the Board, initiated an external investigation of the whistleblower's 19 August 2025 claims, engaging Allens (KPMG-MAT). KPMG's Response to Questions on Notice states the Sub-Committee engaged Allens (KPMG-5). The Project Magenta Final Investigation Report (finalised 12 December 2025) states the Sub-Committee engaged Allens (ALL-1).
3 September 2025	The whistleblower made a disclosure to ASIC raising concerns about KPMG's recognition of whistleblower status and the availability of whistleblower protections (ALL-2).
4 September 2025	KPMG formally established the Magenta Sub-Committee to oversee investigation of the whistleblower's allegations (KPMG-MAT).
16 September 2025	The whistleblower wrote to Allens asking whether the 30 May 2024 Complaint constituted a protected disclosure under the Corporations Act and whether any further disclosures to Allens would be treated as such (KPMG-1).
18 September 2025	Allens wrote to the whistleblower confirming it was only instructed to investigate the matters in paragraphs 5 to 15 of the 19 August 2025 correspondence and was not instructed to investigate the 30 May 2024 disclosure (ALL-1).

Date	Event
October 2025	Following the Board's late May/early June 2025 request that management conduct a culture review of the Audit and Assurance division (KPMG-5), the review identified 4 cultural strengths (team cohesion and support; commitment to integrity and ethical standards; commitment to audit quality and independence; and supportive environment and development opportunities. It also found 5 factors impacting Audit & Assurance inclusive, ethical and speak up culture: leadership influence on team well-being and speak-up culture; ethics framed narrowly through technical quality; cultural integration and communication norms; limited contextual understanding among junior team members; and declining social cohesion and informal networks (KPMG-MAT).
1 October 2025	The Independent Directors were transferred from the Australian Board to the South ASPAC Board. This did not end their involvement in the Magenta Sub-Committee. Mr Ebeid is appointed to the South ASPAC Group Board as a Director at this time (KPMG-5).
12 December 2025	Allens finalised its Project Magenta investigation into allegations raised in the whistleblower's 19 August 2025 correspondence (report no. 1) (ALL-1).
12 December 2025	Allens separately reviewed whether the whistleblower's disclosures were protected under Part 9.4AAA of the Corporations Act and found no evidence that KPMG had breached whistleblower protections, improperly disclosed the former employee's identity, or engaged in victimization (ALL-2).
24 March 2026	Senator O'Neill raises allegations concerning KPMG's governance, audit independence and integrity in the Senate (HAN-1).
25 March 2026 (12:30am)	KPMG wrote to Finance regarding Senator O'Neill's statement (FIN-1).
25 March 2026	Finance wrote to KPMG and advised it takes the allegations seriously and sought additional information relating to the allegations (FIN-1).
30 March 2026	KPMG undertook further enquiries regarding the former employee's email and other records, and identified that their Outlook (mailbox) data remained available (KPMG-MAT).
31 March 2026	KPMG responded to Finance's 25 March 2026 correspondence, describing the allegations and the internal and external processes it said had been undertaken (FIN-1).
1 April 2026	Finance advised KPMG that it would consider KPMG's response of 31 March 2026 and contact the firm if further information was required (FIN-1).
2 April 2026	The PJC wrote to KPMG requesting copies of KPMG's internal investigation, external reviews and any additional information relevant to its consideration of the whistleblower allegations, and asked whether the allegations had been recognised as a protected whistleblower disclosure (FIN-1).
3 April 2026	The whistleblower sent KPMG's Independent Directors and OGC a Position Clarification Letter setting out 16 substantive questions (WB-1,WB-2).

Date	Event
8 April 2026	The OGC provided Allens with the '21 November 2024' and '26 November 2024' draft complaint documents. The documents had not formed part of Allens' original investigation (HAN-3).
16 April 2026	Three KPMG individuals self-disclosed to CA ANZ in relation to Lendlease-related conduct (CAANZ-1).
17 April 2026	KPMG commissioned Allens to undertake an investigation, Allens Report No. 3 (Lendlease) (ALL-4.).
30 April 2026	KPMG provided a covering letter, summary of events and summary of factual findings to the PJC. KPMG stated that the investigated allegations had not been substantiated, while also expressing regret that confidentiality owed to one client was not met (KPMG-1).
1 May 2026	KPMG wrote to Finance with an update, including 2 substantiated conduct matters (FIN-1).
5 May 2026	Finance responded to KPMG's 1 May 2026 correspondence seeking further information from KPMG about the conduct matters, sanctions, supporting material and any other matters under review (FIN-1).
6 May 2026	ASIC commenced an investigation into alleged conduct by KPMG registered company auditors, including matters associated with the Lendlease audit.
8 May 2026	KPMG initiated the Allens Report no. 2 (Optus/Telstra). This report is finalised 13 June 2026 (ALL-3).
14 May 2026	KPMG issued a statement on the PJC inquiry.
18 May 2026	KPMG responded to Finance's 5 May 2026 correspondence and provided summary material about investigation findings and events relating to the allegations raised publicly (FIN-1).
19 May 2026	Finance senior executive met with KPMG representatives, including KPMG's then CEO (FIN-1).
26 May 2026	Finance wrote to KPMG following further public reporting and sought additional information, including reasons why KPMG should not be suspended from the MAS Panel (FIN-1).
29 May 2026	Following the PJC public hearing on that day, KPMG wrote to Finance acknowledging shortcomings in its handling of the whistleblower matter, advising of further investigation activity, identifying leadership changes and notifying the matter as a significant event due to reputational impact (FIN-1).
29 May 2026	Finance wrote to Commonwealth entities under the MAS Panel advising that it had received a Notification of Significant Event and outlining senior leadership changes at KPMG (FIN-1).
29 May 2026	KPMG publicly acknowledged significant shortcomings in its handling of a whistleblower's allegations, including deficiencies in the management of the whistleblower, the rigour of investigations and leadership responses.

Date	Event
1 June 2026	The Magenta Sub-Committee ceased operating and responsibility for matters within its remit returned to the KPMG Board (KPMG-MAT).
3 June 2026	KPMG responded to Finance's 26 May 2026 correspondence, addressing questions on whistleblower management, governance arrangements, and Lendlease-related matters. KPMG committed to provide a detailed remediation plan by 12 June 2026 (FIN-1).
3 June 2026	Finance wrote to Commonwealth entities under the MAS Panel to provide advice on further changes to KPMG's senior leadership, and entities' contractual rights under the MAS Panel Head Agreement (FIN-1).
4 June 2026	The PJC requested KPMG provide extensive documentation relating to the whistleblower matter, including legal advice, investigation materials and whistleblower-status assessments, and invited KPMG personnel to appear at a public hearing on 19 June 2026 (FIN-1).
4 June 2026	Finance met with officials from the state and territory governments and the New Zealand Government, under the auspices of the Australasian Procurement and Construction Council (APCC) to discuss the allegations, KPMG's assurances to government clients, and each jurisdiction's proposed response (FIN-1).
5 June 2026	Finance met with KPMG to discuss matters including Finance's expectations regarding KPMG's proposed remediation plan, and the application of the MAS Panel contractual provisions (FIN-1).
10 June 2026	Finance wrote to KPMG and advised that it intended to commission an independent review and sought KPMG's agreement not to bid for new Commonwealth work while the Review was underway (FIN-1).
11 June 2026	Finance met with interim CEO Stan Stavros. The meeting focused on the allegations and KPMG's changing position, Finance's proposed independent review and a temporary no-bid arrangement. During the meeting, Finance advised that trust had been damaged (FIN-1).
12 June 2026	KPMG agreed to cooperate with the Review and not to bid for new Commonwealth work, subject to specified exceptions.
13 June 2026	Allens finalised Project Magenta Investigation report No. 2 concerning Optus/Telstra (ALL-3).
15 June 2026	Finance published a Procurement Policy Note to advise Commonwealth entities of the mutual agreement between Finance and KPMG, and that KPMG will not bid for any new Commonwealth work until 30 September 2026.
15 June 2026	KPMG announced that it welcomes Finance's independent review into the firm and had agreed not to bid for new Commonwealth work until the review is completed.
18 June 2026	The Minister for Finance wrote to the PJC to advise that Finance would commission an independent review.
19 June 2026	PJC public hearing (HAN-2).
23 June 2026	KPMG announced leadership changes and governance overhaul to rebuild trust.

Date	Event
24 June 2026	Finance announced that Dr Ian Watt AC had been appointed to undertake the review of KPMG.
26 June 2026	Westpac sought from KPMG the Allens investigation reports. KPMG did not provide a copy of those reports on the basis that it sought to maintain legal professional privilege over those reports (WBC-1).
2 July 2026	KPMG announced the proposed appointment of Michael Ebeid AM as its first Independent Chair, subject to required governance changes and partner approval.
2 July 2026	In response to the appointment of Michael Ebeid, the PJC published an email Michael Ebeid sent on 25 March 2026 deeming the allegations raised by Senator O'Neil on 24 March 2026 to be 'completely false'.
9 July 2026	ASIC announced a broader review of how major accounting firms handle audit-conduct complaints, whistleblower matters and confidential information.
10 July 2026	Finance wrote to KPMG seeking broader assurance that no Commonwealth information, data, records or confidential material had been improperly accessed, used, disclosed or otherwise mishandled in connection with the matters under investigation or more generally.
21 July 2026	KPMG announced the appointment of John Sams as Chief Executive Officer, effectively immediately.
24 July 2026	KPMG wrote to the PJC and advised that new evidence identified by Allens substantiated the allegation that Lendlease audit related client information had been retained in a locker at KPMG's Sydney office by Ms Eileen Hoggett. KPMG had previously treated the allegation as unsubstantiated. It advised that ASIC, CA ANZ, the TPB, Finance and Lendlease had been notified, and acknowledged the whistleblower's role in bringing the matter to light (KPMG-3).
29 July 2026	Singtel shareholders approved Optus' recommendation that KPMG continue audit work for the current financial year, after Optus considered audit integrity, continuity and additional controls (HAN-2).
9 August 2026	KPMG wrote to the whistleblower (copying in the PJC) responding to questions raised in the whistleblower's submissions to the PJC. KPMG acknowledged protected disclosure status for some disclosures and said it would not contest whistleblower status under the Corporations Act if proceedings were brought (KPMG-2).
10 August 2026	Allens finalised Project Magenta Investigation report No. 3 concerning Lendlease (ALL-4).
11 August 2026	Dr Watt, wrote to the Finance Secretary seeking a short extension to the reporting date.
12 August 2026	Following the appointment of KPMG's new leadership team, KPMG provided Westpac with a partially redacted version of Allens' Project Magenta investigation report concerning the Lendlease allegations (WBC-1).
12 August 2026	KPMG published the Action Plan – Progress Update August.

Date	Event
13 August 2026	Finance Secretary replied to Dr Watt's 11 August 2026 correspondence, agreeing to the extension to 9 October 2026.
14 August 2026	PJC public hearing (HAN-3).
1 September 2026	Allens finalised Project Magenta Investigation report No. 4 concerning Dexus.
3 September 2026	Andrews Group finalised the *KPMG Australia - Lessons learned review into handling of whistleblower disclosure*.
4 September 2026	PJC public hearing (HAN-4).
4 September 2026	KPMG published the Action Plan – Progress Update September.
9 September 2026	Finance released a Procurement Policy Note advising that the mutual agreement between Finance and KPMG that KPMG will not bid for any new Commonwealth work has been extended until 31 October 2026.
1 October 2026	CA ANZ finalised the *KPMG Australia CEO Review Report*.
5 October 2026	Principia finalised the *KPMG Australia Ethical Culture Review*.
9 October 2026	KPMG published their Updated Action Plan – version 2.0.

Appendix C – Concurrent reviews, investigations and oversight

Table 9: Commonwealth Government, parliamentary and external regulatory processes

Process / body	Nature of process	Details and status
Australian Securities and Investment Commission (ASIC)	Review of Big Four audit firms' handling of audit conduct complaints, including potential whistleblower complaints and complaints concerning the misuse or sharing of confidential information.	Announced 9 July 2026. ASIC advised the PJC on 4 September 2026 that the work was at an early stage and that it expected to provide and update before the end of the calendar year. Status: Underway.
Australian Securities and Investment Commission (ASIC)	Formal Investigation into alleged misuse of confidential client information by individual KPMG registered company auditors, relating to Lendlease and Optus.	Preliminary inquiries commenced in April 2026. The Lendlease matter later became a formal investigation and was expanded on 15 June 2026 to include Optus. The scope may evolve as ASIC receives further information. Status: Underway.
Chartered Accountants Australia and New Zealand (CA ANZ)	Targeted quality review of KPMG Australia's systems and processes for managing audit client confidential information and promoting ethical culture, including whistleblower protection policies.	On 11 June 2026, CA ANZ confirmed that its CEO had exercised powers available under its By-laws to direct targeted Quality Practice Reviews of KPMG Australia and other major firms, examining how they handle confidential information and promote ethical culture. Status: Finalised on 1 October 2026 *KPMG Australia CEO Review Report*, published by KPMG on 2 October 2026.
Chartered Accountants Australia and New Zealand (CA ANZ)	Professional Conduct Committee (PCC) investigation into alleged misconduct by registered CA ANZ members.	On 29 May 2026, CA ANZ confirmed that the PCC had commenced investigations into the whistleblower allegations. Status: Underway.
The Treasury	Review into the regulation of accounting, auditing and consulting firms in Australia.	Consultation closed 12 August. Status: Ongoing.
The Treasury	Statutory review of tax and corporate whistleblowing.	Consultation closed 29 July. Status: Ongoing.
Parliamentary Joint Committee on Corporations Financial Services (PJC)	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation.	Status: Ongoing.
Tax Practitioners Board (TPB)	Investigation into KPMG conduct and whistleblower-related matters	Status: Ongoing.

Table 10: KPMG-initiated reviews and investigations

Process / body	Nature of process	Details and status
Allens	KPMG-commissioned independent investigation into the whistleblower allegations and related conduct matters.	Status: Ongoing.
Mallesons	KPMG-commissioned review of its Whistleblower Policy and whistleblower training framework.	Status: Finalised August 2026. *KPMG Whistleblower Policy – Legal Review Findings*. Not publicly available.
Principia Advisory	KPMG-commissioned external retrospective review of its culture, ethical governance and whistleblower framework.	Status: Finalised 5 October 2026. *KPMG Australia Ethical Culture Review*, published by KPMG on 9 October 2026.
The Andrews Group	KPMG-commissioned independent review of its handling of the 2024 whistleblower disclosure and related decision-making.	Status: Finalised 3 September 2026. *Lessons learned review into handling of whistleblower disclosure*, published by KPMG on 17 September 2026.

Appendix D – KPMG assurances provided to Commonwealth entities

Table 11: Assurances from KPMG to Commonwealth entities

Commonwealth entity	The assurance
Administrative Review Tribunal (ART)	No KPMG staff involved in the ART internal audit were associated with the matters.
Aged Care Quality and Safety Commission (ACQSC)	Matters did not relate to services provided to ACQSC. No inappropriate access, use or disclosure of ACQSC information was identified. No personnel engaged on ACQSC services were involved.
Attorney-General's Department (AGD)	Matters did not relate to services provided to AGD. No inappropriate access, use or disclosure of AGD information was identified. No personnel engaged on AGD services were involved.
Australian Bureau of Statistics (ABS)	Matters did not relate to services provided to ABS. No inappropriate access, use or disclosure of ABS information was identified. No personnel engaged on ABS services were involved.
Australian Communications and Media Authority (ACMA)	Matters did not relate to services provided to ACMA. No inappropriate access, use or disclosure of ACMA information was identified. No personnel engaged on ACMA services were involved.
Australian Criminal Intelligence Commission (ACIC)	For contracts P22/226 and P24/408, matters did not relate to services provided to ACIC. No inappropriate access, use or disclosure of ACIC information was identified. No personnel engaged on ACIC services were involved.
Australian Electoral Commission (AEC)	Matters did not relate to services provided to AEC. No inappropriate access, use or disclosure of AEC information was identified. No personnel engaged on AEC services were involved.
Australian Financial Security Authority (AFSA)	Matters did not relate to services provided to AFSA. No inappropriate access, use or disclosure of AFSA information was identified. No personnel engaged on AFSA services were involved.
Australian Institute of Family Studies (AIFS)	Matters did not relate to services provided to AIFS. No inappropriate access, use or disclosure of AIFS information was identified. No personnel engaged on AIFS services were involved.
Australian National Audit Office (ANAO)	For contract 'Accelerated Reporting and Central Reporting Models', matters did not relate to services provided to ANAO. No inappropriate access, use or disclosure of ANAO information was identified. No personnel engaged on ANAO services were involved.
Australian Prudential Regulation Authority (APRA)	Matters did not relate to services provided to APRA. No personnel engaged on APRA services were involved.

Commonwealth entity	The assurance
Australian Securities and Investments Commission (ASIC)	Matters did not relate to services provided to ASIC. No personnel engaged on ASIC contracts were associated with, or implicated in, the matters under investigation. KPMG advised it continued to meet its contractual obligations regarding confidentiality, privacy and information security.
Australian Submarine Agency (ASA)	KPMG verbally advised that personnel engaged on a number of Australian Submarine Agency contracts were not associated with the matters raised. The assurance did not cover all contracts.
Australian Taxation Office (ATO)	For contracts SM-09640, SPC-9135-KAT, SM-09640-KAT matters did not relate to services provided to ATO. No inappropriate access, use or disclosure of ATO information was identified. No personnel engaged on ATO services were involved.
Bureau of Meteorology (BoM)	Matters did not relate to services provided to BoM. No inappropriate access, use or disclosure of BoM information was identified. No personnel engaged on BoM services were involved.
Comcare	For Order for Services 24CPU143/2, matters did not relate to services provided to Comcare. No inappropriate access, use or disclosure of Comcare information was identified. No personnel engaged on Comcare services were involved.
Department of Agriculture, Fisheries and Forestry (DAFF)	Matters did not relate to services provided to DAFF. No inappropriate access, use or disclosure of DAFF information was identified. No personnel engaged on DAFF services were involved.
Department of Climate Change, Energy, the Environment and Water (DCCEEW)	Matters did not relate to services provided to DCCEEW, including the Australian Antarctic Division. No inappropriate access, use or disclosure of DCCEEW information was identified. No personnel engaged on DCCEEW services were involved.
Department of Defence (DoD)	Matters did not relate to DoD engagements. No KPMG staff or partners who had worked on, or currently work on, DoD engagements were involved. No breach of Commonwealth Confidential Information was identified.
Department of Education (DoE)	Matters did not relate to services provided to DoE. No inappropriate access, use or disclosure of DoE information was identified. No personnel engaged on DoE services were involved.
Department of Employment and Workplace Relations (DEWR)	Matters did not relate to services provided to DEWR's Fair Entitlements Guarantee (FEG) program. No inappropriate access, use or disclosure of FEG information was identified. No personnel engaged on FEG services were involved.
Department of Finance (Finance)	No personnel engaged on Finance contracts were associated with, or implicated in, the matters under investigation. Access to Finance information was restricted to personnel assigned to relevant engagements and KPMG advised that Finance information had only been used for the purposes of delivering services under the relevant contracts.
Department of Foreign Affairs and Trade (DFAT)	Matters did not relate to services provided to DFAT. No breach of Commonwealth Confidential Information was identified.

Commonwealth entity	The assurance
Department of Health, Disability and Ageing (DHDA)	No personnel engaged on DHDA contracts were associated with, or implicated in, the matters under investigation. KPMG advised there was no allegation that DHDA information had been inappropriately accessed, used or disclosed, and had identified no evidence that this had occurred.
Department of Home Affairs (DHA)	Matters did not relate to services provided to DHA. No inappropriate access, use or disclosure of DHA information was identified. No personnel engaged on DHA services were involved.
Department of Industry, Science and Resources (DISR)	Matters did not relate to services provided to DISR. No inappropriate access, use or disclosure of DISR information was identified. Personnel linked to the matters under investigation had not been involved in DISR engagements since 2023.
Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (DITRDCSA)	Matters did not relate to services provided to DITRDCSA. No inappropriate access, use or disclosure of DITRDCSA information was identified. No personnel engaged on DITRDCSA services were involved.
Department of Parliamentary Services (DPS)	Matters did not relate to services provided to DPS. No inappropriate access, use or disclosure of DPS information was identified. No personnel engaged on DPS services were involved.
Department of Social Services (DSS)	Matters did not relate to services provided to DSS. No inappropriate access, use or disclosure of DSS information was identified. No personnel engaged on DSS services were involved.
Department of Veterans' Affairs (DVA)	No inappropriate access, use or disclosure of DVA information was identified. No personnel involved in DVA internal audit work were involved in the matters raised.
Department of the House of Representatives (DHR)	Matters did not relate to services provided to DHR. No inappropriate access, use or disclosure of DHR information was identified. No personnel engaged on DHR services were involved.
The Treasury	For contracts Accelerated Reporting Model (TSY C05697), Central Reporting Model (CO5696), Lease Reporting Model (C05311) and the Investor Front Door Regulatory Assistance (CO5643) matters did not relate to services provided to Treasury. No inappropriate access, use or disclosure of Treasury information was identified. No personnel engaged on Treasury services were involved.
National Archives of Australia (NAA)	No inappropriate access, use or disclosure of NAA information was identified. No personnel involved in NAA internal audit work were involved in the matters raised.
National Blood Authority (NBA)	No personnel engaged on NBA contracts NBSCP and Demand and Supply Prediction Model Projects were associated with, or implicated in, the matters under investigation. KPMG advised there was no allegation that NBA information had been inappropriately accessed, used or disclosed, and had identified no evidence that this had occurred.

Commonwealth entity	The assurance
National Emergency Management Agency (NEMA)	No personnel engaged on existing NEMA contracts were associated with, or implicated in, the matters under investigation. KPMG advised there was no allegation that NEMA information had been inappropriately accessed, used or disclosed, and had identified no evidence that this had occurred. KPMG advised it continued to meet its contractual obligations relating to confidentiality, privacy and information security.
National Indigenous Australians Agency (NIAA)	No personnel engaged on NIAA taxation and investment engagements were associated with the matters under investigation.
Office of the Director of Public Prosecutions (ODPP)	Matters did not relate to services provided to ODPP. No inappropriate access, use or disclosure of ODPP information was identified. No personnel engaged on ODPP tax compliance services were involved.
Royal Australian Mint	Matters did not relate to services provided to the Mint. No inappropriate access, use or disclosure of the Mint information was identified. No personnel engaged on the Mint services were involved.
Services Australia	Matters did not relate to services provided to Services Australia. No inappropriate access, use or disclosure of Services Australia information was identified. No personnel engaged on Services Australia services were involved.

Appendix E – Existing Commonwealth amendments and extensions

Note: This table does not include contracts that were amended to reduce the value of the contract, or were reported on AusTender as administrative corrections.

Table 12: Amendments and extensions to existing Commonwealth contracts with KPMG

Commonwealth entity	Detail of amendment
Clean Energy Regulator	The amendments related to extensions of existing audit arrangements and additional project-related costs arising from weather-related site visit changes, revised audit scope and additional audit procedures. Procurement, compliance, value for money and reputational considerations were considered before each amendment was approved. The CER had also sought written assurance from KPMG regarding the significant event, including its confidentiality, information-security, governance and oversight controls. KPMG confirmed that the matters did not involve Commonwealth client work, including services provided under the CER's Annual Audit Program.
Department of Agriculture, Fisheries and Forestry	The department executed one amendment to exercise an existing extension option under a current arrangement during the period, ensuring continuity of services and ongoing business operations. Relevant governance reviews and approvals were obtained before the amendment was made.
Department of Defence (Defence)	Defence reported 6 contract amendments executed during the reporting period. The amendments related to extensions of existing arrangements, additional project-related costs, and the delivery of follow-on activities arising from previous work. The department advised that relevant governance considerations were assessed and that additional internal governance measures were applied as appropriate.
Department of Foreign Affairs and Trade	The department reported that one contract amendment was executed prior to the reporting period (signed by KPMG 10/06/2026 and by DFAT 12/06/2026). The amendment extended an existing arrangement for project management services, including temporary technical roles required to support the organisation during the design and delivery phases of the Barton Campus Projects. Prior to execution, the department ensured that relevant procurement, legal, compliance and reputational considerations had been assessed and addressed.
Department of Health, Disability and Ageing (DHDA)	DHDA reported 4 contract amendments executed during the period. The amendments extended existing arrangements to maintain continuity of critical services, support program delivery, and complete planned project activities while replacement or longer-term arrangements were progressed. DHDA advised that value-for-money, service continuity, delivery and transition risks, operational considerations, and alternative provider options were assessed prior to execution. The Department also applied additional assurance and risk mitigation measures, including procurement and legal consultation, risk assessment, governance review, and active contract management.
Department of Home Affairs (DHA)	DHA reported one contract amendment executed during the period. The amendment extended an existing arrangement to complete and transition work into business-as-usual operations. DHA advised that value-for-money, operational and implementation

Commonwealth entity	Detail of amendment
	considerations were assessed prior to execution, and that additional assurance measures were applied.
Department of Industry, Science and Resources (DISR)	DISR reported 3 contract amendments executed during the period. The amendments extended existing arrangements to support time-critical program delivery activities. DISR advised that alternative provider options, transition impacts and reputational risks were considered prior to execution, and that additional approval and assurance measures were applied.
Department of Veterans' Affairs (DVA)	DVA reported one contract amendment executed during the period to correct the reported contract value and ensure reporting compliance. DVA advised that governance considerations were taken into account and additional internal governance measures were applied.
NDIS Quality and Safeguards Commission	The Commission reported one contract amendment executed during the period. The amendment related to delivery of additional project related costs and delivery of follow-on activities identified in an internal audit recommendation. Governance considerations were taken into account and internal governance measures were applied. The Commission advises that procurement, legal, compliance and reputational consideration were assessed prior to decision.

Appendix F – State and territory government responses and actions

Table 13: State and territory government responses

Jurisdiction	Reported or understood change
Australian Capital Territory Government	Agreed with KPMG to temporarily cease new contract engagements with relevant ACT Government entities from 25 June 2026 to 9 October 2026.
New South Wales Government	On 17 June 2026, the NSW Procurement Board issued PBD-2026-03 KPMG Procurement Restrictions, directing government agencies to suspend commencing new procurement activities involving KPMG[202]. The direction also established an approval and reporting process for engagements arising from existing in-flight procurements and for extensions, renewals or variations of existing engagements. Assurances were sought from KPMG that personnel subject to investigation were not providing services to NSW Government agencies and that NSW Government information had been appropriately managed.
Northern Territory	In June 2026, NT Government agencies reviewed all current and planned engagements with KPMG and assessed risk exposure associated with each scope of work. In September 2026 the NT Government formalised an agreement with KPMG that they would pause all bidding for new engagements, including under existing panel contracts or standing offer arrangements. The agreement will continue until at least 31 October 2026, and is structured to continue as long as the Commonwealth Government's bidding restrictions remain in place.
Queensland Government	Queensland Government (QG) has an agreement with KPMG that applies to all entities subject to the Queensland Procurement Policy except for local government and higher education organisations. The agreement applies from 18 June to 30 October 2026. Under the agreement with KPMG: • they will not respond to QG tenders or approaches to market which close between 18 June to 30 October 2026; and • any new contracts with KPMG and all extensions to existing contracts, are subject to the following 3 principles: 1 application where QPP entity has an existing contract with KPMG; 2 QPP entity has procurement process underway which is not yet awarded, and KPMG is a potential supplier; and 3 proposed new procurement opportunities (audit and non-audit). Under each of the above principles are provisions which primarily relate to what is allowed and exempt. QG recorded KPMG assurances that there had been no breach or unauthorised use of QG information; that individuals identified in the whistleblower allegations or current investigations had not worked, and were not working, on QG engagements; and that KPMG would notify QG if it became aware of information giving rise to a reasonable suspicion of misuse of confidential information relating to a QG agency or project.

[202] NSW Procurement Board, 'PBD-2026-03 KPMG Procurement Restrictions', NSW Government, 17 June 2026.

Jurisdiction	Reported or understood change
South Australian Government	Increased oversight and due diligence measures in response to the matters, including seeking assurances from KPMG on governance, confidentiality and information management arrangements; monitoring developments and emerging risks; obtaining commitments for ongoing updates; and providing guidance to agencies on engagement due diligence. No government wide restriction was imposed on the engagement of KPMG or its participation in procurement processes.
Tasmanian Government	Tasmania sought assurances from KPMG regarding governance arrangements, confidentiality controls and the management of Tasmanian Government information. Tasmania maintained oversight of developments and emerging risks and obtained a commitment from KPMG to provide ongoing updates on relevant matters. Agencies were provided with regular updates, and the importance of undertaking appropriate due diligence was reinforced. No government wide restriction was imposed on the engagement of KPMG or its participation in Tasmanian Government procurement processes.
Victorian Government	The Department of Government Services (DGS) reviewed Victorian Government engagements with KPMG and secured voluntary undertakings from KPMG for the period 16 June to 31 October 2026. During that period, KPMG will not submit new proposals to Victorian Government entities subject to the goods and services procurement framework under Part 7A of the *Financial Management Act 1994*. KPMG also agreed not to use personnel involved in any probity event or breach on Victorian Government engagements, and to withdraw from in-flight procurement processes except where the engagement relates to an urgent requirement, specific unique capability or continuity of previously delivered services. KPMG reaffirmed that no Victorian Government documents, systems or confidential information were involved in any probity event or breach of obligation. KPMG may submit proposals for new panel arrangements where the panel term extends beyond the pause period. During the pause period, any decision to engage KPMG, or vary or extend an existing KPMG contract, requires Secretary or agency head approval.
Western Australian Government	KPMG agreed that KPMG entities will not tender for contracts issued by WA State Agencies, as defined by the Procurement Act 2020 (WA), until 30 September 2026. On 18 September 2026, the agreement was extended by mutual agreement to 31 October 2026. The bid pause agreement also encompassed bids for tenders involving KPMG as a subcontractor and quotes by KPMG entities under specified Common Use Arrangements for audit, financial advisory, and ICT services. Western Australian State Agencies have been advised to assess reputational risks against operational requirements before awarding tenders where the bid was submitted before the bid pause agreement or extending contracts. Western Australia sought, and received, assurances from KPMG about WA State Agency contracts that the personnel subject to the investigation are not delivering services to WA State Agencies and there has been no improper disclosure or misuse of WA State Agency information or data. KPMG also agreed to include a Probity Event clause in current WA State Agency contracts that do not already this clause as a standard provision.

Appendix G – Senior personnel departures and role changes

Following the whistleblower allegations becoming public on 24 March 2026, KPMG made significant changes to its leadership team. The table below outlines senior personnel departures and role changes resulting from the allegations and subsequent investigations. The information was provided by KPMG for inclusion in this Report and excludes departures of Independent Directors.

Table 14: KPMG senior personnel departures and role changes

Individual	Role or position	Related investigation	Nature of change	Date announced / Date of effect	Reason for change
Andrew Yates	Former Chief Executive Officer	Investigation into whistleblower allegations	Resigned CEO role and retired from KPMG	29 May 2026 Effective: 29 May 2026	Handling of whistleblower matter
Julian McPherson	Former National Managing Partner (NMP) Audit & Assurance	Investigation into whistleblower allegations	Resigned NMP Audit & Assurance role and retired from KPMG – transition period after stepping down from NMP role	29 May 2026 Effective: Stepped down from NMP role effective 29 May 2026 and retired from the partnership effective 31 August 2026	Handling of whistleblower matter
Martin Sheppard	Former National Chairman	Investigation into whistleblower allegations	Resigned National Chairman role and retired from KPMG	23 June 2026 Effective: Stepped down from National Chairman role effective 23 June 2026 and retired from the partnership effective 31 July 2026	Handling of whistleblower matter
Eileen Hoggett	Former Chief Operating Officer (COO) and Audit Partner (incl. for Dexus and Lendlease)	Investigation into Lendlease	Stepped down from COO role. Expelled from partnership	Stepped down from COO role effective 3 June 2026 Expulsion announced and effective 24 July 2026	Improper use of confidential Lendlease information
Paul Rogers	Former Audit Partner (incl. for Lendlease)	Investigation into Lendlease	Retired	23 June 2026 Effective: 31 July 2026	Improper use of confidential Lendlease information
Kim Lawry	Former Lead Audit Partner (incl. for Westpac)	Investigation into Lendlease	Resigned from Board position and notified of intention to retire from KPMG	Effective: Stepped down from Board role effective 17 July 2026; Partnership exit arrangements are being negotiated	Improper use of confidential Lendlease information, further sanctions under review
Kevin Leighton	Former Lead Audit Partner, Optus	Investigation into Optus matter	Retired	Retired: 31 July 2026	Sanctions over Telstra / Optus matter, however retired as planned

Note: KPMG is continuing to assess the outcomes of its investigations and is considering whether further retirements, role changes or sanctions should be applied to individuals identified through those processes.

Table 15: Other leadership changes

Individual	Role or position	Nature of change	Date announced / Date of effect	Reason for change
Dorothy Hisgrove	National Managing Partner – People & Inclusion	Planned retirement	Announced: 11 August 2026 Effective: tbc once successor confirmed	Refreshed firm leadership
Louise Capon	Office of General Counsel	Resignation	Announced: 11 August 2026 Expected to be effective 30 October 2026	Refreshed firm leadership
Paul Low	Chief Risk Officer	Transitioning to a client facing role	Announced: 11 August 2026 Effective: On appointment of successor	Refreshed firm leadership
Dennis Krallis	Chief Strategy Officer	Chief Strategy Officer role removed from National Executive Committee	11 August 2026	Refreshed firm leadership. Mr Krallis subsequently resigned from KPMG. His departure was announced on 24 September 2026
Silvana Mammoliti	Acting Chief Financial Officer and Chief Operating Officer	Acting CFO and COO to fill the positions following John Sams's appointment as CEO	Announced and effective: 11 August 2026	Interim appointment until permanent successor identified.
Melissa Patrk	Acting General Counsel	Acting in General Counsel to fill the position following Louise Capon's retirement	Announced: 13 August 2026 Effective: 7 Sept 2026	Interim appointment until permanent successor identified

Note: The individuals listed above are included to provide context regarding broader leadership changes during the Review period. Their inclusion does not indicate that they were the subject of review or investigation findings, sanctions or other related processes.

Appendix H – KPMG client engagement changes

Table 16: Reported changes to and reviews of KPMG client engagements

Client / organisation	Reported or understood change	Reason
ANZ	ANZ announced that it will commence a competitive tender process to select the next provider of external audit services. KPMG will not be eligible to participate in the tender process.	ANZ stated that KPMG has provided external audit services since 1969 and, while both Group Lead Audit Engagement Partner and the Engagement Quality Control Review Partner have been regularly rotated during this time, a tenure of this length is no longer considered appropriate.[203]
Dexus	Dexus had not reached a final view on whether KPMG would continue as external auditor beyond FY2026, but evidence given at the 14 August PJC public hearing indicates that the future audit relationship was under active reassessment.	Dexus evidence at the 14 August PJC public hearing described board and senior management attention, changes to KPMG signing and engagement partner arrangements, and a decision to defer any view on future engagement pending further information, including from the PJC process.
Lendlease	Lendlease announced that its Board had resolved to change the Group's auditor. KPMG remained auditor for the FY2026 reporting period, with Lendlease targeting an orderly transition through FY2027 so that the incoming firm can audit the Group from FY2028.	The 15 June 2026 ASX announcement stated that the Board had resolved to change auditor, with the process to begin after FY2026 reporting. The FY2026 Lendlease Annual Report confirms KPMG remained auditor for FY2026 and notes that an external audit tender process would be conducted in FY2027.[204]
Macquarie	Macquarie announced on 26 August 2026 that its Boards had determined to no longer recommend the appointment of KPMG as auditor at Macquarie's 2027 Annual General Meeting. Macquarie will instead retain incumbent auditor PwC, after reconfirming PwC's ongoing capacity to deliver its global audit.	Macquarie stated that the decision followed continued scrutiny of KPMG Australia's audit practice, including information exposed by the PJC, and Macquarie's formal enquiries of KPMG about its capacity to deliver the audit and the nature and impact of ongoing issues at KPMG Australia. The Boards identified current concerns in 2 tender criteria: capacity to deliver the audit, given departures of several key members of the proposed KPMG Australia audit team, and culture, including a culture that transparently discloses issues.

[203] Australia and New Zealand Banking Group Limited (ANZ), 'ANZ to commence external audit tender process', media release, 2 October 2026.

[204] Lendlease, 'Lendlease announces changes to auditor', ASX announcement hosted by Market Index, 15 June 2026; Lendlease, *Annual Report 2026*, 17 August 2026.

Client / organisation	Reported or understood change	Reason
Optus	Optus continued with KPMG for the audit work already underway, but evidence given at the 14 August PJC public hearing indicates that this occurred on a changed basis involving greater scrutiny, additional controls and a 'trust, confidence and verified' approach.	Optus evidence at the 14 August PJC public hearing indicated that KPMG was allowed to complete audit work after Optus concluded the integrity of the audit had not been compromised and noted timing pressures associated with Singtel's FY2027 auditor approval process. Optus also described a shift to a 'trust, confidence and verified' model, involving additional controls, closer scrutiny of KPMG personnel and processes, and verified implementation of KPMG's remediation plan before confidence in any enduring relationship could be rebuilt.
Reserve Bank of Australia	Reserve Bank of Australia announced it would re-tender its whistleblower hotline services contract and would not reappoint KPMG.	Reserve Bank of Australia evidence at the 5 June Senate Economics Committee hearing indicated that the Bank would re-tender its whistleblower hotline services contract and would not reappoint KPMG. Governor Michele Bullock confirmed the decision amid ongoing scrutiny of KPMG and its involvement in a series of scandals.[205]
Westpac	Westpac had not indicated a completed auditor change, but evidence given at the 14 August PJC public hearing shows that the KPMG relationship was subject to heightened scrutiny, additional information requirements and reconsideration of related assurance processes.	Westpac evidence at the 14 August PJC public hearing identified concerns about KPMG's disclosure approach, board-level engagement with senior KPMG leaders, requests for further information, and pauses or reconsideration of related processes while audit team personnel and fit and proper issues were assessed.

[205] Michael Janda and Yiying Li, 'KPMG audits the RBA and runs its whistleblower hotline but maybe not for much longer', *ABC News*, 5 June 2026.

Appendix I – Best practice ethical culture in a professional partnership

Box 4: Condensed summary of advice from Cranlana Centre for Ethical Leadership regarding best practice ethical culture in a professional partnership

Best practice ethical culture in a professional partnership

A 'best practice' approach to organisational ethics is one in which ethical commitments are consistently and predictably treated as a primary consideration - where what's ethical is widely known and understood, support is provided for people to engage in ethical reflection, reasoning, discussion and action, and where systems and structures protect the organisation from being pulled away from its ethical commitments by other contradictory forces.

In many systems – particularly market-based systems such as those that accounting partnerships operate within – most leaders and managers learn to frame their decisions through an economic lens'. In a partnership environment, these incentives are even stronger, as the correlation between firm performance and the financial returns for individual partners is greater than in most other corporations. Therefore, any organisation which unilaterally attempts to adopt higher ethical standards alone will likely face resistance if these higher standards are perceived to erode competitive advantage, or provide other firms with a 'leg up'. Arguably, given the comparably low size of the Australian market and the presence of four major audit and advisory firms competing for business, concerns regarding the perceived (or actual) loss of competitive advantage are likely to be greater than in other markets or sectors.

In the context of a partnership where professional standards of ethics coexist with organisational ones, a large determinant of which set of standards is prioritised is whether an individual associates more strongly with their profession or their organisation. Individuals working within partnerships are often remunerated, recognised and promoted on the basis of their contribution to organisational success, which creates a strong incentive for them to associate more strongly with an organisation than a profession.

It follows from this that a 'best practice' approach to organisational ethics will make it easy for individuals to connect their own ethical commitments and moral identity to the standards of the organisation by grounding them in more widely-accepted and -applicable values and norms. It will also develop mechanisms to cultivate a strong, positive sense of ethical responsibility alongside compliance-oriented and negatively-formulated accountability mechanisms. Finally, as well as measuring (through surveys and other instruments) whether employees understand, apply and believe the organisation is meeting its ethical standards, organisations should be measuring how strongly people connect to and are motivated by those ethical standards.

Important features of good ethical governance

- Roles and departments who are incentivised and motivated to drive non-financial performance goals that align with social expectations, community standards and ethical responsibilities.
- Senior leadership positions, responsibilities and accountabilities that are expressly not responsible for financial performance.
- Accountability to external parties and the requirement to report on non-financial performance in a level of detail that is similar to financial reporting (e.g. Board, shareholders, funding bodies).

Within a partnership organisation, there are significant barriers to the effectiveness of these mechanisms due to the ownership structure of the business. The partners are the ultimate 'owners' of the business, and have significant personal interest in the financial performance of the organisation. Unlike corporations that retain earnings to reinvest in long-term capital reserves, partnerships typically clear out residual earnings at the end of every financial year to distribute among their equity partners. This process risks creating a perverse incentive whereby those who are theoretically most invested in the long-term viability of the organisation are, ironically, most encouraged to prioritise short-term, profit-maximising activity at the expense of long-term investment - particularly in non-revenue-generating functions. For example, whilst it would be best practice for ethics and integrity functions to grow in lock-step with the size of an organisation, the same partners who are responsible for making this investment decision also stand to benefit financially from withholding this additional investment.

Further exacerbating the issue, the ultimate responsibility for functions such as ethics and integrity usually resides with a partner or group of partners (e.g. 'ethics and integrity partner'), who themselves stand to benefit personally from underinvestment and, in more sinister cases, from wilful ignorance of unethical conduct.

Improving ethical culture

Given these challenges, it is important that organisations operating at scale adopt a multidimensional approach to ethics and integrity. Whilst there is no singular example of 'best practice' in this area, 3 components that warrant close consideration include:

- Ensuring that centralised ethics and integrity functions are appropriately empowered through reporting lines, resources and authorisation, so that they are able to see what they need to see, and be where they need to be, without depending on others within the organisation to make them aware of issues or invite them into a decision.
- Embedding trained and skilled ethics and integrity officers within the various service lines, giving them greater visibility and proximity to issues; whilst ensuring they report centrally to prevent them from being unduly influenced by hierarchy within those service lines.
- Development of a best-practice professional development continuum for ethics and integrity within the organisation, ensuring that all staff receive high quality training that expands as their level, role and function increases. This development should be inclusive of the broader skills and capabilities in areas such as ethical leadership, decision-making, ethical upstanding and managing ethical risk.

Appendix J – KPMG governance committees and responsibilities

This appendix outlines KPMG's governance committees and responsibilities relevant to risk, ethics, independence and confidentiality controls.

KPMG's South ASPAC Group Board

Regional governance body consisting of KPMG Australia, KPMG Singapore, KPMG New Zealand and KPMG Philippines, established 1 October 2025. Provides governance at regional group level and matters affecting participating member firms including KPMG Australia.

National Governance Board

KPMG Australia's primary governance body. Responsible for stewardship of the Partnership, conduct and reputation of the Firm. Appointment and oversight of the CEO including approval of policies, strategic plans, regulatory and risk management processes instituted by the CEO.

National Executive Committee

KPMG Australia's executive management body led by the CEO. Supports the management and implementation of the firm's strategy, business plans and policies, and implementation of appropriate regulatory and risk management procedures.

Audit Quality Committee

Provides oversight of financial statement audit quality, including strategy, culture, investment and compliance with the firm's System of Quality Management in support of Audit Quality.

Audit, Finance and Risk Committee

Assists the National Governance Board in overseeing financial reporting systems, the integrity of externally reported financial information, significant commercial arrangements, risk matters and certain Partner equity matters.

Governance, Regulation and Compliance Committee

Assists the National Governance Board in carrying out its responsibilities to the Partnership in relation to corporate governance practices, non-financial regulatory, professional and contractual compliance obligations, conflicts of interest, ethics and independence, conduct and stakeholder engagement.

Nomination Committee

Responsible for matters relating to the composition and effective operation of the National Governance Board, National Governance Board appointment and election processes, the National Chair election process, remuneration frameworks for key leadership roles, senior leadership succession planning and partnership composition.

Commercial Conflict Resolution Committee

Considers significant conflict-of-interest issues and supports conflict management processes.

Significant Event Governing Group

Supports the identification, assessment, escalation and management of significant events.

Ethics and Independence Disciplinary Committee

Considers matters relating to ethics, independence and disciplinary action.

Service Delivery Risk Committee

Oversees service-delivery risks and related risk-management activities.

Employee Relations Panel

Considers employee relations matters and provides oversight of relevant employment issues.

Appendix K – ASX Corporate Governance Principles

Professor Ramsay considered KPMG's governance arrangements against the ASX Corporate Governance Council's (Council) 8 Corporate Governance principles. The 8 principles are identified below. While some clearly do not apply to KPMG, or apply only in a limited way, several are relevant to assessing KPMG's management of the whistleblower matter. The Review has adopted those relevant principles as a reference point in assessing aspects of KPMG's governance and handling of the matter.

Table 17: Appropriate corporate governance principles

Principle	Explanation
1 Lay solid foundations for management and oversight	A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.
2 Structure the board to be effective and add value:	The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.
3 Instil a culture of acting lawfully, ethically and responsibly	A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.
4 Safeguard the integrity of corporate reports	A listed entity should have appropriate processes to verify the integrity of its corporate reports.
5 Make timely and balanced disclosure	A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
6 Respect the rights of security holders	A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.
7 Recognise and manage risk	A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.
8 Remunerate fairly and responsibly	A listed entity should pay director remuneration sufficient to attract and retain high-quality directors and design its executive remuneration to attract, retain and motivate high-quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Appendix L – Stakeholders, experts and organisations consulted

Table 18: Individuals, organisations and entities consulted by the Review

Individual, organisation or entity
Australian Government Solicitor
Australian National Audit Office
Australian Public Service Commission
Australian Securities and Investments Commission
Chartered Accountants Australia and New Zealand
Cranlana Centre for Ethical Leadership, including Dr Matt Beard
Department of Finance
Dexus
Dr Kerry Schott AO, Independent Adviser supporting Board Oversight of the Action Plan
Griffin Legal
KPMG International
Lendlease

Individual, organisation or entity
Macquarie Group
Mike Baird, former Independent Director, KPMG Australia Board
Minister for Finance, Senator the Hon Katy Gallagher
Parliamentary Joint Committee on Corporations and Financial Services (Chair and Members)
Principia Advisory
Professor Ian Ramsay AO, of Melbourne Law School
Singtel Optus (Optus)
Tax Practitioners Board
The Andrews Group, supported by Dennis Gentilin
The Treasury
The whistleblower
Westpac

The Review also met with KPMG Australia representatives, including senior leadership.

Table 19: KPMG senior leadership consulted by the Review

Position
Independent Chair
Deputy Chair
Chief Executive Officer
(then) Interim Chief Executive Officer
Chief Risk Officer
Chief Strategy Officer
General Counsel
Deputy General Counsel
Partner – People & Inclusion
National Managing Partner, People & Inclusion

Position
Partner, Risk Management; Partner for the non-Audit division
Ethics & Independence Partner
Partner and Chief Security Officer, Defence Industry Security Program
Partner and MAS Panel Lead
National Privacy Officer
Deputy Company Secretary
(then) Chief Operating Officer and Chief Finance Officer
National Infrastructure, Governance & Healthcare Industry Lead Partner

Appendix M – Key documents and evidence

Documentary sources

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