



# 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).<sup>1</sup> 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 Australian 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 Australian 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.

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<sup>1</sup> including all subsidiaries and related entities operating under the KPMG brand.

- 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.