Australian Government
Department of Finance

Meeting notes

Meeting details

- **Date:** 19 May 2026
- **Time:** 12:35pm – 1:35pm
- **Location:** Marisa's office

Attendees

Department of Finance

- Marisa Purvis-Smith, Andrew Danks, s22 [redacted] (note-taker)

KPMG

- Andrew Yates, s22 [redacted]

Reason for engagement

- Senior-level engagement under the MAS Panel supplier relationship, prompted by allegations raised in the Senate concerning KPMG Australia relating to governance, audit independence and integrity matters. These matters are under active consideration by the Parliamentary Joint Committee on Corporations and Financial Services.

Summary of discussion

- The discussion covered specific conduct incidents, the sanctions applied, and KPMG's internal processes for investigating and managing those matters. Finance:
  - emphasised its expectations around KPMG's governance, controls, and reporting
  - made clear it does not defend suppliers and expects high integrity standards
  - sought greater transparency and earlier escalation of risks.
- Broader themes included consistency of KPMG's reporting, the handling and oversight of its investigation processes, and the adequacy of its ethical and control settings. KPMG:
  - acknowledged the complexity and sensitivity of the allegations (e.g. confidentiality, whistleblowers)
  - indicated it would provide further written information on controls, the SME model and reporting mechanisms.

s47E(d), s47G [redacted]

s47E(d), s47G

[redacted]

- KPMG indicated that some information remains restricted due to Committee or legal constraints, but further materials were to be provided after the meeting. KPMG emphasised it was trying to do the right thing while balancing legal and confidentiality constraints, especially where whistleblower protections and client confidentiality were a consideration.

s47E(d), s47G

[redacted]

s47E(d), s47G

[redacted]

Actions arising

KPMG commitments / follow-up:

- Provide written information on
  - conflict management, information barriers and probity controls.
  - the SME model and how insights are shared including how confidentiality/probity risks are managed
  - specific conduct matters raised, including clarification on the dinner allegation and other points where the findings or characterisation of events were contested.
- Share additional materials with Finance, including:
  - documents provided to the Parliamentary Committee (already partly provided; remaining material to be shared)
  - further information requested by the Committee (which may also be relevant to Finance)
- Earlier and more proactive communication with Finance on sensitive matters.

Minutes for meeting between Finance and KPMG 5 June 2026.

- On 5 June 2026, Finance met with KPMG at their request to discuss:
    - Is there a pre-defined structure for the remediation plan / form or is this to be proposed by the Service provider;
    - Confirmation that the letter sent on 26 May is not a Formal Notice under MAS Clause 16;
    - As the Notification of Significant Event does not go to services being provided to the Commonwealth under MAS or MAS contracts (where no breach has been identified), Finance expectations around the application of 16.2.9(a) and confirmation that its intent is the Services provided to the Commonwealth;
    - Any other information that is appropriate to provide including likely timeframes
    - At this meeting Finance clarified:
        - MAS remediation provision has not yet been triggered
        - KPMG's submission by 12 June will inform next steps
        - There is no standard template; the service provider is expected to outline proposed action
    - KPMG indicated that the remediation plan will cover:
        - Delivery of services to the Commonwealth
        - Broader integrity and governance obligations (including the Commonwealth Supplier Code of Conduct)

Australian Government

Department of Finance

Reference: EC26-000971
Contact: Andrew Danks
Telephone: [redacted]
e-mail: Andrew.Danks@finance.gov.au

Mr Stan Stavros
Interim Chief Executive Officer
KPMG
PO Box H67 Australia Square
SYDNEY NSW 1213

Copies to s22 [redacted] *(KPMG MAS Panel's Representatives)*

Dear Mr Stavros

Notice of intended Audit relating to MAS Panel Head Agreement and Contracts

I refer to our ongoing correspondence regarding allegations raised in the Senate and media in relation to KPMG Australia's governance, audit independence and integrity matters (**the allegations**).

These allegations are significant and Finance needs to ensure the integrity of Suppliers in delivering services to the Commonwealth, including ensuring the appropriate handling of Commonwealth information.

This letter provides notice that Finance will conduct an audit (**the review**) of KPMG in accordance with clause 29.1 of the Management and Advisory Services (**MAS**) Panel Head Agreement (**Head Agreement**).

The review may consider:

- Operational practices and procedures of KPMG as they relate to the Head Agreement and any Contract. This will include consideration of the culture, ethics and integrity of KPMG as an organisation, with a particular focus on the governance structures of KPMG.
- Compliance with the confidentiality, privacy security and other obligations under the Head Agreement and any Contract

You will receive further correspondence from us with details regarding the eminent individual that we appoint and the terms of reference for the review. The review will take 3 months, with a report to Finance due in September 2026. I would expect that KPMG will make every effort to cooperate with the review, including providing all reasonable access to KPMG officers and premises. It is also Finance's intention to share the progress of the review with State and Territory Government officials.

Australian Government

Department of Finance

Were the review to uncover systemic culture, ethics or integrity concerns, or other material breaches of the Head Agreement, including breaches of the Commonwealth Supplier Code of Conduct, Finance will avail itself of all of the remedies within the Head Agreement, including suspension or termination of KPMG from the MAS Panel.

Until the completion of the review, I request KPMG agree to not bid on any new Commonwealth work. Noting the severity of the incidents that have already been confirmed to Finance, were KPMG unwilling to agree not to bid on any new Commonwealth work, Finance reserves its rights under the Head Agreement in relation to suspension and termination.

I seek your response to my letter by no later than Wednesday 17 June 2026. After this date, Finance will publicly announce the review, and, if agreed, your agreement not to bid on any new Commonwealth work whilst the review is underway.

If you have any questions please contact Andrew Danks, First Assistant Secretary Procurement.

I have copied in KPMG's MAS Panel Client Representatives [redacted] to this letter.

Yours sincerely

[redacted]

Marisa Purvis Smith
Deputy Secretary
Commercial Group

10 June 2026

Australian Government
Department of Finance

Meeting notes: KPMG

Meeting details

- **Date:** Thursday 11 June 2026
- **Time:** 12:30 – 1:30pm
- **Location:** Marisa's office

Attendees

Department of Finance

- Marisa Purvis-Smith, Andrew Danks, s22 [redacted] (note-taker)

KPMG

- Stan Stavros (Interim CEO), s22 [redacted] (Partner, MAS Account Representative), s22 [redacted] (National Industry Lead, Infrastructure, Government & Healthcare)

Summary of discussion

Overview

- **Key themes discussed:** Finance's 10 June letter, the proposed independent review, a mutual no-bid arrangement during the review period, KPMG's outline of the issues and investigations, regulatory engagement/overlay (including ASIC, CA ANZ, the Tax Practitioners Board, the US Public Company Accounting Oversight Board (PCAOB) and the parliamentary inquiry), remediation, stakeholder communications and sequencing.
- **Finance emphasised:** the matter would not be easy or quick to work through; Finance was not seeking KPMG's permission to undertake its review; trust had been broken; and the Minister would need to announce the review and no-bid agreement while not being involved in Finance's decisions.
- **KPMG stated:** it apologised for the position Finance had been placed in, supported the matters raised in Finance's 10 June letter, would cooperate with Finance's review, would agree not to bid during the relevant period, and would provide written responses to Finance's 10 June and 26 May correspondence.
- **Tone:** KPMG was apologetic and indicated agreement to cooperate; Finance was clear that trust, transparency, sequencing and assurance would need to be managed carefully.
- **Key action items:** KPMG to provide written responses, work through internal no-bid controls and stakeholder sequencing; Finance to progress the review scope, reviewer arrangements, ministerial announcement, communication sequencing and a separate assurance request regarding Finance contracts.

Opening / context

- KPMG apologised for the position it had placed Finance in and acknowledged it would take a long time for Finance to regain its trust.

s47E(d), s47G [redacted]

- KPMG offered to explain where matters had reached, which Finance indicated would be useful.

Finance position and immediate measures

- Finance referred to the letter sent the previous night and invited KPMG to discuss it.
- Finance stated it was not seeking KPMG's permission to undertake Finance's review.
- Finance and KPMG discussed a mutual agreement that KPMG would not bid for Commonwealth work while the review is underway.
- KPMG acknowledged that its own assurances would not be sufficient and expressed appreciation for the independent review.
- Finance advised that the Minister would need to be kept abreast and would need to announce the review and no-bid agreement.
- Finance stated the Minister was not involved in Finance's decisions.

KPMG overview of issues

Summary of known matters

- KPMG outlined three issues: inappropriate use of client confidential information; an inappropriate remark about leaving a laptop unlocked; and sharing of client materials across clients.
- On inappropriate use of client confidential information, KPMG referred to access to an audit folder on an online platform where KPMG was the exiting auditor and was not bidding. KPMG advised that two members of the client accessed a competitor's tender folder and discussed it with others.
- On the inappropriate remark, KPMG advised that a partner made a comment in relation to KPMG's bid for a client's external audit about leaving a laptop unlocked. KPMG stated those interviewed verified it was a joke, but the partner was sanctioned.
- On sharing client materials across clients, KPMG advised that a draft audit plan and draft analytics report were shared without redaction. The matter remains under investigation by Allens.

s47E(d)

[redacted]

- Finance reiterated that trust had broken.

s47E(d), s47G

[redacted]

Investigations and oversight

- KPMG referred to an earlier review by Ashurst.
- KPMG advised that Allens has been involved since August 2025.

s47E(d), s47G

[redacted]

Independent review

- Finance advised it would determine the scope and Terms of Reference for the independent review.
- Finance indicated the review should be "short, sharp, but thorough".
- KPMG stated it was supportive of Finance's letter and would cooperate.

s47E(d), s47G

[redacted]

s47E(d), s47G
[redacted]

- KPMG indicated it expected there would be recommendations from the review.

Stakeholder management and communications

- Finance advised that the Minister would need to announce the review and no-bid agreement.
- Finance noted that Secretaries were aware of the proposed approach.
- Finance and KPMG discussed communication sequencing, including KPMG engaging partners before any public announcement but not before Finance.
- KPMG indicated it would put out communication supporting the approach.

s47E(d), s47G
[redacted]

Procurement and bidding restrictions

- KPMG stated it would agree not to bid during the relevant period.

s47E(d), s47G
[redacted]

Key timing and next steps discussed

- KPMG will respond in writing to Finance's 10 June letter (on the independent review and no-bid commitment) by 12 June 2026.

s47E(d), s47G
[redacted]

- Finance will progress the review scope, reviewer arrangements and communication sequencing.

Any commitments or follow-up actions

- **KPMG — response to Finance's 10 June letter:** provide a written response by 12 June 2026 addressing the independent review and agreement not to bid for Commonwealth work during the review period. KPMG indicated the letter will state it will:

- agree to the no-bid request
- cooperate in full

s47E(d), s47G

[redacted]

- **Finance — independent review:** progress the review scope, Terms of Reference, reviewer arrangements and any sequencing with the parliamentary inquiry.
- **Finance — ministerial announcement:** progress the announcement of the independent review and mutual no-bid agreement.
- **Finance — communications sequencing:** coordinate sequencing with KPMG, Secretaries, APCC and other relevant panels to avoid multiple overlapping reviews where possible.

s47E(d), s47G

[redacted]

PDR Number: MS26-000508
Date sent to MO: 9 June 2026

Australian Government
Department of Finance

MINISTERIAL SUBMISSION

Copies to:
Secretary
Ms Purvis-Smith
Ms Harmer
Mr Windeyer
Mr Newnham
Mr Sebar
Mr Bradley
s22 [redacted]

Minister for Finance

KPMG - Whistleblower allegations and ongoing engagement

Minister's action due by: 19 June 2026

Recommendation:

That you:

i. **note** the current status of allegations concerning KPMG and Finance's ongoing engagement and supplier assurance activities in response to these matters.

NOTED / PLEASE DISCUSS

ii. **note** that Finance will be triggering its powers under the Management Advisory Services panel to commission an independent, arms-length audit of KPMG's culture, ethics and integrity, with a particular focus on the governance structures of KPMG.

NOTED / PLEASE DISCUSS

iii. **note** that Finance will continue to monitor developments and keep you and your office informed.

NOTED / PLEASE DISCUSS

-- / /

Katy Gallagher

Key Issues:

1. The Commonwealth expects its suppliers to act with integrity and uphold high standards of ethical behaviour at all times, including proactively reporting significant events that may affect Commonwealth contracts, reputation, or delivery capability.

2. This is a fast moving and evolving situation and we appreciate the significant interest from the public. However, while we will move as expeditiously as possible, it is important we follow a defensible process in dealing with the allegations.

3. On 24 March 2026, allegations were raised in the Senate by Senator Deborah O'Neill relating to KPMG Australia (KPMG's) governance, audit independence and integrity, based on information provided by a whistleblower.

4. The allegations relate to potential audit independence failures, misuse of confidential information, integrity issues in tender processes, and broader governance concerns, including matters involving several firms.

5. One of the allegations includes the misappropriation of confidential Lendlease board papers that were taken and circulated internally within KPMG and used to support pursuit of major audit tenders, including Westpac and Dexus.

6. These matters have been referred to the Parliamentary Joint Committee on Corporations and Financial Services (the Committee), which has sought further information from KPMG.

7. Since the allegations were raised, Finance and KPMG have engaged in ongoing correspondence (**Attachment A** to **Attachment G**), including requesting further information, provision of updates, and discussions on the status of investigations and regulatory engagement.

Committee engagement with KPMG and published documents

8. Following Senator O'Neill's statement in the Senate on 24 March 2026, the Committee formally wrote to KPMG on 2 April 2026 (**Attachment H.1**). The Committee requested that KPMG provide, by 30 April 2026:

   (a) the reports of its internal investigation and the review of that investigation

   (b) its external investigation

   (c) any additional information relevant to the Committee's consideration

   (d) advise whether the former employee's allegations had been recognised as a protected whistleblower disclosure under Part 9.4AAA of the Corporations Act 2001.

9. KPMG's 30 April 2026 submission to the Committee included a table setting out 38 allegations or allegation groups together with KPMG's summary findings (see **Attachment H.2** to **Attachment H.5**).

10. KPMG asserted that while two allegations were substantiated, KPMG's recorded findings were predominantly that allegations were not substantiated, could not be substantiated, or did not contain sufficient information to enable further investigation. KPMG also stated that its investigations were ongoing and that law firm Allens had been instructed to investigate additional allegations raised after the Senate statement.

   (a) The 30 April 2026 submission has been superseded by more recent communication, with KPMG now admitting that more than these two allegations are likely to be substantiated.

Finance engagement with KPMG (19 May 2026)

11. The then-KPMG CEO, Mr Andrew Yates, met with Finance on 19 May 2026. At that meeting, Finance sought further detail from KPMG on the:

   (a) sequence and handling of the whistleblower allegations

   (b) specific conduct matters identified

   (c) sanctions applied

(d) adequacy of KPMG's governance, conflict management, information barriers, probity controls and escalation processes.

12. On the two confirmed (at that time) conduct matters, KPMG advised these included:

(a) internal sharing of client documents, with sanctions and self-reporting to relevant professional bodies

(b) an inappropriate remark in a team setting regarding client information, which was subject to disciplinary action.

13. Finance made clear its expectations that sensitive matters of this kind should be raised early and proactively with government. Finance also expressed concern at the risk of the Commonwealth learning of reputational or procurement issues through Senate proceedings or media reporting before hearing directly from KPMG.

14. In that meeting, KPMG outlined its account of the investigation chronology, including that:

(a) it regards the matter as having been under consideration for more than two years

(b) a board sub-committee and external legal review had been established before the Senate statement

(c) further allegations or variants continued to emerge.

15. KPMG also advised that some information could not yet be discussed in full due to legal, Committee and confidentiality constraints.

16. Finance queried:

(a) matters that had been reported publicly or otherwise remained unclear, including the use of client information or market intelligence in tender contexts

(b) the robustness of KPMG's controls over the sharing of subject matter expertise and confidential insights

(c) the treatment of specific conduct incidents

(d) whether relevant complaints, finding and risks had been reflected in KPMG's broader transparency and significant event reporting.

17. KPMG undertook to provide further written material after the meeting, including:

(a) on conflict management and probity controls

(b) the operation of its subject matter expertise (SME) model

(c) clarification of specific conduct matters that remain contested or unresolved, additional Committee material.

18. KPMG also undertook to provide earlier and more proactive communication with Finance on sensitive matters.

19. However, this did not occur, with media reporting from 20-26 May 2026 indicating there were more allegations surfacing.

Finance correspondence to KPMG (26 May 2026)

20. Given the nature of the media reporting since the 19 May 2026 meeting, Finance formally wrote to KPMG on 26 May 2026 (**Attachment I**). In the letter, Finance:

(a) expressed its ongoing concern that new allegations continue to emerge through media reporting rather than through direct and timely disclosure by KPMG. Finance stated that this was inconsistent with its expectation that sensitive integrity and reputational matters be raised early and proactively in the context of the supplier relationship.

(b) raised governance concerns in relation to KPMG's independent directors, seeking confirmation of any criticisms known to KPMG regarding its management of the whistleblower complaints and the reasons, as known to KPMG, for the departure of former independent director Mike Baird from the Board.

(c) noted that the description of the incident in correspondence from Lendlease to the Committee, which alleged the misuse of confidential Lendlease material, appeared to vary from the account KPMG had previously provided to Finance.

21. Finance sought KPMG's reconciliation of the Lendlease letter and KPMG's earlier advice to Finance.

22. Finance made very clear that, given the seriousness of the allegations and the ongoing emergence of new allegations and recent media reporting, Finance was considering what steps may be required to ensure Commonwealth suppliers uphold the highest standards of integrity and ethical behaviour.

23. Finance requested KPMG provide information on the allegations and reasons why Finance should not suspend KPMG from the MAS Panel. Finance requested a response by 12 June 2026.

24. Up until 29 May 2026, KPMG's engagement with Finance seemed to indicate that the issue was not so much the contents of the whistleblower's claims, but rather to flag the employment history of the whistleblower, with the inference that the whistleblower was an aggrieved ex-employee. KPMG had largely focused on:

(a) responding to the majority of the allegations as unsubstantiated

(b) outlining the firm's investigation processes, including the appointment of external legal counsel and review by two law firms, one of which was Allens.

25. KPMG had not, at that stage, acknowledged any reportable significant event under the MAS Panel Head Agreement.

KPMG response to Finance (29 May 2026)

26. On 29 May 2026, KPMG advised Finance that its handling of a whistleblower matter, including prior investigations into the allegations, had fallen short of its internal expectations (**Attachment J**). KPMG:

(a) assessed these matters as a reportable significant event under the MAS Panel Head Agreement

(b) advised that investigations remain ongoing

(c) notified Finance of a series of senior leadership changes, including the resignation of Chief Executive Officer, Mr Andrew Yates

(d) advised that a third matter identified through its ongoing investigation has been reported to affected clients, regulators and the Committee.

Recent media reporting

27. Since the 19 May 2026 meeting, there has been significant media attention including almost daily reporting and publishing of allegations. Of recent note:

(a) On 27 May 2026, The Australian reported allegations from a second whistleblower that a KPMG partner engaged in inflated or fictional billing to a client. The conduct was reportedly substantiated internally, with the partner's bonus reduced, however, it was not disclosed to the client or reported to regulators. The whistleblower has since left the firm.

(b) On 30 May 2026, The Australian Financial Review alleged that KPMG auditors shared confidential Optus audit information with a team bidding for Telstra's audit contract, representing a serious breach of client confidentiality.

(c) On 1 June 2026, The Sydney Morning Herald reported that Lendlease has placed its 68-year audit relationship with KPMG under review following confirmation that a KPMG improperly accessed confidential board documents.

KPMG response to Finance (3 June 2026)

28. On 3 June 2026, KPMG partially responded to Finance's 26 May 2026 correspondence on integrity and governance matters, with a further letter to be provided by 12 June 2026 (**Attachment K.1** to **Attachment K.2**). KPMG:

(a) acknowledged the seriousness of the allegations and emphasised its commitment to maintaining high standards of integrity, governance and confidentiality in Commonwealth engagements.

(b) confirmed misconduct in relation to the Lendlease tender materials (controls failure, improper access and internal sharing), and apologised, noting it had taken disciplinary action and notified regulators.

(c) stated the Lendlease matter did not involve Commonwealth projects or personnel working on government contracts.

29. KPMG advised that KPMG's Chief Operating Officer (COO) Ms Eileen Hoggett (who was named in Senator O'Neill's 24 March statement) has stepped aside from the COO role pending investigations.

30. KPMG also advised it had implemented senior leadership changes, including the appointment of new National Managing Partners for Audit & Assurance and Deal Advisory & Infrastructure, with the vacant COO role being consolidated with the KPMG CFO role on an interim basis.

31. KPMG mentioned in this letter that they have "identified no breach of Commonwealth Confidential Information" across Commonwealth engagements.

32. KPMG's interim CEO, Mr Stan Stavros, is scheduled to meet with Finance in the week commencing 8 June 2026.

33. KPMG has also advised of an invitation to appear at the 19 June meeting of the Committee (**Attachment M** refers).

Finance consideration and position

34. The material published through the Committee's process, together with the subsequent media reporting, has highlighted the inadequacy of KPMG's response.

35. While these matters relate to KPMG's conduct outside Commonwealth contractual arrangements, they are directly relevant to Finance's assessment of the firm's integrity, governance and fitness to remain on the MAS Panel, including consideration of any obligations under the MAS Panel Head Agreement, such as significant event notification requirements and the Supplier Code of Conduct.

(a) The significant event notification requirements were introduced following the PwC matter to directly capture conduct of suppliers that is not directly linked to Commonwealth contracts (that is, to capture events like this).

s47E(d)

[redacted]

37. Further, given Allens was engaged in KPMG's earlier review process and now this subsequent review, Finance will need to rigorously assess whether the current arrangements provide sufficient assurance of independence, as well as the robustness, objectivity and integrity of the ongoing investigation.

(a) Allens conducted one of the earlier reviews into the whistleblower complaints that is now being criticised as not being thorough enough to properly test the complaints.

38. Similar to the PwC issues, the ethical concerns raised in the KPMG matter to date has not originated from the management consulting part of KPMG – it has originated from the audit part of KPMG. However, as these issues have not been appropriately managed at the executive level, the impacts (and consequences) now effect the entirety of KPMG.

Finance engagement with APS on KPMG

39. Finance has provided two notices to MAS Panel entities this week:

(a) The 29 May notice alerted entities to the issues, and advised that Finance would keep entities informed of next steps (**Attachment L.1)**.

(b) The 3 June notice encouraged entities that have KPMG contracts to reach out to KPMG to assure themselves that no one named in the allegations are engaged in Commonwealth work, and if so, entities to consider risk mitigation measures including seeking the removal of particular individuals (**Attachment L.2)**.

40. We will also provide a reminder to entities next week of the importance of considering ethical conduct in considering value for money in procurement.

41. While the process of reviewing all KPMG contracts is ongoing by entities, we are aware via KPMG of one Commonwealth contract where an individual named by Senator O'Neill is engaged in Commonwealth work:

s47E(d)

[redacted]

Finance department exposure

42. Finance currently has 10 active contracts with KPMG, with a combined contract value of $35.3 million.

Panel	Value	Description	Start Date	End Date
DFAT Capital Infrastructure Services Panel	$7,913,917.29	Project Management Services (Major Projects)	1/07/2024	30/06/2026
MAS Panel	$8,529,280.00	Accounting Services for financial statements (FARM)	1/04/2026	31/03/2030
MAS Panel	$1,268,165.24	Actuarial services for Comcover	23/05/2023	31/12/2026
MAS Panel	$388,025.00	Procurement capability review framework and pilot	26/09/2025	31/08/2026
MAS Panel	$170,000.00	Debt Advisory Services for DHA Special Account	12/08/2025	7/08/2028
MAS Panel	$112,860.00	Financial Reporting Models (CFO)	13/05/2025	2/05/2028
MAS Panel	$77,000.00	Accounting Advisory Services for Comcover	10/04/2025	30/06/2026
MAS Panel	$59,400.00	Lease Reporting Model (CFO)	1/05/2025	1/05/2028
Defence Infrastructure Panel	$10,131,000.00	Strategic Industry Partner - Divestments (Defence Estate Divestments)	25/03/2026	31/01/2028
Defence Infrastructure Panel	$6,624,970.00	Strategic Industry Partner – Divestments (Defence Estate Divestments)	25/03/2026	31/01/2028

43. Most of these contracts will expire and not be renewed over the next 6 months.

s47E(d) [redacted]

Next steps

44. With KPMG's 3 June letter acknowledging that these events have triggered the Notification of Significant Events clause in the MAS Head Agreement, Finance will now trigger its rights under clause 29 of the MAS Head Agreement to commission an independent review of KPMG, especially when noting the concerns around the Allens review to date.

45. The independent review, to be led by an eminent individual appointed by Finance, would delve into KPMG's governance and ethics failings and will provide the necessary confidence that the review is both independent from KPMG, and delivering objective, fact-based conclusions.

(a) The review would go directly to the culture, ethics and integrity of KPMG as an organisation, with a particular focus on the governance structures of KPMG.

(b) The review will be mindful of the other reviews currently afoot, including the Tax Practitioners Board and Chartered Accountants ANZ.

(c) We propose to consult with the Parliamentary Joint Committee on Corporations and Financial Services on the scope of the review.

(d) We would propose to offer to share the findings of the review with state and territory governments to ensure alignment of approaches.

(e) An independent review, whilst at arms-length, would need to have the full cooperation of KPMG to progress. For that reason, we do not consider a review where we have suspended or terminated KPMG from the MAS Panel would be feasible.

46. Not withstanding the complexities of such a review, we would propose an interim report is provided by the end of September 2026.

47. If the independent review finds systemic failures around culture, integrity and ethics, we would propose the suspension or termination of KPMG from all panels within the Commonwealth.

48. Finance will consult you and your office on the scope of the review and proposed independent reviewer.

Financial Implications:

49. Nil at this stage, however an independent review will incur costs that Finance may seek reimbursement from KPMG.

Consultation:

50. Finance is providing regular updates to MAS Panel entities on our consideration of these issues.

Jurisdiction positions

51. Finance is also engaging with the states and territories, including attending meetings with the Australasian Procurement and Construction Council (APCC) (comprised of the Commonwealth, states, territories and the New Zealand Government) to understand what steps they are considering.

52. At the APCC meeting on 4 June 2026, jurisdictions provided updates on their consideration of these matters. The positions ranged from a "watch and monitor" approach (Western Australia, ACT, Northern Territory), to letters seeking further information (NSW, Victoria, South Australia).

53. Queensland officials were actively considering a temporary suspension of awarding new contracts to KPMG, however they have chosen, at this stage, to wait for further developments.

54. Western Australia, who has an active debarment regime, is also monitoring the situation. Recent articles have criticised Western Australia's approach, comparing the Western Australia approach with the more active response from the Commonwealth, NSW and Victoria (**Attachment O** refers).

55. Finance will keep in close contact with the states and territories and will advise your office in any change in posture.

Background:

56. As at 4 June 2026 KPMG has 295 active contracts across the Commonwealth, worth $589.1 million. More details on these contracts are outlined in **Attachment N)**

Attachment/s:

Attachment A – Chronology of events
Attachment B – KPMG correspondence to Finance (25 March 2026)
Attachment C – Finance correspondence to KPMG (25 March 2026)
Attachment D – KPMG correspondence to Finance (31 March 2026)
Attachment E – KPMG correspondence to Finance (1 May 2026)
Attachment F – Finance correspondence to KPMG (5 May 2026)
Attachment G – KPMG correspondence to Finance (18 May 2026)
Attachment H.1 – Committee correspondence to KPMG (2 April 2026)
Attachment H.2 – KPMG correspondence to Senator O'Neill (2 April 2026)
Attachment H.3 – KPMG correspondence to Committee (2 April 2026)
Attachment H.4 – KPMG 30 April 2026 submission to the Committee (18 May 2026)
Attachment H.5 – KPMG 30 April 2026 submission to the Committee (18 May 2026)
Attachment I – Finance correspondence to KPMG (26 May 2026)
Attachment J – KPMG correspondence to Finance (29 May 2026)
Attachment K.1 – KPMG covering email to Finance (3 June 2026)
Attachment K.2 – KPMG correspondence to Finance (3 June 2026)
Attachment L.1 – Finance advice to Commonwealth entities (29 May 2026)
Attachment L.2 – Finance advice to Commonwealth entities (3 June 2026)
Attachment M – Committee correspondence to KPMG (4 June 2026)
Attachment N – KPMG contracts with Finance and the Commonwealth (as at 4 June 2026)
Attachment O – West Australian article on approach to KPMG

Approved for electronic transmission
Andrew Danks
First Assistant Secretary
Procurement Division
02 6215 3996

Contact Officer:	s22 [redacted]
Job Title/Level:	A/g Assistant Secretary
Telephone:	s22 [redacted]
PDR Number	MS26-000508

Chronology of events

This high-level chronology focuses on formal notifications, advice and correspondence between Finance and KPMG, following the statement made by Senator O'Neill in the Senate (24 March 2026) raising allegations concerning KPMG.

Date	Engagement
25 March 2026	KPMG emailed Finance (at 12:30am) regarding Senator O'Neill's statement (**Attachment B**).
25 March 2026	Finance wrote to KPMG advising it takes the allegations seriously and requested further information (**Attachment C**).
31 March 2026	KPMG responded to Finance's 25 March 2026 correspondence (**Attachment D**).
1 May 2026	KPMG wrote to Finance with an update, including two substantiated conduct matters (**Attachment E**).
5 May 2026	Finance responded to KPMG's 1 May 2026 correspondence seeking further information (**Attachment F**).
18 May 2026	KPMG responded to Finance's 5 May 2026 correspondence, including summaries of: - findings from KPMG's investigations and reviews - events relating to the allegations raised in the Senate (**Attachment G**). KPMG committed to providing additional material at the 19 May 2026 meeting. **Attachments H.1-H.5** contain the package of key documents between the Committee and KPMG provided to Finance, including KPMG's 30 April 2026 submission to the Committee.
19 May 2026	Finance senior executive (Marisa Purvis-Smith and Andrew Danks) met with KPMG's Andrew Yates (then CEO) and [redacted] (Partner, KPMG Representative, MAS Panel)
26 May 2026	Finance wrote to KPMG following the reporting of additional allegations in the media, referencing these allegations should have been raised in the meeting on 19 May 2026. Finance requested further information (by 12 June 2026), including reasons why Finance should not suspend KPMG from the MAS Panel (**Attachment I**).
29 May 2026	KPMG wrote to Finance: - acknowledging shortcomings in its handling of the whistleblower matter - advising a further independent investigation is ongoing with expanded scope and new evidence - informing of senior leadership resignations (CEO and senior partner), and the appointment of an interim CEO. KPMG indicated the matter does not relate to Commonwealth work or involve any breach of Commonwealth information; however, it was reporting this matter as a significant event due to its material adverse impact on the firm's reputation (**Attachment J**).
29 May 2026	Finance wrote to Commonwealth entities captured under the MAS Panel to advise: - Finance has received a Notification of Significant Events under the MAS Panel - Details on the changes to KPMG's senior leadership - Finance will keep entities informed of any further developments (**Attachment L.1**).
3 June 2026	KPMG responded to Finance's 26 May 2026 correspondence, addressing questions on: - whistleblower management - governance arrangements - Lendlease-related matters. KPMG committed to provide a detailed remediation plan by 12 June 2026. KPMG also advised of KPMG executive changes, including the resignation of the COO, and offered to meet prior to submitting its remediation plan (**Attachments K.1-K.2**).
3 June 2026	Finance wrote to Commonwealth entities under the MAS Panel to provide updated advice on: - Further changes to KPMG's senior leadership - Entities' contractual rights under the Head Agreement including to seek assurance from KPMG on personnel involvement on work orders and rights to remove personnel from work orders where appropriate (**Attachment L.2**).

From: [redacted]@kpmg.com.au>
Sent: Wednesday, 25 March 2026 12:30 AM
To: MAS Panel
Cc: AU-FM Significant Event Reporting; Bradley, Rob; Sebar, Gareth; [redacted]
Subject: Matters raised in the Senate tonight regarding KPMG[SEC=OFFICIAL]

OFFICIAL

Good evening MAS Panel

Firstly, my apologies for the late email but I draw your attention to a statement in the Senate tonight about a former employee of KPMG Australia.

Earlier tonight Senator Deborah O'Neill raised a number of these matters in the Senate and included new allegations about KPMG's governance, audit independence and integrity. Senator O'Neill also named five of our clients in her statement.

We had no advance notice that this would be raised, however, our CEO Andrew Yates has subsequently communicated the following message to our Partnership Group. While this is internal correspondence, we believe it appropriate to share with you given the forum in which the allegations have been raised. We are assessing the allegations made through our Significant Events Governance Committee and will advise as appropriate in accordance with our reporting obligations.

Please contact [redacted] or myself as MAS Panel Representatives if you wish to discuss further.

Kind regards
[redacted]
Partner

KPMG
Level 9, 1 Constitution Avenue
Canberra ACT 2601 Australia

[redacted]
[redacted]@kpmg.com.au

kpmg.com.au

Message from CEO to Partners

We want to update you following a statement in the Senate tonight about a former employee of KPMG Australia.

Almost two years ago, they made serious, but unsubstantiated allegations and claims relating to their time at the firm. While there was no evidence provided at the time to support what were high-level and unclear allegations, we have treated the matter seriously, including the appointment of external legal counsel to support an investigation.

KPMG commissioned two separate law firms to review both the matters raised by the former employee and KPMG's investigation into the claims. The Board, including independent directors, had oversight of the external investigation.

Since the issue was initially raised in 2024, we have continually encouraged the former employee to share any details to support the investigation. To date, neither KPMG nor the external investigations have substantiated any claims of wrongdoing.

Beyond these investigations, we have requested evidence on more than 20 occasions and offered multiple independent pathways for providing information, including external legal counsel, an independently operated whistleblower service, and direct access to non-executive directors.

We have encouraged the former employee to report to us under KPMG's Whistleblower policy, and to review ASIC's guidance on whistleblower laws and to seek independent advice. Our invitation to the former employee to provide evidence through these independent channels remains open.

We are writing to Senator O'Neill asking her to share any details, information or materials provided by the former employee - either through our independent whistleblowing channels or directly with the external third-party legal firm.

We have contacted the named clients about these matters.

I want to assure you that KPMG maintains the highest standards of professional conduct and takes any concerns seriously. We are confident in the integrity of our processes and our people.

It is in everyone's interest that concerns can be properly investigated so that this matter can be resolved. Of course, if any allegations were to be confirmed, appropriate actions would be taken.

As you are all aware, doing the right thing – and speaking up if it is not – is central to the culture across our firm. As part of our 'speak-up' culture, we encourage our people to report concerns about the workplace, knowing they can do so without fear of retaliation. We have confirmed with the former employee that we have not engaged in retaliation based on any disclosure to us and have repeatedly stated that we will not do so.

In summary, we have:

- thoroughly investigated the allegations, with the involvement of external law firms and Board oversight including independent directors
- not been able to substantiate any claim of wrongdoing
- had open dialogue with relevant clients.
- our offer remains for evidence to be provided for further investigation.

Kind regards

[redacted]

Partner

KPMG
Level 9, 1 Constitution Avenue
Canberra ACT 2601 Australia

[redacted]kpmg.com.au

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****

Australian Government

Department of Finance

Reference: EC26-000530
Contact: [redacted]
e-mail: [redacted]@finance.gov.au

[redacted]
Partner
KPMG
Level 9, 1 Constitution Avenue
Canberra ACT 2601

Dear [redacted]

Matters raised in the Senate concerning KPMG Australia

I am writing in relation to matters raised in the Senate, on 24 March 2026, by Senator Deborah O'Neill concerning KPMG Australia, including allegations relating to governance, audit independence and integrity, and the treatment of a former employee.

I acknowledge your email of 25 March 2026 notifying Finance of these matters, noting your advice that KPMG was not aware that these matters were being raised in the Senate.

As you are aware, KPMG's engagements with the Commonwealth are subject to the Notice of Significant Events (NoSE) provisions in the Management Advisory Services (MAS) Panel Head Agreement (clause 16.2.3), which require suppliers to promptly notify the Commonwealth of any event or circumstance that may reasonably be expected to affect the supplier's ability to perform its obligations, or that may give rise to probity, integrity or reputational concerns.

Matters raised publicly in the Parliament, particularly allegations of the nature raised in the Senate, are matters that would reasonably be expected to be considered under the NoSE framework. Finance therefore requires further information to enable it to assess whether any further action is required.

Finance notes your advice that these matters are being considered through KPMG's internal governance processes, including its Significant Events Governance Committee. In this context, Finance requires a clearer understanding of the matters raised and KPMG's response to date.

Accordingly, and consistent with KPMG's obligations under the MAS Head Agreement, Finance requests that KPMG provide the following information:

1. KPMG's understanding of the allegations raised in the Senate, including those relating to governance, audit independence and integrity.

2. Details of the actions taken by KPMG to date to investigate or otherwise address these matters, including any internal or external review processes.

3. The current status of KPMG's consideration of these matters, including any findings reached to date and any further actions proposed.

4. An assessment of any implications for KPMG's engagements with the Commonwealth, including any impacts on existing or future work.

5. Details of any engagement with Senator O'Neill, including any requests made for information or material relied upon in the Senate statement.

The information requested is required to enable Finance to assess compliance with the NoSE provisions of the MAS Panel Head Agreement and to determine what further engagement or action is necessary.

Finance would appreciate receiving KPMG's response by 31 March 2026. Should you wish to discuss this request, I am available to meet as required.

Yours sincerely

s22 [redacted]

Andrew Danks
First Assistant Secretary
Procurement Division

25 March 2026

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Australia

ABN: 51 194 660 183
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Andrew Danks
First Assistant Secretary
Procurement Division
Department of Finance

Our ref Response to EC26-00530

31 March 2026

Dear Mr Danks,

Matters raised in the Senate concerning KPMG Australia

Thank you for your correspondence dated 25 March 2026 requesting further information to enable the Department of Finance to consider whether any further action is required regarding the matters raised in the Senate, on 24 March 2026.

We are committed to engage constructively with the Parliamentary Joint Committee on Corporations and Financial Services (the Committee), in its ongoing inquiry: *Oversight of ASIC, the Takeovers Panel and the Corporations Legislatio*n as it considers these matters. We understand the Committee is seeking further evidence to enable it to determine if the allegations raised warrant any further action or inquiry. We will continue to keep you updated on new developments that may be in scope of the Notification of Significant Events Clause.

(1) KPMG's understanding of the allegations raised in the Senate, including those relating to governance, audit independence and integrity.

The matters raised in the Senate included that a former employee has alleged misconduct across audit and tender processes, and failures to properly investigate concerns raised under the statutory whistleblower regime. The allegations raised include breaches of audit independence, misuse of confidential client information, compromised ASX audit tenders, misleading evidence to a Senate inquiry, examination misconduct involving generative AI, retaliation against a whistleblower, and governance failures extending into KPMG's international network.

The allegations assert that KPMG improperly used or accessed confidential client information and compromised audit independence across multiple tenders, including: confidential Lendlease materials were allegedly used to support bids for Westpac and Dexus; the Westpac tender was said to be advantaged by insider feedback and pricing guidance; Dexus faced independence risks while KPMG acted as both internal and prospective external auditor; Telstra materials were allegedly accessed without authorisation during a live tender; and independence concerns were raised by Macquarie Bank due to links to senior auditors' prior relationships.

Prior to the statement in the Senate, no allegations had been raised by the former employee that related to Macquarie.

(2) Details of the actions taken by KPMG to date to investigate or otherwise address these matters, including any internal or external review processes.

In response to issues raised with KPMG by a former employee, KPMG commissioned two separate law firms: one to review our firm's investigation and one to conduct its own external investigation. The investigations were conducted in accordance with KPMG's Whistleblower policy and were subject to the associated confidentiality protections for the former employee. Based on what we have been provided, we currently have been unable to substantiate any claims of wrongdoing raised with us.

From the earliest identification of these allegations, we have invited, and would welcome, any evidence or material to help investigate the allegations. We are still encouraging this, and should we receive anything that changes the conclusions reached to date, we shall notify the Department of Finance immediately. Where investigations conclude that wrongdoing is substantiated, we will consider action as appropriate.

We have written to Senator O'Neill asking her to share any details, information or materials provided by the former employee - either through our independent whistleblowing channels or directly with the external third-party legal firm.

As we engage with the Committee, we will continue to keep you updated on new developments that may be in scope of the Notification of Significant Events Clause. We are in the process of responding to a letter from the Chair of the Committee, Senator O'Neill, and we will provide a copy of this letter to the Department of Finance.

(3) The current status of KPMG's consideration of these matters, including any findings reached to date and any further actions proposed.

We have an open and ongoing process of investigation around information received and continue to ask for more information to be provided. Our invitation to the former employee to provide evidence through these channels remains open.

Consideration of the matter

As noted previously, KPMG commissioned two separate law firms: one to review our firm's investigation into the claims and one to conduct its own external investigation. We have written to Senator O'Neill asking her to share any details, information or materials provided by the former employee - either through our independent whistleblowing channels or directly with the external third-party legal firm.

KPMG's Significant Events Governing Group met the following day after the disclosure in the Senate, and our initial correspondence to Finance. Whilst these remain unsubstantiated allegations, the Group concluded that engagement with the Department of Finance on this matter is appropriate, including whether the raising of the allegations in the Senate was, in itself, a notifiable Significant Event.

Findings reached to date

From the earliest identification of these allegations, we have invited, and would welcome, any evidence or material to help us investigate the allegations. We are still encouraging this and should we receive anything that changes the conclusions reached to date we shall notify the Department of Finance immediately. Noting this, based on what we have been provided, we currently have been unable to substantiate any claims of wrongdoing raised with us.

(4) An assessment of any implications for KPMG's engagements with the Commonwealth, including any impacts on existing or future work.

To date, KPMG has not been able to substantiate any of the alleged claims of wrongdoing by KPMG or our people, and we do not anticipate adverse implications for KPMG's engagements with the Commonwealth. As we engage with the Committee and their inquiry, we will continue to keep you updated on new developments that may be in scope of the Notification of Significant Events Clause.

(5) Details of any engagement with Senator O'Neill, including any including any requests made for information or material relied upon in the Senate statement.

On 25 March 2026, we wrote to Senator O'Neill asking her to share any details, information or materials provided by the former employee - either through our independent whistleblowing channels or directly with the external third-party legal firm. KPMG was not contacted by Senator O'Neill, or her office, prior to the allegations being raised in the Senate.

We received a letter from Senator O'Neill on 30 March 2026 acknowledging KPMG's correspondence following her Senate statement of 24 March 2026. The letter reiterated her serious concerns about the matters raised, noting that she had already held public and confidential hearings and issued a statement. Senator O'Neill emphasises the protections afforded to witnesses under parliamentary privilege, warns that any retaliation against witnesses may constitute contempt of Parliament, and states that she expects KPMG's cooperation as the Committee determines its next steps. We plan to write to the Committee Secretary advising that we are willing to engage constructively on these matters and extend an offer to meet with the Committee. We extend the same offer to the Department of Finance.

KPMG remains committed to transparency, cooperation with parliamentary and regulatory processes, and compliance with its obligations to the Commonwealth. We will continue to keep the Department of Finance informed of any relevant developments and are available to engage further should that be of assistance.

Yours faithfully

s22 [redacted]

Partner
KPMG Representative, MAS Panel Head Agreement

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Canberra City ACT 2601

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Australia

s22 [redacted]
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Private and confidential
Andrew Danks
First Assistant Secretary
Procurement Division

Department of Finance

1 May 2026

Our ref Dept of Finance - MAS Panel - Senate allegations update(75469780.1)

Dear Mr Danks,

Matters raised in the Senate concerning KPMG Australia

Further to my correspondence of 31 March 2026 regarding matters raised in the Senate on 24 March 2026, and consistent with our commitment to keep the Department of Finance informed of any relevant developments, please find below a summary of additional actions undertaken by KPMG.

On 2 April 2026, KPMG received a written request from the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) to provide by 30 April 2026 further details and supporting material to inform the Committee's consideration of allegations raised by a whistleblower. On 30 April 2026, KPMG provided additional supporting material to the Committee comprising:

- Summary of factual findings from the investigations and reviews.
- Summary of events in relation to the allegations raised in the Senate.

We understand that the Committee will consider the details and supporting materials provided, noting that KPMG has requested that the documents remain confidential. We remain willing to engage constructively with the Committee and remain open to receiving further information from the whistleblower or any other relevant parties.

Our investigation into these allegations is continuing and we will investigate any new evidence or information provided. We are also engaging with ASIC, CA ANZ and the TPB.

During the ongoing internal investigations into the allegations, two related conduct matters were identified. The first matter involved the inappropriate sharing on screen of pages from a client document between KPMG personnel. We deeply regret that the confidentiality owed to one of our clients was not met in this instance, and we have expressed that regret to that client. The second matter concerned an inappropriate informal remark in a team setting. I confirm that these matters did not involve any Commonwealth engagements, Commonwealth information or the provision of any service to the Commonwealth.

The individuals involved were sanctioned and the sub-committee of the KPMG Board endorsed those sanctions. The individuals involved in the first matter have self-reported to CA ANZ.

KPMG remains committed to transparency, cooperation with parliamentary and regulatory processes, and compliance with its obligations to the Commonwealth.

We will continue to keep the Department informed of relevant developments and are available to engage in person as required. Should you wish to meet, please contact me on s22 [redacted].

Yours faithfully

s22 [redacted]

Partner

Australian Government
Department of Finance

[redacted] | Partner
KPMG
Level 9, 1 Constitution Avenue
Canberra ACT 2601

Dear [redacted]

Matters raised in the Senate concerning KPMG Australia

Thank you for your letter of 1 May 2026 regarding matters raised in the Senate concerning KPMG Australia, and for your ongoing commitment to keeping the Department of Finance (Finance) informed of relevant developments.

To support Finance's understanding of these matters, Finance requests the following information from KPMG Australia.

Finance notes that aspects of these matters may remain subject to ongoing consideration by the Parliamentary Joint Committee on Corporations and Financial Services (the Committee). Where information cannot be provided in full, Finance requests that it be provided to the extent permissible, having regard to those processes.

Materials provided to the Committee

1. A description of the information and materials requested by the Committee in its written request dated 2 April 2026.
2. Copies of materials and supporting documents submitted by KPMG to the Committee on 30 April 2026, including summaries of:
   a. factual findings from KPMG's investigations and reviews, and
   b. events relating to the allegations raised in the Senate.

Finance also seeks to understand whether the material provided to Finance represents the full scope of information provided to the Committee.

Further information on conduct matters and sanctions

Finance notes your advice that two conduct matters were identified through KPMG's internal investigations, namely the inappropriate sharing on screen of pages from a client document; and an inappropriate informal remark in a team setting.

Finance requests further detail on these matters, including:

1. further information on the circumstances of each conduct matter
2. the specific sanctions applied to the individuals involved in each matter, as endorsed by the relevant sub-committee of the KPMG Board, and
3. the status of any other matters identified through the ongoing investigation, including whether:
    a. additional conduct issues have been identified or remain under review, and
    b. ASIC, CA ANZ or the Tax Practitioners Board have requested further information or imposed any additional requirements.

Finance requests KPMG's response by **COB Wednesday 13 May 2026**. We appreciate your continued cooperation and commitment to transparency. Please keep Finance informed of any further developments and contact me should you require further clarification on this request.

Yours sincerely

s22 [redacted]

Andrew Danks
First Assistant Secretary
Procurement Division

5 May 2026

KPMG

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Private and confidential
Andrew Danks
First Assistant Secretary
Procurement Division

Department of Finance

18 May 2026

Our ref Dept of Finance - MAS Panel - Senate allegations update letter received 5 May

Dear Mr Danks,

Matters raised in the Senate concerning KPMG Australia

Thank you for your letter of 5 May 2026 to s22 [redacted] regarding matters raised in the Senate on 24 March 2026, and your request for further information.

KPMG Australia continues to engage with the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) and is committed to cooperating with the Committee as it considers these matters. We also continue to engage with ASIC, CA ANZ and the Tax Practitioners Board (TPB).

We understand Finance has requested the following information to support its understanding of these matters:

1. A description of the information and materials requested by the Committee in its written request dated 2 April 2026.
2. Copies of materials and supporting documents submitted by KPMG Australia to the Committee on 30 April 2026, including summaries of (a) factual findings from KPMG's investigations and reviews and (b) events relating to the allegations raised in the Senate, and confirmation whether those materials represent the full scope of information provided to the Committee.
3. Further detail on the two conduct matters identified through KPMG's internal investigations, including (a) the circumstances of each matter, (b) the specific sanctions applied (as endorsed by the relevant sub-committee of the KPMG Australia Board), and (c) the status of any other matters identified through the ongoing investigation, including whether additional conduct issues have been identified or remain under review and whether ASIC, CA ANZ or the TPB have requested further information or imposed additional requirements.

The Committee wrote to KPMG and requested the following material be provided to them by April 30.

The committee has noted KPMG's media statement published on 25 March, in which it asserts that it has 'treated the matter seriously', and implies an internal investigation was conducted. Further, the committee notes KPMG's assertion that it 'commissioned two separate law firms: one to review our firm's investigation into the claims and one to conduct its own external investigation'. Given this, the committee requests that KPMG provide to it by 30 April, the reports of these three processes, and any additional information that would be relevant to the committee's consideration of these issues. Further, the committee asks KPMG to advise whether the 'serious allegations' by a 'former employee' referred to in the media statement were recognised by the firm as being a protected disclosure by a whistleblower under Part 9.4AAA of the Corporations Act.

We appreciate your patience as we requested approval from the Committee to share with you copies of all materials we provided on 30 April 2026. That approval is still pending at the time of writing this letter, as such we have attached two summary reports (the summary of factual findings from the investigations and reviews and the summary of events in relation to the allegations raised in the Senate). These materials represent the full scope of information provided by KPMG, except the covering letter provided to the Committee. We will provide the covering letter once the Committee has approved its release. We note that further third party correspondence has been uploaded to the Committee's website on 14 May 2026 and can be viewed here. This correspondence refers to the conduct matter that we have disclosed to you previously.

We have requested that documents provided by KPMG be kept confidential by the Committee and we understand that this has been agreed to. Thank you for your agreement to treat the attachments to this letter as Confidential information subject to the obligations contained in Clause 22 of the Management Advisory Services Panel Head Agreement with KPMG.

In relation to the conduct matters referenced in our earlier correspondence, the response endorsed by the relevant sub-committee of the KPMG Australia Board included sanctions that were financial in nature. Sanctions are determined in accordance with the KPMG Australia Disciplinary Framework and which can include actions up to termination of employment or separation from the partnership. In determining the appropriate sanction, consideration is given to the severity of the relevant conduct, the level of responsibility and the respondent's response to the allegations and conduct history. In this instance the sanctions varied from a written warning to financial penalties being applied to the individuals depending on the nature of the matter and the role of the individual in that matter.

We acknowledge Finance's request for further details on the sanctions applied, the circumstances of each conduct matter and on the status of any other matters identified through the ongoing investigation (including any engagement with ASIC, CA ANZ or the TPB). To our knowledge, inquiries into these matters are ongoing. To ensure compliance with confidentiality and privacy considerations, we propose providing an additional verbal briefing on these matters at the scheduled meeting on 19 May 2026.

We will continue to keep the Department informed of relevant developments. If you have questions specific to the attachments to this letter, please contact me or s22 [redacted] or via email: s22 [redacted]kpmg.com.au or s22 [redacted]kpmg.com.au. For matters related to the MAS Panel or our upcoming meeting, please contact s22 [redacted]

Yours faithfully

s22 [redacted]

Andrew J Yates
Chief Executive Officer

AUSTRALIA

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

2 April 2026

Mr Martin Sheppard
National Chairman
KPMG Australia

Mr Andrew Yates
Chief Executive Officer
KPMG Australia

By email: s22 [redacted]@kpmg.com.au

Dear Messrs Sheppard and Yates

Oversight of ASIC, the Takeovers Panel and the Corporations Legislation
Whistleblower allegations and KPMG Australia

I write on behalf of the Parliamentary Joint Committee on Corporations and Financial Services (the committee) concerning significant allegations about audit independence, misuse of confidential information, tender integrity failures, misleading of Parliament, examination misconduct and governance failures at the senior leadership level within KPMG Australia (KPMG).

As you are aware, on Tuesday, 24 March 2026, I delivered a speech in the Australian Senate on this matter outlining the experience and evidence of a former senior executive working at KPMG, who sought to invoke, from KPMG, statutory whistleblower protections available under Part 9.4AAA of the *Corporations Act 2001* in order to report the abovementioned alleged misconduct.

The allegations made by the former KPMG employee relate to areas of investigation that were previously the subject of inquiry by the committee, notably the 2023–2024 inquiry into ethics and professional accountability and the 2016–2017 inquiry into whistleblower protections. Accordingly, the committee has taken an interest in this matter and, on Thursday last week, conducted public and confidential (in-camera) hearings to seek further evidence to enable it to determine if the allegations raised warranted any further action or inquiry by the committee. The media release associated with these hearings can be found here.

The committee is currently considering the further evidence obtained during these hearings and will use its full breadth of statutory powers to consider further responses, as appropriate. The committee has also undertaken to write to all relevant individuals, agencies, and bodies in relation to this matter to indicate the committee's interest and to encourage further engagement, as appropriate.

The committee has noted KPMG's media statement published on 25 March, in which it asserts that it has *'treated the matter seriously'*, and implies an internal investigation was conducted. Further, the committee notes KPMG's assertion that it *'commissioned two separate law firms: one to review our firm's investigation into the claims and one to conduct its own external investigation'*. Given this, the committee requests that KPMG provide to it by 30 April, the reports of these three processes, and any additional information that would be relevant to the committee's consideration of these issues. Further, the committee asks KPMG to advise whether the *'serious allegations'* by a *'former employee'* referred to in the media statement were recognised by the firm as being a protected disclosure by a whistleblower under Part 9.4AAA of the Corporations Act.

For the benefit of all parties with an interest in this matter, the committee reiterates its commitment to the Parliament's procedures for the protection of witnesses. The committee emphasises that witnesses are protected by parliamentary privilege, making it unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee. Any such action taken against a witness may be treated by the Parliament as a contempt, and the committee will ensure that any such action is vigorously investigated and, if necessary, referred to the Senate as a potential contempt.

If you require any additional information regarding this matter, or would like to discuss providing any relevant evidence, please contact the committee secretariat at corporations.joint@aph.gov.au by phone on (02) 6277 3583.

Yours sincerely,

s22 [redacted]

Senator Deborah O'Neill
Committee Chair

International Towers Sydney 3
300 Barangaroo Avenue
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Australia

ABN: 51 194 660 183
[redacted]

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Senator Deborah O'Neill
PO Box 6100
Senate
Parliament House
Canberra ACT 2600

2 April 2026

Dear Senator

Response to correspondence received on 30 March 2026

Thank you for your letter of 30 March 2026.

We attach correspondence provided to the Parliamentary Joint Committee on Corporations and Financial Services Committee Secretary.

We note your statements in the Senate and in your correspondence on the protections applicable to witnesses under parliamentary privilege. We understand and appreciate our obligations.

KPMG Australia takes these matters seriously and we are willing to engage constructively with the Committee.

Yours sincerely,

[redacted]

Andrew Yates
Chief Executive Officer
KPMG Australia

[redacted]

Martin Sheppard
Chairman
KPMG Australia

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Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

2 April 2026

Dear Committee Secretary,

Response to Committee media release of 26 March 2026

KPMG Australia acknowledges the media release issued by the Parliamentary Joint Committee on Corporations and Financial Services on 26 March 2026 concerning whistleblower allegations raised in the Senate.

KPMG takes matters of this nature seriously and recognises the important role of parliamentary committees in examining issues of public interest. As the Committee has noted, KPMG has already issued a public statement responding to the matters raised in the Senate.

We note the statements in the Senate by Senator O'Neill on the protections applicable to witnesses under parliamentary privilege. We understand and appreciate our obligations. We are also committed to the protections for whistleblowers contained in the KPMG Whistleblower Policy.

As we have previously communicated, we are committed to engaging constructively with the Committee.

We trust this letter assists the Committee in understanding KPMG's position and our willingness to engage openly and cooperatively.

Yours sincerely,

s22 [redacted]

Andrew Yates
Chief Executive Officer
KPMG Australia

s22 [redacted]

Martin Sheppard
Chairman
KPMG Australia

Australian Government

Department of Finance

Reference: EC26-000893
Contact: Andrew Danks
Telephone: [redacted]
e-mail: Andrew.Danks@finance.gov.au

Mr Andrew Yates
Chief Executive Officer
KPMG
PO Box H67 Australia Square
SYDNEY NSW 1213

Dear Mr Yates

Integrity matters and Commonwealth Procurement

I refer to our meeting of 19 May 2026 and our ongoing correspondence regarding allegations raised in Senate and the media in relation to KPMG Australia's governance, audit independence and integrity matters (**the allegations**).

We note the information KPMG has provided to date but remain concerned that Finance continues to learn of additional allegations via the media despite our request for open lines of communication on this matter. When we met, I indicated a key part of Finance's relationship with its suppliers is early and timely disclosure. Finding out, through an article in *The Australian*, of the latest allegations is concerning and troubling and something that should have been disclosed when we met.

In *The Australian* article, there was commentary around the departure of a former independent director of the KPMG National Board (the Board), Mr Mike Baird. I note from your previous letter and attachments that the whistleblower had contacted two independent directors of KPMG, alongside others, between May and August 2025. I also note Mr Baird's departure from the Board in September 2025. Finance has commented in the past of the importance of independent directors in large consultancies. As part of Finance's review of PwC, Finance noted that *"independent perspectives into the operations of the board are an important step in improving the governance of the organisation"*[1]

Noting the short period of time between the engagement of the whistleblower with your independent directors and Mr Baird's resignation, we seek KPMG to confirm that:

- Any criticisms that KPMG is aware of from the independent directors in relation to its management of the whistleblower complaints;

[1] https://www.finance.gov.au/sites/default/files/2025-08/examination-of-pwc-australias-ethical-soundness.pdf pg 14

- The reasons, as known to KPMG, why Mr Baird left the Board.

I have also noted the letter to the Parliamentary Joint Committee on Corporations and Financial Services by Mr Tony Lombardo, Group Chief Executive and Managing Director of Lendlease. In Mr Lombardo's letter, specifically point 5, the description of the incident appears to vary from that provided to Finance by KPMG. I seek KPMG's reconciliation in relation to the Lendlease letter and KPMG's response to Finance of 18 May 2026.

We will be engaging directly with Lendlease to discuss this matter, being sensitive to the parliamentary privilege that is afforded to the Lendlease letter. This is to gain a better understanding of the allegations to determine how KPMG's conduct could impact services that are delivered to the Commonwealth and its handling of Commonwealth confidential information.

Noting the significance of the allegations, and the ongoing emergence of new allegations, Finance is currently considering what steps it should take in order to ensure that the Commonwealth's suppliers act with integrity and uphold the highest ethical behaviour at all times.

With similar ethical and integrity issues in the past, Finance has suspended suppliers from the Management Advisory Services panel, or have mutually agreed with suppliers for them not to bid for a predefined period of time to allow the supplier to fully investigate, remediate and demonstrate their commitment to upholding the highest ethical behaviour.

I seek your views on the issues I have flagged in this letter, including reasons why Finance should not suspend KPMG from the MAS Panel, by Friday 12 June 2026.

If you have any questions, please contact myself or Andrew Danks.

Yours sincerely

s22 [redacted]

Marisa Purvis-Smith
Deputy Secretary
Commercial Group

26 May 2026

KPMG

Level 9, Constitution Place
1 Constitution Avenue
Canberra City ACT 2601

PO Box 7396
Canberra Business Centre ACT 2610
Australia

ABN: 51 194 660 183
s22 [redacted]
www.kpmg.com.au

Confidential
Marisa Purvis-Smith
Deputy Secretary
Commercial Group
Department of Finance
One Canberra Avenue
FORREST ACT 2603

KPMG_SignificantEvent_May2026

29 May 2026

Dear Ms Purvis-Smith:

Update from KPMG Australia

Further to our meeting and our correspondence on 18 May 2026 regarding consideration by the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) of allegations raised by a whistleblower, we are writing to provide you further information in relation to this matter. We are also in the process of responding to your information request of 26 May 2026 and we are working to get that to you shortly.

KPMG Australia confirms its treatment of a whistleblower and investigation into their allegations fell short of the firm's expectations, those of the whistleblower and the broader community. The initial internal investigation that did not substantiate the allegations raised by the whistleblower, was in hindsight not conducted with the necessary rigour required. Understandably this prompted further communications and allegations from the whistleblower, resulting in the appointment of an external legal firm, to review the internal investigation.

The external legal review supported the internal investigation. This outcome further escalated the whistleblower's concerns with the process. The whistleblower again raised the matter with certain independent members of the KPMG Australia Board and others.

At this point, a Board Sub-Committee (led by the Deputy Chair and including three independent directors), appointed Allens to conduct a further external legal investigation, which remains ongoing. Now, with new evidence and an expanded scope, Allens are continuing to challenge the conclusions reached in prior investigations.

The Board has identified areas where KPMG has fallen short of the standards it expects in the handling of such important matters. The Board has confirmed shortcomings in the:

- management of the whistleblower and their concerns;
- the rigour of the investigations; and
- action by leadership regarding the allegations raised.

As a consequence:

- KPMG Chairman Martin Sheppard has accepted the resignation of Andrew Yates, CEO of KPMG Australia, effective immediately – as the executive with ultimate responsibility for management of the whistleblower process and the management-led investigations.
- Mr Sheppard has also accepted the resignation of Julian McPherson, National Managing Partner Audit and Assurance, who will stand down from this role effective immediately and will resign from the firm after an orderly transition of his client responsibilities.
- The Board has appointed Stan Stavros as Interim CEO of KPMG Australia while continuing its orderly process to appoint a permanent successor to Mr Yates.
- An Interim National Managing Partner of Audit and Assurance will be announced shortly.
- Appropriate disciplinary action will continue to be imposed if the investigations identify further matters.

Whistleblower Allegations

KPMG has previously reported to professional bodies, regulators and the Department of Finance that the firm had identified a matter relating to client documents being inappropriately shared internally. Three partners have previously been sanctioned regarding this matter, and they have self-reported to the appropriate professional bodies. We are continuing to investigate this matter. We also reported a second matter concerning an inappropriate remark in a team setting regarding the sharing of client information. Disciplinary action has also been taken. We are continuing to investigate this matter.

The ongoing investigation recently revealed a separate incident where internal documents containing client information have also been inappropriately shared internally. Our investigation into this matter, which does not involve Commonwealth information, is ongoing.

These three conduct matters were raised by the whistleblower. While prior investigations concluded these allegations were unsubstantiated, KPMG now recognises these processes fell short.

KPMG has reported this new finding to impacted clients, regulators, the Committee and, in this letter, is reporting to the Department of Finance. Should new findings emerge, this information will be shared with clients, the Committee, regulators and the Department of Finance. Where misconduct is identified we will work with individuals to self-report to CA ANZ where appropriate.

Notification of Significant Event

None of the matters described above that are under investigation relate to the performance of services to the Commonwealth, whether under the Management Advisory Services (MAS) Head Agreement or other government contract arrangements. KPMG engagements to the Commonwealth are undertaken by dedicated teams of security-cleared personnel and are subject to additional governance arrangements under the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

While investigations are continuing, we have assessed the above as a reportable Significant Event under clause 16.2.3 of the MAS Head Agreement. The matter does not concern work for the Commonwealth, but nonetheless constitutes a significant matter with a material adverse impact on reputation.

Yours sincerely

s22 [redacted]

Partner
KPMG Representative, MAS Panel Head Agreement

[redacted]

From: Danks, Andrew
Sent: Wednesday, 3 June 2026 9:52 AM
To: [redacted]
Subject: FW: Correspondence on integrity matters and Commonwealth procurement [SEC=OFFICIAL]
Attachments: KPMG response_Department of Finance_3_June 2026.pdf

OFFICIAL

From: [redacted]@kpmg.com.au>
Sent: Wednesday, 3 June 2026 9:41 AM
To: CGExecutive [redacted]@finance.gov.au>
Cc: Purvis-Smith, Marisa <Marisa.Purvis-Smith@finance.gov.au>; Danks, Andrew <Andrew.Danks@finance.gov.au>; Stavros, Stan [redacted]@kpmg.com.au>
Subject: RE: Correspondence on integrity matters and Commonwealth procurement [SEC=OFFICIAL]

Dear Marisa

Please find the attached correspondence in response to your letter of 26 May. The correspondence is also signed by our Interim CEO, Stan Stavros.

We have sought to respond and update Finance in two steps. The purpose of this letter is to respond formally and directly to the Department's most recent questions in your correspondence of 26 May and subsequent emails. We will then be providing a more detailed response to your concerns on ethical and integrity issues that includes our remediation program by your deadline of 12 June 2026.

Stan is copied on this email and would welcome the opportunity to meet with Finance at your earliest convenience. This meeting would also provide an opportunity for us to better understand your expectations—rather than make assumptions—regarding remediation activities under the MAS Panel and Supplier Code of Conduct, as we prepare our remediation plan.

Update on changes to KPMG Executive
As foreshadowed in our letter to Finance on 29 May, there will be several changes to the KPMG National Executive that will be announced later today (please treat as embargoed until 11.30am). These are as follows and effective immediately:

- **Scott Guse** is appointed National Managing Partner, Audit & Assurance. He has 33 years Audit experience, 22 years as an Audit partner, and is currently Queensland Chairman for the firm. Scott has worked as an Auditor in KPMG's London, New York, Sydney and Brisbane offices. He is a Registered Company Auditor, an APRA Auditor and a Government-approved sustainability auditor. Given Scott's appointment to the National Executive Committee he will not take his place on the National Governance Board on July 1.
- **Gayle Dickerson** is appointed National Managing Partner, Deal Advisory & Infrastructure. She was the National Leader of Turnaround & Restructuring and has more than 20 years of experience in both the UK and Australia in corporate turnaround, insolvency and restructuring.

- **Eileen Hoggett** has decided to step aside from her executive role as COO while the investigations are pending. Eileen will continue in her role as Partner in Audit & Assurance. In the interim, I have combined the CFO and COO responsibilities into a single role, to be led by **John Sams**.

Please let me know if you have any questions in relation to the above, With your permission, I will reach out to your Office to organise an available date and time to meet.

Kind regards
s22 [redacted]
Partner

KPMG
Level 9, 1 Constitution Avenue
Canberra ACT 2601 Australia

s22 [redacted] kpmg.com.au

kpmg.com.au

From: CGExecutive s22 [redacted]@finance.gov.au>
Sent: Tuesday, 26 May 2026 5:02 PM
To: Yates, Andrew J s22 [redacted]@kpmg.com.au>
Cc: s22 [redacted]@kpmg.com.au>; Purvis-Smith, Marisa <Marisa.Purvis-Smith@finance.gov.au>; Danks, Andrew <Andrew.Danks@finance.gov.au>; s22 [redacted]@finance.gov.au>
Subject: [EXTERNAL] Correspondence on integrity matters and Commonwealth procurement [SEC=OFFICIAL]

CAUTION: This Email is from an EXTERNAL source. Ensure you trust this sender before clicking on any links or attachments.

OFFICIAL

Hi Andrew

Please find attached correspondence from Marisa Purvis-Smith.

Please reach out to Marisa or Andrew Danks if you have any questions.

Thanks
s22 [redacted]
Executive Officer to Marisa Purvis-Smith | Deputy Secretary
Commercial Group

Department of Finance
T: [redacted]
E: [redacted]@finance.gov.au

KPMG

International Towers Sydney 3
300 Barangaroo Avenue
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PO Box H67
Australia Square 1213
Australia

ABN: 51 194 660 183
s22 [redacted]

www.kpmg.com.au

Marisa Purvis-Smith
Deputy Secretary
Commercial Group
Department of Finance
One Canberra Avenue
FORREST ACT 2603

3 June 2026

Dear Ms Purvis-Smith

KPMG integrity matters and Commonwealth procurement

Thank you for your letter of 26 May 2026 and for the ongoing engagement between the Department of Finance (**Finance**) and KPMG Australia regarding the matters raised in the Senate concerning KPMG Australia.

KPMG recognises the seriousness of the allegations and the importance of maintaining the highest standards of integrity, governance and confidentiality in the delivery of services to the Commonwealth.

We also appreciate that Finance will understandably have ongoing questions for KPMG in relation to these matters. The purpose of this letter is to respond formally and directly to the Department's most recent questions regarding:

- Any criticisms raised by KPMG's independent directors in relation to our management of the whistleblower complaints and our understanding of the reasons for Mr Baird's departure from our board;
- KPMG Australia's current governance arrangements, including the role of independent directors;
- Reconciliation between the Lendlease letter to the Parliamentary Joint Committee on Corporations and Financial Services and KPMG's response to the Department of 18 May 2026; and
- The confidentiality and security of information relating to Commonwealth projects.

We will be providing a more detailed response that includes our remediation program by your deadline of 12 June 2026.

We reiterate our commitment to engaging with Finance on an open and transparent basis and have sought to respond to each of these questions in detail below. We also reiterate that none of the matters under investigation relate to the performance of services to the Commonwealth, whether under the Management Advisory Services (MAS) Head Agreement or other government contract arrangements.

The large majority of KPMG engagements to the Commonwealth are undertaken by dedicated teams of security-cleared personnel and are subject to additional governance arrangements under the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

1. Independent directors' concerns

We confirm that our independent directors, including Mr Baird, raised concerns in relation to the whistleblower matters following correspondence sent by the whistleblower directly to several of the independent directors. These concerns were taken seriously and led to the establishment of a dedicated Board sub-committee to oversee KPMG's handling of the whistleblower allegations.

This sub-committee was established in August 2025 to strengthen independence, provide appropriate challenge, and ensure effective oversight of the investigative process.

Departure of Mr Baird

Mr Baird advised Martin Sheppard that he would leave the Board due to the increased workload which was expected as KPMG Australia joined New Zealand, Singapore and the Philippines in forming a group (see below). This would also have resulted in significant additional travel which would have been challenging with his other roles.

In addition, Mr Baird did raise valid concerns about the whistleblowing matter; some of those were dealt with during his tenure and others were dealt with following his departure.

2. Current governance arrangements and role of independent directors

As communicated to Finance in our letter to Mr Windeyer on 27 August 2025, KPMG Australia has formed the 'KPMG South ASPAC Group' (the **Group**), together with KPMG Singapore, KPMG New Zealand and KPMG Philippines. The Group has been in effect since 1 October 2025.

The Group supports closer collaboration to better serve our clients, create opportunities for our people and accelerate growth across the region.

As part of these arrangements, we have established governance and management arrangements for the Group through the formation of a Group Board and a Group Executive Committee. These Group arrangements complement our Australian National Governance Board and National Executive Committee.

The Group Board currently comprises 12 members including four Partners from KPMG Australia and three independent directors.

The National Governance Board is responsible for all governance matters specific to KPMG Australia. This includes oversight of matters relating to clients with particular security requirements or sensitivities, or where there are obligations preventing disclosure of information overseas, and/or that require the management, handling or oversight to be performed locally. This means that all decisions relating to client work covering government or national security matters must and continue to be made by KPMG Australia.

The National Governance Board comprises five members, all of whom are Partners of KPMG Australia.

The role of independent directors

As mentioned above, since 1 October 2025 independent members are on the Group Board, rather than the National Governance Board. This approach was adopted to elevate the governance arrangements for the Group, enabling the entire Group (including KPMG Australia) to benefit from the insights and input of the independent directors.

KPMG Australia retained in its Partnership Agreement the ability to establish and maintain standing or ad hoc advisory boards, or to establish sub-committees, including independent members and advisers from outside the partnership.

As described above, KPMG Australia established a Board sub-committee prior to the establishment of the Group. This sub-committee continues to operate and oversee these matters as a sub-committee of the Australian National Governance Board.

The members of this sub-committee are Carmel Mortel (a KPMG Partner who is Deputy Chair of the Australian National Governance Board and a member of the Group Board), Patty Akopiantz (independent), Jane Hemstritch AO (independent) and Michael Ebeid AM (independent). All four members of this sub-committee are also members of the Group Board (three as independent members).

3. Reconciliation between Lendlease and KPMG correspondence

We acknowledge the matters raised in the correspondence from Lendlease. We agree that:

- A controls gap in access permissions within the Diligent platform resulted in KPMG personnel having access to certain tender-related materials;
- Two documents were accessed and subsequently shown internally within KPMG during an audit tender process;
- KPMG should have taken steps to notify Lendlease and restrict access; and
- This conduct was unacceptable.

We recognise that Lendlease has not been able to independently verify the sensitivity of the information accessed or the extent to which this access conferred a competitive advantage. While our reviews found that it did not lead to a competitive advantage in the tender process, we do not seek to minimise the misconduct and it was not acceptable.

We have apologised to Lendlease, taken disciplinary action and ensured CA ANZ and ASIC have been notified. We continue to engage with Lendlease constructively on this matter.

4. Impact on Commonwealth Services

We confirm that the Lendlease information that was shared on screen (and referenced in the Lendlease submission to the Committee) did not include reference to Commonwealth information and/or projects where KPMG is providing services to the Commonwealth.. We further confirm that none of the personnel engaged in connection with services to the Department of Finance or other Commonwealth projects were involved in the unacceptable conduct.

5. Engagement with Finance and next steps

KPMG is committed to open and transparent engagement with the Department of Finance including:

- Providing further information as investigations progress;
- Supporting Finance in its assessment of these matters, including in relation to the MAS Panel; and
- Providing you with a detailed remediation plan by 12 June 2026.

We recognise the importance of demonstrating that KPMG meets the Commonwealth's expectations of integrity, transparency and accountability, and we are focused on addressing the issues identified and strengthening our governance framework accordingly.

As previously communicated, Stan Stavros has been appointed as Interim CEO. He would welcome the opportunity to meet with you to understand your expectations and to discuss the actions we are undertaking to meet our obligations under the Supplier Code of Conduct. Should you wish to meet, please contact s22 [redacted] to organise a date and time suitable to you.

Yours sincerely,

s22 [redacted]

Stan Stavros
Chief Executive Officer (Interim)

s22 [redacted]

Partner, KPMG Representative, MAS Panel Head Agreement

From: MAS Panel
Sent: Friday, 29 May 2026 12:48 PM
Subject: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

Australian Government
Department of Finance

Strategic Contracting

Notification of Significant Event: KPMG

Dear entities,

The Department of Finance (Finance) advises that it has received a Notification of Significant Event (NoSE) under the Management Advisory Services (MAS) Panel Head Agreement from KPMG Australia (KPMG).

KPMG has advised that the notification relates to governance and conduct matters identified through ongoing investigations concerning historical whistleblower allegations. As outlined in the notification, KPMG has also advised of changes in senior leadership, including:

- the resignation of the Chief Executive Officer, Mr. Andrew Yates
- the resignation of the National Managing Partner – Audit and Assurance, Mr. Julian McPherson
- the appointment of an Interim Chief Executive Officer, Mr Stan Stavros

Finance is reviewing the notification in accordance with its responsibilities under the MAS Panel Head Agreement. At this stage, there is no action required by entities.

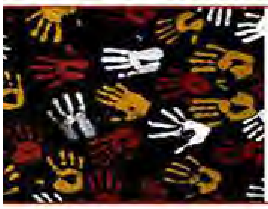
Finance will keep entities informed of any further developments.

Regards,

Strategic Contracting Branch | Procurement Division

Commercial Group | Department of Finance

E: maspanel@finance.gov.au | A: One Canberra Ave, FORREST ACT 2603



The Department of Finance acknowledges the traditional custodians of the land on which we work and we pay our respects to Elders past, present and future.

1

From: MAS Panel
Sent: Wednesday, 3 June 2026 1:04 PM
Subject: MAS Panel - Update on Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

Australian Government
Department of Finance

Strategic Contracting

Notification of Significant Event: KPMG

Dear entities

The Department of Finance (Finance) is continuing to assess the notification received from KPMG Australia (KPMG) in accordance with its responsibilities under the MAS Panel Head Agreement and is monitoring the matter.

As previously advised in Finance's update on Friday 29 May 2026, no action is required by entities. However:

- Entities may seek assurance from KPMG that no individuals engaged on their work orders are associated with the matters currently being raised.
- If any individuals associated with work orders are identified as linked to these matters, entities should consider whether additional risk mitigation steps may be required.
- Entities retain the contractual right to request the removal of specific personnel from work orders consistent with the Head Agreement.

KPMG has advised of further changes to its senior leadership, including:

- Scott Guse is appointed as National Managing Partner, Audit and Assurance
- Gayle Dickerson is appointed as National Managing Partner, Deal Advisory and Infrastructure
- Eileen Hoggett is stepping aside from her executive role as COO while investigations are pending.

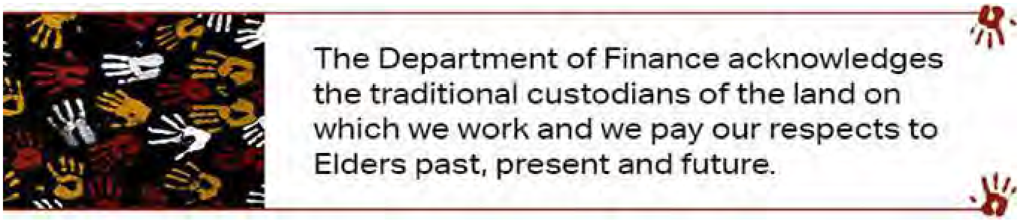
Finance will continue to keep entities informed of any further developments.

Regards

Strategic Contracting Branch | Procurement Division

Commercial Group | Department of Finance

E: maspanel@finance.gov.au | A: One Canberra Ave, FORREST ACT 2603



PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

4 June 2026

Mr Martin Sheppard
National Chairman
KPMG Australia

By email: s22 [redacted]@kpmg.com.au
Cc: s22 [redacted]@kpmg.com.au; s22 [redacted]@kpmg.com.au

Dear Mr Sheppard

Oversight of ASIC, the Takeovers Panel and the Corporations Legislation
Whistleblower allegations and KPMG Australia

I write on behalf of the Parliamentary Joint Committee on Corporations and Financial Services (the committee) concerning significant allegations about audit independence, misuse of confidential information, tender integrity failures, misleading of Parliament, examination misconduct and governance failures at the senior leadership level within KPMG Australia (KPMG).

Request for further information relating to the KPMG whistleblower

The committee has received and considered your correspondence (dated 29 May 2026) responding to my letter (dated 18 May 2026) requesting the following further information in relation to these matters:

- all documents held by KPMG that document or relate substantially to KPMG's internal consideration of the whistleblower's formal status as a whistleblower, with reference to KPMG's whistleblower policies, Part 9.4AAA of the *Corporations Act 2001*, the *Public Interest Disclosure Act 2013*, and any other Commonwealth, state or territory regimes for the protection of whistleblowers; and
- all documents held by KPMG that relate to:
  - the requesting and provision of external legal advice or support to KPMG in connection with the question of the whistleblower's formal status as a whistleblower with reference to KPMG's whistleblower policies, Part 9.4AAA of the *Corporations Act 2001*, the *Public Interest Disclosure Act 2013,* and any other Commonwealth, state or territory regimes for the protection of whistleblowers;
  - the requesting of, and provision of advice from, the Allens law firm in relation to its conduct of an external investigation into the allegations of unethical conduct raised by the KPMG whistleblower, including all documents that relate to the scope of, or terms of reference for, the external investigation; and
  - the requesting of, and provision of advice from, the Ashurst law firm to review KPMG's internal investigations into the KPMG whistleblower's allegations, including all documents that relate to the scope of, or terms of reference for, the review of KPMG's internal investigations.

The committee notes your advice that KPMG has identified a number of documents that are 'within scope' of the committee's request; but that KPMG has effectively refused the committee's request for the documents due to concerns that the provision of the documents to the committee may impact negatively on KPMG's investigations and associated 'legal processes'.

Provision of documents and confidentiality considerations

The committee requests that the information requested above be provided by **COB Friday, 12 June 2026.**

Please note that the committee has determined that, should the information requested not be provided by this date, the committee will exercise its power to order the production of documents pursuant to Senate Standing Order 25(14). Failure to comply with this order will be reported to the Senate for resolution under the *Parliamentary Privileges Act 1987* and related resolutions of the Senate agree to on 25 February 1988, and may be treated by the Senate as a contempt.

In the interests of clarity, the committee requests your confirmation by **COB Friday, 5 June 2026** of KPMG's intention to provide the documents as requested by the due date of **COB Friday, 12 June 2026**.

I draw your attention to the process for responding to the committee's request for further information as outlined in my letter of 18 May 2026. Consistent with that advice, and with longstanding committee practice and relevant parliamentary procedures, the committee requires all documents provided in response to the above requests to be provided in full and unredacted form.

In relation to KPMG's concerns regarding potential impacts on current investigations and legal processes (including any application of legal professional privilege (LPP), I remind you that KPMG may request that a document be received by the committee on a confidential basis. Please ensure that any such requests are accompanied by a description of the basis on which the request is made and the perceived harm that would result if the document were made public. It will be a matter for the committee to determine whether to receive any such document confidentially, and you should be aware that the committee may nevertheless subsequently determine to release all or part of a document following consultation with KPMG.

Request to attend public hearing scheduled for Friday, 19 June 2026

I advise you that the committee has agreed to hold a public hearing to receive further evidence in relation to this matter on **Friday, 19 June 2026 at Australian Parliament House in Canberra from 8.30am to 6.15pm**. The indicative time for your appearance is from **10.00am to 12.30pm and 4.30pm to 5.30pm** subject to finalisation of the program.

The committee requests that the following KPMG personnel attend the hearing:

- Mr Martin Sheppard, Chairman;
- Mr Stan Stavros, Interim Chief Executive Officer;
- Ms Eileen Hoggett, Former Chief Operating Officer;
- Mr Paul Rogers, Real Estate Audit and Assurance Partner;
- Ms Suzanne Bell, Audit Partner;
- Ms Louise Capon, General Counsel;
- Mr James McClelland, Executive Director;
- Mr Scott Guse, Interim Head of Audit;
- Senior employee responsible for the internal KPMG investigation;
- Mr Andrew Yates, Former Chief Executive Officer; and
- Mr Julian McPherson, Former National Managing Partner of Audit & Assurance.

Please note that the committee has determined that, should any KPMG personnel refuse the request to attend the public hearing, the committee will exercise its power to order (summons) witnesses to attend pursuant to Senate Standing Order 25(14). Failure to comply with this order will be reported to the Senate for resolution under the *Parliamentary Privileges Act 1987* and related resolutions of the Senate agreed to on 25 February 1988, and may be treated by the Senate as a contempt.

Please also note it is the committee's expectation that witnesses will attend the hearing in-person.

The secretariat expects to send out formal invitations and additional hearing information shortly. Accordingly, the committee requests your confirmation of the KPMG witnesses who will attend the public hearing by **COB Friday, 5 June 2026**.

Noting your advice that KPMG is preparing 'a comprehensive statement of the relevant facts underlying the allegations made by the whistleblower', the committee invites you to provide a written public submission for the hearing by **COB Friday, 12 June 2026**. As per the process outlined above, KPMG may request that any part of the submission be received confidentially.

If you require any additional information regarding this matter, please contact the committee secretariat by email at corporations.joint@aph.gov.au or by phone on (02) 6277 3583.

Yours sincerely,

s22 [redacted]

Senator Deborah O'Neill
Committee Chair

Attachment N

Active Finance contracts with KPMG

(AusTender Data as at 4 June 2026)

Table 1: KPMG is on 27 panels (SONs) but does not have contracts across all 27 panels.

SON	Contract Notice ID	Value	Category	Description	Start Date	End Date
SON3714036 - DFAT Capital Infrastructure Services Panel	CN4053101-A6	$7,913,917.29	Project management	Project Management Services	1/07/2024	30/06/2026
SON3751667 - Management Advisory Services (MAS Panel)	CN4211565	$8,529,280.00	Management advisory services	Accounting Services	1/04/2026	31/03/2030
SON3751667 - Management Advisory Services (MAS Panel)	CN3978951-A1	$1,268,165.24	Management advisory services	Actuarial services for Comcover - 2023-26	23/05/2023	31/12/2026
SON3751667 - Management Advisory Services (MAS Panel)	CN4197903	$388,025.00	Management advisory services	Capability Review	26/09/2025	31/08/2026
SON3751667 - Management Advisory Services (MAS Panel)	CN4179958	$170,000.00	Strategic planning consultation services	Debt Advisory Services	12/08/2025	7/08/2028
SON3751667 - Management Advisory Services (MAS Panel)	CN4152043	$112,860.00	Management advisory services	Financial Reporting Models	13/05/2025	2/05/2028
SON3751667 - Management Advisory Services (MAS Panel)	CN4147512	$77,000.00	Management advisory services	Accounting Advisory Services	10/04/2025	30/06/2026
SON3751667 - Management Advisory Services (MAS Panel)	CN4150446	$59,400.00	Management advisory services	Lease Reporting Model	1/05/2025	1/05/2028
SON3881873 - Defence Infrastructure Panel 2022-2027	CN4232759	$10,131,000.00	Property management services	Strategic Industry Partner - Divestments	25/03/2026	31/01/2028
SON3881873 - Defence Infrastructure Panel 2022-2027	CN4232762	$6,624,970.00	Sale of property and building	Strategic Industry Partner - Divestments	25/03/2026	31/01/2028
	TOTAL	**$35,274,617.53**				

Active KPMG Standing Offer Notice Arrangements

(AusTender Data as at 4 June 2026)

Table 2: KPMG is on 27 panels (SONs), with active contracts in 15 of these 27 panels.

SON	Firm	Deed Start Date	Deed End Date	Volume of Contracts	Value of Contracts
SON3352211 - Research Evaluation Services	KPMG	1/07/2016	30/06/2026	1	$145,000.00
SON3485107 - Defence Support Services (DSS) Panel	KPMG	20/04/2018	31/12/2026	38	$195,576,501.60
SON3485107 - Defence Support Services (DSS) Panel	KPMG AUSTRALIA ENGINEERING CONSULTING PTY LIMITED	20/04/2018	31/12/2026	0	$0.00
SON3486936 - Strategic Partner Services	KPMG	30/06/2017	30/06/2026	1	$16,241,475.25
SON3490759 - Contractor Services for ORIC	KPMG	22/01/2021	30/06/2026	0	$0.00
SON3490955 - Software and ERP Marketplace Panel	KPMG AUSTRALIA TECHNOLOGY SOLUTIONS PTY LIMITED	2/03/2018	30/04/2027	19	$8,929,019.74
SON3520191 - Information Communication Technology Provider Arrangement	KPMG AUSTRALIA TECHNOLOGY SOLUTIONS PTY LIMITED	7/06/2022	24/06/2026	0	$0.00
SON3520191 - Information Communication Technology Provider Arrangement	KPMG	25/06/2018	24/06/2026	7	$120,188,402.18
SON3538332 - Capability Support Services Panel	KPMG	24/09/2018	30/09/2026	6	$17,718,872.60
SON3641973 - ISREW Security Services Standing Offer Panel	KPMG	3/12/2019	31/12/2026	0	$0.00
SON3668352 - Cloud Marketplace	KPMG AUSTRALIA TECHNOLOGY SOLUTIONS PTY LIMITED	1/04/2021	30/11/2027	0	$0.00
SON3674124 - CSIRO Learning and Development Services Panel	KPMG	1/06/2020	31/05/2028	0	$0.00
SON3680715 - Joint Command, Control, Communications and Computers C4 Multi Domain Panel	KPMG	21/09/2020	20/09/2030	0	$0.00
SON3714036 - DFAT Capital Infrastructure Services Panel	KPMG	19/10/2020	18/10/2030	1	$7,913,917.29
SON3726381 - Joint C4 Multi Domain Program Panel	KPMG	21/09/2020	20/09/2030	0	$0.00
SON3751667 - Management Advisory Services (MAS Panel)	KPMG	12/07/2021	30/09/2027	120	$97,008,856.62
SON3853285 - Panel for Indigenous Evaluation and Research Services (PIERS)	KPMG	1/04/2022	30/06/2026	0	$0.00
SON3881873 - Defence Infrastructure Panel 2022-2027	KPMG	6/12/2022	30/06/2027	4	$17,930,432.37
SON3921486 - Provision of Professional and Associated Services	KPMG	20/10/2023	31/12/2026	5	$1,735,684.29
SON3945513 - Defence Innovation Science and Technology Panel	KPMG	30/01/2023	29/01/2027	0	$0.00

SON	Firm	Deed Start Date	Deed End Date	Volume of Contracts	Value of Contracts
SON3981541 - Clean Energy Advisory Services	KPMG	1/08/2023	1/08/2028	6	$468,455.70
SON4008583 - National Infrastructure Project Facilitator Services	KPMG	4/10/2023	30/06/2026	4	$4,744,097.37
SON4009385 - Creative and Digital Communication Panel	KPMG	30/10/2023	29/10/2026	0	$0.00
SON4042885 - Property Services Panel	KPMG	1/04/2024	31/03/2027	1	$1,450,000.00
SON4072203 - Rural, Remote and First Nations Aged Care Service Development Assistance Pa	KPMG	1/07/2024	30/06/2027	5	$2,223,654.39
SON4102906 - Digital Marketplace Panel 2	KPMG AUSTRALIA TECHNOLOGY SOLUTIONS PTY LIMITED	29/10/2024	28/10/2029	4	$1,510,293.50
SON4102906 - Digital Marketplace Panel 2	KPMG	28/10/2024	28/10/2029	18	$9,115,314.83
SON4124930 - Enabling Resilience Investment Panel	KPMG	24/11/2025	23/11/2029	0	$0.00
SON4198228 - DFAT Construction, Planning and Delivery Panel (Professional Services)	KPMG	1/11/2025	31/10/2030	0	$0.00
SON4235805 - Industry and Market Insights Services Panel	KPMG	15/05/2026	31/05/2029	0	$0.00
				TOTAL	**$502,899,977.73**

Silence on KPMG scandal

By SEAN SMITH

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Silence on KPMG scandal

WA Government gives little away as others vow swift action

SEAN SMITH

The WA Government is dragging its feet on holding accounting giant KPMG to account over a growing whistleblower scandal.

While Federal and other State governments are warning of action against KPMG, threatening to pull lucrative multimillion-dollar contracts, the Cook Government has conceded nothing outside of it is “monitoring and reviewing the allegations” against the firm.

KPMG has about $40 million of contracts with the WA Government, consulting across sectors from education to health.

But its relationships across the country, including audit work with the Federal Government, are under scrutiny after allegations by a whistleblower that the firm had misused client information in pursuit of new business.

KPMG’s chief executive Andrew Yates suddenly departed the firm last week as the group’s board admitted KPMG had failed to properly investigate the allegations, despite internal and outside probes.

The scandal has triggered new calls for tougher regulation of the big accounting firms after rival PwC was embroiled in a similar scandal three years ago.

On that occasion, a senior PwC partner seconded to Treasury passed on confidential information on new tax laws to other partners, who then used it to drum up business with multinational companies.

Noting that the Department of Finance holds $27m of consultancy contracts with KPMG, Greens senator Barbara Pocock said on Thursday that the big four accounting firms were “making a mockery” of Federal Parliament and had “lost their social licence”.

“It’s time for the big four to be regulated under Australia’s corporate regulatory regime,” she said. “It’s time the Government made these opaque, largely unregulated mega-partnerships accountable under the same corporate law, regulatory, whistleblower and tax regime as other large businesses in Australia.”

Finance Minister Katy Gallagher told Senate Estimates on Thursday the Government was seriously concerned about the scandal and the Department of Finance was preparing to take further action. That could led to KPMG being banned from government contracts or temporarily restricted from tendering for new business.

Asked for its response to the scandal, the WA Government said: “The Department of Treasury and Finance is actively monitoring and reviewing the allegations relating to KPMG.”

Victoria warned that it would “review all contracts with KPMG”.

NSW Treasury has demanded KPMG reveal “as a matter of priority” how it is going to address its “ethical lapses”.