ESTIMATES BRIEF – Hot Issue

Budget Estimates – May 2026

KPMG Whistleblower allegations

Subject/Issue

The Department of Finance (Finance) takes very seriously the allegations raised in the Senate and recent media reporting in relation to KPMG Australia's governance, audit independence and integrity.

Key facts and figures

- On 24 March 2026, Senator Deb O'Neill raised allegations in the Senate concerning KPMG Australia based on information provided by a whistleblower.
- The allegations relate to potential:
  - audit independence failures
  - misuse of confidential information
  - integrity issues in tender processes
  - broader governance concerns within the firm
- The allegations involve several firms including Westpac, Dexus, Telstra and Macquarie Bank.
- The Commonwealth expects its suppliers to act with integrity and uphold high standards of ethical behaviour.
- As part of its supplier assurance approach, Finance expects suppliers to proactively report significant events that may affects Commonwealth contacts, reputation, or delivery capability.
  - Finance has a significant contract with Lend Lease.
  - Lend Lease has written to the Parliamentary Joint Committee on Corporations and Financial Services to express its significant dissatisfaction with the quoted incident.
- The whistleblower also made claims regarding the handling of their disclosure, including concerns about investigation processes and treatment following the disclosure.
- These matters have been referred to the Parliamentary Joint Committee on Corporations and Financial Services (the Committee), which has sought further information from KPMG.

- KPMG provided material to the Committee in April 2026, including summaries of its internal investigations and relevant events. The matters remain under active consideration by the Committee.
    - KPMG has provided to Finance the contents of this submission and Finance is actively considering it.
- In a public statement on 14 May 2026, KPMG stated that through its investigations, two conduct matters were identified.
    - One matter concerned the inappropriate sharing on screen of pages from two documents between KPMG personnel (one a client document and the second a KPMG document).
    - The second matter relates to an inappropriate informal remark in a team setting.
    - Both matters were subject to KPMG's internal consequences framework and disciplinary action was taken.
    - KPMG's investigations into the allegations are continuing.
- Recent media coverage on 20-22 May 2026 has highlighted further allegations and commentary connected.
    - Of most concern is claims that Mike Baird, former NSW premier and independent KPMG board member, resigned from the KPMG board, as a direct result of KPMG's handling of these matters.
    - The same article alleges that KPMG's head of audit business, Suzanne Bell (noting that the allegations relate to practices within KPMG's audit practice), is in a long-term relationship with KPMG chairman, Martin Sheppard.
- Consistent with our key whole of government procurement role, Finance continues to monitor developments closely and is in active engagement with KPMG, including discussions with the KPMG CEO, Mr Andrew Yates.

Chronology of events

Attachment A

Date	Event
24-Mar-26	**Senator O'Neill's statement to the Senate** (the statement).

25-Mar-26	**KPMG wrote to Finance** regarding the statement. The email correspondence included:
	• internal communication (CEO to the Partnership Group) re the allegations
	• the steps KPMG had taken, stating:
	  ○ it had treated the matter seriously, including appointing external legal counsel to support the investigation
	  ○ its investigations involved external law firms and Board oversight, including independent directors
	  ○ former employee's allegations two years earlier are unsubstantiated (no evidence provided at the time supported the allegations
	  ○ it had had open dialogue with relevant clients, and remained open to receiving evidence for further investigation.

25-Mar-26	**Finance wrote to KPMG** and advised it takes the allegations very seriously and sought additional information relating to the allegations.
31-Mar-26	**KPMG responded to Finance's** 25 March 2026 letter.
01-Apr-26	**Finance emailed KPMG** to advise that it would review KPMG's 31 March 2026 response and get back to KPMG on any questions it may have.
2-Apr-26	**KPMG received a formal request from the Committee** for further information and supporting material. ➢ Finance was later notified of this, **via email**, on 1 May 2026.
09-Apr-26	**KPMG responded to Finance's** email of 1 April 2026 and provided a copy of its letter to the Committee Secretary for the Parliamentary Joint Committee on Corporations and Financial Services mentioned in prior correspondence.
30-Apr-26	**KPMG responded to the Committee's** request of 2 April 2026, providing a summary of factual findings from internal investigations and a summary of events related to Senate allegations. ➢ Finance was notified of this, **via email**, on 1 May 2026

Date	Event

1-May-26	**KPMG wrote to Finance** to provide further updates advising that:
	• KPMG received a formal request for from the Committee for additional information on 2 April 2026
	• KPMG responded to the formal request on 30 April 2026
	• KPMG is also engaging with ASIC, CA ANZ, and the TPB regarding these matters
	• two additional conduct matters have been identified through internal investigations, including:
	  ○ inappropriate sharing on screen of pages from a client document between KPMG personnel
	  ○ an inappropriate informal remark made in a team setting.
	• neither conduct matter involved Commonwealth engagements, information, or services
	• the individuals were sanctioned, with Board sub-committee endorsement, and those involved in the first matter have self-reported to CA ANZ.

5-May-26	**Finance responded to KPMG's** letter of 1 May 2026, seeking further information including: • material provided to the Committee on 30 April 2026 ○ Clarification on whether the material provided to Finance matches the full scope of the information submitted to the committee • further details on the two conduct matters identified by KPMG's internal investigation • the status of any other matters identified through ongoing investigations • any requests for further information or requirements imposed by ASIC, CA ANZ or the TPB.
14-May-26	**KPMG published a media release** regarding the allegations.
15-May-26	**KPMG emailed Finance**, advising of the public statement.
19-May-26	**Finance hosted a meeting with KPMG CEO Andrew Yates**. The meeting was primarily to discuss the incident, but also a meet-and-greet between the KPMG CEO and Finance's new deputy secretary. In the meeting, Finance indicated that it has more questions in relation to the incidents and would write shortly.

Date	Event
20-May-26	**KPMG emailed Finance** to advise that KPMG: • has received notice from the TPB advising they are investigating the allegations raised in the Senate and requested additional information. • remains committed to transparency, cooperation with parliamentary and regulatory processes, and compliance with its obligations • had received a request for additional information from the Committee on 18 May 2026.
21-May-26	**KPMG emailed Finance** advising of expected upcoming media attention (Attachment E).
23-May 26	**KPMG** (Tom Maloney) **called Finance** (Andrew Danks) to advise that KPMG were taking the new matters raised in recent media articles seriously.
26-May-26	**Finance wrote to KPMG** following its review of KPMG's 18 May 2026 correspondence, discussions at the 19 May 2026 meeting, and subsequent media reporting.

Supporting information

Questions on Notice

- No QoNs asked

Freedom of Information (FOI) Requests

- No FoIs asked

Recent Ministerial Comments

- Nil

Relevant Media Reporting

- Consulting call: break up big four, Tansy Harcourt, The Australian, 22 May 2026.
- Lendlease was told 'nothing to see here' in KPMG audit scandal, Tansy Harcourt, The Australian, 21 May 2026.
- Lunch leaks: How an unattended laptop sparked a scandal at KPMG, Edmund Tadros, Australian Financial Review, 21 May 2026.
- KPMG partner links deepen audit scandal fallout, The Aussie Corporate, 20 May 2026.
- KPMG update on Parliamentary Joint Committee on Corporations and Financial Services, KPMG, 14 May 2026.

Date sent to MO:	25/05/2026
Cleared by (SES):	Andrew Danks
Telephone No:	[redacted]
Group/Division:	Commercial Group / Procurement Division
Contact Officer:	[redacted]
Telephone No:	[redacted]
Consultation:	Nil
PDR Number:	SB26-000101