



KPMG Australia response to the Independent Review by Dr Ian Watt AC

22 October 2026

Dr Ian Watt AC's Independent Review of KPMG Australia (KPMG) found serious failings in KPMG's handling of matters raised by the whistleblower and in the governance and culture that shaped our response. It also found that KPMG did not respond adequately to earlier warnings and missed opportunities to address issues before they became more serious.

KPMG's response

We accept the findings of the Independent Review and the recommendations that relate to KPMG.

We recognise that confidence must be earned through evidence of effective, lasting change and are committed to acting on the Independent Review's recommendations, along with full and transparent implementation of the other activities identified in our Action Plan.

The report lays bare our failings and highlights the hard work that we must do to address them. Against that background, we were heartened by the whistleblower's statement in the Review:

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

This is an important reminder of what the firm must protect. It also identifies the strong foundations from which we can build – namely, our people.

Commonwealth arrangements

Following the Independent Review, KPMG has agreed to maintain the pause on bidding for new Commonwealth work until 28 February 2027 and acknowledged revised conditions that relate to extensions or variations of existing KPMG contracts. We have also committed to working with the Department of Finance to agree an Implementation Plan, reporting regime and other activities over the coming weeks and months.

Our commitment to lasting reform

Since May, KPMG has appointed a new CEO and its first independent Chairman, updated its Partnership Agreement, made other leadership changes and commenced further Board and executive leadership renewal. KPMG has launched its Action Plan, appointed Dr Kerry Schott to provide independent oversight, accepted the findings of independent reviews and commenced further actions to address them.

While we are making important progress, we know that changing culture takes longer than changing individual roles, structures or controls. Leadership changes, improved governance and tone from the top are important steps in driving organisational culture – but we know there is more to do. KPMG will measure and publish progress, update its Action Plan where required and maintain independent oversight until the change is clear to our people, clients and government. Confidence in KPMG's suitability for Commonwealth work must be earned through evidence of effective, lasting change.

KPMG will be judged by whether it delivers deliberate and sustainable change and by how the firm responds when doing the right thing is difficult. We are committed to the Independent Review recommendations and our broader Action Plan.

John Sams

Chief Executive Officer, KPMG Australia

Michael Ebeid

Independent Chairman, KPMG Australia

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Summary of recommendations		KPMG response
Recommendation 1	KPMG to implement and sustain the Action Plan, including:	KPMG accepts Recommendation 1.
	a. Implement the recommendations from the Principia, Andrews Group, Mallesons and CA ANZ reviews.	KPMG is committed to addressing the findings and acting on the recommendations of these reviews. The Mallesons recommendations will be addressed under Action 1.2.4, with broader whistleblower reforms under Actions 1.1.6 and 1.1.7.
	b. Prioritise governance reforms and ensure the independent board members have the required information and authority.	KPMG will prioritise governance reforms under Actions 1.1.1–1.1.4, which address Principia Recommendation 1. These cover Board independence, remit and effectiveness.
	c. Empower independent board members through an effective charter, agenda influence, timely access to information and associated processes.	KPMG will put in place an effective Board charter and will strengthen Action 1.1.3 to clarify the Board's authority and information rights.
	d. Provide regular public updates on Action Plan implementation	KPMG will provide regular public updates on Action Plan implementation, consistent with Actions 3.1 and 3.2.
Recommendation 2	Finance to monitor implementation for up to three years, including:	KPMG accepts Recommendation 2.
	a. KPMG to develop an Implementation Plan and benchmarks for Finance.	KPMG will work with Finance to develop and agree an Implementation Plan and benchmarks.
	b. Monitoring to commence once the Implementation Plan and benchmarks are agreed.	KPMG will work with Finance to develop and agree a reporting and monitoring regime.
Recommendation 3	c. KPMG to report quarterly and provide Finance access to necessary information and personnel.	KPMG will provide quarterly reports to Finance and appropriate access to information and personnel as required.
	Continue independent implementation oversight, including:	KPMG accepts Recommendation 3.
	a. Retain the Independent Implementation Advisor until the Implementation Plan is implemented, appointing a replacement if required.	Action 3.2 will provide for continued independent oversight, including retaining Dr Kerry Schott (or a suitable replacement, if required) until implementation is complete.
Recommendation 3	b. Provide Finance regular access to the Advisor to discuss implementation progress	KPMG will ensure Finance has regular access to the independent advisor to discuss implementation progress.

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Recommendation 4	Maintain the Commonwealth bidding pause for a short period until KPMG demonstrates effective implementation and constructive engagement with ASIC and the TPB, with progress reviewed quarterly.	KPMG accepts Recommendation 4. KPMG is engaging constructively with ASIC and the TPB and will continue to do so. We commit to updating our Action Plan to act on recommendations provided by regulators. KPMG is also committed to quarterly reporting to, and progress monitoring by, Finance.
Recommendation 5	Finance to consider reinstating bidding restrictions if KPMG's reforms stall, significant additional substantive information regarding the whistleblower matter emerges, or KPMG breaches the Supplier Code of Conduct on unrelated matters.	KPMG supports Recommendation 5. KPMG understands that bidding restrictions might be reimposed if we are not able to meet our commitments to the Commonwealth.
Recommendation 6	Strengthen the Supplier Code of Conduct framework through stronger sanctions, clearer guidance and reporting pathways, broader oversight and information sharing, and consistent treatment of contracts under future no-bid arrangements.	KPMG supports Recommendation 6. KPMG understands that Finance may strengthen the Supplier Code of Conduct framework and we are committed to meeting these requirements while working for the Commonwealth.
Recommendation 7	Coordinate with states and territories to monitor KPMG's reforms and no-bid arrangements, share information on unethical supplier conduct, and strengthen procurement frameworks.	KPMG supports Recommendation 7. KPMG supports closer coordination and information sharing between the Commonwealth, states and territories to monitor reform progress and strengthen supplier integrity.
Recommendation 8	Improve procurement across Commonwealth agencies through stronger senior oversight and greater procurement capability.	KPMG supports Recommendation 8. KPMG supports a strong procurement oversight framework that promotes integrity, accountability and value for money.