From: s 22(1)(a)(ii)
Sent: Thursday, 4 June 2026 6:15 PM
To: s 22(1)(a)(ii)
Cc:
Subject: Notice of Significant Event

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi s 22(1)(a)(ii)

I am writing to you regarding the financial statement QA we undertake for the Department of Industry, Science and Resources (the Department) under the Management Advisory Panel (MAS Panel).

On Friday 29th May 2026, KPMG notified the Department of Finance formally of a notifiable significant event (under the MAS Panel) in relation to the inappropriate sharing of client documents on certain non-government engagements. We have taken this matter very seriously, but I did want to confirm that the matters being reported do not involve any Commonwealth engagements.

Consistent with the requirements for Significant Event disclosure, I can confirm that:

- none of the matters subject to the Notice, which are described further below, concern the performance of services to the Department;
- we have not identified any inappropriate access, usage, or disclosure of the Department's data or information in connection with the matters under investigation; and
- none of the Specified Personnel or other personnel engaged in connection with the Services to the Department were involved.

The matters raised relate to corporate audit engagements and proposals and do not relate to engagements for government clients. As this is still ongoing, KPMG continues to work with the Department of Finance to meet our obligations under the MAS panel and our contractual commitments to the Department.

I can assure you of the seriousness with which we take these matters and would appreciate the opportunity to explain how we maintain the confidentiality of the Department's information held or accessed by our team. If you would like more information, please let me know and if you have any other queries, I can be contacted at any time either via email or mobile s 22(1)(a)(ii)

Regards

s 22(1)(a)(ii)

Partner
KPMG

s 22(1)(a)(ii)

kpmg.com.au

Australian Government
Department of Industry, Science and Resources

DEPUTY SECRETARY

29 May 2026

s 22(1)(a)(ii)
KPMG Australia
Level 9
Constitution Place, 1 Constitution Avenue
CANBERRA ACT 2601

Cc: s 22(1)(a)(ii) Partner, Consulting KPMG Canberra

Dear s 22(1)(a)(ii)

I am writing further to recent public reporting and developments concerning governance and the management of whistleblower matters within KPMG Australia.

The Department of Industry, Science and Resources (the department) continues to place a high priority on ensuring that all suppliers engaged by the department maintain robust arrangements to safeguard confidential information, appropriately manage actual or perceived conflicts of interest, and uphold the highest standards of integrity in their dealings with government.

In this context, and consistent with previous correspondence to s 22(1)(a)(ii) I would appreciate your written assurance that KPMG Australia:

- continues to maintain effective systems and controls for the management and protection of confidential information, including information obtained through engagements with government and other clients
- has appropriate and transparent processes in place to identify, declare and manage actual, potential and perceived conflicts of interest, including in relation to audit, advisory and tender activities
- has mechanisms to ensure that any concerns raised (including through whistleblower channels) are considered in a timely, independent and rigorous manner, and are escalated where appropriate
- is taking active steps to review and strengthen its governance, assurance and oversight arrangements in light of recent matters

I would also like positive assurance that no data pertaining to department contracts currently or historically has been compromised. I would appreciate this assurance by 12 June 2026.

I would welcome any further information you consider relevant regarding actions KPMG Australia is taking to reinforce internal controls, audit independence, and assurance processes.

I appreciated the call from s 22(1)(a)(ii) our local Canberra Partner to let me know about the matter this morning.

Thank you in advance for providing this level of detail. These assurances are an important part of ensuring continued confidence in the integrity of Commonwealth procurement and contract management practices.

Yours sincerely

Neal Mason
Deputy Secretary
Department of Industry, Science and Resources

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
Telephone: +61 2 6248 1111
Facsimile: +61 2 6248 1122
www.kpmg.com.au

Confidential
Mr Neal Mason
Deputy Secretary
Department of Industry, Science and Resources

12 June 2026

Dear Mr Mason

I am writing to respond to your letter of 29 May 2026 about governance and whistleblower matters within KPMG, and to provide assurance to you in relation to engagements KPMG is delivering to the Department of Industry, Science and Resources (DISR).

I also acknowledge the additional previous correspondence between DISR and KPMG which I have summarised at Attachment A.

DISR data

You have sought positive assurance from KPMG that no DISR data has been compromised.

Based on KPMG's current and ongoing investigations, we have not identified any disclosure of information relating to your data outside the relevant KPMG team members working directly on your current engagements.

Nor have we identified any misuse, improper access, copying, exploitation or other use of that information for any purpose other than the delivery of our services to you. We further confirm that none of the matters currently under investigation relate to the performance of services by KPMG to your department or to any member of the KPMG team serving DISR.

The assessment remains ongoing as part of our expanded independent investigation. KPMG continues to review relevant evidence and earlier findings and will communicate further with affected clients if any new information emerges that changes this position.

In addition to the above, you have also sought assurance from KPMG with regards to our treatment of your confidential information, our management of conflicts of interest, our approach to whistleblower protections, and our governance. Below I have outlined our response to each of your queries.

Confidential information

Confidentiality of client information is enforced through policy and technology controls that cover segregation of engagements and controlled access to information. In practice, and with regards to our engagements with DISR, this includes the following:

- All DISR data that requires day-to-day access is housed in KPMG's Microsoft 365 environment, primarily through secure engagement-specific Teams and SharePoint sites. Only those team members assigned to the engagement have access to these sites.

- DISR data required to be stored longer-term is housed on our secure iManage document management platform. Only those engagement team members, and those assigned to audit our filing practices, have access to these documents.
- When required by DISR, all staff on DISR engagements hold Australia Government Security Clearances. KPMG and our staff are jointly responsible for protecting classified and sensitive Commonwealth Confidential Information by handling, storing, sharing, and discussing it only in accordance with security clearance obligations and relevant security policies.

We also note that for some engagements, KPMG staff operate on the DISR network, when information is unable to be stored on KPMG systems.

Conflict of Interest

The management of perceived or actual conflicts of interest is undertaken in several ways.

- *Training and Compliance*

  All Partners and professional staff are required to complete ethics and independence training, which includes conflict of interest, and pass the related assessment annually. Training is mandatory and non-compliance is subject to disciplinary action.

  All Partners and staff are also required to complete an annual confirmation of compliance stating that they have remained in compliance with applicable ethics and independence policies (including conflict of interest) and other relevant policies throughout the year.

- *Approaches to Market*

  When an Approach to Market (ATM) is received in the form of a Request for Tender (RFT) or similar from DISR, staff overseeing our support to you will determine whether KPMG or individual staff members hold any conflict with the tendered engagement. If a conflict is identified, KPMG will determine whether the conflict can be managed (and how) or whether KPMG is unable to bid.

- *Internal Audit*

  Until 31 October 2026, KPMG is contracted as one of your internal audit providers. To manage any actual or perceived conflicts with this role, KPMG does not bid for any DISR ATM without the explicit prior approval of the DISR Manager, Internal Audit. In seeking this approval, we provide the relevant RFT documentation, a summary of the opportunity, and KPMG's assessment of any potential conflict with our internal audit responsibilities.

  A submission is only progressed where this approval has been granted; where approval is not provided, KPMG does not bid. This process operates as a mandatory control in addition to our standard conflict of interest checks.

In addition to all the above, since KPMG's governance and whistleblower matters have come to light, KPMG has asked each partner leading a current DISR engagement to reconfirm that no conflict of interest exists.

I can confirm that no conflict exists between KPMG and our engagements with you.

Governance and whistleblower protections

It is clear that our approach to governance and whistleblower protections has not met our own expectations, those of our clients and of the broader community. In response to this, KPMG has initiated a coordinated set of actions to address the identified shortcomings, with a focus on accountability, transparency, and strengthening governance and investigative processes.

Our letter of 4 June 2026 to you provides detail on our coordinated set of actions. This includes leadership changes, an expanded independent investigation, enhanced oversight, clear external reporting, and a continued commitment to disciplinary action where misconduct is identified.

Remediation and next steps

In addition to the actions covered above, KPMG is preparing a Remediation Plan which will outline the positive steps we are taking to improve governance and whistleblower protections.

We will submit this plan to the Department of Finance, in their capacity as the central agency oversighting procurement for the Australian Government. As you will appreciate, we are in frequent contact with Finance to discuss these matters, including a meeting yesterday.

Following submission of the Remediation Plan and consideration by the Department of Finance, we will share this plan with you over the coming weeks. We will arrange a time to discuss with you how its implementation will directly support our engagements with DISR.

Should you have any questions, please contact me at s 22(1)(a)(ii) . As always, my Canberra based representative, s 22(1)(a)(ii), is also available to help in any way.

Yours sincerely

s 22(1)(a)(ii)

Interim CEO
KPMG

<u>Attachment A</u>

Below is a summary of related previous correspondence between the Department of Industry Science and Resources and KPMG in relation to conflicts of interest, confidential information and related matters.

- 12 September 2023

  DISR wrote to the CEO of KPMG seeking information on KPMG's treatment of Commonwealth Confidential Information.

- 25 September 2023

  The CEO of KPMG wrote to DISR in response to the letter of 12 September 2023, providing advice in relation to KPMG's treatment of Commonwealth Confidential Information.

- 28 June 2024

  DISR wrote to the CEO of KPMG seeking a meeting to discuss KPMG's treatment of Commonwealth Confidential Information and Conflict of Interest.

- 17 September 2024

  DISR and KPMG met to discuss KPMG's treatment of Commonwealth Confidential Information and Conflict of Interest. The meeting was attended by the DISR Chief Financial Officer and the General Manager Integrity, along with KPMG representatives.

  <u>Attachment B</u> is the meeting pack which includes the approach KPMG has been observing for Conflicts of Interest, Integrity and Confidentiality over the intervening period.

- 12 May 2026

  DISR and KPMG met to discuss current engagements delivered by KPMG to the department. The governance and whistleblower matters were discussed.

- 29 May 2026

  KPMG called DISR to notify the department of the governance and whistleblower matters, including KPMG having provided Notice of a Significant Event to the Department of Finance.

- 4 June 2026

  KPMG wrote to DISR to formally notify the department of the governance and whistleblower matters, including KPMG having provided Notice of a Significant Event to the Department of Finance, and some of the remediation actions KPMG was undertaking.

KPMG

Conflict of Interest and Confidentiality management

Department of Industry, Science and Resources

—

17 September 2024

DISR – Conflict of Interest and Confidentiality

KPMG welcomes the opportunity to discuss the Government's integrity agenda, the department's approach to managing Conflicts of Interest (COI) and confidentiality, and the steps KPMG is taking to manage COI and confidentiality across the firm.

KPMG is committed to operating at the highest standards in a manner that builds trust and demonstrates integrity in all that we do.

We support the Strategic Commissioning Framework and the Supplier Code of Conduct, and other reforms relating to the use of consultants within the APS.

CONFLICTS OF INTEREST

- KPMG potential conflicts of interest are categorised into external audit independence-related, adversarial, competing party, and commercial conflicts.
- KPMG is bound by all relevant contractual clauses that set out specific requirements for the identification and management of conflicts of interest.
- All KPMG partners and client service professionals' complete independence training upon joining the firm and annually thereafter.
- KPMG has a Commercial Conflicts Resolution Committee (CCRC) to oversee and make decisions on commercial conflicts.
- KPMG has an existing and well-established single point of contact for all Government consultations, with clear guidelines for interacting with Government on policy consultations.

INTEGRITY AND CONFIDENTIALITY

- KPMG adheres to a Code of Conduct covering integrity, ethical behaviour, professionalism, confidentiality, independence, and compliance.
- Everyone at KPMG is required to undertake the firm's "We do what is right: Integrity at KPMG" training upon joining the firm, and on an annual basis including an assessment.
- KPMG has reinforced its policies and training materials relating to confidentiality obligations, particularly in Government advisory roles.
- The annual "KPMG Privacy Training" and "KPMG Security Awareness for Everyone" training modules address matters directly and indirectly related to the firm's confidentiality obligations.
- A separate module "Working in Government and Defence – Security Awareness and Obligations" training also covers specific confidentiality obligations when working on Government matters.

DISR – KPMG FY25 engagements

INTERNAL AUDIT

- KPMG was appointed as your Internal Auditor in 2018 and was engaged again in 2023 for a further three-year term until 2026.
- KPMG is currently one of two Internal Auditor providers at DISR. The DISR Internal Audit Work Program is allocated across both providers by the DISR Chief Internal Auditor each year.
- The two-provider model assists DISR to manage perceived or actual conflicts of interest arising from your providers performing advisory services.
- We manage the integrity of the Internal Audit function by reviewing the Annual Internal Audit Plan each year and declaring a perceived or actual conflict of interest in any engagements where one exists.
- Where we wish to bid to perform advisory services, we seek approval from the Chief Internal Auditor prior to submitting a bid to DISR.
- For each internal audit, our staff sign a COI declaration for consideration and acceptance by the Chief Audit Executive to declare any actual or perceived COIs.

REPORTING MODELS

- KPMG provides a number of digital solutions licenced to DISR. These solutions are used by a range of Commonwealth entities.
  - **Accelerated Reporting Model** – the Accelerated Reporting Model assists entities with preparing their financial statements based on their trial balance. KPMG sets up the model and provides on-going support but do not prepare the statements nor provide accounting advice.
  - **Central Reporting Model** – the Central Reporting Model assists entities with uploading their monthly and annual actual into CBMS at a program level. KPMG sets up the model and provides on-going support but does not prepare data, upload data into CBMS or provide variance explanations to Finance, which is undertaken by DISR.
  - **Lease Reporting Model** – the Lease Reporting Model assists entities with meeting the requirements of AASB 16 Leases. KPMG sets up the model based on DISR's existing leases and provides ongoing support but do not maintain the model or provide accounting advice. DISR is responsible for updating its financial systems based on the information from the solution.

Department of Industry Science and Resources: KPMG meeting

DISR – Neal Mason and s 22(1)(a)(ii)
KPMG – s 22(1)(a)(ii)

12 May 2026

KPMG

Proposed Agenda

1. Introductions
2. KPMG engagements with DISR
3. Current and emerging priorities
4. Conflicts of Interest and Confidentiality
5. General discussion

s 47G, s 47C

s 47G

s 47C

KPMG

Contact us

s 22(1)(a)(ii)

s 22(1)(a)(ii)

Lead Partner, Federal Government

P: s 22(1)(a)(ii)
E:

s 22(1)(a)(ii)

Partner, Federal Government

P: s 22(1)(a)(ii)
E:

Confidential
Neal Mason
Department of Industry Science and Resources

4 June 2026

Dear Neal

Notice of Significant Event

I am writing to notify you of a Significant Event in accordance with various contracts with the Department of Industry, Science and Resources, concerning the management of whistleblower and related confidentiality matters within KPMG Australia.

This letter follows our conversation on Friday 26th May, where I provided a short overview of the current situation. I would like to acknowledge your letter to s 22(1)(a)(ii) on Friday 26th May and can confirm that we are currently drafting a response. I also note the questioning at the Senate Economics Legislation Committee on Wednesday 3rd June in relation to this matter.

None of the matters described below that are under investigation relate to the performance of services to the Department of Industry Science and Resources. KPMG engagements for the Department of Industry Science and Resources are undertaken by dedicated teams of security cleared personnel (where required) and may be subject to additional governance arrangements, such as the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

KPMG Australia's 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 s 22(1)(a)(ii) has accepted the resignation of s 22(1)(a)(ii), CEO of KPMG Australia, effective immediately – as the executive with ultimate responsibility for management of the whistleblower process and the management-led investigations.
- s 22(1)(a)(ii) has also accepted the resignation of s 22(1)(a)(ii), 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 s 22(1)(a)(ii) as Interim CEO of KPMG Australia while continuing its orderly process to appoint a permanent successor to s 22(1)(a)(ii).
- 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.

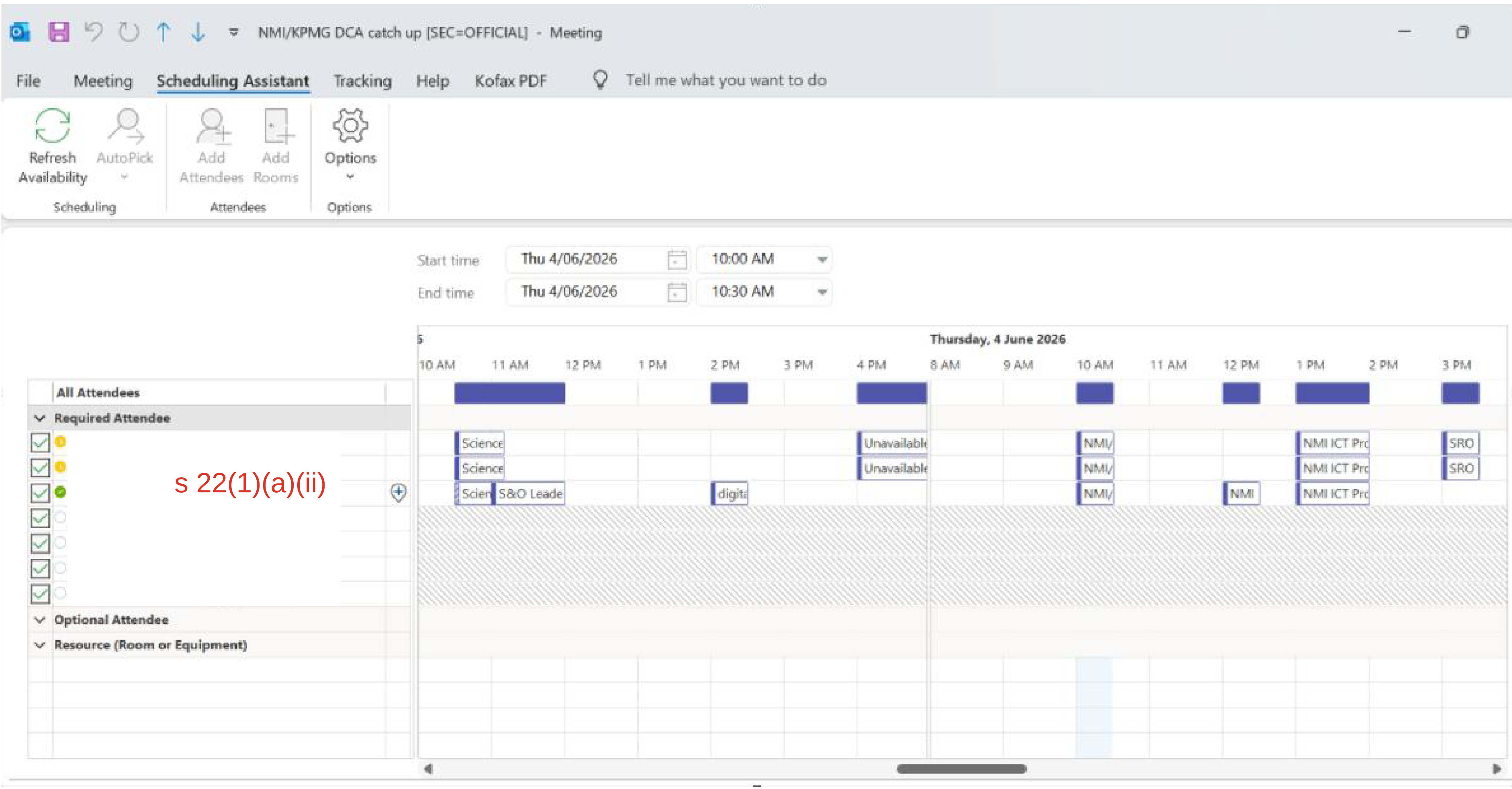
KPMG has reported this new finding to impacted clients and regulators and continues to engage with the Department of Finance. Should new findings emerge, this information will be shared with clients, the Committee, regulators, and the Department of Finance. Where misconduct is identified we will work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

I can assure you of the seriousness with which we take these matters and will provide more information by 12th June as requested. If you would like more information, please contact me at s 22(1)(a)(ii) or on s 22(1)(a)(ii).

Yours sincerely

s 22(1)(a)(ii)

Partner, KPMG


NMI/KPMG DCA catch up [SEC=OFFICIAL] - Meeting
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Meeting
Scheduling Assistant
Tracking
Help
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Start time
Thu 4/06/2026
10:00 AM
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Resource (Room or Equipment)

s 22(1)(a)(ii)
Outgoing by s 22(1)(a)(ii)

29/05/2026
3m 9s

Signifigant event to the dept of finance

They are true

finacial statement audit

disapointed in the actions

Finance 12 June
Why to stay on MAS panel

Not Commonwealth
to best of knowledge.

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Monday, 15 June 2026 5:43 PM
To: s 22(1)(a)(ii)
Cc:
Subject: RE: s 47C – KPMG contract extension (awareness and DoF check) [SEC=OFFICIAL]

OFFICIAL

Hi s 22(1)(a)(ii)

Just flagging the following update from DOF - https://www.finance.gov.au/government/procurement/procurement-policy-notes/procurement-goods-and-services-kpmg

While it does specifically call out that extensions are excluded, I think this strongly supports the view that a new supplier should be considered where possible, and would encourage you to work with our team to consider how we can support a new approach to market for this work.

Thanks
s 22(1)(a)(ii)

s 47C

s 47C

Department of Industry, Science and Resources

Deed of Variation

Contract Number CON009980

Commonwealth of Australia (**Commonwealth**)

KPMG (**Contractor**)

s 47C, s 47G

s 47C, s 47G

Table of Contents

Agreed terms

1. Defined terms and interpretation

1.1 Defined terms

In this Deed, unless the contrary intention appears:

(a) a word or expression defined or referred to in the Contract has the same meaning given to it in this Deed;

(b) **Contract** means the contract described in paragraph A of the Background including any variations;

(c) **Deed** means this deed of variation, including all annexures and schedules to it; and

(d) **Effective Date** means the date that the last party executes this Deed.

2. Variation to Contract

2.1 Amendment to Contract

On and with effect from the Effective Date, the Contract is varied as set out in Schedule 1 to this Deed.

2.2 Amendments not to affect validity, rights and obligations

(a) The amendments to the Contract in clause 2.1 of this Deed do not affect the validity or enforceability of the Licence.

(b) Nothing in this Deed:

(i) prejudices or adversely affects the right, power, authority, discretion or remedy arising under the Contract before the Effective Date; or

(ii) discharges, releases or otherwise affects any liability or obligation arising under the Contract before the Effective Date.

3. Affirmation of Contract

(a) The parties affirm in all other respects the covenants and conditions in the Contract as varied by this Deed.

(b) The Contract, as varied by this Deed, comprises the entire agreement between the parties.

(c) The parties acknowledge and agree that the Contract as varied by this Deed is and continues to be in full force and effect.

4. Costs and GST

(a) Each party must meet or pay its own costs and expenses in respect of the preparation, negotiation, execution and completion of this Deed.

(b) If GST is payable on any supply made under or in connection with this Deed, the recipient of the supply must pay to the supplier an additional amount equal to the GST payable on the supply provided that the supplier has given the recipient a tax invoice for the supply.

[Note to user: This clause has been inserted to allow GST to be charged on any supply that may arise from the variation. We recommend this clause be reviewed for consistency with any GST clause in the original agreement. In particular, this clause assumes the Contract includes relevant definitions (e.g. 'terms defined in the GST Act have the same meaning in this contract'). You should also check that any GST clause in the original agreement continues to be appropriate. If there is no GST clause in the original agreement, you should consider whether to include one as part of the variation.]

(c) The Contractor must pay any stamp duties and registration or other fees (including fines, penalties and interest relating to such duties and fees) which are payable or are assessed by a relevant government body or other person to be payable in relation to this document or any transaction contemplated by it.

5. Miscellaneous

5.1 Counterparts

This Deed may be executed in counterparts. All executed counterparts constitute one document.

5.2 Governing law and jurisdiction

This Deed is governed by the law of the Australian Capital Territory and each party irrevocably submits to the non-exclusive jurisdiction of the courts of the Australian Capital Territory.

Signing page

EXECUTED as a deed.

Signed, sealed and delivered for and on behalf of the **Commonwealth of Australia as represented by the Department of Industry, Science and Resources ABN 74 599 608 295** by its duly authorised delegate in the presence of:

←	←
Signature of witness	Signature of delegate
	s 22(1)
Name of witness (print)	Name of delegate (print)
	Program Delegate
Date	Position of delegate (print)
	Date

Executed by KPMG Australia

ABN 51 194 660 183

in accordance with Section 127 of the *Corporations Act 2001* by:

←	←
Signature of director	Signature of director/company secretary/sole director and sole company secretary (Please delete as applicable)
Name of director (print)	Name of director/company secretary/sole director and sole company secretary (print)
Date	Date

s 47C, s 47G

Procurement Variation – Delegate Approval Request

Complete this form to seek delegate approval for all variations to contracts that change the value or end date, terminate a contract that has been executed or cancel a contract process when the contract has not yet commenced.

Email the completed form along with the risk assessment for the variation and the draft variation document to procurementinbox@industry.gov.au to be entered into TechologyOne and sent on to the Delegate for approval.
Approval is to be provided in accordance with the relevant power or legislative authority (e.g. PGPA Act s23, FFSP Act s23, R&D Act etc.)

This form should not be used to:

- Close the purchase order or de-commit funds from the contract, OR
- Change the cost centre, natural account code, or GST code

Delete italic instruction text when complete. All fields with an asterisk are mandatory.

Variation Reason **(please insert an 'X' against the appropriate option)***

	Extending end date
	Amending maximum contract value
X	Extend end date AND increasing contract value
	Terminating contract (services already commenced)
	Other: *please specify – insert text*

Contact Details

Requesting Officer*	s 22(1)(a)(ii) , Grants Programs Branch, Business Grants Hub, Department of Industry, Science and Resources
Contract Manager*	s 22(1)(a)(ii) , Grants Programs Branch, Business Grants Hub, Department of Industry, Science and Resources
Financial Delegate*	s 22(1)(a)(ii) , Grants Programs, Business Grants Hub, Department of Industry, Science and Resources *Ensure Delegate has been set up as an approver in TechOne, and has delegation for the* ***total contract value including the variation***

Contract information: **details of the contract being varied**

Contract Number (issued from TechOne)*	*CON009980*
Name of Supplier*	KPMG
Specified personnel or contracted staff *(if applicable)*	s 22(1)(a)(ii)

Variation Details

Proposed date of variation*	*30/06/2026 (or execution date if earlier)*
Current contract value (GST inc.)*	$220,000

Contract amount changes

Contract value to increase or decrease*	*Increase*
Amount of variation (GST inc.)*	s 47C
New total contract value (GST inc.)	
Is future year funding required*	
If yes, enter the financial year allocations	
If applicable, specify the schedule line the funds are to be allocated to	

End date extension

Is the end date to be extended*	*YES*
Enter the proposed new end date	*30/06/2027*

Contract Termination

Is the contract being terminated?*	*NO*
Enter the proposed termination date	*N/A*

Contract Cancellation (not yet commenced)

Is the contract being cancelled?*	*NO*
Enter the proposed cancellation date	*N/A*

Reason for variation*

s 47C, s 47G

s 47C, s 47G

s 47C, s 47G

s 47C, s 47G

s 47C

PGPA Act s60 Approval

Departmental and Panel contract templates do not contain contingent liability clauses, however, these may be requested to be added by the supplier OR should be assessed if using the supplier's invoice or contract template as the agreement.

Have you assessed the draft variation / agreement for contingent liabilities?	*YES*
Does the agreement contain a contingent liability?	*NO*

If the agreement presently contains a contingent liability clause and there is an existing s60 Approval, you must obtain an updated PGPA Act s60 Approval from the delegate prior to submitting.

If there is a new contingent liability clause you attach the approved s60 form and any legal advice to this form when submitting to Procurement team for processing - instructions available through this link.

Before you submit

Ensure you have:

1. Completed all mandatory fields in the form above
2. Completed the risk assessment for this variation
3. Completed the draft variation document

Attach these to an email and send to procurementinbox@industry.gov.au for processing through to the Delegate for approval.

You must ensure that all staff involved in the contract have reviewed, identified, and formally declared any Conflicts of Interest, and that your Contract Management Plan is updated as required.

Additional guidance

Contract Termination or Cancellation

Terminating or cancelling a contract is a serious step with legal and management risks that need to be considered and addressed before any decision is made. Legal advice should be sought before making a decision to terminate or cancel a contract. Attach a copy of the legal advice when submitting this form.

Termination of a contract occurs when the decision not to continue with a contract is made during the contract. Examples of when this may be used include if a contractor finishes early, if a contract is terminated due to poor performance or further work no longer required, etc. The contract must have been signed, services commenced and usually payments have been made for a contract to be able to be terminated. Terminated contracts will continue to show up in reports.

Cancelling a contract occurs when the decision not to proceed with a contract is made before any obligations have been performed under the contract. Examples of when this may be used include if the procurement process has been cancelled as a suitable provider was not found, a contract may be cancelled if the contract was signed and the services never commenced, and no payments were made against the contract. Cancelled contracts do not show up in reports.

Reason for variation

In outlining the reason for the variation, you should include relevant information relating to:

- Outline the details of the contract proposing to be varied
- Describe the property/services which will be varied by this contract variation
- Why we are taking up the option to extend
- What the performance has been like to date
- How continuing represents value for money
- If not taking up an option to extend, why not
- Provide details of any future year spending required

Identify key stakeholders and potential issues, and state which internal and external stakeholders you have consulted and if there were any dissenting views.

Note: that although contracts can be varied for a number of reasons, it is important to be aware that if an existing contract has no provision for extension, it **cannot** be extended.

A contract variation may be allowed provided the scope and relative size of the procurement remain the same as the original contract. For example, if an existing contract will be enhanced by a variation, and the property or services are essentially the same as the contracted property or service, it could be argued that it is a value for money proposition to vary the contract.

However, additional work that changes the scope of a contract must be treated as a new procurement. Similarly, variations to include new extension options generally increase the scope of the contract and are therefore not allowed. If you are uncertain whether the proposed contract variation is allowed, contact the Procurement Team for further assistance.

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Friday, 29 May 2026 1:59 PM
To: s 22(1)(a)(ii)
Cc:
Subject: e from AFR 28 May 2026 [SEC=OFFICIAL]
Attachments: KPMG at risk of government contract ban (AFR article 28 May 2026).pdf; KPMG CEO s 22(1)(a)(ii) resigns (AFR article 29 May 2026).pdf

Hi s 22(1)(a)(ii) for discussion...

Cheers,
s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Friday, 29 May 2026 1:37 PM
To: s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii)
Subject: KPMG article from AFR 28 May 2026 [SEC=OFFICIAL]

OFFICIAL

HI s 22(1)(a)(ii)

As discussed here are the two articles about the KPMG whistleblower allegations that were raised during a DOF Senate Estimates hearing this week.

In summary, a former executive who worked at KPMG alleged firm partners misused confidential/sensitive information from existing clients to win external audit contracts with new clients..

The first article states " The Department of Finance has warned KPMG Australia it could be banned from bidding for Commonwealth contracts after the firm repeatedly failed to notify officials about wide-ranging allegations of client data misuse".

The second article is from today and follows up that the CEO has resigned and partners have self-reported to CA and CPA over this, with further resignations likely.

Regards,

s 22(1)(a)(ii)
Program Officer

Grant Programs Branch | Business Grants Hub
Wurundjeri Country | Level 3, 215 Spring Street, Melbourne VIC 3000 | GPO Box 2013, Canberra ACT 2601, Australia
Department of Industry, Science and Resources
Phone s 22(1)(a)(ii) | **Email** s 22(1)(a)(ii)

Acknowledgement of Country

Our department recognises the First Peoples of this Nation and their ongoing cultural and spiritual connections to the lands, waters, seas, skies, and communities.

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OFFICIAL

s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 22(1)(a)(ii)

7. RISK

s 22(1)(a)(ii) mentioned emerging risk (ARWA wide) regarding KPMG alleged information leak. The government is currently considering position together with any potential action. ARWA will monitor and review once direction finalised. In the meantime, a meeting has been scheduled to review information/ documentation supplied to KPMG (across all programs).

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Tuesday, 9 June 2026 10:58 AM
To: s 22(1)(a)(ii)
Subject: DISR Hods 9/6/26

DISR Hods 9/6/26

Friday, 15 May 2026
9:34 AM

Julia Pickworth

Thanks to all for Estimates…

s 22(1)(a)(ii)

KPMG interest…if we have existing changes/variations on existing contracts must/need to talk to DISR central procurement and to coordinate, through s 22(1)(a)(ii) **Neal Mason/** s 22(1)(a)(ii) **(?).** Suggest it is worth checking in with them in any case

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Friday, 29 May 2026 2:00 PM
To: s 22(1)(a)(ii)
Cc:
Subject: RE: KPMG [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

Hi s 22(1)(a)(ii)

Thank you for sharing – it was not a story I had seen. Agree one to keep an eye on for further developments.

Regards s 22(1)(a)(ii)

OFFICIAL: Sensitive

From: s 22(1)(a)(ii)
Sent: Friday, 29 May 2026 12:45 PM
To: s 22(1)(a)(ii)
Cc:
Subject: KPMG [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

Hi s 22(1)(a)(ii)

You may be aware of the current investigations in place regarding the KPMG and the recent events:

https://www.9news.com.au/national/kpmg-ceo-resigns-whistleblower-allegations/cf79691c-c96d-41fa-b8ed-d1c6ed0fddab

Would it be worthwhile to monitor any consequences/ staff / contract changes in the coming months?

Kind regards

s 22(1)(a)(ii)
Assistant Manager | Risk

Australian Radioactive Waste Agency
Department of Industry, Science and Resources
T s 22(1)(a)(ii) **E** s 22(1)(a)(ii)

industry.gov.au ABN 74 599 608 295
Supporting economic growth and job creation for all Australians | We are collaborative, innovative, respectful and strive for excellence

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OFFICIAL

OFFICIAL: Sensitive

s 47C

s 47C

s 47C, s 47G

s 47G

As flagged, Ian from KPMG did call me last week (1 June) to acknowledge they are aware of what is in in the media, they don't have anything further to say outside of the KPMG statement and will keep us up to date, but emphasised their commitment to uphold the contract and all relevant confidentiality agreements associated.

Thanks

s 22(1)(a)(ii)

s 22(1)(a)(ii)

A/g General Manager
Aluminium Strategy | Industrial Transition Response Team
Department of Industry, Science and Resources
P s 22(1)(a)(ii) | **M** s 22(1)(a)(ii) | **E** s 22(1)(a)(ii)

OFFICIAL: Sensitive

From: s 22(1)(a)(ii)
Sent: Tuesday, 9 June 2026 10:42 AM
To: s 22(1)(a)(ii)
s 22(1)(a)(ii)

Subject: RE: KPMG contract information [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

s 47G

Also can you please pull out Neal's testimony from the transcript of estimates last week. Apparently it was a very good description of where things are at with KPMG.

Thanks

s 47C

From: s 22(1)(a)(ii)
Sent: Thursday, 11 June 2026 2:17 PM
To: s 22(1)(a)(ii)
Cc:
Subject: FW: KPMG media report [SEC=OFFICIAL]

OFFICIAL

s 22(1)(a)(ii)
Manager, Internal Audit
Internal Audit | Chief Operating Officer Division
Department of Industry, Science and Resources
Phone s 22(1)(a)(ii) | **Email** s 22(1)(a)(ii)

Please note that I work part-time and am not available on Fridays

OFFICIAL

From: s 22(1)(a)(ii)
Sent: Wednesday, 3 December 2025 5:56 PM
To: s 22(1)(a)(ii)
Cc:
s 22(1)(a)(ii)
Subject: KPMG media report

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good afternoon s 22(1)(a)(ii)

You asked me this morning about the AFR article reported overnight, *KPMG auditors caught using AI to cheat on tests*. I have summarised the background below.

For your information:

- Following a complaint, an investigation found there was improper collaboration, and use of AI and technology by some individuals.
- Three warnings were issued, and they were required to re-sit the assessment (which they separately successfully completed). One person received a verbal caution and left the firm, voluntarily, some months later.

KPMG has strengthened its training monitoring framework following the issues we reported to the PCAOB pre 2020 and referenced in the article. This monitoring includes the use of technology to test where AI may be used. Over the last two years, our internal monitoring regime has identified a small number of instances where AI may have been used across our large workforce (10,000+). We have a zero-tolerance policy, and we have disciplinary processes in place, as we do for all unacceptable behaviour such as bullying etc. We are engaging with the Department of Finance on this matter and we will update you as appropriate.

As you will appreciate, the emergence of AI is a challenge for all organisations involved in education and testing. We proactively educate our staff on the appropriate use of AI. Where the firm identifies inappropriate behaviour, including through our internal monitoring processes, we take appropriate disciplinary action.

Please let me know if you would like to discuss or require any further information.

Kind regards

s 22(1)(a)(ii)

s 22(1)(a)(ii)
Director
Governance, Risk and Compliance
Consulting

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

Tel +s 22(1)(a)(ii)
Mob
s 22(1)(a)(ii)

EA – s 22(1)(a)(ii)
Contract details: s 22(1)(a)(ii)
Contact numbers

****

From: s 22(1)(a)(ii)
Sent: Thursday, 11 June 2026 3:00 PM
To: s 22(1)(a)(ii)
Cc:
Subject: FW: FYI: Audit / KPMG Questioning [SEC=OFFICIAL]
Attachments: Senator Barbara Pocock - Questions on KPMG.docx

OFFICIAL

s 22(1)(a)(ii)
Manager, Internal Audit

Internal Audit | Chief Operating Officer Division
Department of Industry, Science and Resources
Phone s 22(1)(a)(ii)| **Email** s 22(1)(a)(ii)

Please note that I work part-time and am not available on Fridays

OFFICIAL

From s 22(1)(a)(ii)
Sent: Wednesday, 3 June 2026 3:45 PM
To: s 22(1)(a)(ii)
s 22(1)(a)(ii)
Subject: FYI: Audit / KPMG Questioning [SEC=OFFICIAL]

OFFICIAL

Hi s 22(1)(a)(ii)

FYI – transcript of Audit line of questioning.

Kind regards

If using assistive software, the message ends here. Email signature below.

s 22(1)(a)(ii)

OFFICIAL

From: s 22(1)(a)(ii)
Sent: Wednesday, 3 June 2026 3:32 PM
To s 22(1)(a)(ii)
Cc: Estimates <Estimates@industry.gov.au>
Subject: Recent KPMG Questioning [SEC=OFFICIAL]

OFFICIAL

Hello both,

Please see quick copy/paste of 'transcript' from ParliWatch.

I have added ParlView links and highlighted where QoNs were undertaken by Neal and the Secretary within this interaction.

Cheers,
s 22(1)(a)(ii)

If using assistive software, my message ends here. Email signature below.

s 22(1)(a)(ii) she/her)
Parliamentary Officer

Parliamentary Services Team | Ministerial and Executive Enabling Branch | Chief Operating Officer Division
Ngunnawal Country, Industry House, 10 Binara Street (GPO Box 2013) Canberra ACT 2601 Australia
Department of Industry, Science and Resources
Phone s 22(1)(a)(ii) | **Extension** s 22(1)(a)(ii) **Email** s 22(1)(a)(ii)

-

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OFFICIAL

Senator Barbara Pocock.

Thank you, Chair.

As we sit here, there's a very significant scandal unfolding out there in the community and in the financial press in relation to KPMG, Minister.

You will no doubt be aware of some of the elements of it.

There are allegations that the firm's partners have misused board papers from Lendlease.

and pitched for and won external audits of Westpac and Dexus and used inside information to win work from Macquarie Group and Westpac.

The whistleblower who's been...

reported in our Senate alleged cover-up of widespread AI exam cheating and the whistleblower themselves has been targeted for their disclosures.

We're now on the fourth internal iteration of reviews within KPMG about these allegations.

These allegations have prompted KPMG's long-time audit client Lendlease to put its contract out to tender next year.

These are very lucrative contracts.

I understand that KPMG is this department's auditor.

Is that the case?

It's not quite the right section to provide.

I know that.

I'm asking the question.

So, Senator, it is so our corporate colleagues are best placed to answer this.

I can have them come.

If you're available, they can probably be here.

Do you know about five minutes questions?

I certainly know that we have a range of arrangements with KPMG and my colleague who leads our corporate area is on his way back in.

So he will be here in a couple of minutes if that works for you.

We could potentially, Chair, maybe we could...

Neil Mason, who's the deputy in charge of corporate enabling, can be at the table probably in a couple of minutes, if that worked.

Is that a good idea?

Yeah.

...

Thank you, Secretary, for facilitating this.

Sorry, Senator, Neil Mason, Deputy Secretary call.

Thank you, Mr Mason.

Did you hear my earlier question?

I did not, sorry, I was the other side of the building.

Okay.

https://www.aph.gov.au/News_and_Events/Watch_Read_Listen/ParlView/video/4639017?startTime=22198

While we're here, there is a scandal unfolding in KPMG.

Have you been following the facts of that scandal?

Senator, I saw the media at the end of last week, and I had a conversation on Friday with one of the Canberra-based partners about the issue.

https://www.aph.gov.au/News_and_Events/Watch_Read_Listen/ParlView/video/4639017?startTime=22228

Okay.

The allegations are very serious about deceptive behaviour, misleading clients, using clients' information to win contracts, punitive behaviour it's alleged against a whistleblower, and information that suggests there's widespread AI exam corruption within KPMG.

These are extremely serious allegations and the Parliament will be pursuing them.

But I understand and my question was to confirm that KPMG is the department's internal auditor.

Senator, agree with you on the seriousness of the allegations and the department obviously shares your concerns.

KPMG has been our internal auditor.
https://www.aph.gov.au/News_and_Events/Watch_Read_Listen/ParlView/video/4639017?startTime=22011

Their current contract expires on the 30th of June 2026 and they will no longer be our auditor after that, that follows a tender process we commenced a couple of months ago.

prior to obviously understanding the latest events.

So the tender contract for your internal audit, I understand.

I have a copy of it in front of me.

$1,748,883,000 for a three-year period of audit?

That was the original contract it was entered into, yes.

Who have you chosen as the new auditor?

New auditors will be, there's two providers, Senator.

One is called Sententia, who will be the primary supplier for us.

and we have entered a three year contract with them from the 16th of March through to 30 June 2029.

The secondary supplier we've taken on will be cobalt and they will commence a three year contract from 1 July 2026 through to 30 June 2029.

Did you have any information from KPMG, any disclosures about any of the matters that are now in the public realm as allegations as you made your decision?

No.

When did you make your decision?

on this particular contract, Senator.

Let me just see if I've got it in front of me.

It was some months ago.

We knew the KPMG audit was coming up for 30 June.

As part of that normal process, we approached the market.

We went through a tender process and the two successful suppliers were the ones that we've chosen.

I'm looking at a range of other contracts that the department has with KPMG.

I have a list in front of me of 15 projects, which I've just added up briefly on my phone, come to about $8 million.

Does that sound about the right amount of contracting that you have underway with KPMG?

I think the current contracts list I have with them is about 14, so close to what you've got, and they're in various stages of delivery at the moment, Senator.

Yes, and the large majority of them are, according to AusTender, management and advisory services.

Do you agree with that?

They range across financial insurance services, technology, or audit we've talked about and consultancy.

So yesterday I

asked Department of Finance about their contracts.

They had $27 million in contracts with this firm, which is now under serious cloud.

And the Minister, Minister Gallagher, expressed her very serious concern, her deep concern about contracting with a company which shows this level of deception, punitive, it is alleged, behaviour against a whistleblower and a range of behaviours which

would be absolutely deplorable in any public institution, but certainly a problem in an institution where you're contracting $15 million of management and advisory service from.

An unethical company, it's alleged, giving you all of this advice at huge cost to the public purse.

What do you say to that?

How concerned are you?
https://www.aph.gov.au/News_and_Events/Watch_Read_Listen/ParlView/video/4639017?startTime=22208

Well, Senator, we are also deeply concerned.

I expressed that concern to the local partner on Friday, and I've asked for a range of assurances

in the interim around the current contracts holding, how the information of the department is being managed in relation to those contracts.

We'll also obviously be considering our position around the existence of the current work we have on hand.

What did you say to the partner?

Senator, it was a telephone conversation.

I've since followed up in writing, but essentially I said we were deeply concerned about what was being alleged and that I wanted assurance, positive assurance about the way in which the information that DISR holds and the contracts we have is being treated.

And what did they say to you?

They said that currently they were trying to understand the existing allegations themselves and that they would absolutely come back to me with the information I requested.

And will you table the letter you sent?

Senator, I don't have to take the letter with me.

Obviously, I've just dropped in, but yeah, happy to take that on notice.

Thank you.

I look forward to seeing that.

What steps do you envisage taking in relation to the existing $15 million in contracts?

Senator, I wouldn't want to prejudice any of the existing contracts.

decisions we may or may not take.

Obviously I've expressed our concerns to the Senate and the work that we have asked KPMG Provide Assurance on.

We'll await the response from them.

We'll obviously await any decisions that Department of Finance look to take as part of their own policy settings for the whole of government contracting arrangements they have.

and we'll make decisions about that in due course.

And is KPMG giving you advice on the allocation of funds of any specific programs being run within the department?

Advice about the allocation of funds, Senator?

Yes, I've previously asked questions and I from memory understood that there were consultants assisting with advice about the allocation of funds on particular programs.

Forgive me, I haven't seen the last sort of little while of questions set, but I'll take that on notice, Senator.

Thank you, because I'm looking here at some of these contracts.

So Senator, just for Mr Mason's benefit, that hasn't come up through today about where the KPMG contracts are.

I think from Mr Mason's coverage just then of some of the nature of those

contracts that are in place, they do range.

There's obviously the internal audit work, but there's others.

We'll take on notice where there might be anything that goes to allocation of funding, but noting that allocation of funding within the department is a matter for the department and the department decision makers that we would never do.

you know, rescind our delegation on that to a consultant.

Oh, yeah, sorry, Senator.

I obviously didn't understand quite the question.

I thought you were asking just about whether they were giving advice in terms of how programs were being delivered, not the allocation of funding.

So I'm looking at a contract here in December last year, CN 4205849, it's for $3.1 million, $190,000.

management advisory services.

I mean it just really concerns me that we have got these massive allocations to a firm which is now under a very serious shadow.

His CEO has resigned, but today the Chief Operating Officer has stood down from their position.

We've seen the head of audit resign, and yet they are the company doing your audit.

I'm glad they're not doing your audit anymore, but I am really looking for some leadership here from your department to make some clear indications about whether you will do business with a firm that behaves like this.

And Senator, as Mr Mason's outlined, we've already taken, we took steps on Friday.

We will continue to take steps.

We're very alive to what the Minister of Finance said last night to the ongoing updates that are happening each day.

We have taken on notice some more detail about the nature of the contracts that we have in place.

We exercise a level of diligence and consideration.

I think our consultancy spend, it is targeted, it is specialist and we do have.

a huge focus on building our own in-house capability.

So we will take on notice the one that is tagged as Management Advisory Service.

There are many of them.

Yes, and we'll take on notice a level of detail that sits underneath that to make sure that we're clear on what their role is and what their role isn't in those contracts.

Thank you.

And lastly, Minister, if I can come to you, this is not the big four's first rodeo in ripping off the public purse as they are before the Senate.

and the Senate's committees explaining their behaviour and the very serious allegations that are made against them.

What's your response as a minister here on this issue?

Thanks.

Thanks, Senator Pocock.

And whilst I've seen some of the media, it hasn't come up before in the estimates that I've done over the last couple of weeks.

This is the first time that I've dealt with it.

I think the department have been proactive, which I think is the right thing to be on it.

I didn't I wasn't aware of

the words of Minister Gallagher but I take it at face value and she would be someone in government that would have more responsibility for these matters than myself but I think that's an indication of how serious the government are treating these matters and I'm sure that if there's a necessary more action to be taken then I'm sure we'd be willing to do it.

And do you support that in your government to stop doing business in this way with these companies?

The government did take steps to exclude PwC from, for example, the mass panel and cut down its business.

Do you support taking strong action on this issue, given we are seeing repetitive behaviour and years of the Senate's time being wasted on pursuing these cowboys and their appalling behaviour?

I think the action of the government has been justified so far, and I'm sure that if there's more action that needs to be taken, I don't believe that the government would be afraid to do that, and Senator Gallagher has been forthright in that regard.

Thank you, and thanks.

From: s 22(1)(a)(ii)
Sent: Thursday, 11 June 2026 3:04 PM
To: s 22(1)(a)(ii)
Cc:
Subject: FW: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]
Attachments: KPMG audit scandal expands as Canberra to review $270m in KPMG contracts.pdf

OFFICIAL

s 22(1)(a)(ii)
Manager, Internal Audit

Internal Audit | Chief Operating Officer Division
Department of Industry, Science and Resources
Phone s 22(1)(a)(ii) | **Email** s 22(1)(a)(ii)

Please note that I work part-time and am not available on Fridays

OFFICIAL

From: MediaTeam <MediaTeam@industry.gov.au>
Sent: Friday, 5 June 2026 12:59 PM
To: s 22(1)(a)(ii)
MediaTeam <MediaTeam@industry.gov.au> s 22(1)(a)(ii)
s 22(1)(a)(ii)

Subject: RE: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]

OFFICIAL

Thanks very much s 22(1)(a)(ii) We'll give a heads up to Neal, relevant HoDs and our MOs before going back to the journalist.

Also just FYI – the attached has just been published by the AFR.

I don't think it would alter our approach, given Neal covered this ground at estimates...but just in case of interest.

Many thanks,
s 22(1)(a)(ii)

OFFICIAL

From s 22(1)(a)(ii)
Sent: Friday, 5 June 2026 12:51 PM
To: s 22(1)(a)(ii) MediaTeam <MediaTeam@industry.gov.au>;
s 22(1)(a)(ii)

Subject: RE: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]

OFFICIAL

Hi team

We do have a number of contracts with KPMG and are currently considering what action we may take on each of these. s 47C
and note that the information is available on AusTender and can be found through a public search.

Based on that I am comfortable with the proposed response you have provided below.

Thanks
s 22(1)(a)(ii)

OFFICIAL

From: s 22(1)(a)(ii)
Sent: Friday, 5 June 2026 12:06 pm
To: MediaTeam <MediaTeam@industry.gov.au>; s 22(1)(a)(ii)
s 22(1)(a)(ii)

Subject: RE: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]

OFFICIAL

Thanks s 22(1)(a)(ii) Sharing with s 22(1)(a)(ii) who has oversight for the department's procurement team and has visibility of the department's contracts with KPMG and any work already undertaken on this issue.

Thanks

s 22(1)(a)(ii)

OFFICIAL

From: MediaTeam <MediaTeam@industry.gov.au>
Sent: Friday, 5 June 2026 10:51 AM
To: s 22(1)(a)(ii) MediaTeam
<MediaTeam@industry.gov.au>; s 22(1)(a)(ii)
s 22(1)(a)(ii)
Subject: RE: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]

OFFICIAL

Hi s 22(1)(a)(ii)

Just wanting to bring to your attention the below media query we've had from Capital Brief (apologies for not including you on the original email).

As below, Capital Brief has some questions about the department's various contracts with KPMG.

s 47C

Many thanks
s 22(1)(a)(ii)

Outlet: Capital Brief

Journalist: Jassmyn Goh

Deadline: none provided

Enquiry:
Just wanted to know if the Department of Industry, Science and Resources is reviewing, retendering or not changing its contract with KPMG as its auditor?

I also wanted to confirm that DISR's KPMG contract is worth over $1.748 million and if it has any other contracts with KPMG?

Would also be great to get a comment on its views on KPMG given recent allegations.

Suggested response:

///

Hi Jassmyn,

Thank you for your email.

DISR Deputy Secretary Neal Mason answered extensive questions on this issue at Senate Estimates on Wednesday.

We refer you to those comments.

You can view the relevant segment here from around 2:55pm.

Kind regards,
Media team

///

s 22(1)(a)(ii)

Manager
Media & Speechwriting | Communications Branch
Ngunnawal Country, Industry House, 10 Binara Street (GPO Box 2013) Canberra ACT 2601 Australia
Department of Industry, Science and Resources
P s 22(1)(a)(ii) **E** s 22(1)(a)(ii)

MON	TUES	WED	THUR	FRI
✓	✓	✗	✓	✓

OFFICIAL

From: s 22(1)(a)(ii)
Sent: Friday, 5 June 2026 10:19 AM
To: MediaTeam <MediaTeam@industry.gov.au>; s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii)
Subject: RE: MEDIA ENQUIRY: DISR and KPMG [SEC=OFFICIAL]

OFFICIAL

Hi s 22(1)(a)(ii) his might also need to go to s 22(1)(a)(ii) to answer the question on the other DISR contracts as we are just one of a few that we have with KPMG.

General Manager, Communications Branch

Chief Operating Officer Division | Enabling & Business Services Group
Department of Industry, Science and Resources
Ngunnawal Country, Industry House, 10 Binara Street (GPO Box 2013) Canberra ACT 2601
Australia
Phone | **Extension** | **Mobile** | **Email**

industry.gov.au ABN 74 599 608 295

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s 47C

s 47C

From: Jassmyn Goh <jassmyn.goh@capitalbrief.com>
Sent: Friday, 5 June 2026 9:31 AM
To: MediaTeam <mediateam@industry.gov.au>
Subject: DISR and KPMG

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi there,

I hope you're well.

Just wanted to know if the Department of Industry, Science and Resources is reviewing, retendering or not changing its contract with KPMG as its auditor?

I also wanted to confirm that DISR's KPMG contract is worth over $1.748 million and if it has any other contracts with KPMG?

Would also be great to get a comment on its views on KPMG given recent allegations.

Please let me know if I could have a chat with someone on this.

Thanks,
Jassmyn

--
Jassmyn Goh
News editor
0437 137 974

CAPITAL BRIEF

jassmyn.goh@capitalbrief.com
capitalbrief.com

s 47C

s 47C

Department of Industry, Science and Resources
P s 22(1)(a)(ii) E s 22(1)(a)(ii)

MON	TUES	WED	THUR	FRI
✓	✓	✗	✓	✓

OFFICIAL

From: Jassmyn Goh <jassmyn.goh@capitalbrief.com>
Sent: Friday, 5 June 2026 9:31 AM
To: MediaTeam <mediateam@industry.gov.au>
Subject: DISR and KPMG

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi there,

I hope you're well.

Just wanted to know if the Department of Industry, Science and Resources is reviewing, retendering or not changing its contract with KPMG as its auditor?

I also wanted to confirm that DISR's KPMG contract is worth over $1.748 million and if it has any other contracts with KPMG?

Would also be great to get a comment on its views on KPMG given recent allegations.

Please let me know if I could have a chat with someone on this.

Thanks,
Jassmyn

--
Jassmyn Goh
News editor
0437 137 974

CAPITAL BRIEF

jassmyn.goh@capitalbrief.com
capitalbrief.com

s 22(1)(a)(ii)

From: s 22(1)(a)(ii)
Sent: Friday, 29 May 2026 9:53 AM
To: s 22(1)(a)(ii)
Subject: Recent KPMG media reports

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good morning s 22(1)(a)(ii) – can you please give me a call on my mobile when you have a moment? My number is s 22(1)(a)(ii)

s 22(1)(a)(ii)

s 22(1)(a)(ii)
Partner
Governance, Regulation and Assurance
Consulting

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

Tel s 22(1)(a)(ii)
Mo
s 22(1)(a)(ii)
kpmg.com.au

EA – s 22(1)(a)(ii)
Contract details: s 22(1)(a)(ii)
Contact numbers: s 22(1)(a)(ii)

Fortnightly KPMG-DISR meeting [SEC=OFFICIAL] - Meeting Occurrence

File Meeting Occurrence Scheduling Assistant Tracking Help Tell me what you want to do

Busy None Recent PROTECTED OFFICIAL: Sensitive OFFICIAL UNOFFICIAL Advanced

OFFICIAL

Fortnightly KPMG-DISR meeting [SEC=OFFICIAL]

Organiser Internal Audit

Location: Microsoft Teams Meeting

Response: Accepted Change Response

OFFICIAL

OFFICIAL

-----Original Appointment-----
From: Internal Audit
Sent: Wednesday, 11 September 2024 1:24 PM
To: Internal Audit; s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii)
Subject: Fortnightly KPMG-DISR meeting [SEC=OFFICIAL]
When: Occurs every 2 week(s) on Wednesday effective 25/09/2024 until 7/10/2026 from 11:00 AM to 12:00 PM (UTC+10:00) Canberra, Melbourne, Sydney.
Where: Microsoft Teams Meeting

OFFICIAL

Resending the series
Fortnightly meeting series for checking in with each other on Internal Audit progress.

Microsoft Teams Need help?

Join the meeting now

Meeting ID: 482 154 113 951

Passcode: [illegible]

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
Telephone: +61 2 6248 1111
Facsimile: +61 2 6248 1122
www.kpmg.com.au

Confidential
Mr Neal Mason
Deputy Secretary
Department of Industry, Science and Resources

26 June 2026

Dear Mr Mason

I am writing to respond to your email of 18 June 2026 which included follow-up questions resulting from my letter to you of 12 June 2026.

We value our relationship with the Department of Industry, Science and Resources (DISR) and thank you for continuing to engage with us on these issues.

I note that the Chair of our Canberra office wrote to your acting Secretary this week to share our remediation plan, which outlines the actions KPMG is implementing to respond to the whistleblower matter. I understand s 22(1)(a) has shared this with you under a separate email.

As you would be aware, the Department of Finance has announced that Dr Ian Watt AC will soon commence an external independent review of KPMG. We welcome this review and will work closely with Dr Watt and the Department of Finance team to ensure full transparency and cooperation.

Response to follow-up questions

I have included your follow-up questions below and our responses. Please note, currently we do not yet have all information available to respond in full. Where this applies, I have noted this below. I commit to come back to you as more information becomes available.

- *DISR Question 1*

  On page 1 where you reference 'Based on KPMG's current and <u>ongoing</u> investigations, <u>we have not identified</u> any disclosure of information relating to your data outside the relevant KPMG team members working directly on <u>your current</u> engagements'. I would like more explanation on what KPMG have done in their investigation to determine this and has your investigation been sufficient to have identified issues if they did exist.

  KPMG Response

  We have engaged a legal firm, Allens, to conduct an independent investigation into the whistleblower matter. To ensure integrity of this investigation, Allens has not advised its full investigative process. However, Allens has confirmed that:

  - Personnel linked to the current whistleblower matter have not been involved in our current DISR engagements, nor have they been involved in any DISR engagements since 2023.
  - It has not identified any disclosure of information relating to your data outside the relevant KPMG team members working directly on your current engagements.

In addition to the Allens investigation and in response to your queries of 18 June 2026, we have also engaged directly with each KPMG partner currently leading a DISR engagement to confirm no inappropriate access of DISR information.

Each KPMG partner has conducted an audit of the iManage file for their DISR engagement to reconfirm who has access to the file and who has accessed it. The results of these audits confirm that only those KPMG team members assigned to your DISR engagements (including engagement staff and support staff) and those assigned to audit our quality and filing practices, have access to and have accessed these files. For clarity, current engagements include the fifteen that were active when we received your correspondence on 29 May, and which may have since concluded.

I can confirm that no unauthorised access has occurred.

- *DISR Question 2*

  I would also like a better sense of when you expect the ongoing investigation to be complete, including an update to your letter once done.

  KPMG Response

  At this stage, we do not yet know when the Allens investigation will be complete. I commit to come back to you once the investigation is complete and provide you with an update.

  I will also respond to you in relation to any other review and remediation activity outcomes, as they relate to the Department.

- *DISR Question 3*

  We appreciate the assurance on our current engagements as requested. Given the unfolding detail we are seeing in the media, we would like to seek further assurance to all contracts to 2023

  KPMG Response

  Allens has confirmed that those personnel linked to the current whistleblower matter have not been involved in our current DISR engagements, nor have they been involved in any DISR engagements from 2023.

- *DISR Question 4*

  Page 2 of your letter references 'DISR data required to be stored longer-term is housed on our secure iManage document management platform. Only those engagement team members, and those assigned to audit our filing practices, have access to these documents'. I would like confirmation there is audit logging of access to data files or further detail as to how your controls have worked to provide you confidence on this aspect.

  KPMG Response

  In addition to my response to Question 1 whereby we have undertaken an audit of each current DISR engagement, I can also provide further detail on the controls we have in place to protect DISR information, including:

  - Role-based access controls (RBAC) restricting data access to defined engagement teams, with access controlled through secure login and identity management.

- Access to collaboration sites (e.g SharePoint), folders and files restricted through Engagement Leader approved permissions aligned with classification and contractual requirements.
- Document repositories are structured around engagement workspaces in iManage with access again restricted to assigned engagement team members approved by Engagement Leader.
- Data movement controls limit the transfer of client data to approved and governed channels. Controls to prevent unauthorised transfers include Microsoft Information Protection (MIP) to enforce classification labels; technology restrictions over removable media, personal emails and data extraction; public AI restrictions; and cloud security controls.
- Automated monitoring controls to detect and report attempted data exfiltration from authorised systems, large data movements, and anomalous or unauthorised usage patterns.
- Emerging data security posture management (e.g. Cyera POC) to enhance visibility of where sensitive data resides, improves monitoring and supports uplift in classification accuracy.

Our information security controls are aligned to policy mappings and subject to internal audit and audit under the Defence Industry Security Program (DISP). KPMG Australia is ISO 27001:2022, ISO 27017:2015, and ISO22301:2019 certified and undergoes surveillance audits every year.

- *DISR Question 5*

I would like a correction made to the letter in attachment A regarding the meeting DISR had with KPMG on 12 May. My colleague and I have no recollection or record of discussing the governance and whistleblower matters as referenced this part of the letter and believe it may have been included in error.

KPMG Response

Thank you for discussing this issue directly with s 22(1)(a) . The reference in the 12 June 2026 letter should have outlined that KPMG's approach to confidentiality and conflict of interest was discussed more generally. We agree that the whistleblower matters currently being investigated were not discussed at that meeting. Please accept our apologies for this oversight in attachment A to the letter.

Should you have any questions, please contact me at s 22(1)(a)(ii) @kpmg.com.au. As always, s 22(1)(a) is also available to help in any way.

Yours sincerely

s 22(1)(a)(ii)

s 22(1)(a)(ii)
Interim CEO
KPMG