APESB
Accounting Professional & Ethical Standards Board

AGENDA PAPER

Item Number:	12
Date of Meeting:	4 September 2026
Subject:	Update on Parliamentary Inquiries

☐ **Action required** ☒ **For discussion** ☒ **For noting** ☐ **For information**

Purpose

To update the Board on the Parliamentary Inquiries relating to the accounting profession.

Background

In recent years, the accounting profession has experienced a series of ethical failures, ranging from cheating on ethics exams to fraud, breaches of confidentiality, inadequate handling of internal whistleblower complaints and conflicts of interest. In Australia, these ethical failures have led to several parliamentary inquiries that have affected the accounting profession.

APESB has engaged with these inquiries by providing submissions and appearing at public hearings throughout 2023-2024. Detailed updates on the inquiries were provided at the Board meetings in August 2023 (Agenda Item 11), November 2023 (Agenda Item 10), March 2024 (Agenda Item 10), June 2024 (Agenda Item 10), September 2024 (Agenda Item 10), December 2024 (Agenda Item 12) and March 2026 (Agenda Item 7).

Parliamentary inquiries update

Treasury's review of tax and corporate whistleblowing in Australia

On 2 June 2026, the Treasury released a Consultation Paper as part of its review of tax and corporate whistleblowing in Australia (the Review), with the comment period closed on 29 July 2026.

This consultation informs the Review of the tax and corporate whistleblowing regimes reformed in 2019. The *Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* (2019 Act) made amendments (2019 Amendments) to:

- the framework contained in Part 9.4AAA of the *Corporations Act 2001*; and
- introduce a new tax whistleblowing regime in Part IVD of the *Taxation Administration Act 1953.*

The Review is assessing whether the whistleblower protections introduced under the *Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* are operating as intended and identifying opportunities for further improvement.

As the Assistant Treasurer, Minister for Financial Services, The Hon Dr Daniel Mulino MP, noted in Treasury's media release, the Terms of Reference include consideration of whistleblowers' access to justice, and the effectiveness of the regimes in incentivising whistleblowing and disincentivising misconduct.

The Treasury also held stakeholder roundtables as part of the Review. APESB was represented at the roundtable on 30 June 2026 by APESB CEO Channa Wijesinghe and Interim Technical Director Nikole Gyles.

On 29 July 2026, APESB made a submission to Treasury on the Review (refer Agenda Item 12 (a)). As set out in pages 2-3 of its submission, APESB outlined the following key matters for Treasury's consideration:

- The corporate whistleblowing regime be extended so that the partners and employees of large accounting and auditing partnerships have access to protections equivalent to those available to the employees of companies.
- The tax and corporate regimes have diverged since the 2019 reforms, most notably because the 2024 Amendments to the *Taxation Administration Act 1953* were not mirrored in the *Corporations Act 2001*.

  APESB considers that important questions remain unclear, particularly the interaction between the protections and a member's confidentiality obligations, and the treatment of acts preparatory to a disclosure. Greater consistency and clarity would also help professional accountants meet their obligations under the NOCLAR provisions of APES 110 without exposing members to undue personal risk.
- APESB supports simplifying the whistleblower protections and making them as consistent as possible across the regimes, so that disclosers can act with confidence about their legal position.
- Consideration be given to establishing an independent body to receive whistleblower disclosures and refer them to the regulator best placed to act, and that the whistleblower protections extend to disclosures made to that body where appropriate.

Further details of this consultation are available on Treasury's Consultation Hub.

Treasury's consultation on options for the regulation of accounting, auditing and consulting firms in Australia

On 1 July 2026, the Treasury issued an Options Paper on the regulation of accounting, auditing and consulting firms in Australia. The closing date for submissions was 12 August 2026.

The Options Paper sets out proposed options to improve the regulation of firms and to inform the government's consideration of future audit regulation. These include addressing conflicts of interest in multidisciplinary firms, introducing partnership and governance reforms, strengthening audit quality and ethical requirements and enhancing audit surveillance.

The consultation builds on the Government's earlier *Response to PwC – regulation of accounting, auditing and consulting firms in Australia* consultation and forms part of a broader reform agenda aimed at improving market integrity, strengthening regulatory oversight and restoring public confidence in major professional services firms.

The Treasury also held stakeholder roundtables as part of the Review. APESB was represented at the roundtable on 17 July 2026 by APESB CEO Channa Wijesinghe and Interim Technical Director Nikole Gyles.

On 12 August 2026, APESB submitted its response to Treasury on the Options Paper (refer Agenda Item 12(b)).

APESB welcomed the consultation as an important initiative, acknowledging that recent ethical failures have damaged public trust and demonstrate that the current arrangements need improvement. However, in APESB's view, the examinations of these failures have not identified shortcomings in the professional and ethical standards that have been developed and published for the profession but reveal failures of senior individuals within firms to adhere to the standards of the profession and indicate a need to enhance the processes of monitoring and enforcement and close the gap between the existing standards and actual conduct.

APESB believes there is evidence that the current Australian professional and ethical standards can be monitored and enforced. Accordingly, a key area for policy consideration is whether relevant monitoring and enforcement bodies have the powers, resources and legislative support necessary to effectively enforce existing standards.

APESB also highlighted concern that some of the reforms suggested in the Options Paper, intended to address risks associated with large multidisciplinary firms, may give rise to unintended consequences if they are not appropriately targeted to larger firms.

As set out in pages 3-4 of its submission (Agenda Item 12 (b)), APESB also identified measures and actions for Treasury's consideration, including:

- Reforms should build upon, rather than duplicate or displace, Australia's existing co-regulatory framework.
- Australian accounting, auditing and ethical standards must continue to align with the principles-based international standards, to facilitate global commerce and international investment with Australian divergence only where there is a clearly demonstrated public interest need.
- Recent ethical failures indicate a need for enhanced monitoring and enforcement, and strengthened ethical culture and governance across firms, rather than deficiencies in APESB's pronouncements or the international standards on which they are based.
- Treasury should consider providing legislative recognition for professional and ethical standards and review the resourcing of regulatory and disciplinary bodies that enforce those standards.
- APESB pronouncements, such as APES 110, APES 320 and APES 325, already impose firm-level obligations relating to independence, conflicts of interest, quality management and risk management.
- Any governance reforms for large professional services firms should build on APES 325 (effective since 1 January 2013) and emerging international developments, including any new standards or improvements to existing standards that will result from IESBA's Firm Culture and Governance project.
- If additional firm-level obligations are required, they should be clearly defined, proportionate and targeted to the large firms and aligned with existing legal, professional and ethical requirements.
- Reforms addressing conflicts of interest in multidisciplinary firms should be evidence-based and targeted and recognise the existing APES 110 prohibitions and safeguards for non-assurance services.
- If some form of separation of large multidisciplinary firms is considered necessary, Treasury should consider operational separation approaches, informed by the UK model, before pursuing the more disruptive structural separation for which there is no global precedent.

- Audit surveillance could be strengthened through increased and transparent review activity, with additional consideration as to whether oversight of governance, risk management and quality management systems, informed by the UK FRC's model, would improve confidence in audit quality.
- Transparency regarding auditor tenure could be improved; however, the existing long association requirements in APES 110 and audited entity's governance mechanisms to periodically review the performance of the external auditor provide a proportionate response to the identified risks compared to mandatory audit firm rotation.

Further details of this consultation are available on Treasury's Consultation Hub.

PJC on Corporations and Financial Services: Oversight of ASIC, the Takeovers Panel and the Corporations Legislation

The Parliamentary Joint Committee on Corporations and Financial Services (the Committee) is conducting an ongoing inquiry into the oversight of the *Australian Securities and Investments Commission (ASIC), the Takeovers Panel and the Corporations legislation*, in accordance with its statutory responsibilities under section 243 of the *Australian Securities and Investments Commission Act 2001*.

As part of this broader oversight inquiry, the Committee has examined allegations raised by a former senior executive at KPMG Australia concerning audit independence, the handling of confidential client information, whistleblower protections and governance practices at the firm.

On 24 March 2026, Senator Deborah O'Neill, Chair of the Committee, delivered a speech in the Senate regarding the experience and evidence of a former KPMG senior executive, who sought to invoke, from KPMG, statutory whistleblower protections available under Part 9.4AAA of the *Corporations Act 2001*. The whistleblower raised concerns about audit independence, misuse of confidential information, tender integrity failures, misleading of Parliament, examination misconduct and governance failures at the senior leadership level.

In a media release on 26 March 2026, the Committee noted that the allegations made by the former KPMG employee relate to areas the Committee previously examined, notably the 2023–2024 inquiry into ethics and professional accountability and the 2016–2017 inquiry into whistleblower protections. The Committee indicated that it would consider the evidence received before taking further action and invited any party in possession of any relevant information or documentation that may assist to contact the Committee Secretariat.

The Committee has since considered these matters through public hearings conducted under the ongoing oversight inquiry. Four hearings have been held in Canberra on 26 March 2026, 29 May 2026, 19 June 2026 and 14 August 2026, with further hearings scheduled for 4 September 2026 in Sydney and 12 November 2026 in Melbourne. Relevant hearing transcripts are available on the Committee's website.

In a media release dated 23 June 2026, the Committee noted KPMG's announcement that its Chairman and senior audit partners had resigned. The Committee acknowledged these developments and confirmed it would continue its inquiries into the matter.

In a media release on 2 July 2026, the Committee also noted KPMG's announcement regarding the appointment of Mr Michael Ebeid AM as its first independent Chairman.

Relevant submissions, correspondence, and legal advice are available on the Committee's website: Submissions and Additional Documents.

Agenda Item 12 (c) provides a summary of evidence presented at the PJC public hearings, subsequent government and regulatory actions, and other media reports relating to the KPMG whistleblower matter.

Way Forward

Technical Staff will continue to monitor the progress and outcomes of Parliamentary Inquiries and update the Board on key developments.

Recommendations

That the Board note the update on the Parliamentary Inquiries.

Materials presented

Agenda Item 12 (a)	APESB submission to the Treasury's review of tax and corporate whistleblowing in Australia
Agenda Item 12 (b)	APESB submission to the Treasury's consultation on the regulation of accounting, auditing and consulting firms in Australia
Agenda Item 12 (c)	KPMG Australia Whistleblower Allegations: PJC Hearings and Subsequent Developments

Authors: Channa Wijesinghe
Nikole Gyles
Ann Chang
Disna Dharmasekara

Date: 20 August 2026