KPMG Australia Whistleblower Allegations: PJC Hearings and Subsequent Developments

On **24 March 2026**, Senator Deborah O'Neill, Chair of the Parliamentary Joint Committee on Corporations and Financial Services (PJC), 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.

KPMG Australia investigation into whistleblower allegations

On **29 May 2026**, KPMG Australia confirmed that its treatment of a whistleblower and its investigation into the allegations fell short of the firm's expectations, the whistleblower's expectations, and those of the broader community. The initial internal investigation, which did not substantiate the whistleblower's allegations, was, in hindsight, not conducted with the necessary rigour. An external legal firm appointed to review the internal investigation initially supported its outcome. The whistleblower again raised the matter with certain independent members of the KPMG Australia Board and others.

Allens was then appointed to conduct a further external legal investigation, which remains ongoing. With new evidence and an expanded scope, Allens is continuing to challenge the conclusions reached in prior investigations.

KPMG has confirmed shortcomings in its management of the whistleblower and their concerns, the rigour of the investigations, and leadership action regarding the allegations raised.

KPMG CEO Andrew Yates and National Managing Partner Audit and Assurance Julian McPherson resigned.

KPMG Chairman Martin Sheppard publicly apologised to the whistleblower, to clients and to the firm's employees. In addition to the ongoing external Allens investigation, KPMG also engaged Principia Advisory, a leading global specialist in ethical culture, to undertake an external review of the underlying speak up culture, including the policies and processes that support it.

Public Hearing on 19 June 2026

On **19 June 2026**, the PJC conducted a public hearing in Canberra. Witnesses included Lendlease, CA ANZ, KPMG Australia, KPMG International, law firms (Ashurst and Allens), and ASIC. Key matters arising from the hearing are summarised below. The full transcript of the hearing is available on the Parliament of Australia's website.

The following matters were noted during the hearing:

- KPMG Chairman Martin Sheppard confirmed that confidential Optus information had been shared with personnel involved in KPMG's pursuit of the Telstra audit contract. Former KPMG CEO Andrew Yates stated that evidence relating to the Optus matter, identified through the Allens investigation, contributed to his decision to resign.
- Lendlease Chair John Gillam told the Committee that Lendlease had decided to part ways with KPMG over the breach of trust, ending an audit relationship of 68 years.
- Former KPMG Independent Director Mike Baird gave evidence that the allegations were initially presented to the KPMG Board as a human resources matter. He expressed concerns regarding the timeliness and transparency of the firm's response.

- ASIC Chair Sarah Court described the matter as an “egregious and serious breach of trust” and confirmed that ASIC has commenced a formal investigation into registered company auditors connected with the matter. Ms Court also noted ASIC's investigation was focused on individual auditors because ASIC's statutory powers principally attach to registered company auditors rather than partnership entities.
- The hearing examined whether the existing regulatory framework provides adequate oversight of large accounting partnerships. ASIC Chair Sarah Court identified limitations in ASIC's jurisdiction over partnership structures such as KPMG and indicated that legislative reform may be required to strengthen regulatory oversight, accountability and enforcement for large audit firms operating through partnership models.
- CA ANZ representatives gave evidence that the CA ANZ had strengthened its disciplinary framework in 2022 by reviewing its bylaws, increasing fines fivefold and introducing mandatory ethics training, but stated that CA ANZ is “a private membership body” that can only act within the scope of its powers and regulates individual members rather than firms.
- Ms Patty Akopiantz, an Independent Board Member of KPMG South ASPAC Group Holdings LLP, gave evidence regarding the consideration of disciplinary sanctions arising from the Lendlease matter. She told the Committee that proposed sanctions were presented to the independent board subcommittee in April 2026, that the Employee Relations Panel and the CEO had recommended different sanctions, and that independent directors sought additional information and time to consider the proposed outcomes.
- Significant discussion occurred regarding KPMG’s reliance on confidentiality and legal professional privilege in relation to investigation documents. Towards the end of the day, KPMG agreed to provide the additional documents requested by the Committee.

KPMG Australia announces leadership changes and governance overhaul to rebuild trust

On **23 June 2026**, KPMG announced leadership changes and a governance overhaul, including the departure of Chairman Martin Sheppard and Audit Partners Paul Rogers and Eileen Hoggett. KPMG also released an Action Plan focused on three priorities: governance, culture and ethics, and controls. These include appointing an independent Chair, updating whistleblower policies and training, strengthening quality management and mandating confidentiality training. The Plan will remain a ‘live’ document, updated as new findings and recommendations become available.

On **2 July 2026**, KPMG announced the appointment of Michael Ebeid AM as its first Independent Chairman. Subsequently, on 21 July 2026, KPMG appointed John Sams as CEO. Mr Sams has been CFO since October 2025 and additionally COO since June 2026.

Inside Project Magenta: How Allens gave KPMG a pass on leaks

On **10 July 2026**, further reporting on Project Magenta, the Allens investigation commissioned by KPMG, indicated that Lendlease documents being improperly used to support the Westpac bid were “weaponised to give the firm an improper commercial advantage”. The investigation reportedly concluded that, while the information had been inappropriately shared, it did not result in a commercial advantage. The publication prompted further parliamentary and public scrutiny of KPMG’s governance arrangements, investigative processes and handling of the whistleblower. Read the AFR’s article.

KPMG prepares to cut hundreds of staff amid leaks scandal

On **14 July 2026**, it was reported that KPMG was preparing to cut hundreds of jobs and reduce partner pay by as much as 20%. The redundancies are likely to be spread across the firm. KPMG’s public-sector arm already agreed not to bid for new Commonwealth and NSW public sector work until the end of September 2026, while private-sector demand has also fallen. The job cuts are yet

to be finalised, but management's current thinking is that there will be at least several hundred. Read the AFR article.

KPMG partners fined up to $180,000 over Telstra, Optus misconduct

On **19 July 2026**, it was reported that KPMG hit a group of staff and partners with fines as high as $180,000 for misusing confidential information from Optus in the firm's failed bid to win Telstra's external audit contract. Seven individuals received sanctions, ranging from warnings and restrictions on career progression to reduced performance ratings, salary banding and several fines exceeding $100,000. They also face potential further sanctions from CA ANZ and ASIC. Read the AFR article.

Public Hearing on 14 August 2026

A subsequent AFR article reported that, at **14 August 2026**, PJC hearing, testimony from current and former KPMG executives, legal advisers (KPMG Office of General Counsel, Allens, Ashurst, and Law Society of NSW) and major clients (Westpac, Dexus, Macquarie Group, and Optus), highlighted concerns regarding leadership accountability, investigation integrity, audit quality, client trust and the effectiveness of governance arrangements within large partnership firms.

- KPMG Executive Director and Deputy Counsel James McClelland told the Committee that his investigation had been "fundamentally undermined" by answers that were "misleading, if not directly deceptive" and by limitations on the scope of his work. He also said that "the truth was not told" during interviews conducted as part of the investigation.
- Former CEO Andrew Yates acknowledged that KPMG had mishandled the matter, saying he had believed at the time that "we were doing the right thing" but now accepted "that's not the case". He disputed claims that he had limited the investigation, except for directing that junior staff not be interviewed.
- KPMG acknowledged it had "absolutely failed" the whistleblower and had granted whistleblower protections and conceded previous claims that the allegations were unsubstantiated were incorrect. Committee Chair Senator Deborah O'Neill stated that "many, many more" individuals had contacted the Committee raising similar concerns.
- Senators strongly criticised the investigations conducted by Allens and Ashurst, questioning their independence and adequacy after key investigative steps, including forensic email reviews, client interviews and examination of critical documents, were not undertaken.
- Major clients including Macquarie, Westpac, Optus and Dexus expressed concerns regarding KPMG's governance, confidentiality controls and professional conduct. Several clients indicated that confidence in the firm had been affected and that future audit relationships or appointments could be reconsidered depending on the outcomes of ongoing investigations and remediation efforts.
- The inquiry broadened into a wider debate about governance and accountability within large professional services firms, with witnesses questioning whether existing partnership governance models and the role of independent directors are effective, and whether additional regulatory reform of the audit profession should be considered.
- KPMG's new leadership acknowledged the need for significant cultural and governance reform. CEO John Sams accepted that the firm had failed the whistleblower and committed to addressing underlying cultural issues. At the same time, KPMG confirmed it is establishing a remediation program under the oversight of KPMG Independent Chair Michael Ebeid.

KPMG prepares to unleash Project Vector, slashing staff and costs

On **20 August 2026**, it was reported that KPMG's Board prepared to sign off on the first stage of a cost-cutting plan known as Project Vector the following week. Project Vector will initially target about two dozen partners and 450 staff. Still, more partners are expected to leave, including some waiting for end-of-financial-year bonuses to be finalised at the end of August 2026. The planned cut of 450 staff represents just 5% of the almost 9000-strong workforce. However, the departure of partners will mean more than 75 of the firm's nearly 700 partners (more than 10%) will have exited the firm since the scandal became public in March 2026. Other cost-cutting measures will include reductions to partner income. Read the AFR article.