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28 June 2023

**Senate Finance and Public Administration References Committee**  
**Inquiry into management and assurance of integrity by consulting services**

**KPMG response to Question on Notice, taken 7 June 2023**

**Senator BARBARA POCOCK:** What are straightforward examples, though, in your bailiwick? For example, in aged care, you are both an auditor of aged care residential services and you are a consultant to those services. The conflict of interest is very clear. It's repetitive. Chinese walls will not protect against it. It is a real concern that this very important separation is not underway.

**Mr Yates:** On that, Senator, I assure you that we have heard your commentary around this in the last two or three weeks. We feel that we are doing the right thing. Our clients are telling us that we are doing the right thing. We are hearing the comments you have been making. I have asked our risk team to review this to make sure that we are actually doing the right thing.

**Senator BARBARA POCOCK:** You talked about perceived conflicts of interest that are very important.

***Response:***

In accordance with our commitment to the Committee on 7 June 2023, KPMG has completed a risk review of the work we are undertaking in relation to aged care. The review confirmed that KPMG has in place robust processes to manage the risk of potential conflicts of interest should they arise. In this case, there are rigorous pre-audit acceptance processes. Every month we review and update the register of interests maintained by the Aged Care Quality and Safety Commission. When considering a request to perform a quality and safety standards audit, we undertake a detailed process to ensure the engagement is free of conflicts. We do not accept these engagements where we have provided services that may be the subject of the audit or in respect of our internal or external audit clients. A number of engagements for the Commission have been declined by KPMG on the basis that KPMG considered it would be inappropriate to act.

Separately, the Commission also conducts its own comprehensive processes to review potential conflicts of interest throughout the course of engagements and for the program as a whole.

KPMG has not and does not offer accreditation services to aged care suppliers. The risk review did find that the wording on our website around the services we provide, and do not provide to the aged care sector, could be more explicit. As a remedial action we have now updated our website to expressly make clear that we do not offer accreditation services.