

Senate Finance and Public Administration References Committee

Inquiry into Consulting Services

KPMG responses to Written Questions on Notice received 27 November 2023

Relationship mapping

When we were first asked about “power mapping” in August 2023 our interpretation was that this process was different to relationship mapping. We acknowledge we took too literal an approach to our response as “power mapping” is not a term used within KPMG. We appreciate that there is a range of definitions as to what constitutes a “power map” and we accept that this has led to differing views. It was never our intent to create uncertainty on this matter. Throughout the Inquiry process, we have endeavoured to take a constructive and transparent approach.

The reality is that for the effective service of our clients we must understand an organisation’s structure, people and processes. Our organisation’s intent when mapping is to understand responsibilities and where our skills can be best deployed. Were we to call our mapping process “power mapping”, this intent would not change. Many of our teams do undertake a form of mapping. This is a very common business practice.

KPMG strives to ensure we have strong and effective working relationships with all our clients. Building a sound understanding of the interactions with clients helps us strengthen our relationships over the long term and as a commercial organisation, strong relationships with clients are important to our success. A “map” helps support these goals. Following receipt of the Question on Notice on 9 August 2023, we undertook a review of business practices and we confirmed that there was an inconsistent process across the firm in respect of client service teams documenting and understanding stakeholder relationships with their clients.

Given there is an inconsistent approach across the firm, there are no common parameters used to update these maps. The most usual reason to update a map is a change of personnel within KPMG or a client. Some teams review the map for their client on a periodic basis, often annually. Maps can be used in the tendering process to understand the needs of our clients but are not commonly used in contract negotiations. We are not aware of any map where financial thresholds are included.

We do not undertake mapping across all federal government entities. Of our federal government clients, we have identified six maps that support our current account management. We have provided examples of the two forms these take at [Appendix A](#). Given commercial sensitivities and privacy concerns, we would appreciate if this Appendix was redacted prior to publication. It is impracticable to undertake a detailed review of mapping related correspondence since 2015.

As there is an inconsistent approach to mapping across the firm, determining the number of “sponsors” is difficult and it is not a standard term we use. In the six maps we have identified, none refer to “sponsors”.

Document presented to KPMG on 27 September 2023

KPMG can confirm that the document presented to KPMG representatives at the Inquiry on 27 September 2023 was not created by the “head of the New South Wales government account for transport and the state chairman of KPMG”. Rather, it was created by a Partner on the NSW Government account, who at the time was the engagement lead for that project.

The document presented to KPMG representatives at the Inquiry on 27 September 2023 was generated in 2021 and related to a specific NSW Government engagement at that time (The Transport for NSW Evolving Transport Program and Corporate Functions Review). While a map can, at times, be used in preparation of the tendering process to help understand the client and their needs as part of an engagement, KPMG understands that the document was not used as part of the tendering process for that engagement.

The document showed the client's organisation chart, then categorised the strength of KPMG's relationship with individuals identified in the chart, for the delivery of services on the engagement in question. Assessing strength in this context is important to ensure we are meeting our clients' objectives and is a critical ingredient in providing tailored and quality advice. The references to 'Sponsor' sought to highlight the people within the organisation who were KPMG's primary contacts for the delivery of services on that engagement. We understand that there were no financial thresholds associated with the document and believe it was the only map prepared for this engagement with the NSW Government. We understand that the map was not updated after the meeting for which it was developed.

KPMG affiliated ABNs

KPMG Australia's governance arrangements are detailed in our publicly available [Our Impact Plan 2023](#). KPMG is affiliated with 31 ABNs which reflect the different entities that form part of KPMG Australia's corporate group (see [Table 1](#)). This information is publicly available on the [Australian Business Register "ABN lookup"](#) website.

The entities listed at [Table 1](#) were established for a range of reasons, for example, to meet regulatory requirements (i.e., AFSL licensing) or to meet contracting requirements at the request of clients. Others relate to historic business acquisitions. Importantly, we do not create entities / ABNs to limit transparency and not all entities contract with clients.

All KPMG employees are employed through the "KPMG Australian Services Pty Ltd as trustee for the KPMG Australian Services Trust" entity. Employees remain employed by this entity at all times, but it is not uncommon for our personnel to work on client engagements that are delivered across various entities – for example, an employee might work on a consulting engagement delivered by "KPMG (National Partnership)" entity and a technology engagement delivered by the "KPMG Australia Technology Solutions Pty Limited" entity.

KPMG does not have an entity/ABN affiliated with "KPMG Audit and Assurance services". Our audit and assurance services are predominately provided through the "KPMG (National Partnership)" entity.

Table 1: All affiliated KPMG ABNs

KPMG (National Partnership)	51 194 660 183
KPMG Adelaide Staff Social Club INC	56 944 894 831
KPMG Australia Capital Pty Limited	73 644 634 560
KPMG Australia Distributed Delivery Pty Limited	27 600 370 698
KPMG Australia Engineering Consulting Pty Limited	57 622 249 754
KPMG Australia International (Holdings) Pty Limited	87 069 985 431
KPMG Australia International Trust	19 823 593 520
KPMG Australia IP Holdings Pty Limited	90 611 868 127
KPMG Australia Pty Limited	47 008 644 728
KPMG Australia Technology Solutions Pty Limited	29 606 612 962

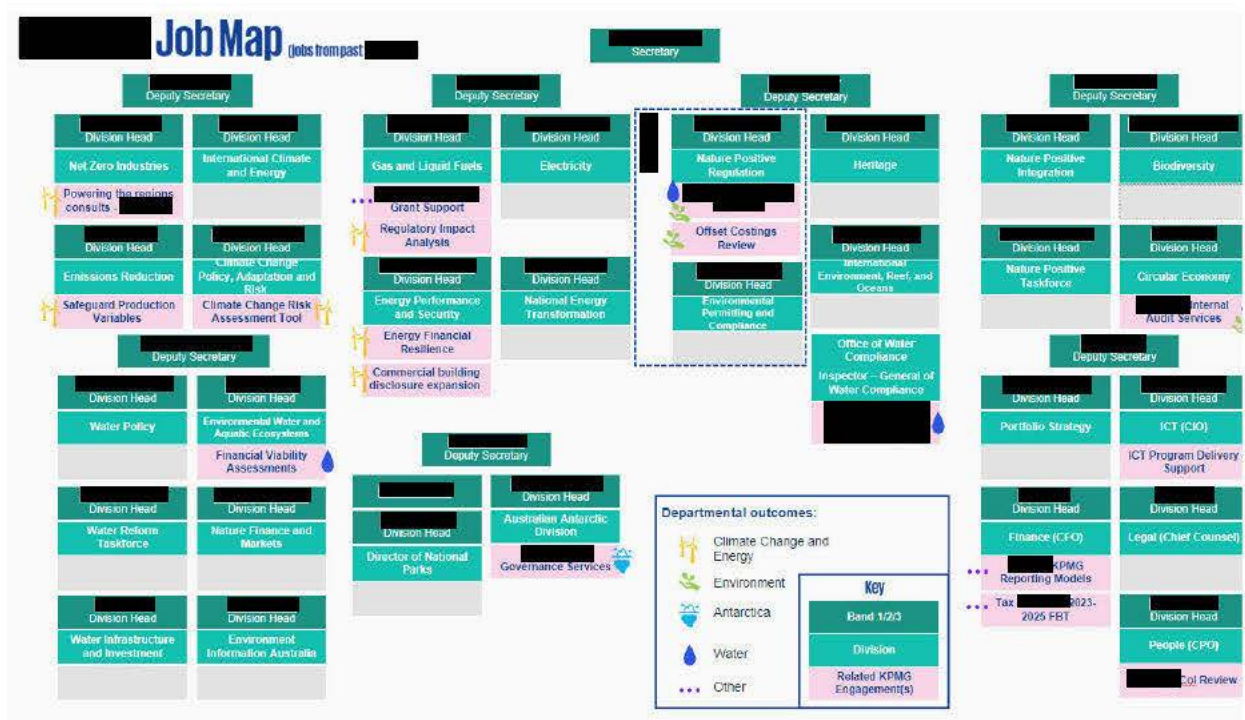
KPMG Australian Service Trust	87 160 010 116
KPMG Australian Services Pty Ltd	45 069 182 958
KPMG Finance Pty Ltd	45 092 371 563
KPMG Finance Trust	78 020 811 980
KPMG Financial Advisory Services (Australia) Pty Ltd	43 007 363 215
KPMG Financial Services Consulting Pty Ltd	91 144 686 046
KPMG Forensic Pty Ltd	91 055 053 417
KPMG Holdings (Australia) Pty Ltd	34 064 067 241
KPMG Internal Finance Pty Ltd	51 092 371 590
KPMG Investments (Holdings) Pty Limited	38 008 524 365
KPMG Law Partnership	78 399 289 481
KPMG Portfolio Services Pty Limited	17 167 990 267
KPMG Property & Environmental Services Pty Limited	53 103 479 992
KPMG Property Consultancy Pty Ltd	64 066 936 098
KPMG Social Club (QLD)	92 217 879 562
KPMG Social Club (VIC)	64 323 040 219
KPMG Social Club (WA)	88 434 547 503
KPMG Tax Pty Limited	79 107 269 278
Fidelis Nominees Pty Limited	45 008 417 034
Veritatem Nominees (Canberra) Pty Limited	43 008 448 253
Wiise Software Pty Ltd	84 169 685 509

Auditor investigations

We do not believe that any registered company auditors of KPMG have resigned after being investigated by the regulator over the past 10 years. KPMG has not received any communication from ASIC in relation to regulatory action against a registered company auditor over the past 10 years. For the Committee's background, we are aware of one historical 2010 matter involving ASIC and a KPMG auditor that is publicly available on ASIC's website¹.

¹ [10-259AD ASIC accepts enforceable undertaking from auditor of failed Allco Financial Group Limited | ASIC](#)

Appendix A: Current maps – Examples



Example A: Map for the [redacted] dated [redacted]



Example B: Map for [redacted] dated [redacted]