

PJCCFS Regulation of Auditing Inquiry Hearing: Questions on Notice

KPMG Question on Notice No. 7

Question:

Senator WHISH-WILSON: Separate to that, Mr Falinski's mentioned today an increasing amount of litigation against auditors. Our last two accounting firms have given witness that that's an issue for them in terms of their resources and dealing with that increased litigation. If you could give us some kind of idea of, if it's in confidence as well, what kind of litigation you're seeing at the moment. We had a specific example with the previous witness. That might also be something we can look at in terms of audit quality as a metric. If you have any thoughts on whether we should use that as a metric, so declining audit quality or if it might be something else.

Mr Szentirmay: Again, we would need to take it on notice.

Senator WHISH-WILSON: If you could...

(Hansard, page 75)

Response:

In recent years KPMG has had very few claims brought against it.

We do not consider an increased level of litigation to be a metric against which audit quality may appropriately be measured. An increased level of litigation may be a result of other factors, including the actions of litigation funders and class action law firms.