

**Senate Economics References Committee  
Foreign Investment Proposals Inquiry**

**EY Responses to Questions on Notice Public Hearing 15 May**

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Question Number:	1
Hansard page reference:	21

**Senator PATRICK: My question stands. I am not asking you to name or reveal any companies. Has EY engaged in the acquisition of a company—let's call it ACME Pty Ltd—and then assisted that company in compliance audits with FIRB?**

**Mrs Walker: I can take that question on notice, because I'm not across every single engagement that EY undertakes.**

Answer: Professional standards, reflected in EY's policies and processes, would not permit EY to undertake a compliance audit for FIRB if we had advised on those elements as part of a transaction.

Question Number:	2
Hansard page reference:	22

**ACTING CHAIR:** I have a line of questioning that ends somewhere near where Senator Patrick just finished. Can I commence with a couple of questions regarding cybersecurity activity by the company. Earlier this year an AFR article entitled 'ANZ propels EY in online security room' stated:

**EY (the former Ernst & Young) has been actively mapping the cyber consulting capabilities of its rivals for at least four years, and has been increasing investment in a bid to better compete.**

**Is this report correct in saying EY is increasing its investment in cybersecurity operations?**

**Mr Locke:** I will need to take that question on notice and come back to you.

Answer: Yes.

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**ACTING CHAIR: Can you also, on notice, give a sense of the revenue that has come in on cybersecurity operations in recent years, just so we can get a scale of how that's changing.**

Answer: EY's cybersecurity operation is continuing to grow on an annual basis.

Question Number:	4
Hansard page reference:	23

**ACTING CHAIR: I'll come to APES 110 in due course. I think this may have been asked earlier, but you might be able to help me out. When did EY become Alinta's internal auditor?**

**Mr Locke: We'll need to come back to you on notice, if you don't mind. I don't have the precise dates to hand.**

Answer: EY commenced supplying co-sourced internal audit services to Alinta Energy's internal audit manager in 2011.

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**ACTING CHAIR:** Okay. I'll come back to you and ask you some questions in a second. I'll ask it, but I expect you'll have to answer on notice: I'm not sure who will provide this, but could you detail all the services that EY provides to Alinta and the types and amounts of reviews that EY has completed for Alinta?

**Mr Locke:** We're happy to take that on notice and come back to you, yes.

Answer: As outlined in EY's opening statement to the Senate Economics References Committee on 15 May 2020, EY has provided a range of services to Alinta Energy, primarily through the co-sourced internal audit agreement, but also a small number of ad-hoc assessment activities such as the assessment of Alinta's adherence to FIRB conditions and the secondment of Anton Ivanyi.

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**ACTING CHAIR:** So no. Has EY spoken with the Office of the Information Commissioner at any point in time about the findings in that report?

**Mrs Walker:** I'd have to take that question on notice.

Answer: The Office of the Australian Information Commissioner has a copy of the report referenced.

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**Senator PATRICK:** Mr Locke, in general we've been talking about data breaches and audits in relation to that. EY has offshored a lot of work. It's been claimed, particularly in relation to cyber, that you've got higher margins because you have offshore resources in India. Who audits you in respect of data sharing in circumstances where you have personnel working in foreign jurisdictions?

**Mr Locke:** Leigh, I may get you to touch on our internal processes.

**Mrs Walker:** I'm afraid I'm not across that detail, so we'll have to take that question on notice.

**Mr Locke:** We have a well established risk management practice. We'll need to take your question on notice and come back as to the arrangements that they undertake, be it internal inspection or the use of external parties to conduct those inspections.

**Senator PATRICK:** If they're external, would you be so kind as to advise who might have conducted any audits.

**Mr Locke:** I'm happy to take that on notice.

Answer: Cybersecurity is core to the Global EY technology strategy and operating model. The EY Security Program is designed to protect information assets, personal data and client information whenever and wherever they are created, processed, transmitted or stored. The program and posture are independently audited and assessed annually against leading industry standards which include ISO 27001/27002:2013 and SOC 2 type II.

EY is also subject to Australian Privacy regulation in regards to all relevant data we have access to for our Australian clients and complies with any audits required by the relevant authorities and our clients.

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**ACTING CHAIR: Could you provide the documentation that was submitted and the response that was received, on notice?**

**Mrs Walker: I'll have to take that on notice.**

Answer: Due to the nature of the Process for Accepting Continuing Engagements (PACE) the request contains a range of protected information relating to the conditions FIRB placed on Alinta and we are unable to provide this documentation.

We can confirm that the PACE process raised no concerns about EY's ability to conduct this work.



Question Number:	9
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**ACTING CHAIR: Can you, hand on heart, say that you were never shown any evidence by Alinta, where they received legal counsel, that indicated that EY was not sufficiently independent to perform oversight and assurance services in line with the conditions set by the FIRB?**

Answer: Yes, and EY notes that Treasury confirmed in response to question number AET48 from additional estimates hearings in March 2020 that Alinta received no such advice that the Senator refers to.

In this context it might be helpful to reiterate what we discussed with the committee previously, that the work EY performed for Alinta Energy meets the required standard of independence and is permitted under the laws, regulations and professional standards in Australia.