



THE SENATE
FINANCE AND PUBLIC ADMINISTRATION
References Committee

11 October 2023

Mr Andrew Yates
Chief Executive Officer
KPMG Australia

Inquiry into the management and assurance of integrity by consulting services

Dear Mr Yates,

I refer to evidence given by KPMG Australia to the Senate Finance and Public Administration References Committee (committee) for its inquiry into the management and assurance of integrity by consulting services.

On 9 August 2023, the following question was placed on notice for response by KPMG Australia:

Is KPMG aware of the practice of consulting firms maintaining records that characterise any/all of the following: Which public servants in government departments hold influence, what the relationships of public servants are to one another, what the attitude of individual public servants is towards your firm and/or external consultancies more generally, or any similar information? These records can be referred to as 'Power Mapping' but may be referred to by another name.

On 25 August 2023, KPMG Australia responded to this question, stating that 'KPMG Australia does not engage in "power mapping" or any other similar practice'.

At a public hearing of the committee on 27 September 2023, the committee discussed with you and other KPMG representatives, a document which you viewed, titled 'TfNSW Latest Org Structure & strength of relationships'. This document indicates its copyright to KPMG. The document also shows '*which public servants in government departments hold influence*' and '*what the attitude of individual public servants is towards your firm*'.

The committee is of the view that your response to the answer to question on notice and the existence of the document described during the hearing are contradictory.

I ask that you review the answer to question on notice dated 9 August 2023 and the Hansard transcript from the hearing on 27 September 2023 (both attached) to explain the

discrepancy and apparent attempt to mislead the Senate and respond to the committee in writing by COB 26 October 2023.

Please contact the Committee Secretary, Dr Patrick Hodder
by email at fpa.sen@aph.gov.au, for any assistance.

Regards

Senator Richard Colbeck
Chair, Senate Finance and Public Administration References Committee



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Dear Committee Chair

KPMG Australia – response to letter from the Committee Chair dated 12 October 2023

We refer to your letter received by KPMG Australia (KPMG) on 12 October 2023.

We do not believe that the response to a Question on Notice received on 9 August 2023 and a document viewed at a public hearing of the Senate Finance and Public Administration References Committee (Committee) are contradictory. We have sought to engage with the Inquiry in good faith and to be transparent.

In preparing a response to the questions received on 9 August 2023 that related to power mapping, KPMG undertook a detailed review of business practices across the firm. This exercise found no indication or examples of KPMG engaging in the practice of power mapping, which visually charts individuals within an organisation to understand who holds power and/or influence. What the review did show was an inconsistent process across the firm in respect of client service teams documenting and understanding stakeholder relationships with their clients.

Like all client-focused businesses, KPMG aims to build a good understanding of the strength of our relationships with clients. In fact, as a firm we strive to ensure we have strong and effective working relationships with all our clients.

The document presented to KPMG representatives at the Inquiry on 27 September 2023 was from 2021 and related to a specific engagement. This showed the client's organisation chart, then categorised the strength of KPMG's relationship with individuals identified in the chart. 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 'Sponsor' legend is unfortunately worded but sought to highlight the people within the organisation who were KPMG's primary contacts for the delivery of services on the engagement in question.

In contrast to examples of "power maps" provided on notice to the Committee, the document does not:

- set out a ranking or measure of the power or influence of any individual (such as labelling them decision-makers or influencers);



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- draw lines or arrows to show how any person might seek to influence or persuade any other person; or
- make any subjective assessment of any individual's character, performance, or qualities, (for example amiable, analytical, expressive, driving).

We remain committed to support in good faith the important work of this Committee.

Yours sincerely,

Andrew Yates
Chief Executive Officer