

Parliamentary Joint Committee on Corporations and Financial Services
Inquiry into the regulation of auditing in Australia
KPMG responses to Questions on Notice, received 23 December 2019

D. Money laundering

Question 1:

Are KPMG auditors instructed to detect and report instances of suspected money laundering for undertaking audits?

Response:

At present there are no specific laws, regulations or professional standards that directly focus on the detection and reporting by auditors of instances of suspected money laundering. Auditors are required to report breaches of the Corporations Act identified in the course of an audit to ASIC. Auditing Standards set out an auditor's responsibility for considering the impact of applicable laws in the audit of an entity, including the response to suspected non-compliance. The code of ethics for professional accountants (APES 110) also requires auditors who become aware of significant breaches of the law or regulations to bring those matters to the attention of a company's board and in certain circumstance to the attention of regulators or law enforcement. Our auditors are trained to and expected to audit against these requirements.

Question 2:

Does KPMG support changes to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* to include accountants, including a "partnership or company that carries on a business of using qualified accountants to supply professional accountancy services", as a designated service?

Response:

We need to await the detail of any legislative change and would be pleased to work collaboratively with parliament on any proposed changes.