From: Donna Degen
To: Craig Maclachlan
Subject: FW: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]
Date: Friday, May 29, 2026 12:55:00 PM
Attachments: image001.png
image002.jpg

Similar to when there was s 22(1)(a)(ii) I will get a list of current KPMG contracts for backpocket/awareness. D

Donna Degen

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

From: MAS Panel <MASPanel@finance.gov.au>
Sent: Friday, 29 May 2026 12:48 PM
Subject: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

OFFICIAL

Notification of Significant Event: KPMG

Dear entities,

The Department of Finance (Finance) advises that it has received a Notification of Significant Event (NoSE) under the Management Advisory Services (MAS) Panel Head Agreement from KPMG Australia (KPMG).

KPMG has advised that the notification relates to governance and conduct matters identified through ongoing investigations concerning historical whistleblower allegations. As outlined in the notification, KPMG has also advised of changes in senior leadership, including:

- the resignation of the Chief Executive Officer, Mr. Andrew Yates
- the resignation of the National Managing Partner – Audit and Assurance, Mr. Julian McPherson
- the appointment of an Interim Chief Executive Officer, Mr Stan Stavros

Finance is reviewing the notification in accordance with its responsibilities under the MAS Panel Head Agreement. At this stage, there is no action required by entities.

Finance will keep entities informed of any further developments.

Regards,

Strategic Contracting Branch | Procurement Division

Commercial Group | Department of Finance

E: maspanel@finance.gov.au | A: One Canberra Ave, FORREST ACT 2603

From: s 47F(1)
To: Justin Whyatt; Clare Duffield
Cc: s 47F(1) s 22(1)(a)(ii)
Subject: [EXTERNAL] Significant Event for KPMG
Date: Friday, May 29, 2026 5:01:26 PM
Attachments: image001.jpg
image002.jpg
image003.jpg
image004.jpg
image005.jpg
s 22(1)(a)(ii)

CAUTION: This email originated from outside the organisation. Do not click links or open attachments unless you recognise the sender.

Dear Justin and Clare

I am writing to let you know about a Significant Event for KPMG concerning the management of whistleblower and related confidentiality matters within KPMG Australia.

None of the matters described below that are under investigation relate to the performance of services to the Department of Foreign Affairs and Trade. KPMG engagements are undertaken by dedicated teams of security cleared personnel (where required) and may be subject to additional governance arrangements, such as the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

KPMG Australia's treatment of a whistleblower and investigation into their allegations fell short of the firm's expectations, those of the whistleblower and the broader community. I have included further detailed information at the end of the email.

We have specifically considered data confidentiality as part of this engagement. s 22(1)(a)(ii)

. We have also asked all team members to sign an NDA and will collect these up and send them across as a batch ASAP. If you have any questions and concerns, please do not hesitate to contact me directly on s 47F(1)

Kind regards

s 47F(1)

Partner
Consulting

KPMG

Level 9, Constitution Place
1 Constitution Avenue. Canberra City ACT 2601
Tel +s 47F(1)
Mob
s 47F(1) @kpmg.com.au

I acknowledge the Ngunnawal and Ngambri people as the traditional custodians of the region where I live and work. I pay respect to Elders, past, present and emerging.

kpmg.com.au

Further details

KPMG Australia's treatment of a whistleblower and investigation into their allegations fell short of the firm's expectations, those of the whistleblower and the broader community.
The initial internal investigation that did not substantiate the allegations raised by the whistleblower, was in hindsight not conducted with the necessary rigour required. Understandably this prompted further communications and allegations from the whistleblower, resulting in the appointment of an external legal firm, to review the internal investigation.

The external legal review supported the internal investigation. This outcome further escalated the whistleblower's concerns with the process. The whistleblower again raised the matter with certain independent members of the KPMG Australia Board and others.

At this point, a Board Sub-Committee (led by the Deputy Chair and including three independent directors), appointed Allens to conduct a further external legal investigation, which remains ongoing. Now, with new evidence and an expanded scope, Allens are continuing to challenge the conclusions reached in prior investigations.

The Board has identified areas where KPMG has fallen short of the standards it expects in the handling of such important matters. The Board has confirmed shortcomings in the:

- management of the whistleblower and their concerns;
- the rigour of the investigations; and
- action by leadership regarding the allegations raised.

As a consequence:

- KPMG Chairman Martin Sheppard has accepted the resignation of Andrew Yates, CEO of

KPMG Australia, effective immediately – as the executive with ultimate responsibility for management of the whistleblower process and the management-led investigations.

- Mr Sheppard has also accepted the resignation of Julian McPherson, National Managing Partner Audit and Assurance, who will stand down from this role effective immediately and will resign from the firm after an orderly transition of his client responsibilities.
- The Board has appointed Stan Stavros as Interim CEO of KPMG Australia while continuing its orderly process to appoint a permanent successor to Mr Yates.
- An Interim National Managing Partner of Audit and Assurance will be announced shortly.
- Appropriate disciplinary action will continue to be imposed if the investigations identify further matters.

Whistleblower Allegations

KPMG has previously reported to professional bodies, regulators and the Department of Finance that the firm had identified a matter relating to client documents being inappropriately shared internally. Three partners have previously been sanctioned regarding this matter, and they have self-reported to the appropriate professional bodies. We are continuing to investigate this matter. We also reported a second matter concerning an inappropriate remark in a team setting regarding the sharing of client information. Disciplinary action has also been taken. We are continuing to investigate this matter.
The ongoing investigation recently revealed a separate incident where internal documents containing client information have also been inappropriately shared internally. Our investigation into this matter, which does not involve Commonwealth information, is ongoing.
These three conduct matters were raised by the whistleblower. While prior investigations concluded these allegations were unsubstantiated, KPMG now recognises these processes fell short.

KPMG has reported this new finding to impacted clients and regulators and continues to engage with the Department of Finance. Should new findings emerge, this information will be shared with clients, the Committee, regulators, and the Department of Finance. Where misconduct is identified we will work with individuals to self-report to CA ANZ where appropriate.

---

s 22(1)(a)(ii) - thls page, together wlth the followlng pages (8-37) are exempt, and have been removed

From: Donna Degen
To: Natalie Cohen; Matthew Harding
Cc: s 22(1)(a)
Subject: FW: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]
Date: Saturday, May 30, 2026 3:23:00 PM
Attachments: image001.png
image002.jpg

FYI – we are pulling KPMG contract data for backpocket purposes will share early next week. D

From: MAS Panel <MASPanel@finance.gov.au>
Sent: Friday, 29 May 2026 12:48 PM
s 22(1)(a)(ii) - Duplicate

s 22(1)(a)(ii) - Duplicate

From: Donna Degen
To: s 22(1)(a)(ii)
Cc: FND Executive Office
Subject: FW: FOR INFORMATION: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]
Date: Tuesday, June 2, 2026 1:17:00 PM
Attachments: EXTERNAL Significant Event for KPMG.msg
image003.jpg
image004.png
image005.jpg

FYI

Donna Degen

____

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
Ps 22(1)(a)(ii) | Ms 22(1)(a)(ii)

From: Clare Duffield <Clare.Duffield@dfat.gov.au>
Sent: Tuesday, 2 June 2026 1:09 PM
To: Justin Whyatt <Justin.Whyatt@dfat.gov.au>; Donna Degen <Donna.Degen@dfat.gov.au>
Subject: RE: FOR INFORMATION: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

Thanks Justin

Donna – attaching the email we received from KPMG on Friday. I have gone back to acknowledge receipt.
The team have been in touch with FND on our procurement.

Cheers
Clare

Clare Duffield

____

Assistant Secretary
Southeast Asia Economic and Communications Branch
Office of Southeast Asia
Department of Foreign Affairs and Trade
Ps 22(1)(a)(ii) | **M**s 22(1)(a)(ii)
dfat.gov.au | Twitter | Facebook | Instagram | LinkedIn

© Brooke Rigney-Lively (2024)
We acknowledge the Traditional Custodians of Country throughout Australia, and their continuing connection to land, waters and community. We pay our respects to all First Nations peoples, their cultures and to their Elders, past, present and emerging.

OFFICIAL

From: Justin Whyatt <Justin.Whyatt@dfat.gov.au>
Sent: Tuesday, 2 June 2026 1:02 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Cc: Clare Duffield <Clare.Duffield@dfat.gov.au>
Subject: Re: FOR INFORMATION: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

OFFICIAL

Thanks Donn for this information. Understood.

Clare, can you forward Donna and her team the exchange with KPMG on this.

Justin

OFFICIAL

From: "Donna Degen" <Donna.Degen@dfat.gov.au>
Date: Tuesday, 2 June 2026 at 12:42:46 pm
To: "Justin Whyatt" <Justin.Whyatt@dfat.gov.au>
Subject: FOR INFORMATION: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

Good Afternoon Justin,

We have been advised by the Department of Finance (Finance) of a Significant Event under the Management Advisory Services (MAS) Panel Head Agreement from KPMG Australia. Further details below.

I just wanted to bring to your awareness SSD has one current contract with KPMG:

s 22(1)(a)(ii)

s 22(1)(a)(ii) .

We have been advised by Finance that no further action is required at this time. We will keep you updated if this changes following their review.

Happy to discuss as required.

D

Donna Degen

____

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
Ps 22(1)(a)(ii) | Ms 22(1)(a)(ii)

OFFICIAL

From: MAS Panel <MASPanel@finance.gov.au>
Sent: Friday, 29 May 2026 12:48 PM
Subject: MAS Panel - Notification of Significant Event (KPMG) [SEC=OFFICIAL]

s 22(1)(a)(ii) - Duplicate

From: Donna Degen
To: s 22(1)(a)(ii)
Subject: RE: [EXTERNAL] KPMG Significant Event Notification - DFAT FND [SEC=OFFICIAL]
Date: Tuesday, June 2, 2026 6:04:00 PM
Attachments: image001.png
image002.jpg

Thank you s 22(1)(a)(ii)

From: s 22(1)(a)(ii) @dfat.gov.au>
Sent: Tuesday, 2 June 2026 2:47 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>; s 22(1)(a)(ii) @dfat.gov.au>
Subject: RE: [EXTERNAL] KPMG Significant Event Notification - DFAT FND [SEC=OFFICIAL]

OFFICIAL

Thanks Donna – filed in s 22(1)(a)(ii)

s 22(1)(a)(ii)

a/g Assistant Secretary, Budget and Procurement Branch
Finance Division

T s 22(1)(a)(ii)

OFFICIAL

From: Donna Degen <Donna.Degen@dfat.gov.au>
Sent: Tuesday, 2 June 2026 1:20 PM
To: s 22(1)(a)(ii) @dfat.gov.au>; s 22(1)(a)(ii) @dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>
Subject: FW: [EXTERNAL] KPMG Significant Event Notification - DFAT FND [SEC=OFFICIAL]

OFFICIAL

For visibility and appropriate filing. D

Donna Degen

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

OFFICIAL

From: s 47F(1) @kpmg.com.au>
Sent: Tuesday, 2 June 2026 1:17 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Subject: [EXTERNAL] KPMG Significant Event Notification - DFAT FND

CAUTION: This email originated from outside the organisation. Do not click links or open attachments unless you recognise the sender.

Hi Donna

Thanks for your time on the phone on Friday last week.

Further to our conversation, please find attached notification in writing of the Significant Event.

Let me know if I can provide any further information, or next steps.

Regards
s 47F(1)

Partner, Consulting
KPMG Canberra

s 47F(1) | s 47F(1) @kpmg.com.au
s 47F(1) @kpmg.com.au

Living and working on Ngunnawal Land

Confidential
Donna Degan
Chief Financial Officer
Department of Foreign Affairs and Trade

2 June 2026

Dear Donna

Notice of Significant Event

I am writing to notify you of a Significant Event in accordance with Special Condition 1 of the contract RFx24158 for the Finance Transformation Program, concerning the management of whistleblower and related confidentiality matters within KPMG Australia.

None of the matters described below that are under investigation relate to the performance of services to the Department of Foreign Affairs and Trade. KPMG engagements for the Department of Foreign Affairs and Trade are undertaken by dedicated teams of security cleared personnel (where required) and may be subject to additional governance arrangements, such as the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

KPMG Australia's treatment of a whistleblower and investigation into their allegations fell short of the firm's expectations, those of the whistleblower and the broader community. The initial internal investigation that did not substantiate the allegations raised by the whistleblower, was in hindsight not conducted with the necessary rigour required. Understandably this prompted further communications and allegations from the whistleblower, resulting in the appointment of an external legal firm, to review the internal investigation.

The external legal review supported the internal investigation. This outcome further escalated the whistleblower's concerns with the process. The whistleblower again raised the matter with certain independent members of the KPMG Australia Board and others.

At this point, a Board Sub-Committee (led by the Deputy Chair and including three independent directors), appointed Allens to conduct a further external legal investigation, which remains ongoing. Now, with new evidence and an expanded scope, Allens are continuing to challenge the conclusions reached in prior investigations.

The Board has identified areas where KPMG has fallen short of the standards it expects in the handling of such important matters. The Board has confirmed shortcomings in the:

- management of the whistleblower and their concerns;
- the rigour of the investigations; and
- action by leadership regarding the allegations raised.

As a consequence:

- KPMG Chairman Martin Sheppard has accepted the resignation of Andrew Yates, CEO of KPMG Australia, effective immediately – as the executive with ultimate responsibility for management of the whistleblower process and the management-led investigations.

- Mr Sheppard has also accepted the resignation of Julian McPherson, National Managing Partner Audit and Assurance, who will stand down from this role effective immediately and will resign from the firm after an orderly transition of his client responsibilities.
- The Board has appointed Stan Stavros as Interim CEO of KPMG Australia while continuing its orderly process to appoint a permanent successor to Mr Yates.
- An Interim National Managing Partner of Audit and Assurance will be announced shortly.
- Appropriate disciplinary action will continue to be imposed if the investigations identify further matters.

Whistleblower Allegations

KPMG has previously reported to professional bodies, regulators and the Department of Finance that the firm had identified a matter relating to client documents being inappropriately shared internally. Three partners have previously been sanctioned regarding this matter, and they have self-reported to the appropriate professional bodies. We are continuing to investigate this matter. We also reported a second matter concerning an inappropriate remark in a team setting regarding the sharing of client information. Disciplinary action has also been taken. We are continuing to investigate this matter.

The ongoing investigation recently revealed a separate incident where internal documents containing client information have also been inappropriately shared internally. Our investigation into this matter, which does not involve Commonwealth information, is ongoing.

These three conduct matters were raised by the whistleblower. While prior investigations concluded these allegations were unsubstantiated, KPMG now recognises these processes fell short.

KPMG has reported this new finding to impacted clients and regulators and continues to engage with the Department of Finance. Should new findings emerge, this information will be shared with clients, the Committee, regulators, and the Department of Finance. Where misconduct is identified we will work with individuals to self-report to CA ANZ where appropriate.

I can assure you of the seriousness with which we take these matters and would appreciate the opportunity to explain how we maintain the confidentiality of Department of Foreign Affairs and Trade information held or accessed by our team. If you would like more information, please contact me at s 47F(1) @kpmg.com.au or on s 47F(1) .

Yours sincerely

s 47F(1)

Partner, KPMG

From:	Donna Degen
To:	s 47F(1)
Subject:	RE: [EXTERNAL] KPMG Significant Event Notification - DFAT FND
Date:	Tuesday, June 2, 2026 6:05:00 PM
Attachments:	image001.jpg

Thank you s 47F(1)

Acknowledging receipt.

Kind regards

Donna Degen

Chief Financial Officer

Finance Division

Department of Foreign Affairs and Trade

P +s 22(1)(a)(ii) | M s 22(1)(a)(ii)

From: s 47F(1) @kpmg.com.au>
Sent: Tuesday, 2 June 2026 1:17 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Subject: [EXTERNAL] KPMG Significant Event Notification - DFAT FND

s 22(1)(a)(ii) - Duplicate

s 22(1)(a)(ii) - Duplicate

From: Donna Degen
To: s 22(1)(a)(ii) ; s 22(1)(a)(ii)
Subject: FW: MAS Panel - Update on Notification of Significant Event (KPMG) [SEC=OFFICIAL]
Date: Wednesday, June 3, 2026 1:13:00 PM
Attachments: image001.png
image002.jpg

s 22(1)(a)(i I am going to come and discuss this one with you. D

Donna Degen

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

From: MAS Panel <MASPanel@finance.gov.au>
Sent: Wednesday, 3 June 2026 1:04 PM
Subject: MAS Panel - Update on Notification of Significant Event (KPMG) [SEC=OFFICIAL]

OFFICIAL

OFFICIAL

Notification of Significant Event: KPMG

Dear entities

The Department of Finance (Finance) is continuing to assess the notification received from KPMG Australia (KPMG) in accordance with its responsibilities under the MAS Panel Head Agreement and is monitoring the matter.

As previously advised in Finance's update on Friday 29 May 2026, no action is required by entities. However:

- Entities may seek assurance from KPMG that no individuals engaged on their work orders are associated with the matters currently being raised.
- If any individuals associated with work orders are identified as linked to these matters, entities should consider whether additional risk mitigation steps may be required.
- Entities retain the contractual right to request the removal of specific personnel from work orders consistent with the Head Agreement.

KPMG has advised of further changes to its senior leadership, including:

- Scott Guse is appointed as National Managing Partner, Audit and Assurance
  Gayle Dickerson is appointed as National Managing Partner, Deal Advisory and Infrastructure

- Eileen Hoggett is stepping aside from her executive role as COO while investigations are pending.

Finance will continue to keep entities informed of any further developments.
Regards

Strategic Contracting Branch | Procurement Division

Commercial Group | Department of Finance

E: maspanel@finance.gov.au | A: One Canberra Ave, FORREST ACT 2603

From:	Fed Gov
To:	Craig Maclachlan
Cc:	s 47F(1) ; s 47F(1)
Subject:	[EXTERNAL] Notification of Significant Event - Department of Foreign Affairs and Trade
Date:	Wednesday, 3 June 2026 4:07:13 PM
Attachments:	KPMG_SignificantEventNotification_May 2026_DFAT.pdf

Good afternoon Craig,

I hope you are well. I am writing to notify you of a Significant Event within KPMG Australia.

On Friday 29th May 2026, KPMG notified the Department of Finance formally of a notifiable significant event in relation to the inappropriate sharing of client documents on certain non-government engagements, the details of which are explained in the attached letter. I can assure you that we take this matter very seriously, but I did want to confirm that the matters being reported do not involve any Commonwealth engagements.
In particular,

- none of the matters subject to the Notice concern the performance of services that we have provided under the Department of Foreign Affairs and Trade (DFAT).
- we have not identified any inappropriate access, usage, or disclosure of Commonwealth data or information in connection with the matters under investigation.
- none of the Specified Personnel or other personnel engaged in connection with our engagements under the Department of Foreign Affairs and Trade (DFAT) were involved.

The matters raised relate to corporate audit engagements and proposals and do not relate to engagements for government clients. As this is still ongoing, KPMG continues to work with the Department of Finance and will address any questions you might have associated with the Department of Foreign Affairs and Trade (DFAT).

Please let me know if you require additional information or have questions.

Kind Regards,
(on behalf of s 47F(1)

Kind Regards,
s 47F(1)

Federal Government Account Coordinator

Clients & Markets
KPMG | P: s 47F(1) | E: s 47G(1)(a) @kpmg.com.au
Level 9 Constitution Place, 1 Constitution Ave, Canberra City ACT 2601

Confidential
Craig Maclachlan
Department of Foreign Affairs and Trade
RG Casey Building, John McEwen Drive
Barton ACT 2600

KPMG_SignificantEvent_
May2026

3 June 2026

Dear Mr Maclachlan,

Notice of Significant Event

I am writing to notify you of a Significant Event concerning the management of whistleblower and related confidentiality matters within KPMG Australia.

None of the matters described below that are under investigation relate to the performance of services to the Department of Foreign Affairs and Trade (DFAT). KPMG engagements with DFAT are undertaken by dedicated teams of security cleared personnel (where required) and may be subject to additional governance arrangements, such as the Defence Industry Security Program (DISP). We have identified no breach of Commonwealth Confidential Information.

KPMG Australia's treatment of a whistleblower and investigation into their allegations fell short of the firm's expectations, those of the whistleblower and the broader community.
The initial internal investigation that did not substantiate the allegations raised by the whistleblower, was in hindsight not conducted with the necessary rigour required. Understandably this prompted further communications and allegations from the whistleblower, resulting in the appointment of an external legal firm, to review the internal investigation.

The external legal review supported the internal investigation. This outcome further escalated the whistleblower's concerns with the process. The whistleblower again raised the matter with certain independent members of the KPMG Australia Board and others.

At this point, a Board Sub-Committee (led by the Deputy Chair and including three independent directors), appointed Allens to conduct a further external legal investigation, which remains ongoing. Now, with new evidence and an expanded scope, Allens are continuing to challenge the conclusions reached in prior investigations.

The Board has identified areas where KPMG has fallen short of the standards it expects in the handling of such important matters. The Board has confirmed shortcomings in the:

- management of the whistleblower and their concerns;
- the rigour of the investigations; and
- action by leadership regarding the allegations raised.

As a consequence:

- KPMG Chairman Martin Sheppard has accepted the resignation of Andrew Yates, CEO of KPMG Australia, effective immediately – as the executive with ultimate responsibility for management of the whistleblower process and the management-led investigations.
- Mr Sheppard has also accepted the resignation of Julian McPherson, National Managing Partner Audit and Assurance, who will stand down from this role effective immediately and will resign from the firm after an orderly transition of his client responsibilities.
- The Board has appointed Stan Stavros as Interim CEO of KPMG Australia while continuing its orderly process to appoint a permanent successor to Mr Yates.
- An Interim National Managing Partner of Audit and Assurance will be announced shortly.
- Appropriate disciplinary action will continue to be imposed if the investigations identify further matters.

Whistleblower Allegations

KPMG has previously reported to professional bodies, regulators and the Department of Finance that the firm had identified a matter relating to client documents being inappropriately shared internally. Three partners have previously been sanctioned regarding this matter, and they have self-reported to the appropriate professional bodies. We are continuing to investigate this matter. We also reported a second matter concerning an inappropriate remark in a team setting regarding the sharing of client information. Disciplinary action has also been taken. We are continuing to investigate this matter.

The ongoing investigation recently revealed a separate incident where internal documents containing client information have also been inappropriately shared internally. Our investigation into this matter, which does not involve Commonwealth information, is ongoing.

These three conduct matters were raised by the whistleblower. While prior investigations concluded these allegations were unsubstantiated, KPMG now recognises these processes fell short.

KPMG has reported this new finding to impacted clients and regulators and continues to engage with the Department of Finance. Should new findings emerge, this information will be shared with clients, the Committee, regulators, and the Department of Finance. Where misconduct is identified we will work with individuals to self-report to CA ANZ where appropriate.

I can assure you of the seriousness with which we take these matters and would appreciate the opportunity to explain how we maintain the confidentiality of DFAT's information held or accessed by our team. If you would like more information, please contact me at s 47F(1) or via email at s 47F(1) @kpmg.com.au

Yours sincerely

s 47F(1)

Partner

KPMG

From: Craig Maclachlan
To: Fed Gov
Cc: s 47F(1) ; s 47F(1) ; Donna Degen; Lauren Henschke
Subject: RE: [EXTERNAL] Notification of Significant Event - Department of Foreign Affairs and Trade [SEC=OFFICIAL]
Date: Wednesday, June 3, 2026 4:58:14 PM

OFFICIAL

Good evening s 47F(1)

I write to acknowledge your email and correspondence from s 47F(1) concerning KPMG's notification of a Significant Event.

The Department of Foreign affairs and Trade will consider the matters raised in these communications and may choose to respond in greater detail in the future.

In the meantime, please do not hesitate to contact me or our Chief Finance Officer, Ms Donna Degen, should other relevant information come to light.

Regards
Craig

Craig Maclachlan

Deputy Secretary
Chief Operating Officer
Enabling Services Group
Department of Foreign Affairs and Trade
T s 22(1)(a)(ii)
M
E Craig.Maclachlan@dfat.gov.au
W www.dfat.gov.au | www.smartraveller.gov.au
Web | **Twitter** | **YouTube** | **Flickr**

OFFICIAL

From: s 47G(1)(a) @kpmg.com.au>
Sent: Wednesday, 3 June 2026 4:07 PM

s 22(1)(a)(ii) - Duplicate

s 22(1)(a)(ii) - Duplicate

s 42(1)

s 42(1)

---

s 42(1)

From: s 22(1)(a)(ii) @dfat.gov.au>
Sent: Wednesday, 3 June 2026 4:16 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>

Subject: FW: [EXTERNAL] Notification of Significant Event - Department of Foreign Affairs and Trade [SEC=OFFICIAL]

OFFICIAL

Hi Donna

Thank you very much for finalising the KPMG brief. With unfortunate timing, KPMG has just sent the attached Notice of Significant Event to Craig.

Grateful if your team could assess any changes that may need to be made to the brief in light of this please.

Many thanks!

s 22(1)(a)(ii)

Executive Officer to Deputy Secretary Craig Maclachlan
Chief Operating Officer and Deputy Secretary, Enabling Services Group
Department of Foreign Affairs and Trade
T s 22(1)(a)(ii) M s 22(1)(a)(ii)

OFFICIAL

From: s 47G(1)(a) @kpmg.com.au>
Sent: Wednesday, 3 June 2026 4:07 PM
To: Craig Maclachlan <Craig.Maclachlan@dfat.gov.au>
Cc: s 47F(1) @kpmg.com.au>; s 47F(1) @kpmg.com.au>
Subject: [EXTERNAL] Notification of Significant Event - Department of Foreign Affairs and Trade

s 22(1)(a)(ii) - Duplicate

s 22(1)(a)(ii) - Duplicate

From: Donna Degen
To: s 47F(1)
Cc: s 22(1)(a)(ii) ; s 47F(1)
Subject: RE: [EXTERNAL] RE: REQUEST FOR ADVICE in respect of Significant Event Notification [SEC=OFFICIAL]
Date: Wednesday, June 3, 2026 8:17:00 PM
Attachments: image001.jpg
image002.jpg

Thank you s 47F(1), I appreciate your advice and collaborative engagement on this matter.

Donna Degen

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

From: s 47F(1) @kpmg.com.au>
Sent: Wednesday, 3 June 2026 5:27 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>; s 47F(1) @kpmg.com.au>
Subject: [EXTERNAL] RE: REQUEST FOR ADVICE in respect of Significant Event Notification [SEC=OFFICIAL]

OFFICIAL

CAUTION: This email originated from outside the organisation. Do not click links or open attachments unless you recognise the sender.

Hi Donna

I have checked with the Partner who is managing correspondence and discussions with the Department of Finance on the Notification of a Significant Event.

s 47F(1) has indicated s 47 is comfortable with you sharing the contents and tabling, if necessary, in the interests of transparency.

Let me know if I can help further, very happy to be called if you have any other questions or need further information.

Regards
s 47F(1)

Partner, Consulting
KPMG Canberra

s 47F(1) @kpmg.com.au
s 47F(1) @kpmg.com.au

Living and working on Ngunnawal Land

OFFICIAL

From: Donna Degen <Donna.Degen@dfat.gov.au>
Sent: Wednesday, 3 June 2026 5:21 PM
To: s 47F(1) @kpmg.com.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>; s 47F(1) @kpmg.com.au>
Subject: [EXTERNAL] RE: [EXTERNAL] RE: REQUEST FOR ADVICE in respect of Significant Event Notification [SEC=OFFICIAL]

CAUTION: This Email is from an EXTERNAL source. Ensure you trust this sender before clicking on any links or attachments.

OFFICIAL

Good Afternoon s 47F(1)

Thank you for sharing a copy of the correspondence provided through to the COO.

I note that the letter is marked as confidential. Our Department is scheduled to appear at Senate Estimates tomorrow. We are committed to maintaining transparency in respect of this matter including actions taken and advice received to date. Can I please confirm if the confidential marking precludes us from providing insights on the correspondence at a high-level?

Happy to discuss as required.

Kind regards

Donna Degen

____

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

OFFICIAL

From: s 47F(1) @kpmg.com.au>
Sent: Wednesday, 3 June 2026 4:10 PM
To: Donna Degen <Donna.Degen@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>; s 47F(1) @kpmg.com.au>
Subject: [EXTERNAL] RE: REQUEST FOR ADVICE in respect of Significant Event Notification [SEC=OFFICIAL]

OFFICIAL

CAUTION: This email originated from outside the organisation. Do not click links or open attachments unless you recognise the sender.

Hi Donna

I have spoken with s 47F(1) , who leads our Federal Government account, and s 47F(1) , who is the lead partner for DFAT.

They have provided me with a copy of a letter that was sent to Craig Maclachlan (attached) which outlines in the second paragraph that none of the matters under investigation relates to the performance of services to DFAT. They have confirmed that none of Specified Personnel or other personnel engaged in connection with DFAT contracts were/are involved.

Let me know if I can provide any further information. I have copied s 47F(1 in case you would like to discuss any points raised in the letter, or happy for you to call me as well.

Regards
s 47F(1)

Partner, Consulting
KPMG Canberra

s 47F(1) @kpmg.com.au
s 47F(1) @kpmg.com.au

Living and working on Ngunnawal Land

OFFICIAL

From: Donna Degen <Donna.Degen@dfat.gov.au>
Sent: Wednesday, 3 June 2026 2:30 PM
To: s 47F(1) @kpmg.com.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>
Subject: [EXTERNAL] REQUEST FOR ADVICE in respect of Significant Event Notification [SEC=OFFICIAL]

OFFICIAL

s 47F(1)

Good Afternoon

Thank you for your time just now on the phone and for supporting this request through to the appropriate area in KPMG.

I am seeking advice from KPMG as to whether there are any individuals engaged on current DFAT work orders that are associated with the matters currently being raised. I have included a list of what I understand to be our current contracts with KPMG.

If any individuals associated with work orders are identified as linked to these matters, I would appreciate advice on their current role so we can assess appropriateness and any risk mitigations that should be employed.

s 22(1)(a)(ii)

We may need to visit expired contracts at a future point as the review progresses, but primary focus at the moment is understanding current engagements.

Happy to discuss as required. I have linked s 22(1)(a)(ii) into the e-mail, should further details be required on any of the above please do not hesitate to reach out to s 22(1)(a)(ii or I.

Kind regards

Donna Degen

Chief Financial Officer
Finance Division
Department of Foreign Affairs and Trade
P s 22(1)(a)(ii) | M s 22(1)(a)(ii)

Executive Assistant: s 22(1)(a)(ii) @dfat.gov.au

dfat.gov.au | X | Facebook | Instagram | LinkedIn

We acknowledge the Traditional Custodians of Country throughout Australia, and their continuing connection to land, waters and community. We pay our respects to all First Nations peoples, their cultures and to their Elders, past, present and emerging.

OFFICIAL

****
©2026 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.
****

From: s 47F(1) @kpmg.com.au>
Sent: Thursday, 4 June 2026 1:51 PM
To: Sarah Sullivan <Sarah.Sullivan@dfat.gov.au>
Cc: s 47F(1) @kpmg.com.au>; s 47G(1)(a) @kpmg.com.au>; Lisa Usback <Lisa.Usback@dfat.gov.au>
Subject: [EXTERNAL] Re: KPMG - Notifiable Significant Event Update

CAUTION: This email originated from outside the organisation. Do not click links or open attachments unless you recognise the sender.

Hi Sarah,

I spoke to Lisa today to discuss the Significant Event notification. She mentioned that you expressed interest in learning more about the issue.

On Friday 29th May 2026, KPMG notified the Department of Finance formally of a notifiable significant event (under the MAS Panel) in relation to the inappropriate sharing of client documents on certain non-government engagements. We have taken this matter very seriously, but I did want to confirm that the matters being reported do not involve any Commonwealth engagements.

Consistent with the requirements for Significant Event disclosure, I can confirm that:

- none of the matters subject to the Notice, and described further below, concern the performance of services to DFAT.
- none of the Specified Personnel or other personnel engaged in connection with the Services to DFAT were involved.

The matters raised relate to corporate audit engagements and proposals and do not relate to engagements for government clients. As this is still ongoing, KPMG continues to work with the Department of Finance to meet our obligations under the MAS panel.

KPMG has also notified your COO (Craig Maclachlan) regarding this Significant Event.

I can be contacted at any time either via email or mobile s 47F(1) if you would like to discuss the matter further.

Kind regards

s 47F(1)

Partner, Transformation Delivery

KPMG

Level 9, Constitution Place

1 Constitution Avenue

Canberra City ACT 2601

s 22(1)(a)(ii)

Mob s 47F(1)

s 47F(1)@kpmg.com.au

kpmg.com.au

Transformation Delivery

NAVIGATE COMPLEXITY WITH CONFIDENCE

I acknowledge the Traditional Owners and Custodians of the Land I live and work on as the First People of this Country.

From: s 47F(1) @kpmg.com.au>
Sent: Wednesday, June 03, 2026 3:35 PM
To: Lisa Usback <lisa.usback@dfat.gov.au>
Cc: s 47F(1) @kpmg.com.au>; s 47F(1)

s 47F(1) @kpmg.com.au>
Subject: KPMG - Notifiable Significant Event Update

Good afternoon Lisa,

Hope you are well.

I wanted to update you on the recent media and Senate Estimates focus on KPMG.

On Friday, KPMG notified the Department of Finance formally of a notifiable significant event in relation to the inappropriate sharing of client documents on certain non-government engagements. The Department of Finance manages the MAS Panel that was leveraged for our DFAT Delivery Confidence role. We have taken this matter very seriously and did want to confirm that the matters being reported do not involve any DFAT engagements or KPMG personnel involved in delivering services to DFAT. As this is still ongoing, we will continue to work with the Department of Finance and where necessary provide any further updates. I can assure you of the importance that all of our Government teams place on confidentiality and the additional controls we have in place.

Please do reach out to me if you require additional information.

Kind regards

s 47F(1)

Partner, Transformation Delivery

KPMG

Level 9, Constitution Place

1 Constitution Avenue

Canberra City ACT 2601

s 22(1)(a)(ii)

Mob s 47F(1)

s 47F(1)@kpmg.com.au

kpmg.com.au

I acknowledge the Traditional Owners and Custodians of the Land I live and work on as the First People of this Country.

---

s 22(1)(a)(ii)

[redacted]

From: Lisa Usback <Lisa.Usback@dfat.gov.au>
Sent: Thursday, 4 June 2026 2:12 PM
To: Sarah Sullivan <Sarah.Sullivan@dfat.gov.au>; Nicole Ozimek <Nicole.Ozimek@dfat.gov.au>; Lara Ban <Lara.Ban@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>
Subject: RE: [EXTERNAL] KPMG - Notifiable Significant Event (record of phonecall) [SEC[redacted]

[redacted]

Hi Sarah

I received a call from s 47F(1) (KPMG) today and I also suggested she touch base with you.

s 47F(1) verbally advised of a "significant event" which is being reported in the media, I said I was aware. s 47F(1) advised that they have reported the issue to DoF – which was explained below as well.

s 47F(1) described the event as commercial, affecting Sydney KPMG employees not involved in Government work, and a small minority of the 10,000 or so KPMG employees.

s 47F(1) emphasised that Canberra KPMG are quite shocked, take their security clearances very seriously, and their work with Federal Government equally with the utmost care and confidentiality. KPMG have undertaken their work for IMD recently on DFAT ICN laptops only.

s 47F(1) said they have notified COO.

I did ask if the Sydney KPMG staff actually held active security clearances – not sure if that is something the Government (AGSVA) might want to check on ? s 47F(1) didn't think they did – but its possible.

Kind regards, *Lisa Usback* FCPA (Aust.)

___

Assistant Secretary, ICN Global Modernisation Branch (IGB)
Information Management and Technology Division (IMD)
51 Allara Street
P s 22(1)(a)(ii) VN s 22(1) ( )(ii) M s 22(1)(a)(ii)

[redacted]

From: Lisa Usback
Sent: Wednesday, 3 June 2026 4:51 PM
To: Sarah Sullivan <Sarah.Sullivan@dfat.gov.au>; Nicole Ozimek <Nicole.Ozimek@dfat.gov.au>; Lara Ban <Lara.Ban@dfat.gov.au>
Cc: s 22(1)(a)(ii) @dfat.gov.au>
Subject: FW: [EXTERNAL] KPMG - Notifiable Significant Event Update

FYA

Kind regards, *Lisa Usback* FCPA (Aust.)

___

Assistant Secretary, ICN Global Modernisation Branch (IGB)
Information Management and Technology Division (IMD)
51 Allara Street
P s 22(1)(a)(ii) VN s 22(1) ( )(ii) M s 22(1)(a)(ii)

From: s 47F(1) @kpmg.com.au>
Sent: Wednesday, 3 June 2026 3:36 PM
s 22(1)(a)(ii) - Duplicate

s 22(1)(a)(ii) - Duplicate