

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

INQUIRY INTO THE REGULATION OF AUDITING IN AUSTRALIA

QON21: Requirement for GCRA declarations in CPS 220 reviews

I refer to the Information Paper issued in November 2019 in response to the APRA capability review. Is one of the key proposals to revise and enhance the CPS 220 review requirements by requiring annual GCRA declarations from Boards of regulated entities *[and periodic GCRA self-assessments]*?

Answer:

As set out in APRA's November 2019 Information Paper, APRA intends to incorporate GCRA declarations and self-assessments into the supervision framework, building on the existing process of risk management declarations under CPS 220. Subject to consultation, this could involve annual GCRA declarations from the boards of regulated entities, akin to the declarations provided for risk management under CPS 220, and periodic GCRA self-assessments, with more formal supervisory actions applied to entities that fail to make sufficient progress in rectifying deficiencies.

In 2020, APRA will consult with industry about how these expectations will be included in the prudential framework. In particular, APRA will seek feedback about how the process can best be integrated with existing declaration and review requirements in CPS 220.