

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2016 - 2017

**Division/Agency:** Australian Prudential Regulation Authority

**Question No:** 147

**Topic:** Mortgage fraud control

**Reference:** Written

**Senator:** Whish-Wilson, Peter

**Question:**

1. What is the status of the external audit that APRA has required large institutions to undertake regarding their fraud control mechanisms on mortgage lending?
2. When will these audits be completed?
3. Will APRA be reporting on the results of these audits?

**Answer:**

1. The Australian Prudential Regulation Authority (APRA) has required a review by the external auditors of each relevant institution to investigate the extent of verification undertaken by the institution of key borrower financial information and whether that information faithfully represents the borrower's economic circumstances. This review is broader than fraud control.

The review was formally begun in October 2016, with auditors now in the final stages of the review.

2. The reports are due to be provided to APRA by the end of April 2017.

3. APRA will prepare a final report and respond to the relevant institutions later in 2017. A decision on whether and how the results of the exercise are made public has not yet been made.