



**Crown Resorts Limited**

Phase 1: Assessment of Patron Account Controls –  
Addendum to Final Phase 1 Report (Crown Perth)

5 May 2021

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5 May 2021

Ms Toni Korsanos  
Chair, Crown Resorts Audit and Corporate Governance Committee  
Crown Resorts Limited  
Barangaroo  
Sydney, NSW 2000

Dear Ms Korsanis

**Assessment of Patron Account Controls – Addendum to Final Phase 1 Report (Crown Perth)**

In accordance with our engagement letter dated 22 February 2021, we are pleased to provide you with our addendum to the Final Phase 1 Report dated 26 March 2021. This report contains our observations from operational effectiveness testing performed on the Patron Account Controls with respect to Crown Perth.

Should you have any queries regarding this report, please do not hesitate to contact me on [REDACTED]

Yours sincerely  
[REDACTED]

**Lisa Dobbin**  
**Partner**

Deloitte Financial Advisory Pty Ltd

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# 1 Executive Summary

## 1.1 Background

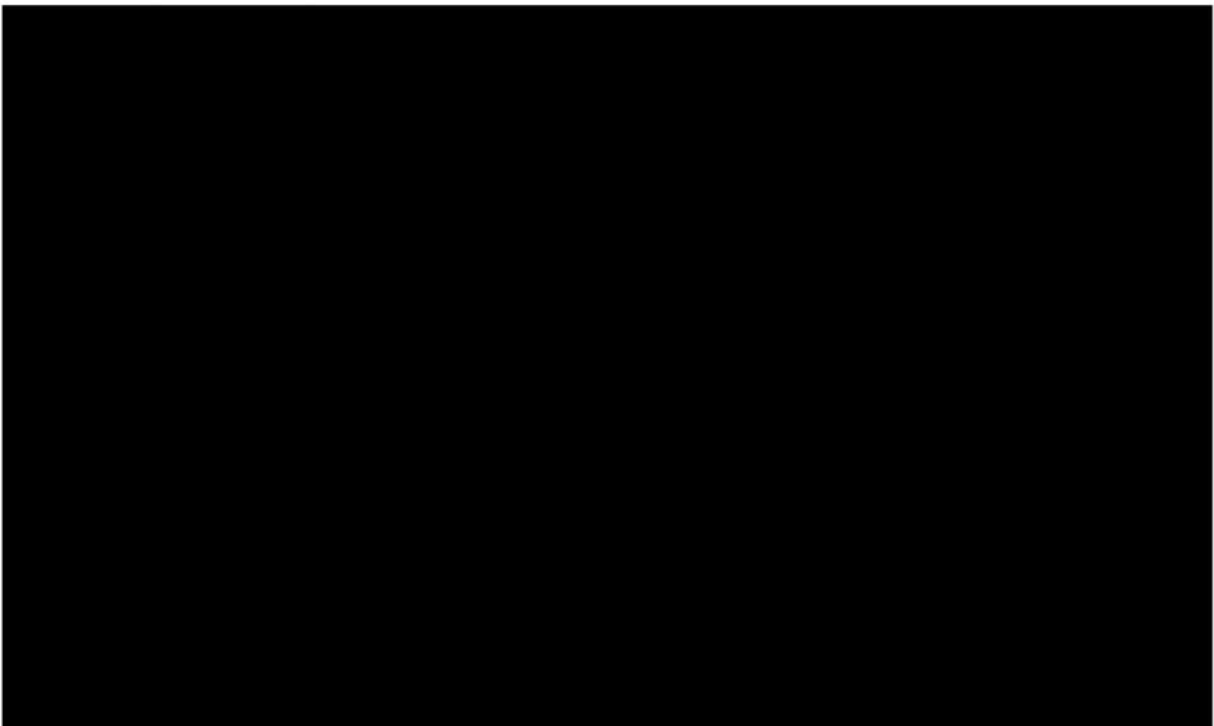
Deloitte delivered the final Phase 1 Report<sup>1</sup> to Crown on 26 March 2021 (**Final Phase 1 Report**). As noted in section 2.2 of the Final Phase 1 Report, due to limitations on Deloitte's access to Crown Perth patron data, Deloitte was unable to review any data pertaining to patrons of Crown Perth prior to the submission of the Final Phase 1 Report. As such, the work conducted in Phase 1 for Crown Perth included Deloitte's review of its design effectiveness only.

Deloitte has since been granted regulatory licences for Crown Perth and as such have now performed operational effectiveness testing on all Crown Perth Patron Account transactions during the Review Period. This report, which represents the outcomes of additional operational effectiveness testing conducted to Crown Perth, is an addendum to the Final Phase 1 Report and should be read in conjunction with the Final Phase 1 Report, particularly the terms and basis, including applicable limitations, on which our work was performed.

Note: Except where indicated, defined terms in this report carry the same meaning as in the Final Phase 1 Report.

## 1.2 Summary of operational effectiveness testing and observations

As performed for Crown Melbourne, Deloitte reviewed all transactions on the bank statements of the Patron Accounts pertaining to Crown Perth for the Review Period for indicia of cash deposits, third party transfers or transfers that were otherwise not aligned with Crown's requirements for use by patrons of the Patron Accounts. Deloitte also reviewed the extent to which the Patron Account Controls have been consistently applied during the Review Period pursuant to their documented design. As a result of testing performed, Deloitte did not identify any patron cash deposits.



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<sup>1</sup> '2021-03-26 Crown\_Controls Assessment Phase 1\_FINALREPORT2603\_PDF'

Further, and similar to observations made with respect to Crown Melbourne operational effectiveness testing, testing of the processes supporting the Patron Account Controls highlighted inconsistencies in either or both: (a) the application of all of the elements of the process, or (b) in the evidence kept on file as a record of the process.

Deloitte notes that Crown's management actions as described in their formal management response provided on 9 April 2021 (**Crown's Response**) are expressed as including Crown Perth, and as such, we consider that these actions will also address the limited operational effectiveness deficiencies and discrepancies identified in this addendum.

# 2 Scope and Approach

## 2.1 Scope of testing

The scope (aligned with section 2.1 of the Final Phase 1 Report) of the operational effectiveness testing performed for the purposes of this addendum is described below:

- With specific regard to money laundering / terrorism financing (ML/TF) typologies/risks identified as part of work previously undertaken by Grant Thornton and Initialism with respect to the Southbank and Riverbank Patron Accounts, assess the operating effectiveness of the Patron Account Controls, as applied to the Patron Accounts for Crown Perth from 1 December 2020 to the date of commencement of our engagement.
- the Patron Account Controls specifically comprise:
  - Controls over electronic funds transfers to and from the Patron Accounts;
  - Controls over deposits into, and withdrawals of cash from the Patron Accounts; and
  - Crown's current TM program insofar as it is applied to the Patron Accounts.

## 2.2 Methodology

Deloitte has assessed the Patron Account Controls with respect to operational effectiveness for Crown Perth using the same methodology as described in section 4.1 of the Final Phase 1 Report.

## 2.3 Review Period

As per the Phase 1 work, the same Review Period (i.e. 1 December 2020 to 22 February 2021) was applied to the operational effectiveness testing of the Patron Account Controls for Crown Perth.

## 2.4 Approach

In undertaking the operational effectiveness testing for Crown Perth, Deloitte performed the following key activities:

### 2.4.1 Desk-based review of the Joint AML/CTF Program and Patron Account Controls documentation

Deloitte reviewed TA documentation, UAR/SMR files, reconciliation documents and bank statements related to Crown Perth (see Appendix A: Documents and files reviewed (Crown Perth)).

### 2.4.2 Process walkthroughs held through video/phone conference

Walkthroughs and discussions were conducted with Crown personnel from both the Cage and Count team (Cage operations and Cage management, also referred to throughout this report as "**Cage staff**") and Line 2 AML teams in order to conduct the operational effectiveness testing for Crown Perth.

Specifically, Deloitte held walkthroughs and discussions with the following personnel for the purposes of compiling this addendum:

- Jarrod Campbell – General Manager, Cage and Count – Crown Perth
- Jon Yeats – Group Senior Manager Financial Crime – Customer Investigations
- Vasula Kessell - Financial Controller – Crown Perth

### **2.4.3 Records and selections**

Consistent with the approach adopted in the Phase 1 testing for Crown Melbourne, records were selected from the population over the Review Period and assessed. The sample size was determined based on a judgemental sample, considering the entire population and the frequency and the nature of the control (manual control versus automated control). The following selections were made:

- all transactions that were shown in the statement for the ANZ bank account ending '3509' (366 transactions)
- 31 (100%) transactions that proceeded to have a TA issued
- 2 (100%) transactions relating to the return of funds made from the Crown Perth Patron Account
- 2 weekly Line 2 AML review documents
- 25 UAR cases raised by Crown Perth Cage staff, which included 9 UAR files that proceeded to SMR lodgement

A full list of documents provided to us and our selections for operational effectiveness testing are set out in Appendix A: Documents and files reviewed (Crown Perth).

# 3 Detailed Observations - Operational Effectiveness

In order to assess the end-to-end operational effectiveness of the Patron Account Controls, the following core processes and controls were reviewed with respect to Crown Perth:

1. Patron deposits/transfers into the Crown Patron Accounts (see 3.1)
2. Return of Funds (see 3.2)
3. Line 2 Weekly Review of the Crown Patron Accounts (see 3.3)
4. UAR Review and SMR Submission (see 3.4).

## 3.1 Patron deposits/transfers into the Crown Patron Accounts

### 3.1.1 Test objective

As per section 6.1 of the Phase 1 Report, the objective of this test was to assess the extent to which Crown received deposits or transfers during the Review Period that were not in line with their policies against third party transfers and cash deposits. We also sought to assess the extent to which any such transactions triggered the return of funds process, and that this process was carried out effectively pursuant to design.

As an additional step, for transfers that were processed (i.e. appeared to be in line with Crown's policies), and which therefore resulted in a TA, we assessed all transfer acknowledgements (**TAs**) to test the extent to which those transactions met Crown's policies.

### 3.1.2 Methodology

We executed our testing in four parts:

1. **Stage 1:** We completed a review of the transactional detail of all transactions that were shown in the statement for the Crown Perth ANZ bank account ending '3509' for the period 1 Dec 2020 to 21 Feb 2021 (a total of three hundred and sixty-six (366) unique transactions). In addition, the bank statements contained opening and closing balance detail for three (3) foreign currency Patron Accounts. These accounts did not have any patron transactional activity during the Review Period and Deloitte was subsequently informed that these foreign currency Patron Accounts were closed on 10 March 2021.

The purpose of this review was to identify the following:

- (a) Transactions that appeared to be cash deposits
  - (b) Transactions that appeared to be from a third party (including money remitters), or where there was insufficient information in the bank account statement to determine definitively that the transfer was from an account in the patron's own name
  - (c) Transactions that did not appear to include the required narrative pursuant to the policy.
2. **Stage 2:** Any deficiencies identified in Stage 1 were then reconciled against either the Return of Funds log (for EFT transfers); or SYCO records (for cash deposits). In this stage, we also assessed the extent to which Crown executed the return of funds in accordance with the process as designed.
  3. **Stage 3a:** For any deficiencies identified in Stage 1 which remained unresolved in Stage 2, we reviewed the TAs (being transactions that were accepted by Crown during the



Review Period and resulted in a credit of the transferred funds to a patron’s DAB account).

**Stage 3b:** In addition, we also selected the remaining TAs for the Review Period for a detailed review against the process as designed.

Our total sample population in this Stage was 31 unique TAs, which comprised of six (6) TAs identified from Stage 3a and 25 unique TAs from Stage 3b, representing, 100% of the transactions identified for the Review Period for which a TA was associated. For each TA within this sample population we assessed the following:



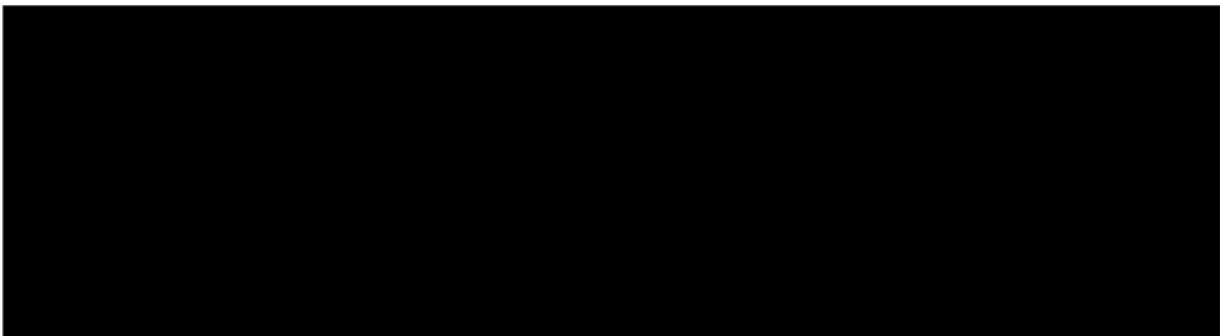
4. **Stage 4:** Any deficiencies that were not resolved through the review of TA packs were communicated to the relevant personnel at Crown for further investigation. This stage provided Crown with an opportunity to explain their rationale for approving these transactions and provide Deloitte with any additional supporting documents as applicable.

The documents relied upon to perform this testing, covering the Review Period, were:

1. ANZ Account statement Reports for the account number [REDACTED] 3509 for transactions relating to 1 December 2020 to 22 February 2021 (see Appendix B: Crown Patron Account Details (Crown Perth)). Deloitte used this material to select specific TA samples which pertained to remaining deficient transactions after Stage 1 and 2 reviews.



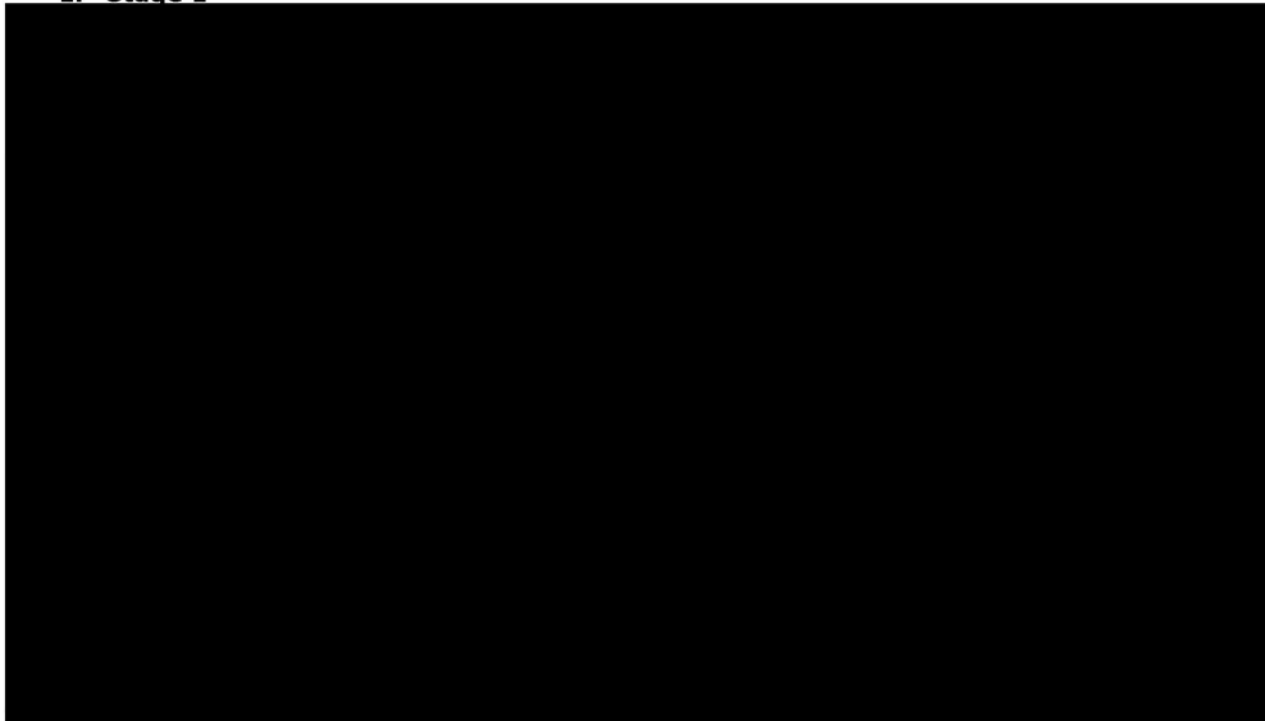
### 3.1.3 Results and observations



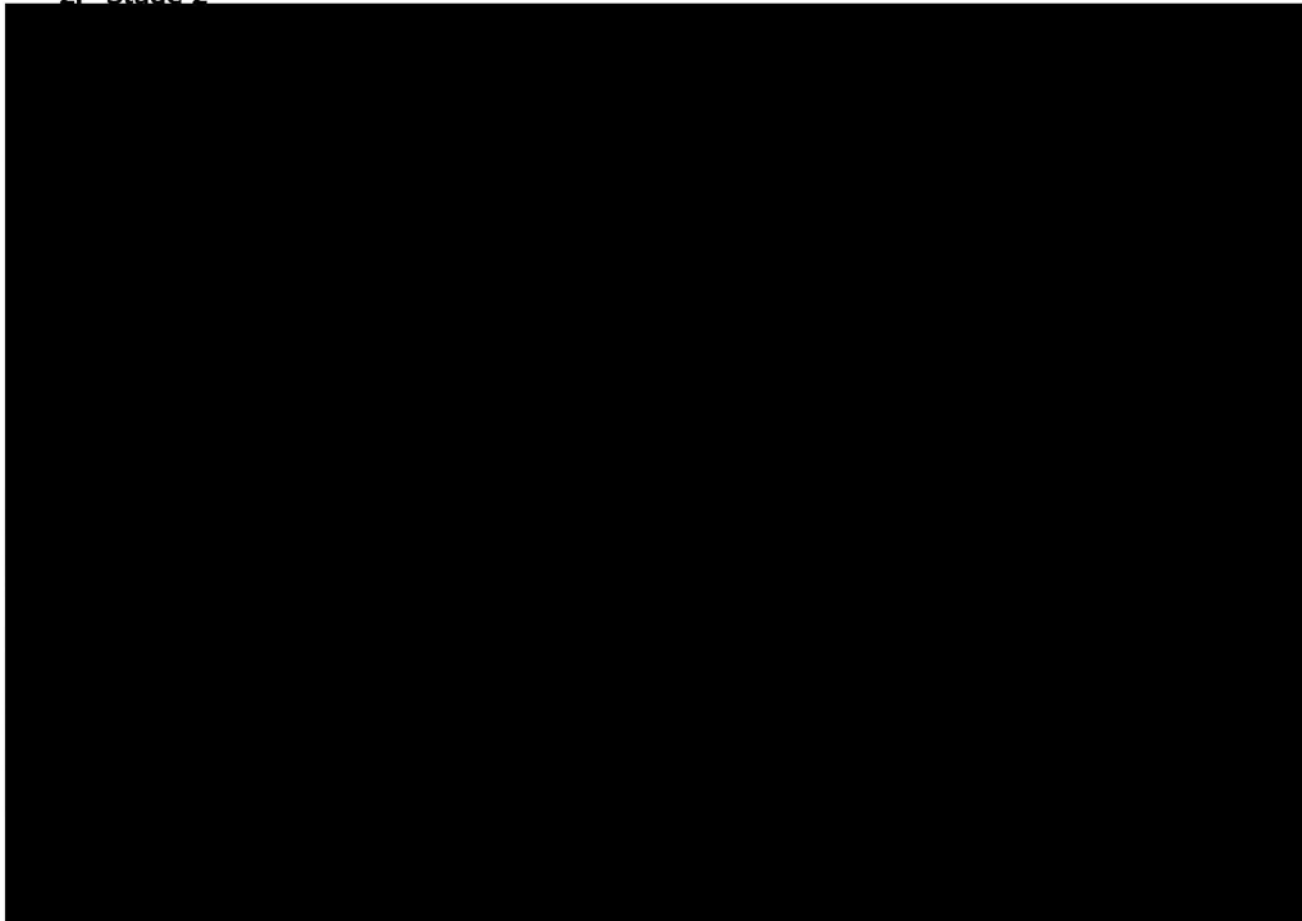


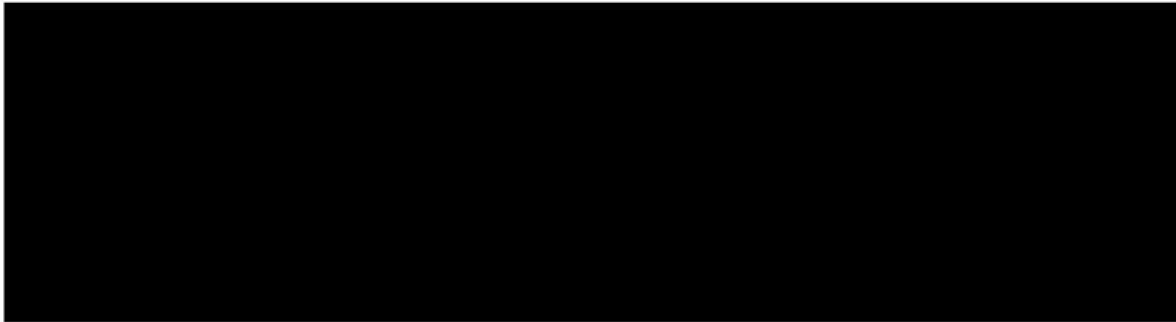
We set out below the detailed results of our testing, by stage:

**1. Stage 1**

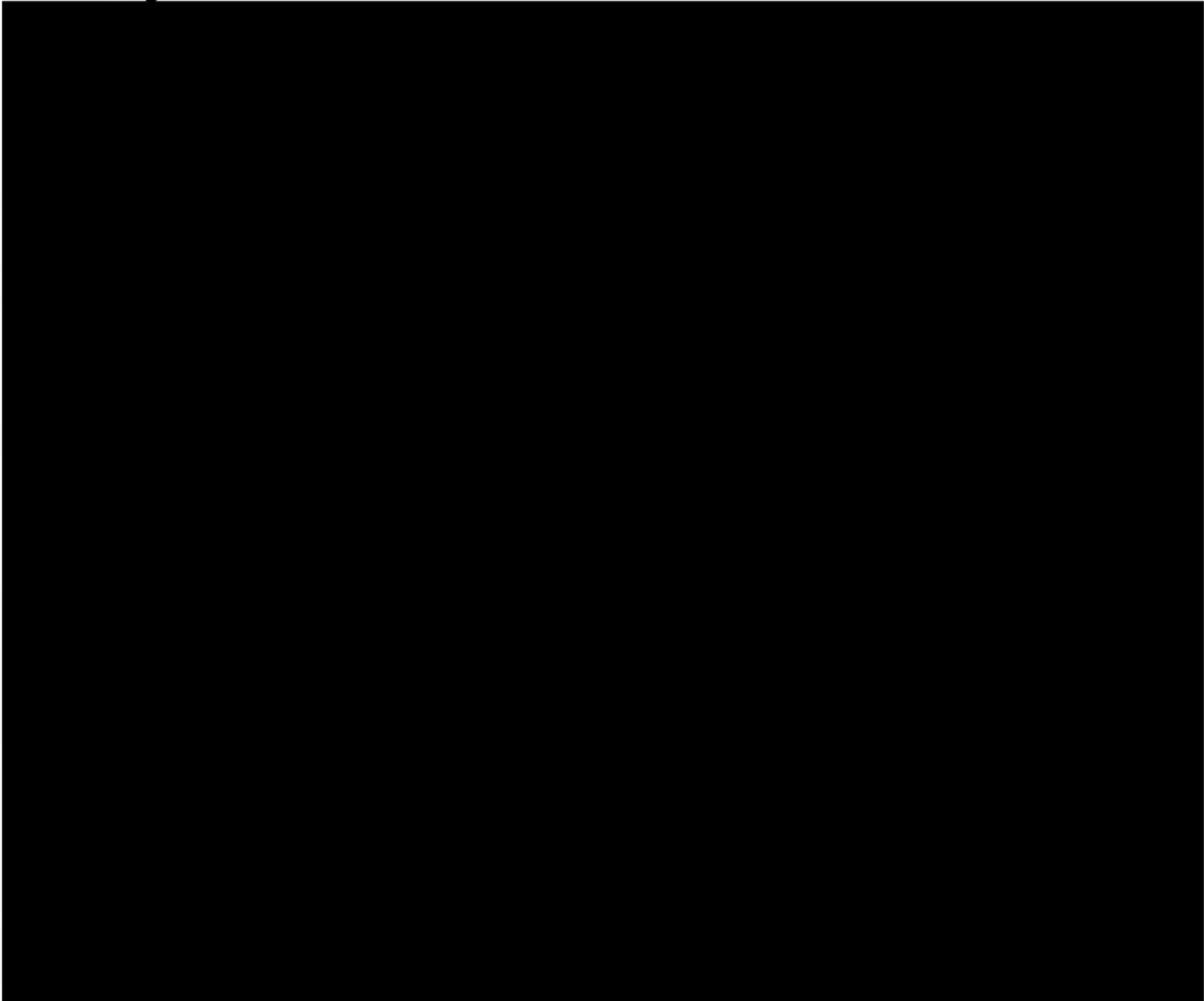


**2. Stage 2**





**3. Stage 3a**

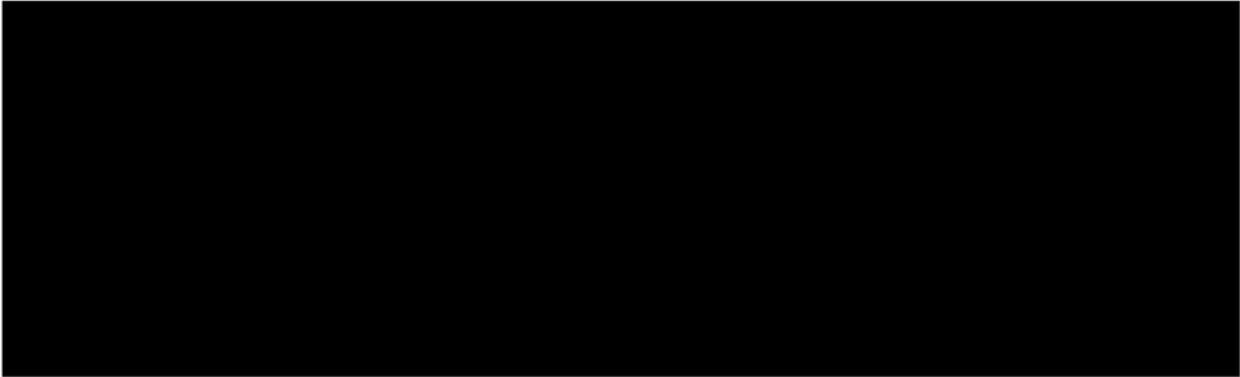


**4. Stage 3b**

The table below sets out the results of our testing of the sample 31 TAs (100% of all TAs relating to the Review Period).

Based on our initial testing using only the documentation provided to us (the bank statement, TA reconciliation spreadsheet and the TA),

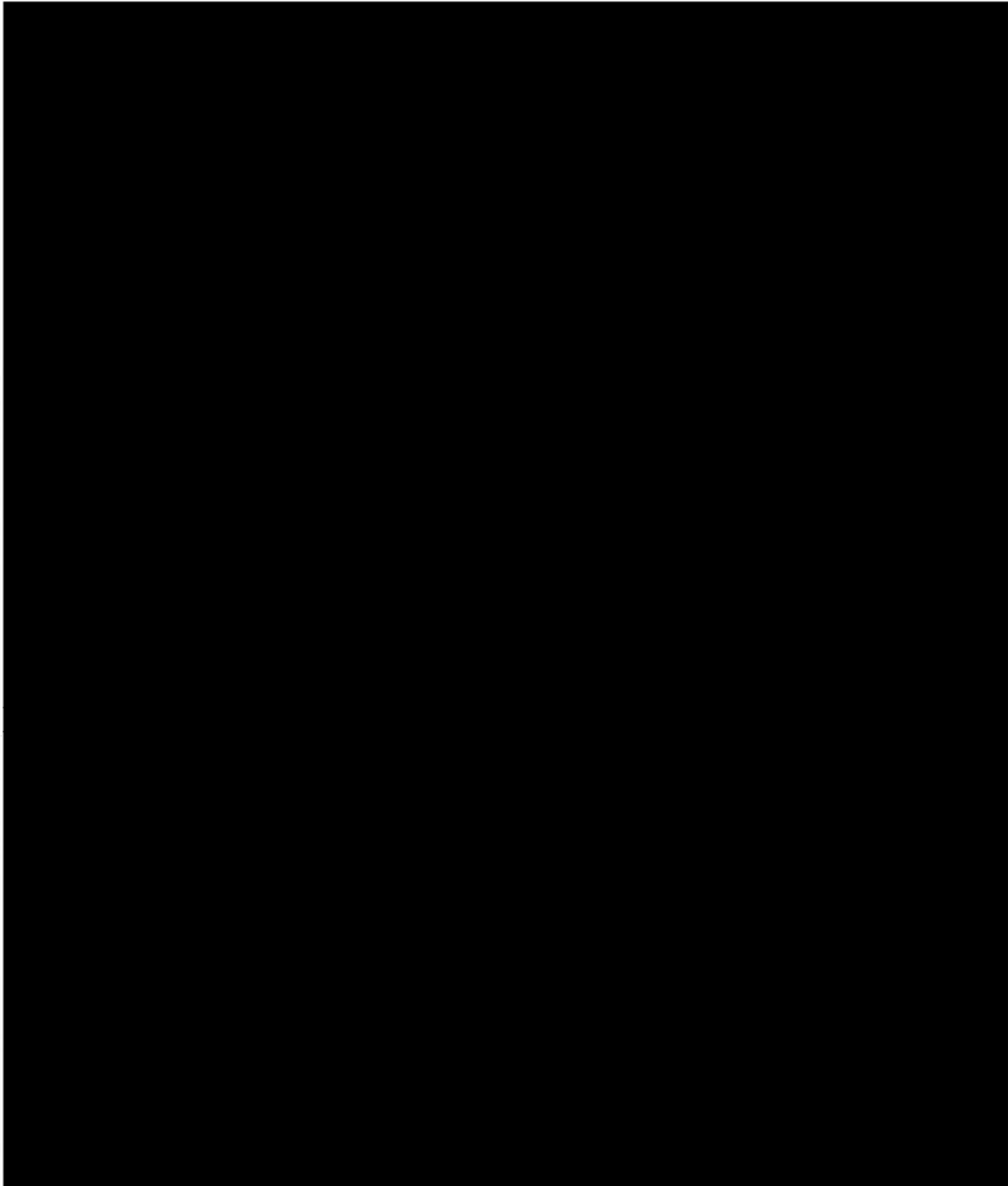




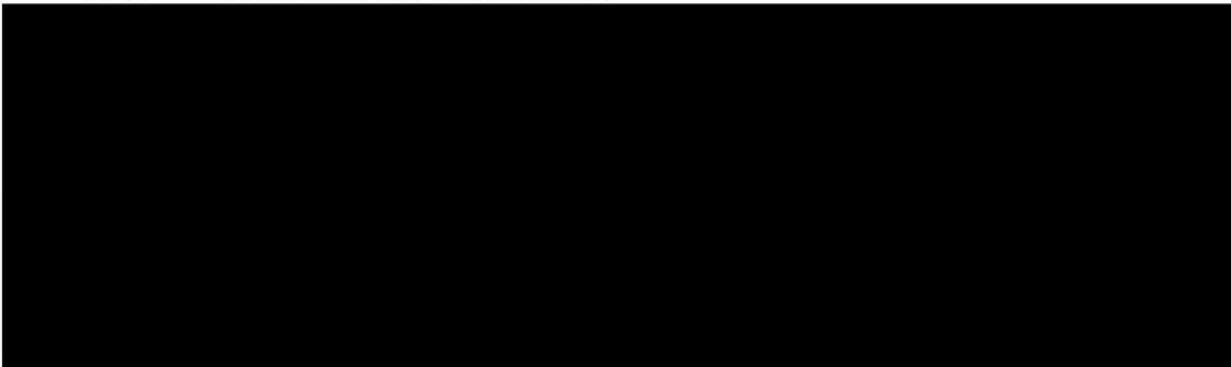
The following table provides an overview of additional observations relevant to the testing of Patron deposits/transfers into the Crown Patron Accounts for Crown Perth for the 31 TAs tested.

**5. Stage 4**

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**3.1.4 Conclusion and Observations**





## 3.2 Return of Funds process

### 3.2.1 Test objective

A sample of two (2) (100%) transactions for the Review Period from the return of funds log were reviewed, to test whether the funds identified as not meeting the requirements of the Return of Funds policy, were returned to the patron, in accordance with the process documented in the Return of Funds policy.

### 3.2.2 Methodology

For the Review Period, there were two (2) transactions in the Return of Funds Log. Pursuant to our testing in 3.1, it was noted that two (2) transactions were subject to Return of Funds, one of which results from the Third party policy. Deloitte understands that the remaining one transaction was returned as the Patron was unable to supply an acceptable form of receipt.

Deloitte reviewed all transactions from the Return of Funds Log over the Review Period (2) to confirm that funds received from patrons which did not meet the Return of Funds Policy requirements had been returned to the patron's account, pursuant to Crown's procedure. With respect to the samples, Deloitte undertook the following steps:

1. For each sample transaction identified in the return of funds log, reconcile the date of credit, date of debit and transaction amount to the bank statement to verify that the funds were returned to the customer.

No further steps were required as we did not identify any deficiencies as a result of step 1.

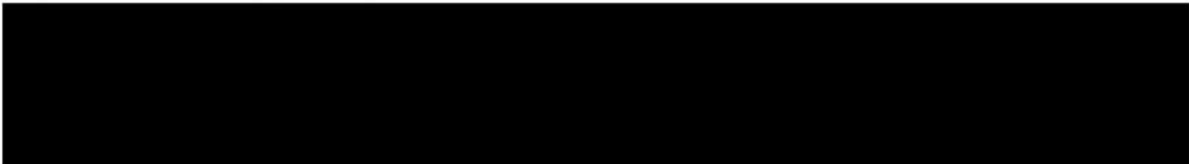
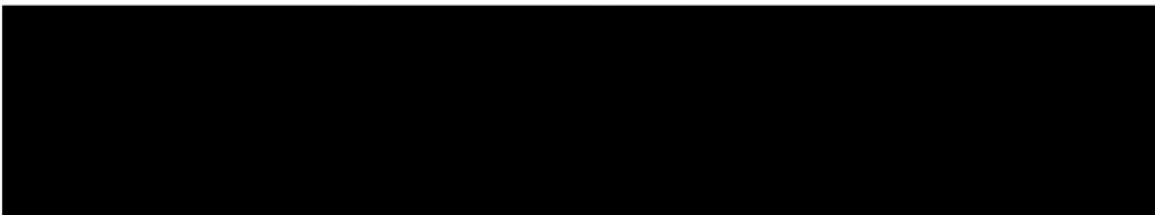
Note: This testing was performed within the testing described in section 3.1.2.

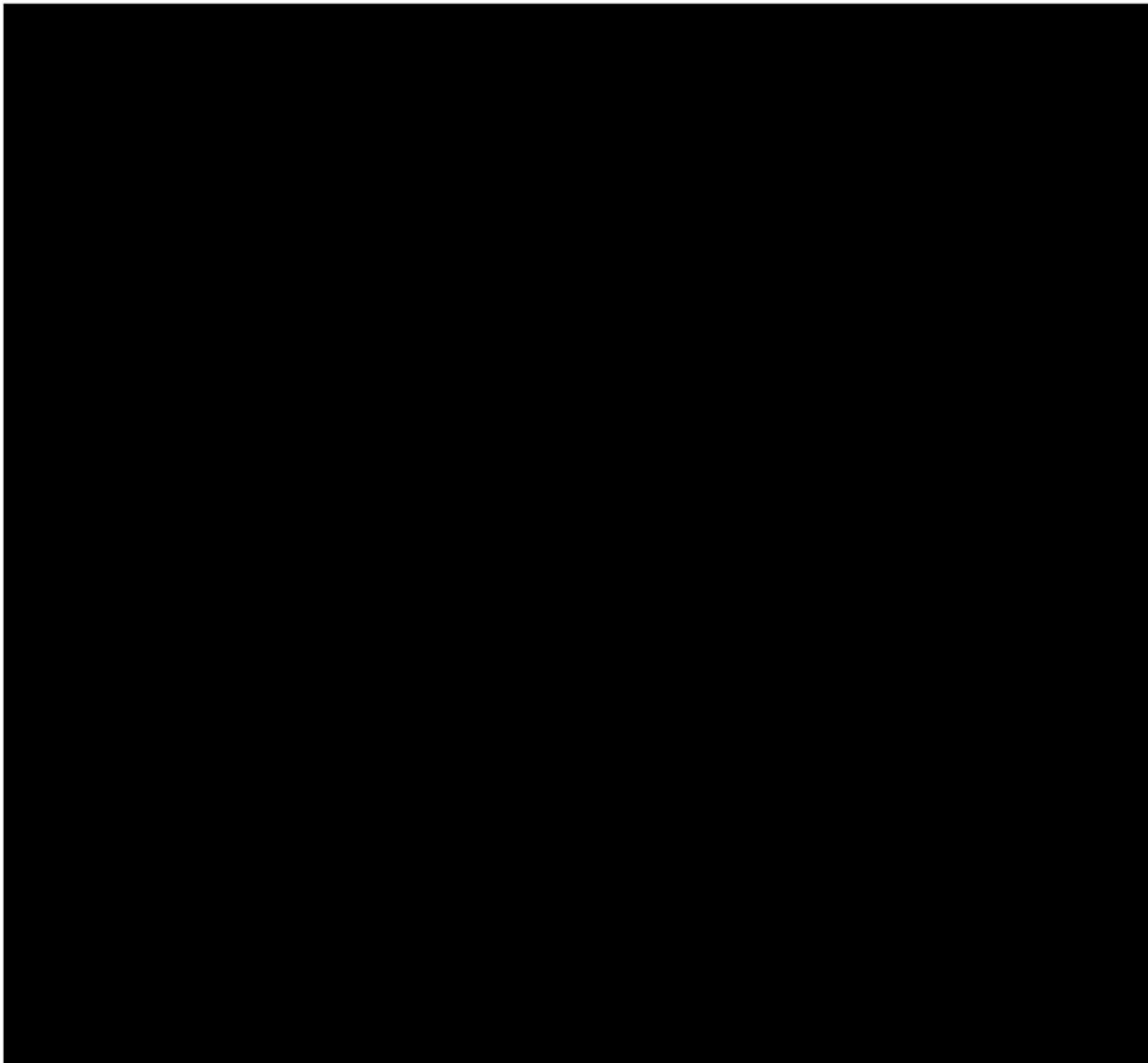
The documents which were provided for testing, covering the Review Period:

1. The Return of Funds log
2. ANZ Account statement Reports for the account number [REDACTED] 3509 for transactions relating to 1 December 2020 to 22 February 2021 (see Appendix B: Crown Patron Account Details (Crown Perth))

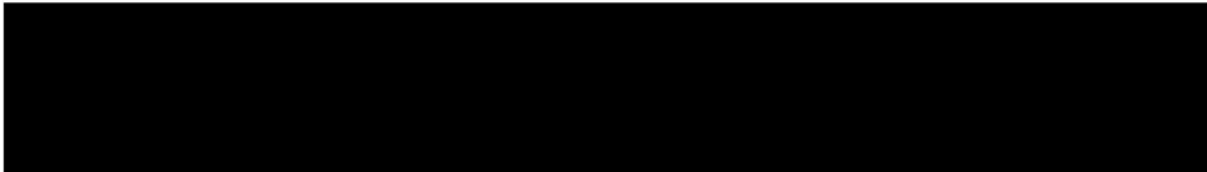
### 3.2.3 Results and observations

1. Both transactions tested from the Return of Funds Log were confirmed to have been returned to the patron pursuant to the Return of Funds.

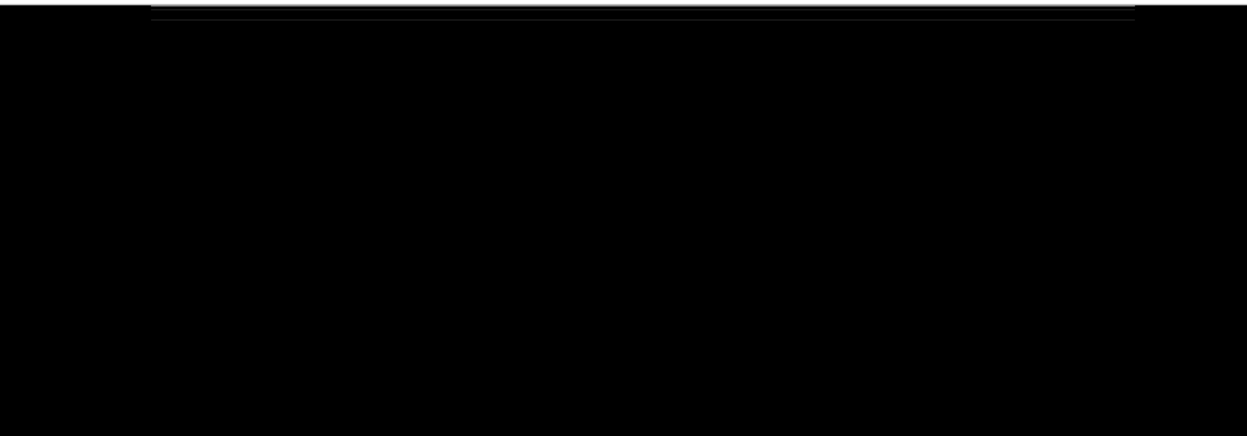


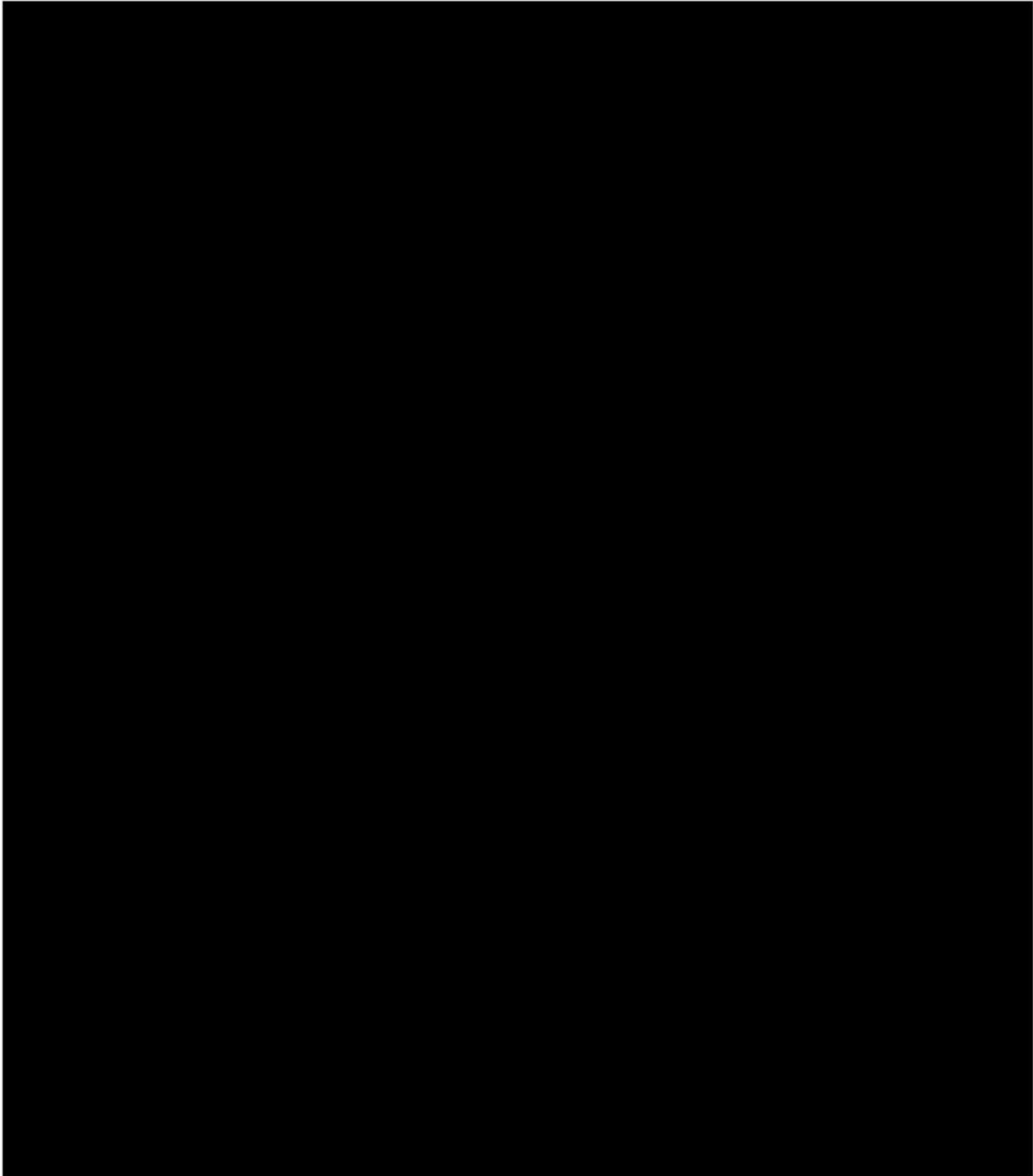


**3.3.3 Results and observations**



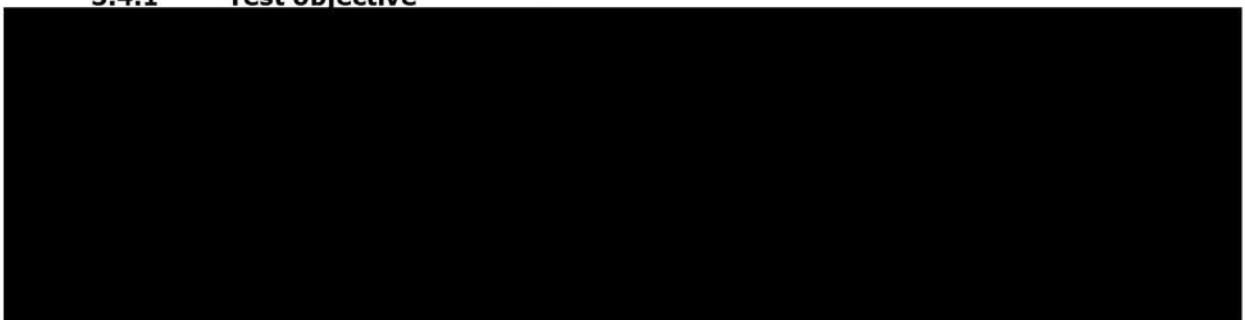
The results of our testing are detailed in Table 7 below: Line 2 AML Manual Bank Statement Review Testing Observations.



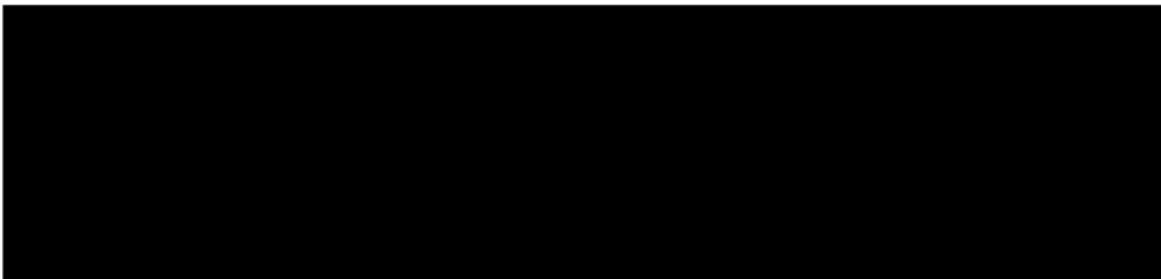


**3.4 UAR review and SMR submission testing**

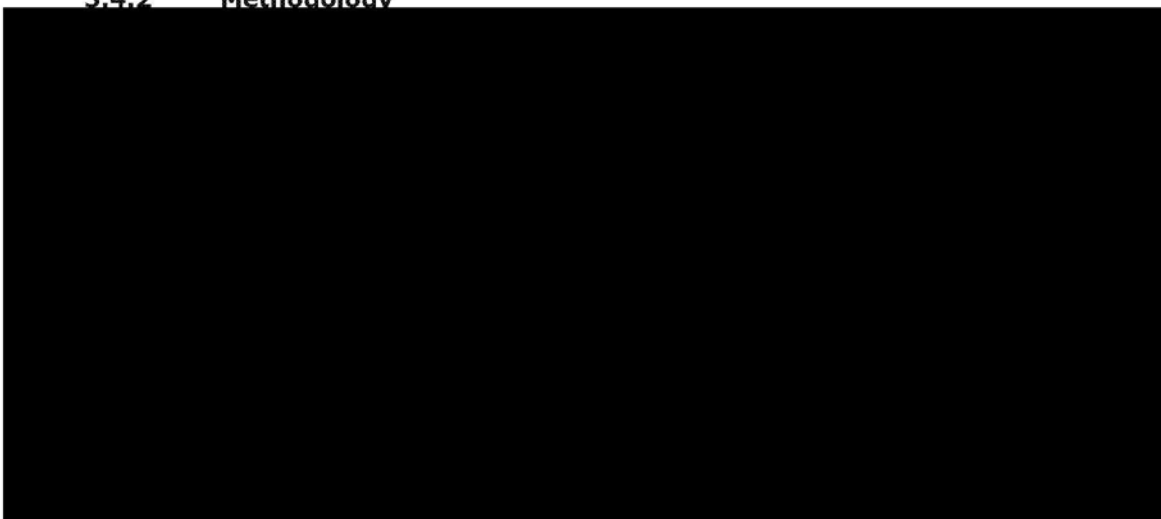
**3.4.1 Test objective**







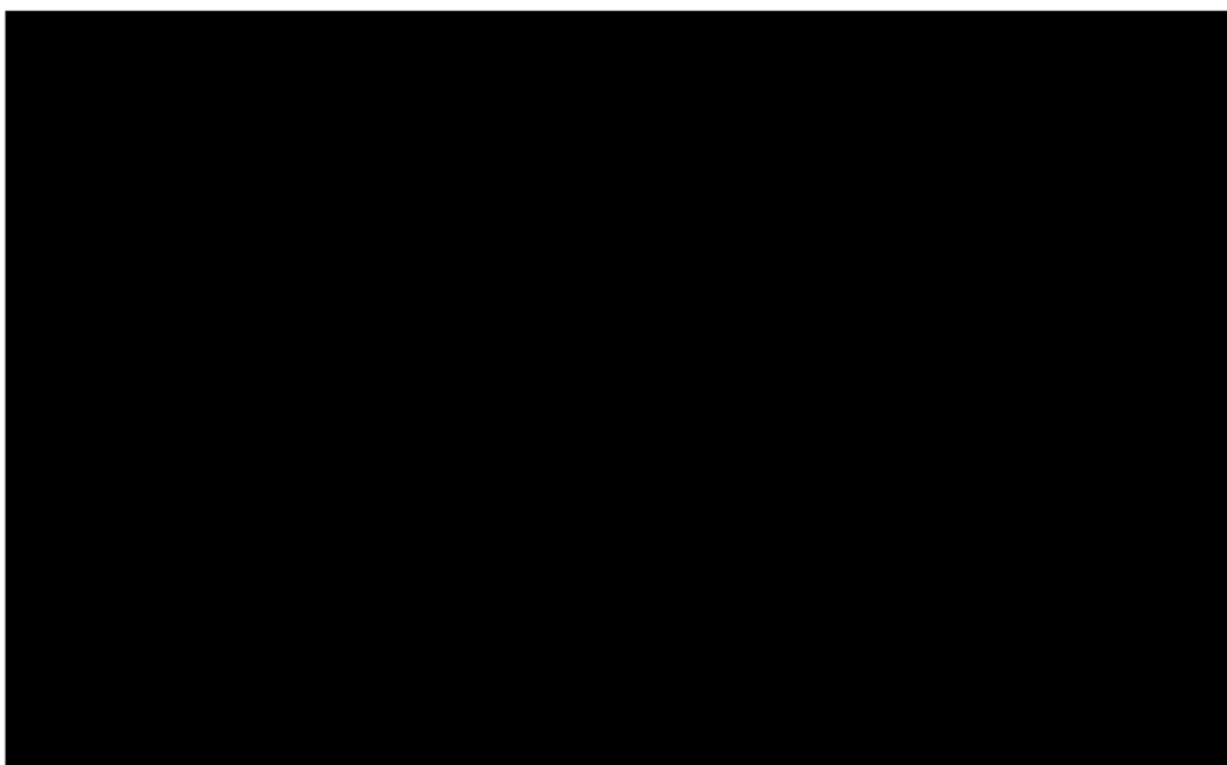
#### **3.4.2 Methodology**



The following documents were provided for testing:

1. UAR documentation
2. AML Investigations report
3. SMR Decisioning template

#### **3.4.3 Results and observations**





# Appendix A: Documents and files reviewed (Crown Perth)

In addition to the documents outlined in Appendix B of the Phase 1 Report, the following were also reviewed for Crown Perth:

## **Banking statements and other records**

- Crown Perth ANZ All Currencies 1 Dec 2020 – 22 Feb 2021
  - Crown Perth ANZ AUD 1 Dec 2020 – 22 Feb 2021
  - Crown Perth ANZ HKD 1 Dec 2020 – 22 Feb 2021
  - Crown Perth ANZ SGD 1 Dec 2020 – 22 Feb 2021
  - Crown Perth ANZ USD 1 Dec 2020 – 22 Feb 2021
- 31 TT transfer acknowledgments dated from 1 Dec 2020 to 22 Feb 2021
- TA reconciliation document for the Review Period: 'ACCSTMT-210415142048'
- 4 pdf annotated bank statements (from Line 2 AML) dated between 7 Dec 2020 and 24 Jan 2021
- UAR/SMR files which included:
  - 8 SMR receipts
  - 27 UAR/SMR decision packs
- SYCO screenshots transposed into a word file
- 26 Cheque Banking records in excel format

# Appendix B: Crown Patron Account Details (Crown Perth)

	Currency (\$)
	AUD
	HKD
	SGD
	USD

# Appendix C: Stakeholder walkthroughs and discussions

Date	Stakeholder engaged with	Discussion topics
15/04/2021	Jarrod Campbell (General Manager, Cage and Count - Crown Perth), Vasula Kessell (Financial Controller - Crown Perth)	Initial discussions on TA reconciliation
19/04/2021	Jon Yeats (Group Senior Manager Financial Crime)	Initial discussions on UAR/SMR data for Crown Perth
21/04/2021	Jarrod Campbell (General Manager, Cage and Count - Crown Perth), Vasula Kessell (Financial Controller - Crown Perth)	Walkthrough to discuss testing outcomes
22/04/2021	Jarrod Campbell (General Manager, Cage and Count - Crown Perth)	Further clarification on TA deficiencies and bank statement review
23/04/2021	Jon Yeats (Group Senior Manager Financial Crime)	Walkthrough to discuss testing outcomes and further clarification on Line 2 AML processes
23/04/2021	Jarrod Campbell (General Manager, Cage and Count - Crown Perth)	Walkthrough via screenshare for bank statement review queries
27/04/2021	Jarrod Campbell (General Manager, Cage and Count - Crown Perth)	Discussion to clarify items presented in SYCO records