



# Internal Audit Assessment – Southbank & Riverbank Account Transaction Monitoring

## Objective and Scope

The overall objective of this Internal Audit assessment, was to identify the root cause of control breakdowns identified during the NSW Casino Inquiry in relation to transaction monitoring associated with the Southbank and Riverbank bank accounts, and to assess the adequacy of current processes and controls in place to mitigate the risk of such breakdowns occurring in the future. It is acknowledged that Southbank and Riverbank have ceased to exist, however deposits are still received into other Crown bank accounts.

The assessment specifically targeted Crown's practice of aggregating deposits upon entering them into the Patron Management System (SYCO).

## Historical and Current Practices

### Historical Practices

#### *Crown Perth (Riverbank)*

The Cage would perform a daily review of bank accounts for deposits. A requisition release form would be completed, detailing the deposit to be made into a patron account. Where multiple deposits were made the form would note the aggregated amount. If multiple deposits were aggregated into one TT, all individual receipts received and bank statement copies for each deposit were attached to the aggregated TT as supporting documentation.

The total deposit amount would then be entered in SYCO.

As only one transaction was showing in SYCO, AML would have no visibility that multiple deposits were made if relying purely on SYCO data, but documentation would highlight all individual amounts.

#### *Crown Melbourne (Southbank)*

Credit Control would perform reviews of bank accounts for deposits. A deposit of funds notification, (copy of bank statement) would be provided to the Cage when a deposit was received. A copy of the bank receipt may also be provided by the patron either directly or via the appropriate gaming department.

The Cage would then enter the deposit in SYCO. Where multiple deposits were made for the one patron, individual TT entries would be generated in SYCO, however on occasion some multiple deposits were aggregated into one SYCO entry.

A copy of the TT generated in the Cage would then be provided back to Credit Control. If multiple deposits were aggregated into one TT, all individual receipts received and bank statement copies for each deposit were attached to the aggregated TT as supporting documentation.

As with Crown Perth, for the aggregated TT's only one transaction was showing in SYCO, therefore AML would have no visibility that multiple deposits were made if relying purely on the TT listing report of SYCO data.



### Current Practices

Inquiries into current processes confirmed the following which reduce the risk of similar oversights occurring in future:

- Crown no longer knowingly accepts cash deposits into its bank accounts and in the event this does occur, the funds are to be returned. The processes around how this operates are currently being considered by Management;
- Crown no longer allows third party deposits and transfers into its accounts – i.e. all transactions must be performed by and for the individual customer in question. It is noted that the Chief Operating Officer and Group General Manager AML can approve a third party transfer after considering all risks. In the event of a third party transaction being received and not appropriately approved, the funds are to be returned;
- Directives have been given by Management to all relevant staff prohibiting the practice of aggregating transactions before entering them into SYCO. This is to be confirmed again in Melbourne when the Casino reopens. Additionally, Standard Operating Procedures (SOPs) have been revised to highlight the aforementioned requirements going forward; and
- Crown is in the process of working with ANZ to explore solutions for prevention or early detection (such as via real time electronic notifications) of prohibited transactions into its accounts.

Internal Audit also notes, through a preliminary investigation conducted by the Legal Compliance department, aggregation of deposits under \$10,000 in a 72 hour period has not occurred at Crown from 2018 onwards.

### Root Cause

The work conducted by Internal Audit revealed that Crown's historical practice of aggregating deposits in the Southbank and Riverbank bank accounts upon entering them into SYCO, was done so with the purpose of optimising process efficiencies and customer service, and done so with no intended malice or desire to avoid AML requirements.

The control breakdowns that led to these transactions not being identified from an AML perspective were due to a lack of designated responsibility / accountability and sufficient knowledge and understanding amongst relevant staff to recognise structuring as suspicious activity and the potential AML implications. This includes a design deficiency / oversight in the AML Program to identify and monitor all bank account transactions and subsequent aggregation in SYCO.

### Recommendations

In the event that each site wishes to continue with its current practices, as noted above, the following recommendations have been identified to minimise relevant risks:

- Implement a control process where transactions entered in SYCO are independently reviewed to ensure aggregation is not occurring, third party transactions have not been accepted and entered, and cash deposits have not been accepted and entered. This independent review should be conducted by the AML department;
- Implement a control process where AML review and approve all outgoing TT's prior to Credit Control remitting funds to a customer. This would ensure AML are not only reviewing incoming funds but also outward remittances to give them a complete picture of funds movement;
- Ensure the above control enhancement is detailed in any relevant SOPs; and
- Continue to enhance training for relevant staff in relation to transaction monitoring practices and AML implications.

Internal Audit will also include testing of the implementation of these recommendations in all future AML internal audits to be conducted.



### Process Improvement Opportunity

The above recommendations should be sufficient to mitigate the risks associated with the aggregation of transactions in SYCO. However, the alignment of processes across all sites should be investigated to ensure a consistent approach is undertaken.

To create a greater segregation of duties, the process undertaken in Melbourne where a separate department from the Cage identify bank transactions to be entered in SYCO is viewed as the stronger independent process. However, after investigation by Management, an alternative process may be identified as a preferred process that could be implemented across all sites.

The investigation into alignment could include looking at a model where there is one centralised department/group that would perform the identification of bank transactions and subsequent Cage notification for all sites. It is acknowledged that this model may require additional resources.

Any alignment of practices should include the recommendations made above.

### For Consideration

Although the practicality of such a process may prevent it from being implemented, Internal Audit also believes that management should investigate the possibility of the AML department being responsible for reviewing all bank deposits prior to notifying the Cage for input into SYCO. Under this process the AML department would be able to identify any potential structuring transactions, cash deposits and third party transfers prior to them being entered in SYCO, therefore preventing them being used by a patron.

Under this method, where multiple deposits were identified by AML but cleared from any suspicion, there is potential for the Cage to then enter them as an aggregated amount in SYCO, therefore re-capturing the efficiencies of the past.

It is acknowledged that additional resources may be required to implement this practice to ensure that an appropriate reviewer would be available at all times.

### Exclusions

Internal Audit did not perform a detailed review of transactions that flowed through the Southbank and Riverbank bank accounts as this had already been performed by other Crown departments.