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**PERTH CASINO ROYAL COMMISSION**

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**PUBLIC HEARING - DAY 41**

**10.00 AM THURSDAY, 23 SEPTEMBER 2021**

**COMMISSIONER NJ OWEN**

**COMMISSIONER C MURPHY**

**HEARING ROOM 4**

**MR MICHAEL FEUTRILL and MR NICHOLAS WERNER as Counsel Assisting the Perth Casino Royal Commission**

**MR PETER SADLER as Counsel for the Gaming and Wagering Commission of Western Australia**

**MS FIONA SEAWARD as Counsel for the Department of Local Government, Sport and Cultural Industries**

**MR JOSEPH GARAS SC and MS LAUREE COCI as Counsel for Crown Resorts Ltd; Burswood Limited; Burswood Nominees Limited; Burswood Resort (Management) Limited; Crown Sydney Gaming Pty Ltd; Southbank Investments Pty Ltd; Riverbank Investments Pty Ltd and Crown Melbourne Limited**

**MR GANDHI as Counsel for Ms Rachel Murray**

10:00AM

COMMISSIONER OWEN: Please be seated. I think we have Ms Murray.

We don't have Ms Murray?

5

WITNESS: Yes.

COMMISSIONER OWEN: Oh, we do. Ms Murray, would you mind stating your full name for the record?

10

WITNESS: Rachel Clare Murray.

COMMISSIONER OWEN: Do you wish to swear or affirm?

15

WITNESS: Affirm, please.

**MS RACHEL CLARE MURRAY, AFFIRMED**

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COMMISSIONER OWEN: Thank you, please sit down. Mr Gandhi.

**EXAMINATION-IN-CHIEF BY MR GANDHI**

25

MR GANDHI: May it please the Commission. I appear for Ms Murray.

Ms Murray, you prepared a statement dated 16 September in response to a summons dated 9 September; is that right?

30

MS MURRAY: Yes, that's correct.

MR GANDHI: Do you see a copy of your statement on the screen? The reference should be CRW.998.002.0600. Is that the first page of your statement?

35

MS MURRAY: Yes, it is.

MR GANDHI: Can I refer you to page 12 of the statement, the page ending 0611 at the top. Is that a schedule RM-1 that lists out the training you have taken?

40

MS MURRAY: Yes, it is.

MR GANDHI: Ms Murray, is your statement true and correct to the best of your knowledge and belief?

45

MS MURRAY: Yes, it is.

10:02AM

MR GANDHI: Commissioners, I tender that statement.

COMMISSIONER OWEN: Thank you, Mr Gandhi.

5

The witness statement of Rachel Clare Murray dated 16 September 2021 and bearing the identifier number CRW.998.002.0600 is admitted into evidence as an exhibit. Thank you.

10

**EXHIBIT #CRW.998.002.0600 - WITNESS STATEMENT OF MS RACHEL CLARE MURRAY DATED 16 SEPTEMBER 2021**

15 COMMISSIONER OWEN: Mr Feutrill?

**CROSS-EXAMINATION BY MR FEUTRILL**

20

MR FEUTRILL: May it please the Commission.

Ms Murray, my name is Michael Feutrill. I am one of the Counsel Assisting the Commission.

25

I am going to ask you a few questions. Before I do, I notice that you are speaking quite quietly. Try to speak up and project your voice a little so that the transcribers can pick up what you are saying in answer to my questions.

30 MS MURRAY: (Nods head).

MR FEUTRILL: Can I ask you a couple of questions about your statement. You were appointed, or you began to work, with Crown Perth in, I think, you said January 2008?

35

MS MURRAY: Yes, that's correct.

MR FEUTRILL: And who was the person who employed you?

40 MS MURRAY: That was Allison Hill(?) at the time. She was the internal audit manager.

MR FEUTRILL: So you had your interview with the internal audit manager?

45 MS MURRAY: Yes.

MR FEUTRILL: Did you have an interview with anyone else at the time?

MS MURRAY: No.

MR FEUTRILL: Who undertook your performance reviews?

5 MS MURRAY: That would have been Allison as well.

MR FEUTRILL: After she left and you were appointed the internal audit manager, who was the person who made that appointment?

10 MS MURRAY: That would be Mr Preston.

MR FEUTRILL: With whom did you have performance reviews during the period you were the internal audit manager?

15 MS MURRAY: Mr Preston.

MR FEUTRILL: Were there any occasions when you dealt with anyone from the board of Burswood Ltd in respect of your appointment as the manager for the terms of your salary? So your terms of employment? Did you have any dealings directly with the board of Burswood Ltd in relation to your appointment as manager of internal audit.

MS MURRAY: No, not that I can recall.

25 MR FEUTRILL: In regards to your terms of employment, things like salary and so forth, did you have any dealings directly with the members of the Burswood board in relation to that subject matter?

MS MURRAY: No, not that I recall.

30 MR FEUTRILL: Can I ask that you be shown a document. You've made a reference, I don't know who made reference to this, but CRW.701.001.1404.

I take it you are familiar, or you were familiar, with the internal audit charter at the time you were the internal audit manager?

35 MS MURRAY: The screen doesn't show the internal audit charter.

MR FEUTRILL: It shows the agenda.

40 MS MURRAY: 8. Yes.

MR FEUTRILL: I will take you to the pinpoint. I'm just showing you this. There is an agenda. The pinpoint is 1426.

45 MS MURRAY: Yes.

MR FEUTRILL: The reason for showing the first page was it was an agenda in May, and I can tell you from the minutes that this, effectively, was approved by the ERCC. I just want to ask you some questions about this document.

5

Ms Murray, under the --- and I think you made reference in your statement in paragraph 50 to the international standards for the audit and that is the same standard referred to under the heading "Professional Standards", isn't it?

10 MS MURRAY: Yes, that's right.

MR FEUTRILL: And there is a heading "Independence", which speaks to your independence.

15 MS MURRAY: Yes.

MR FEUTRILL: Under that heading, it says there that:

20 The Internal Audit Manager is administratively responsible to the Executive *General Manager Legal and Corporate Services*.

MS MURRAY: Yes.

25 MR FEUTRILL: That is Mr Preston you are referring to there?

MS MURRAY: Correct.

30 MR FEUTRILL: And "administratively responsible", can I ask you precisely what does that mean?

35 MS MURRAY: So, Mr Preston, as I mentioned, would do my performance reviews. I would liaise with him on our internal budget and any specific training and performance of the team, and generally just providing dates on the status of the audit and if we were finding any specific issues in relation to the audits. So I would meet with Mr Preston on a fortnightly basis.

40 MR FEUTRILL: I see. Do I take it from that that the answer to that question that Mr Preston was responsible for the internal audit budget as part of his key responsibilities as the manager?

MS MURRAY: It sat under Mr Preston, but I was responsible for the budget.

MR FEUTRILL: As in, identifying what was required in the budget?

45 MS MURRAY: Yes. I would determine --- it was only a small budget, but it would be around professional memberships for the team, training that was required for the team for the year, and so I would determine what amounts we would need for those things for the year and provide that to Mr Preston to be --- as part of the budget for

the department, but it was only a small budget.

5 MR FEUTRILL: Right. When you say "small budget", what about membership of your --- the number of people who had access to carry out internal audits, who are members of the internal audit team. Would you have control over that?

MS MURRAY: In terms of how many members of the team I had?

10 MR FEUTRILL: --- (overspeaking) ---

MS MURRAY: It was not really in my control, as such. I think, when I took over as internal audit manager, there was only a couple of auditors, myself and another auditor who were part of the team, but that then did increase but that was an executive decision to get those additional roles within my team. So ---

MR FEUTRILL: When you say it was an executive decision, who made that decision?

20 MS MURRAY: I can't recall, sorry.

MR FEUTRILL: Was it a consequence of you requesting additional resources or something that was bestowed on you?

25 MS MURRAY: Something that was bestowed on me.

MR FEUTRILL: And so, insofar as that aspect of the budget that you controlled, was it limited to things like the degree of annual training courses and that sort of thing that you thought your membership needed for that year?

30 MS MURRAY: Yes, that's correct.

MR FEUTRILL: It makes reference there to reporting directly to the chief executive officer.

35 MS MURRAY: Yes.

MR FEUTRILL: And the Executive Risk and Compliance Committee, which I'm going to refer to from now on as the "ERCC", and you will know what I mean.

40 MS MURRAY: Yes.

MR FEUTRILL: So when it says "report directly to the chief executive officer", that was Mr Felstead at the time?

45 MS MURRAY: Correct, yes.

MR FEUTRILL: And I think you made reference in your statement to attending

10:10AM

meetings of the ERCC by invitation?

MS MURRAY: Yes, that's correct.

5

MR FEUTRILL: And is that what is referred to by "reporting directly to the ERCC"?

MS MURRAY: Yes.

10

MR FEUTRILL: There is a reference here to having direct access to the General Counsel and Chief Financial Officer of Crown Resorts Ltd?

MS MURRAY: Yes, that's correct.

15

MR FEUTRILL: You have said in your statement, I think, in at least one place that you, before ERCC meetings, met with or had discussions with Mr Felstead and Mr Neilson?

20

MS MURRAY: Mr Barton and Mr Neilson.

MR FEUTRILL: Sorry, Mr Barton and Mr Neilson. My apologies.

MS MURRAY: Mr Barton was the CFO at the time.

25

MR FEUTRILL: So it was your usual practice to meet with them before the ERCC and discuss the subject matter of internal audit?

30

MS MURRAY: It was after the ERCC meetings. So we would hold the ERCC meeting and then a couple of days afterwards or a week afterwards, we would then have a teleconference with Mr Neilson and Mr Barton and I would effectively go through the same report that I presented to the ERCC, or present it and go through it with them by telephone.

35

MR FEUTRILL: So were there occasions where Mr Barton was at the ERCC meeting as well?

MS MURRAY: As in, physically in the room?

40

MR FEUTRILL: Physically or via telephone?

MS MURRAY: No.

45

MR FEUTRILL: Does that apply to Mr Neilson as well?

MS MURRAY: Yes, that's correct.

MR FEUTRILL: So, in effect, you were reporting once to the ERCC ---

10:12AM

MS MURRAY: Yes.

MR FEUTRILL: --- which was --- I think Mr Felstead was on the ERCC ---

5

MS MURRAY: Yes.

MR FEUTRILL: --- and Mr Preston and again, on a separate occasion to Mr Barton and Mr Neilson; is that right?

10

MS MURRAY: Yes, that's correct.

MR FEUTRILL: Can I just take you to the next page at 1427. At the top of that page it indicates that the position, which is the position you occupied, was accountable to the ERCC. And a little further down the page after the various bullet points, it deals with --- it talks about an action plan which I'm making an assumption is a strategic action plan for each year? So this is the second major paragraph after the bullet points, "Management is responsible for risk management", and then it goes on to say "this includes responsibility for implementing".

15

20

MS MURRAY: Those action plans are the --- within each individual audit report. So each report would have actions for management to implement ---

MR FEUTRILL: I see.

25

MS MURRAY: --- audit actions, that is referring to.

MR FEUTRILL: I see.

30

MS MURRAY: Yes.

MR FEUTRILL: As endorsed --- so these were the plans once the ERCC --- these are the actions that arose out of internal audits that were then endorsed by the ERCC for implementation?

35

MS MURRAY: (Inaudible)

MR FEUTRILL: And can I take you to the next page, 1428. There is a heading "Reporting". I think we may have touched on this already, Ms Murray, but this is dealing with the process by which you attended as an invitee to the ERCC meetings. So you were making reports directly to the ERCC?

40

MS MURRAY: Yes.

45

MR FEUTRILL: And you were reporting against the progress on recommendations to the ERCC as well?

MS MURRAY: Yes, that's correct.



10:14AM

MR FEUTRILL: And then in the next paragraph, it discusses or deals with providing "periodic reports to the ERCC and the Burswood Ltd Board on the progress of internal audit activities". In what way were you providing progress  
5 periodic reports to the Burswood Ltd Board?

MS MURRAY: That was the internal audit activity report that I prepared for each ERCC meeting. Subsequently, I would discuss that exact report with Mr Neilson and Mr Barton, and that report --- my understanding is that report then went as part of the  
10 Burswood board pack for the meetings.

MR FEUTRILL: When you say that it was your understanding, is that because you did not, yourself, attend any Burswood Ltd meetings to present your findings?

15 MS MURRAY: Correct.

MR FEUTRILL: You didn't report your findings to the Board directly?

MS MURRAY: No, I didn't.  
20

MR FEUTRILL: Did you have direct access to any of the other members of the Burswood Ltd Board, and by that I mean the independent directors, at the time Mr Poynton or Mr Roberts?

25 MS MURRAY: No.

MR FEUTRILL: Did you have any interaction with them at all during the period of time that you were the internal audit manager?

30 MS MURRAY: (Inaudible)

MR FEUTRILL: What about the Chair of Burswood Ltd Board which, I think initially during your time, would have been Mr Packer and then perhaps Mr Alexander. Did you have any direct dealings with either of those gentlemen?  
35

MS MURRAY: (Inaudible)

MR FEUTRILL: The charter does actually make reference, in the next paragraph, to those meetings you have mentioned between yourself and Mr Barton and Mr  
40 Neilson, which is essentially the pre-Burswood Ltd Board meeting.

MS MURRAY: Yes. Yes.

MR FEUTRILL: I mention the standards. Can I ask you to look at paragraph 50 of  
45 your statement. You have made a reference to the Institute of Internal Auditors International Standards, which I will come back to in due course, but you also made reference in that paragraph to arranging for an independent assessment by that

organisation to be carried out.

MS MURRAY: Yes.

5

MR FEUTRILL: And I think you said you don't have a copy of it. I think we've located a copy of it. If you could ask that you be shown CRW.701.005.8210. If you need to scroll through this, Ms Murray, feel free to do so. I just wanted to see if this is the document that you are making reference to in that paragraph. Perhaps we can -

10 --

MS MURRAY: Can you scroll down a bit.

MR FEUTRILL: Yes, the second page might assist.

15

MS MURRAY: Yes, that looks like it.

MR FEUTRILL: You say in your statement, and taking you back to paragraph 44 --- Operator, can you keep that document there because we will move to it in a moment. You've got a copy in front of you.

20

In paragraph 44 of your statement, you've indicated that there are effectively, if you like, two aspects, in the first sentence, to the compliance framework. There is a management aspect, which is monitoring and assessing through supervisory and monitoring controls, that is a management responsibility, and then you indicated:

25

Internal Audit also assessed compliance and effectiveness of controls to *mitigate risks as part of the audits conducted in accordance with the Strategic Audit Plan.*

30

MS MURRAY: Yes.

MR FEUTRILL: Are you familiar with the concept of the "three lines of defence"?

MS MURRAY: Yes.

35

MR FEUTRILL: And that is one of the models of the internal auditors institute --- The Institute of Internal Auditors?

MS MURRAY: Yes.

40

MR FEUTRILL: Am I right in thinking that the first sentence of that paragraph is really describing the first two lines of defence, which are, if you like, the management responsibility, and the third line of defence there is that of the internal audit?

45

MS MURRAY: Yes.

10:20AM

MR FEUTRILL: Could I ask that we call up PUB.0007.0031.0001, please. Were you or are you familiar with this document?

5 MS MURRAY: Yes.

MR FEUTRILL: If we could scroll to page 0005. We've been addressing principle 3 and principle 4 on that page, I think. And then, there is principle 5, which is "Third line independence".

10

MS MURRAY: Yes.

MR FEUTRILL: I just draw your attention to that paragraph. Would you accept that is one of the major principles of internal audit?

15

MS MURRAY: Yes.

MR FEUTRILL: That there is independence?

20

MS MURRAY: Independence, yes.

MR FEUTRILL: If I just ask then, that you accept this proposition as well, so if we could scroll to 0009. There is a heading "Between management (both first and second line roles) and internal audit".

25

MS MURRAY: Yes.

MR FEUTRILL: There is a long paragraph there I would ask you to consider and I will ask you a question about that. It starts "Internal audit's independence from management ensures .....", et cetera.

30

MS MURRAY: Yes.

MR FEUTRILL: Would you accept that is an accurate summary of what, if you like, the interaction between management and independent audit should be in an organisation that adheres to the Institute of Internal Auditors' standards?

35

MS MURRAY: Yes. Yes.

40

MR FEUTRILL: And could I show you the next page, which I think is at 0013. I draw your attention to the two paragraphs under "Between internal audit and the governing body". Do you accept those propositions, as well, that the internal audit should effectively be the eyes and ears of the governing body?

45

MS MURRAY: Yes.

MR FEUTRILL: When you were in the position of internal manager, internal audit manager, who did you consider to be the governing body for whom you were to be

the eyes and ears?

MS MURRAY: I guess that would be the Burswood Board.

5

MR FEUTRILL: Burswood Ltd Board?

MS MURRAY: Yes.

10 MR FEUTRILL: All right. The charter required you to report to the ERCC, and the ERCC were effectively responsible to the --- you were effectively responsible to the ERCC. You attended its meetings as an invitee. You were not a permanent member of the ERCC, were you?

15 MS MURRAY: No.

MR FEUTRILL: You presented reports to that Committee periodically?

MS MURRAY: (Inaudible)

20

MR FEUTRILL: Were you invited to and did you ever make presentations to the Burswood Ltd Board?

MS MURRAY: No.

25

MR FEUTRILL: What of the Crown Resorts Ltd Board?

MS MURRAY: (Inaudible)

30 MR FEUTRILL: Were there any committees of the Crown Resorts Ltd Board itself to which you made any direct presentations?

MS MURRAY: No.

35 MR FEUTRILL: All right. And you also attended the legal and compliance committee meetings, as an invitee as well?

MS MURRAY: Yes.

40 MR FEUTRILL: And you were not a permanent member of that?

MS MURRAY: Possibly was, I can't recall. The reason I put "invitee" is because I didn't prepare a compliance certificate as part of the meeting. But I'm not sure what the Terms of Reference says as to whether I was a member or an invitee, I'm not  
45 sure. I attended most meetings ---

MR FEUTRILL: We can't hear you.

MS MURRAY: --- sorry, speak up. Yes, so that's why I put "invitee" because I don't actually prepare a compliance certificate.

5 MR FEUTRILL: Right.

MS MURRAY: I can't recall what it says in the Terms of Reference for that committee, if I was a member or invitee, I'm not sure.

10 MR FEUTRILL: I see. And what was your participation in that committee for?

MS MURRAY: Well really, listening to any of the issues that have been raised by the relevant compliance officers across the business, and within that forum, it was really important for internal audit to be across anything that had occurred. Potentially we might have to have a look at something or get involved in something. So it was a way of me being informed as to any compliance matters within the business.

MR FEUTRILL: Was that part of the information that you used to inform you about what areas of the business that might require an audit?

20

MS MURRAY: It would have been potentially one of the factors.

MR FEUTRILL: And prioritising the areas that required audit?

25 MS MURRAY: Yes, that would have been one of the reasons for why we would do an audit. If there had been some issues in a certain area, we might prioritise that audit in the plan.

MR FEUTRILL: And do you have any recollection of there being a fairly regular degree of non-compliance in the cage area?

30

MS MURRAY: Not that I can recall.

MR FEUTRILL: Can I take you to paragraph 42 of your statement. I just want to ask you a question about what you mean in that paragraph.

35

Are you intending to say there that, in effect, you were precluded from obtaining competent advice and assistance if the internal auditors lacked knowledge, skills or other competencies to perform all or any part of an audit?

40

MS MURRAY: Sorry, could you repeat, please.

MR FEUTRILL: In paragraph 42, you have indicated that it wasn't part of your role to obtain external advice.

45

MS MURRAY: Yes.

MR FEUTRILL: The question I'm asking you is if the internal audit team lacked the skills or other competencies to perform a particular audit, are you suggesting that it was outside the scope of your remit to obtain external assistance to make up for any  
5 deficiencies in that area in your internal audit?

MS MURRAY: The way the audit plan was established was to ensure that we --- the scope of the audit was we had the skills internally to perform those audits. Where it was an audit where it did need expertise, then it wouldn't be an audit that we would  
10 do, it would be an audit that would be outsourced to a relevant party. So that's how it would work, so .....

MR FEUTRILL: So if you formed the view that you did not have the requisite internal skills or competence, you would obtain a third party to undertake that  
15 particular audit?

MS MURRAY: Yes. The plan would be set based on what skills we had inhouse to perform.

MR FEUTRILL: And were there occasions where you did engage a third party to undertake an audit in a particular area?

MS MURRAY: Not that I can recall, no.

MR FEUTRILL: Is your evidence that "you would have done that, had the occasion arisen", or is your evidence "I know it did happen, but I just can't remember exactly when".

MS MURRAY: We would have done that, absolutely.  
30

MR FEUTRILL: That is not answering the question. Do you have a recollection of it actually taking place, not specifically, generally, or it is just you are hypothesising, if you needed a reason, that's what you would have done?

MS MURRAY: I was hypothesising. I don't recall an example.  
35

MR FEUTRILL: So in the time that you were internal audit manager, for all the audits, you considered that your audit team had the requisite skills and competence to carry out the audits?  
40

MS MURRAY: Yes, based on the scopes. There was an IT audit function within Crown Melbourne, so they would have specialised IT auditors that they would do specific audits which would cover Crown Perth and Crown Melbourne. So from an IT, which is quite a specialised role, that would be done through the function in  
45 Melbourne --- (overspeaking) ---

MR FEUTRILL: I want to take you to two parts of your statement now. One is paragraph 32, where you have made reference to your training records.

10:31AM

MS MURRAY: Yes.

5 MR FEUTRILL: And then, I think the training records are attached to your statement at RM-1, and following.

MS MURRAY: Yes.

10 MR FEUTRILL: First of all, either you have a photographic memory or you have a record somewhere for this.

15 MS MURRAY: Yes, I've always kept a record of any training that I've done throughout my tenure at Crown and beyond, just to evidence continuing professional development in terms of the training that I've attended. So this is my personal log, if you like.

MR FEUTRILL: I see. So you maintain your own personal log?

20 MS MURRAY: Yes.

MR FEUTRILL: And is it your usual practice whenever you have training, it goes in your log?

25 MS MURRAY: Yes.

MR FEUTRILL: It is quite comprehensive. I'm interested in asking you a question. I've been through this and I've found one entry to "Anti-Money Laundering and Counter-Terrorism Financing".

30 MS MURRAY: Yes.

MR FEUTRILL: It is on page 0612. And it refers to a Crown Perth internal online training course on 2 June 2015 for a quarter of an hour, 15 minutes?

35 MS MURRAY: Yes.

MR FEUTRILL: Am I right then in thinking that that is the only AML/CTF training you've received for the entire period of your employment with Crown Perth?

40 MS MURRAY: No. This log only starts at 2011. There would have been prior training on AML because I started in 2008. Definitely would have been AML when I started and then there was refreshers. So there would have been more --- I would have done that training more than once.

45 MR FEUTRILL: I see. When you say that you would have done that training more than once, do you mean you've done the online training more than once?

10:34AM

MS MURRAY: Yes, the AML online training course.

5 MR FEUTRILL: Did you undertake more extensive training for AML/CTF? And you don't have to confine yourself now to the period you were with Crown, but any point prior to, during your studies, or at Crown?

MS MURRAY: Not that I can recall.

10 MR FEUTRILL: And what of the other members of the internal audit team? Were you aware of the degree to which each of them had received training in AML and CTF?

15 MS MURRAY: I believe they would have only done the Crown Perth online training.

MR FEUTRILL: Can I can ask you some questions now about the strategic audit plan. You have referred to this in a number of places in your statement. I just want to get a sense of this process by taking you to one of the plans so we can get a more  
20 live explanation.

MS MURRAY: Okay.

25 MR FEUTRILL: You have referred to it in paragraphs 40, 52 and 53. Can I ask that we call up CRW.701.001.2012 and the pinpoint is 2044. This is taken from an agenda pack for the ERCC meetings in July or thereabouts, 2016. This is the Strategic Internal Audit Plan FY17-FY19.

30 I want to go over two things with you, one is paragraph 53 of your statement and the other is this document. In paragraph 53 --- in the chapeau at paragraph 53, you make reference to a diagram setting out the process in the strategic internal audit plan. If I could take you to pinpoint 2045. There is a diagram under a heading "Planning Process"?

35 MS MURRAY: Yes.

MR FEUTRILL: Am I right in thinking that is a version of the diagram you had in mind in paragraph 53?

40 MS MURRAY: Yes, that's correct.

MR FEUTRILL: I would just like to take you through this and clarify some things as it doesn't always seem to align perfectly with your paragraph 53.

45 MS MURRAY: Okay. No worries.

MR FEUTRILL: So in 53a, it appears to be the first box where you review the corporate risk profile and related controls.



MS MURRAY: Yes.

5 MR FEUTRILL: So that is a few things in the first box. Then in 53b, there is a reference there to interviewing key management and so forth. You mention that in 53b.

MS MURRAY: Yes.

10 MR FEUTRILL: And 53c seems to be dealing also with the second box. Am I right?

MS MURRAY: It would appear that (inaudible). It was part of the second box of the planning process.

15 MR FEUTRILL: Yes.

MS MURRAY: It's probably not part of the planning process as such, but it is within the strategic audit plan. It would have a high level statement of the audit objectives, which I would discuss with management in terms of --- at a high level what we would look at. So, potentially, yes, that might get updated in the strategic audit plan as part of my discussions with management.

25 MR FEUTRILL: Okay. And then 53d, "considered the resourcing", is that under the second box too? Not operational requirements?

MS MURRAY: That would more refer to departments we were auditing than what the requirements were in terms of coverage. That is probably outside of that for me to look at what internal resources I have to deliver on the plan.

30 MR FEUTRILL: Where would you consider internal resources in the plan?

MS MURRAY: Probably as part of the third, the analysis, so in terms of "prioritise audit areas" and "consider resourcing".

35 MR FEUTRILL: All right. In paragraph 53b, you have mentioned that ---

MS MURRAY: Yes.

40 MR FEUTRILL: --- at the meetings with the managers, there would be an agreement on the audits you wanted to include in the strategic audit plan. The diagram suggests a slightly different process, which is that you undertake an interview with key management ---

45 MS MURRAY: Yes.

MR FEUTRILL: --- and then in the third box, after undertaking your analysis, you

10:40AM

prioritise auditable areas. So it creates the impression that you are making the decision after consultation with the management about what areas will be audited?

MS MURRAY: Yes.

5

MR FEUTRILL: Which of those competing models, if you like, was the correct one?

MS MURRAY: So I would catch up with each executive and we'd review the audit areas that sat within their responsibility and go through what we've had in the previous plan to decide if we needed to do the audit again the following year. So we'd look at what the previous audit results had been and things like that, if anything had appeared that we needed to have more coverage. So we would go through each area and decide between us what audits we should have in the plan. I would already have an idea in my head, it was to go through and discuss it with them when I went to sit with them.

MR FEUTRILL: So it is what you are saying is it is more consistent with what you have described in your statement, that you would reach agreement with the internal managers about what audits would be carried out each year?

MS MURRAY: Yes. Yes.

MR FEUTRILL: So the question really is my understanding of the audit process --- the internal auditor would make a decision about what audits would be undertaken after consultation, not by agreement, with management?

MS MURRAY: I guess it was a two-way discussion around the audit plan. Yes, it would be in consultation with them, particularly if there was any new areas that we needed to capture and needed to be aware of anything that was coming up in that year where we might need internal audit coverage, that might not have been on the plan previously. So I would have an idea when I went to see them, we would have a discussion, that would likely change, we would probably increase it if anything in terms of do more audits and I would do that with each executive, and then I would formulate based on resourcing how we would formulate that plan.

MR FEUTRILL: Did you feel free to depart from the agreement you reached with management about what areas you would audit?

MS MURRAY: In terms of not doing an audit or .....

MR FEUTRILL: Or if you decided a particular area required an audit and they were resisting that?

MS MURRAY: It was more the opposite. It was more they wanted me to do more than what I was trying to plan, if anything. There was rationale as to why we did certain audits, and lots of audits we did every year anyway because of the high risk of those areas. There wouldn't be a discussion about "let's not do that this year". There

were certain audits we did every year regardless, even if we had good results the prior year. There were a number of factors taken into account to determine what we would audit each year.

5

MR FEUTRILL: Okay. Now, can I take you back to the diagram. Clearly, after you had spoken to all management, they all had differing views about what should be done for their departments and so forth.

10 MS MURRAY: Yes.

MR FEUTRILL: You, I take it, had a finite resource available to carry out the audits?

15 MS MURRAY: Yes.

MR FEUTRILL: So in the box, under "Analysis of Auditable Areas", "Prioritise Audit Areas", who undertook that role, the role of identifying which ones to be done and which were the most important?

20

MS MURRAY: We did. I did.

MR FEUTRILL: Is that "we"?

25 MS MURRAY: Internal audit did.

MR FEUTRILL: Is it your decision alone?

30 MS MURRAY: In terms of prioritising audits, in consultation with management. Like I said, most of them we did every year anyway due to some of the high risk of the audit areas.

35 MR FEUTRILL: You said "in consultation with management"; so is this a, if you like, a process, you have one meeting about audit in general, you come up with your list of priorities, and then they have input into which ones are prioritised as well?

MS MURRAY: No, we would prioritise as part of that one discussion that we would catch up each year and discuss those audits.

40 MR FEUTRILL: What happens when you have got competing interests of different managers?

45 MS MURRAY: Yes, yes, so in terms of --- obviously I have a limited resource. The one thing we did have in the plan as well was a continuous spot check audit allocation as well as management requests. So although the plan was set each year, we had flexibility in some of the audit areas we could look at. So what we might do is, if we weren't doing an audit that year, we might do a continuous audit which is more of a spot check audit. So we'd get some coverage of that area, and maybe look

at a particular issue or a particular problem we've had previously when we've done an audit. We might not do a full audit which takes 10 or 15 days to do, we might do a reduced scope and look at a particular area of concern. So we had a bit of flexibility  
5 in the plan in terms of the easier, standard full audits, if you like, that we would do each year, but then we would have flexibility around --- if there were specific management requests, if something had occurred throughout the year or if we wanted to do more of a spot check audit. That would help how we would balance that time and resource in terms of the audits that we did.

10 MR FEUTRILL: Can I ask you about spot checks and things occurring in the course of the year.

MS MURRAY: Yes.

15 MR FEUTRILL: Are you saying there was allocated in your time budget enough slack that if something occurred during the course of the year, you could undertake an ad hoc audit of that?

20 MS MURRAY: Yes, absolutely. There was an allocation in the plan each year for special unplanned audit management requests, there was an allocation of time for that always in the plan. So we had that flexibility.

MR FEUTRILL: And when an issue like that arose, did you need to obtain approval  
25 from anyone before you carried out a spot check audit?

MS MURRAY: In terms of a management request?

MR FEUTRILL: Say, for example, a manager requested and said these events  
30 occurred, can you please carry out an audit?

MS MURRAY: Yes, I would just look at it. I wouldn't need authority.

MR FEUTRILL: In the period that you were the internal audit manager, were there  
35 any occasions upon which Mr Preston asked you to carry out a spot check audit in respect of AML and CTF?

MS MURRAY: Not that I recall a spot check audit. That was a standard audit ---  
40 AML/CTF audit is a standard audit that we had in the plan anyway. So outside of that planned audit, no.

MR FEUTRILL: I'm referring to any specific aspect of the AML/CTF program that he wished you to look at more closely?

45 MS MURRAY: Not that I recall.

MR FEUTRILL: Was one of the managers with whom you had your annual catch-up, if you like, to do with audits, the general manager at cage and count?

MS MURRAY: No, I don't believe I would have caught up with him because all the cage audits we did every year anyway, so the cage would have sat, I believe, under Mr Preston during my tenure so I would have discussed cage audits with Mr Preston.

5

MR FEUTRILL: And what about the finance department? Was anyone in the finance department with whom you had direct contact in scoping audits?

MS MURRAY: So I would discuss the audit areas with the Chief Financial Officer, which would have been Alan McGregor while I was there. And then specific scoping of audits would be done in conjunction with the financial controller and relevant managers in the team.

10

MR FEUTRILL: In the period you were the internal audit manager, were there any occasions upon which you were requested to carry out an ad hoc audit of AML/CTF issues that related to the telegraphic transfers in the cage?

15

MS MURRAY: No.

MR FEUTRILL: Just coming back to the strategic plan for 2016. I got slightly sidetracked, Ms Murray. I will ask you some more questions about your statement. I'm just trying to understand, again, the final approval stage, which is the last box.

20

MS MURRAY: Yes.

25

MR FEUTRILL: I take it you prepare the draft strategic audit plan?

MS MURRAY: Yes, that's correct.

MR FEUTRILL: After all the processes we've just been talking about?

30

MS MURRAY: Yes.

MR FEUTRILL: In the document, the diagram, it says "Obtain confirmation from CEO" --- I take it to be Mr Felstead ---

35

MS MURRAY: Mr Felstead, yes.

MR FEUTRILL: --- and "EGM Legal and Corporate Services". So that's Mr Preston?

40

MS MURRAY: Yes.

MR FEUTRILL: So when it refers to "obtain confirmation", does that mean their approval for the strategic audit plan?

45

MS MURRAY: They would just review the draft to make sure they were

comfortable with that before it was provided to the ERCC --- the ERCC is missing off this diagram so it should then say ERCC, and then Board.

5 MR FEUTRILL: So in that last bullet point, which is "Obtain approval from the Board" --- capital "b" board there --- that "Board", what do you understand --- how do we read "Board" there, what board are we talking about?

MS MURRAY: Burswood Board.

10

MR FEUTRILL: Burswood Ltd?

MS MURRAY: Yes, I believe so.

15 MR FEUTRILL: That I take it, just to be clear, is also --- when one looks at the "Executive Summary" on the same page under the heading "1.1 Introduction", in the second paragraph, it talks about providing:

Crown Perth management and the Board of Directors with assurance and *confidence*.

20

That "Board" there is, again, the Burswood Ltd Board you are referring to?

MS MURRAY: Yes, correct.

25 MR FEUTRILL: In terms of the process by which the strategic audit plan was approved, you did not yourself attend the board meeting of Burswood Ltd to present your plan?

MS MURRAY: (Audio distorted)

30

MR FEUTRILL: Can I ask you another question on your statement, Ms Murray. This is paragraph 34. There is something perplexing me about risk management. It is the expression "risk appetite".

35 MS MURRAY: Yes.

MR FEUTRILL: You indicated there that during the period of your employment, there was no defined risk appetite statement of Crown Perth. Can you explain in your own words as simply as you can, what you understand the meaning of risk appetite to be?

40

MS MURRAY: So when I refer to the risk appetite statement, I mean an actual documented statement in terms of what risk is accepted within the business. So this is, kind of, a maturity around risk management. So at the time I was at Crown Perth, I don't believe there was an actual formal statement around what risk, what the board's appetite is to risk, what they are willing to accept. As risk management evolves over the years, this is becoming more --- more businesses are looking to

45

develop statements. The current business I work in does have one. It is the defined statement around, depending on certain factors, what risk appetite is acceptable.

5 MR FEUTRILL: This is quite abstract what you just said. Can you give a concrete example of what you mean by "certain factors" and "defined"?

MS MURRAY: So it would be based on the different consequences of a risk. So, for instance, in terms of health and safety, we have a low appetite for there being any  
10 injuries or any harm to people, whereas in other areas of consequence, we might have a --- depending on certain factors, we might have a not bigger appetite, we might tolerate more in terms of risk.

MR FEUTRILL: So financial risk, for example, you might tolerate more risk in your  
15 financial well-being than the health and safety of employees?

MS MURRAY: Potentially, yes, as an example. Yes.

MR FEUTRILL: And would the risk appetite statement make a statement to that  
20 effect, would it?

MS MURRAY: From what ---

MR FEUTRILL: In your experience?  
25

MS MURRAY: --- from my experience and what I know, that's what I've seen, yes.

COMMISSIONER OWEN: Sorry, Mr Feutrill, can I just ---  
30 In your statement, you say that you've been in internal audit for about 16 years.

MS MURRAY: Yes.

COMMISSIONER OWEN: From about 2001.  
35

MS MURRAY: Yes.

COMMISSIONER OWEN: When you talk about risk appetite as a discrete  
40 document, what has been your experience in that entire period from 2001 on as to --- is this a more modern phenomenon?

MS MURRAY: That I'm aware of. Yes, I haven't seen it before until my more  
45 recent role. It is not easy to write an appetite statement but there are companies that do have them which are endorsed at the board level. So management are aware of whether or not how they are managing their risk is acceptable in terms of the tolerances set by the board.

COMMISSIONER OWEN: So the absence of a discrete document ---

10:56AM

MS MURRAY: Yes.

5 COMMISSIONER OWEN: --- was that a surprise to you if we are talking about this period 2013 and around there?

MS MURRAY: A surprise in terms of that there wasn't one? Is that what you mean?

10 COMMISSIONER OWEN: Yes.

MS MURRAY: No, it wasn't a surprise. I wouldn't have been aware of it back then either.

15 COMMISSIONER OWEN: All right. Thank you.

MR FEUTRILL: Staying with this topic, one internal audit activity is to evaluate the effectiveness and contribute to the improvement of the risk management processes.

20 MS MURRAY: Yes.

MR FEUTRILL: And that requires a degree of understanding of the risk appetite of the organisation for whom you are the internal auditor.

25 MS MURRAY: Yes.

MR FEUTRILL: And it also, no doubt, requires an understanding of the --- of what we might call the organisational mission or the strategic goals of the organisation; correct?

30

MS MURRAY: Yes.

MR FEUTRILL: So in the period that you are the internal audit manager, and in the absence of any documented statement of risk appetite, on what basis did you evaluate the effectiveness of Crown Perth's risk management system or processes?

35

MS MURRAY: In terms of risk management? In terms of looking at risk management as a specific audit?

40 MR FEUTRILL: Yes.

MS MURRAY: I don't recall us actually doing a risk management audit during my time.

45 MR FEUTRILL: I was going to ask you about that because there is a risk --- each strategic plan, I think, I've read, there is a reference to an enterprise risk policy as one of the audits?



MS MURRAY: Yes.

5 MR FEUTRILL: It does not appear ever to have been done. It continually was deferred. Do you have any recollection or appreciation for why that particular audit was deferred continually?

10 MS MURRAY: I think we were comfortable with the framework that was in place, in that it was working well. Although we didn't look at a --- do a specific risk management audit, as part of our individual audits that we did do, we looked at the risk registers that were maintained by management, we reviewed those risk registers as part of the audit planning process. It wasn't to say we weren't aware of or didn't have a look at anything to do with risk management. We did as part of our processes of doing audits. So there was coverage, if you like, even if we weren't specifically doing a risk management audit. I guess it was just seen as low priority considering the broad scope of the Strategic Internal Audit Plan covering the whole complex and the areas of audit that we could do. I guess it was seen as low priority.

20 MR FEUTRILL: All right. If we are still in the strategic audit plan, can we go to pinpoint 2050. There is a heading "Internal Audit Resources" and you might recall I asked you some questions about this earlier. Is this description the full complement of people available for internal audit for the period you were internal audit manager?

25 MS MURRAY: That was the resources that I had at the time of preparing this plan, prior to leaving. The bottom two bullets, those roles weren't there when I first started.

MR FEUTRILL: Right.

30 MS MURRAY: So those came into play during my tenure as internal audit manager. So originally when I started it, it was just the top three.

MR FEUTRILL: And the bottom two, are they the ones I used the expression "bestowed on you by management"?

35

MS MURRAY: Yes, correct.

40 MR FEUTRILL: Up until the point at which you received the additional assistance, in your view was the full complement you then had available sufficient resource to carry out the audit program you had each year?

45 MS MURRAY: You can always have more resources. Probably not. Being in the internal audit manager role, you don't get a lot of time to do audits yourself. So in terms of you being able to do audits, there is other matters that you have to deal with. So you really just have a full-time and a part-time auditor doing those audits. And the occasional audit would go to the internal audit manager. Considering the breadth of the business, we covered the whole complex and the audits would cover those areas, potentially we could have had --- it is always nice to have more resource.

MR FEUTRILL: It was frequent or pretty regular that you didn't complete the full complement of audits each year, wasn't it?

5 MS MURRAY: There were always audits we didn't complete each year, yes.

MR FEUTRILL: And that would suggest that the resources available for the ambition in the audit plan may not have been adequate?

10 MS MURRAY: The plan was set based on the resources. The reason why it wasn't always achieved was you do the best you can in terms of estimating how much time you would need to complete each audit but sometimes, particularly where you would find some issues within an audit, then you might need to dig and look at more information which would obviously take longer to complete the audit and the audit  
15 report. We would track our time on what we would spend on the audit so I had visibility of how we were doing and we would catch up as a team each month and review that to see how we're tracking in terms of time. The ultimate goal was to achieve the strategic audit plan but you had to balance that out with making sure that the audits were complete and as detailed as possible. So if you did find issues you  
20 would take longer, so I would be aware of that so we could look at the plan and go, where can we compromise in terms of time.

MR FEUTRILL: Okay. A little earlier, you said something or words to the effect that "it is always nice to have more resources".

25 MS MURRAY: Yes.

MR FEUTRILL: I understand that.

30 MS MURRAY: Yes.

MR FEUTRILL: Insofar as your position as internal audit manager went, did you feel you were in a position to request additional resources?

35 MS MURRAY: Yes, we could request.

MR FEUTRILL: And to whom would you have made such a request or did you make such a request?

40 MS MURRAY: That request would have been with Mr Preston, wouldn't it?

MR FEUTRILL: And did you consider yourself to be able to, if you like, knock on the door of the members of the board and ask them for additional resources? When I say "board", I mean Burswood Ltd Board?

45 MS MURRAY: No, I wouldn't be comfortable doing that.

11:05AM

MR FEUTRILL: Why would you not have been comfortable doing that?

MS MURRAY: I don't know.

5

MR FEUTRILL: Did you have any --- was there any way in which you directly had the ability to make contact if you like, telephone, email or any other way, informally or formerly, with the independent directors of Burswood Ltd, by that I mean Mr Poynton or Mr Roberts?

10

MS MURRAY: No, I don't believe so.

MR FEUTRILL: And what about the chairman of the board?

15 MS MURRAY: No.

MR FEUTRILL: I will take you back to your statement now, Ms Murray. There is a couple of questions I've got relating to the audit of junkets.

20 In paragraphs 37 and 38, you describe a couple of aspects of junkets and indicate they were principally managed out of Melbourne in paragraph 37. And then in paragraph 38, you have said in the second last sentence, in that paragraph that you:

25 ..... had no visibility over the way in which Crown Melbourne International *Operations team operated and was not involved in any internal audit of that department.*

MS MURRAY: Yes.

30 MR FEUTRILL: Do I understand from that sentence that what you are saying is that you, as the internal audit manager in Perth, did not have access to the records of Crown Melbourne relating to the International Commission Business or junkets?

35 MS MURRAY: No, that would have been the Crown Melbourne internal audit team that would have audited that aspect.

MR FEUTRILL: Was it your understanding that there were junket operators who were operating in Perth, but their approval to operate in Perth was undertaken in Melbourne?

40

MS MURRAY: I can't recall if there was an approval in Perth or Melbourne, I can't recall. Sorry.

MR FEUTRILL: Can't recall whether it was in both or one or the other?

45

MS MURRAY: I can't remember that, I'm sorry.

MR FEUTRILL: What about in respect of junket representatives, those who

represented the junket operators in Perth?

5 MS MURRAY: I know there was an approval process but I can't remember who was involved in that process, unfortunately.

10 MR FEUTRILL: Do you recall whether internal audit was involved at any time in undertaking an audit of the approval process for junket operators in Perth or junket representatives in Perth?

MS MURRAY: Yes. Yes.

MR FEUTRILL: There were such audits?

15 MS MURRAY: We had a junkets audit on the audit plan. So that would have included confirming the junkets were approved, and the approval process had been followed in relation to what was documented in Crown Perth's Casino Manual. Outside of that would have been outside of the scope.

20 MR FEUTRILL: So, if and to the extent, that approval process was within the management of Crown Melbourne, it was not something you were able to audit, as the internal audit manager of Perth. Is that correct?

25 MS MURRAY: I'm not sure --- if we would have had approval documentation in Perth from Melbourne, we would have sighted that, but we wouldn't have reached out to Melbourne to obtain any documentation to do the audit.

30 MR FEUTRILL: What I'm driving at is a material risk of Crown Perth, no doubt, was the process by which it approved junket operators and junket representatives?

MS MURRAY: Yes.

35 MR FEUTRILL: And the recovery of debts is fine, but I'm interested to know what information you had available to you to assure the Board of Burswood Ltd that appropriate processes had been undertaken to mitigate that risk for Crown Perth?

40 MS MURRAY: I can't recall the specifics of what we would have actually looked at as part of that audit. As I said, it would have been in line with procedures within Crown Perth's Casino Manual.

MR FEUTRILL: Again, if and to the extent that you required records from Crown Melbourne to complete that audit, it would have been impaired, were it not, by your inability to access Crown Melbourne's records?

45 MS MURRAY: Sorry, could you repeat that question.

MR FEUTRILL: What I am saying is, if it is the case, to carry out a complete and thorough audit of the junket operators in Perth, you will need access to Crown

11:10AM

Melbourne's records. They were not available to you, were they?

5 MS MURRAY: I could access the records if I required as part of the audit, but I don't recall ever doing that. I would say any documents relevant to the Crown Perth compliant with the procedures, they would have had a copy at Perth to sight, if that was the case.

10 MR FEUTRILL: So what did you mean then by you had no visibility over the way in which Crown Melbourne operated and was not involved in any internal audit --- (overspeaking) ---

15 MS MURRAY: I didn't audit anything to do with Crown Melbourne. It was purely Crown Perth. So in terms of the procedures that were followed by their International Operations team in terms of their own processes around junkets and the representatives and the like, the junket programs and the various options around the junket programs and what program the players would be on, that was all kind of managed through that Melbourne team. Crown Perth would get advised of what had been agreed on certain aspects for those players and we would audit based on that  
20 documentation that would have been provided to Crown Perth.

MR FEUTRILL: Commissioners, I'm about to move to a different topic. Would now be a convenient time?

25 COMMISSIONER OWEN: All right. We will come back at 11.30. So we will have a break, Ms Murray, until 11.30.

MS MURRAY: Okay.

30 **ADJOURNED** **[11.12 AM]**

35 **RESUMED** **[11.30 AM]**

COMMISSIONER OWEN: Please sit down.

40 MR FEUTRILL: Ms Murray, can I ask you to turn to paragraph 55 of your statement.

MS MURRAY: Yes.

45 MR FEUTRILL: I have some questions now about the audit process.

MS MURRAY: Yes.

MR FEUTRILL: I want to draw your attention to 55a to start with. This is the

planning process for an audit.

MS MURRAY: Yes.

5

MR FEUTRILL: And I'm looking here at --- would it be fair to say the key element of the audit planning was to gain a good understanding of the risk and compliance obligations in the area of the audits?

10 MS MURRAY: Yes.

MR FEUTRILL: And that involved a review of all relevant risk registers?

MS MURRAY: Yes, relevant risk registers, yes.

15

MR FEUTRILL: To identify the risks and controls relevant to the area that was being audited?

MS MURRAY: Yes, correct.

20

MR FEUTRILL: "By all risk registers" that means all available registers of risk that relate to the area of the audit, so not just what you saw in CURA or in some other form of risk register as well?

25 MS MURRAY: I believe everything was in CURA. That was what we would ---

MR FEUTRILL: If it was not in CURA, would you expect it to be something that would be brought to your attention as the auditor by the managers in question?

30 MS MURRAY: Yes.

MR FEUTRILL: Now, 55b. In that paragraph, you indicated that after the planning of the scope a scope statement was prepared, detailing the audit objectives, areas of focus, relevant risks, approach and timing for the audit. And then you've indicated there that:

35

*The scope statement was provided to the relevant general manager and a meeting held to discuss and agree the audit scope.*

40 Would you agree with the proposition that involving managers in agreeing the scope has the potential to undermine the independence and objectivity of the audit?

MS MURRAY: When I put "b" in my statement, it would have been in regards to more the timing of the audit rather than specifically what we were looking at. So we would determine what the areas we would look at and we would go through them with the manager and advise on what we would look at. They didn't approve our scopes. There are scopes so that "agrees" is probably more around the timing of the audit as opposed to what we are actually auditing.

45

MR FEUTRILL: In your experience, was there any attempt by the managers to influence the focus of the audit process in these meetings?

5 MS MURRAY: No. If anything, I would ask "have you got any concerns" or "is there anything else we need to include as well". So there was certainly "no, don't look at that", that never occurred.

10 MR FEUTRILL: I see. So is the effect of your evidence that the scope of the audit was determined by the internal auditors?

MS MURRAY: Yes.

15 MR FEUTRILL: And that included the focus of the audit, what you were going to consider as part of the audit?

MS MURRAY: Yes.

20 MR FEUTRILL: Is it the case that any time managers gave you indications of areas where you should in fact be focusing that you were not?

MS MURRAY: No, I don't think so that I can recall.

25 MR FEUTRILL: In 55c ---

MS MURRAY: Yes.

30 MR FEUTRILL: --- this is preparing of the plan, in other words, the material that you would audit, or the sources of information you would have available to you to carry out the audit in the way it would be done.

MS MURRAY: Yes.

35 MR FEUTRILL: I am interested in there the sentence there saying:

These included, where relevant, observations (live and/or via surveillance), *sample testing of documentation/transactions*.

40 Do I understand from that that part of the material available to internal audit was the ability to carry out surveillance on the gaming floor?

45 MS MURRAY: Yes, we would do that within the surveillance department. We would sit with an operator, if we needed to perform some observations by surveillance, yes.

MR FEUTRILL: And Pearl Room?

MS MURRAY: In terms of surveillance?

MR FEUTRILL: Yes. Did you do that?

5

MS MURRAY: Yes, anything. Anything that where there were cameras, we could go into surveillance and observe the footage or live.

MR FEUTRILL: And were there cameras also in the salons for the junkets?

10

MS MURRAY: Yes, I think there was.

MR FEUTRILL: So insofar as the audits of, let's say, the table games area were concerned ---

15

MS MURRAY: Yes.

MR FEUTRILL: --- in your experience, were any of those audits designed in a way whereby surveillance of the table games was used as part of the audit process?

20

MS MURRAY: Yes.

MR FEUTRILL: I'm going to ask you some specific questions now around the AML/CTF program and the audit of that area in particular. As you no doubt have picked up from the media and wherever else that this is the focus of the inquiry. So could I ask that you be taken to CRW.704.001.5559. There is most likely a non-publication order on this document.

25

You should have on the screen in front of you, Ms Murray, a document referred to as "AML/CTF PROGRAM", Crown Perth, version 12, 14 February 2014. I'm just going to use this document as an example of one of the AML/CTF programs that were extant in the period that you were the internal audit manager. We don't need to look at the whole thing. I will take you to pinpoint 5579, which is Appendix E, referred to as "RISK ASSESSMENT - DESIGNATED SERVICES". If we scroll through to the table that begins on point 5582. Do you recall being involved in the AML/CTF Program from time to time?

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35

MS MURRAY: Yes.

40

MR FEUTRILL: No doubt, as part of that process you had regard to the AML/CTF program itself?

MS MURRAY: Yes.

45

MR FEUTRILL: And one of the documents included was the risk register in appendix E?

MS MURRAY: Yes, I believe so.



MR FEUTRILL: So in terms of going back to my earlier questions, which is identifying the risk registers relevant to the audits. This would have been one of the risk registers relevant to your area of audit for AML/CTF; correct?

5

MS MURRAY: Yes.

MR FEUTRILL: Now, I have some general questions about this. We can go through all of them, but if I can start with the first one, the "Cash Buy In (VIP)".

10

MS MURRAY: Okay.

MR FEUTRILL: You will see it identifies a number of risks identified with Cash Buy-Ins, and there are various risks. I don't need to say them out loud. Across, under "Specific Controls", one of the specific controls referred to is "Suspicious Matter Reporting raised by TG staff who observe customer's behaviour", for example.

15

MS MURRAY: Yes.

20

MR FEUTRILL: And in fact, when one goes through all of the items in this table, one of the controls identified is a "Suspicious Matter Report".

MS MURRAY: Yes.

25

MR FEUTRILL: So you would agree, and this goes back to your statement, I think, one of the purposes of the audit is not only to test for compliance with a control, but to test the effectiveness of the control; correct?

30

MS MURRAY: (Inaudible)

MR FEUTRILL: Do you have an appreciation or understanding of what types of behaviour may lead to a Suspicious Matter Report being generated?

35

MS MURRAY: Yes.

MR FEUTRILL: And was that based on your online training?

MS MURRAY: From memory, there were some examples I think in the online training what would potentially be a suspicious matter. But it wouldn't --- my knowledge wouldn't be purely on completion of that training course. Reviewing the documentation, reviewing the program, preparing the audit plan and conducting the audits would mean I would have a greater knowledge of those other than through doing the training.

45

MR FEUTRILL: Let me take you to an audit because I have some questions about --

-

MS MURRAY: Yes.

5 MR FEUTRILL: --- the way these were carried out. As an example again, this is CRW.008.002.4305. This is an internal audit report for the AML/CTF in June 2013. Just for noting, I note the distribution list includes Mr Preston.

MS MURRAY: Yes.

10 MR FEUTRILL: So Mr Preston was effectively the person you were auditing, his department you were auditing and he was also your line manager.

MS MURRAY: Yes.

15 MR FEUTRILL: In your view, does that have an effect on your ability to independently audit that area?

MS MURRAY: No.

20 MR FEUTRILL: And why do you say that?

MS MURRAY: The internal audit team acted autonomously within the business. So Mr Preston wouldn't have been involved in anything to do with the audit planning or testing or the report or the like, other than if there were any issues, they would be 25 flagged with him as part of the internal audit process. The internal audit team acted independent of all management and executive.

MR FEUTRILL: At this time, Mr Preston was the AML/CTF compliance officer.

30 MS MURRAY: Correct.

MR FEUTRILL: This is effectively his compliance, or his AML/CTF Program.

MS MURRAY: Yes.

35 MR FEUTRILL: At the meetings you referred to earlier where you had meetings with managers, is your evidence that Mr Preston was not participating in the meetings at which the scope of the audit was discussed?

40 MS MURRAY: He would have had a copy of the scope. I would have sent the executive area a copy, I believe. But what we would have is an entrance meeting to walk through that scope. I can't recall if Mr Preston was at that meeting or whether it was just the AML or compliance officer in there. I can't remember exactly who was at that meeting.

45 MR FEUTRILL: Right.

MS MURRAY: But he would have had a copy of the scope as well.

5 MR FEUTRILL: In all events, he's your line manager, you are auditing his department ---

MS MURRAY: Yes.

10 MR FEUTRILL: --- reporting to him, and you don't see there to be any possible, if for nothing else, perception that your objectivity might be compromised in that situation?

15 MS MURRAY: Potentially as a perception, however, that wasn't the case. In my opinion, we acted completely independent and there was no conflict. The same process was applied for any audit that we did. The executive responsible for that area would get a copy of the report, would get a copy of the scope. Mr Preston was treated no differently from any of the other executives in the business and certainly didn't influence anything in terms of what we found or how we reported it.

20 MR FEUTRILL: He may not have influenced, Ms Murray, I'm not suggesting he did, but that arrangement, would you consider that to be consistent with the internal audit international standard of independence and objectivity?

25 MS MURRAY: The fact that I had an administrative reporting line to Mr Preston?

MR FEUTRILL: Yes, that you reported to Mr Preston and you were auditing his area.

30 MS MURRAY: I don't believe so. I don't believe there was a conflict.

35 MR FEUTRILL: Why do you say there wasn't an inherent --- let me put it to you this way. There is an inherent conflict in that situation. Again, I'm not saying it led to any influence at all, but would you not agree with me that that situation in and of itself inherently creates the potential for conflict of your duty to audit independently and your ---

MS MURRAY: Potentially, yes.

40 MR FEUTRILL: Can I ask that we look at pinpoint 4306. At the bottom of that page, if it could be put up with the top of the following page, 4307.

45 Under the "Objective and Scope", in the second bullet point, one of the objectives is to assess the effectiveness of the controls in place. You will recall one of the controls is the provision of suspicious matter reports.

MS MURRAY: Yes.

MR FEUTRILL: And on the following page under the heading ---

MR GARAS: Sorry to interrupt, my friend. Given the nature of the material that is actually in this report, can I ask my learned friend to confine it to the personal screens because it obviously does deal with the nature of the tests that are done and the scope in relation to AML/CTF issues.

COMMISSIONER OWEN: Yes, I think that is appropriate.

MR FEUTRILL: Yes, sorry. Can we please confine it to the Commission, witness and interested party screens, please. I hope you still have it, Ms Murray?

MS MURRAY: Yes.

MR FEUTRILL: On page 4307, there is a heading that begins "The audit included review of the following areas". There are:

Effectiveness of risk assessment procedures in relation to Crown Perth's risk of *facilitating money laundering and terrorism financing*.

MS MURRAY: Yes.

MR FEUTRILL: So that would include, would it not, an assessment of whether that risk register I showed you earlier in the AML program was effective in identifying appropriate risks and the controls?

MS MURRAY: I believe so.

MR FEUTRILL: Can I draw your attention to the bullet point, the fourth bullet point:

Controls in place to accurately and completely identify and report information to AUSTRAC as required by the legislation, including .....

And one of the inclusions there is "suspect transactions".

MS MURRAY: Correct.

MR FEUTRILL: When we look at the substance of the report itself, if I take you to 4317, there is a reference to having sampled some suspicious matter reports ---

MS MURRAY: Yes.

MR FEUTRILL: --- that were provided and you were testing really to see if the reporting had been done within the timeframe required under the AML/CTF Act.

MS MURRAY: Yes.

MR FEUTRILL: Clearly, if I'm right if you could tell me, I'm making some assumptions, Ms Murray, and I may be wrong about this, but when you look at the report, it doesn't describe every single aspect of the audit undertaken. It only  
5 identifies those where there were issues that were identified, that were minor or of a more significant nature.

MS MURRAY: The executive summary has a positive outcome section ---

10 MR FEUTRILL: Yes.

MS MURRAY: --- so that would highlight, based on everything we've looked at, that would highlight all the areas we looked at where there were no findings. So it does provide a balance in terms of what was confirmed to be effective. And then,  
15 these schedules, these tables would be related to the findings, when we got exceptions to our testing.

MR FEUTRILL: All right. To your knowledge and recollection, was there any aspect of the AML/CTF Program audit designed to test and to ascertain whether  
20 suspicious matter reports were being made when they should be made?

MS MURRAY: No, I don't know how you'd test that.

MR FEUTRILL: Well, you might test by a sampling of the information available in  
25 a particular area, for example, and to see if, based on the information available to that area, they were making suspicious matter reports.

MS MURRAY: (Audio distorted) I was thinking more of people on the floor, but, yes, there would be reports that were generated and reviewed by the cage and by the  
30 AML, I believe, where they would review certain information and if they formed a suspicion based on that information, we'd look at that to make sure that that was being done, that those reports were being generated and reviewed. As part of the audit, we'd also do what I would call a "walk-through". So we'd sit with someone from the cage, for instance, when they did their daily checks of the reports and  
35 actually sit with them and say "what sort of things are you looking for" and actually walk-through their mindset, if you like, what they do in terms of checking, checking information, which they could potentially form a suspicion on that information.

MR FEUTRILL: Coming back to my question, though, to your recollection and  
40 knowledge, was there any design aspect of the audit where what you were looking for was a gap? In other words, there was information available to a member of the cage, table games or wherever it might be, that was --- should generate a Suspicious Matter Report, but did not.

45 MS MURRAY: (Inaudible).

MR FEUTRILL: To your knowledge, was there such an aspect of your audit process?

MS MURRAY: Not that I can specifically recall. There would have been detailed tests that we performed. I can't remember if there is something that would specifically look at that. I can't remember.

5

MR FEUTRILL: Again hypothetically, you had the ability to utilise the surveillance equipment of the surveillance area.

MS MURRAY: Yes.

10

MR FEUTRILL: So it would be possible, would it not, to carry out some form of random testing and observation of behaviour from the gaming floor to see if, when particular activities were taking place, they were being identified by table games staff and reported as suspicious matters. That could be done?

15

MS MURRAY: It could be done, yes.

MR FEUTRILL: To your knowledge and understanding, was any testing of that nature done by the internal audit department?

20

MS MURRAY: I can't recall, I'm sorry.

MR FEUTRILL: Would it be fair so say that within the internal audit department, you did not have people with the requisite expertise to carry out such an audit? In other words, who would be able to identify behaviour on the floor themselves and work out if it ought to have been the subject of a Suspicious Matter Report?

25

MS MURRAY: I don't believe that it was part of the audit scope that we did.

30

MR FEUTRILL: If it wasn't part of the audit scope, that's fine. If that is the answer to the question, that is the answer to the question. I'm really trying to understand is if within the scope or planning phase, in particularly with respect to AML/CTF auditing ---

35

MS MURRAY: Yes.

MR FEUTRILL: --- one thing you had in view was is there a gap? Is there something that our people are missing?

40

MS MURRAY: And the way we would have audited that is are people appropriately trained. So the areas of the business where they would potentially be exposed to a suspicious matter, like table games or the cage, we would test to ensure that those people have been adequately trained, they've got SOPs in place, which they are aware of and following in terms of what they need to do. I think for those specific areas, there was not just the online training, there was other training that was conducted for those areas of the business that potentially would be more exposed to these sort of transactions. So we would make sure that training had been conducted for those

45

people. So that's how we would audit that and make sure that those people on the floor are aware of, have a good understanding and are appropriately trained to be able to form a suspicion.

5

MR FEUTRILL: Remembering that one of the controls identified in the risk register is suspicious matter reporting. How are you testing to identify if that control was effective? In other words, people were making such reports when they should have been making. Not just, look at the ones they made and then they ---

10

MS MURRAY: No, I understand what you are asking. It wasn't something we looked at as part of the audit.

15

MR FEUTRILL: All right. Could I ask to show you another audit example, CRW.709.132.7527. Again, can we keep this one off the public screen, please.

You should have in front of you, Ms Murray, an Internal Audit Report for Telegraphic Transfers dated September 2014. Here, it says the distribution list is Mr McGregor, Mr Brown, Mr Preston and Ms Kessell.

20

MS MURRAY: Yes.

25

MR FEUTRILL: It is going to, if you like, those departments that have something to do with telegraphic transfers, i.e. finance for Mr McGregor and Ms Kessell, the cage, where they are responsible for part of that process, and it has also gone to Mr Preston, presumably because of the AML/CTF aspect to his area of the business.

30

MS MURRAY: No, it would have gone to Mr Preston because Mr Brown reported through to him. So he would have --- at that period of time, he would have been responsible for the cage.

MR FEUTRILL: I see.

35

MS MURRAY: Yes, that's why he would have got that.

MR FEUTRILL: So can I take you to pinpoint --- while we are on the topic --- pinpoint 7528. It may explain the overall management comment given by Mr Brown.

40

MS MURRAY: Yes.

MR FEUTRILL: There is also a comment there from Ms Kessell as the financial controller.

45

MS MURRAY: Yes.

MR FEUTRILL: If I can take you now to pinpoint 7529. Again, I want to draw your attention to the "Audit Objectives and Scope", and the second last one includes,

12:00PM

I will use shorthand:

5 AUSTRAC [Australian Transaction Reports and Analysis Centre] reporting  
*requirements have been complied with where applicable.*

MS MURRAY: Yes.

10 MR FEUTRILL: You understood that one of the requirements of AUSTRAC was to  
make a Suspicious Matter Report where events gave rise to a suspicious matter.

MS MURRAY: Yes.

15 MR FEUTRILL: Am I right in understanding that one of the things that was or  
should have been the subject of this audit was the extent to which people in the cage  
and in the finance area were identifying transactions of a suspicious nature and  
making reports to AUSTRAC in respect of them?

20 MS MURRAY: I'm just trying to think of what that would have related to, whether  
it was suspicious matter reports or whether it would have been threshold transaction  
reports. Possibly both, but I can't recall the detail behind it.

25 MR FEUTRILL: Well, there is threshold transactions, suspicious transactions. There  
is international funds transfers.

MS MURRAY: EFTs, yes.

30 MR FEUTRILL: So they are all things that should be in view of the cage and  
finance, are they not?

MS MURRAY: Yes.

35 MR FEUTRILL: So when one is talking about considering whether requirements  
have been met, it must be all AUSTRAC requirements, surely, that is relevant to that  
department?

40 MS MURRAY: I can't remember. Yes, potentially. There would be a lot of detail  
behind this scope and what we would actually look at, which I can't recall  
specifically what we would have looked at.

MR FEUTRILL: This might help you. On page 7530, it has a description of the  
Audit Approach and Focus.

MS MURRAY: Yes.

45 MR FEUTRILL: One of the things was a review of the Casino Manual Section 3A.  
Do you recall that to be one of the main bank section of the Casino Manual?



MS MURRAY: Yes, I think it was.

MR FEUTRILL: And the standard operating procedures for the telegraphic transfer?

5

MS MURRAY: Yes.

MR FEUTRILL: And you undertook some performance testing on a sample of those telegraphic transfers.

10

MS MURRAY: Yes.

MR FEUTRILL: Again, the question really is this follows a similar form to the previous audit report where it does identifies positive outcomes and opportunities for improvement.

15

MS MURRAY: Yes.

MR FEUTRILL: My question is whether you can recall, and to your knowledge, was one of the aspects of the audit focusing on where there was a gap? That is to say there was information available to those in either the cage or the finance area that should have led to a Suspicious Matter Report being generated but did not?

20

MS MURRAY: Yes, potentially.

25

MR FEUTRILL: "Potentially" or do you recall that being an aspect of the scope of the telegraphic transfer audit?

MS MURRAY: I can't honestly remember. It's so long ago, I can't remember specifically what tests we would have performed in relation to this audit.

30

MR FEUTRILL: Okay. Can I just ask you to look at CRW.529.001.9093. This will be a non-publication probably as well. It is the Crown cage standard operating procedures for telegraphic transfers. I wonder if this might assist you to some extent in reminding you of what information was available to review. Probably the easiest place to start, Ms Murray, if I could take you to pinpoint 9100. There is a TT Release checklist. And there is a heading there "Completing a TT Release" and there are a number of boxes which one might regard as bullet points for this purpose. The four last ones refer to the information that was part of the telegraphic transfer release form. Is it your understanding that in the course of the audit when one is auditing the materials available you were dealing with all of those aspects of the telegraphic transfer? That is to say the patron number in the SYCO system, the TA number allocated to it, the comments, evaluation, et cetera?

35

40

MS MURRAY: Yes.

45

MR FEUTRILL: And there were a number of documents attached to the telegraphic transfer release. Yes, it's on the very last bullet point on that page and says "split up

the paperwork as follows" and then if you move to the next page, 9101. You can see four copies. As part of the auditing were you auditing to ensure there was correspondence between each of the areas that received copies as much as whether  
5 each individual one had its appropriate paperwork?

MS MURRAY: Yes.

10 MR FEUTRILL: This might now be something different. What this does deal is with the finance department and cage. There are four areas that receive a copy. There is a white copy that goes to the Pearl Room cage ---

MS MURRAY: Yes.

15 MR FEUTRILL: --- and it has the original documentation printouts, et cetera, a yellow copy goes to the finance department --- MS MURRAY: Yes.

MR FEUTRILL: --- a blue copy that goes to income control; who were they?

20 MS MURRAY: Income control? They were a department within the finance team.

MR FEUTRILL: So do I understand from that that finance got two copies in two different areas?

25 MS MURRAY: Yes.

MR FEUTRILL: And then a pink copy was filed in the release file.

30 MS MURRAY: Release file, which would have been the cage, probably.

MR FEUTRILL: Do you recall carrying out an audit of this material? Do you remember what was in the bundles?

35 MS MURRAY: It would have been 10 years since I did the audit. I can't recall. This does refresh my memory a little bit but certainly the audit process would have validated that this process was being followed in terms of who got what. I can't remember what the documentation would have been that was part of the forms.

40 MR FEUTRILL: Do you have any understanding say, for example, the two copies that go to the finance department, what the purpose of them receiving it was?

45 MS MURRAY: One went to the accountant. The accountant would do bank reconciliations. Maybe it was part of the reason why they needed that documentation, potentially. Income control ..... there would have been a reason, I just can't recall, they needed to have that information. It would have been in relation to that in terms of what they did with the banks I would say in terms of understanding their transactions. I can't remember. Sorry.

MR FEUTRILL: In distinction to the circumstance where you might be trying to work out if a Suspicious Matter Report should have been made based on observations in the gaming room areas, in this instance there was all the information that one might need if they determined that a transaction that was the subject of a TT release form and was suspicious was available to the audit team?

MS MURRAY: It depends on the information that was provided on the documentation. So, for instance, if the bank statement was attached to that and we saw multiple transactions and then they had been aggregated on the form we would see that as part of the information that we were auditing.

MR FEUTRILL: If that were the case, and you immediately mentioned aggregation on the form ---

MS MURRAY: Yes.

MR FEUTRILL: --- is that as a consequence of you following what is happening on this Commission?

MS MURRAY: Yes, correct.

MR FEUTRILL: Do you have any independent recollection of seeing such a form during an audit?

MS MURRAY: No, I'm sorry. I don't recall.

MR FEUTRILL: You would agree with me, would you not, that you could have designed an audit process whereby you took an adequate sample size to determine if there were any gaps in the reporting of suspicious matters derived from telegraphic transfer release forms.

MS MURRAY: Yes. Obviously an audit is a point in time looking at a sample. But, yes, if those transactions were the subject of our sampling, then, yes.

MR FEUTRILL: No doubt you've heard the name Riverbank Investments, if not when you were at Crown but in more recent times. The questions I have been asking and are important from the perspective of understanding the history of the way in which events that have been revealed by the Bergin Inquiry came to pass and it will assist this Commission for the future to understand how that may be avoided, a repeat of similar kinds of things in the future.

MS MURRAY: Yes.

MR FEUTRILL: So you are no doubt aware of the Bergin Inquiry report.

MS MURRAY: I'm aware there is a report, yes.

MR FEUTRILL: Are you aware in a general sense that one of the findings of that report was that there was an account in the name of Riverbank Investments at the Crown Perth Casino that was used to facilitate money laundering for a number of years?

MS MURRAY: I'm aware it talks to the Riverbank account. I wasn't aware of that level of detail.

MR FEUTRILL: I'm paraphrasing the finding that is not exactly accurate, but one of the findings in the Bergin Inquiry is in the Riverbank Investment accounts, it was not used by Crown itself but by other people to facilitate money laundering for many years and those years coincided with and spanned the period that you were the Internal Audit Manager.

MS MURRAY: Yes.

MR FEUTRILL: You might also be aware that earlier this week the Commission heard evidence from Ms Vanderklau and when she was asked in 2020 to undertake a review of the Riverbank Investments accounts, one of the things she looked at were the bank statements and the telegraphic transfer release forms. And on her review she found numerous examples where there were instances of aggregation without a Suspicious Matter Report having been prepared. And the period of her analysis was from July 2014 to July 2017.

MS MURRAY: Okay.

MR FEUTRILL: For the purpose of assisting this Commission, is there any reason that you are aware that would explain the failure of the internal audits of the telegraphic transfers and AML/CTF program to identify that there had been a number of instances where suspicious matter reports should have been but were not made?

MS MURRAY: Sorry, could you repeat that?

MR FEUTRILL: Is there anything you can assist the Commission to provide us with information as to why none of the internal audits undertaken in the period you were Internal Audit Manager identified that failing to provide suspicious matter reports in respect of aggregation?

MS MURRAY: Obviously the audit that we do is at a point in time and we look at a sample basis. So all I can suggest is obviously it hadn't been part of our sample, those transactions.

MR FEUTRILL: You weren't really looking for that gap, though, were you? You weren't looking for the gap of the kind that ultimately transpired. You weren't looking to see if suspicious matter reports should have been but were not being made?

MS MURRAY: We would have been looking at the process around the TTs. So we would have been looking at the bank statements and that had been followed through due process. We wouldn't have been looking for that gap because I genuinely am quite surprised that that was occurring hearing about it now. It wouldn't have been something that we would have been looking for. But if we'd have seen it as part of the testing, we would have highlighted it.

MR FEUTRILL: That's the point of internal audit, isn't it; to find the things that no one knows about?

MS MURRAY: Yes. On a sample basis, you know, you can't purely rely on internal audit to pick up these things.

MR FEUTRILL: I'm not intending to criticise your ---

MS MURRAY: No.

MR FEUTRILL: If there is anything at all you could think of, bearing in mind one of the things we are interested in is the future.

MR FEUTRILL: Can I ask that you be shown now CRW.709.144.1264, which is, I don't know if I've taken you to this already, Ms Murray, or not. You mention in paragraph 50 the Institute of Internal Auditors Standard. Do you recognise that to be one version of it? This is the revised version in October 2012.

MS MURRAY: Yes.

MR FEUTRILL: I want to ask you some questions about this standard in the context of the internal audit process at Crown Perth at the time. Could I take you to pinpoint 1629. For the purposes of this standard you were the chief audit executive, were you not?

MS MURRAY: Yes.

MR FEUTRILL: Looking under the next heading, which is "Independence and Objectivity" where this standard refers to "must", it is a non-negotiable item, is it not? "Must" be independent, and must be objective?

MS MURRAY: Yes.

MR FEUTRILL: And in the "Interpretation" area it makes reference to:

*To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity the chief audit executive [that's you] has direct and unrestricted access to senior management and the board.*

Your evidence is that you reported administratively to Mr Preston ---

MS MURRAY: Yes.

5

MR FEUTRILL: --- actually, to the ERCC, which was an executive committee ---

MS MURRAY: Yes.

10 MR FEUTRILL: --- you made some reports to Mr Barton and Mr Neilson, you did not have any direct report to any member or to the board itself of Burswood Ltd; did you?

MS MURRAY: Only via Mr Neilson and Mr Barton. That was, I guess, my access  
15 to the board per se because they were members of the board.

MR FEUTRILL: So you saw the access to the board as being via Mr Barton and Mr Neilson; is that right?

20 MS MURRAY: Yes.

MR FEUTRILL: And each of them were also executives, were they not, of Crown Resorts Ltd?

25 MS MURRAY: Yes, I believe so.

MR FEUTRILL: So insofar as independence and objectivity goes, in your mind, did you have any access to the independent directors; that is to say Mr Poynton and Mr Roberts at this time?

30

MS MURRAY: No.

MR FEUTRILL: So you consider that having access to Mr Barton and Mr Neilson met the requirement of access to --- unrestricted access to the board?

35

MS MURRAY: That was how it was --- how it had been set up prior to me even being in that role. That was the reporting lines that had already been established.

MR FEUTRILL: But you were the Internal Audit Manager. You were the --- the charter required you to carry out the audits in accordance with the standard. Did you  
40 consider at the time that the degree of access you had to the members of the Burswood Ltd Board to be sufficient to be required as to meet the standard of independence required by the standard?

45 MS MURRAY: I believed it was at the time, yes.

MR FEUTRILL: And why did you believe that?

MS MURRAY: As I mentioned, because I had direct access to Mr Neilson and Mr Barton so at the time that's what I believed.

5 MR FEUTRILL: Can I ask you to look at the next standard, which is "Organisational Independence", which is on page 1630. And this is again dealing with the manner in which the chief audit executive confirms aspects of your internal audit function and under the "Interpretation" it gives some examples of the way in which organisational independence is effectively achieved. And the examples are:

10 *Approving the internal audit charter .....*

Now, in your case, that was approved by the ERCC; wasn't it?

15 MS MURRAY: Yes, it was.

MR FEUTRILL: It wasn't approved by the Burswood Ltd Board?

20 MS MURRAY: I don't recall it going to the board in my tenure. I believe it was just the ERCC.

MR FEUTRILL: I think you've given evidence that you understood the Internal Audit Plans and the Strategic Audit Plan, to ultimately make its way to the board.

25 MS MURRAY: Yes.

MR FEUTRILL: But the intervening step there was the approval by the ERCC, wasn't it?

30 MS MURRAY: Yes, approval, endorsement, I'm not sure specifically how it was captured. My understanding is ultimately it was approved by the board.

MR FEUTRILL: As part of the Strategic Audit Plan, the internal budget and resourcing were dealt with in that plan, wasn't it?

35 MS MURRAY: In the Strategic Audit Plan?

MR FEUTRILL: Either in the Strategic Audit Plan or in your dealings with Mr Preston in terms of resourcing of the internal audit department.

40 MS MURRAY: What's the question?

MR FEUTRILL: I'm dealing here with what organ of the Crown Perth was responsible for approving the internal audit budget and resource plan?

45 MS MURRAY: So who approved our internal audit budget and resource plan ..... so, I'm not sure of the exact audit --- the budget process, I prepared a draft budget which was provided to Mr Felstead and Mr Preston and then there was an internal review

process around budget. The formal approval of the actual budget, I can't recall if it went to the board or not or whether it was just CFO.

5 MR FEUTRILL: What I meant to say is you were not directly going to the board and saying, "This is the budget and these are the resources I need to carry out my function internally"?

MS MURRAY: No. No.

10

MR FEUTRILL: Am I right in thinking that the next bullet point, which is "receiving communications from internal audit", would be via your communications with Mr Barton and Mr Neilson?

15 MS MURRAY: Yes, so they would receive the internal audit activity report. My understanding is that formed part of the Burswood Board pack. So they would get that report.

MR FEUTRILL: I've forgotten what your answer was to who appointed you as the  
20 Internal Audit Manager; who was that again?

MS MURRAY: It would have been Mr Preston in conjunction with Mr Felstead, I would say.

25 MR FEUTRILL: So the decision around your appointment and remuneration were not made directly by the board of Burswood Ltd, were they, they were made by Mr Preston?

MS MURRAY: No, they weren't.

30

MR FEUTRILL: I beg your pardon?

MS MURRAY: No, they weren't.

35 MR FEUTRILL: Were not made by Mr Preston or by the board?

MS MURRAY: By the board. I'm not sure around my appointment if there was any discussions with Mr Neilson and Mr Barton. I wasn't privy to that in terms of whether they had any formal say in that.

40

MR FEUTRILL: Did you receive any communications from Mr Barton, Mr Neilson or any other member of the Burswood Ltd Board in which questions were asked of you directly about whether you considered yourself to have sufficient resources to carry out the internal audit function?

45

MS MURRAY: (Inaudible).

MR FEUTRILL: What about on scope, on scope of audit; were any of those people



involved in asking you directly questions about the scope of the audit and its appropriateness?

5 MS MURRAY: Not that I can recall.

MR FEUTRILL: Can I draw your attention to the next heading, which is "Direct Interaction with the Board". It indicates that the chief audit executive must communicate directly with the board. In the time that you were Internal Audit  
10 Manager for Crown Perth, did you consider you were communicating directly with the Burswood Ltd Board?

MS MURRAY: No, probably not.

15 MR FEUTRILL: Can I ask you to now turn to paragraph 70 of your statement in which you express an opinion that you considered Crown Perth's internal audit regime had been robust and the best you were involved in during your career. Can I ask you to consider whether you adhere to that statement in light of some of the answers you've just given in relation to the standard, internal audit standard. Do you  
20 adhere to the statement that it was a robust regime?

MS MURRAY: That statement relates to our internal audit process, if you like. I believe we did the best we could in terms of identifying the risks and the controls and doing appropriate planning to do a detailed audit. We were thorough in documenting  
25 everything and tracking all those actions to make sure they were completed. So from the audit process, yes, I believe we were robust. And I believe that was highlighted through the independent review of internal audit by the IAA. However, having looked at the specifics in the standards in relation to that direct access to the board, yes, that does appear to be a bit of a weakness.  
30

MR FEUTRILL: And it is a weakness primarily because it undermines the independence of the audit function from management.

MS MURRAY: Yes, I agree.

35

MR FEUTRILL: And so the structure that you were perhaps forced to deal with during the time you were there, had a structural failure, didn't it, in that respect?

MS MURRAY: Yes. I should have had direct access to the board or the non-executives. In hindsight, yes, that would have ensured that strong independence. Yes, agree.  
40

MR FEUTRILL: Can I just ask you to look again at paragraph 69 of your statement.

45 MS MURRAY: Yes.

MR FEUTRILL: And this probably reflects well on you, Ms Murray, and the way you conducted yourself as the Internal Audit Manager, but is it possible that you

didn't experience any, as you describe it, "pushback", from departments because in effect you were not sufficiently independent from the management and the managers involved?

5

MS MURRAY: No.

MR FEUTRILL: You don't agree with that?

10

MS MURRAY: No.

MR FEUTRILL: Would you agree with me, with the proposition, that it would be unusual for the internal audit team to be --- to not receive at least some pushback from the management?

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MS MURRAY: Pushback in terms of what, specifically.

MR FEUTRILL: As in probing into areas where perhaps they didn't want you to go?

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MS MURRAY: No, we had free access to anything we needed to look at. There was not that I'm aware of any pushback in terms of anyone not being able to access any specific documentation or any (inaudible).

25

MR FEUTRILL: Just on that theme, I'm going to ask you a question, if I might. You might recall earlier I took you to the Institute of Internal Auditors' report of November 2014, which is CRW.701.005.8210. If I could just take you to pinpoint 8225. And there is a table there, can I draw your attention to the table and it is dealing with the "Internal Audit Recommendations overdue for Implementation" in the period 2009 to 2014. And there does appear to be a trend in terms of overdue implementations in that period.

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MS MURRAY: Yes.

35

MR FEUTRILL: Do you recall now whether that was a trend that continued after 2014 until the end of your period in 2014?

MS MURRAY: I can't recall. I can't agree.

40

MR FEUTRILL: What was the process by which you sought to, if you like, bring the recalcitrant managers into line in implementing the recommendations?

45

MS MURRAY: So for each internal audit report that we issued we had management comments in terms of how they would address the audit findings and they would set a target date for when that action would be completed. That's the actions that we would then track until they had actually been implemented. So, some of the dates, I guess, over time were not realistic when they first agreed them in the report. So potentially things took longer than they anticipated which is why we would have actions that would potentially take longer to implement. So we would track those

actions and this was --- and do follow-ups when they were due, to get a status update on those actions. And that was reported in a similar format to this in my paper that I did for ERCC and the board, so at a high level they could see where those actions were not being implemented on a timely basis. So we would do regular follow-ups and get status do updates on those to see what was happening with those actions.

MR FEUTRILL: You had nearly 100 outstanding at the end of 2014. That's quite a few.

MS MURRAY: Yes, agree.

MR FEUTRILL: So would you agree with me that pushback can be either direct or indirect, can it not?

MS MURRAY: I don't think it was pushback in terms of they don't want to do it, it was more the case of, for instance, changes to systems and the like. So they might take a significant amount of time to actually update a system. So I don't think it was necessarily pushback on "we don't want to implement the actions", it was more it's taking longer than we anticipated.

MR FEUTRILL: Well, doesn't it reflect a lack of priority given to implementing recommendations of internal audit?

MS MURRAY: Yes, potentially.

MR FEUTRILL: Was there no means by which you could bring about, as I said earlier, those who were laggards to bring them into line?

MR GARAS: I might just interrupt for a moment. There is a couple of questions my learned friend has put to the witness which assume a position. For example, that people were recalcitrant in performing, and the question that my learned friend just put; there is no evidence that my learned friend has taken the witness to support that underlying assumption.

COMMISSIONER OWEN: I think the witness said that it could be any one of a number of reasons, including it required system changes and all sorts of things. So the question is I think being put on a hypothetical basis, is the point.

MR FEUTRILL: It's really being put on the basis that there were 96 outstanding recommendations in 2014 and asking the witness if she took any steps to try and bring those that were outstanding to complete the outstanding recommendations.

COMMISSIONER OWEN: Well, you can certainly ask that, in terms of what was happening in the period immediately after 2014 in relation to the recommendations that at that stage had not been implemented.

MR FEUTRILL: And the expression I gave was in reference to the lagging

recommendations.

5 So did you take any steps after 2014 to bring about completion of the 96 outstanding recommendations?

10 MS MURRAY: Outside of the normal audit process we would obviously --- we didn't just leave them overdue. We followed up with each responsible person and got an understanding as to why it hadn't been done, what was the delay, what was the rationale for that and that will be documented with --- it would have been on a spreadsheet and at a later date we track them in CURA. So we had rationale as to why they weren't being done. If we thought that wasn't reasonable then we would escalate that. But we would at least in every quarter in preparation for the ERCC meetings, anything that had fallen overdue was followed up within the team.

15 MR FEUTRILL: To whom did you escalate that need?

20 MS MURRAY: That would have been flagged with the relevant --- depends on the level of the person who was responsible for that action, it would have been probably flagged with their manager. If I had a concern I might have also flagged it with Mr Preston. But within my internal audit activity report it had a similar table in there now and I would actually --- where there was significant findings because one thing this doesn't state is the rating attached to that findings. So these might be minor opportunity for improvement actions and may not be significant actions. So my focus would be on anything of significance in terms of how it has been rated. And then those significant ones I would then drill down into what are they, why aren't we actioning them and you would see in my internal audit activity report I would highlight some of the ones that were dragging and what they were and the reasons for them. So, yes, it might be 96 but the majority of those could potentially be low, 30 minor findings. So you would need the context around those findings, really.

MR FEUTRILL: Thank you, Ms Murray. I have no further questions.

35 COMMISSIONER OWEN: Thank you, Mr Feutrill. Are there any applications? Mr Garas?

### **CROSS-EXAMINATION BY MR GARAS**

40 MR GARAS: Yes, there is, thank you, Commissioner. While we are on this document, can we turn through to page 8214, please. Garas is my name. I act for the Crown companies. Can I draw your attention to paragraph 1.4 of the page you see on screen. I will just indicate that the assessment as described there is that there is 45 general conformance to the standards and the IAA Code of Ethics and that this is the highest rating that can be given. Now, in relation to two particular areas I want to draw your attention to, section 1100 "Purpose, Authority and Responsibility" and 1130 "Impairment to Independence Or Objectivity". Would either or both of those

areas cover those matters that Mr Feutrill was discussing with you in relation to communications with the board and independence?

5 MS MURRAY: Yes.

MR GARAS: And the colour coding on the right indicates what, the green?

10 MS MURRAY: If you could just scroll up it says on the bottom. There is a key.

MR GARAS: If you go to page 8213, the previous page.

MS MURRAY: I'm not sure I haven't seen this report for a long time.

15 MR GARAS: Is that the legend that you are looking for?

MS MURRAY: Yes. So, green is generally conforms with the standards.

MR GARAS: Thank you.

20

MS MURRAY: Yes.

25 MR GARAS: Now, more broadly, I just want to understand and get you to explain to the Commission what you understand the distinction to be in relation to audits between the concept of reasonable assurance versus absolute assurance or guarantees?

30 MS MURRAY: Reasonable assurance is based on the information that is part of the audit at a point in time, based on a sample or a period that you've looked at you can provide reasonable assurance around that controlled environment, effectiveness of the controls and how the risk is being managed. Whereas absolute assurance is you are absolutely sure and have looked at everything, which is something that we wouldn't have done, we would have provided reasonable assurance.

35 MR GARAS: Thank you.

And in relation to the example that Mr Feutrill took you to regarding the TTs ---

MS MURRAY: Yes.

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45 MR GARAS: --- and the audits in relation to that, you explained that within the sample size that you were dealing with that obviously some issues were picked up. It doesn't appear that the particular problem identified by the Bergin Report was picked up. You indicated in your evidence that it was probably a consequence of the fact that the sample size, or at least those particular transactions within that sample didn't show that problem; is that an accurate summary of the evidence you gave?

MS MURRAY: Yes.

MR GARAS: Is it the case that even if that sample size was greater, the problem may still not have been picked up?

5 MS MURRAY: Potentially, yes. It is random sampling so, yes, potentially.

MR GARAS: That is a consequence I understand of the fact that it is about reasonable assurance in relation to auditing; is that correct?

10 MS MURRAY: Yes, that's correct.

MR GARAS: Thank you.

The last question that I have, Ms Murray, is just in relation to the training that you've listed in the attachment to your witness statement.

15

MS MURRAY: Yes.

MR GARAS: As I understand it, the table that you've included commences during the financial year 2012. But is it the case that you received training before that year as well?

20

MS MURRAY: Yes. Yes.

25 MR GARAS: And was there AML training that you received before that?

MS MURRAY: I believe so. I think it was part of the onboarding and that those are one or two courses that I would have done.

30 MR GARAS: And in relation to the training you undertook in 2015, if we go to page 13, it is the fourth row from the bottom. Mr Feutrill took to you this previously.

MS MURRAY: Yes.

35 MR GARAS: It is the AML/CTF training. Having regard to your experience and your understanding of AML issues, did you consider that particular training to be sufficient for you at that time?

MS MURRAY: Me? It gave a high level understanding of the key components of AML/CTF so the course was designed for all employees to complete. So it was pitched at that high level. So, yes, it gave me, I guess, a baseline in terms of understanding. Whether there could have been more training, if it was available, I don't know if it was available, that would have been something that I would have attended to help with my knowledge of the area.

40

45 MR GARAS: Thank you. No further questions, Commissioners.

COMMISSIONER OWEN: Thank you. Thank you, Mr Garas.

5 **QUESTIONS BY THE COMMISSION**

Ms Murray, I have a couple of questions I would like to ask you.

10 MS MURRAY: Yes.

COMMISSIONER OWEN: You recall when Mr Feutrill took you to the internal audit charter ---

15 MS MURRAY: Yes.

COMMISSIONER OWEN: --- there were really three areas in terms of lines of responsibility, if you like. One was reporting, and I think you reported directly to the CEO and the ERCC?

20

MS MURRAY: Yes.

COMMISSIONER OWEN: That was one. The other was direct access to the general counsel and also to the CFO of Crown Resorts Ltd?

25

MS MURRAY: Yes.

COMMISSIONER OWEN: And the third was that internal audit was accountable to the ERCC. Could I ask you when you look at those three types of indicia of responsibility ---

30

MS MURRAY: Yes.

COMMISSIONER OWEN: --- what do you see as the ultimate responsibility from all of those three?

35

MS MURRAY: The ultimate would be the board and I would probably say it should have said accountable to the board, not ERCC, in hindsight, having looked at the charter now. Ultimately, internal audit is accountable to the board.

40

COMMISSIONER OWEN: Did you appreciate at the time, and I am asking you about the time, did you appreciate that the ERCC was not in classical governance terms a committee of the board, but rather within the management structure?

45

MS MURRAY: Yes.

COMMISSIONER OWEN: You appreciated that?

12:48PM

MS MURRAY: Yes.

COMMISSIONER OWEN: All right. And my other question relates to junkets.

5

MS MURRAY: Yes.

COMMISSIONER OWEN: I think you said to Mr Feutrill in answer to Mr Feutrill's questions that part of the audit plan was the auditing of junket approval process; is that right?

10

MS MURRAY: Junket operations broadly, yes.

COMMISSIONER OWEN: Junket operations.

15

MS MURRAY: Yes.

COMMISSIONER OWEN: Which would have been included the approval process?

20

MS MURRAY: Yes, from memory, yes.

COMMISSIONER OWEN: Okay. I want to test your memory.

MS MURRAY: Okay.

25

COMMISSIONER OWEN: From 2008 to 2011 you were a member of the audit team?

MS MURRAY: Yes.

30

COMMISSIONER OWEN: And then from 2011 you became the audit manager.

MS MURRAY: Yes.

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COMMISSIONER OWEN: I want you to focus on that period, 2008 to 2011.

MS MURRAY: Okay.

COMMISSIONER OWEN: Were you personally, from memory, can you recall whether you personally were involved in any aspect of the audit of the junket operations?

40

MS MURRAY: Did I do junkets audit? I can't answer definitively. I reckon I would have done an audit because I was an auditor for 3.5 years and I know we would have done that audit every other year so it is likely that I did but I can't honestly remember specifically.

45

COMMISSIONER OWEN: So is it unlikely that you could recall the scope of any



audit in which you were personally involved in relation to junkets?

5 MS MURRAY: I know it would have been aligned to the Casino Manual because  
there was a section in the Casino Manual around junket operations. So the scope  
really would have been validating the procedures in the Casino Manual were being  
followed. Those specific tests that I would have done, I know there was an approval  
process for junkets. I can't recall if that was --- who was involved in that but I know  
10 we would have validated the junket had been approved in accordance with what  
would have been stated in the Casino Manual as the process.

COMMISSIONER OWEN: All right. I won't pursue it because any answer that you  
might give to the question I wanted to ask wouldn't have sufficient value.

15 MS MURRAY: Sorry.

COMMISSIONER OWEN: Mr Gandhi, did you wish to re-examine?

MR GANDHI: No further questions for this witness.

20 COMMISSIONER OWEN: Thank you.

Ms Murray, thank you very much for your evidence. That has been of assistance to  
us. We will leave the summons in place because there is a third Commissioner who  
25 will have to review the processes so we may have tidy up questions. I think it is  
unlikely, but we may have. And you will be advised by the solicitors assisting the  
Commission when the summons has been lifted.

MS MURRAY: Okay.

30 COMMISSIONER OWEN: But in the meantime you are of course free to resume  
your normal activities and you have our gratitude.

MS MURRAY: Thank you.

35

**THE WITNESS STOOD DOWN**

40 COMMISSIONER OWEN: Thank you very much and we will adjourn to 2 pm.

**ADJOURNED AT 12.51 PM UNTIL 10.00 AM ON FRIDAY, 24 SEPTEMBER  
2021**

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