

## Perth Casino Royal Commission

## Witness Statement of Rachel Clare Murray

16 September 2021

1. I, Rachel Clare Murray, of **Contains sensitive information** make this statement in response to the summons to give evidence issued to me dated 9 September 2021.
2. I am the Manager of Risk, Compliance and Assurance at Perth Airport.
3. This statement is true and correct to the best of my knowledge and belief.
4. I have prepared this statement based on my recollection and belief. Where I have referred to the existence of policies, procedures, processes or documents I have obtained that knowledge through my role at Burswood Entertainment Complex (now trading as **Crown Perth**).

## QUALIFICATIONS AND EXPERIENCE

5. I hold a Bachelor of Arts (Hons) Business Studies degree, which I obtained from the University of Derby in 2001.
6. I also hold a Diploma in Internal Audit Practice (PIIA) which I obtained from the Institute of Internal Auditors UK & Ireland in 2007.
7. I am a Certified Fraud Examiner, which qualification I obtained from the Association of Certified Fraud Examiners in February 2015. The costs associated with this qualification were paid for by Crown Perth.
8. I hold a Certificate IV Compliance and Risk Management, which I obtained from the GRC Institute in February 2019.
9. I was a member of the Institute of Internal Auditors Australia during my employment with Crown Perth. The costs associated with the membership were paid for by Crown Perth.
10. I practised as an Internal Auditor for approximately 16 years. Between October 2001 and October 2004, I was an Internal Auditor for Bentley Jennison (UK). Between October 2004 and August 2007, I was the Principal Auditor at East Midlands Internal Audit Services (UK).
11. In 2007, I moved to Australia. Between August 2007 and December 2007, I was a Contract Auditor for Edith Cowan University.
12. Between January 2008 and May 2011, I was an Internal Auditor at Crown Perth. From May 2011 to May 2017, I was the Internal Audit Manager at Crown Perth. I discuss my responsibilities for each of these roles below.

## MY ROLES AT CROWN PERTH

13. **Questions 1 and 2** of my summons seek information concerning my roles with Crown Perth and my reporting lines in those roles.
14. At all times between 2008 and 2017, I was employed by Burswood Resort (Management) Limited.

15. I was a member of the Internal Audit team, which is responsible for providing assurance over the internal systems of controls that are put in place to mitigate the material risks of Crown Perth.
16. As an Internal Auditor for Crown Perth, I had responsibility for undertaking risk-based audits across all business units within Crown Perth including but not limited to Gaming, Finance, Hotels, Human Resources, Legal Services, Surveillance and Security.
17. In my role as Internal Auditor, I reported to Alison Hill, who was the Internal Audit Manager at the time I joined Crown Perth. There was a Senior Internal Auditor in the Internal Audit team, Fui-Shan Yap, who also reported to Ms Hill. Ms Hill reported to Joshua Preston, who was Executive General Manager Legal and Corporate Services. When I was undertaking the Internal Auditor role, there was no one who reported to me.
18. In or around December 2010, Ms Hill moved to Melbourne. Vick Kristoff took over her position as the Internal Audit Manager. Mr Kristoff remained in the role for only three or four months, following which I replaced him as the Internal Audit Manager in May 2011.
19. My responsibilities as the Internal Audit Manager included development and implementation of Crown Perth's three year rolling Strategic Audit Plan, which involved identifying audits to be undertaken, the frequency of those audits and allocating and supervising audits conducted by the Internal Audit team. I coached and mentored the Internal Audit team and managed their performance, training and development. I engaged regularly with executive team members and senior management to discuss areas for audit focus, audit results, and the development of the Strategic Audit Plan. From time to time, I provided ongoing advice and assistance to senior management on internal controls and changes to processes and procedures. I reviewed and approved all amendments to Crown Perth's company policies and new policies. I provided Internal Audit certification to the Department of Racing, Gaming and Liquor (**DRGL**) for new gaming systems and system upgrades, which I discuss further below.
20. As the Internal Audit Manager, I participated in several committees. I was invited to present quarterly Internal Audit Activity Reports (which I prepared) to the Executive Risk and Compliance Committee (**ERCC**). The Internal Audit Activity Reports, which were endorsed by the ERCC, were subsequently provided to the Burswood Board. I discuss these reports in more detail below.
21. I was the Executive Officer for the Protected Disclosures (Whistle Blowers) Committee. I was responsible for preparing the minutes of the meeting for this committee. The members of the committee were Mr Preston, the head of Security (Mr Brian Lee and before him, Mike McGreevy), the Executive General Manager Human Resources (Damir Kucan) and me. The committee met on an ad-hoc basis when whistle-blower reports were received by Mr Preston through an external provider.
22. I was also the Executive Officer for the Fraud Risk Management Committee. I was responsible for creating the agendas and preparing the minutes of the meeting for this committee. The fraud risk registers were facilitated, managed, and updated by Internal Audit, in conjunction with relevant

departmental managers who had responsibility for fraud risks. I maintained Crown Perth's Fraud and Corruption Control Plan.

23. I attended the monthly Legal Compliance meetings (*Monthly Compliance Meetings*) as an invitee.
24. As the Internal Audit Manager, I reported to Mr Preston. When I started in the role of Internal Audit Manager, there were two internal auditors who reported to me. By the time I left Crown Perth, I was managing a team of four internal auditors.
25. In or around 2011, in addition to undertaking the role of Internal Audit Manager, I covered the risk management responsibilities for a period of approximately 12 months when the General Manager Risk and Corporate Projects went on parental leave. These responsibilities included reviewing risks for each department according to their departmental risk register and corporate risk profile, preparing risk reports for the ERCC, facilitation of risk workshops and maintenance of risk data.
26. All my roles were in relation to Crown Perth. I did not have any responsibility for internal audit at any other Crown property.
27. **Question 3** of my summons seeks information about my qualifications, experience and expertise at the time I was first employed by the Crown Group. At that time, I did not have any additional qualifications, experience or expertise (whether in relation to casino operations or otherwise) other than those to which I refer above.

#### TRAINING

28. **Question 4** of my summons seeks information concerning the induction and ongoing training I received during my employment.
29. When I was onboarded to Crown Perth as an internal auditor in 2008, I completed a one and a half day induction course. I cannot remember precisely what was discussed at the induction course. However, I do recall there were presentations from the Chief Executive Officer (Barry Felstead), Security department, Surveillance department and the Human Resources department.
30. Crown Perth provided mandatory online training courses for all of its employees. Some courses were applicable to all employees and others were role specific. The online training system maintained a record of training courses completed by each employee and provided notifications of when refresher training courses were available and required to be completed. As a manager, I received a notification if someone within my team had not completed a mandatory training course.
31. The Crown Perth internal training courses included the topics of Responsible Service of Alcohol, Anti-Money Laundering / Counter Terrorism Financing, Responsible Service of Gaming, Reporting and Responding to Suspicious Behaviour, Casino Awareness, and Crown Rewards.
32. Attached to this statement and marked '**RM-1**' is a copy of my own training records for the period January 2011 until I left Crown Perth. Where the training course was provided to me by Crown Perth, I have noted in my records that the 'delivery' of the course was a 'Crown Perth Internal



Training Course'. Crown Perth paid for all of the external CPD courses and seminars that I attended and participated in during the course of my employment at Crown Perth. That includes all courses referred to in RM-1 that were not referred to as a 'Crown Perth Internal Training Course'. Crown Perth funded the continuing professional development training required for me and the Internal Audit team to maintain our professional memberships.

#### **RISK MANAGEMENT PROCESSES**

33. **Questions 5 to 11** of my summons seeks information concerning the risk management processes and risk appetite which were adopted by the Burswood Entities with respect to the operations at Perth Casino.
34. There was no defined risk appetite statement during my employment at Crown Perth and, therefore, my understanding of risk appetite is based on my knowledge and experiences whilst performing my duties as Internal Audit Manager.
35. There was a strong tone from the top for compliance with the AML/CTF Program and the management of risks associated with AML/CTF which was evident through the performance of internal audits over compliance with the Program. Every employee was required to complete mandatory AML/CTF training. Controls were established and implemented to ensure compliance with the Program. Standard Operating Procedures were developed for the various teams who had AML responsibilities and ongoing monitoring activities were performed by the AML team to ensure processes and procedures were being adequately followed. There was a compliance plan for AML which identified amongst other things compliance obligations and monitoring activities and the AML team completed a monthly compliance certificate and attended the Monthly Compliance Meetings. To the best of my recollection, over the course of my employment with Crown Perth, these procedures did not change.
36. Crown Perth had a dedicated responsible service of gaming (**RSG**) team, which grew in size over the course of my employment from one person working within office hours to several people operating 24/7. This team offered support and assistance to patrons who were experiencing gambling problems. Every employee was required to undertake mandatory responsible service of gaming training. Responsible service of gambling was an annual audit item in the Strategic Audit Plan which reviewed implementation and compliance with the RSG code of conduct and the RSG Operations Manual. There was a RSG compliance officer as well as a RSG departmental annual compliance plan. Monthly compliance certificates were completed and the RSG compliance officer attended the Monthly Compliance Meetings.
37. Junket operations were principally managed out of Crown Melbourne. The Crown Perth International Operations team, subject to and in compliance with the Casino Manual, implemented the arrangements put in place by Crown Melbourne.
38. Crown Perth had a dedicated compliance officer and an International Operations departmental compliance plan based on the Casino Manual which included compliance obligations relevant to that area. The compliance officer completed a monthly certificate and attended the Monthly

Compliance Meetings. Junket operations was included as an audit item in the Strategic Audit Plan and the objective was to provide assurance over compliance with junket operations procedures as defined within Crown Perth's Casino Manual. However, I had no visibility over the way in which the Crown Melbourne International Operations team operated and was not involved in any internal audit of that department. To the best of my recollection, over the course of my employment with Crown Perth, these procedures did not change.

39. Crown Perth had dedicated 24/7 surveillance and security teams which conducted various monitoring activities across the complex. Procedures undertaken by these teams were detailed within the Casino Manual. Annual audits of these areas were included in the Strategic Audit Plan. Both departments had compliance officers who attended the Monthly Compliance Meetings. To the best of my recollection, over the course of my employment with Crown Perth, these procedures did not change.
40. The material business risks are included in the Strategic Audit Plan. To the best of my recollection, the various strategies, frameworks, plans and processes that were in place for material business risks, including in relation to money laundering and terrorism financing, responsible service of gaming, junkets, and criminal activity did not change significantly during my tenure at Crown Perth.
41. Departmental management owned the relevant policy and standard operating procedures and were responsible for identifying and implementing any changes. To the extent documents were not updated by departmental management, an internal audit may have identified policy documents or standard operating procedures which needed to be updated. If there was a gap or matter which required changes to a document, then this was raised as a recommendation in the audit report. Such recommendations were then discussed with the departmental management, including how management was going to address the audit findings. I deal with the procedure for internal audit under the heading 'Internal Audit' below.
42. It was not part of my role to obtain external advice, review or provide input into such strategies, frameworks, plans and processes; that was the relevant departmental management's responsibility.
43. The implementation of various frameworks and plans was the responsibility of the relevant department who were the owners of the document/s. How these were implemented depended on the audience and the intent of the document.
44. Compliance with relevant frameworks and procedures was monitored and assessed by management through supervisory and monitoring controls and through any monitoring activities which may have been identified within departmental compliance plans. 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. Other sources of assurance were provided including reviews conducted by relevant regulators such as AUSTRAC.
45. **Question 12** of my summons seeks information concerning the manner in which risk registers were compiled and reviewed. Each department had its own risk register which identified the risks relating



to the operations of that department, the responsibilities for those risks, the controls in place to mitigate the risks and any risk mitigation plans to further develop or enhance controls. The department manager was responsible for the management of risks for their own department and ensuring the risk registers were reviewed and kept up to date. The General Manager of Risk and Corporate Projects assisted the department managers with reviewing and updating their risk registers. Risk registers were accessible through the "Cura" system.

46. Crown Perth also had a corporate risk register which defined the strategic risks of the business. Each of these risks had an Executive owner. These risks were reviewed with the Executive team at least on a quarterly basis and were reported in the Risk Paper presented at the ERCC meeting.

#### INTERNAL AUDIT

47. **Questions 13 to 19** of my summons seek information concerning the internal audit process for the Burswood Entities relevant to identifying and managing material business risks associated with the operation of the Perth Casino.
48. Once I became the Internal Audit Manager, the persons who conducted the internal audits at various times between 2011 and 2017 were Fui-Shan Yap (until approximately 2015), Aruna Suthanathan (from 2011 to when I left), Deepka Dharsani (from 2015 to when I left), Justine Marklew (from 2015 to when I left), Nadine Van Tonder (from 2015 to when I left) and Mikela Billouin-Miller (from 2013 to 2015) were senior internal auditors who focused on conducting gaming specific audits. There was also a trainee auditor, Olusesii Oduja, who was part of the Internal Audit team for a short time during 2013 and 2014.
49. The Internal Audit team was independent from the rest of Crown Perth and worked autonomously. All Internal Audit team members were professionals. The independence and integrity requirements were reflected in the Internal Audit Charter. Any updates to this Charter were endorsed by the ERCC.
50. There are standards for auditors (the Institute of Internal Auditors (**IIA**) International Standards), which include a recommendation that internal audit teams ought to be subject to an external quality assessment review every five years. In 2014, I arranged for the IIA Australia to conduct an independent assessment of the Crown Perth Internal Audit Department and to produce a report with their findings. I do not have a copy of the report.
51. However, I recall that one of the recommendations in the IIA Australia report was to implement an annual attestation exercise which required each member of the Internal Audit team to sign off that they had met the integrity and independence requirements set out in the Internal Audit Charter. I implemented the annual attestation recommendation from 2015.
52. As stated above, one of the responsibilities I had as Internal Audit Manager was to prepare the three year rolling Strategic Audit Plan and to update that plan on an annual basis at or around the time of the financial year end.

53. The strategic audit planning process is set out diagrammatically in the Strategic Internal Audit Plan and broadly involved the following steps:
- a. First, in or around April or May of each year, I looked at the Corporate Risk Profile which was available on the "Cura" system. I ran reports to show any changes in risk ratings or new risks over the last financial year. I also considered what system upgrades required coverage.
  - b. Second, I met with the key managers of departments and executives to discuss their areas of responsibility, any areas of concern and any changes which may need to be captured in the Plan. At this meeting we agreed on the audits we wanted to include in the Strategic Audit Plan. Over the duration of my time at Crown Perth, it was often the case that the Executives requested more audit coverage to provide them with a level of assurance over the effectiveness of their areas of responsibility.
  - c. The audit profiles, which are high level statements relating to the objective/s of the audits, are set out in the Strategic Internal Audit plan.
  - d. Third, I considered the resourcing available within the Internal Audit team to conduct the planned audits.
  - e. Fourth, I reviewed prior audit results to consider whether the frequency of certain audits should change.
  - f. Once the Strategic Audit Plan was prepared, I presented the plan to the ERCC. I separately presented the plan to Ken Barton (as Crown Resorts CFO) and Michael Nielson (as Crown Resorts General Counsel). I understand that the Strategic Audit Plan was then presented to the Burswood Board for approval.
54. The Internal Audit Department Audit Manual describes the process applied or required to be followed by the internal auditor when undertaking an internal audit.
55. Broadly speaking, during my employment at Crown Perth, the process applied or required to be followed by the internal auditor when undertaking an internal audit involves the following:
- a. Audit planning - the auditors undertook a number of activities in order to gain a good understanding of the audit area and associated risks and compliance obligations. These activities included:
    - i. review of relevant policy and procedure documents (such as the Casino Manual, standard operating procedures, department business plans, etc);
    - ii. review of the compliance certificates relevant to the area they were auditing to identify any compliance matters which needed to be factored into the audit scope;
    - iii. identification of whether there had been any reported incidents in the incident management system relevant to the audit area; and
    - iv. review of all relevant risk registers to identify the risks and controls relevant to the area they were auditing.

All these factors were taken into consideration when developing the test plan for the audit.

- b. Once audit planning activities had been undertaken, the auditor prepared a draft audit scope statement which detailed the audit objectives, areas for audit focus, relevant risks and the approach and timing for the audit. The scope statement was provided to the relevant general manager and a meeting held to discuss and agree the audit scope. In my role as the Internal Audit Manager, I was responsible for reviewing all the planning documentation including the test plan and scope statement and I prepared manager review notes. I attended the meetings with the relevant general managers and the auditor to agree the scope and objectives of the internal audit.
  - c. Audit testing – this was conducted by the auditor in accordance with the audit test plan prepared as part of planning. There were various testing methods used to confirm the implementation and effectiveness of controls. These included, where relevant, observations (live and/or via surveillance), sample testing of documentation / transactions, review of records (e.g. training records, reports, checklists), interviews with staff, etc. All testing results were documented by the auditors and evidence obtained where any exceptions were noted. Any exceptions identified were discussed with the relevant departmental managers and raised with me during the audit process.
  - d. Audit reporting - following completion of audit testing, the auditor prepared a draft audit report detailing any areas for improvement as well as positive outcomes from the audit where controls were confirmed to be effective. In my role as the Internal Audit Manager, I was responsible for reviewing all audit testing documentation prepared by the auditor including the draft audit reports to ensure testing had been completed in accordance with the scope and the report accurately reflected the findings. I prepared manager review notes for any areas to be addressed by the auditors. Once I was comfortable with the draft audit report, this was sent to the relevant department manager for review. A meeting was held with the auditor, relevant department personnel and me to discuss the findings identified in the audit report and agree on management actions to address the findings, including target dates for actions to be completed. Once actions were agreed, these were documented in the final audit report and this was issued to relevant parties.
  - e. There was a rating matrix system which applied to audit reports. Each audit finding was provided with a rating and an overall rating was provided for the audit. If the audit report was provided with an 'Improvement Required' rating or 'Seriously Adverse' rating, the draft report was also discussed with the Executive responsible for the department prior to finalising.
56. The report distribution list was included on the front of the audit report. The report was sent to the relevant Executive responsible for that department, departmental manager/s and relevant team members who may have actions in the report. Mr Preston and Mr Felstead were copied into the email distribution for all audit reports. If the audit report was provided with an 'Improvement



Required' rating or 'Seriously Adverse' rating, a copy of the full audit report was also provided to Mr Barton and Mr Neilson.

57. It was my usual practice to report to Mr Preston any matters of significance or concern that arose out of the audit reports.
58. In my role as Internal Audit Manager, I prepared an Internal Audit Activity Report on a quarterly basis for the ERCC. These reports provided a high level summary of the audits completed during the reporting period and the outcomes of the audits. There was also information reported on the status of audit actions. I presented the Internal Audit Activity Reports at the ERCC meetings.
59. Following the ERCC meetings, I discussed the Internal Audit Activity Reports with Mr Barton and Mr Neilson. As I understand it, these reports then formed part of the Burswood Board packs. I do not remember ever receiving any feedback from the Board on the Internal Audit Activity Reports.
60. The internal audit team had a follow up process in place to ensure that recommendations were fully implemented by management. All agreed actions were tracked within the Cura system. Initially, this was done in an Excel spreadsheet. When the final audit report was issued, it included a follow up date for the internal audit team to conduct a follow up audit to verify that agreed actions had been implemented and issue a follow up report. If a recommendation had not been implemented by the original due date, this was discussed with the responsible manager and a revised due date was determined and the due date was updated by the internal audit team within the Cura system and within the follow-up report. These outstanding actions continued to be monitored and followed up by the Internal Audit team until they were implemented. If an action was no longer going to be implemented, the auditor documented the reason why in the "Cura" system and this was reported within the Internal Audit Activity Reports.
61. **Question 20** of my summons seeks information concerning the role of internal audit function in preparing, reviewing or certifying submissions to the DRGL or the GWC.
62. Certain gaming systems or programs were required to be independently certified and approved by the DRGL. There was an IT policy and procedure which defined the systems requiring such certification and approval. Usually, it was the case that where control programs had changed or systems upgraded (for example, SYCO was upgraded approximately every quarter), approval was required from the DRGL. The introduction of new system functionality, such as TITO, also required approval from the DRGL.
63. I reviewed all user acceptance testing conducted by departmental personnel and performed a walkthrough test to validate the functions were working as intended, as documented in the user acceptance test plans. Once testing had been successfully completed, I prepared an Internal Audit Certification letter which was provided to the Gaming and Regulatory Compliance Manager (Mr Hulme) to form part of the submission to the DRGL for approval of the system change. The Internal Audit team did not provide input into the submission. I was never asked any questions by the DRGL on the Internal Audit Certification letters which were provided to the DRGL.

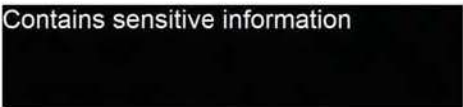
- 64. I can only remember one occasion where I was involved with the DRGL directly. That was a walk through for the DRGL to observe a test of a system change so that they could see it working in practice.
- 65. The Internal Audit team did not engage with the GWC directly.

#### **CORPORATE CULTURE**

- 66. **Questions 21 and 22** of my summons seek information concerning my impression of the culture at the Burswood Entities during my employment with Crown Perth with respect to risk management and compliance.
- 67. During my tenure at Crown Perth, I observed Crown's commitment to its risk management and compliance culture. In my view, Crown Perth had a robust compliance framework in place. There were compliance officers within each department and an agreed departmental compliance plan was in place each year detailing compliance obligations and compliance and training activities to be performed. Each year the compliance plans were signed off by the department manager and executive to confirm completion / compliance with those plans. Internal Audit selected a sample of two departments each year to perform a validation of the requirements detailed with the compliance plans.
- 68. Monthly Compliance Meetings were held to discuss compliance matters and how to address them to mitigate risk to the business. Those meetings were well attended and a number of the compliance officers were senior managers.
- 69. In my view, the Internal Audit team was well respected within the business. Crown Perth personnel engaged with the Internal Audit team on a regular basis. During my tenure, I did not experience any pushback from the departments or the Executives responsible for those departments when it came to conducting an audit or discussing audit findings and agreeing actions. Department personnel were cooperative and supportive when it came to the audit process and outcomes. From time to time, I was asked by managers and Executives to undertake additional audits or provide advice over the design or effectiveness of controls. This indicated to me a healthy culture around risk and compliance and that people wanted to do the right thing and actively seek internal audit advice.
- 70. In my opinion, Crown Perth's internal audit regime was robust and the best I have been involved with during my career. This was supported by the external review of the Crown Perth Internal Audit function by the Institute of Internal Auditors which I refer to at paragraph 50 above.

71. During my tenure at Crown Perth, I remember completing surveys in relation to culture and employee engagement. I cannot recall how many of those surveys I completed. I did not have any involvement in the preparation of those surveys.

Contains sensitive information



**RACHEL CLARE MURRAY**

Dated: 16 September 2021