

## Statement prepared by Cara Jane Hartnett, 16 April 2021

### *Introduction*

#### **1 Briefly set out the professional qualifications of the person providing the statement.**

1. I am a Partner in Deloitte's Risk Advisory Practice. I have over 25 years of experience providing risk management and internal control related services. I am a member of the Institute of Chartered Accountants in Australia and have a Bachelor of Commerce, from the University of Melbourne.

#### **2 Annex a brief CV to the statement.**

2. Please see Appendix 1 to this Statement.

### *Risk Management Review*

#### **3 Describe the nature and scope of the Risk Management Review.**

3. The nature and scope of the Risk Management review is set out in our engagement letter which has been provided to the Commission in document number DTT.010.0002.0009. In summary, Deloitte was engaged to assess the design of Crown Melbourne Limited's (CML) risk management program and provide observations, and where appropriate, recommendations for improvement. The scope of our engagement included an assessment of Crown's risk and governance documentation relating to risk management with particular focus on:
  - a. Risk strategy – including the risk management policy, strategy, framework and risk appetite statements;
  - b. Risk operational model – including three lines of defence, roles and responsibilities and delivery model;
  - c. Risk reporting – including both management and Board reporting; and
  - d. Risk information systems and risk monitoring, including key risk indicators.
4. Our engagement was limited to assessing the design of the risk management program. We did not assess the degree to which the risk management framework had been embedded in the organisation and how well it was operating. Our assessment was also restricted to the risk management in place as at March 31, 2019 and did not include a comparisons or benchmarking with risk management practices and processes in the past.

#### **4 Outline the instructions received from Crown for the purpose of the Risk Management Review.**

5. In December 2018, Stephen Roche, Partner, Deloitte received a request from Alan McGregor, CFO, Crown Resorts Australia, to assist CML with a risk management review. Alan McGregor noted that the opportunity stemmed from a recent section 25 review by the Victorian Commission for Gambling and Liquor Regulation (VCGLR), which requested that Crown engage a third party to review changes made to the Risk Management Framework. He also noted that the brief from Crown's Group GM of Risk & Audit, Anne Siegers, had outlined that the review was to be "high level, desktop advice and challenge on the design of the risk management framework" and that they did not want "an exhaustive or highly sophisticated review identifying what best practice is and all the gaps that they could have against that".
6. On 8 February 2019, we provided an engagement letter, which was finalised on 14 February 2019 and signed by Alan McGregor on 15 February 2019. This letter constituted our instructions for the Risk Management Review.

#### **5 Attach a copy of the terms of engagement and any document setting out the instructions for the Risk Management Review.**

7. Refer document number DTT.001.0002.0045.

**6 Describe the way in which Deloitte carried out the Risk Management Review.**

8. In summary, the Risk Management review was carried out as follows:
- a. Conducted kick off meeting and finalised document request
  - b. Reviewed documents provided, including key documents such as the Risk Management Policy and Risk Management Strategy. A full listing of documents reviewed was included in Appendix 1 of our Final Report which has been provided to the Commission in document number DTT.001.0002.00.61.
  - c. Held meetings with Anne Siegers to clarify questions on documents provided and discuss initial observations.
  - d. Compiled observations from document review into a draft report
  - e. Provided a draft report to Crown, and made amendments where Deloitte thought those changes were appropriate
  - f. Issued final report

**7 Did Deloitte conduct any interviews with Crown staff or officers for the purpose of the Risk Management Review? Identify the persons interviewed.**

9. Meetings were held with Anne Siegers, GM of Risk & Audit through the course of the engagement as follows:
- a. 18 February 2019 – Kick off meeting to discuss plan for the review and documentation required
  - b. 28 February 2019 – Project meeting to clarify initial questions regarding documentation provided
  - c. 27 March 2019 – Project meeting to clarify further questions regarding documentation provided and reporting process
  - d. 12 April 2019– Meeting to discuss draft report
  - e. 17 April 2019 – Call to discuss feedback on draft report provided to Anne Siegers by Joshua Preston, Chief Legal Counsel, Crown Resorts

**8 Provide a summary of each interview. In particular, set out the risk management or other problems or deficiencies identified by that staff member or officer.**

10. 18 February 2019 – Kick off meeting to discuss plan for the review and documentation required
- a. As far as I can recall, the discussion covered:
    - o Size of the Risk and Internal Audit function at Crown
    - o Areas in scope for review, including governance, reporting, risk profiles, tools and business engagement in the risk process
    - o Various perspectives from Anne Siegers on the risk management program and the work she had undertaken to mature the risk management program
  - b. I can't recall any specific problems or deficiencies identified by Anne Siegers during this meeting.
11. 28 February 2019 – Project meeting to clarify initial questions regarding documentation provided
- a. As far as I can recall, we discussed the matters set out in the discussion document taken to meeting (refer document number DTT.004.0001.1979).
  - b. I can't recall any specific problems or deficiencies identified by Anne Siegers during this meeting.
12. 27 March 2019 – Project meeting to clarify further questions regarding documentation provided and reporting process
- a. As far as I can recall, the discussion covered:
    - o Use of Deloitte report and potential provision to the VCGLR
    - o Inclusions in the report such as limitations (e.g. review was done at a point of time, and on current documentation) and commentary reflecting that there was more to be done to mature the risk management framework.
    - o Anne Siegers also noted that a class action was underway which alleged poor risk management practices and a lack of foresight on Crown's behalf.
  - b. I can't recall any specific problems or deficiencies identified by Anne Siegers during this meeting.
13. 12 April 2019 – Meeting to discuss draft report
- a. As far as I can recall, we discussed an early draft of the report. I have not been able to locate this draft version of the report.
  - b. I can't recall any specific problems or deficiencies identified by Anne Siegers during this meeting.

14. 17 April 2019 – Call to discuss feedback on draft report provided to Anne Siegers by Joshua Preston, Chief Legal Counsel, Crown Resorts
- a. As far as I can recall, we discussed Josh’s feedback provided to Anne Siegers on the draft report.
  - b. I can’t recall any specific problems or deficiencies identified by Anne Siegers during this meeting.

**9 Identify the employees of Deloitte who worked on the Risk Management Review and give a brief explanation of the roles and responsibilities of each person.**

15. Cara Hartnett, Engagement Partner, Ken McLay, Engagement Director and Kevin Nevrous, Quality Assurance Partner.

**10 Describe the key findings, conclusions and recommendations of the Risk Management Review.**

16. Our findings are set out in the final report (as provided in document number DTT.001.0002.00.61 ). In summary, we noted that the design of Crown’s risk management framework was consistent with the risk management standard, ISO 31000:2019 and that based on the documents reviewed, included key elements of an effective risk management designed or with plans to design. Key elements designed included:
- a. A risk management framework, which set out key elements for effective risk management including overall governance, roles and responsibilities, risk identification and assessment methodology, risk appetite and the risk reporting process
  - b. Documentation of identified risks and the assessment of their materiality in risk registers and corporate risk profiles
  - c. Risk reporting, including risk appetite dashboards, leading risk indicators (KRI’s) and aggregate corporate risk profiles
  - d. A risk information system to support the risk management program (CURA), which facilitates risk analysis.
17. We also noted that efforts to mature the design of the risk management program were ongoing and that future areas of development included:
- a. Developing key risk indicators and associated reporting;
  - b. Linking principles included in the risk management program with the delegations of authority policy; and
  - c. Developing targeted risk management training programs which complement compliance and risk related training programs already in place at Crown.
18. Our report also made recommendations and observations that would build upon and further enhance Crowns’ risk management program. The recommendations were intended to provide insights regarding areas for enhancement and improve future maturity. These recommendations and observations included considerations for the following areas:
- a. How roles and accountabilities for risk and risk culture are expressed;
  - b. How material risks are aligned to risk appetite to support an aggregate view of risk;
  - c. How qualitative statements for risk appetite are expressed;
  - d. How quantitative metrics and triggers for risk appetite are expressed and how they are used for reporting and proactive risk management; and
  - e. How escalation of risk appetite breaches is actioned and reported.

**11 Attach a copy of any interim or draft report of the Risk Management Review.**

19. Refer to the following documents numbered:
- a. DTT.001.0002.0057 (Draft Report)
  - b. DTT.001.0002.0058 (Draft Report)
  - c. DTT.001.0002.0059 (Draft Report)
  - d. DTT.001.0002.0060 (Draft Report)

**12 Outline any presentation given to Crown in relation to the results of the Risk Management Review or the Risk Management Report.**

20. No presentations were made to Crown in relation to the results of the Risk Management Review other than those referred to in the meetings above.

**13 Were the recommendations of the review implemented by Crown? If yes, describe any involvement of Deloitte in the implementation of the recommendations.**

21. Our involvement in Crown's risk management program was limited to conducting this review. Before finalising our report, we were provided with an updated copy of Crown's Risk Management Strategy which Anne Siegers indicated had been updated to reflect some of our findings. We did not review or comment on this updated strategy. Other than above, I have not been made aware of any steps Crown took to implement the recommendations of the Risk Management Review.

**14 Has Deloitte been requested by Crown to undertake any further work in relation to:**

- (a) Crown Melbourne's Risk Management framework; or  
(b) any matters arising out of the Bergin Report in relation to Crown Melbourne's Risk Management program.

**If yes, outline the work Deloitte has been requested to undertake.**

22. I have not been asked to undertake any further work in relation to either of the areas noted in (a) and (b) above.

## Appendix 1



### Cara Hartnett

Partner, Deloitte  
Risk Advisory

Australia | Melbourne

#### Background and Experience

Cara Hartnett is a Partner with Deloitte's Risk Advisory group based in Melbourne. She has more than 20 years of experience working with senior stakeholders, audit committees and operational management to deliver governance, risk management, regulatory compliance and control transformation related services to companies in both Australia and North America.

Cara regularly works with clients with respect to:

- Developing and implementing governance frameworks and risk management programs for organisations in transition or transformation
- Developing, re-designing and transforming a wide range of business processes, to not only meet regulatory/compliance requirements but to also improve efficiency and effectiveness
- Assisting clients remediate compliance and regulatory breaches.

#### Professional and training qualifications

- Bachelor of Commerce, University of Melbourne
- Chartered Accountant and member of the Institute of Chartered Accountants in Australia