



Crown Melbourne Limited



Internal Control Statement

Cheque Cashing and Credit Facilities

(Incorporating Debt Collection and the Discharge of Patron Debts)



**Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)**

1 Core Principles

The objectives and outcomes to be achieved by this Internal Control Statement are:

- 1.1 To complement the provisions of **s 68 Casino Control Act (1991) (Act)** pertaining to the granting of credit (to persons not ordinarily residing in Australia) as part of a Premium Player or Junket arrangement entered into with Crown and the discharging, either wholly or partly, of patron debts.
- 1.2 To ensure Crown remains free from criminal influence and exploitation through the application of effective processes and procedures for assessing the identity, credit worthiness and veracity of Crown patrons (international and domestic) applying for, and seeking to maintain cheque (**CCF**) or where applicable, credit facilities.
- 1.3 To ensure that accurate files and details are recorded and securely maintained on all matters pertaining to patron CCF and credit facilities.

2. Minimum Standards and Controls

Minimum standards and controls are the minimum requirements for the achievement of the core principles outlined above.

- 2.1 Application of structured processes for:
 - 2.1.1 The assessment and initial establishment of patron CCF and credit facility limits, the permanent / temporary (This Trip Only) increase of patron CCF and credit facility limits and the reinstatement of patron CCF and credit facility limits (following cancellation or suspension).
 - 2.1.2 The permanent decrease, cancellation (patron request) or suspension of patron CCF and credit facility limits.
 - 2.1.3 The assessment, initial establishment or increase of patron Restricted CCF and credit facility limits.
 - 2.1.4 The monitoring and follow up of patron indebtedness.
 - 2.1.5 The discharge, either wholly or partly, of patron debts.
- 2.1 Use of independent external agencies / institutions for the conduct of patron credit worthiness checks in respect of patron CCF and credit facility limit applications (including the permanent increase or reinstatement of patron CCF and credit facility limits).



**Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)**

- 2.3 Segregation of incompatible duties
- 2.3.1 Segregation of responsibility:
- (a) Between the assessment of patron CCF and credit facility limit applications (including the permanent increase or reinstatement of patron CCF and credit facility limits) and the approval of the above. (1)
 - (b) Between the discharge, either wholly or partly, of patron debts and the approval of the above.
- 2.3.2 Minimum two (2) employees required to approve:
- (a) The initial establishment, permanent / temporary (This Trip Only) increase or reinstatement of patron CCF and credit facility limits.
 - (b) The initial establishment or subsequent increase of patron Restricted CCF and credit facility limits.
- 2.4 Independent review and authorisation processes:
- 2.4.1 Tiered approval of the initial establishment, permanent / temporary (This Trip Only) increase or reinstatement of patron CCF and credit facility limits.
- 2.4.2 Tiered approval of the initial establishment or subsequent increase of patron Restricted CCF and credit facility limits.
- 2.4.3 Independent approval of the discharge, either wholly or partly, of patron debts (subject to the approval of the Commission per 2.5 below).
- 2.4.4 A copy of all extended repayment arrangements for the settlement (in full) of patron debts must be provided to Executive Management (as defined in the SOP).
- 2.5 Structured levels of submission of information to the Commission for approval of the discharge of patron debts, either wholly or partly, by the Commission.
- 2.6 Controlled and restricted access to patron CCF and credit facility electronic data (via tiered access to system functions).



**Internal Control Statement
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)**

- 2.7 Creation and maintenance of audit trails for the monitoring and recording of:
- 2.7.1 The initial establishment, amendment, cancellation (patron request), suspension and / or reinstatement of patron CCF and credit facility limits.
 - 2.7.2 The monitoring and follow up of patron indebtedness.
 - 2.7.3 The discharge, either wholly or partly, of patron debts.
- 2.8 Credit Department daily verification and monitoring of:
- 2.8.1 Patron CCF and credit facility limit changes.
 - 2.8.2 Stop code placements and removals.
- 2.9 Use of independent external debt collection agencies for the follow up of outstanding patron debts, as required.

Notes

1. Unless otherwise requested, approval of:
- Temporary (This Trip Only) increase of patron CCF and credit facility limits.
 - The initial establishment or increase of patron Restricted CCF and credit facility limits is entirely at the discretion of the approved Crown authorities, having regard to patron history, patron identity etc. No independent assessment processes are completed.



Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)

(a) Risk Assessment Matrix

The following matrix identifies and evaluates risks inherent in the Cheque Cashing & Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts) process as follows:

H = High
 M = Medium
 L = Low

Minimum standards and controls have been identified which address each risk.

| Risk | Initial Risk Rating | Minimum Standards & Controls | | | | | | | | |
|---|---------------------|------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| | | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.9 |
| Non - collection of patron debts | H | X | X | X | X | X | X | | X | X |
| Patron CCF / credit facility limit established, amended or reinstated without the approval of the appropriate Crown authorities (as required) | H | X | | X | X | | X | X | X | |
| Patron debt(s) discharged, either wholly or partly, without the sanction of the appropriate Crown authorities and / or Commission approval | L | X | | X | X | X | | X | | |

(b) Initial Risk Rating

Using the principles of AS / NZS 31000:2009 the initial risk rating has been determined based upon the likelihood of the event occurring and the impact of the occurrence (in the absence of any controls). The initial risk rating is the product of the likelihood and impact.

| Event | Likelihood ¹ | Impact ² | Initial Risk Rating ³ |
|---|-------------------------|---------------------|----------------------------------|
| Non - collection of patron debts | 4 | 5 | H |
| Patron CCF / credit facility limit established, amended or reinstated without the approval of the appropriate Crown authorities (as required) | 4 | 5 | H |
| Patron debt(s) discharged, either wholly or partly, without the sanction of the appropriate Crown authorities and / or Commission approval | 4 | 1 | L |

Notes

1. Refer Table A below
2. Refer Table B below
3. Refer Table C below



Table A – Measure of Likelihood

For each risk identified the likelihood (in the absence of any controls) of the risk occurring must be determined.

| Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Almost Certain 5 |
|--|---|---|--|---|
| The problem or situation may occur only in exceptional circumstances | The problem or situation could occur at some time | The problem or situation might occur at some time | The problem or situation will probably occur in most circumstances | The problem or situation is expected to occur in most circumstances |

In determining the likelihood of a problem or situation occurring, the frequency of the underlying activity must be taken into account.





**Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)**

Table B – Measure of Impact

For each risk identified the impact (in the absence of any controls) of the risk occurring must be determined in the context of Crown’s Critical Performance Measures as follows:

| | Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
|--|---|---|---|---|--|
| Financial Objectives Financial Contribution | Financial loss up to \$500,000 | Financial loss between \$500,000 and \$1,000,000 | Financial loss between \$1,000,000 and \$10,000,000 | Financial loss between \$10,000,000 and \$50,000,000 | Financial loss in excess of \$50,000,000 |
| Customer Objectives Our Customers Marketing | An event, the impact of which can be absorbed through normal activity (confined to very small number of products, services or customers) no adverse external criticism or publicity | An event, the consequences of which can be absorbed but management effort is required to minimise the impact (confined to a substantial minority of products services to customers), criticism by directly affected customers or managers | A significant event which can be managed under normal circumstances (many products and services affected), some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board | A critical event which with proper management can be endured (products and services curtailed due to failure to deliver), serious external criticism (by key stakeholders, high profile media) | A disaster with potential to lead to collapse of the business (significant irreparable impact on customers' prospects) |
| Business Processes Compliance Process Improvement | No measurable operational impact to the business, issues of individual significance, no adverse external criticism or publicity | Impact limited to single area of the business, management intervention required, minor degradation of service, issues of company significance, criticism by directly affected customers or managers | Impact to multiple areas of the business, can be managed with significant management intervention, significant degradation of service, issues of local area significance, some external criticism (by customers, key stakeholders, low key media) directed at company / Chief Executive Officer / Board | Impact to widespread areas of business, significant mobilisation of resources and significant management intervention required, major degradation of service, issues of nationwide significance, serious external criticism (by key stakeholders, high profile media) | Threatens long term viability of the business, issues of international significance |
| Our People | Minor injury, issues of individual significance, no impact on staff morale | Significant injury, issues of company significance, minimal impact on staff or overall morale | Serious injury or fatality, issues of local area significance, impact on staff noticeable, degree of change in morale | Serious injury or fatality, issues of nationwide significance, substantial impact on overall staff and morale with performance affected, measurable increase in stress related issues | Multiple fatality, issues of international significance, impact on staff and morale severe |



**Risk Assessment
Cheque Cashing & Credit Facilities
(Incorporating Debt Collection and the Discharge of Patron Debts)**

Table C – Risk Analysis – Level of Relative Risk

| Likelihood / Impact | | Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
|---------------------|---|--------------------|------------|---------------|------------|-------------------|
| Almost Certain | 5 | M | M | H | H | H |
| Likely | 4 | L | M | M | H | H |
| Possible | 3 | L | L | M | H | H |
| Unlikely | 2 | L | L | L | M | H |
| Rare | 1 | L | L | L | M | M |

H = High
M = Medium
L = Low

Victorian Commission
for Gambling Regulation