

16/002



Victorian Commission
for Gambling Regulation

17 MAR 2010

Level 5, 35 Spring Street
Melbourne Victoria 3000
Australia
PO Box 1988, Melbourne
Victoria 3001 Australia
Telephone 61 3 9651 3333
Facsimile 61 3 9651 3777
www.vcgr.vic.gov.au

Ms Lisa Holah
Assistant Compliance Manager
Crown Melbourne Ltd
8 Whiteman Street
SOUTHBANK VIC 3006

Ref:8621



Dear Ms Holah

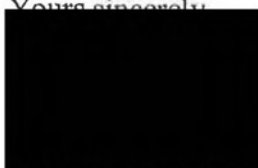
ICM PART II – ACCOUNTING, AUDT AND REPORTING

I refer to your letter of 8 February 2010 regarding the proposed amendments to the Internal Control Manual – Part II – Accounting, Audit and Reporting.

I wish to advise that at its meeting of 16 March 2010, the Victorian Commission for Gambling Regulation approved the proposed amendments.

A watermarked copy of the approved Internal Control Manual – Part II – Accounting, Audit and Reporting is included with this correspondence.

Yours sincerely,



PHILLIP SHELTON
Director of Gambling Operations and Audit

Copy: Mr Ian Atkinson – Manager Compliance

CROWN MELBOURNE LIMITED**SYSTEM OF ACCOUNTING AND INTERNAL CONTROL****PART II - ACCOUNTING, AUDIT AND REPORTING****D. CASINO TAXES AND COMMUNITY BENEFIT LEVY**

The Casino Tax will be paid in accordance with Section 22 of the Casino (Management Agreement) Act 1993.

Community Benefit Levy will be paid in accordance with Section 22.1(d) of the Casino (Management Agreement) Act 1993.

This section details Gaming Revenue Government Receipts and related tax Computation and Reporting procedures.



Victorian Commission
for Gambling Regulation

2.2.5 Variable Prize Jackpot Increments

The aggregate contribution, during the period, of gaming machine turnover to all variable prize jackpot pools.

2.2.6 Fixed Prize Jackpot Increments

The aggregate contribution, during the period, of gaming machine turnover to all fixed prize jackpot pools. The contribution has a statistical expectation of being equivalent to the value of prizes won from the pool over time (ie the statistical expectation is that the pool will have, on average, a zero balance).

2.2.7 Bonus Jackpots

The amount of bonus jackpots paid to machines (NB. Bonus jackpots, as defined in the Game Rules, do not include mystery or progressive jackpots).

2.2.8 Gaming Machine Data Adjustment

An adjustment made by the Gaming Machine Department at Crown, as a result of the Gaming Machine Business Analyst being satisfied that the DACOM 6000 information for a gaming machine is incomplete or in error.

The adjustment is to be made on the 'Gaming Machine Data Adjustment' Slip and signed by the Gaming Machine Business Analyst and the computer analyst programmer preparing the revenue reconciliation. It will then be retained and produced for the VCGR Inspectorate upon request.

2.2.9 Manual Revenue Calculation

In the event that the Gross Gaming Revenue has to be calculated manually, the formula to be used is Drop less cancelled credits (excluding prizes paid out from jackpot pools), hopper fills, short pays and contributions to jackpot pools.

2.3 KENO GROSS SALES

- 2.3.1 In respect of monies received for sales of Keno tickets, **Revenue** Audit will maintain a record of the daily receipt of monies on the working paper, "Monthly Summary of Gross Keno Sales for the month of _____, 20_ (GGR/2). The GGR/2 will be prepared from the Keno Day Status Report signed off on by the Keno Supervisor. At the end of the month the **Revenue** Audit Supervisor will certify the record as being true and correct.
- 2.3.2 The total of monies received for Keno will equal the Total Revenue Sales on the "Keno Day Status Report" and the "Keno Financial Statements". The total of monies received will mean cash and chips, tokens, promotional vouchers and chip purchase vouchers used to purchase Keno Tickets.



Victorian Commission
for Gambling Regulation

Schedule A

**CROWN MELBOURNE LIMITED
CALCULATION OF GROSS GAMING REVENUE
FOR THE MONTH ENDED :**

PART A GENERAL GAMING RESULTS

GENERAL GAMING RECEIPTS

General Gaming Drop	GGR 1	\$	-	
Keno Gross Sales	GGR 2	\$	-	
Gaming Machine Revenue - Non Program Play	GGR 8 A	\$	-	
	Total Gaming Drop			\$ -

LESS: SUMS PAID OUT AS WINNINGS

Total Cash Chips Redeemed	GGR 3			
Keno Sums awarded as Winnings	GGR 4			
General Table Game Sums awarded as Winnings	GGR 5			
Rapid Ticket-Out Payouts	GGR 9			
PokerPro Table Payouts	GGR 10			
Less: Total Sums paid out as Winnings	(GGR 3 to 10)			\$ -
				\$ -

PART B COMMISSION BASED PLAYER RESULTS

Commission Based Player Drop	GGR 7	\$	-	
Gaming Machine Revenue - Program Play	GGR 8B	\$	-	
	Total Gaming Drop			\$ -
Less: Commission Based Player Chips Redeemed	GGR 8	\$	-	
Less: Loss brought forward -		\$	-	
				\$ -
Loss carried forward -		\$	-	
				\$ -

NOTE: Where Commission Based Player Revenue / (Loss) is a Loss, this Loss will be carried forward and deducted from the following month's results to arrive at that month's Commission Based Player Revenue / (Loss).

PART C TOTAL CASINO TAXES AND COMMUNITY BENEFIT LEVY

General Gaming Taxes and Community Benefit Levy				
Casino Tax - (from 01/07/97) 21.25% of General Gaming Revenue	\$	-		
Community Benefit Levy - 1% of General Gaming Revenue	\$	-		
				\$ -
Commission Based Player Taxes and Community Benefit Levy				
Casino Tax - 9% of Commission Based Player Revenue	\$	-		
Community Benefit Levy - 1% of Commission Based Player Revenue	\$	-		
				\$ -
Total Gaming Tax for the Month of :				\$ -
Less: State Tax Credit re GST Schedule 6, Item 21				
				\$ -
Total Amount payable to VCGR				\$ -

Prepared and Certified as correct

(Revenue Audit Manager)

Verified _____
Financial Controller

Endorsed _____
Chief Financial Officer

COPY

Monday, 8 February 2010

Mr. Peter Cohen
Executive Commissioner
Victorian Commission for Gambling Regulation
Level 5, 35 Spring Street
Melbourne Vic 3001

Dear Mr Cohen

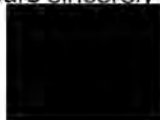
CROWN ICM PART II - ACCOUNTING, AUDIT AND REPORTING

Please find attached for your review, consideration and recommendation for approval an amended copy of relevant pages of section 4.0 of Part II of Crown Melbourne Limited's ('Crown') Internal Control Manual for Accounting Audit and Reporting.

These particular pages have been amended to reflect further development to the system for the reporting of revenue for Fully Automated Table Games and the introduction of the increased taxation rate for Gaming Machines revenue. Specifically amendments have been made to section 4 relating to the work paper GGR/9, section 9 relating to the payment of casino tax and community benefit levy, Schedule A and GGR/9.

All amendments are tracked and/or appear in bold text for ease of reference. Fully Automated Table Games are scheduled for introduction to the gaming floor at Crown on 1 March 2010, therefore your earliest attention to this matter is requested. Please do not hesitate to contact me should you require any additional information and I look forward to your comments and ultimate recommendation for approval of these amendments.

Yours sincerely



Lisa Holah
Assistant Compliance Manager

CC: Michelle Fielding
Sean Counihan
Simon Masters
Edwin Aquino
Greg Foord

Lisa Holah

From: Lisa Holah
Sent: Monday, 8 February 2010 3:36 PM
To: Michelle Fielding; Sean Counihan; Simon Masters; Edwin Aquino; Greg Foord
Subject: Advice of Submission - Crown ICM Part II

Attachments: Part II ICM Update (fully automated) feb 2010 .doc

To all,

Please find attached a copy of the letter sent to the VCGR requesting approval of amendments to Part II of Crown's ICM – Accounting Audit and Reporting. The changes primarily relate to Fully Automated Table Games phase 2 and the introduction of the new tax rate for gaming machines on 1 January 2010. Should you require additional information, please don't hesitate to contact me.



Part II ICM
Update (fully auto

Regards,

Lisa Holah

Assistant Compliance Manager
Crown Melbourne Limited

Website: www.crowncasino.com.au



Victorian Commission
for Gambling Regulation

16/002

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www.vcgr.vic.gov.au

15 DEC 2009

Ms Lisa Holah
Assistant Compliance Manager
Crown Ltd
8 Whiteman Street
SOUTHBANK VIC 3006



Dear Ms Holah

**PROPOSED AMENDMENT TO ICM PART II
ACCOUNTING, AUDIT AND REPORT**

I refer to your correspondence of 1 December 2009 seeking approval for amendments to section 4 of Part II of Crown's Internal Control Manual (ICM) relating to Accounting, Audit and Reporting.

At its meeting of 15 December 2009, the Victorian Commission for Gambling Regulation approved the amended ICM.

A watermarked copy of the approved ICM Part II-Accounting, Audit and Reporting is attached.

Please contact Mr Desmond Lobo on [REDACTED] should you need to discuss these matters.



[REDACTED] LTON,
Director, Gambling Operations and Audit

16/002



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for Gambling Regulation

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15 DEC 2009

Ms Lisa Holah
Assistant Compliance Manager
Crown Ltd
8 Whiteman Street
SOUTHBANK VIC 3006



Dear Ms Holah

**PROPOSED AMENDMENT TO ICM PART II
ACCOUNTING, AUDIT AND REPORT**

I refer to your correspondence of 1 December 2009 seeking approval for amendments to section 4 of Part II of Crown's Internal Control Manual (ICM) relating to Accounting, Audit and Reporting.

At its meeting of 15 December 2009, the Victorian Commission for Gambling Regulation approved the amended ICM.

A watermarked copy of the approved ICM Part II-Accounting, Audit and Reporting is attached.

Please contact Mr Desmond Lobo on [REDACTED] should you need to discuss these matters.



[REDACTED] LTON,
Director, Gambling Operations and Audit

- 4.0 MONTHLY SUMMARY OF RAPID TICKET PAYOUTS, TOUCHBET ROULETTE TICKET PAYOUTS AND FULLY AUTOMATED TABLE GAMES PAYOUTS**
- 4.1 Following completion of the Main Bank Audit daily Rapid Gaming Tickets redeemed, TouchBet Roulette Tickets redeemed and Fully Automated Table Games Payouts must be recorded on the Monthly Summary of Rapid Ticket Payouts (GGR9).**
- 4.2 At the completion of each month the monthly total must be certified by a Revenue Audit representative.**

ARCH



Victorian Commission
for Gambling Regulation

110/002



Victorian Commission
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Melbourne Victoria 3000
Australia

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Victoria 3001 Australia
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05 AUG 2009

Ms Lisa Holah
Assistant Compliance Manager
Crown Ltd
8 Whiteman Street
SOUTHBANK VIC 3006

Ref: 8256



Dear Ms Holah

**PROPOSED AMENDMENT TO ICM PART II
ACCOUNTING, AUDIT AND REPORT**

I refer to your correspondence of 21 October 2008 and your subsequent submission dated 3 March 2009 seeking approval for amendments to section D of Part II of Crown's Internal Control Manual (ICM) relating to Accounting, Audit and Reporting.

At its meeting of 4 August 2009, the Victorian Commission for Gambling Regulation approved the amended ICM.

A watermarked copy of the approved ICM Part II-Accounting, Audit and Reporting is attached.

Please contact Mr Desmond Lobo on [REDACTED] should you need to discuss these matters.

Yours sincerely,

[REDACTED]

PHILLIP SHELTON,
Director, Gambling Operations and Audit

CROWN LIMITED
MELBOURNE CASINO
SYSTEM OF ACCOUNTING AND INTERNAL CONTROL

PART II - ACCOUNTING, AUDIT AND REPORTING

D. CASINO TAXES AND COMMUNITY BENEFIT LEVY

The Casino Tax will be paid in accordance with Section 22 of the Casino (Management Agreement) Act 1993.

Community Benefit Levy will be paid in accordance with Section 22.1(d) of the Casino (Management Agreement) Act 1993.

This section details Gaming Revenue Government Receipts and related tax Computation and Reporting procedures.

1.0 GROSS GAMING REVENUE - DEFINITIONS

- 1.01 Gross Gaming Revenue - means the total of all sums, including cheques and other negotiable instruments whether collected or not, received in any period by **Crown** from the conduct or playing of games within the Casino less the total of all sums paid out as winnings during that period in respect of such conduct or playing of games.

Gross Gaming Revenue is divided into Commission Based Player Revenue and General Gaming Revenue.

Commission Based Player Revenue refers to revenue earned from players involved in Junkets and Premium Player Programmes who receive commission based on their level of play.

General Revenue refers to all other gaming revenue.

- 1.02 In calculating the value of prizes paid or awarded during the month, the amount paid out in redemption of gaming chips will be taken into account regardless of when they were purchased or won, but the value of gaming chips purchased or won will not be taken into account unless they were redeemed.
- 1.03 Crown will include as winnings to its patrons any prize paid out to its patrons based on the level of play and in accordance with the rules of the game.
- 1.04 Prizes include specific prizes designed to increase gaming revenue by improving the pay back to players within the parameters of the rules of the game and theoretical hold percentages defined by the Act. Such prizes include:
- a. Progressive jackpots of value (i.e. cars, motor cycles, etc.); and
 - b. Initial progressive jackpots offered.

2.0 GROSS GAMING REVENUE - PROCEDURES

2.01 Gross Gaming Revenue will be calculated each calendar month.

2.1 SOFT COUNT/DROP BOXES

- 2.1.1 Income Audit will maintain a record of the daily receipt of monies contained in Drop Boxes on the working paper, "Monthly Summary of Soft Count Drop Total for the Month of _____ 199_". (GGR/1). The GGR/1 will be prepared from the Master Game Report signed off on by the Soft Count Supervisor. Soft Count drop monies will include chip purchase vouchers, chips, tokens and promotional vouchers. Counterfeit money inadvertently accepted in exchange for chips will be counted and assigned its intended value. At the end of the month the Income Audit Supervisor will certify the record as being true and correct.
- 2.1.2 The total of cash monies received for each gaming day should equal the total of the Soft Count Cash Drop on the Daily Master Game Report ("MGR") and equal the amount on the Main Bank Closeout. All differences between the cash drop counted and the cash drop as recorded on the MGR will be recorded as a variance on the "Monthly Summary of Soft Count Drop Total for the month of _____, 199_". (GGR/1). This variance is also shown on the Main Bank Closeout.
- 2.1.3 A copy of the MGR and the Main Bank Closeout will be given to the Authority Inspector as soon as practical, after completion. When a Soft Count variance has occurred an investigation will be conducted immediately in conjunction with the Authority Inspector when such variance exceeds levels outlined in section IX D:15.

2.2 GAMING MACHINE REVENUE

2.2.1 Gross Gaming Revenue will be calculated by the DACOM 6000 Electronic Monitoring System using, but not limited to, the EGM Revenue Report. Revenue shall equal Turnover less Game Wins less Jackpot Startouts less Variable Prize Jackpot Increments less Fixed Prize Jackpot Increments less Bonus Jackpots. The calculation incorporates the following figures, in respect of the period for which Gaming Machine revenue is calculated:

2.2.2 Turnover

The monetary amount wagered via game play over the period.

2.2.3 Game Wins

The monetary amount of credits won, during the period, as outcomes of the base game excluding mystery jackpots, linked progressive jackpots, standalone progressive jackpots and bonus jackpot payments.

2.2.4 Jackpot Startouts

Aggregate base startouts for all jackpots won during the period.

2.2.5 Variable Prize Jackpot Increments

The aggregate contribution, during the period, of gaming machine turnover to all variable prize jackpot pools.

2.2.6 Fixed Prize Jackpot Increments

The aggregate contribution, during the period, of gaming machine turnover to all fixed prize jackpot pools. The contribution has a statistical expectation of being equivalent to the value of prizes won from the pool over time (ie the statistical expectation is that the pool will have, on average, a zero balance).

2.2.7 Bonus Jackpots

The amount of bonus jackpots paid to machines (NB. Bonus jackpots, as defined in the Game Rules, do not include mystery or progressive jackpots).

2.2.8 Gaming Machine Data Adjustment

An adjustment made by the Gaming Machine Department at Crown, as a result of the Gaming Machine Business Analyst being satisfied that the DACOM 6000 information for a gaming machine is incomplete or in error.

The adjustment is to be made on the 'Gaming Machine Data Adjustment' Slip and signed by the Gaming Machine Business Analyst and the computer analyst pro

preparing the revenue reconciliation. It will then be retained and produced for the Authority Inspectorate upon request.

2.2.9 Manual Revenue Calculation

In the event that Gross Gaming Revenue has to be calculated manually, the formula to be used is Drop less cancelled credits (excluding prizes paid out from jackpot pools), hopper fills, short pays and contributions to jackpot pools.

2.3 KENO GROSS SALES

- 2.3.1 In respect of monies received for sales of Keno tickets, Income Audit will maintain a record of the daily receipt of monies on the working paper, "Monthly Summary of Gross Keno Sales for the month of _____, 199_". (GGR/2). The GGR/2 will be prepared from the Keno Day Status Report signed off on by the Keno Supervisor. At the end of the month the Income Audit Supervisor will certify the record as being true and correct.
- 2.3.2 The total of monies received for Keno will equal the Total Revenue Sales on the "Keno Day Status Report" and the "Keno Financial Statements". The total of monies received will mean cash and chips, tokens, promotional vouchers and chip purchase vouchers used to purchase Keno Tickets.

3.0 PRIZES AND CHIP REDEMPTION

3.01 The amount of prizes paid or awarded and chips redeemed will be calculated for each calendar month.

3.1 CHIPS REDEEMED

3.1.1 The Cashiers shall redeem chips from patrons in exchange for cash, coin, CPV's, Deposit Vouchers and cheques (including Crown or patron cheques). Chips will also be redeemed from patrons in purchasing Keno Tickets and other non gaming activities including Food and Beverage. The sum of the chips so redeemed will be recorded daily, by shifts, by Income Audit on the working paper, "Monthly Summary of Chips Redeemed for the month of ____, 199_. (GGR/3). The GGR/3 will be prepared from the Main Bank Closeout report signed off on by a Cage Shift Manager. This figure should equal the amount recorded on the Main Bank Closeout. At the end of the month the Income Audit Supervisor will certify the record as being true and correct.

3.1.2 No chips will be issued from the Chip Bank to the Main Bank by use of a Chip Transfer Slip. All chips gained by the Main Bank will be by redemption from patron account transactions, by chip redemption from Keno as recorded on the Keno Credit Slips, Change Booth Credit Slips and by chip redemption from Food & Beverage and Retail outlets as recorded on General Cashier/Main Bank Exchange Slips.

3.1.3 The face value of chips transferred to the Chip Bank, indicated on the "Main Bank Closeout", is the sum of the chip transfers from the Main Bank to the Chip Bank which have been redeemed from patrons.

3.1.4 The chip transfers from the Main Bank Cashiers to the Chip Bank which were redeemed from patrons for Customer account transactions, Food and Beverage and Retail Sales, Keno Sales or Change Booth Sales will be supported by copies of the Customer account transaction slips, General Cashier/Main Bank Exchange Slips, Keno Credits or Change Booth Credit Slips respectively held by the Main Bank Cashier until the end of the day and then forwarded to Income Audit.

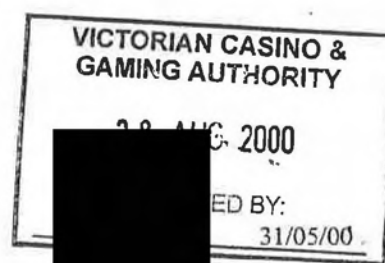
3.1.5 Prizes will be offered by Crown and awarded to patrons based on their level of play. Such prizes will be in accordance with the rules of the game. The cost of the prize to Crown will be deducted when determining Gross Gaming Revenue.

3.2 KENO SUMS PAID OUT AS WINNINGS

- 3.2.1** The amount of Keno prizes awarded will be recorded each day by Income Audit on the working paper, "Monthly Summary of Keno Sums Paid Out as Winnings for the Month of ____, 199__". (GGR/4). At the end of the month the Income Audit Supervisor will certify the record as being true and correct.
- 3.2.2** For the purposes of calculating Keno prizes awarded the total of the prizes awarded for the day will equal the prizes paid during the day plus the prizes awarded but not paid at the end of the day.
- 3.2.3** The prizes awarded are provided on the Keno Day Status Report and Keno Financial Statement under the heading of Payout Analysis and is the sum of "Ordinary Prizes" and "Progressive Jackpots".
- 3.2.4** Prizes will be offered by Crown Casino and awarded to patrons based on their level of play. Such prizes will be in accordance with the rules of the game, the cost of the prize to Crown will be deducted when determining Gross Gaming Revenue.
- 3.2.5** Initial progressive accruals and changes in the progressive meters will be included as Keno Sums Paid Out as winnings on the GGR/4. In addition, any jackpot of value or prize will also be included on the Keno Sums Paid Out as Winnings report.
- 3.2.6** Manual payouts (to be included when the KC3 is up and running).

3.3 TABLE GAME SUMS PAID OUT AS WINNINGS

- 3.3.1 Sums paid out as winnings to table game players will be reflected in the chips redeemed by patrons. (GGR/3)
- 3.3.2 Prizes will be offered by Crown and awarded to patrons based on their level of play. Such prizes will be in accordance with the rules of the game, the cost of the prize to Crown will be deducted when determining Gross Gaming Revenue.
- 3.3.3 Sums paid out from gaming tables as PR Payments in accordance with the procedures outlined in the generic games procedures will not be treated as chips redeemed for GGR purposes. The appropriate adjustments will be made on GGR3 and GGR8 under the appropriate headings.



4.0 GROSS GAMING REVENUE - PROCEDURE

4.01 Gross Gaming Revenue equals the sum of General Gaming Revenue plus Commission Based Player Gaming Revenue.

Gross Gaming revenue, and the amount of the Casino Tax and Community Benefit Levy are to be calculated at the end of each month on the working paper, "Calculations of Gross Gaming Revenue for the Month of _____, 199_". (GGR) (Schedule A). This is to be completed by Income Audit after receipt of the supporting working papers numbered GGR/1 to GGR/8 inclusive.

In the event Commission Based Player revenue incurs a loss in the current month, such loss will not be deducted from the month's General Gaming Revenue in the calculation of Gross Gaming Revenue, but will be carried forward to the following months' commission based player revenue, until such net win revenue is accumulated.

- 4.02 On completion of the above calculations the Income Audit **Manager** will certify the calculation as being correct. The working paper GGR and attached supporting working papers GGR/1 to GGR/8 will then be verified by the Financial Controller.
- 4.03 On completion of the verification, the completed working papers will be provided to the VCGA Chief Casino Inspector no later than 5 days after the end of the month.
- 4.04 On return of the working papers from the VCGA Chief Casino Inspector to the Financial Controller, the **Chief Financial Officer** will endorse the Calculation of Gross Gaming Revenue (GGR).

5.0 PAYMENT OF CASINO TAX AND COMMUNITY BENEFIT LEVY

5.1 METHOD OF PAYMENT

5.1.1 Payment of Casino Tax and Community Benefit Levy is to be by cheque or Telegraphic transfer payable to the **Victorian Casino and Gaming Authority** (endorsed 'not negotiable') delivered to the VCGA on or before the 7th day of the month next following the month in respect of which the Casino Taxes and Community Benefit Levy are incurred.

5.1.2 The payment of the above Casino Tax and Community Benefit Levy comprises the following amounts:

- a. for the period 1 January 1996 until 30 June 1997, 20% of the **General Gaming Revenue** for the month in question;
- b. on and from 1 July 1997, 21.25% of the **General Gaming Revenue** for the month in question;
- c. **From 1 January 1996, 9% of the Commission Based Player Revenue for the month in question, (if a loss, such loss will be carried forward to the following months' calculation until win revenue is accumulated);**
- d. a Community Benefit Levy of 1% of the General Gaming Revenue and **from 1 January 1996, 1% of the Commission Based Player Revenue for the month in question, (if a loss, such loss will be carried forward to the following months' calculation until win revenue is accumulated);**
- e. on an annual basis additional Casino Tax calculated in accordance with **clause 22 of the Casino (Management Agreement) Act 1993 and clause 22 A of the Casino (Management Agreement) (Further Amendment) Act 1995** in respect to amounts exceeding the Base Amount. This payment is payable within 7 days following the end of each financial year.

5.1.3 In accordance with **clause 22B of the Casino (Management Agreement) (Further Amendment) Act 1995** an additional tax payment of \$2.8 million paid by Telegraphic Transfer to the **Victorian Casino and Gaming Authority** on or before the 1st day of the month. (First payment due 1 January 1996 and last payment due 1 December 1998).



5.1.4 In accordance with clauses 22 A.2 and 22 A.3 of the Casino (Management Agreement) (Further Amendment) Act 1995, minimum Guaranteed Tax payments on Commission Based Player Revenue are payable within 7 days of the end of the period:

1 January 1997 - 30 June 1997	\$5 million
1 June 1997 - 30 June 1998 and thereafter	\$10 million

5.2 INTEREST ON OUTSTANDING CASINO TAX AND COMMUNITY BENEFIT LEVY

5.2.1 Failure to meet the prescribed payment date will incur interest on the outstanding Casino Tax and Community Benefit Levy at the rate and in the manner prescribed by clause 21.3 of the Casino Management Agreement as set under the Penalty Interest Rates Act 1983 (Victoria) Act 1993 as at the date of any default being known as the Default Rate.

5.3 SUPPORTING DOCUMENTS

5.3.1 The payment of the Casino Tax and Community Benefit Levy supported by the following working papers which will be delivered to the VCGA on or before the 7th day of the month next following the month to which they relate.

<u>WORKING PAPER</u>	<u>REF. NO.</u>
Calculation of Gross Gaming Revenue;	GGR
Casino Tax and Community Benefit Levy;	GGR
Monthly Summary of General Table Gaming Drop;	GGR/1
Monthly Summary of Gross Keno Sales;	GGR/2
Monthly Summary of Cash Chips Redeemed;	GGR/3
Monthly Summary of Keno Sums Paid Out as Winnings	GGR/4
Monthly Summary of Table Games Sums Paid Out as Winnings	GGR/5
Monthly Summary of Gaming Machines Revenue	GGR/6
Monthly Summary of Soft Count Commission Based Player Drop	GGR/7
Monthly Summary of Commission Based Player Chips Redeemed	GGR/8

SCHEDULE A

CROWN LIMITED
 CALCULATION OF GROSS GAMING REVENUE
 FOR THE PERIOD OF TO.....19..

PART A GENERAL GAMING RESULTS

General Gaming Drop	GGR 1	\$	
Keno Gross Sales	GGR 2	\$	
Gaming Machines Revenue	GGR 6	\$	
	Sub-Total		<u>\$ -</u>

LESS:

Total Cash Chips Redeemed	GGR 3	\$	
Keno Sums paid out as Winnings	GGR 4	\$	
General Table Game Sums paid out as Winnings	GGR 5	\$	
	Sub-Total		<u>\$ -</u>

GENERAL GAMING REVENUE \$

PART B COMMISSION BASED PLAYER RESULTS

Less : Loss brought forward (Per Prior Month's Schedule)

Commission Based Player Drop	GGR 7	\$	
Less: Commission Based Player Chips Redeemed	GGR 8	\$	
			<u>\$</u>

NOTE Where Commission Based Player Revenue / (Loss) is a loss, this loss will be carried forward and d from the following month's results to arrive at that month's Commission Based Player Revenue \ (Los

PART C TOTAL CASINO TAXES AND COMMUNITY BENEFIT LEVY

General Gaming Taxes and Community Benefit Levy			
Casino Tax-(to 30/6/97)- 20% of General Gaming Revenue	\$		
Community Benefit Levy-1% of General Gaming Revenue	\$		
		\$	
Commission Based Player Taxes and Community Benefit Levy			
Casino Tax- 9% of Commission Based Player Revenue	\$		
Community Benefit Levy-1% of Commission Based Player Revenue	\$		
		\$	-
			<u>\$ -</u>
			<u>\$ -</u>

Total Cheque Payable to VCGA.

PART D CERTIFICATION

Prepared and Certified as correct _____
 (Income Audit Manager)

Verified _____ Endorsed _____



SCHEDULE B

**CROWN LIMITED
CALCULATION OF GROSS GAMING REVENUE
YEAR ENDED**

PART A GENERAL GAMING RESULTS

GENERAL GAMING RECEIPTS

General Gaming Drop	GGR 1	
Keno Gross Sales	GGR 2	
Gaming Machines Revenue	GGR 6	
	Sub-Total	

LESS:

Total Cash Chips Redeemed	GGR 3	
Keno Sums paid out as Winnings	GGR 4	
General Table Game Sums awarded as Winnings	GGR 5	
	Sub-Total	

GENERAL GAMING REVENUE

GENERAL GAMING REVENUE Y.T.D.
LESS: BASE AMOUNT CALCULATION

*A/B X C =

ADDITIONAL TAXABLE GENERAL GR

RECALCULATED GENERAL GAMING REVENUE Y.T.D.

PART B COMMISSION BASED PLAYER RESULTS

Commission Based Player Drop	GGR 7	\$
Less: Commission Based Player Chips Redeemed	GGR 8	\$

COMMISSION BASED PLAYER REVENUE

GENERAL GAMING REVENUE Y.T.D.
LESS: BASE AMOUNT CALCULATION

*A/B X C =

ADDITIONAL TAXABLE CBPR

RECALCULATED COMMISSION BASED PLAYER REVENUE Y.T.D.

*** NOTES:**

A = CPI @ 30/06/95	_____	1
B = CPI @ 30/06/94	_____	1
C = BASE Amount on 30/06/	_____	1

SCHEDULE C

GGR

TOTAL CASINO TAXES AND COMMUNITY BENEFIT LEVY YEAR ENDED
YEAR ENDED _____ 19__

Casino Tax- - 20% of General Gaming Revenue (to 30/6/_)
 Community Benefits Levy-1% of General Gaming Revenue

\$ -

Casino Tax- - 9% of Commission Based Player Revenue (to 30/6/_)
 Community Benefits Levy-1% of Commission Based Player Revenue

\$ -

Casino Supervision and Control Charge (paid 1/7/)

\$ 5,000,000.00

TOTAL PAID TO VCGA

BASE AMOUNT CALCULATION @ 30/6/9

\$ -

__% OF Base Amount Calculation

ADDITIONAL TAX PAYABLE ON BASE AMOUNT CALCULATION

\$ -

RECALCULATED TAXES AND FEES PAYABLE FOR THE YEAR ENDED 30/06/9

\$ -

 (Income Audit Manager)

 (General Manager - Finance)

 (VCGA Chief Casino Inspector)

 (Chief Financial Officer)



SCHEDULE D

GGR

SCHEDULE OF ADDITIONAL TAX PAYMENT

PAYMENT NUMBER	DATE DUE	DATE TO BE PAID	AMOUNT \$	CERTIFICATION FINANCIAL CONTROLLER
1	1-Jan-96	2-Jan-96	2,800,000	
2	1-Feb-96		2,800,000	
3	1-Mar-96		2,800,000	
4	1-Apr-96		2,800,000	
5	1-May-96		2,800,000	
6	1-Jun-96		2,800,000	
7	1-Jul-96		2,800,000	
8	1-Aug-96		2,800,000	
9	1-Sep-96		2,800,000	
10	1-Oct-96		2,800,000	
11	1-Nov-96		2,800,000	
12	1-Dec-96		2,800,000	
13	1-Jan-97		2,800,000	
14	1-Feb-97		2,800,000	
15	1-Mar-97		2,800,000	
16	1-Apr-97		2,800,000	
17	1-May-97		2,800,000	
18	1-Jun-97		2,800,000	
19	1-Jul-97		2,800,000	
20	1-Aug-97		2,800,000	
21	1-Sep-97		2,800,000	
22	1-Oct-97		2,800,000	
23	1-Nov-97		2,800,000	
24	1-Dec-97		2,800,000	
25	1-Jan-98		2,800,000	
26	1-Feb-98		2,800,000	
27	1-Mar-98		2,800,000	
28	1-Apr-98		2,800,000	
29	1-May-98		2,800,000	
30	1-Jun-98		2,800,000	
31	1-Jul-98		2,800,000	
32	1-Aug-98		2,800,000	
33	1-Sep-98		2,800,000	
34	1-Oct-98		2,800,000	
35	1-Nov-98		2,800,000	
36	1-Dec-98		2,800,000	
TOTAL			\$ 100,800,000	

SCHEDULE E

**SCHEDULE OF
COMMISSION BASED PLAYER TAXES - GUARANTEED MINIMUM PAYMENT
FOR THE PERIOD 1 JANUARY 19XX TO 31 DECEMBER 19XX**

FOR THE MONTH OF	COMMISSION BASED PLAYER TAXES \$	YTD \$	INCOME AUDIT MANAGER
Jan 19XX	\$	-	
Feb 19XX	\$	-	
Mar 19XX	\$	-	
Apr 19XX	\$	-	
May 19XX	\$	-	
Jun 19XX	\$	-	
Jul 19XX	\$	-	
Aug 19XX	\$	-	
Sep 19XX	\$	-	
Oct 19XX	\$	-	
Nov 19XX	\$	-	
Dec 19XX	\$	-	
TOTAL	\$	-	

- NOTE: (1) IF THE TOTAL COMMISSION BASED PLAYER TAXES FOR THE WHOLE OF 1996 OR THE FIRST SIX MONTHS OF 1997 IS LESS THAN \$5 MILLION, A FURTHER PAYMENT OF THE DIFFERENCE MUST BE PAID TO THE VCGA.
- (2) IF THE TOTAL COMMISSION BASED PLAYER TAXES FOR ANY SUBSEQUENT FINANCIAL YEAR IS LESS THAN \$10 MILLION, A FURTHER PAYMENT OF THE DIFFERENCE MUST BE PAID TO THE VCGA.

Michelle Fielding

From: [REDACTED]
Sent: Thursday, 30 July 2009 9:55 AM
To: Michelle Fielding
Subject: Re: FW: Ernst & Young Compliance Audit
Attachments: doc20090729084905.pdf

This email is to be read subject to the disclaimer below.

Michelle

Thanks - good outcome for Crown

Regards



Brett Kallio | Partner | Financial Services

Ernst & Young

8 Exhibition Street Melbourne VIC 3000, Australia

Website: www.ey.com/au

Assistant: Sue Hargreaves

Thank you for considering the environmental impact of printing emails.

Best Accounting Firm (revenue of more than \$500m), BRW Client Choice Awards 2009 [For further information](#)

Michelle Fielding
[REDACTED]

29/07/2009 04:48 PM

All email is logged and may be reviewed - Refer policy
[FP105](#)

To [REDACTED]

cc

Subject FW: Ernst & Young Compliance Audit

Hi Brett

Please see my email to Jacqui below and the letter from the VCGR attached.

Regards

Michelle Fielding | Compliance Manager
CROWN Melbourne Limited
[REDACTED]

8 Whiteman Street, Southbank 3006
[REDACTED]

30/07/2009

From: Michelle Fielding
Sent: Wednesday, July 29, 2009 3:49 PM
To: Jacqueline Couch
Subject: Ernst & Young Compliance Audit
Jacqui

I have received a letter from the Commission today (attached) which approves Crown's request to remove the external Compliance Audit requirement from the ICM (Part II Section H). Jac, please contact Ernst & Young to let them know that the report is no longer required going forward, and that the audit report that they are currently working on is also no longer required to be submitted to the VCGR and can be discontinued.

Regards

Michelle Fielding | Compliance Manager
CROWN Melbourne Limited

[REDACTED]
8 Whiteman Street, Southbank 3006
[REDACTED]

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30/07/2009



Victorian Commission
for Gambling Regulation

① Justice
② Debra T

24 JUL 2009

Mr David Courtney
Chief Executive Officer
Crown Melbourne Limited
8 Whiteman Street
SOUTHBANK VIC 3006

PO Box 1988, Melbourne
Victoria 3001 Australia
Telephone 61 3 9651 3333
Facsimile 61 3 9651 3777
www.vcgr.vic.gov.au



Dear Mr Courtney *David*

Crown Melbourne Limited - Additional External Auditor Reports

I refer to the Crown and Victorian Commission for Gambling Regulation executive meeting held on 26 February 2009. Crown proposed to amend Part II, section H (Submission of Reports) of the Internal Control Manual (ICM) by removing the requirement to prepare additional external auditor reports.

Part II, section H of the ICM includes the following requirement. It states:

"Crown Casino's Statutory Auditor will render the following additional reports:

1. *A report identifying any material weaknesses in the System of Accounting and Internal Control. Whenever, in the opinion of the Statutory Auditor, there exists no material weaknesses in the System of Accounting and Internal Control, the report will so state.*
2. *A report expressing the opinion of the Statutory Auditor that based on his examination of the financial statements that Crown Casino has followed in all material respects, during the period covered by his examination, its System of Accounting and Internal Control on file with the Victorian Casino and Gaming Authority (the Authority)".*

Crown's proposal to amend Part II, section H of the ICM by removing the requirement to prepare additional external auditor reports was approved at the Commission's recent meeting.

Should you have any inquiries in relation to this matter, please contact Mr Rowan Harris, Acting Manager Casino Commercial Projects, on [REDACTED]

Yours sincerely

[REDACTED]

COHEN
Executive Commissioner

16/002



Victorian Commission
for Gambling Regulation

20 MAR 2009

Ms Lisa Holah
Assistant Compliance Manager
Crown Ltd
8 Whiteman Street
SOUTHBANK VIC 3006



Level 5, 35 Spring Street
Melbourne Victoria 3000
Australia
PO Box 1988, Melbourne
Victoria 3001 Australia
Telephone 61 3 9651 3333
Facsimile 61 3 9651 3777
www.vcgr.vic.gov.au



Dear Ms Holah

**PROPOSED AMENDMENT TO ICM PART II
ACCOUNTING, AUDIT AND REPORT**

I refer to your correspondence of 21 October 2008 seeking amendments to the ICS and SOPs for Junkets and Premium Players and your subsequent submission dated 3 March 2009 seeking approval for associated amendments to section D of Part II of Crown's ICM relating to Accounting, Audit and Reporting.

The proposed changes to the ICS and SOPs must necessarily be considered in conjunction with the proposed changes to Part II of Crown's ICM.

In this regard the proposed changes to Part II of Crown's ICM have been examined and discussed with your office and while many of the changes appear to be in order there are still some aspects of the proposal that require further consideration.

In Crown's submission, a number of references to Gross Gaming Revenue (GGR) in the ICM are incorrect. For example, in section 2.3.1, GGR 3 is referred to as "Monthly Summary of Gross Keno Sales" when in the ICM it is "Monthly Summary of Cash/Chips Redeemed". Similar incorrect references are noted elsewhere in the submission.

Schedules that are no longer in use (eg. Keno references) should be deleted from the ICM.

Generally, additional detail should be provided. For example a separate section should be included in the ICM for recent additions including Monthly Summary of Rapid Tickets - Out Payouts and Monthly Summary of PokerPro WAT Table Payouts.

To enable the Commission to consider the suite of proposed changes as a complete package please review the proposed changes to Part II of Crown's ICM closely prior to re-submission.

Please contact Mr Desmond Lobo on [REDACTED] should you need to discuss these matters.

[REDACTED],

PHILLIP SHELTON,
Director, Gambling Operations and Audit

Lisa Holah

From: Lisa Holah
Sent: Thursday, 2 April 2009 1:35 PM
To: [REDACTED]
Subject: ICM Part II - Accounting Audit and Report
Attachments: Section D - Part II April 09.pdf

Des,

In response to your correspondence to me dated 24th March 2009 regarding the amendments made to Crown's ICM Part II - Accounting Audit and Report, please find attached an updated document. To address the issues raised the following changes have been made:

- 1 Incorrect references to GGRs including the names of the forms have been updated throughout.
- 2 Regarding Keno, Crown would like to retain this information to allow for the reintroduction of Keno, if desired, without the need to amend the ICM.
- 3 Additional information has been added to cover Rapid Tickets and PokerPro WATOUT.

The changes have been tracked for ease of reference.

Please note that the up to date and correct information relating to the Calculation of Gross Gaming Revenue and the correct GGR forms is currently included in Crowns SOPs for Count Room and Drop Collection. Information added to Part II has been taken directly from this currently approved document. These particular SOPs are about to be submitted for your consideration in relation to another change to procedure and will, at the same time be updated to reflect the changes to GGR6.

I hope that you find this information satisfactory and should you require anything further please do not hesitate to contact me.

Regards,

Lisa Holah

Assistant Compliance Manager
Crown Melbourne Limited

[REDACTED]
Website: www.crowncasino.com.au

16/002

Tuesday, 3 March 2009

COPY

Mr. Peter Cohen
Executive Commissioner
Victorian Commission for Gambling Regulation
Level 5, 35 Spring Street
Melbourne Vic 3001

Dear Mr Cohen

CROWN ICM PART II - ACCOUNTING, AUDIT AND REPORTING

Further to my letter to you dated 21 October 2008 requesting approval for amendments made to Crown's Internal Control Statement and Standard Operating Procedures for Junket and Premium Player Programs to allow for the introduction of a new Slots Premium Player Program, please find attached an amended copy of section D of Part II of Crown's ICM relating to Accounting, Audit and Reporting.

This section of the ICM has been amended to include updated information pertaining to the calculation of Gross Gaming Revenue incorporating the new Slots Premium Player Program. Additional updates have also been included to ensure that the information contained in this section of the ICM accurately reflects current practice. Amendments are tracked or appear in bold text for ease of reference.

Please do not hesitate to contact me should you require any additional information. I look forward to your comments and ultimate recommendation for approval of these amendments.

Yours sincerely



Lisa Holah
Assistant Compliance Manager

CC: Sean McCreery
Simon Masters
Chris Peasley
Michelle Fielding
Edwin Aquino

Electronic copy of documents submitted
contained in 16/002 in folder titled
'Part D - Re Slots PP Program!'

Lisa Holah

From: Lisa Holah
Sent: Tuesday, 3 March 2009 1:52 PM
To: Sean McCreery; Simon Masters; Chris Peasley; Michelle Fielding; Edwin Aquino
Cc: Sean Counihan
Subject: Advice of Submission - Part II Crown's ICM
Attachments: Part II ICM Update (PPSlots).doc

To all, please find attached a copy of the letter sent to the VCGR requesting approval of amendments to part II of Crown's ICM which relates to the calculation of Gross Gaming Revenue. Following discussions with the VCGR it was determined that this section needed updating prior to the Slots Premium Player program being approved. Following previous discussions I have already emailed the amendments to the relevant VCGR reps ahead of this formal submission in order to get a head start. If you require further information please don't hesitate to contact me.

Regards,

Lisa Holah

Assistant Compliance Manager
Crown Melbourne Limited



Website: www.crowncasino.com.au

16/002

16/002

Definitions

"Business Day" means the days of the week Monday through Friday and does not include Saturday or Sunday or public holidays.

"Casino Tax" means taxes paid in accordance with section 22 of the *Casino (Management Agreement) Act 1993 (Vic)* and includes the Community Benefit Levy.

"Chips Redeemed" means all chips exchanged, at a Cage location, for cash, coin, CPV's, Deposit Vouchers and cheques (including Crown or patron cheques) and other non gaming activities including Food and Beverage.

"Commission Based Player Revenue" means revenue earned from players participating in Junkets and Premium Player Programmes.

Shouldn't this read something like – revenue/commission earned by players/junket operators from participation in Junket or Premium Player Programmes and is based on their level of play

"Electronic Monitoring System" (EMS) means the Gaming Machine monitoring system that incorporates the DACOM Host, Acres Bonusing and Jackpot System, Configuration Work Station and Cashless Gaming System and provides a real-time communications link between all EGMs, DACOM Cashier Terminals, Cashless Terminals and Cashless Workbooks. The EMS monitors machine access and machine meters and links to Surveillance. It is approved for use in accordance with the Casino Control Act, 1991 and must comply with the Technical Requirements Document (TRD) issued by the VCGR. *from G/M SOPs*

"Gaming Machine Win" means the amount won by a particular Gaming Machine and is calculated by subtracting Hopper Fills, other than initial Hopper Fills, and payouts from the Gaming Machine Drop.

"Gaming Machine Turnover" means the cumulative value of all wagers made on a gaming machine over a particular period of time. *G/M SOPs ??*

Deleted: Casino

Refer from CMAA.
Comment [m1]: Lisa There is a definition of "Commission Based Players' Gaming Revenue" in the Casino Management Agreement Act that could be inserted here or merely say that it has the same meaning as in that Act

Deleted: who receive commission based on their level of play.

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Comment [12]: Is this revenue earned by Crown or by the player/operator as a result of their play?

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Comment [m3]: Is the second part of this definition needed?

Deleted: monetary amount wagered on a particular gaming machine

GM Sops -

"Gaming Machine Gross Gaming Revenue" is calculated by the Electronic Monitoring System (EMS) using, but not limited to, the EGM Revenue Report. Revenue equals Turnover less Game Wins less Jackpot Startouts less Variable Prize Jackpot Increments less Fixed Prize Jackpot Increments less Bonus Jackpots. The calculation incorporates the following figures, in respect of the period for which Gaming Machine revenue is calculated.

Deleted: will equal

Comment [m4]: What following figures? Do you actually need the last sentence?

Deleted: monetary amount

Deleted: s

"Gaming Machine Game Wins" means the value of credits won during a particular period of time, as an outcome, of the base game excluding mystery jackpots, linked progressive jackpots, standalone progressive jackpots and bonus jackpot payments.

"Gaming Machine Jackpot Startouts" means the aggregate base startout for all jackpots won during a particular period.

Comment [m5]: Is this correct? Aren't the startout values the amounts used to set up each particular jackpot regardless of whether a jackpot is won?

"Gaming Machine Variable Prize Jackpot Increments" means the aggregate contribution, during a particular period of time, of gaming machine turnover to all variable prize jackpot pools.

"Gaming Machine Fixed Prize Jackpot Increments" means the aggregate contribution, during the period of gaming machine turnover, to all fixed prize jackpot pools. The contribution has a statistical expectation of being equivalent to the value of prizes won from the pool over time (ie the statistical expectation is that the pool will have, on average, a zero balance).

Comment [m6]: Why is this different to the previous definition "during a particular period of time"?

"Gaming Machine Bonus Jackpots" means the amount of bonus jackpots paid to machines (NB Bonus jackpots, as defined in the Game Rules, do not include mystery or progressive jackpots).

Comment [m7]: Is it "paid to" or "paid from"?

Comment [m8]: Please clarify this, I do not know what it means

"General Gaming Revenue" means all gaming revenue other than Commission Based Player revenue.

Comment [m9]: Not sure this is needed???

Comment [m10]: I have left this definition in because it is referred to in gross gaming revenue definition

"Gross Gaming Revenue" means the total of all sums, including cheques and other negotiable instruments whether collected or not, received in any period by Crown from the conduct or playing of games within the Casino (includes both Commission Based Player Revenue and General Gaming Revenue) less the total of all sums paid out as winnings during that period in respect of such conduct or playing of games.

Comment [m11]: This differs to the definition in the CMAA 1993. Does it need to contain the highlighted inclusion?

"Hold Percentage" is total win + total drop X 100.

Deleted: means the amount expressed in a per centum of total drop retained by Crown. This is derived by dividing total win by total drop.

"Master Gaming Report" means a record of the computations of the win (loss) for each gaming table, each game and for each shift.

“Preliminary Master Gaming Report” means a report showing individual transactions for each gaming table during a particular gaming day which includes by way of example: Table Number, Opening Balances, Fills and Credits numbers and amounts, CPV and CEV numbers and amounts, Closing balances.

“Prizes” mean:

- (a) Progressive jackpots of value (i.e. cars, motor cycles, etc.); and
- (b) Initial progressive jackpots offered.

Comment [m12]: What does this mean?

“Table Games Drop” means the sum of all currency, Chip Purchase Vouchers and complimentary betting vouchers removed from a drop box.

Deleted: the total amount of

Deleted: ,

Deleted: ,

Deleted: and coin

Deleted: the

“Table Games Win or Loss” means the overall amount won or lost on a particular gaming table as recorded on the Master Gaming Report and is calculated as follows:

$$(\text{total drop} + \text{closing inventory} + \text{credits}) - (\text{opening inventory} - \text{fills} - \text{payouts})$$

A positive result indicates a win and a negative result indicates a loss.

Comment [l13]: Please check that this is OK I have re-worked

“The Act” means the *Casino Control Act 1993 (Vic)*

“VCGR” means Victorian Commission for Gambling Regulation.

“Unaudited Master Gaming Report” means a Master Gaming Report produced by Soft Count which is yet to be audited.

“Super Tax” is the annual tax paid when the yearly gaming revenue exceeds the current base amount set in the clause 22.4 of the Casino (Management Agreement) Act 1993

1. REVENUE AUDIT FUNCTIONS

1.1 Overview

1.1.1 The general functions of the Revenue Audit Department include without limitation, the following:

- (a) Master Games Audit
- (b) Casino Cage Audit
- (c) Gaming Machine Revenue Audit
- (d) Caribbean Stud Jackpot Audit
- (e) Food and Beverage Audit
- (f) Calculation of Casino Tax and Community Benefit Levy
- ~~(g) Public Relations Payments Pay Out Reports~~
- ~~(h) Calculation of Annual Gaming Tax (Super Tax)~~
- (i) Financial Reporting
- (j) Cheque Control
- (k) Voucher Control
- (l) Complimentary Issuance Reporting
- (m) Daily Flash Report
- (n) Record Retention
- (o) Bank Accounts
- (p) Bank Statement Reconciliation
- (q) Submission of Reports

Comment [I14]: Please confirm if correct

Comment [I15]: Please confirm if correct

Deleted: s

Comment [m16]: ?

Comment [m17]: ?

1.2 Master Game Audit

1.2.1 The Master Games Audit is an audit of the revenue from a particular gaming day. This audit is completed in accordance with the processes described in Attachment X (Soft Count and Master Games Reporting)

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1.2.2. At the completion of the Table Games Count both a Preliminary Master Gaming Report (PMGR) and an Unaudited Master Gaming Report (MGR) are printed in the Count Room and forwarded to Revenue Audit where the Audit is conducted.

Deleted: is

(a) Unaudited Master Gaming Report

This report includes a summary, by table, of all transactions which have occurred during a particular gaming day. The transactions account for all Chip Purchase Vouchers (CPVs) including: Counter Cheques, Cash Deposit Withdrawals(CDWs) and Chip Exchange Vouchers (CEV) together with Request for Fills, Fills, Request for Credits, Credits, Table Inventory Slips and Error Notification Slips (ENS), if any.

Comment [m18]: Does this include all cash buy in transactions?

(b) The Preliminary Master Gaming Report

(i) This report provides details of all the individual documents which are summarised on the Unaudited Master Gaming Report. Such documents include: Chip Purchase Vouchers (CPVs) (Counter Cheques, Cash Deposit Withdrawals (CDWs) and Chip Exchange Vouchers (CEV)) and Table Inventory Slips and Error Notification Slips (ENS).

(ii) The original copies of any documents recorded on the PMGR will be examined; and matched against the relevant entries on the report.

1.2.3 Once the Unaudited Master Gaming Report (including the Preliminary Master Gaming Report Audit) has been audited and any necessary adjustments made, the Audited Master Gaming Report is printed. All documents relating the Master Gaming Report Audit are filed in a MGR folder.

1.3 Casino Cage Audit

1.3.1 The Cage Audit comprises:

(a) Main Bank Audit,

This Audit is a check and verification of all documents generated by Main Bank. All relevant documents are matched against the Main Bank Closeout Sheet entries.

Comment [m19]: Should there be a reference to an Attachment??

(b) Chip Bank Audit

This audit provides details of all individual documents which are summarised on the individual Chip Bank Balance Sheet and is completed in accordance with the processes described in Attachment X.

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(c) Cheque Bank Audit;

This audit provides details of all individual documents which are summarised on the Main Bank Close-Out and comprises the following individual audits:

- (i) Patron Cheques Audit (Current) is completed in accordance with Attachment 1.
- (ii) Patron Cheques Audit (Returns and Write-offs) is completed in accordance with Attachment 2.
- (iii) CPVs and CEV's Audit completed in accordance with Attachment 3.
- (iv) Patron Cheques Audit (Deposit Account Balance) is completed in accordance with Attachment 4.

1.3.2 All documentation relevant to the abovementioned audits will be examined no later than the third business day after which it was completed.

1.4. Gaming Machine Revenue Audit

- 1.4.1 Gaming Machine Revenue will be recorded on Crown's EMS.
- 1.4.2 The EMS automatically generates an EGM Revenue Report each day and a copy is sent to both Revenue Audit and the VCGR.
- 1.4.3 The DACOM System Auditor will conduct a daily audit of the EGM Revenue Report.
 - (a) If an error is detected, an adjustment will be made on the DACOM Revenue Adjustment Sheet.
 - (b) The adjustment sheet will be signed by the Gaming Machine Business Analyst and the staff member preparing the revenue reconciliation, and then retained.
 - (c) All adjustments will be reflected on the Revenue Modification Report.
- 1.4.4 Any Adjustment made after the initial audit will be forwarded to Revenue Audit for a re-run of the report to accurately reflect Revenue. Deleted: who will

1.5. Caribbean Stud Poker Audit

- 1.5.1 The Caribbean Stud Poker System is used to accumulate and record information relating to jackpots payable on the game of Caribbean Stud Poker and, if applicable, WSOP Texas Holdem. Such information will appear on the system Activity Log.
- 1.5.2 The Caribbean Stud Poker System audit will include the:
 - (a) Reconciliation of jackpots entered on the system Activity Log to Caribbean Stud Poker Jackpot Slips;
 - (b) Daily review of the Activity Log for unusual movements in jackpot pool balances; and

- (c) Maintenance of a spreadsheet to record movement in the jackpot pool, based on the details in the Activity Log. The information contained in the spreadsheet will be used to check the accuracy of the percentage calculation of the jackpot pool, as specified in the procedures of the game.

Comment [m20]: Is this detail in the procedures or the rules?

1.6 PokerPro Daily Audit.

- 1.6.1 PokerPro information will be captured in the MGR before the end of each gaming day. The information below will be manually entered into SYCO:

- (a) WAT – In (added by Soft Count)
- (b) WAT – Out (added by Table Games staff); and
- (c) WIN (added by Table Games staff).

- 1.6.2 The Count Team Supervisor will forward a copy of the PokerPro Financial Meter Report to Revenue Audit at the end of the count.

- 1.6.3 Revenue Audit will check the information on the MGR against the PokerPro Financial Meter Report. If a discrepancy is detected, it will be investigated and any applicable adjustments made using the Poker Pro Win Maintenance Menu in Syco.

- 1.6.4 The WAT-In figure should also match the Poker Pro Drop Figure showing on the Table Games Drop Recap Sheet.

1.7 Ticket Audit

Revenue Audit will conduct a Table Games Count Audit on a daily basis and daily Regular Table Drop must be recorded on the Monthly Summary of General Table Gaming Drop (GGR1).

Comment [I21]: Please supply the procedure for this.

2. GROSS GAMING REVENUE, CASINO TAXES AND COMMUNITY BENEFIT LEVY

- 2.1 Casino Tax (including the Community Benefit Levy) is calculated at the end of each calendar month and will be paid in accordance with clause 22 of the *Casino (Management Agreement) Act 1993 (Vic)* no later than seven (7) days after the end of each month. Where the seventh (7th) day is not a business day, payment will be made on the next business day.
- 2.2 Gross Gaming Revenue (GGR), and the amount of Casino Tax payable will be calculated on the working paper 'Calculation of Gross Gaming Revenue' (or GGR) and from the information provided on the supporting working papers numbered GGR/1 to GGR/8 inclusive. A summary and description of the working papers follows:

▪ Calculation of Gross Gaming Revenue; (Schedule A) check	GGR
▪ Monthly Summary of Table Games Drop (Cash Chips);	GGR/1
▪ Monthly Summary of Cash Chips Redeemed;	GGR/3
▪ Monthly Summary of Table Game Sums Paid Out as Winnings	GGR/5
▪ Monthly Summary of Gaming Machine Net Revenue	GGR/6
▪ Monthly Summary of Table Games Commission Based Player Drop	GGR/7
▪ Monthly Summary of Table Games Commission Based Player Chips Redeemed	GGR/8
▪ Calculation of GST	Schedule 6

2.2.1 Calculation of Gross Gaming Revenue (GGR).

- (a) The working paper GGR will contain the following information at a minimum:
- (i) General Gaming Results
 - (ii) Gaming Machines Revenue Results
 - (iii) Commission Based Player Results
 - (iv) Total Casino Taxes and Community Benefit Levy

- (b) In the calculation of GGR:
 - (i) If Commission Based Player Revenue incurs a loss in the current month, the loss will not be deducted from the month's General Gaming Revenue, but will be carried forward to the following months' Commission Based Player Revenue until such net win revenue is accumulated.
 - (ii) Sums paid out from gaming tables as PR Payments in accordance with the procedures outlined in the Table Games Generic Procedures will not be treated as chips redeemed. The appropriate adjustments will be made on GGR3 and GGR8 under the appropriate headings.

2.2.2 Monthly Summary of Table Games Drop (Cash Chips) (GGR/1)

- (a) The working paper GGR/1 will be prepared from the Master Gaming Report and will contain the following information at a minimum:
 - (i) Date
 - (ii) Shift
 - (iii) Daily Drop
 - (iv) Variance
 - (v) Daily Total
 - (vi) Monthly Total
- (b) GGR/1 illustrates the total drop (daily receipt of monies contained in drop boxes) for each day in the calendar month. Total drop includes Chip Purchase Vouchers, chips, tokens and promotional vouchers.
- (c) Any counterfeit money inadvertently accepted will be counted and assigned its intended value and adjusted to show a variance.

- (d) The total of cash monies received for each gaming day should equal the total of the Table Games Cash Drop recorded on the MGR and equal the amount on the Main Bank Closeout.

Comment [m22]: Should or Must?

2.2.3 Monthly Summary of Cash Chips Redeemed; (GGR/3)

- (a) GGR/3 illustrates the total amount of cash chips redeemed at the Casino Cage for each day in the calendar month and is prepared from the Main Bank Closeout. This working paper will contain the following information at a minimum:
- (i) Date
 - (ii) Shift
 - (iii) Amount Recorded on Main Bank Closeout Sheet (daily)
 - (iv) Adjustments
 - (v) Daily Total
 - (vi) Monthly Total

2.2.4 Monthly Summary of Table Game Sums Paid Out as Winnings (GGR/5).

- (a) GGR/5 illustrates the total amount of Table Games Winnings paid at the Front Windows for each gaming day in the calendar month and is prepared from the Main Bank CloseOut Sheet

Comment [I23]: I have inserted day is this correct

and will contain the following information at a minimum:

- (i) Date
- (ii) Patron Value Added Prizes Awarded
- (iii) Adjustments
- (iv) Total

- (v) Monthly total

2.2.5 Monthly Summary of Gaming Machine Net Revenue (GGR/6).

- (a) This working paper illustrates the daily calculated revenue which is derived by deducting game wins, jackpot startout figures, variable prize jackpot increments, fixed prize jackpot increments and bonus jackpots from daily turnover. The paper contains at a minimum:

Comment [124]: Please confirm if this reads OK, I have turned it around a bit

- (i) Date
- (ii) Adjustments
- (iii) Revenue as per Dacom (daily)
- (iv) Total (daily)
- (v) Monthly total

2.2.6 Monthly Summary of Table Games Commission Based Player Drop (GGR/7).

- (a) This working paper illustrates the daily Commission Based Player drop in a calendar month. It has two components – the commission CPV drop and the Non-Negotiable CPV drop. The paper contains at a minimum:

- (i) Date
- (ii) Commission CPV Drop (daily)
- (iii) Non-Negotiable CPV Drop (daily)
- (iv) Commission Based Player total drop (daily)
- (v) Commission CPV Drop (monthly)
- (vi) Non-Negotiable CPV Drop (monthly)
- (vii) Commission Based Player total drop (monthly)

2.2.7 Monthly Summary of Table Games Commission Based Player Chips Redeemed (GGR/8).

- (a) This working paper illustrates [...] and will contain the following information at a minimum:
 - (i) Date
 - (ii) Commission Chips Redeemed per main bank (daily total)
 - (iii) Non-Negotiable Chips redeemed per main bank (daily total)
 - (iv) Commission Based Player Chips Redeemed (daily total)
 - (v) Commission Chips Redeemed per main bank (monthly total)
 - (vi) Non-Negotiable Chips redeemed per main bank (monthly total)
 - (vii) Commission Based Player Chips Redeemed (monthly total)

Comment [m25]: Something appears to be missing from here

2.2.8 Schedule 6 – Calculation of GST

- (a) Schedule 6 illustrates the items used to calculate the global GST. It contains the following information at a minimum:
 - (i) The ending month date;
 - (ii) Amounts wagered by both Commission Based Players and Ordinary Players;
 - (iii) Other amounts paid to both Commission Based Players and Ordinary Players;
 - (iv) GST Base for Ordinary Players
 - (v) GST Base for Commission Based Players

Comment [l26]: What does this mean?

Comment [l27]: We may need a definition of ordinary players

Comment [m28]: Do you need to differentiate?

Comment [l29]: What is this?

Comment [m30]: Wouldn't it be better to use the expressions Commissioned Based Players and Non Commissioned Based Players

(vi) Global GST Attributable to all players.

2.3 Once GGR and Casino Tax have been calculated, and following the resolution of any discrepancies, the Revenue Audit Manager will certify the calculation as being correct.

2.4 The working paper GGR and the attached supporting working papers GGR/1 to GGR/8 will then be verified by the Financial Contoller (or above) and once verified, forwarded to the VCGR in accordance with procedure 2.1.

2.4.1 Additionally, within five (5) days after the 20th day of each month Crown will submit an interim GGR Report to the VCGR.

Comment [m31]: Is this correct?

2.5 Payment of Casino Tax will be made to the Treasury Department electronically via on-line banking. Crown will advise the Treasury Department (via fax) that the payment has been made.

2.6 Calculation of Annual Gaming Tax (Super Tax)

2.6.1 Annual Gaming Tax is calculated at the end of each financial year as follows:

(a) A working paper similar to the GGR is set up to reflect the monthly figures recorded on GGR1, GGR3, GGR6, GGR7 and GGR8.

(b) Calculate the annual GGR for regular gaming by:

(i) Adding the yearly drop total for regular table games and the total yearly EGM net revenue; then

(ii) Deduct the yearly total sums paid out. (cash chips redeemed, cheque payments etc)

(c) Calculate the current year base amount by using the formula:

$A / B \times C$

where:

A - is the CPI (Consumers Price Index-All Groups Melbourne) on the day prior to review date.

B - is the CPI one year and one day prior to review date.

C - is the previous year's base amount.

- (d) Deduct the current base amount from the GGR
- (e) Determine the EGGR range using the applicable table in clause 22.4 of the *Casino (Management Agreement) Act 1993 (Vic)*. The EGGR is the amount by which Gross Gaming Revenue in a financial year exceeds the base amount for that particular financial year.
- (f) Deduct the starting range value from the EGGR figure calculated in (e) above. The difference will be the Excess value.
- (g) Using the tables listed in clause 22.4 of the *Casino (Management Agreement) Act 1993 (Vic)* calculate the Super Tax.

2.6.2 Repeat steps (a) through (g) above to calculate Super Tax payable for Commission Based Revenue.

2.6.3 Each year, the payment of Super Tax is incorporated with the payment of monthly gaming tax for June.

3. FINANCIAL REPORTS

3.1 Internal Reports

3.1.1 Revenue Audit will, at the conclusion of the audit processes supply Corporate Accounts with figures relating to:

- (a) Table Games Win;
- (b) Gaming Machines Win;
- (c) Overall changes to cash inventories;

Deleted:

- (d) Overall changes to chip inventories and outstanding chip liability;
- (e) Overall changes to cheque inventories and patron deposits; and
- (f) Other gaming related activity.

3.2 Reports to be Provided to the VCGR

3.2.1 Reports will be submitted to the VCGR in accordance with the *Casino (Management Agreement) Act 1991, (Vic)*. Such reports will be submitted within the following timeframes:

Deleted: under the following guidelines

- (a) Monthly reports will be due not later than the 10th calendar day following the end of the month.
- (b) Quarterly reports will be due not later than the 15th calendar day of the second month following the end of the prior quarter.
- (c) Annual reports due within 4 months of the financial year-end. (financial year end?)

Deleted: 3

Comment [I32]: Is this a financial year or calendr year?

3.3 Auditing

3.3.1 Crown's annual financial statements will be audited by a Statutory Auditor as approved by the VCGR.

3.3.2 [The Statutory Auditor may also render the following additional reports:

- (a) A report identifying any weaknesses in the System of Accounting and Internal Control, if any;
- (b) A report stating, that based on his/her examination of the financial statements Crown has complied with its VCGR approved system of accounting and internal controls.

Comment [I33]: Please verify

Comment [m34]: I think we should remove and create some discussion about what sort of report the VCGR actually want

3.3.3 Two copies of the Crown's annual financial reports and two copies of any other reports on the System of Accounting and Internal Controls, Administrative Controls, or other matters relative to Crown Casino's accounting or operating procedures offered by Crown Casino's Statutory Auditor, will be filed with the VCGR within four (4) months following the end the financial year.

Comment [m35]: Four (4) months is correct

3.3.4 Any adjustments resulting from the annual audit will be recorded in the accounting records of the year to which the adjustment relates.

Comment [I36]: In 3.2.1 (c) it says 3 months which is correct

Comment [m37]: I think 3.2.1 c covers this. I think this section can be deleted as two copies aren't provided

(a) If an adjustment was not recorded in the annual report and the VCGR concludes the adjustment is significant, the Company will file a revised annual report.

(b) The revised annual report will be submitted within thirty (30) calendar days after written notification to Crown Casino unless an extension is granted from the VCGR.

Comment [m38]: Not sure about including any of this

3.3.5 If the appointed Statutory Auditor resigns or is dismissed or another Statutory Auditor is engaged as the outside Statutory Auditor, Crown will within ten (10) days following the end of the month in which the event occurs send to the VCGR the following information:

Deleted: Casino

(a) The date of the resignation, dismissal, or engagement;

(b) Details of any disagreements with the former Statutory Auditor occurring in the preceeding two years regarding accounting principles or practices, financial statement disclosure, or auditing scope or procedure. Details of such disagreements should be recorded.

(c) A description of any adverse opinion reported or qualification made, by the Statutory Auditor regarding the financial statements for any of the past two years, if any.

(d) A letter from the Statutory Auditor, addressed to the VCGR stating whether or not he/she agrees with the statements made by Crown Casino with respect to (a) (b) and (c) above.

- 3.3.6 From time to time the VCGR may request additional information, which will be provided by Crown as requested.

Comment [m39]: Is this really needed?? They can do it anyway.

Comment [m40]: I don't think this para is needed

Comment [I41]: Please clarify if this is correct? Or if this is necessary.

Crown will report to the VCGR essential details of any Controlled Contracts, loans, borrowings, installment contracts, guarantees, capital leases, or capital contributions no later than fourteen (14) days after the end of the month in which the transaction or event occurred.

4. CHEQUE CONTROL

- 4.1 With respect to Crown's company cheques the following will apply:
- 4.1.1 Revenue Audit will ensure all company cheques are accounted for and acceptable;
 - 4.1.2 All cheque number sequences (from and to) will be recorded in the Cheque Inventory Log. The Revenue Audit Supervisor (or above) will review and sign the log attesting to it's accuracy.
 - 4.1.3 All cheques will be reconciled on a bi-monthly basis.
 - 4.1.4 All draft cheques will be stored in a secure location with access restricted to authorised employees. Keys to access this storage area will be controlled and maintained by Revenue Audit.
 - 4.1.5 Revenue Audit will maintain a list of employees who are authorised to request cheques.

5. VOUCHER CONTROL

- 5.1 Revenue Audit is responsible for controlling all of Crown's gaming and non-gaming promotional vouchers.
- 5.2 Vouchers have control numbers and prefixes (located at the bottom right corner) to enable proper costing.
- 5.3 All vouchers will be recorded in SYCO on receipt from the printer and then stored in a secure location.
 - 5.3.1 The same Revenue Auditor cannot be responsible for entering the information into SYCO and for the storage and movement of the vouchers. Each task must be completed by a different person.

Comment [I42]: Still not sure that I understand exactly what this means.

Deleted: a

6. COMPLIMENTARY ISSUANCE REPORTING

~~Edwin to provide a process for this~~

Comment [I43]: Please add process in

7. DAILY FLASH REPORT

The daily flash report is a sectionalised summary of the previous day's business performance. It is distributed to xxxxxxxx

Comment [I44]: Please add who this is distributed to

~~Edwin to provide a process for this~~

Comment [I45]: Please add process for daily flash report

8. FORMS, RECORDS, DOCUMENTS AND RECORDS RETENTION –

8.1 All information on any form, record or document will be recorded in ink or other permanent form.

8.2 All casino related forms, records or documents, prepared, maintained, and controlled by Crown will:

Deleted: .

Deleted: .

Deleted: the Casino

Deleted: Casino

8.2.1 Have the name of Crown imprinted or pre-printed;

8.2.2 With the exception of Counter Cheques, have the relevant title imprinted or preprinted;

8.2.3 Where the particular document has multiple parts, the original and all copies will be colour coded and contain the name, title or description of the department to where each copy will be distributed .

8.2.4 Where serially numbered, have both the used and the unused copies accounted for; and

8.2.5 Be stored on site.

Comment [m46]: Is this needed? It isn't clear whether it is before or after the forms are used

Deleted: the casino premises

9. BANKING AND BANK ACCOUNTS

9.1 In accordance with section 123 of the *Casino Control Act 1991* (Vic) Crown must have the VCGR's approval prior to opening and operating any bank account.

9.2 For each proposed new bank account the following details at a minimum must be forwarded to the VCGR :

- 9.2.1 The name of the account;
- 9.2.2 The bank, branch and location;
- 9.2.3 The purpose for which the account will be used;
- 9.2.4 Upon availability, the BSB and account number; and

Deleted: 9.2.5 . The names of the signatories to the account.¶

10. RECORDS TO BE KEPT

10.1 In accordance with Section 124 of the *Casino Control Act 1991* (Vic), Crown will maintain accounting records which accurately reflect and explain the transactions and financial position of the operations of the casino.

10.2 In accordance with Section 126, accounting records must be retained for not less than 7 years after the completion of the transaction to which they relate. Retained records may be archived but must be accessible and be capable of being recalled within 72 hours.

Comment [m47]: Is this needed?

10.3 Crown will keep records which include but are not limited to:

10.3.1 Records of all patron cheques accepted and deposited by Crown including patron deposits and any cheques returned as uncollected and written-off as uncollectable.

Deleted: Casino;

10.3.2 Statistical game records reflecting drop and win or loss amounts by table by gaming day, for each game.

Comment [148]: Is this covered in previous section

10.3.3 Records for Gaming Machines which identify the turnover, payouts, win amounts and percentages by day.

Comment [149]: SAME AS ABOVE

10.3.4 Records related to investments in property and equipment used directly in connection with the operation of the gaming facilities.

Deleted: Casino

10.3.5 Records of all loans and other amounts payable by Crown.

10.3.6 Records which identify the purchase, receipt and destruction of gaming chips, plaques and tokens.

Comment [150]: Do we need this given that it is covered in the gaming equipment SOPs?

10.3.7 Records for complimentary items or services provided, including at a minimum:

- (a) The name of each person provided with an item or service,
- (b) The class of services provided;
- (c) The cost of the item (including the total of each group) or service provided calculated as follows:
 - (i) Full retail price if offered to other patrons in the normal course of business; or,
 - (ii) Cost to Crown if not offered for sale to patrons in the ordinary course of business; or
 - (iii) Actual cost invoiced to Crown if a third party provides the service or item.
- (d) The name of the person authorising the provision of the item or service.

Deleted: Casino

Deleted: Casino

10.3.8 Records of all investments, advances, loans and receivables other than patron cheques due to Crown.

Deleted: Casino

10.4 Crown will close all key General Ledger Accounts and Subsidiary Ledgers on a monthly basis and perform bank reconciliations on a regular basis.

10.5 Crown will maintain appropriate subsidiary records including but not be limited to the following.

Deleted: Casino

10.5.1 Records to control payroll and on-costs;

Comment [I51]: Is this necessary

10.5.2 Summary and detailed records relating to fixed assets; and

10.5.3 Accounting records and procedures to verify and compute tax payments.

Comment [I52]: Is this covered by Section 2?

10.5.4 Purchasing records and related procedures designed to provide compliance with Casino Control Act regarding contracts, etc.

Comment [I53]: Is this necessary given that it is covered in Control Contract SOPs??



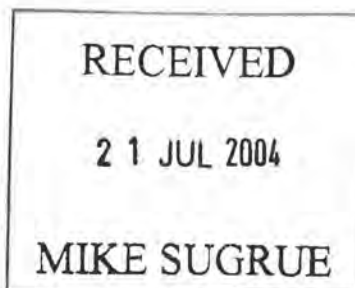
Department of Justice
Victorian Commission for Gambling Regulation

16/002/2/3.

19 JUL 2004

Ref:5021

Mr Michael Sugrue
 Compliance Manager
 Crown Limited
 8 Whiteman Street
 Southbank
 MELBOURNE 3006



Level 5, 35 Spring Street
 Melbourne Victoria 3000
 Australia
 PO Box 1988R Melbourne
 Victoria 3001 Australia
 Telephone: +61 3 9651 3333
 Facsimile: +61 3 9651 3777
 website: www.vcgr.vic.gov.au

Dear Mr Sugrue

ICM PART II – ACCOUNTING, AUDIT AND REPORTING

Pursuant to s.121 of the *Casino Control Act* 1991 (the Act), the Victorian Commission for Gambling Regulation (the Commission) is empowered to approve a system of internal controls and administrative and accounting procedures for the casino.

At its meeting held on 13 July 2004, the Commission resolved to approve amendments to Crown's Internal Manual (ICM), to provide for:

- The removal of the requirement to conduct daily examination of gaming financial transactions;
- The imposition of the requirement to examine gaming financial transactions within three business after transactions are executed.

Included with this correspondence is the stamped approved relevant page of the ICM.

→ David Courtney
 → Rob Turner
 John Salamone

Yours sincerely

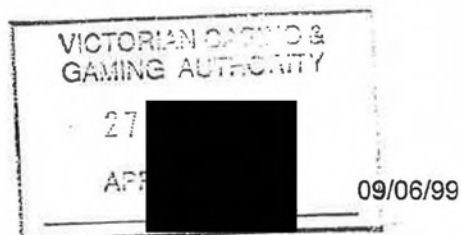


PHILLIP SHELTON
 Acting Director Gambling Operations and Audit

Copy: Mr Max Priestley –Director, Compliance and Investigations

CROWN CASINO LIMITED**MELBOURNE CASINO PROJECT****SYSTEM OF ACCOUNTING AND INTERNAL CONTROL SUBMISSION****PART II - ACCOUNTING, AUDIT AND REPORTING****J. ACCOUNTING DEPARTMENT AUDIT PROCESS****GENERAL PROCEDURES**

1. The General Procedures used by the Accounting Department include but are not limited to the following:
 - a. The Main Bank Summary, Chip Bank Summary, Cheque Bank Summary, Master Gaming Report, Gaming Machine Drop/Win Report and related documentation will be examined by the Accounting Department employees for agreement of opening and closing inventories, agreement of amounts thereon to other documents required by this Submission, and recording of transactions.
 - b. The original and duplicate of voided Fills, the original Request, and the original Fill removed from the Drop Box, will be examined by the Accounting Department employees for agreement, on a daily basis, with the duplicate Fill and duplicate Request and other documents.
 - c. The original and duplicate of voided Credits and the original Request and the original Credit removed from the Drop Box will be examined by the Accounting Department employees for agreement, on a daily basis, with the duplicate Credit and the Request.
 - d. The original and all copies of void Counter Cheques, the Accounting Acknowledgment, and Cheque Bank copies of the Counter Cheques will be examined and compared to the Chip Purchase Voucher removed from the Drop Box by Accounting Department employees for agreement, on a daily basis.
 - e. The Redemption copy of Counter Cheques will be forwarded to the Accounting Department subsequent to the Redemption consolidation, substitution or deposit of the original Counter Cheque for agreement with computer stored data.
 - f. The Master Gaming Report, and the original and copies of Counter Cheques, Request for Fills, Fills, Request for Credits, Credits, and Table Inventory Slips will be examined on a daily basis by Accounting Department employees; and:



CROWN CASINO LIMITED

MELBOURNE CASINO PROJECT

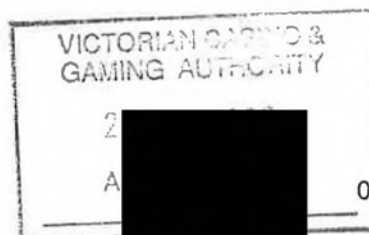
SYSTEM OF ACCOUNTING AND INTERNAL CONTROL SUBMISSION

PART II - ACCOUNTING, AUDIT AND REPORTING

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18 June 2004

Mr Peter Cohen
 Acting Director of Gambling & Betting
 Acting Director of Casino Surveillance
 Office of Gambling Regulation
 Level 5, 35 Spring Street,
 MELBOURNE VIC 3000

Dear Mr Cohen

Internal Control Amendment – Part II Accounting, Audit and Reporting

Revenue Audit currently performs their functions in accordance with the ICM's on a daily basis (365 days a year). This has been the case since the opening of the Galleria Casino in 1994. In line with Crown's commitment to continuous improvement, it is proposed to remove the requirement for Revenue Audit staff to work on weekends and public holidays and refocus the tasks of Revenue Audit into a Monday to Friday role.

It is currently the case that either the Revenue Audit Manager or the Revenue Audit Supervisor is present each weekend. This is considered less than ideal as there are no senior management personnel available should a situation develop that needs senior management review or input.

The proposed change is being implemented to ensure that the Revenue Audit work is being undertaken at times when senior management are readily available to review and advise on any issues that may arise. Additionally, it eases the strain on existing resources in regard to annual leave and other leave allocations. Additional staff will be rostered on shift after weekends and public holidays to ensure that the relevant checks are undertaken in as timely a manner as possible.

In line with this proposal, I have attached a tracked copy and a clean copy of revised page II – 43 of the existing Part II Accounting, Audit & Reporting of Internal Control Manual for your review and approval.

Yours sincerely



Mike Sugrue
 Compliance Manager

G:\CASINO\COMPLY\MIKES\JAC\0584L.doc

→ David Courtney
 Rob Turner
 John Salamone

SYSTEM OF ACCOUNTING AND INTERNAL CONTROL SUBMISSION

PART II - ACCOUNTING, AUDIT AND REPORTING

J. ACCOUNTING DEPARTMENT AUDIT PROCESS

GENERAL PROCEDURES

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SYSTEM OF ACCOUNTING AND INTERNAL CONTROL SUBMISSION

PART II - ACCOUNTING, AUDIT AND REPORTING

J. ACCOUNTING DEPARTMENT AUDIT PROCESS

GENERAL PROCEDURES

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- a. The Main Bank Summary, Chip Bank Summary, Cheque Bank Summary, Master Gaming Report, Gaming Machine Drop/Win Report and related documentation will be examined by the Accounting Department employees for agreement of opening and closing inventories, agreement of amounts thereon to other documents required by this Submission, and recording of transactions. All relevant documentation will be examined no later than the third business day after which it was completed.
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16/002/1

**CROWN LIMITED
CALCULATION OF GROSS GAMING REVENUE
FOR THE MONTH ENDED 31st of MAY, 2003**

PART A GENERAL GAMING RESULTS

GENERAL GAMING RECEIPTS

General Gaming Drop	GGR 1	\$	-	
Keno Gross Sales	GGR 2	\$	-	
Non-Commission Based EGM Revenue	GGR 6-B	\$	-	
	Total Gaming Drop			\$ -

LESS: SUMS PAID OUT AS WINNINGS

Total Cash Chips Redeemed	GGR 3	\$	-	
Keno Sums awarded as Winnings	GGR 4	\$	-	
General Table Game Sums awarded as Winnings	GGR 5	\$	-	
				\$ -
Less: Total Sums paid out as Winnings	(GGR 5 to 10)			\$ -
				\$ -

PART B COMMISSION BASED PLAYER RESULTS

Commission Based Player Drop	GGR 7	\$	-	
Commission Based EGM Revenue	GGR 6-A			
Less: Commission Based Player Chips Redeemed	GGR 8	\$	-	
Loss brought forward		\$	-	
		\$	-	\$ -

NOTE: Where Commission Based Player Revenue / (Loss) is a Loss, this Loss will be carried forward and deducted from the following month's results to arrive at that month's Commission Based Player Revenue \ (Loss).

PART C TOTAL CASINO TAXES AND COMMUNITY BENEFIT LEVY

General Gaming Taxes and Community Benefit Levy

Casino Tax - (from 01/07/97) 21.25% of General Gaming Revenue	\$	-	
Community Benefit Levy - 1% of General Gaming Revenue	\$	-	
			\$ -

Commission Based Player Taxes and Community Benefit Levy

Casino Tax - 9% of Commission Based Player Revenue	\$	-	
Community Benefit Levy - 1% of Commission Based Player Revenue	\$	-	
			\$ -

Total Gaming Tax for the Month of April, 2003 **\$ -**

Less: State Tax Credit re GST Schedule 6, Item 21 **\$ -**

Total Amount payable to OGR **\$ -**

Prepared and Certified as correct _____
(Revenue Audit Manager)

Verified _____
Financial Controller

Endorsed _____
Executive General Manager - Finance & Strategy

/GGR6-B

Gross Gaming Revenue
Summary of Non-Commission Based EGM Revenue
For Period Ended 31st May 2003
(GGR6 less GGR6-A)

<u>Date</u>	<u>Turnover</u>	<u>less</u>	<u>Game Wins</u>	<u>less</u>	<u>Sum of Jackpot Startouts /</u> <u>Variable Prize Jpot Increment /</u> <u>Fixed Prize Jpot Increment</u>	<u>less</u>	<u>Bonus</u> <u>Jackpots</u>	<u>equals</u>	<u>DACOM 6000</u> <u>Revenue</u>	<u>Final GGR</u> <u>subject to Tax</u>
-------------	-----------------	-------------	------------------	-------------	--	-------------	---------------------------------	---------------	-------------------------------------	---

Daily Revenue

Total

Add: Jackpot Value Adjustment *

Total EGM Revenue

/GGR6-A

Gross Gaming Revenue
Summary of Commission Based EGM Revenue
For Period Ended 31st May 2003

<u>Date</u>	<u>Turnover</u>	<i>less</i>	<u>Game Wins</u>	<i>less</i>	<u>Sum of Jackpot Startouts / Variable Prize Jpot Increment / Fixed Prize Jpot Increment</u>	<i>less</i>	<u>Bonus Jackpots</u>	<i>equals</i>	<u>DACOM 6000 Revenue</u>	<u>Final GGR subject to Tax</u>
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Daily Revenue

Total

*Add: Jackpot Value Adjustment **

Total EGM Revenue

Michael Sugrue

From: [REDACTED]
Sent: Thursday, 27 March 2003 12:45 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: GGR Signing

Mike,

As per my previous email and further discussions held with Phil Shelton, although the OGR is unable to provide a guarantee that a breach of the ICM will not be pursued by the Director, it certainly will not be supported by Phil or myself or the GOA division in any way due to our initiation or suggestion that the change to the ICM be made based upon changes in the OGR work practices. Also based on the fact that the signing of the GGR and the schedule itself is used only by the GOA Unit it is highly unlikely that any action may be pursued by another area. Overall, due to the time that can be taken to initiate changes to the ICM, I do however believe that the OGR should cease to sign the GGR schedule as of the current month end. Could you please look to initiate the necessary changes to the GGR schedule for the current month and discuss the changes with Edwin Aquino to ensure that he is aware that the OGR is not required to sign and also to further ensure that government duty is paid on time.

Should you wish to discuss the matter further please feel free to contact me,
regards,
Jason Cremona
Senior Gambling and Operations Auditor
Office of Gambling Regulation

-----Original Message-----

From: [REDACTED]
Sent: Tuesday, 25 March 2003 11:52
To: [REDACTED]
Subject: Legislation Queries

Mike,

I wish to inform that I have conducted some preliminary investigations into the two legislated queries that were raised in our discussion yesterday. In relation to the query raised by Edwin regarding the 4 month limit on making adjustments to the GGR and relative tax payment, I have yet to uncover anything in the Act. I intend to discuss this concern with Edwin by the end of the week to shed more light on the issue. With regards to the timing of the duty payment, schedule 1, part 4, section 22.1 (b) of the Casino (Management Agreement) Act 1993 states that the amount is, "...payable in each case WITHIN 7 days following the end of each month". This suggests that it is not 7 working days, and should the 7th day fall on a weekend or public holiday, the payment must be made earlier than this date. Brendan has informed me in the past it has been treated as working days but based on the words of the Act this is not the case. I will continue to research this, and if you could do the same, we will concur at the next meeting when we discuss the proposed changes to the ICM and SOP,

regards,
Jason Cremona
Senior Gambling and Operations Auditor

Michael Sugrue

From: [REDACTED]
Sent: Friday, 7 March 2003 10:03 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: Signing of GGR for February 2003

Mike,

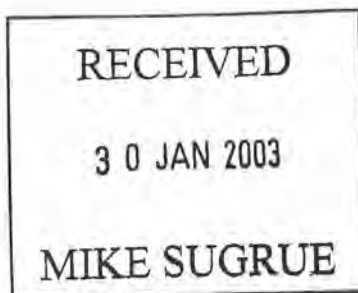
Subject to a letter sent via our offices in late January 2003, we sought an amendment to the ICM that required a member of the OGR to sign the Crown GGR Tax Schedule, prior to payment of tax. As we have yet to receive a response regarding the suggestion and I have been unable to contact you due to you being on leave on Thursday the 6th and Friday the 7th of March, I will proceed to sign the schedule for the current month as per the existing procedure. The signature will be provided with a qualified note, advising that the document is signed for the purpose of timely revenue payment and that the results have yet to be fully audited by the OGR. I seek your response on this issue as a matter of urgency or prior to the next month end, regards, Jason Cremona Senior Gambling and Operations Auditor Office of Gambling Regulation This email communication and any attachments contain information which is confidential, the copyright of the OGR and intended only for the addressee. If you are not the intended recipient of this communication and any attachments, you may not use, disclose, disseminate or copy them or any part of them. If you receive this communication in error, please delete the material from all computers, destroy all copies and contact the OGR by phone on (03) 9651-3333 or the sender at the sender's email address. Any views expressed in this communication and any attachments are those of the individual sender, except where the sender specifically states them to be the views of the OGR. This communication and any attachments are believed to be free of viruses at the time they left the sender's computer. However, the sender and the OGR do not guarantee that the communication and any attachments are free of computer viruses or other conditions which could damage or interfere with data, hardware or software with which they might be used. This communication and any attachments are supplied on the express condition that the intended recipient and any other persons who receive them assume all risk of use and absolve the sender and the OGR entirely of all responsibility for consequences of their use.



Office of Gambling Regulation

LISA
P.T.O.

Mr Mike Sugrue
Casino Compliance Manager
Crown Casino
8 Whiteman Street
Southbank Victoria 3006



Level 5, 35 Spring Street
Melbourne Victoria 3000
Australia
PO Box 1988R Melbourne
Victoria 3001 Australia
Telephone: +61 3 9651 3333
Facsimile: +61 3 9651 3777
website: www.ogr.vic.gov.au

Mr Sugrue,

REQUIREMENT FOR THE OGR TO SIGN THE MONTHLY GGR TAX SCHEDULE

Due to changes in the processes involved in the verification of the Gross Gaming Revenue (GGR) calculation, there is a need to amend the Internal Control Manual (ICM) that requires a member of the Office of Gambling Regulation (OGR) to sign the Crown GGR tax schedule (the schedule).

Initially the Chief Casino Inspector was required to sign the schedule prior to payment of casino tax and upon independent completion of the tax calculation and the audit activities associated with it. Upon implementation of a change to the job function of the OGR Inspectorate, which saw the daily table game GGR audit move from the OGR Inspectorate to the OGR Operations Audit Unit, this task was inherited by the Senior Operations and Revenue Auditor.

Part II, section D, sub-section 5.1.1 of the Internal Control Manual (ICM) specifies that, "*Payment of Casino Tax and Community Based Levy is to be by cheque or Telegraphic transfer payable to the Victorian Casino and Gaming Authority...on or before the 7th day of the month next following the month...*", while sub-section 4.03 further specifies that with respect to Crowns GGR calculation, "*the completed working papers will be provided to the VCGA Chief Casino Inspector no later than 5 days after the end of the month*".

Based on the above requirements and the changes to related job function, which restrict both the time and information available to the OGR to daily verify the GGR, it is not feasible for the Operations Audit Unit to completely verify the accuracy and integrity of the GGR in approximately 2 days. Therefore an amendment to the schedules used by Crown Revenue Audit for the GGR calculation and the relevant sections of the ICM (Part II, section D) is suggested to remove all requirements for any member of the OGR to sign the schedule prior to payment.

Subject to the Operations Audit Unit performing the necessary audit functions and detecting any further anomalies, we will seek to advise accordingly and a financial adjustment sought to the subsequent months tax payment.

If you have any further queries on this issue please contact Mr Jason Cremona, Senior Gambling and Operations Auditor, on [REDACTED]

Yours sincerely,

[REDACTED]

PHILLIP SHELTON
Assistant Director Gambling Operations and Audit
Office of Gambling Regulation

LISA - Can you please review with a view to amending as requested. Can you please liaise with Jacqui to make the necessary amendments & discuss with me prior to sending to the OGR.
ln 3/2/03.



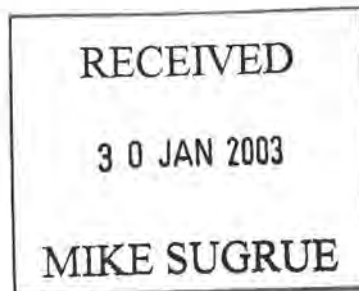
Office of Gambling Regulation

LISA

P.T.O.

16/002

Mr Mike Sugrue
Casino Compliance Manager
Crown Casino
8 Whiteman Street
Southbank Victoria 3006



Level 5, 35 Spring Street
Melbourne Victoria 3000
Australia
PO Box 1988R Melbourne
Victoria 3001 Australia
Telephone: +61 3 9651 3333
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If you have any further queries on this issue please contact Mr Jason Cremona, Senior Gambling and Operations Auditor, on [REDACTED]

Yours sincerely,

[REDACTED]

PHILLIP SHELTON
Assistant Director Gambling Operations and Audit
Office of Gambling Regulation

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