

Royal Commission into the Casino Operator and Licence**STATEMENT OF KATRINA MURRAY**

Name: Katrina Murray

Address: Crown Towers, Level 3, 8 Whiteman Street, SOUTHBANK VIC 3006

Occupation: Finance Manager - Hotels

Date: 25 June 2021

- 1 I make this statement in response to the Royal Commission's Request for Statement with reference RFS-Crown-020.
- 2 This statement has been prepared on the basis of my own knowledge, material that I have read and enquiries I have made with various employees within the Crown Resorts group.
- 3 I am a Chartered Accountant with over 15 years' experience. I was employed within Hotel/Retail at Crown as a Management Accountant from November 2011 to September 2014, a Senior Management Accountant from September 2014 to October 2019, Finance Manager (Retail) from October 2019 to June 2020 and now as Finance Manager (Hotels) from June 2020. I manage a team of Assistant Management/Management Accountants as well as the Hotel Accounts Receivable team and the Hotel Income Audit team.

1. **Please provide a detailed explanation of how transactions processed as part of the Hotel credit card practice were:**
 - a. **documented;**
 - b. **recorded in Crown Melbourne's books of accounts; and**
 - c. **addressed from an accounting perspective.**

Documentation

- 4 The process was outlined in the VIP International Standard of Procedure (CRW.512.051.0048) and the Crown Hotel Work Instruction (CRW.512.179.0001).

- 5 The Hotel card transactions were documented in Opera (Hotel Property Management System) and in SYCO (Casino Management System).
- 6 The following documentation was generated:
- (a) An approval template was completed by Gaming. A written request for the proposed card transaction was sent by Gaming to Hotel Crown Towers.
 - (b) A NAB terminal docket was generated on completion of the payment at the Hotel Front Desk and signed by the Patron.
 - (c) An Opera Folio (Invoice) was generated at the Hotel Front Desk which showed the Main Cage Payment, Main Cage Purchase and Service Fee charged for the card transaction.
- A copy of the above documents was retained by the Hotel as well as a copy of the Patron's passport.
- 7 Hotel Income Audit provided Gaming with periodic reporting of the transactions which were posted into Opera.
- 8 The process was documented at the Cage as follows:
- (a) A Payout Voucher.
 - (b) On deposit of the funds into the Patron's DAB (Deposit Account Balance) account, the Patron was offered a receipt.
 - (c) If the Patron then wanted to use the funds, they withdrew funds as a Chip Purchase Voucher from the Patron's DAB account. This could be used to receive chips from the Cage or a Table.
 - (d) If the Patron wanted the entire amount in chips immediately, instead of depositing the funds, they could raise a Chip Exchange Voucher and issue chips to the Patron at the Cage.
 - (e) The NAB docket and Opera folio were retained and filed with the Payout Voucher.
- 9 I understand the transactions were generally documented as outlined above between 2012 and 2016 but that there may have been slight variations over this period.

Record in book of accounts and accounting treatment

- 10 The accounting treatment for the transaction which took place at the Hotel Front Desk is described below.
- 11 Once the payment was successfully processed at the Hotel, the transaction was posted into Opera as follows:
- (a) Manual payment code "9220 Main Cage Payment NAB" was posted to the guest account equal to the amount taken on the NAB terminal.
 - (b) The facility amount was posted to transaction code "1908 Main Cage Purchase**".

- (c) The service fee was posted to transaction code "9051 Credit Card Service Fee Manual".
- 12 The * in the Main Cage purchase description in Opera denotes that there is no GST recognised on this transaction code. The Patron was charged a service fee for the card transaction being a % of the facility amount (more on the % charged in my answer to question 2). Crown charged GST on the service fee in line with credit card service fee charges on other transactions at Crown.
- 13 The accounting treatment was as follows:
- (a) Dr 9220 Main Cage Payment NAB - 112540 Hotel Bank Clearing (Balance Sheet).
 - (b) Cr 1908 Main Cage Purchase* – 112540 Hotel Bank Clearing (Balance Sheet).
 - (c) Cr 9051 Credit Card Service Fee Manual – 555020 Credit Card Commissions excluding GST (P&L Overheads).
 - (d) Cr 8900 GST – 210012 GST Payable being the GST from the Credit Card Commission (Balance Sheet).
- 14 The above postings were automatically populated into the accounting ledger of Crown Melbourne Ltd on a daily basis.
- 15 The Hotel Income Audit team reconciled the physical flow of funds for the Hotel card transactions through the bank statement in the bank reconciliation file. This then formed the month-end bank journal posted by Hotel Finance recognising the physical flow of funds. This journal was posted directly into the accounting ledger. The physical funds were deposited into Crown Melbourne Ltd's bank account called Crown MLB Towers.
- 16 The accounting treatment for the flow of funds as described in paragraph 15 was as follows:
- (a) Dr 111171 Operating Account No.3 (Balance Sheet)
 - (b) Cr 112540 Hotel Bank Clearing (Balance Sheet)
- 17 After the transaction had been processed at the Cage and a Payout Voucher created, Revenue Audit reconciled the Payout Voucher to SYCO. At month-end Revenue Audit produced a Payout report and a Main Bank Close Out report which included the reconciled Payout Vouchers for the month. These reports were used by Corporate Finance to post the following journal:
- (a) Dr 112540 Hotel Bank Clearing account (Balance Sheet)
 - (b) Cr 212010 – Patron Deposit Accounts Liability (Balance Sheet)
- 18 This concluded the accounting treatment. The end result was that the physical funds from the Hotel card transaction resided in the Crown MLB Towers bank account and balance sheet account 111171 (Operating Account No.3). The balancing amount was a liability in the balance sheet to the Patron in 212010 (Patron Deposit Accounts). The transaction was not recorded as revenue in the Hotel. The only item to be posted to the P&L was the net credit

card service fee which was credited to overheads against the credit card processing fees incurred by Crown.

- 19 Hotel Finance reconciled 112540 and 111171 on a monthly basis. Corporate Finance reconciled 212010 on a monthly basis.
- 20 All of the above accounting treatment resided in the Crown Melbourne Ltd book of accounts.
- 21 Periodically Corporate Finance sweep funds from the Crown MLB Towers bank account into a corporate head office bank account.
- 22 Paragraphs 17 to 21 are based on information I was given by Corporate Finance and the Cage team.

2. Set out the percentage of any commission Crown Melbourne charged and earned in respect of all transactions processed pursuant to the Hotel credit card practice.

- 23 Based on reading the policy documents my understanding is that there was only a service fee % applied in respect of the hotel card transactions. The service fee was originally set at 2.5% from commencement of the practice in 2012. I am not aware of how this percentage was derived. VIP International carried out a review of this process on 6 June 2013 and one of the recommendations was to reduce the service fee to remove the potential perception of Crown making a margin on the transactions (CWN.514.051.0782). The recommendation was to reduce the service fee to 1.65% to be consistent with the % service fee applied to credit cards in Crown Hotels for other types of transactions. This reduction happened in October 2013. This fee was again reduced to 1.5% in September 2016 to stay in line with the % service fee applied to credit cards at Crown Hotels. The credit card service fee is designed to cover the cost of processing the transaction as charged to Crown from the card issuing bank.

Signed:



Date:

25/06/2021