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CASINO CONTROL AUTHORITY

Directions to Licensed Casino Operators

Casino Control Authority

Directions to Licensed Casino Operators:

- (1) Internal Controls, and Administrative and Accounting Procedures**
- (2) Minimum Standards of Internal Control – Records and Notifications**

Pursuant to section 70 (1) of the Casino Control Act 1990, the Casino Control Authority hereby gives to:

- (1) Aspinall (NZ) Limited,
- (2) Christchurch Casinos Limited,
- (3) Otago Casinos Limited, and
- (4) Sky City Casino Management Limited

the following directions.

Dated 28 June 2002.

For the Authority:

PJ Dew
Acting Chairperson

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Part 1: Preliminary

1. Commencement

- (1) These directions:
 - (a) come into force on 31 July 2002; and
 - (b) have effect in place of the Directions to Licensed Casino Operators issued by the Authority pursuant to section 70 (1) of the Casino Control Act 1990 and dated 17 May 1996, as subsequently amended.
- (2) The directions referred to in subsection (1) (b) are hereby revoked.

2. Application

These directions apply to and in relation to the operation of the following casinos by the following casino operators:

Casino	Operator
Christchurch Casino (30-38 Victoria Street, Christchurch)	Christchurch Casinos Limited
Sky City Casino (the property bounded by Hobson Street, Wellesley Street West, Federal Street and Victoria Street West, Auckland)	Sky City Casino Management Limited
Dunedin Casino (Southern Cross Hotel, 118 High Street, Dunedin)	Aspinall (NZ) Limited
Wharf Casino (the Steamerwharf Village, Beach Street and Lake Esplanade, Queenstown)	Otago Casinos Limited
Sky Alpine Queenstown Casino (corner Beach Street and Cow Lane, Queenstown)	Sky City Casino Management Limited

3. Interpretation

(1) In these directions, unless the context otherwise requires:

- (a) words and expressions used that are defined in the Casino Control Act 1990 have the same meaning as in the Act; and
- (b) the following words and expressions have the following meanings:

“Act” means the Casino Control Act 1990;

“approved internal control system”, in relation to a casino or a casino operator, means the system of internal controls and administrative and accounting procedures approved (whether provisionally or otherwise) for the time being under these directions in relation to the casino operated by the casino operator;

“casino employee” means any person employed in a casino by, or subject to the control of, the casino operator other than a contractor who is working in the casino on a casual, incidental, or occasional basis;

“casino operator” means the operator of a casino, as set out in section 2 of these directions;

“Chief Casino Inspector” means the inspector holding the position of Chief Casino Inspector, and includes any nominee designated by him or her;

to “employ” includes, in relation to a natural person, to engage under a contract for services, and “employed” has a corresponding meaning;

“gaming equipment” means any device or other thing (other than chips) used, or capable of being used, for or in connection with gaming;

“gaming-related system” means an electronic system used in the conduct, monitoring or management of gaming in a casino, as specified in Schedule 1 to these directions;

“licensed employee” means any person employed in the casino who is required under section 52 of the Act, or by regulations made under the Act, to hold a certificate of approval;

“member” means a member of the Authority;

“minimum internal control standards”:

- (a) means minimum standards for internal control imposed by directions given by the Authority pursuant to section 70 (1) of the Act, that are for the time being in force, and
- (b) includes any amendments to any such standards, that are for the time being in force; and

“person” includes a corporation sole, and also a body of persons, whether incorporated or unincorporated.

- (2) In these directions, unless the context otherwise requires, a reference to:
 - (a) an Act includes the amendments to the Act for the time being in force, and also any Act passed in substitution for or in lieu of that Act, and the rules, regulations and by-laws for the time being in force under any such Act;
 - (b) a function includes a reference to a power, an authority and a duty; and
 - (c) the exercise of a function includes, where the function is a duty, a reference to the performance of the duty.
- (3) In these directions, unless the context otherwise requires, words importing the singular number include the plural number, and vice versa.

Part 2: Internal Control Systems**4. Approved internal control system to be implemented**

- (1) The casino operator must not conduct operations in the casino unless the Authority has approved a system of internal controls and administrative and accounting procedures for the casino.
- (2) Any such system may be amended in accordance with the provisions of these directions.
- (3) Subject to these directions an approval granted under this section to an internal control system takes effect when notice of it is given in writing to the casino operator concerned, or on such later date as is specified in the notice.
- (4) The casino operator must:
 - (a) at all times operate the casino in accordance with the approved internal control system for the casino; and
 - (b) ensure that all casino employees are made aware of, and comply with, those provisions of the approved internal control system relating to their specific functions in, or in relation to, the casino.

5. Content of approved internal control system

- (1) An approved internal control system must include details of the following:
 - (a) the system of organising personnel, and the chain of command authority, such as to establish diversity of responsibility among employees engaged in casino operations and identification of primary and secondary supervisory positions for areas of responsibility, which areas shall not be so extensive as to be impractical for an individual to supervise effectively;
 - (b) procedures for the conduct and playing of games;
 - (c) procedures for the receipt, storage, recording, and disbursement of chips, cash and cash equivalents, the redemption of chips and vouchers, and the recording of all transactions relating to gaming and gaming related operations;
 - (d) procedures for the collection, transfer, and security of money, chips, vouchers, and other money's worth relating to gaming and gaming-related operations;

- (e) procedures and security for the collection, counting, and recording of revenue and assets;
 - (f) procedures for the use of forms and documents relating to gaming and gaming-related operations;
 - (g) procedures for the purpose of safeguarding assets and enhancing the reliability of financial records relating to the operation of the casino;
 - (h) procedures and standards for the maintenance, security, storage, and movement of gaming equipment;
 - (i) procedures for the use of security and surveillance facilities, including access systems and closed circuit television systems; and
 - (j) procedures for the use of security personnel within the casino.
- (2) An approved internal control system for a casino shall be deemed to include any minimum internal control standards applying to the operation of the casino. If any provision of an approved internal control system is or becomes inconsistent with any minimum internal control standard applying to the operation of the casino:
- (a) the minimum internal control standard prevails; and
 - (b) the approved internal control system shall be deemed to be modified accordingly; and
 - (c) notwithstanding the foregoing provisions of this subsection, the casino operator must immediately apply to the Authority for approval to amend the internal control system pursuant to section 6 of these directions so that it is consistent with all relevant minimum internal control standards applying to the operation of the casino.
- (3) The casino operator's chief executive officer or chief financial officer must (if the Authority requires it) certify to the Authority in writing that the casino operator's approved system of internal control for a casino complies with the minimum internal control standards applying to the operation of the casino.
- (4) For the purposes of an approval, or amendment of an approval, of an internal control system, controls and procedures must be described in writing, in such manner and detail as the Authority may approve or require.

6. Changes to approved internal control system

- (1) Subject to these directions, a casino operator must not alter an approved internal control system unless and until the Authority approves such alteration.
- (2) An approved internal control system may be amended by being substituted, varied, revoked, or added to.
- (3) An amendment may be proposed:
 - (a) by the casino operator concerned, pursuant to subsection (4); or
 - (b) by the Authority, pursuant to subsection (6).
- (4) A casino operator may apply to the Authority for approval to amend the provisions of its approved internal control system, by applying to the Authority in writing setting out the amendment proposed and such other particulars as the Authority may require. The application must contain or be accompanied by such additional information as the Authority may request, and be supported by such further information as the Authority may require.
- (5) The Authority may, in its discretion, grant, either wholly or in part, or refuse to grant, an application for approval made pursuant to subsection (4). Subject to section 5 (2) of these directions, an approval granted under this subsection to an amendment to an approved internal control system takes effect when notice of the approval is given in writing to the casino operator concerned, or on such later date as is specified in the notice.
- (6) If the Authority considers it appropriate, the Authority may, after consultation with the casino operator, by notice in writing to the casino operator concerned, require such amendments to the approved internal control system as may be specified in the notice.
- (7) Unless the casino operator disputes the reasonableness of any requirement of a notice given by the Authority pursuant to subsection (6), the casino operator must comply with and give effect to the requirements of the notice.
- (8) If the casino operator disputes the reasonableness of any requirement of a notice given by the Authority pursuant to subsection (6), the casino operator may make submissions in writing to the Authority in relation to the matter, within such period as the Authority may allow.
- (9) Having considered the submissions made pursuant to subsection (8), the Authority may:
 - (a) decide that the proposed amendment should be made, either with or without changes from that originally proposed, in which event the

casino operator must forthwith comply with the decision of the Authority; or

- (b) decide that the proposed amendment should not be made.

7. Provisional approval

- (1) The Authority may, pending a decision on an application by a casino operator for approval of a proposed internal control system or amendment to an approved internal control system, grant to the casino operator concerned a provisional approval.
- (2) A provisional approval granted under this section is subject to any conditions of which the Authority notifies the casino operator concerned when the approval is issued.
- (3) A provisional approval may be cancelled by the Authority at any time and, unless sooner cancelled or surrendered, ceases to have effect upon the approval or refusal of the casino operator's substantive application for approval.

8. Delegation

- (1) The Authority may, by resolution, delegate the exercise of all or any of its functions under the provisions of this part of these directions, except this power of delegation:
 - (a) to a member or committee of the Authority; or
 - (b) to an employee of the Authority;
 - (c) to the holder of an office with the Authority, specifying the office but without naming the holder; or
 - (d) to any combination of the foregoing.
- (2) A delegation under this section:
 - (a) may be made subject to such conditions as the Authority thinks fit, and may be made either generally or in relation to any particular case;
 - (b) may at any time be revoked, wholly or in part, or varied by the Authority;
 - (c) until it is revoked, continues in force according to its tenor; and

- (d) shall not prevent or prejudice the exercise of any function by the Authority.
- (3) The Authority may make such and so many delegations under this section, and to such number of delegates, as it considers necessary or desirable.
- (4) A function delegated by the Authority under this section must be exercised by the delegate in accordance with the instrument of delegation, and when so exercised shall, for the purposes of these directions, be deemed to have been exercised by the Authority and shall be presumed, unless the contrary is established, to have been exercised by a person duly authorised by a delegation under this section.
- (5) Where a function is delegated that involves the exercise of a discretion that would be dependent upon an opinion or state of mind, and that discretion is vested in the Authority, the discretion may be exercised by the delegate, pursuant to his or her own opinion or state of mind, unless the power to do so is limited by the terms of the instrument of delegation.
- (6) In exercising a function delegated under this section, a delegate may refer any issue arising in the course of the exercise of the function to the Authority for its determination.

Part 3: Minimum Internal Control Standards - Records and Notifications

9. Holders of certificates of approval

- (1) The casino operator must keep, or procure the relevant employer to keep, a record of every licensed employee employed in the casino. That record must:
 - (a) include the employee's full name and any information relating to the employee of a kind referred to in subsection (2) and subsection (3) of this section of these directions; and
 - (b) where the employee has been or is required by or under the Act to complete any training courses relating to his or her duties in the casino, record any such training courses completed by the employee, and the date or dates on which those courses were completed; and
 - (c) be held until at least 12 months after the employee has ceased to be employed in the casino in any capacity requiring him or her to hold a certificate of approval.
- (2) Where the casino operator becomes aware of information concerning a licensed employee, and there is reason to believe that that information relates to any ground on which an application for an order under section 93 of the Act may be made in relation to the licensed employee's certificate of

approval, the casino operator must report it to the Chief Casino Inspector as soon as practicable after becoming aware of the information.

- (3) For the purposes of subsection (2) of this section, the following matters are to be reported:
- (a) any investigations undertaken by the casino operator into the conduct of the licensed employee relating to the honesty of that employee, or in relation to a contravention of the Act, where those investigations establish a reasonable cause to suspect dishonesty or a breach of the Act;
 - (b) any formal censure or disciplinary action taken by the casino operator against the licensed employee for dishonest conduct or in relation to a contravention of the Act;
 - (c) the dismissal of the licensed employee for dishonest conduct or in relation to a contravention of the Act, and the grounds in support of such action;
 - (d) any resignation tendered by the licensed employee to avoid the possibility of dismissal for dishonest conduct or in relation to a contravention of the Act;
 - (e) pending criminal proceedings;
 - (f) convictions for any offence in respect of dishonest conduct, a contravention of the Act, or conduct that might otherwise reflect on the employee's suitability to be employed in a casino.

10. Suspected undesirable activity

- (1) The casino operator must ensure that any incident involving a breach of rules of games is reported to the casino operator's surveillance department as soon as practicable after the breach occurs, if that breach led or might have (had it not been detected) led to some pecuniary advantage to any person.
- (2) The casino's surveillance department must review any such incident and take whatever further action it deems necessary to determine whether there is reasonable cause to suspect that an offence against the Act has occurred.
- (3) The casino operator must notify the Chief Casino Inspector of any activity, taking place in or in relation to the casino, that:
 - (a) it has reasonable cause to suspect may constitute an offence against any of sections 100 to 106 (inclusive) or section 108 of the Act; or

- (b) could otherwise compromise the honesty or integrity of gaming in the casino including, without limiting the scope of such matters, coercion, collusion, bribery or theft involving patrons or casino employees,

as soon as practicable after the activity is detected by or reported to it.

- (4) Where the casino operator becomes aware of any suspected criminal activity on the casino premises, other than matters coming within the scope of subsection (3) of this section, the casino operator must:
 - (a) record that activity, including details of any notification to the Police and any other action taken by it in response to the activity; and
 - (b) make this record available to the Chief Casino Inspector.

11. Exceptions

Notwithstanding the preceding sections of this part, the casino operator is not required under these directions to disclose information:

- (a) that is subject to legal professional privilege; or
- (b) where disclosure would be a breach of any information privacy principle set out in the Privacy Act 1993; or
- (c) where a law enforcement or prosecutorial body having jurisdiction in the matter considers that such disclosure may prejudice the investigation or prosecution of an offence.

12. Privacy

Except where these directions require otherwise, personal information collected or held by the casino operator pursuant to these directions must be collected, held and used in accordance with the information privacy principles set out in the Privacy Act 1993.

13. Unresolved disputes relating to the conduct of gaming

- (1) The casino operator must advise complainants in all unresolved disputes relating to the conduct of gaming of their right to make a complaint to an inspector.
- (2) If the complainant wishes to pursue a matter with an inspector:

- (a) the Gaming Shift Manager must, (with the complainant's consent) as soon as practicable, advise an inspector on duty in the casino of the details of the complaint; or
 - (b) if the complainant does not consent to the Gaming Shift Manager doing so, the casino operator must advise the complainant how he or she may contact an inspector for the purposes of making a complaint.
- (3) If the Gaming Shift Manager is unable to contact an inspector on duty in the casino for the purposes of providing advice under subsection (2), he or she shall be deemed to have complied with the obligation to provide advice under that subsection if he or she:
 - (a) telephones the inspectors' office on the casino premises to advise of the complaint; and
 - (b) if no response is received, leaves a message on the answer phone with the following details:
 - (i) the time of the complaint,
 - (ii) (with the consent of the complainant) the name, present location, address and contact number of the complainant,
 - (iii) details of the dispute, and
 - (iv) information about any relevant documents (including surveillance tapes) available for review; and
 - (c) advises the complainant of the action taken.

14. Patron requests to see inspector

- (1) The provisions of this section apply subject to those of section 13.
- (2) The casino operator must act on any request by a patron (made on the casino premises) to see an inspector, whether or not the request is made in connection with a dispute relating to the conduct of gaming in the casino.
- (3) Where a request under subsection (2) of this section is made to a licensed employee, that employee must, as soon as practicable, notify the request to any of the following:
 - (a) an inspector on duty in the casino;
 - (b) the employee's supervisor;
 - (c) a security officer employed in the casino.
- (4) Where the request has been referred to a supervisor or a security officer under subsection (3), that person must notify an inspector on duty in the casino of the request.

- (5) If it is not possible to contact an inspector on duty in the casino for the purposes of providing notification of a request under subsection (3) or (4), the person who is required to provide notification shall be deemed to have done so if he or she:
- (a) telephones the inspectors' office on the casino premises to advise of the request; and
 - (b) if no response is received, leaves a message on the answer phone with the following details:
 - (i) the time of the message,
 - (ii) (with the consent of the patron making the request) the name, present location, address and contact number of the patron,
 - (iii) any further details of the request, and
 - (iv) information about any relevant documents (including surveillance tapes) available for review; and
 - (c) advises the patron of the action taken, and (if requested) how he or she may contact an inspector directly.
- (6) Where a request under subsection (2) of this section is made to a casino employee other than a licensed employee:
- (a) the casino operator must use its best endeavours to ensure that the employee directs the patron making the request to a uniformed security officer in the casino so that the request may be made directly to that officer; and
 - (b) any such security officer must notify an inspector on duty in the casino of the request in accordance with subsections (4) and (5) of this section.

15. Gaming equipment

- (1) A casino operator must not install any additional gaming positions in the casino without the prior approval of the Authority.
- (2) A casino operator must not, without first notifying the Chief Casino Inspector:
- (a) modify any item of gaming equipment in the casino (including for the avoidance of doubt the software associated with such an item), unless the equipment will not be used or used further in the casino operation; or
 - (b) change the location in the casino of any gaming table, gaming machine, or other place where gaming is conducted.

- (3) A casino operator must notify both the Authority and the Chief Casino Inspector as soon as practicable of any hardware or software fault relating to any gaming equipment if the fault has caused the gaming equipment to contravene or to operate in contravention of an approved standard, unless:
 - (a) the fault has not affected the outcome of any game, and
 - (b) the casino operator is reasonably satisfied that the fault will not recur if it is specifically remedied.
- (4) A casino operator must notify the Chief Casino Inspector as soon as practicable of any circumstance where there is any reason to believe that the outcome of a game has been affected due to the incorrect configuration, maintenance or operation of any gaming equipment.

16. Closed circuit television systems

- (1) A casino operator must provide to the Chief Casino Inspector, an updated camera layout of the casino's closed circuit television system upon execution of any changes to the system within the casino's gaming area.
- (2) If:
 - (a) any camera or recorder forming part of the casino's closed circuit television system, and located in or relating to coverage of the gaming area of the casino, fails; or
 - (b) any other event results in the loss of effective closed circuit television coverage in the gaming area of the casino,

the casino operator must notify the Chief Casino Inspector as soon as practicable.

17. Gaming-related systems

- (1) A casino operator must not modify the hardware or software of any gaming-related system without first notifying the Chief Casino Inspector.
- (2) Where a casino operator grants any person other than a licensed employee access to a gaming-related system in the casino for any purpose, it must notify the Chief Casino Inspector of that access as soon as practicable. This applies whether the access is on-site or remote.
- (3) The casino operator must notify the Chief Casino Inspector of any failure in any gaming-related system in the casino as soon as practicable after that failure occurs.

Schedule 1**Gaming Related Systems**

Caribbean Stud Game Management System
Progressive Baccarat Deluxe Game Management System
Aquarius Controller
Dacom 5000E EGM Monitoring System
Dacom System 6000S
SGM
Keno System
SDS Racing Game