

## Office of Liquor and Gaming Regulation

# Guideline for gaming-related compliance programs

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## **Introduction**

The *Gaming Machine Act 1991* requires that all gaming machine licence holders have in place a gaming-related compliance program that meets minimum standards. Applicants for gaming machine licences are required to provide details of their gaming-related compliance program as an application requirement.

## **Purpose**

The purpose of these minimum standards is to ensure that existing and new licensees have in place documented systems and controls to assist them in meeting their obligations under the Gaming Machine Act. Although this is the primary focus of the minimum standards, the same systems and controls are also relevant to licensees as tools to assist them in monitoring their implementation of voluntary aspects of the *Queensland Responsible Gambling Code of Practice* and in meeting obligations associated with other gambling activities they may provide (e.g. Keno, wagering and charitable and non-profit gaming activities).

It is not intended that the compliance program replace processes and procedures a licensee may already have in place which meet any or all aspects of the minimum standards. The minimum standards provide a means of assisting licensees to document, enhance, and/or reference these pre-existing processes and procedures.

This guideline has the following purposes:

- to provide guidance as to what must be contained in a licensee's gaming-related compliance program for it to meet the minimum standards
- to provide additional information to assist licensees in the development, implementation and ongoing review of their gaming-related compliance program.

## **Minimum standards**

There are eight minimum standards for a gaming-related compliance program.

For all licensees:

- a statement of commitment to gaming-related compliance
- a standing agenda item dealing with matters of compliance at meetings of the board of directors/management committee/partners (*not applicable to natural person licensees*)
- documented complaint handling and incident escalation procedures in place that address gaming-related issues
- a documented process for training in gaming-related functions
- an adequate system of record keeping.

Additionally, for **clubs only**:

- key financial, contractual and operational matters remain under the control of the board of directors/management committee
- documented processes to ensure that:

- the board of directors/management committee familiarise themselves with the club's constitutional objectives
- these objectives are always taken into account in relation to business planning, implementation and review
- documented systems to ensure proper accountability.

## ***Compliance program document***

The compliance program document is a vital element of a licensee's gaming-related compliance program. As is highlighted in the body of this guideline (against each minimum standard), the compliance program document contains the specific details of the licensee's compliance program, including references to associated documents.

It is from the compliance program document that the Office of Liquor and Gaming Regulation (OLGR) will make an initial assessment of whether the licensee's compliance program meets minimum standards.

Assessments of whether compliance programs have been implemented and are operating in accordance with minimum standards will be made on an ongoing basis by OLGR gaming inspectors when performing compliance audits and inspections of licensed premises.

## ***Endorsement by board of directors/management committee***

It is crucial that the gaming-related compliance program is supported by the board of directors/management committee of the licensee and that board/committee members are fully aware of their obligations under the program. Accordingly for a compliance program to meet the first minimum standard:

- the compliance program document must be adopted by the board of directors/management committee at a properly constituted meeting and
- a copy of the minutes of the meeting at which the compliance program document was adopted must be attached to the compliance program document.

It is incumbent upon the board of directors/management committee to ensure that the compliance program document meets all minimum standards prior to its adoption, by reviewing it against this guideline.

For natural person licensees (in which case there will be no board of directors/management committee), the document must be signed off by the licensee. Where the licensee is a partnership, the document must be signed off by each partner, or where the partner is a company, by an authorised representative of each partner.

## ***Lodgement of compliance program document***

### ***New applicants***

Gaming machine licence applicants are required to lodge, with the application, a copy of:

- the compliance program document

- the minutes recording the board of directors'/management committee's endorsement of the compliance program document.

### ***Existing licensees***

All licensees must be in a position to produce to gaming inspectors visiting the licensee's premises:

- the compliance program document
- any documents referenced in the compliance program document
- the minutes that record the board of directors'/management committee's endorsement of the compliance program document.

### ***Further information***

Questions relating to this guideline may be directed to the Compliance Division of OLGR on (07) 3872 0910.

## ***Minimum standards and related guidance***

### ***1. The gaming licensee has a statement of commitment to gaming compliance.***

To meet this minimum standard, it is expected the statement of commitment will endorse the venue's commitment to a business culture that meets legislative requirements.

The statement of commitment need only be a short, concise and relevant statement.

The compliance program document, including the statement of commitment, is to be endorsed by the board of directors/management committee of the licensee, or in the case of a natural person licensee, by the licensee. Where the licensee is a partnership, the document must be endorsed by each partner, or where the partners are companies, by an authorised representative of each partner.

It is recommended the statement of commitment be displayed in a location that is readily visible to staff and/or is included as a prominent element in relevant staff training manuals.

#### ***Compliance program document***

The document must include the statement of commitment. Also, a copy of the minutes of the meeting of the board of directors/management committee, at which the compliance program document was adopted, must be attached.

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### ***2. At meetings of the board of directors/management committee/partners, there is a standing agenda item dealing with matters of compliance (not applicable to natural person licensees).***

To meet this minimum standard, the compliance program document must include details of:

- a) the standing agenda item that considers matters specific to gaming compliance
- b) the regularity and format of meetings where the standing agenda item is considered.

#### **a) Gaming compliance standing agenda item**

This agenda item is to include, at a minimum, the following (non-exhaustive) list of matters:

- gaming nominee's report
- self assessment checklist
- Monthly Variances record (form 61) and Monthly Gaming Machine Reconciliation report (form 42) (clubs only)
- responsible gambling matters
- adequacy and availability of licensed staff
- gaming machine acquisitions and disposals
- escalated incidents (per minimum standard 3)
- gaming auditor's report and management letters
- correspondence with OLGR.

**b) Regularity and format of meetings**

The Gaming Machine Act requires that forms 42, 61 and the self assessment checklist be completed on a monthly basis and presented at the next board of directors/management committee meeting. It is expected that, other than in exceptional circumstances, meetings of the board of directors/management committee will be held monthly.

The compliance program document must state:

- how often these meetings are held
- if matters under the compliance agenda item are considered outside of formal meetings, how this process is managed and documented.

***Compliance program document***

The document must contain or reference details of:

- a) the standing agenda item that considers matters specific to gaming compliance
  - b) the regularity and format of meetings where the standing agenda item is considered.
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**3. *The gaming licensee has documented complaint handling and incident escalation procedures in place that address gaming-related issues.***

To meet this minimum standard, the documented complaint handling and incident escalation procedures must address the following (non-exhaustive) list of matters:

- the framework in place to guide staff, management or volunteers when initially confronted with a gaming-related complaint or other significant gaming-related issue
- the process used to ensure that gaming-related complaints and issues are documented, referred to and reviewed by an appropriate level of management and that all such matters are brought to the attention of the gaming nominee
- at what point, having regard to their nature and seriousness, matters are required to be escalated or otherwise referred to the licensee or the governing body of the licensee (board of directors/management committee)
- expected/required timeframes for resolution of complaints and escalation of incidents
- processes to ensure staff are trained in relation to the complaint handling and incident escalation procedures
- reference material the gaming nominee and/or decision makers have full and immediate access to for the purpose of fulfilling their responsibilities under the procedures, for example, the Gaming Machine Act, payout refusal forms and the *Responsible Gambling Code of Practice*
- processes to ensure complaints and incidents are referred to the licensed monitoring operator (LMO) and/or OLGR where this is required by legislation and particularly in situations when a serious breach of legislation occurs that may affect the integrity of gaming. Matters requiring referral to the LMO and/or OLGR are to be clearly identified in the complaint handling and incident escalation procedures.

***Compliance program document***

The document must contain or reference the complaint handling and incident escalation procedures that address gaming-related issues.

**4. *The gaming licensee has a documented process in place to ensure training in gaming-related functions is provided to persons involved in these activities.***

All licensees must ensure persons they employ are adequately trained in all gaming-related functions in which they are involved. 'Employ' is defined in the Gaming Machine Act to include not only persons engaged for fee or reward, but also persons engaged in an honorary capacity or without fee or reward.

It is expected that the documented processes in place to meet this minimum standard would cover the following (non-exhaustive) list of matters:

- identification and management of required individual or position-specific gaming skills and associated training needs of employees (including staff, management and volunteers)
- gaming-related matters to be included in staff/management/volunteer induction
- ongoing review of gaming-related training needs
- reference to relevant parties that may assist the venue in meeting its training needs—this may include the site's LMO and the relevant industry peak bodies.

***Compliance program document:***

The document must contain or reference applicable documented processes that enable the club to meet this minimum standard.

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**5. *The gaming licensee maintains an adequate system of record keeping to support the venue's gaming operations.***

An appropriate system of record keeping is essential to enable proper management and governance of the licensee's operations and to achieve an adequate level of transparency and accountability of decisions and functions of the board of directors/management committee and management.

While this system will vary from venue to venue, a system of record keeping that meets minimum standards would be expected to satisfy the following (non-exhaustive) matters:

- enables records to be easily and conveniently located and referenced
- outcome of matters is identifiable from reference to the applicable records
- minutes of meetings reflect accurately and in sufficient detail the nature of business discussed and the decisions made
- papers tabled or otherwise considered at meetings are attached to or accurately referenced in minutes
- operating procedures include details recording the approved process for dealing with incoming and outgoing correspondence, including committee review and tabling at meetings. The processes for handling of correspondence regarding major gaming issues are to be clearly identifiable
- staff records, including timesheets are retained for a reasonable period of time and are easily accessible
- gaming records are retained on site, or at a location as approved by the chief executive, for the period required by legislation.

**Compliance program document:**

The document need not contain details of the licensee's system of record keeping.

**Additional requirements for clubs only**

**6. There is a documented process in place to ensure that the board of directors/management committee maintains responsibility and control in relation to key gaming, financial, contractual and operational matters.**

To effectively exercise its responsibility and obligations, a club's board of directors/management committee must maintain oversight and control over key gaming, financial, contractual and operational matters.

To meet this minimum standard the board of directors/management committee must have in place documented systems, internal controls, policies, procedures, agreements, contracts, job descriptions, and delegated authorities for the direction of and adherence by management and staff. With these control measures in place it is expected that a system of key reports is generated and submitted to the board of directors/management committee for consideration. The evidence of this must be incorporated into the minutes of the board of directors/management committee meetings.

The following table contains a (non-exhaustive) list of key matters:

<b>Key gaming</b>	<b>Key financial</b>	<b>Key contractual</b>	<b>Key operational</b>
<ul style="list-style-type: none"> <li>• gaming nominee's report together with forms 61 and 42</li> <li>• reports measuring gaming machine performance</li> <li>• self-assessment checklist</li> <li>• adequacy and availability of licensed staff</li> <li>• responsible gambling matters</li> <li>• gaming machine purchases• OLGR correspondence</li> <li>• gaming auditor's report and management letters.</li> </ul>	<ul style="list-style-type: none"> <li>• review and approval of proper accounting and financial control systems</li> <li>• consideration and oversight of financial performance (bank account reconciliations, trading performance reports for each sector of the club, profit and loss statements, balance sheets, budgets, strategic plans and auditor's reports)</li> <li>• financing arrangements for gaming machines</li> <li>• negotiation of funding requirements and ongoing review.</li> </ul>	<ul style="list-style-type: none"> <li>• property, gaming machine and other major leases</li> <li>• management agreements, employment contracts, catering contracts</li> <li>• service providers e.g. licensed monitoring operators, cleaning contracts, major suppliers and consultancy agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• approval and ongoing review of internal controls, policies, procedures, job descriptions and codes of conduct for management and staff</li> <li>• senior management appointments, staffing levels and staff terminations</li> <li>• approval of delegated authority to management and oversight</li> <li>• incident escalation</li> <li>• identification and management of conflicts of interest.</li> </ul>

**Compliance program document:**

The document must contain or reference details of:

- a) documented internal controls, policies, procedures or instructions that clearly outline the responsibility and authority of management and staff
  - b) the documented reporting process to the board of directors/management committee for it to maintain responsibility and control over key gaming, financial, contractual and operational matters.
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**7. There are documented processes in place to ensure that:**

- a) the board of directors/management committee familiarise themselves with the club's constitutional objectives**
- b) these objectives are always taken into account in relation to business planning, implementation and review.**

The club's objectives, as set out in its constitution, are the primary purpose for the entity's existence. It is most important the individuals given responsibility for governing the club (members of the board of directors/management committee) are familiar with the constitutional objectives and are aware that these objectives are central to the club's operations.

It is expected the documented processes in place to satisfy this minimum standard would cover the following (non-exhaustive) list of matters:

- induction of committee members is to include a constitutional objective awareness component
- resolutions for approval/ratification of non-routine expenditure is to include assessment against the constitutional objectives
- business planning is to be performed having specific regard and reference to the constitutional objectives of the club
- the business plan is reviewed periodically
- decisions of the board of directors/management committee and general body of members are to be made in the context of business planning
- annual report and/or report to members at annual general meeting is to include a segment describing how the club was successful in meeting its business plan, including pursuance of constitutional objectives during the period. This should include an appropriate level of detail.

The nature and level of business/strategic planning performed will inevitably vary from club to club as a result of a number of factors, including the size of the operation and the extent of any growth/expansion of the business.

For instance, business planning for a small established club may be as simple as:

- setting monthly performance targets for key areas of the club's operations (e.g. membership, use of facilities, bar, bottle shop and gaming)
- determining any capital expenditure required during the year (e.g. purchase of equipment, painting of clubhouse and irrigation installation)
- proposing how any excess revenue may be applied.

A small club may not need a separately documented business plan. The business plan may simply consist of minuted resolutions and discussions of the board of directors/management committee from its meetings at which business planning was on the agenda. The matters should however be clearly identifiable and addressed in a planned and systematic manner.

***Compliance program document:***

The document must contain or reference the applicable documented processes that cover the aforementioned (non-exhaustive) list of matters.

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***8. The gaming licensee has documented systems in place to ensure proper accountability, monitoring and control of financial aspects of the business.***

This standard is to ensure the gaming licensee has a structure in place that allows the financial aspects of the business to be accountable and appropriately governed.

It is anticipated to meet this minimum standard, the club will have in place the following systems:

- a fully reconcilable accounting system that records all sources of income and receipts, and maintains invoices and records to support and justify all expenditure and payments made across the total operations of the club's business
- documented instructions and procedures issued to management and staff through internal controls, policies, procedures and/or job descriptions detailing how financial transactions of the club's business are to be dealt with and processed. It is important that these clearly identify the individual responsibility of management and staff in the processing and oversight of financial transactions
- a monitoring system to maintain oversight of the financial aspects of the club's business through regular internal checks and audits of transactions, random cash and stock reconciliations, and checks as to adherence to laid down procedures or instructions
- a regular and structured reporting process (at least monthly) from management to the board of directors/management committee (if not presented separately by the club's Treasurer), in relation to:
  - the current status in relation to bank account balances, the level of credit available, and whether all financial commitments and obligations to all financiers, local authorities, governments, insurers and payments made on behalf of staff are being met
  - trading performance reports for each sector of the club as well as the club as a whole
  - analysis reports of performance as against budgets, and profit and loss statements (monthly and year to date)
  - a list of aged debtors and creditors together with a submission listing accounts for payment and seeking authorisation of same
  - the gaming nominee's report together with forms 61 and 42 and correspondence from OLGR.

***Compliance program document:***

The document must contain or reference documented internal controls, policies, procedures or instructions that identify, and delegate as appropriate, the structure and responsibilities required to ensure that a proper system of accountability is in place.