



Harrah's Entertainment Inc.

Harrah's navigates rapid corporate growth with ACL Audit Analytics



“People often think of audit as a reactive function, but now we're change agents. *ACL* has given our auditors a greater sense of comfort and confidence in their skills. Instead of hoping to find problems in a sample, *ACL* technology equips you to pull in all the data and focus in specifically on the anomalies.”

Chris Funke, Audit Director, Information Technology Services

CHALLENGES

- » Stringent, multi-level industry regulations
- » Disparate data sources, formats and procedures
- » Rapid corporate growth through mergers and acquisitions

SOLUTION

- » ACL Audit Analytics

KEY BENEFITS

- » Efficiency and productivity gains
- » Full coverage of critical customer and financial data
- » Greater confidence and more complete regulatory reporting capabilities

INDUSTRY

- » Entertainment

REGION

- » North America

Based in Las Vegas, Harrah's Entertainment is the world's largest gaming company, which owns or manages nearly 50 casinos and gaming facilities in 12 domestic (USA) jurisdictions and in five foreign countries with over 80,000 employees. In the last several years, Harrah's has significantly expanded its brand with the acquisition of Horseshoe Gaming and the \$9.3 billion-dollar acquisition of Caesars Entertainment, Inc. – the largest merger in the history of the gaming industry. This rapid corporate growth prompted a need for streamlined data solutions and audit procedures. Harrah's chose ACL Audit Analytics to perform both on-site operational analyses and in-depth internal audit testing. The company has embraced the use of technology to identify risk areas and opportunities for stronger control procedures. Initial use of *ACL* by internal auditors resulted in increased confidence in auditor skills and a deeper understanding of critical corporate data. Audit findings and efficiencies identified have resulted in management plans to broaden *ACL* use in additional departments outside of internal audit.

Challenge

Harrah's is a dynamic company that has grown significantly over the past several years with the acquisition of the Horseshoe and Caesars brands. These acquisitions revealed different internal procedures, software tools, and data handling practices. Harrah's needed an automated solution that could help access and integrate data from the new businesses in a simple, streamlined manner.

Gaming is a highly regulated industry that must follow specific procedures and codes of conduct. Harrah's internal audit team also needed better solutions to monitor and ensure compliance with numerous state and federal business regulations. With enthusiastic support from the company's chief audit executive, Harrah's chose ACL Audit Analytics solutions to support its many compliance and audit requirements.

Solution

Harrah's internal audit department immediately embraced *ACL* and challenged team members to develop several tests that would improve audit procedures. Staff first created an *ACL* script that verifies slot machines recently upgraded by vendors are operating. In the past, auditors could only perform random sampling on machines in a specific denomination (such as 25 cents, \$50 or \$100) to ensure the machines were functioning properly. This new test quickly gave the team complete data coverage and more confidence in reporting upgrade testing results to regulators.

Team members also developed tests to compare casino systems access with HR data. The test ensures that all individuals with access to company systems – including casino operations, hotel systems, loyalty card programs and more – are current employees in good standing with appropriate access levels. The test quickly identifies individuals who may have left the company but still (mistakenly) retain access to internal systems. Auditors developed a similar investigation to pinpoint customers who inappropriately received free meals or drinks. This analysis not only reveals procedural anomalies for further investigation, but also creates a tighter control environment for staff at all Harrah's locations.

The company's biggest win to date is using *ACL* technology to perform database testing for financial liability. When customers play games at a Harrah's casino, they receive a printed ticket that functions as a cashless balance sheet. If the customer leaves with

a positive balance remaining on the ticket, Harrah's may be liable for that remaining balance for a specified time. With *ACL*, auditors can pull a database extract and validate the accuracy of ticket liabilities and ensure the ticket data hasn't been altered. In addition, tests also allow the auditors to validate the accuracy of the reports that are generated for accounting purposes. An extract of the database may contain as many as 15-17 million tickets (depending on the jurisdiction and the time period in which tickets are required to remain valid).

Results

Harrah's Entertainment Inc. relies on *ACL* technology to achieve:

- Efficiency and productivity gains
- Full coverage of critical customer and financial data
- Greater confidence and more complete regulatory reporting capabilities

Harrah's has applied *ACL* Audit Analytics to move beyond random sampling and enjoy full data coverage on a variety of operational and procedural analyses. Auditors can quickly perform complete assessments and spend more time investigating only the exceptions. With full coverage also comes greater confidence in the company's regulatory reporting. Staff auditors feel more comfortable that their work with critical data is accurate and comprehensive.

With *ACL*, manual tests that used to take two full days, for example, can now be performed in 20 minutes. Operational auditors have recommended effective changes within the company, and team members are better equipped to maximize their time and talents.

Harrah's chose *ACL* for its powerful Windows functionality, the ability to create a reliable audit trail of ongoing activities, and for the simplicity of recreating tests and procedures. The team considered other audit analytics, but found *ACL* was the easiest to use. Staff quickly felt comfortable with the solution – regardless of whether or not they considered themselves “technically minded.”

Harrah's management has been impressed with what the audit team has accomplished with *ACL*, and plans to extend the use of audit analytics into finance and IT departments. The company is also exploring how to use *ACL* to analyze staffing and human resource placements.

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