

Caesars Entertainment bets on Incisive to resolve material issue



Function

Office of the Controller

Industry

Entertainment

The Challenge

CEC needed an automated solution that could analyze complex volumes of spreadsheet data to detect errors and mitigate risk

Incisive Benefits

- Improved the quality of spreadsheet data through identification of risks
- Ensured consistency and transparency throughout critical review cycles
- Clearly and consistently documented IPE accuracy testing
- Enabled team to meet compliance reporting deadlines more efficiently
- Instant reporting capabilities helped close the communications loop between the financial reporting and audit teams to validate the accuracy of spreadsheets

The Company

Caesars Entertainment Corporation (CEC) is the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. Since its beginning in Reno, Nevada, 75 years ago, CEC has grown through development of new resorts, expansions and acquisitions, and its portfolio of subsidiaries now operate 50 casinos in 13 U.S. states and five countries. The company is focused on building loyalty and value with its guests through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence and technology leadership.

When presenting Information Used in the Execution of Controls (IPE or IUC) to auditors, CEC was routinely faced with the task of proving the accuracy and completeness of the information being used. With respect to accuracy, it was necessary to answer two important questions: How do you know this information is accurate? And, what are your internal testing procedures that support your position that the information is accurate?

Both legitimate questions considering that data was frequently compiled from various sources in Excel spreadsheets. The pervasive use of spreadsheets and dependence upon other "IPE" across the organization ultimately drove management to conclude that CEC had a material weakness in internal controls over financial reporting.

CEC's manual processes were struggling to keep pace with the growing complexity of compliance and reporting requirements, particularly with tight turnaround times to meet upcoming deadlines.

"As the size and complexity of our Excel files grew, so did the risk that human error could go undetected," said John Santon, Manager of Consolidated Accounting and Financial Reporting for Caesars Entertainment. "While we didn't have errors that reached our financial statements, we routinely found issues in our underlying support. We realized that if we're catching some of these small issues, there have to be more that we aren't catching. We needed to ramp up internal controls to reduce this risk on our complex spreadsheets."

How Incisive Helps

CEC wanted an automated solution that could analyze volumes of spreadsheet data to detect errors and give the organization much-needed visibility into spreadsheet risk. CEC selected Incisive Software's spreadsheet management solution. Incisive Xcellerator™ is recognized in the industry as a trusted solution for quickly highlighting potential errors and risks. CEC was also impressed with the solution's straightforward implementation and ease of use.

Xcellerator was immediately put into action, applying a selection of standard tests to check the accuracy of CEC's key spreadsheets. Any formula errors, issues with cell accuracy, hidden or blank cells, omitted references, or problems with external references, were detected and displayed in the spreadsheet review process.

"A big challenge for auditors is not knowing what type of internal review processes have been conducted for IPE and then us being able to prove that we in fact performed those procedures," said Santon. "With Xcellerator, everyone knows that spreadsheet testing and analysis is comprehensive and consistent—and regardless of who initiates the testing, the results will be the same."

Today, Xcellerator plays a vital role in the company's financial reporting, used several times a day during critical review cycles. With the ability for users to group Xcellerator tests into profiles, CEC can ensure consistency and transparency throughout these cycles from the preparer to the receiver and auditor.

"When you have massive spreadsheets with 30–40 tabs, it's not safe to assume they all have the same formulas," said Santon. "With Xcellerator, if risks are identified, I can easily share the findings with the finance team, and we have documentation of what was done to validate the data."

Xcellerator's instant reporting capabilities have helped close the communications loop between the finance and audit teams. As a best practice, a detailed report is included with any IPE Excel files sent to auditors—providing clear documentation of accuracy testing.

The Result: Increased Accuracy and Completeness

The simplicity of Xcellerator, coupled with the documentation summary and customized reports, more than met the company's need for enhanced data controls— all without requiring experience in data analysis or computer programming.

CEC remediated its material weakness in internal controls over financial reporting. "Management identified measures to strengthen our internal control over financial reporting and to address the material weakness. We began implementing certain measures and continued to develop remediation plans and implemented additional measures." A few of those included:

- Evaluating and designing of controls to address the completeness and accuracy of data used to support key estimations, accounting transactions and disclosures, primarily associated with spreadsheets and other key reports.
- Implementing new systems and tools to automate manual processes, and to document and monitor adherence to standardized processes and controls.

"To have uniform documentation of what you did to validate the accuracy of high-risk IPE makes the auditor's job much easier, which is critical in a complex control environment," said Santon. ***"Auditors know we've done our due diligence and we gain the peace of mind that our support is accurate and complete and we're able to prove it."***

ABOUT INCISIVE

Based in San Jose, California, Incisive provides award-winning and innovative spreadsheet risk analysis and management solutions. Our enterprise offerings provide visibility and control to all business areas that use or interact with spreadsheets. Incisive products have been recognized for accurately and reliably highlighting risks to give users confidence in their spreadsheet information. For more information about Incisive and the company's solutions, visit www.incisive.com.

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