# Audits

One of the single most powerful weapons surveillance can use to detect and prevent crime is an operational audit. This technique catches more violations of controls, policies, procedures, theft, and cheating than any other technique I'm aware of. I believe in audits strongly, as anyone who has ever worked for me will tell you. It is one of the reasons our teams were successful. I don't know why other surveillance directors don't use them. They always provide information or catch something somebody shouldn't be doing.

I recommend to you here that if you want to increase your department's detections and to operate proactively, set your team to doing audits. If your staff diligently performs the audit you've assigned, you will soon see a turnaround.

Most surveillance teams do not perform audits effectively for two reasons: (1) they don't use the information at hand to select the right area for audit and (2) personnel assigned to the task don't audit, they monitor.

Recently, I was assigned to assist in the turnaround of a surveillance department that over the years had not been able to catch crime events. It wasn't the fault of the agents, they wanted to succeed but they just hadn't been shown how to do it.

I would say here that in surveillance we often set up our surveillance rooms with all the equipment needed and then we expect the agents to catch things without providing the necessary guidance and training they need to succeed. Nowadays, with the proliferation of gaming across the country and around the world, we often have surveillance rooms staffed with personnel who've never been in a casino!

In the above case, my fix was to immediately set up an audit of the bars on the property. While we didn't catch any theft, we were able to report that not one bartender at any bar ever issued a receipt to any customer. This was significant information to both the general manager and the beverage director who were amazed. Not giving receipts can result in many forms of internal theft and is not a sound business practice.

We then did an audit of the snack bar. In about twenty-four hours we caught every employee working in the snack bar making food without paying for it, giving away food to other employees, and taking meats and product home, again without any payment. We also reported many health code violations. It was apparent that these activities had been going on for a long time and were certainly the primary reasons that the food costs in this area were always higher than they were supposed to be. The food and beverage director immediately made adjustments to personnel and to policy and procedure.

Of course, it amazed everyone that a quiet surveillance room was now catching things seemingly left and right. It also showed the surveillance personnel that they could catch thefts and they could be a force in the protection of the property. All this in about forty-eight hours of well-chosen and well-done audits by a team who had never done one before!

Let's take reason number one: not using the information at hand to select the right area. By information, I mean operating statistics, crime trends, exception reports, violations of internal controls, policies or procedures, and so forth. This type of information and more, when reviewed, will lead you to the proper area to audit.

A thorough and consistent audit schedule will generate numerous leads and detections for the department and for the operator performing the audits. Audits are used to monitor key areas, transactions, and processes used within the casino.

Examples of key or critical areas, transactions, and processes are, but not limited to:

• Main cage

• Slot jackpots and fills

• Table game player rating cards

• Credit or "marker" transactions

• Points of sale

Surveillance audits are normally set up as described below:

1. The surveillance director selects an area or transaction type to monitor and establishes the audit's objective, for example, to detect criminal activity or ensure employees are following rules, policies, and procedures.

2. Information, documentation, controls, policies, and procedures used by the department or area to be audited or to complete the transaction are gathered. Personnel assigned to the audit, including supervision, should review all such information prior to commencing the audit.

3. Photos of employees, subjects of interest, or suspects may be included in the case file, as well as work schedules and any other pertinent information.

4. The parameters of the audit are established: time and date to start and end audit, who is assigned specifically to audit each shift, person responsible (case manager), types of notes to be made, who is authorized to know about the audit. This information is used to open the case file and is maintained in the case file at all times. Each person assigned to the audit must read this memo.

5. The audit is initiated as detailed in the case file.

A common audit instruction specifies that only exceptions to policy, procedure, or suspicious activity are logged into the case file. This prevents the file from becoming overloaded with unnecessary information and allows the case manager to quickly locate significant events.

Let's also discuss the second reason audits fail; personnel don't audit, they monitor. Audits require an involved agent. The agent must observe closely what is occurring and understand each transaction or activity performed by those being audited. Remember, individuals who are committing or who are involved in theft or fraud will do their utmost to hide their theft. This will require an astute and involved investigator to unravel the mystery.

Agents who only monitor activity and who are waiting for an obvious theft to occur will never locate anything except in the rarest of circumstances. Nowadays, employee theft and fraud doesn't always require the thief to place cash directly and obviously into their pocket. The assigned agent must look deeply into each activity and take the time to understand what is being done if he/she expects to be successful. Agents who fail to do so will fail.

It is necessary to keep in mind that an audit of any area or individual should find something, whether it be theft or a procedure violation. An audit that located nothing should be reviewed by the supervisor or manager to determine if the agent was only monitoring the area and missed key tells or activities.