

# Audit Report

## Public Works Walk of Stars

Angela M. Darragh, CPA, CISA, CFE  
Acting Audit Director

Audit Department  
Clark County, Nevada





# Audit Department

500 S Grand Central Pkwy Ste 5006 • PO Box 551120 • Las Vegas NV 89155-1120  
(702) 455-3269 • Fax (702) 455-3893

Angela M. Darragh, CPA, CFE, CISA, Acting Director



July 19, 2011

Mr. Don Burnette  
Clark County Manager  
500 South Grand Central Parkway, 6th Floor  
Las Vegas, Nevada 89106

Dear Mr. Burnette:

As requested by County Management, we conducted an audit of the Las Vegas Walk of Stars. The audit objective was to determine if the Las Vegas Walk of Stars is in compliance with provisions of the revocable license and maintenance agreement. Our procedures considered activities for the period August 17, 2004, through May 31, 2011. These procedures included performing a preliminary survey, analyses, and test of transactions on a sample basis.

The results of our audit showed that the Las Vegas Walk of Stars is in compliance with provisions of the revocable license and maintenance agreement. The Las Vegas Walk of Stars obtains the proper permits and pays deposit amounts to Public Works in accordance with the agreement. The organization pays to have the Stars properly maintained, has a commercial insurance policy, and obtains the necessary waivers, which helps to protect the interests of the County. We noted that the organization donates \$750 for each Star to the Southern Nevada Homeless Trust Fund. To date, a total of \$38,250 has been donated to the fund. Through a review of the 2010 tax return, we noted that expenses exceeded revenues by \$18,808 and net assets were a negative \$4,390. However, we determined that cash flows for July 2011 would amount to \$58,397.

Our audit noted one potential area of improvement. Documentation was not maintained by the organization indicating the attendance and vote taken on each Star. We also noted a misclassification error made by the County when recording two deposits.

A draft report was provided to Mr. Robert Alexander, President of the Motion Picture Hall of Fame Foundation, and his response is included. The assistance and cooperation Mr. Alexander is sincerely appreciated.

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA  
Acting Audit Director

## TABLE OF CONTENTS

<b>BACKGROUND.....</b>	<b>1</b>
<b>OBJECTIVES, SCOPE, AND METHODOLOGY.....</b>	<b>1</b>
<b>RESULTS IN BRIEF .....</b>	<b>2</b>
<b>DETAILED RESULTS .....</b>	<b>2</b>
Nomination Committee Voting Results Not Documented .....	2
General Ledger Misclassification.....	3
<b>APPENDICES .....</b>	<b>4</b>
Appendix 1: Management Response Letter.....	4

**BACKGROUND** On August 17, 2004, a revocable license and maintenance agreement was entered into between the Motion Picture Hall of Fame Foundation doing business as The Las Vegas Walk of Stars, a charitable organization, and Clark County. The agreement provides for the Las Vegas Walk of Stars to install, operate, and maintain commemorative “Stars” in County sidewalks on Las Vegas Boulevard South from Sahara Avenue to Russell Road. The Las Vegas Walk of Stars is subject to the appropriate county permitting for encroachments and events.

Similar to the “Hollywood Walk of Fame” located along the sidewalks of Hollywood Boulevard and Vine Street in Los Angeles, California, the Las Vegas project honors people of prominence in a variety of fields including entertainment, sports, literature, humanities, civics and pioneers, and the military. The 36 inches by 36 inches monument consists of a terrazzo stone with a five-point star rimmed with brass, weighs 200 pounds, and is inlaid with the recipient’s name and specialty. There are currently 52 dedicated stars, 32 of which are on County owned sidewalks.

A fee (currently \$20,000) payable at time of selection, is collected to cover all costs associated with the shipping, manufacturing, and imbedding of the Star, a Walk of Stars plaque, the sound needed for the dedication ceremony, flowers for lady honorees, publicity, press releases, liability insurance, and applicable fees. The fee is usually paid by the nominating organization or other sponsor of the recipient. Additionally, for each star, a donation of \$750 is made to the Southern Nevada Homeless Shelter. To date, this organization has received \$38,250 from the Las Vegas Walk of Stars.

**OBJECTIVES, SCOPE, AND METHODOLOGY** The audit objective is to determine if the Las Vegas Walk of Stars is in compliance with provisions of the revocable license and maintenance agreement.

To achieve the audit objective, we reviewed the agreement, and interviewed Public Works employees and the President of The Motion Picture Hall of Fame Foundation. Additionally, we traced deposit amounts to the general ledger and reviewed the Las Vegas Walk of Stars website.

Our procedures considered the period August 17, 2004, through May 31, 2011, and the last day of fieldwork was July 11, 2011.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate

evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**RESULTS IN BRIEF** Based on audit procedures performed, it appears that the Las Vegas Walk of Stars is in compliance with provisions of the revocable license and maintenance agreement. The Las Vegas Walk of Stars obtains the proper permits and pays deposit amounts to Public Works as required by the agreement. The organization also pays to have the Stars properly maintained, has a commercial insurance policy in place, and obtains waivers, which are submitted to Public Works, again all in accordance with the agreement. We noted through a review of the 2010 tax return, that expenses exceeded revenues by \$18,808 and net assets were a negative \$4,390.

Further information is contained in the sections below.

#### **DETAILED RESULTS**

**Nomination Committee Voting Results Not Documented** We found that the Las Vegas Walk of Stars does not maintain documentation that Stars are approved by the nomination committee. Per the website, the nomination committee is comprised of twenty-one individuals who work in areas of show producer, singer, entertainer, musician, and business owner. The committee generally meets monthly. It is during these meetings that the committee will review nomination application forms and vote to determine if the individual meets the selection criteria as established by the Las Vegas Walk of Stars committee. However, the nomination committee does not document the results of the committee's decision on whether the application form is approved or rejected. According to the President of The Motion Picture Hall of Fame Foundation, who operates the program, the committee conducts the vote with a show of hands, and does not maintain a record of the vote results. Additionally, the committee does not maintain minutes or sign-in sheets to provide evidence of which committee members were present and voted. The Las Vegas Walk of Stars should maintain proper documentation. Without such documentation, we could not verify that Stars are awarded in compliance with the revocable license and maintenance agreement.

*Recommendation* We recommend that the President of The Motion Picture Hall of Fame Foundation direct the nomination committee to document the results of their decision on acceptance or rejection of the applicant on each application form. We also recommend that the committee use a sign-in sheet or keep minutes to provide evidence of attendance and date of meeting.

**General Ledger Misclassification** Within the general ledger, a \$6,000 and a \$2,000 deposit were coded to Public Works Business Area 1260 Fund 1010.000 on May 26, 2006, and August 14, 2006, respectively. These deposits should have been coded to Public Works Business Area 1260 Fund 7430.908. Due to the misclassification, Fund 1010.000 is overstated by \$8,000 and Fund 7430.908 is understated by \$8,000.

*Recommendation* We recommend that the County Comptroller prepare a journal entry to re-class the \$8,000 deposit from Fund 1010.000 to Fund 7430.908.

We provided this information to the Comptroller, and the accounts were corrected prior to the issuance of this report.

APPENDICES

Appendix 1: Management Response Letter



July 15, 2011

Angela M. Darragh  
Acting Audit Director  
Audit Department  
Clark County, Nevada

Re: Audit Report – Las Vegas Walk of Stars Management Response

Dear Angela Darragh,

Following the recommendations of your completed audit report, please find the accompanying two new Las Vegas Walk of Stars documents:

- 1) A form for our Nomination Committee Members to document the results of the committee's voting decision on whether the star application form is approved or rejected.
- 2) A form for our Nomination Committee Members to sign-in and provide evidence of attendance and date of meeting.

Thank you for your recommendations regarding the Las Vegas Walk of Stars. The recommendations are very good and will be implemented immediately at all Las Vegas Walk of Stars Nomination Committee Member meetings and on all new star nominee applications going forward.

Sincerely,

Robert

A handwritten signature in black ink that reads "Robert Alexander". The signature is written in a cursive style.

Robert Alexander, President

Las Vegas Walk of Stars  
P.O. Box 15129  
Las Vegas, NV 89114  
Office: (702) 655-7827  
Fax: (760) 320-3129  
lvwos@aol.com

Las Vegas Walk of Stars  
P.O. Box 1159  
Palm Springs, CA 92263  
Office: (760) 320-3128  
Fax: (760) 320-3129  
lvwos@aol.com