



Perimeter Park West, Inc.
Internal Control Assessment Report

April 29, 2024

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Assessment and Recommendations

Executive Summary

Perimeter Park West, Inc. (PPW) engaged Dean Dorton Allen Ford, PLLC (Dean Dorton) to provide an evaluation of the internal control environment with the intention of assessing the policies, processes, and design of PPW's internal controls.

Key aspects of the evaluation of the internal control environment at PPW included:

- Evaluating existing policies and procedures to assess internal control coverage and make recommendations where there are opportunities for improvement.
- Evaluating prior internal audit assessments and subsequent internal audit follow-up reporting.
- Conducting limited testing to validate internal control operation.

We are pleased with the overall results of the internal control assessment. We did not identify any significant deficiencies or material weaknesses in controls; however, we identified certain areas where the design of the procedures could be enhanced to mitigate potential risks. Included in the report are opportunities for management, that if implemented, will strengthen the internal controls in the areas assessed. Continuous evaluation of the internal control structure is an important management responsibility and is necessary to ensure proper allocation of resources.

We commend PPW's leadership for taking the steps to have an independent evaluation of its internal control practices and we would like to thank management for their time and efforts during this process.

Audit Scope:

The internal control assessment audit covered testing the operation of existing internal controls to verify that they are operating as intended for fiscal year 2023.

Key Steps during Audit Scope	Strengths Identified
<p>Interviewed key personnel to obtain understanding of the governance structure, accounting, receipts, disbursements, vendor management, capital asset, payroll, human resources, and information technology functions.</p> <p>Obtained copies of written policies and procedures, including by-laws for PPW and the employee handbook.</p>	<ul style="list-style-type: none">• Members of management have a good understanding of the policies and procedures and appear to foster an ethical environment.• Accounting/Finance department personnel are knowledgeable and come from backgrounds where internal controls were emphasized.

Definition of Risk and Finding Ratings

High Risk	A serious internal control or risk management issue that if not mitigated, may with a high degree of certainty, lead to substantial losses, serious violations of organization strategies, policies, or values; serious reputational damage; and/or significant adverse regulatory impact. Requires immediate action.
Moderate Risk	An internal or risk management issue which could lead to financial losses, loss of controls within the organization, reputation damage in local or regional media; and/or adverse regulatory impact such as public sanctions or immaterial fines. Requires timely action.
Low Risk	An internal control or risk management issue, the solution to which may lead to improvements in the quality and/or efficiency of the organization. Risks are limited and management should consider corrective action.

Audit Procedure Details:

Policies and Procedures:

Dean Dorton obtained and reviewed all key policies and procedures related to PPW's internal controls. Dean Dorton noted a few minor policy and procedure recommendations that are noted below.

Prior Internal Audit Assessments:

Dean Dorton obtained and reviewed the prior two internal audit reports from 2019 and 2020. Dean Dorton made a few observations after reviewing the internal audit reports and subsequent follow-up reports.

Dean Dorton noted that per 2020 management representation letter HVAC units had not been shown as individual units on the depreciation schedule. This issue was not mentioned in the PPW meeting minutes during the “review of PPW policies” discussion. Per discussion with management, PPW is currently in the process of updating and properly documenting fixed assets.

Dean Dorton noted per 2020 management representation letter rent payments from KPPA to PPW for their lease agreement are an average of 22 days late each month. There is no mention of rent due dates in the lease policies. Per review of the current lease policy, lease payment from KPPA to PPW should be received by the 15th of each month now. Dean Dorton recommends PPW have discussion with KPPA regarding late payments and during the next review of the lease agreement, consider including a section regarding late payments.

Dean Dorton noted per 2020 management representation letter 37% of invoices did not indicate a date received. All invoices created must be approved by two PPW agents following their agreement of invoice rate to contract rates. Dean Dorton tested a sample of invoices from each month, noting dates received were documented on the invoices properly.

Detailed Testing:

Dean Dorton reviewed all expenditures, reconciliations, and contracts from January 1, 2023 through November 30, 2023 and selected samples to detail test. The auditor noted a few minor findings noted below related to reconciliations and statements.

Detailed Risk Assessment Results:

Based on our risk assessment interviews, review of policies and procedures, and detail testing we have noted the following opportunities to enhance the internal control environment at PPW.

	Moderate Risk Findings or Observations	Recommendation
1	Dean Dorton noted during review of the month-end reconciliation procedures that the procedures note statements and reconciliations should be signed. Dean Dorton noted most of the statements and reconciliations were missing initials by preparer and reviewer even though they were dated electronically as reconciled and reviewed based on the months tested.	We recommend that management update procedures that preparation and review are completed through email, but also recommend management consider that the reconciliations and statements actually have a written signoff and date of when prepared and reviewed instead of email as emails can get lost or deleted.

	Low Risk Findings or Observations	Recommendation
1	Dean Dorton noted during review of the whistleblower procedures that the current whistleblower reporting process is limited to reporting all complaints to an agent. While having an agent designated to receive all whistleblower complaints is legitimate, there is also the risk of personnel not feeling comfortable speaking directly to an agent regarding their complaint.	We recommend that management consider implementing a new way of submitting complaints electronically. It is in the best interest of a company to have personnel feel comfortable when reporting complaints, and a second way of doing so would enhance that comfortability.
2	Dean Dorton noted during review of the financial statement procedures that PPW's financial statements are prepared by an external vendor and the procedures note the financial statements are reviewed; however, there is no detail of how the review is noted nor is there documentation as to who reviews them based on the months tested. The current procedure limits the detail of the review.	We recommend that management develop additional procedures to include how the review was noted and who was reviewing the financial statements.
3	Dean Dorton noted during review of the invoice procedures the current invoice policy does not require "date received" to be included on any invoice. This current situation can cause complications with the review and tracking of past invoices when there is no received date.	We recommend management include in their invoice policy that "date received" should be listed on all invoices. This will help ensure the proper documentation of when invoices are received by PPW agents and the understanding of time it takes from when receiving invoices to when they are approved.

[Dean Dorton Auditor Contact Information](#)

Jim Tencza

Assurance Director (502)566-1071

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Perimeter Park West, Inc.

1260 Louisville Road, Frankfort, Kentucky, 40601

502-696-8464

April 12, 2024

Jim Tencza
Assurance Director
Dean Dorton
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Suite 400
Louisville, KY. 40222

Dear Mr. Tencza,

Management appreciates the work your firm has performed in conducting the PPW Internal Control audit for fiscal year 2023. Management is continuously evaluating and improving our processes and procedures and welcome any suggestions to improvement. Management has reviewed the audit report findings and recommendations and agrees with them. Below is our response to the audit report.

Moderate Risk Recommendation

1. Dean Dorton recommends that management update procedures that preparation and review are completed through email, but also recommend management consider that the reconciliations and statements actually have a written signoff and date of when prepared and reviewed instead of email as emails can get lost or deleted.

Management Response

Management agrees with the recommendation. Procedures state that there will be a preparer and a reviewer of the reconciliations and that each will sign off on the reconciliations. The preparer was dating the reconciliations, but the preparer forgot to sign or initial them. There were emails between the preparer and reviewer to prove that two separate persons prepared and reviewed. However, the preparer should be initialing or signing the reconciliations. Going forward there will be two signatures on the reconciliations, the preparer, and the reviewer's signatures. (Please see attached reconciliations.)

Low Risk Recommendations

1. Dean Dorton recommends that management consider implementing a new way of submitting complaints electronically. It is in the best interest of a company to have personnel feel comfortable when reporting complaints, and a second way of doing so would enhance that comfortability.

Management Response

Management agrees with the recommendation. Management will evaluate options to implement this recommendation including establishing an online form on which persons may submit concerns regarding PPW.

2. Dean Dorton recommends that management develop additional procedures to include how the review was noted and who was reviewing the financial statements.

Management Response

Management agrees with the recommendation. The procedures have been updated to include the review of the financial statements by whom and date. (Please see attached)

3. Dean Dorton recommends management include in their invoice policy that “date received” should be listed on all invoices. This will help ensure the proper documentation of when invoices are received by PPW agents and the understanding of time it takes from when receiving invoices to when they are approved.

Management Response

Management agrees with the recommendation. Management updated the policy and procedures to include the date received is placed on the invoice when received. (Please see attached policy and procedures and copies of invoices.)

Balance Your Account		1					
			Check off checks appearing on your statement. Those checks not checked off should be recorded in the checks outstanding column.				
Checks Outstanding							
Check No.	Amount						
1600	\$ 68.00						
1623	\$ 4,167.00						
1624	\$ 300.00	2					
1625	\$ 1,033.50	Enter your checkbook balance					
1626	\$ 1,560.54		\$ 168,670.52				
1627	\$ 2,074.06						
1628	\$ 4,167.00	Add any credits made to your account through transfers, interest etc. as shown on this statement.					
		Adj Checkbook Bal	\$ 168,670.52				
		3					
		Bank balance shown on this	\$ 82,040.62				
Total	\$ 13,370.10						
		Add deposits shown in your checkbook, but not shown on this statement.	\$ 100,000.00				
March 2024 Bank Recon		Subtotal	\$ 182,040.62				
Operating Account							
Reconciled 04/10/2024		Subtract checks outstanding.					
/s/Elizabeth H. Smith			\$ 13,370.10				
		Adjusted Bank Bal	\$ 168,670.52	\$ -			
				Difference should be \$0.00			
Reviewed							
/s/Connie Davis							
4/11/2024							

Balance Your Account		1					
Checks Outstanding		Check off checks appearing on your statement. Those checks not checked off should be recorded in the checks outstanding column.					
Check No.	Amount						
		2					
		Enter your checkbook balance	\$ 763,448.10				
		Add any credits made to your account through transfers, interest etc. as shown on this statement.	\$ 2,939.98				
		Adj Checkbook Bal	\$ 766,388.08				
		3					
		Bank balance shown on this	\$ 766,388.08				
Total	\$ -						
		Add deposits shown in your checkbook, but not shown on this statement.					
March 2024 Bank Recon Corporate Account		Subtotal	\$ 766,388.08				
Reconciled 04/10/2024 /s/Elizabeth H. Smith		Subtract checks outstanding.	\$ -				
		Adjusted Bank Bal	\$ 766,388.08		\$ -		
Reviewed /s/Connie Davis					Difference should be \$0.00		
4/11/2024							

Procedure Name:	Financial Statements
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1. At the end of each month, the Accounting Firm will generate the financial statements including a balance sheet, statement of earnings or income statement, and a cash flow statement from the accounting system they are using.
2. The statements will be securely emailed to Accounting Agent I for review and comparison to prior financial statements and the transactions for the month maintained by Accounting Agent I on the Budget to Actual spreadsheet. The Accounting Agent I will contact the Accounting Firm to resolve any differences. Upon review of the financial statements the Accounting Agent I will initial and date the financial statements.
3. The Accounting Agent I will forward the statements to the Accounting Agent II for review. Upon review of the financial statements the Accounting Agent II will initial and date the financial statements.
4. Once reviewed, the statements will be included in the monthly packet that will be given to the PPW, Inc. Board.
5. The statements will be filed in the fiscal year binder along with the monthly transactions.
6. Each quarter the financial statements will be presented to the PPW, Inc. Board at the quarterly board meetings for informational purposes.
7. Each fiscal year end the financial statements will be audited by an outside auditing firm, and presented to the PPW, Inc. Board for approval.

Procedure Name:	Invoice Payment
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1. Facilities Agent receives invoice. All invoices when received must be marked with the date received. Every effort should be made to be paid within 30 days of receipt. There will be some invoices that do not flow through the Facilities Agent (e.g. Bookkeeping invoice; auditing invoice; etc.). These invoices will be handled in the same manner.
2. Facilities Agent reviews invoice for accuracy (proper payee). Ensures that it clearly states the goods/commodities received and/or services rendered, and that it's an allowable purchase per PPW, Inc. policy. Facilities Agent verifies this has been done by signing, dating and assigning a general ledger code to each invoice. If Facilities Agent deems the invoice details are incorrect, he calls the vendor for explanation or correction of invoice.
3. Facilities Agent sends invoice to Accounting Agent I within 5 business days of receipt for payment.
4. Once received from Facilities Agent, Accounting Agent I also verifies invoice for accuracy by checking that the invoice is correct mathematically (verifying quantity X price = total). Accounting Agent I also verifies that the invoice has been approved by Facilities Agent; and, that the invoice has not been previously paid. Once these have been verified, Accounting Agent I forwards invoices to Accounting Agent II for review.
5. Accounting Agent II reviews invoices for accuracy and notes approval for payment.
6. If Accounting Agent I or Accounting Agent II deems the invoice details are incorrect, invoice will be returned to Facilities Agent for follow-up.
7. Accounting Agent I prepares approved invoices for payment by accounting firm (emails scanned PDF copies). Accounting firm generates checks for payment of approved invoices. This step happens twice per month (usually around the 15th and 30th).
8. Once checks are generated for approved invoices, Accounting Agent I (or Accounting Agent II if Accounting Agent I is unavailable) picks up checks from accounting firm. The checks require two signatures. Currently Accounting Agent I is the first signer and Accounting Agent II is the second signer. Facilities Agent is an authorized signer if Accounting Agent I or Accounting Agent II is not available.

9. Accounting Agent I compares completed checks to invoices and reviews for accuracy. If checks are correct, Accounting Agent I signs checks and forwards to Accounting Agent II for signature. If there are any errors on any checks, those checks must be VOIDED and invoices resubmitted to the accounting firm for new checks to be issued.
10. Accounting Agent II reviews checks and invoices for accuracy. Accounting Agent II signs the check as the second authorized signer. The Facilities Agent is an authorized signer if one of the accounting agents is not available.
11. The check and invoice are returned to Accounting Agent I to make copies and to mail.
12. A copy of the check and invoice are retained to be booked with the bank reconciliation.
13. If an invoice is received outside the normal billing period (30 days), Facilities Agent and an Accounting Agent will work together to determine the reason for lateness and if invoice should be paid.
14. If a vendor contacts Facilities Agent regarding nonpayment of an invoice, Facilities Agent will follow-up with Accounting Agent I. If a stop payment is necessary Accounting Agent I will contact the bank to initiate stop payment and reissue check.
15. Accounting Agent I records these payments in the checkbook ledger, on the J drive PPW, Inc/PPW Inc/fy19-20. The spreadsheet is called Checkbook.
16. Accounting Agent I also records it as an expense based on expense code assigned by Facilities Agent on the J drive PPW, Inc/PPW Inc/fy19-20. The spreadsheet is called PPW2020 Financial Information.

HARROD & ASSOCIATES
 #2 HMB CIRCLE, SUITE A
 FRANKFORT, KENTUCKY 40601
 PHONE (502) 695-7300
 FAX (502) 695-9125

PERIMETER PARK WEST
 1260 LOUISVILLE RD
 FRANKFORT KY 40601

Page: 1
 03/18/2024
 Account No.: 4703
 Statement No: 141014

N,fg l I 2024

Previous Balance		\$900.00
For February Bookkeeping services.		
		300.00
Total Current Work		300.00
	avments	
02/13/2024	PAYMENT	-600.00
02/21/2024	PAYMENT	-300.00
	Total Payments	-900.00
	Balance Due	\$300.00

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 approved 03/22/2024

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For your convenience we now accept most major credit cards.

BILLING INFORMATION

MASTERCARD VISA DISCOVER

ACCOUNT NAME: _____
 ACCOUNT NO.: _____
 EXPIRATION DATE: _____
CW (three digit number on back of card)
 PAYMENT AMOUNT: _____
 SIGNATURE:

PAYMENT DUE UPON RECEIPT OF INVOICE 1-1/2% PER MONTH OR AN ANNUAL PERCENTAGE RATE OF 18% WILL BE ADDED TO ALL AMOUNTS PAST DUE MORE THAN 30 DAYS

l IA Jn. 8
approved 4/8/24

McDonald's Lawn & Landscaping
695 Smither Hill Ln
Frankfort, KY 40601
(502) 330-6098

**l'Ad)ondr'l'&
LAWN&
LANDSCAI'ING1.1.c**

To:
PPW (Donnie Norman)
1260 Louisville Rd
Frankfort, KY 40601

Invoice# 17973
Invoice Date 03/20/2024
Payment Term Net30
Amount Due **\$1,537.47**

Item	Quantity	Price	Tax1	Tax2	Line Total
Property Maintenance 1260 Louisville Rd 03/01/24	1.0	\$1,450.44	6.000%		\$1,450.44

Please make checks payable to McDonald's Lawn & Landscaping and mail to the address listed above. We appreciate your business and please let us know of any inquiries you may have about our services or any further services we may be able to provide to you. Thank You!

Subtotal: \$1,450.44
Tax: \$87.03
Past Due Amount: \$0.00
Amount Due: \$1,537.47

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12-12-*

Notes
Thank You For Your Business!

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