



Jenny Tryon
Director, Internal Audit

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DATE: June 13, 2001

TO: Rick Terrill

SUBJECT: MECA Review

CC: David Wittig, Rita Sharpe,
Leonard Mitchell, Pat Tryon

AUDIT TEAM: Dan Hartzell

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Dear Rick,

Internal Audit was requested to conduct a review of the invoicing process for Marc Edward Charbonnet Associates (MECA) as a follow up to the review performed in March 2000 by Internal Audit. MECA has been contracted by both Mr. Wittig and Western Resources to perform interior design and decorating services. Western Resources contracted with MECA for design work at the 800 Kansas Avenue office building.

The objectives of the review were to provide assurance that:

- the invoicing process for MECA is accurate and compliant with the terms of the contract between Western Resources and MECA.
- invoicing from subcontractors providing goods and services to the Western Resources project are accurate and in compliance with applicable contracts.
- Western Resources is receiving the items for which the company has paid.

To accomplish these objectives we tested invoices from MECA for both Western Resources and Mr. Wittig, and invoices from subcontractors for Western Resources for the time period January 2000 through April 2001. We also interviewed personnel in the Facilities department.

Based on our testing of the invoices, it appears that charges from MECA have been billed appropriately, accurately, and in compliance with the contract between MECA and Western Resources. Improvements have been made as a result of our prior review but additional information should be provided to support travel expenses to allow easier verification. The company's contract with MECA requires that travel expenses be itemized and "...apportioned to each respective project, with sufficient detail of such expense..." MECA has been providing detail of travel expenses for the trips. However, in some instances expenses for multiple MECA personnel were grouped together. This makes it difficult to verify that the allocations were made appropriately. MECA should provide the breakdown of travel expenses by individual for travel-related expenses billed to Western Resources. In addition, MECA should provide the total dollar amount for each itemized expense category along with the dollar amount being allocated to the specific project. This additional information will facilitate easier interpretation and verification of the allocation of the expenses.

Based on our review, the invoices from the subcontractors appear to have been accurate and in compliance with the contracts between the vendors and Western Resources. The procedures for verifying receipt of items for which the company has paid also appear to be adequate to ensure receipt of those items.

We appreciate everyone's cooperation and assistance during this review. If you have any questions or concerns, please contact me or one of the audit team members.

Sincerely,

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