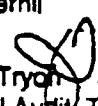


TO: Rick Terrill

FROM: Jenny Tryon  REDACTED  
Internal Audit, Topeka GO10

DATE: April 13, 2000

SUBJECT: MECA Billing Process

CC: David Wittig

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INTERNAL  
CORRESPONDENCE

Internal Audit has completed our review of the Marc Edward Charbonnet Associates (MECA) Production, Inc. billing process. Our observations and recommendations are included in this report.

MECA has been contracted by both David Wittig and Western Resources to perform interior design and decorating services. Mr. Wittig contracted with MECA with respect to his home at 521 Westchester in Topeka, and Western Resources contracted with MECA for design work at the 800 and 818 Kansas Avenue office buildings. The objective of the review was to give assurance that the billing process for MECA is equitable for Western Resources and Mr. Wittig.

The audit included reviewing the MECA contracts and invoices for both Mr. Wittig and Western Resources. Most invoices were reviewed for the time period between 1997 and January 2000. Western Resources' personnel in the Facilities, Legal, and Contract Administration Departments were interviewed. It was not necessary to contact personnel at MECA.

Controls have been implemented to help assure that the billing is equitable to Western Resources and Mr. Wittig. A new contract was signed by Western Resources and MECA on January 25, 2000. This contract includes several controls which were not in the original contract. According to the new contract, MECA must obtain approval by Western Resources before any purchase is made on behalf of Western Resources. The contract also requires that travel expenses be itemized and "...apportioned to each respective project, with sufficient detail of such expense..." Based on interviews with Facilities Department employees and a review of the invoices, it appears that recent charges from MECA have been billed appropriately. The Facilities Department will continue to review the invoices closely to ensure charges billed to Western Resources are appropriate.

To ensure the charges are equitable for both Western Resources and Mr. Wittig, two recommendations should be considered. When MECA personnel travel to Topeka, they charge a daily fee for each person, plus travel expenses. It appears that the charges for each individual have been split according to the number of days spent on each project, but the travel expenses have been split 50/50. A more equitable manner of charging the travel expenses may be to allocate the charges based on the percentage of time spent on each project. The second recommendation is to require that MECA only charge their travel expenses to a project if they are requested to travel to the project. If their presence is requested for one project, but not the other, they should charge all of their travel expenses to the project requesting their presence.