

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 2, 2008

To: Brad Evans, Acting CEO
Mike Cunningham, CFO

From: Dave Smith, Vice President Administration
Dan Knecht, Manager Administrative Services

Subject: March audit for financial transaction approval signatures

Dan and I completed the initial audit of randomly selected financial transactions for the month of March. We received a list of 30 randomly selected transactions generated by IS from the financial system. Using that list we retrieved the backup documentation and reviewed the approval signatures or ensured the items generated from Purchase Orders had completed the 3-way match process *. The results were:

- 8 were approved via the 3-way matching process
- 21 were verified by comparing signatures with the Signature Authority Matrix
- Invoice for direct billed lodging was approved by the employee who did the traveling. Both Accounting and the manager of the employee have been notified.

*The 3-way match process is an electronic approval and receiving procedure that exists within the PeopleSoft Financial and Materials Management software. The transaction is initiated by a requisition that is electronically approved by the manager with the appropriate signature level. From this the Purchase Order is bid and generated. The material is electronically received when it arrives. Accounting will receive the invoice for the goods received and the automated system will not allow payment without first matching to the purchase order and receipt.