

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 3, 2008

To: Brad Evans, Acting CEO
Mike Cunningham, CFO

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

Subject: May audit for financial transaction approval signatures

Dan and I completed the May audit of randomly selected financial transactions. We received a list of 25 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. There were no exceptions for May.

- 12 were paid against Purchase Orders and were approved via the 3-way matching process
- 13 were verified by comparing signatures with the Signature Authority Matrix