

FILED

MAY 6 2010

Plum Point Audit Scope

Missouri Public
Service Commission

Plum Point Description. Construction of a new coal burning power plant.

Audit Purpose: To determine the amount of construction expenditures for this project that should be included in rates charged to Empire

Audit Risk: TBD

Audit Approach:

A) Preliminary:

- 1) Evaluate whether project requirements and objectives were identified, clearly established, realistic, and documented from the projects inception.
- 2) Ascertain the code of conduct relative to the project, the date this information was disseminated to project employees and vendors, amount of training provided, and documentation relative to monitoring and enforcement of these requirements.
- 3) Determine the organization and structure of the management of the Plum Point project.
- 4) Identify key individuals in the Plum Point project management since project was initiated.
- 5) Determine the authority/responsibility of key individuals.
- 6) Identify the key individuals' expertise and experience relative to their authority/responsibility for the project.
- 7) Specify reporting/documentation requirements for Plum Point project.

KCP&L GMP Exhibit No. 4
Date 4-22-10 Reporter KF
File No. EO-2010-0259

- 8) Identify and obtain key projects reports since project inception.**
- 9) Trace project management through Corporate Structure to Board of Directors and identify corporate roles relative to responsibility, authority, documentation, retention, and reporting.**
- 10) Determine the key members of the project management group as well as contractors hired to assist this function through the project duration.**
- 11) Create a schedule of the cost of entities/contractors performing project management function.**
- 12) Obtain copies of reports, correspondence, contracts, invoices/bills and payments for major contractors performing project management function.**
- 13) Acquire copies of all documentation related to the approval of the project noting dates, compliance with corporate authority requirements, document creation, and retention.**
- 14) Evaluate the Plum Point Definitive Estimate and document the history of its development as well as the factors included or not considered in this cost estimate.**
- 15) Determine and document the project control process (e.g. change order approval and documentation process) instituted to ensure that project was completed on time and within budget while satisfying all quality/safety requirements.**
- 16) Obtain the required policies and procedures relative to procurement, contract negotiation, and contract administration.**
- 17) Ascertain the key procurement decisions and their impact on definitive estimate (i.e. control budget estimate).**
- 18) Identify the major contracts that resulted in cost overruns. Obtain all documentation related to performance and contract issues.**

- 19) Identify project management decisions or vendor performance that resulted in project delays.
- 20) Obtain change order documentation related to change orders primarily responsible of a majority of contingency exhaust and overruns. Verify whether change order approvals comply with established procedures.
- 21) Obtain all whistle blower/hot line/anonymous complaints and issues received by the Company regarding the project.
- 22) Acquire all meeting minutes, reports, and other documentation regarding project information provided to Board of Directors, Board Members, Senior Management, and Joint Owners.

B) Detailed Audit Steps: (To Be Determined after evaluation of Preliminary material)

Iatan 1 Audit Scope

Iatan 1 Description. Construction activities to upgrade the environmental equipment at Iatan 1.

Audit Purpose: To determine the amount of construction expenditures for this project that should be included in rates charged to KCPL, Empire, and Aquila customers

Audit Risk: Iatan 1 has exceeded its definitive estimate and will not be completed by the date originally specified. Such results raise the risk that the factors causing these overruns and delays were caused by imprudent actions. Anonymous letters have been received by Commissioners allegedly reporting mismanagement of the construction activities. In addition, prior audit activities have identified that KCPL employees accept gifts and gratuities from vendors seeking or doing business with the Company that are offered based on their position in the Company without adequate controls regarding the nature and extent of this activity. This practice gives the appearance that these gifts are given to solicit favorable KCPL concessions to these vendors relative to contract administration, need for a contract, or contract amendments.

Audit Approach:

A) Preliminary:

- 1) Evaluate whether project requirements and objectives were identified, clearly established, realistic, and documented from the projects inception.**
- 2) Ascertain the code of conduct relative to the project, the date this information was disseminated to project employees and vendors, amount of training provided, and documentation relative to monitoring and enforcement of these requirements.**

- 3) Determine the organization and structure of the management of the Iatan 1 project.
- 4) Identify key individuals in the Iatan 1 project management since project was initiated.
- 5) Determine the authority/responsibility of key individuals.
- 6) Identify the key individuals' expertise and experience relative to their authority/responsibility for the project.
- 7) Specify reporting/documentation requirements for Iatan 1.
- 8) Identify and obtain key projects reports since project inception.
- 9) Trace project management through Corporate Structure to Board of Directors and identify corporate roles relative to responsibility, authority, documentation, retention, and reporting.
- 10) Determine the key members of the project management group as well as contractors hired to assist this function through the project duration.
- 11) Create a schedule of the cost of entities/contractors performing project management function.
- 12) Obtain copies of reports, correspondence, contracts, invoices/bills and payments for major contractors performing project management function.
- 13) Acquire copies of all documentation related to the approval of the project noting dates, compliance with corporate authority requirements, document creation, and retention.
- 14) Evaluate the Iatan 1 finite Estimate and document the history of its development as well as

the factors included or not considered in this cost estimate.

- 15) Determine and document the project control process (e.g. change order approval and documentation process) instituted to ensure that project was completed on time and within budget while satisfying all quality/safety requirements.
- 16) Obtain the required policies and procedures relative to procurement, contract negotiation, and contract administration.
- 17) Ascertain the key procurement decisions and their impact on definitive estimate (i.e. control budget estimate).
- 18) Identify the major contracts that resulted in cost overruns. Obtain all documentation related to performance and contract issues.
- 19) Identify project management decisions or vendor performance that resulted in project delays.
- 20) Obtain change order documentation related to change orders primarily responsible of a majority of contingency exhaust and overruns. Verify whether change order approvals comply with established procedures.
- 21) Obtain all whistle blower/hot line/anonymous complaints and issues received by the Company regarding the project.
- 22) Acquire all meeting minutes, reports, and other documentation regarding project information provided to Board of Directors, Board Members, Senior Management, and Joint Owners.

B) Detailed Audit Steps: (To Be Determined after evaluation of Preliminary material)

Sioux Audit Scope

Souix Description. Construction activities to upgrade the environmental equipment at AmerenUE's Sioux coal plants..

Audit Purpose: To determine the amount of construction expenditures for this project that should be included in rates charged to AmerenUE customers

Audit Risk: TBD

Audit Approach:

A) Preliminary:

- 1) Evaluate whether project requirements and objectives were identified, clearly established, realistic, and documented from the projects inception.
- 2) Ascertain the code of conduct relative to the project, the date this information was disseminated to project employees and vendors, amount of training provided, and documentation relative to monitoring and enforcement of these requirements.
- 3) Determine the organization and structure of the management of the Sioux project.
- 4) Identify key individuals in the Sioux project management since project was initiated.
- 5) Determine the authority/responsibility of key individuals.
- 6) Identify the key individuals' expertise and experience relative to their authority/responsibility for the project.
- 7) Specify reporting/documentation requirements for Sioux project.
- 8) Identify and obtain key projects reports since project inception.

- 9) Trace project management through Corporate Structure to Board of Directors and identify corporate roles relative to responsibility, authority, documentation, retention, and reporting.
- 10) Determine the key members of the project management group as well as contractors hired to assist this function through the project duration.
- 11) Create a schedule of the cost of entities/contractors performing project management function.
- 12) Obtain copies of reports, correspondence, contracts, invoices/bills and payments for major contractors performing project management function.
- 13) Acquire copies of all documentation related to the approval of the project noting dates, compliance with corporate authority requirements, document creation, and retention.
- 14) Evaluate the Sioux Definitive Estimate and document the history of its development as well as the factors included or not considered in this cost estimate.
- 15) Determine and document the project control process (e.g. change order approval and documentation process) instituted to ensure that project was completed on time and within budget while satisfying all quality/safety requirements.
- 16) Obtain the required policies and procedures relative to procurement, contract negotiation, and contract administration.
- 17) Ascertain the key procurement decisions and their impact on definitive estimate (i.e. control budget estimate).
- 18) Identify the major contracts that resulted in cost overruns. Obtain all documentation related to performance and contract issues.
- 19) Identify project management decisions or vendor performance that resulted in project delays.

- 20) Obtain change order documentation related to change orders primarily responsible of a majority of contingency exhaust and overruns. Verify whether change order approvals comply with established procedures.
- 21) Obtain all whistle blower/hot line/anonymous complaints and issues received by the Company regarding the project.
- 22) Acquire all meeting minutes, reports, and other documentation regarding project information provided to Board of Directors, Board Members, Senior Management, and Joint Owners.

B) Detailed Audit Steps: (To Be Determined after evaluation of Preliminary material)