



DYNEGY

Case Study: Internal Audit Co-Sourcing

CHALLENGE

Dynegy, a provider of wholesale power, capacity and ancillary services to utilities, cooperatives, municipalities and other energy companies in 13 states across the U.S. Midwest, Northeast and West Coast, was in need of a co-sourcing partner to augment their own internal auditing department which they had established in 2001.

SOLUTION

MJLM provided internal auditing expertise and formulated an audit charter and policies conforming to both Dynegy's definition of internal auditing and their corporate mission. Established guidelines for the audit policies and procedures manual, performed analysis of the cost of previously outsourced internal audit functions to establish a baseline for future insourced departmental costs. Established a model for assessing risk and applied risk methodology to develop the annual audit plan. Performed market analysis of relevant audit positions including job description, salary and compensation packages. Our work included:

- Performed market analysis of relevant audit positions and respective job descriptions and compensation levels.
- Analyzed results of audits performed within the then-current audit plan to develop a risk assessment methodology.
- Applied risk assessment methodology to develop an audit plan for the coming year.
- Prepared presentations to communicate audit results and emerging internal and external issues to the audit committee of the board of directors.
- Developed charter and policy for the Corporate Policies and Procedures Committee charged with establishing high-level operating guidelines to be applied corporate-wide.
- Established protocols for all external audit and review entities governing a wide range of activities from building access controls to board communication.
- Designed and prepared internal audit programs.
- Performed specific tests of controls, compliance and operating activities.