

Long Island Power Authority

FINANCE AND AUDIT COMMITTEE - 2018 REPORT

The Finance and Audit Committee (the “Committee”) of the Long Island Power Authority’s Board of Trustees (the “Board”) has prepared this report related to its obligations pursuant to the Committee’s charter.

Among its responsibilities, the Committee must report its actions and recommendations to the Board on at least an annual basis on how it has discharged its duties and met its responsibilities including actions related to investigating any matter brought to the attention of the Committee.

The Committee is also charged with specific responsibilities related to the Annual Budget; Borrowing, Debt Management, and Interest Rate Exchange Agreements; Power Supply Hedging; Investments; Financial Statements and Disclosure Matters; Selection and Oversight of the Independent Auditor; Internal Audit; Enterprise Risk Management; Internal Control; and Compliance Oversight. These specific responsibilities are detailed within the Committee Charter. Accordingly, the Committee reports as follows:

Membership

The charter requires that a minimum of three Trustees serves as members of the Committee. As appointed by the Chair of the Board, the following three Trustees currently serve on the Committee:

Sheldon L. Cohen, Chair
Elkan Abramowitz
Mark Fischl

Each Committee member meets the standards required for such membership, including: 1) independence, as set forth in the Public Authorities Accountability Act of 2005; 2) familiarity with corporate financial and accounting activities; 3) skills necessary to understand the duties of the Committee; and 4) possess or obtain a basic understanding of governmental financial accounting and reporting.

Meetings

The Committee is required to meet as often as it determines necessary, but not less frequently than four times per year. As of December 31, 2018, the Committee met five times.

Committee Activities

During 2018, the Committee satisfied each of the obligations contained in its Charter, including the following key activities:

- Review of LIPA and PSEG Long Island's financials at every meeting of the Committee;
- Recommendation to approve revisions to the Committee's Charter;
- Review of the LIPA Hedge Report at every meeting of the Committee;
- Review of internal audit activities;
- Review of Internal Audit Charter and Internal Audit Independence Memo;
- Recommendation to approve amendments to the Audit Relationships Policy;
- Recommendation to approve the 2017 Annual Report, including year-end financial statements;
- Approval of the 2017 Investment Report and 2018 Investment Guidelines;
- Annual Discussion of the Board's Policy on Economic Development;
- Discussion of the Committee's Annual Report to the Board;
- Update from PSEG ER&T on Power and Fuel Supply Management and Hedging;
- Approval of an Amended Board Policy on Audit Relationships;
- Approval of the Annual Report and Amendments to the Board's Policy on Enterprise Risk Management;
- Approval of the Annual Report and Amendments to the Board's Policy on the Power Supply Hedging Program;
- Recommendation to approve the 2019 Budget;
- Recommendation to approve the 2019 Plan of Finance and Bond Authorizations;
- Recommendation to approve certain tariff changes; and
- Approval of the 2019 Internal Audit Plan.

Conclusion

The Committee will continue to support the Board of Trustees in discharging its oversight responsibilities relating to accounting, financial reporting, financial practices, and other charter obligations and remains available to provide assistance and guidance regarding any additional responsibilities requested by the Trustees or the Chair of the Board.