

BOARD AGENDA SUMMARY SHEET

Committee or Board: Finance and Audit Committee	Date: July 19, 2019	Board Meeting Date: July 24, 2019
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For All Board Voting Items:

Title of Agenda Item: Recommendation to Approve a Vendor for Financial Audit Services

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & REV

LIPA Presenter: Kenneth Kane

PSEG Long Island Presenter: N/A

For Contract Approvals Only:

RFP: Yes No

Term: 5 years **Effective Date:** TBD (pending AG/OSC approval)

Requested Action:	The Committee is requested to approve a resolution recommending that the Chief Executive Officer, or his designee, be authorized to engage KPMG to provide financial audit services LIPA for a term not to exceed five (5) years.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>LIPA's financial statements are subject to an annual examination by an independent certified public accounting firm in accordance with Generally Accepted Auditing Standards. Such annual audit includes a review and evaluation of the Authority's system of accounts, accounting procedures, internal controls, and business practices to determine its adequacy and compliance with applicable provisions of the laws of the State of New York.</p> <p>On April 15, 2019, LIPA issued a Request for Proposals seeking qualified firms to provide annual audit services to LIPA. Three firms responded to the RFP. A fourth firm that submitted a letter of intent to bid subsequently informed LIPA it would not be submitting a response.</p> <p>Based upon the review of the submissions and an assessment of LIPA's needs, the selection committee determined KPMG was best suited to serve as LIPA's independent accountants. This recommendation was based on the strengths of the firm's ability to provide the required range of services within timeframes specified by LIPA, the firm's demonstrated record of experience in public finance, and the professional qualifications and experience of the team assigned to the audit by KPMG.</p>

FOR CONSIDERATION

July 24, 2019

TO: The Finance and Audit Committee of the Board of Trustees

FROM: Thomas Falcone

SUBJECT: Recommendation to Approve a Vendor for Financial Audit Services

Requested Action

The Finance and Audit Committee (the “Committee”) of the Board of Trustees of the Long Island Power Authority (the “Board”) is requested to approve a resolution, attached hereto as **Exhibit “A”**, recommending that the Chief Executive Officer, or his designee, be authorized to engage KPMG LLP (“KPMG”) to provide financial audit services to the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA” or the “Authority”) for a term not to exceed five (5) years.

Background

LIPA's financial statements are subject to an annual examination by an independent certified public accounting firm in accordance with Generally Accepted Auditing Standards. Such annual audit includes a review and evaluation of the Authority's system of accounts, accounting procedures, internal controls, and business practices to determine its adequacy and compliance with applicable provisions of the laws of the State of New York. The annual audit report may also include recommendations of possible improvements to internal controls, where appropriate. The audit report must conform to the requirements of Public Authorities Law Section 2802 and Governmental Accounting Standards (“GASB”).

Discussion

On April 15, 2019, LIPA issued a Request for Proposals (“RFP”) seeking qualified firms to provide annual audit services to LIPA. The RFP was distributed to widely known firms, advertised in the New York State Contract Reporter and posted on LIPA’s website.

On or before May 15, 2019, three firms responded to the RFP. A fourth firm that submitted a letter of intent to bid subsequently informed LIPA it would not be submitting a response. LIPA staff formed a selection committee to review the responses. The selection committee performed a technical evaluation by scoring each proposal, while LIPA’s procurement staff evaluated cost and the Minority and Women Owned Business Enterprises and Service-Disabled Veteran-Owned Business criteria.

Based upon the review of the submissions and an assessment of LIPA’s needs, the selection committee determined KPMG was best suited to serve as LIPA’s independent accountants. This recommendation was based on the strengths of the firm’s ability to provide the required range of services within timeframes specified by LIPA, the firm’s demonstrated record of experience in public finance, and the professional qualifications and experience of the team assigned to the audit by KPMG.

KPMG will also provide financial audit services to the Utility Debt Securitization Authority (“UDSA”) under the terms its servicing agreement with the Authority for a period of five years.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of the resolution in the form attached hereto.

Attachment

Exhibit “A” Resolution

RESOLUTION RECOMMENDING THE AUTHORIZATION TO ENGAGE A FIRM TO PROVIDE FINANCIAL AUDIT SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Finance and Audit Committee of the Board of Trustees hereby recommends that the Chief Executive Officer or his designee be authorized to engage KPMG LLP to provide financial audit services to the Long Island Power Authority and its subsidiary the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA” or the “Authority”) with a contract for a period of five years; and

BE IT FURTHER RESOLVED, that KPMG LLP will also provide financial audit services to the Utility Debt Securitization Authority (“UDSA”) under the terms its servicing agreement with the Authority for a period of five year.

Dated: July 24, 2019