

## LONG ISLAND POWER AUTHORITY

### FINANCE AND AUDIT COMMITTEE - 2019 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 serve as members of the Committee. As appointed by the Chair of the Board, the following three Trustees served on the Committee in 2019:

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, 2019, the Committee met six times.

#### Committee Activities

During 2019, 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

- Internal Audit activities at every meeting of the Committee
- The Internal Audit Charter and Internal Audit Confirmation of Independence

Recommendations to approve:

- Revisions to the Committee's Charter
- Annual Review and Amendments to the Audit Relationships Policy
- Annual Review and Amendments to the Board Policy on Debt and Access to the Credit Markets
- Annual Review and Amendments to the Board Policy on Economic Development
- LIPA's 2018 Financial Report
- LIPA's 2020 Budget and amendment to the 2019 Budget
- LIPA's Plan of Finance and 2020 Bond Authorizations
- Certain tariff changes
- A vendor for Financial Audit Services

Approval of the:

- 2018 Investment Report and 2019 Board Policy on Investments
- 2018 Financial Report
- Annual Report and Amendments to the Board Policy on Enterprise Risk Management
- 2020 Internal Audit Plan and Resource Requirements
- Annual Report and Amendments to the Board Policy on the Power Supply Hedging Program

Discussion of the:

- Committee's Annual Self Report to the Board
- Sales Forecast
- 2018 Audit Results with Independent Auditors
- Independent Auditor's 2019 Audit Plan
- Annual Insurance Review

Updates of:

- PSEG Long Island's ER&T on Power and Fuel Supply Management and Hedging Activities
- LIPA's 2019 Plan of Finance

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.