

FOR CONSIDERATION

June 26, 2024

TO: The Board of Trustees

FROM: John Rhodes

SUBJECT: Approval of a Vendor for Financial Audit Services

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to approve a resolution, attached hereto as **Exhibit “A”**, authorizing the Acting Chief Executive Officer, or designee, 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”) and the Utility Debt Securitization Authority (“UDSA”) 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 an 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 for 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 26, 2024, LIPA issued a Request for Proposals (“RFP”) seeking qualified firms to provide annual audit services and other required compliance services to LIPA. The RFP was distributed to twelve widely known firms, advertised in the New York State Contract Reporter, and posted on LIPA’s website. The RFP was also posted to LIPA’s Solicitation Online Portal (Bonfire) which is where vendors are invited to respond through online notifications.

On or about May 24, 2024, two firms responded to the RFP. 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 the cost and the Minority and Women-Owned Business Enterprises and Service-Disabled Veteran-Owned Business criteria. Since the technical scores for the 2 vendors were less than 15 points apart the technical team conducted interviews.

Based upon the review of the submissions, interviews, and an assessment of LIPA’s needs, the selection committee determined that KPMG was best suited to serve as LIPA’s independent accountant. This recommendation was based on the strengths of the firm’s ability to provide the required range of services within the 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 and other agreed-upon procedures to the UDSA under the terms of its servicing agreement with the Authority for the same five-year period.

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 AUTHORIZING THE ENGAGEMENT OF A FIRM TO PROVIDE FINANCIAL AUDIT SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Acting Chief Executive Officer or designee be, and hereby is, 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 of its servicing agreement with the Authority for a period of five years.

Dated: June 26, 2024