

**LONG ISLAND POWER AUTHORITY**  
**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**HELD ON JANUARY 23, 2025**

*The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 9:47 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on January 17, 2025 and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present in person:*

**Tracey Edwards, Board Chair**  
**Dominick Macchia, Acting Committee Chair**  
**David Manning, Committee Chair (via video conferencing)**  
**Valerie Anderson Campbell, Committee Member**  
**Drew Biondo**

**Representing LIPA, in person, were John Rhodes, Acting Chief Executive Officer; Bobbi O’Connor, General Counsel and Board Secretary; Donna Mongiardo, Chief Financial Officer; Cathy Widmark, Director of Audit; Jen Hayen, Director of Communications; and Bill Robins, Senior Digital Specialist. Participating via video conferencing was Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

**Representing PSEG Long Island in person, was Martin Shames, Finance Director.**

**Representing the Department of Public Service were Carrie Meek Gallagher, Director; and Nick Forst, Deputy Director.**

**Acting Chair Macchia welcomed everyone to the Finance and Audit Committee meeting of the Long Island Power Authority Board of Trustees.**

*Acting Chair Macchia stated that the first item on the agenda is the adoption of the minutes from the December 18, 2024 Committee meeting.*

*Upon motion duly made and seconded, the minutes of the December 18, 2024 meeting were approved unanimously.*

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*Acting Chair Macchia stated that the next item on the agenda is the Overview of Financial Results to be presented by Donna Mongiardo and Martin Shames.*

*Ms. Mongiardo and Mr. Shames presented the Overview of Financial Results and then took questions from the Trustees.*

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*Acting Chair Macchia stated that the next item on the agenda is Discussion of Internal Audit Activities, Approval of the Internal Audit Charter, and Consideration of Recommendation to Approve of the Annual Review and Amendments to the Board Policy on Audit Relationships to be presented by Cathy Widmark.*

*Ms. Widmark presented the following action items and took questions from the Trustees:*

#### **Requested Action**

The Finance and Audit Committee (the “Committee”) is requested to adopt a resolution recommending revisions to the Long Island Power Authority (the “LIPA”) Internal Audit Charter (the “Charter”) in the form attached hereto.

#### **Background**

The Charter, which the Committee most recently adopted on February 15, 2023, establishes the purpose, authority, and responsibilities of LIPA’s Internal Audit.

#### **Proposed Changes**

Consistent with the Charter, the Committee has undertaken a thorough annual review of the Charter’s adequacy. Suggested revisions include:

- Immaterial differences throughout the document to align with the newly implemented Global Audit Standards (“Standards”) as defined by the Institute of Internal Auditors (IIA). The revisions include an update to the Internal Audit purpose and mandate.

#### **Recommendation**

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

## **RECOMMENDATION FOR APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY INTERNAL AUDIT CHARTER**

**WHEREAS, on February 15, 2023, the Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) last adopted the Internal Audit Charter (“Charter”) which establishes, among other things, the purpose, authority, and responsibilities of LIPA’s Internal Audit; and**

**WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to approve for the reasons set forth in the accompanying memorandum.**

**NOW, THEREFORE, BE IT RESOLVED, that the Committee hereby adopts the Long the Charter in the form presented at this meeting.**

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### **Requested Action**

**The Finance and Audit Committee ("F&A Committee") of the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Audit Relationships (the "Policy"); (ii) find that LIPA has complied with the Policy; and (iii) approve certain amendments to the Policy, which resolution is attached hereto as "Exhibit A".**

### **Board Policy on Audit Relationships**

**F&A Committee, in its Charter, was delegated the responsibility for reviewing LIPA's audit- related policies and practices.**

**The Policy defines the expectations of the Board regarding the existing authority granted to the F&A Committee for, among other matters, (i) selecting an independent certified public accounting firm to conduct annual audits of LIPA; (ii) the annual review of the audit plan as well as the Charter, activities, staffing, budget, and organizational structure of Internal Audit, and confirming the independence of the internal auditors; (iii) monitoring, in consultation with the Chief Audit Executive ("CAE"), the significant findings of internal audit reports and the status of the implementation of management's action plans in response to such audit findings; (iv) setting forth the procedures for the Board of Trustee's receipt, review and implementation of any recommendations in a Management and Operations Audit conducted by the New York State Department of Public Service ("DPS").**

**Since the last review of the Policy, the following activities have been performed consistent with the Policy:**

***Independent External Auditor***

- The Board previously selected KPMG as the independent certified public accounting firm to conduct annual audits of LIPA. In March 2024, the F&A Committee met with KPMG to complete its annual 2023 annual audit. KPMG reported no significant findings as a result of its audit.

#### *Internal Auditors*

- Internal Audit conducted audits as identified in the annual audit plan and special projects requested by the F&A Committee or management. Internal audit activities were performed in accordance with the Institute of Internal Auditors' Mandatory Guidance.
- In December 2024, the F&A Committee reviewed and approved the audit plan, activities, staffing, budget, and organizational structure of the internal audit department.
- The CAE met with the F&A Committee at each Board meeting to discuss internal audit activities and progress toward remediation of Management Action Plans in response to internal audit findings.
- The CAE met with the F&A Committee at least twice per year in executive sessions independent of other LIPA staff and reported significant internal audit findings to the Board in a timely manner.

#### *DPS Management and Operations Audits*

- As required by the LIPA Reform Act, DPS procured NorthStar Consulting Group to conduct the Management and Operations audit, which concluded on March 22, 2024 with the filing of a final report containing 80 individual recommendations in 15 areas of management, oversight, and operations. In April 2024, DPS briefed the Board on this final audit report and key recommendations.
- During the April 2024 Board meeting, the Board of Trustees directed the LIPA and PSEG Long Island staff to implement the audit report's recommendations in accordance with the timeframe specified under such audit.
- LIPA staff will provide an annual update on the status of the 2022 recommendations starting with the Board's December 2025 meeting.

#### Annual Review of the Policy

The proposed changes to the Board Policy include minor stylistic changes. The proposed changes to the Policy are more specifically set forth in Exhibit "B".

#### Recommendation

Based upon the foregoing, I recommend the approval of the adoption of the resolution in the form attached hereto as Exhibit "A".

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

**RESOLUTION RECOMMENDING APPROVAL OF THE ANNUAL REPORT AND AMENDMENTS TO THE LONG ISLAND POWER AUTHORITY BOARD POLICY ON AUDIT RELATIONSHIPS**

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**WHEREAS**, the Board of Trustees (the "Board") of Long Island Power Authority ("LIPA") is responsible for setting LIPA's audit relationship policy and overseeing its fulfillment; and

**WHEREAS**, the Finance & Audit Committee (the "F&A Committee"), in its Charter, was delegated the responsibility of reviewing LIPA's policies regarding audit relationships; and

**WHEREAS**, in LIPA's By-Laws, LIPA's Board delegated certain responsibilities to the Chief Executive Officer for managing and directing LIPA Staff.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the F&A Committee hereby recommends that the Board find that LIPA has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

**BE IT FURTHER RESOLVED**, that consistent with the accompanying memorandum, the F&A Committee hereby recommends the changes to the Policy that are reflected in Exhibit "B" are hereby approved.

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*Acting Chair Macchia stated that the last item on the agenda is the Committee's Annual Self Report and Review of Committee Charter to be presented by Bobbi O'Connor.*

*Ms. O'Connor presented the Committee's Annual Self Report and Review of Committee Charter and then took questions from the Trustees.*

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*Acting Chair Macchia then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 10:01 a.m.*

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