

Board Policy:	Audit Relationships
Policy Type:	Governance Process
Monitored by:	Finance and Audit Committee
Board Resolution:	#1355, approved March 29, 2017 #1410, amended March 29, 2018



Board Policy on Audit Relationships

The Board of Trustees shall do the following regarding the independent external auditor, the internal auditors of the Authority, and management and operations audits of the Department of Public Service.

Independent External Auditor

- The Board of Trustees, on the recommendation of the Finance and Audit Committee, will select an independent certified public accounting firm to conduct annual audits of the Authority. The Board will make the choice of the external auditor based on advice from staff and others as it deems necessary to exercise prudent, independent judgement.
- The Finance and Audit Committee will annually review the audit services to be performed by such independent auditor, including the scope, fees and terms thereof and all relationships between the auditor and the Authority.
- The Finance and Audit Committee will meet each year with the external auditors at the commencement of the annual audit and again after the audit is complete. The meeting at the completion of the audit will be independent of staff. The Committee members will report any significant findings to the Board in a timely manner.

Internal Auditors

The Authority's internal auditors provide independent, objective assurance and consulting services to the Board and management designed to improve the organization's operations, risk management, control, and governance processes.

- The internal auditors shall conduct audits as identified in the annual audit plan as well as special projects as requested by the Finance and Audit Committee, acting as a whole, or management.
- The annual audit plan will include audits of the Authority and its service providers, and the internal auditors shall have unlimited access to all activities, records, property, and personnel of the Authority and its service providers in the performance of their duties.
- The Finance and Audit Committee will annually review and provide guidance on the audit plan as well as the charter, activities, staffing, budget, and organizational structure of the Internal Audit Department and will confirm the independence of the internal auditors. The Director of Audit shall administratively report to the Chief Executive Officer.

- The Finance and Audit Committee will monitor, in consultation with the Director of Audit, the significant findings of internal audit reports and the status of the implementation of management's action plans in response to such audit findings.
- The Finance and Audit Committee will meet at least twice per year with the Director of Audit independent of other Authority staff and will report any significant internal audit findings to the Board in a timely manner.

Management and Operations Audits

The LIPA Reform Act (the "Act") directs the Department of Public Service to conduct comprehensive management and operations audits of the Authority and PSEG Long Island at least once every five years.

Upon completion of an audit, the Department of Public Service must deliver to the Board a report of its findings together with any recommendations for improvements and a timetable for implementation of those recommendations. Absent a preliminary finding of inconsistency made by the Board, under the procedures set forth in the Act, the audit report's recommendations and timetables become final 30 days after receipt by the Board.

Thirty days after the audit report's finalization, the staff of the Authority, in coordination with PSEG Long Island, shall submit an implementation plan to the Board to effectuate the audit's recommendations.

The Authority's Chief Executive Officer shall report to the Oversight Committee on progress toward the planned implementation plan in accordance with the timetables set forth in the implementation plan, and the Oversight Committee will report any significant implementation matters to the Board in a timely manner.