



Deloitte



Opening Doors to Home
Ownership in Florida.

Continuing to Serve Florida Housing

Response to RFP 2008-06

Audit • Tax • Consulting • Financial Advisory.

September 3, 2008

Tel: 904 665-1400
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Robin L. Grantham
Contracts Administrator
Florida Housing Corporation
227 North Bronough Street
Suite 5000
Tallahassee, FL 32301-1329

RE: RFP 2008-06 Proposal Response

Dear Robin:

On behalf of Deloitte and members of our engagement team, we are pleased to present our proposal to continue to provide auditing services to Florida Housing Finance Corporation (Florida Housing)—a long-standing, valuable client to us—and one whom we are enthusiastic about continuing to serve.

We are proud of the level of service we have provided Florida Housing, and we believe that the crucial factor underlying our ability to continue bringing you superior service is a simple one—the long-term, mutually beneficial relationship we have shared to date. Simply stated, we know you and you know us. There are no surprises and no unknowns on either side of the relationship.

Florida Housing will continue to be served by members of a familiar team—led by Ed Corrigan as audit engagement partner who served as lead client service partner (LCSP) from 1994 to 2004. Ed, as your audit engagement partner, will be responsible for the overall management of the engagement. Ed will be supported by **Wade Weeks** who returns as the lead client service partner (LCSP) in 2008 after serving as your LCSP and audit engagement partner in 2005, 2006, and 2007.

We believe in Florida Housing's mission to provide safe, decent, and affordable housing for all Floridians and we value our audit relationship with you. If we are selected to continue as Florida Housing's independent auditors, we will continue to respond to your needs and provide solutions that will make a tangible difference in your success—that is our commitment to you.

Please feel free to contact either Wade Weeks at 904 665-1456 or Ed Corrigan at 904 665-1421 if you have any questions.

Very truly yours,



J. Wade Weeks
Lead Client Service Partner
Deloitte & Touche LLP



Edward R. Corrigan
Audit Engagement Partner
Deloitte & Touche LLP

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Executive Summary

The last several years have proven to be very challenging on many fronts — from the decline in the housing market to the rise in foreclosures, and the dramatic increase in development costs and operations.

—Florida Housing Finance Corporation, 2007 Annual Report

Understanding Your Needs ... and Meeting Them

Light at the end of the tunnel keeps receding: the housing downturn is entering its third year since 2005 when housing sales peaked. Florida has been especially hit, when during the housing boom increasing home values prompted buyers to overextend themselves. In addition, falling home prices, weak housing sales, tighter lending standards and the economy have accelerated the problem. As the State of Florida experiences significant funding challenges, Governor Charlie Crist has asked all state entities to find ways to do more with less. You have worked with local governments, non-profits, elected officials and others to increase Florida's affordable housing opportunities in such programs as the State Housing Initiatives Partnership (SHIP) program and the Hurricane Housing Recovery Program (HHRP)—all while reducing your operating cost.

Florida's Housing Crisis— Florida Housing is part of the solution

Florida's Chief Financial Officer Alex Sink has created a "Financial Action Team" that includes Florida Housing. This team is tasked with analyzing the Housing and Economic Recovery Act of 2008 to maximize the state's opportunity of available federal dollars.

We have also been there with you along the way as you have grown and changed, building on an expanding base of knowledge and understanding of your business that **no one else can approach**. And as you cut cost, we are committed to become more cost competitive, while maintaining superior customer service. We welcome the opportunity to continue to demonstrate how we can make a substantial contribution to the continued success of Florida Housing. Our returning engagement team stands ready and eager to meet your future needs.

The Foundation

We know Florida Housing. That is why we believe retaining Deloitte as your service provider is the right choice. We are committed to listening to your needs and to continue serving you in the way you deserve to be served.

Deloitte...

- Knows your business
- Knows your people
- Knows the risks
- Knows the control environment
- Knows your processes
- Knows the industry
- **Knows Florida Housing**

Florida Housing...

- Knows and trusts Deloitte
- Knows the team
- Knows the personalities of our people
- Knows our history
- Knows our commitment to Florida Housing
- Knows our approach
- **Knows Deloitte**

The Value of Commitment: Our Record of Service to Florida Housing

We understand that your request for proposal has not stemmed from a service issue, and we want to let you know that we are more committed than ever to providing Florida Housing the best resources and the best service possible. Let us not forget that during our long-term relationship with Florida Housing, we have served you well, **and the knowledge that we have built over the years will take other service providers years to build.** Our long-standing service to you speaks directly to our commitment and our singular qualifications to serve as your external auditors.

We commit to providing you an even higher level of service and improving on it in response to your specific needs, concerns, and requests. We will work through any obstacles, striving to meet your expectations each and every day.

A Familiar Team

Florida Housing will continue to be served by members of a familiar team—a team who (1) believes in quality, integrity, and trust, (2) makes commitment and service to you their No. 1 priority, (3) has the requisite technical skills, and (4) has the right “chemistry” so that we can continue to communicate openly and candidly. You have worked closely with the key members of our team and you know that this is a team with a proven and outstanding track record.

Edward Corristan, who served as lead client service partner from 1994 to 2004, has returned to the team as audit engagement partner and will be responsible for the delivery of all audit services provided to Florida Housing. **Wade Weeks** will continue his service to Florida Housing in the role of lead client service partner to support Ed.

Also In 2007, we added **Steve Fischer** as Financial Service Industry (FSI) concurring review partner to the team as an industry advisory partner to confirm that we bring broad industry prospective to you to help identify areas where we can add value. Steve will be returning in that role for 2008, 2009, and 2010

Reem Samra, Governmental Accounting Standards Board (GASB) concurring director and **Steven Potts**, manager, will return to their respective positions on this engagement. In addition, **Uvashi Patel** also returns, in the role of senior manager.

Industry Leadership

Our National Public Sector Practice

Comprising more than 1,000 cross-functional professionals dedicated to serving various government-related entities, including housing authorities, federal civilian and defense agencies, cities, counties, states, colleges, universities, school districts, workforce agencies, welfare agencies, childcare assistance entities, lotteries, mass transit authorities, ports, airports, and cultural complexes, we stand out because of the qualities our dedicated professionals demonstrate every day in their relationships with public sector clients. We recognize that specialization provides a double benefit to our clients through improved knowledge and service and to our professional staff through opportunities to make more significant contributions to their clients' success.

Leadership in Serving the Housing Industry

Deloitte is well established as a leader in the housing finance industry. We have a national reputation for leadership and excellence at all levels, from federal agencies to state housing agencies to local housing agencies. Our position in the industry is based on our knowledge of housing operations, U.S. Department of Housing and Urban Development (HUD) requirements, and participation in industry groups.

Deloitte understands the challenges housing agencies face, and the tools they need to find solutions and strategies. Our extensive service to housing authority organizations, in addition to our

Deloitte National Housing Organization and Relevant Financial Services Clients

Arkansas Development Finance Authority
Baton Rouge Home Mortgage Authority
California Housing Finance Agency
Chicago Housing Authority
Cincinnati Metropolitan Housing Authority
Colorado Housing/Financial Authority
Columbus Metropolitan Housing Authority
East Baton Rouge Mortgage and Finance Authority
Fannie Mae
Metropolitan Development and Housing Agency – Nashville
Michigan State Housing Development Authority
Minnesota Public Facilities Authority
New Jersey Housing and Mortgage Finance
U.S. Department Of Housing and Urban Development

longstanding relationships with the public sector and real estate industries, sets us apart from our competitors. Over the years, we have developed a reputation for leveraging this experience to provide objective, effective advice and cost-effective, creative solutions to housing agencies.

Value for Fees

We are committed to delivering audit services at a competitive price that adds real value and gives you the assistance, value for your money and results you require. We want to maintain our long-term and mutually beneficial relationship with Florida Housing and will make every effort to contain costs and strive to exceed your expectations with the quality of services we provide. While we understand that fees are not expected to be your only consideration in selecting a provider, you unquestionably expect and deserve to receive full value for the dollars you spend for these services.

No one wants to spend more money than necessary. It is simply not good business. During the proposal process, you will receive proposals from providers that will have scoped the audit differently. Florida Housing is a complex organization and having more than 14 years of experience with you allows us to scope the engagement with a level of accuracy **that cannot be matched by another provider**. We exercised great care in the scoping process to take advantage of continuous audit improvements. There is significant value in your being able to focus on your business **instead of training auditors** new to Florida Housing.

We Stand Ready to Continue Serving You

Deloitte will deliver on your expectations. Being able to draw on years of direct audit services to Florida Housing means this team, a returning team of familiar faces and personalities will not need to spend time learning your business issues, philosophy, and style. From day one, our focus will be on drawing on our deep experience to provide the most effective and valuable service to you—the **Florida Housing we already know**.

Just as important, we have taken the knowledge gained by serving you and challenged ourselves to focus on adding value. In addition, we have added depth to our engagement team to bring fresh ideas and effective practices from companies who utilize financial instrument strategies. We have the desire to continue building on our relationship with you through regular communication between our partners and your senior management. We offer Florida Housing a relationship that will continue delivering quality service by providing our engagement team's focused attention and proactive approaches to help you reach your goals. We are the best choice for Florida Housing — then, now, and as you move into the future.

Benefits of Continued Service

Our history allows us to bring the following assets to the Florida Housing audit **unmatched by any other organization**:

- **Trust** – You know us.. We know you
- Past service to Florida Housing—no provider understands your systems, processes, and issues better
- No start-up cost
- **An understanding** of your risks
- A consistent, returning team
- In-depth **knowledge of your business**—in bonds, loans, single audit and government funds
- Responsive service
- Frequent, open, honest communication—we are not afraid to have the “difficult” conversations
- A **leader** in your industry
- **Established relationships** between Florida Housing and Deloitte
- Leader in audit **quality** and credibility of work

We Want Your Business

We value our relationship with you and would like to continue as your auditor. We take pride in our history of being proactive. This is the heart of the quality approach that we strive to bring to client engagements. We stand ready to serve you and will continue to work hard to consistently provide excellence in providing services tailored to your business needs.

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A. General Information

A1. Provide a description of the Offeror including the year organized, ownership, and the total number of audit staff employees by staff level designation, i.e. senior, manager, etc., a summary of revenues and the percentage of revenues earned from auditing/accounting, tax, management consulting, and other services for the latest year end.

Our History—A Century of Exceeding High Expectations

For more than 100 years, clients have relied on Deloitte LLP and its subsidiaries and predecessor organizations for solutions to their ever-changing needs. We are a national and global leader today because we have sustained our clients' trust and exceeded their expectations throughout our history. Great leaders, such as William Welch Deloitte, George A. Touche, Charles Haskins, and Elijah Watt Sells helped define and expand the foundations of our profession and the value of our service. As we embark upon our second century of achievement, the story of our forebears and the outstanding clients they served continues to motivate and inspire us. These great clients, great leaders, and great moments shaped the culture of client service that distinguishes Deloitte LLP today. Deloitte LLP is a privately owned partnership.

Total Number of Audit Employees

A talented group of more than 12,000 professionals serves our AERS practice in the U.S. The total number of audit staff, by staff level designation is as follows:

Level	Count
Partner/Principal	1,187
Firm Director	293
Senior Manager	1,424
Manager	1,734
Senior/Senior Consultant	3,491
Staff/Consultant	2,241
Junior Staff/Analyst	1,639
Client Service-Other Support	6
Admin Firm Director	3
Admin Exempt	72
Admin Non-Exempt	11
Total	12,101

Revenues

For the fiscal year ended May 31, 2007, Deloitte LLP and its subsidiaries recorded US\$9.85 billion in revenues; revenues for the fiscal year ended May 31, 2008, have not yet been released. Deloitte Touche Tohmatsu (DTT) Worldwide Member Firms' 2008 global revenue was US\$27.4 billion, an increase of 18.6 percent. See more detailed information in the following chart:

2007 Deloitte LLP Total Revenues (US\$)	\$9.85BB
Audit and Enterprise Risk Services	44%
Consulting	30%
Tax	22%
Financial Advisory Services	4%

A2. The name, job title, address, office and cellular telephone numbers, fax number, and e-mail address of a primary contact person, who will be responsible for day-to-day contact with Florida Housing, and any backup personnel who shall be accessible if the primary contact cannot be reached.

Edward Corristan

Audit Engagement Partner | Deloitte & Touche LLP

Phone: 904 665 1421

Fax : 904 665 1621

E-mail: ecorristan@deloitte.com

Wade Weeks

Lead Client Service Partner | Deloitte & Touche LLP

Phone: 904 665-1456

Fax: 904 665 1656

E-mail: wweeks@deloitte.com

A3. Provide documentation of the Offeror's ability to meet the following minimum professional qualifications. These minimum professional qualifications must be met in order to be considered for Contract award.

a. The Offeror must be a certified public accounting firm.

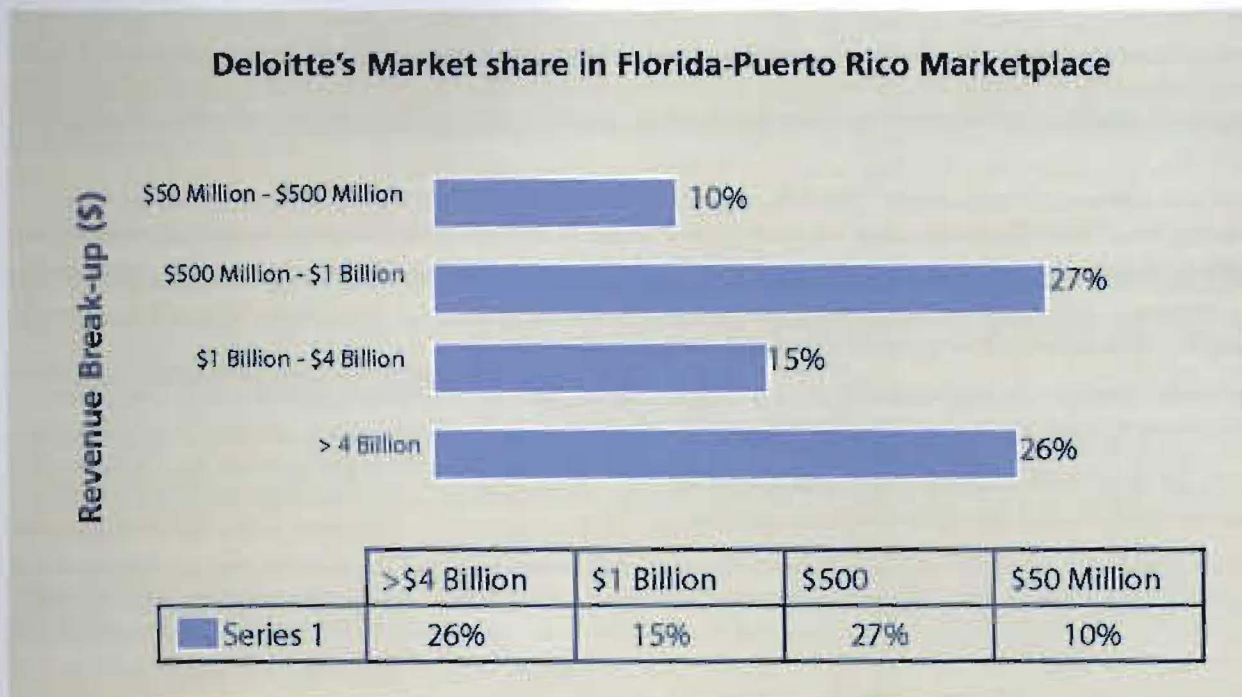
For more than 75 years, Deloitte LLP and its subsidiaries have served as business advisors in the state of Florida in both the public and private sectors. The various Deloitte LLP entities in Florida operate as one unified practice that includes a talented group of approximately 880 audit, tax, financial advisory, and consulting professionals, including 78 partners, principals, and directors. Our Florida practice has received consistent recognition as a leader in client service, growth, personnel development, and practice management. The Audit and Enterprise Risk Services (AERS) practice of Deloitte LLP has a significant presence in the state of Florida, with more than 480 professionals, including 50 partners, principals, and directors, and offices located in Tallahassee, Jacksonville, Orlando, Tampa, Boca Raton, and Miami.

Deloitte LLP in Florida

Audit and Enterprise Risk Services	486
Tax Services	151
Consulting Services	117
Financial Advisory Services	16
Shared Services	110
Total	880

b. The Offeror must have annual auditing/accounting revenues in excess of \$2 million.

Deloitte LLP and its subsidiaries recorded US\$9.85 billion in revenues—44 percent of which was generated through Deloitte & Touche, which provides audit and enterprise risk services.



c. The Offeror and any Subcontractor must be independent according to Regulation S-X of the Securities Act of 1933 currently, and as may be amended, and meet the GAS independence standards issued by the General Accounting Office in January 2002.

We are independent with respect to Florida Housing, according to Article 2 of Regulation S-X of the Securities Act and the GAS Independence Standards issued by the General Accounting Office. We have provided detailed information on the processes we utilize to enforce and maintain our professional independence below.

Independence: Policies, Procedures, and Safeguards

Our organization is committed to exceeding the standards of professional ethics, including compliance with all independence rules of the GAO, AICPA, and similar professional bodies throughout the world; therefore, our approach to monitoring professional objectivity and independence is multifaceted. It starts with attention from the top: an emphasis on quality and always doing the right thing. We have always instilled professional values through training, comprehensive policies, and guidance to our entire organization, led by our senior management and partners.

Commitment of Our Leadership

All Deloitte professionals are committed to the high standards of professional ethics, including compliance with all the applicable independence rules of the Securities and Exchange Commission (SEC), the American Institute of Certified Public Accountants (AICPA), the Public Company Accounting Oversight Board (PCAOB), and similar professional bodies throughout the world.

Ethics and Compliance Group

Our Ethics and Compliance group is a key element in Deloitte's program to help confirm independence and quality, serving in an advisory capacity for our professionals and the entire organization. This group is overseen by our chief ethics and compliance officer, who consults with our leaders on appropriate disciplinary matters, serves as the U.S. representative on the global ethics and compliance task force, and acts as a liaison with the PCAOB regarding our registration responsibilities as a regulated profession.

The Ethics and Compliance group also manages and administers our ethics and compliance program, the continuing education compliance function, the professional licensing compliance function, the annual independence representation, and the independence compliance audit function. In addition to the chief ethics and compliance officer, key components of the program include:

- **The Code of Ethics and Professional Conduct**—a guide to assist all employees of the Deloitte U.S. member firms in conforming to legal and ethical standards. It is the obligation of all our people to understand and comply with the code in letter and spirit.
- **Ethics in Action**—a two-part, interactive ethics and compliance training program that helps employees translate ethical concepts into appropriate problem-solving techniques and practical actions.
- **The Integrity Helpline**—an independent Web- and telephone-based service that provides confidential assistance and anonymous reporting of potential ethics and compliance violations.

Enforcing and Maintaining Independence

We enforce independence standards by the following processes:

- **Deloitte Tracking System**—We use an electronic independence monitoring system, the Deloitte Tracking System (DTS), which each partner and managerial professional must keep current to help confirm our continued independence. Each person's investment portfolio is linked to our list of attest clients and other entities that require independence. This allows timely identification and resolution of conflicts. We then randomly audit the accuracy and completeness of the annual independence representations and the information submitted to DTS.
- **Independence and Ethics Training**—Our partners and professional employees complete an extensive independence and ethics training course within 90 days of joining our organization, and periodically thereafter. Our independence policies are maintained in our Independence and Ethics Manual, which is readily available to all professionals in electronic and published formats.
- **Annual Written Confirmation**—Every professional is required to affirm annually, in writing, his or her compliance with our policies. We understand that the current business environment has changed with significant emphasis on independence with regard to our services. Before performing any service for our attest clients, we assess the service type against all regulations, including those from the SEC and PCAOB, paying attention to the letter as well as the spirit of the rules. If there are questions, we consult with our national-level resources who are in constant contact with regulators. Of course, before performing any service, we would confirm that the Board of Directors and Review Committee has formally approved the service.
- **Senior Management Supervision**—Due to the importance we place on independence, senior management continually reminds our professionals of our mandate to comply with Deloitte policies on independence. All partners and employees are subject to disciplinary action, including termination of employment, for violations of our policies on independence.
- **Our National Office**—A senior partner in our national office serves as our national director of independence, with responsibility for monitoring compliance with policies and procedures and our independence from our attest clients. The national office carefully oversees the process and helps confirm that all identified issues are resolved, and all professionals are encouraged to consult with the independence specialists in that office. We also carefully monitor the scope of services offered by our various practices to help address compliance with independence requirements.

Consultation and Monitoring

Dedicated, full-time partners and managers in the national office and our seven regions assist the national director of independence in overseeing the process and resolving issues in a timely manner.

Our approach to maintaining independence is continuously improving as regulations evolve and circumstances warrant. For example, modifications to our approach resulted from the recent independence rule changes, and observations from peer reviews and oversight authorities, while not material, were addressed as they arose.

Before accepting any non-audit engagement with an audit client, careful consideration is given to the effect those services may have on our independence, including review and agreement by the lead client service partner, who is also responsible for helping confirm that the Board's preapproval is obtained. Consultation is assured via a management tool in our billing system that notifies the lead client service partner of the establishment of a new project number for a particular client. Before any time can be charged to a new billing number, the lead client service partner must confirm independence.

Any business relationship, including a subcontracting relationship, must be approved by our Service Development Board, which includes representatives from our national-office independence group. The Board considers the independence implications of such proposed relationships. Similarly, prior to entering into a vendor relationship with an audit client, our purchasing department consults with the national office independence group to evaluate the independence implications of such a potential relationship.

d. The Offeror must have performed audits of a state, local government, or an affordable housing finance entity with assets of over \$100 million within the last three years. Related experience with mortgage and commercial banks, with assets exceeding \$500 million that have substantial activity in the origination of mortgage loans may also be acceptable.

Deloitte has an established record of audit service to the State of Florida that began in 1976. Our recent audit engagements with Florida Housing and Florida's Turnpike System have provided extensive experience in the current financial reporting requirements for enterprise-type entities in the public sector environment as well as the adoption and implementation of the various applicable Governmental Accounting Standards Board statements and other pronouncements.

Our audit experience in the mortgage-banking environment with entities such as EverHome Mortgage Company, Taylor, Bean & Whitaker, and Merrill Lynch Credit Corporation provides a current understanding of the mortgage loan origination environment as well as the governmental compliance requirements of HUD, GNMA, and others.

e. The Offeror must provide information regarding the identity of proposed Subcontractors or members of a Joint Venture, if any.

The services offered by the Deloitte LLP and its subsidiaries fall into four broad categories, or functions: AERS (Audit and Enterprise Risk Services), Consulting, FAS (Financial Advisory Services) and Tax. These services are delivered through our function-specific subsidiaries: Deloitte & Touche LLP, Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP and Deloitte Tax LLP. Deloitte & Touche LLP will be providing audit services to Florida Housing. However, if tax services are needed, Deloitte Tax LLP will provide those services. All professionals assigned to this engagement will be permanent partners and employees of Deloitte LLP and its subsidiaries. Deloitte & Touche LLP will not engage subcontractors outside of Deloitte LLP to participate in services provided to Florida Housing.

f. The Subcontractor, if any, must have performed audits of a state, local government, or an affordable housing finance entity within the last three years. Related experience with mortgage and commercial banks that have substantial activity in the origination of mortgage loans may also be acceptable.

All professionals assigned to this engagement will be permanent partners and employees of Deloitte LLP and its subsidiaries, all of whom have performed audits of a state, local government, or an affordable housing finance.

Deloitte LLP's Commitment

Financial Services Industry Clients

EverBank Financial Corporation

Merrill Lynch Credit Corp.

Taylor Bean Whitaker

CFG Company LLC

Banco Bilbao Vizcaya

Blue Bank

Santander Group

State of Florida

Florida Turnpike Authority

Florida Housing Authority

Agency for Health Care Administration

Department of Children and Families

South Florida Water Management District

Seminole Tribe of Florida

A4. Documentation of a minimum of \$3 million in professional liability errors and omissions insurance is required prior to contract signing and annually thereafter. Identify if such insurance is currently in place or briefly describe the plan to have it in place prior to contract signing.

Deloitte maintains professional liability coverage in amounts which meet or exceed Florida Housing's requirements. This coverage is provided through a Florida state certified carrier. We will provide a certificate of coverage for Florida Housing upon our appointment as auditors. Our coverage limits have been accepted in prior years by Florida Housing and for other State of Florida engagements such as the Florida's Turnpike System.

A5. Provide evidence of certification from the Florida Department of State that the Offeror and Subcontractor, if any, is qualified to do business in the State of Florida, and provide a copy of the Offeror's and Subcontractor's licenses from the Florida Department of Business and Professional Regulation.

Deloitte is registered as an accountancy partnership with the State of Florida, Department of Professional Regulation. Our organization and all key professional staff assigned to this engagement are properly registered and licensed to practice in the State of Florida. We will provide Florida Housing with a copy of our license upon our appointment as auditors.



B. Firm Experience and Capability

B1. Describe in detail attestation engagements with a state government, a local government, and/or an affordable housing finance entity with assets of \$100 million and/or related experience with mortgage and commercial banks with assets exceeding \$500 million that have substantial activity in the origination of mortgage loans that clearly support the experience as set forth in the minimum qualifications. Describe how this experience demonstrates the ability to provide the services outlined for the respective activities in Section Four. Include prior experience with Florida Housing, if any.

We have served Florida Housing for the past 14 years as your auditors and trusted advisors. We've been through the transition from an agency to a corporation, the single year reporting as well as the audit scope reductions. Over the years, Deloitte and Florida Housing have grown and worked together. Deloitte has an established record of audit service to the State of Florida that began in 1976. A significant component of our service experience has been to enterprise entities such as Florida Housing and the Florida Department of Lottery.

ScoreCard	Deloitte's Points	Maximum Points
B. Firm Experience and Capability		100

Our recent audit engagements with Florida Housing and Florida's Turnpike System have provided extensive experience in the current financial reporting requirements for enterprise-type entities in the public sector environment as well as the adoption and implementation of the various applicable Governmental Accounting Standards Board statements and other pronouncements. We perform these engagements in accordance with generally accepted auditing standards applicable to government entities and include those requirements related to compliance with applicable laws and regulations.

Two of our other clients currently served by our Florida practice, Florida's Turnpike System and Seminole Tribe of Florida, annually issue tax-exempt revenue bonds as part of their business plan. Our participation in the review of each issue provides our engagement team with current experience with the bond documents and the various compliance requirements.

Our audit experience by our Florida professionals in the mortgage-banking environment with entities such as EverHome Mortgage Company, Taylor, Bean & Whitaker and Merrill Lynch Credit Corporation provides current experience in the mortgage loan origination environment as well as the governmental compliance requirements of HUD, GNMA, and others.

Our current experience in both the public sector and mortgage banking environments along with specific continuing education in these industries equips our Deloitte engagement team to provide the services outlined in Section Four of the Request for Proposal.

B2. Provide a list of all bond issuing entity clients, including state housing finance entity clients, for which your firm provided professional services within the last three (3) years, including names, addresses, telephone numbers and e-mail addresses. Prior to submittal of the Response, the Offeror must inform the named references that their names are being listed. Selected references may be contacted to determine the quality of work performed and personnel assigned to perform the work. The result of the reference checks will be provided to reviewers to be used in scoring the written Response and may be provided to Board members prior to final selection.

In addition to our services to Florida Housing Finance Corporation, our proposed engagement team has provided professional services to the following bond issuing entities. All references have been contacted regarding their inclusion in this proposal.

Client	Scope of Services	Engagement Partner/Director	Client Contact
California Housing Finance Agency	Audit	Tim Stenvick	Dennis Meidinger Comptroller California Housing Finance Agency 1121 L Street, 5th Floor Sacramento, CA 95814-3974 Phone: 916 324 4859 dmeidinger@calhfa.ca.gov
Texas Department of Housing and Community Affairs	Audit	Dena Jansen	William "Bill" Dally Deputy Director of Administration Texas Department of Housing and Community Affairs 221 East 11th Street Austin, Texas 78701-2410 Phone: 512 475 3801 william.dally@tdhca.state.tx.us
Halifax Health	Audit	Joy Block	Jeffrey Feasel Chief Executive Officer Halifax Health 303 North Clyde Morris Boulevard Daytona Beach, FL 32114 Phone: 386-226-4560

B3. Describe the firm's policy on assignment and rotation of engagement partners. Explain the management approach to be used for this engagement to assure maximum effectiveness, efficiency, and benefit. Describe the firm's approach to partner review of work performed under this contract.

Our rotation policy for partners, directors, and senior managers assigned to engagements is important in maintaining independence, and we have fully implemented policies and procedures to comply with the partner rotation requirements of the Sarbanes-Oxley Act and subsequent SEC rules. Although most clients prefer continuity of personnel, periodic changes are desirable for the client and for us. Our policy for rotating the audit partner is generally seven years, with flexibility as continuity needs dictate. You will benefit from the fresh viewpoint of professionals who are knowledgeable in your industry, yet you will not have to sacrifice the knowledge we have accumulated during the course of our engagement.

To verify that we sustain the vitality of the client service team, we begin succession planning and transition well in advance of the partner rotation dates. Successors are selected from a pool of our most highly regarded partners, using the same process we employ in forming teams to serve new clients. The audit engagement partner is responsible for performing an overriding review of the work performed under this contract and is intimately involved in the fraud risk assessment, engagement planning and its execution.

Maintaining our independence is critical in delivering services and sustaining a high degree of integrity. Our approach to monitoring professional objectivity is multifaceted and dynamic. We believe that a truly robust approach is one that is continuously improved as regulations evolve and circumstances warrant.

B4. Document the Offeror's ability to complete assignments in a timely manner.

Deloitte has a stellar reputation for meeting reporting deadlines, whether statutory or contractual. We have consistently met all deadlines during our tenure with Florida Housing and we will continue to make every effort to do so. We routinely sign off on clients within 60 days of year end. Your deadline of approximately 150 days after year end provides ample time to complete the audit engagement. We encourage you to inquire as to our timely performance with any of our references.

B5. Provide a description of to what extent, if any, the Offeror, and any Subcontractors, including all holding companies and subsidiaries, or any officers or directors or other personnel are now, or have been during the five years ended September 30, 2007, under indictment, investigation or order issued by a regulatory or governmental entity, or engaged in litigation or subject to an order from a court of competent jurisdiction. If any such condition exists, or existed in the time period specified, discuss the outcome and to what extent this could impair the level of service of the Offeror or any Subcontractor. In addition, describe any allegations made against the Offeror or any Subcontractor for the period January 2003 through the date of the proposal of which Florida Housing should be aware.

Like all other major accounting firms, Deloitte & Touche LLP ("Deloitte & Touche") has been named as a defendant in a number of civil lawsuits, most of which are premised on allegations that financial statements issued by clients and reported on by us were incorrect. Based upon our historical experience and our understanding of the circumstances giving rise to such lawsuits, we do not believe that they will have a significant impact on Deloitte & Touche's ability to provide services, or that they will affect our ability to serve our clients.

Except as to the settled matters described below, there are no lawsuits by the Securities and Exchange Commission ("SEC") pending against Deloitte & Touche. From time to time, the staff of the SEC, the Public Company Accounting Oversight Board ("PCAOB") and other regulatory or professional authorities or bodies conduct investigations, which include review of professional services provided by Deloitte & Touche; we cannot predict which of these investigations may result in future proceedings. In some of those investigations, the staff has raised issues relating to our compliance with auditing or other professional standards respecting one or more independent audits carried out by us, or the performance of present or former Deloitte & Touche personnel respecting one or more independent audits carried out by us. To our knowledge, none of these

matters involves any Deloitte & Touche personnel who would be providing services in connection with this proposed engagement for Florida Housing.

On April 26, 2005, Deloitte & Touche consented to the entry of an order by the SEC under Rule 102(e)(1)(ii) of the SEC's Rules of Practice ("Adelphia Order"), and a judgment under Section 10(A) of the Securities Exchange Act of 1934 ("Judgment") in a civil action filed by the SEC in federal district court arising out of Deloitte & Touche's audit of the financial statements of Adelphia Communications Corporation ("Adelphia") for the year ended December 31, 2000. The Adelphia Order and Judgment were based upon findings and allegations, which Deloitte & Touche neither admitted nor denied, that Deloitte & Touche failed to design and conduct the audit of Adelphia's financial statements for the year ended December 31, 2000 in accordance with Generally Accepted Auditing Standards, and that if the audit had been so designed and conducted it would have led to the detection and disclosure of fraud and illegal acts committed by Adelphia and its management. The remedies provided in the Adelphia Order and Judgment include a censure, a civil penalty of \$25 million, a payment of \$25 million to a fund to compensate Adelphia securities holders, and undertakings, compliance with which has been reviewed by an independent consultant, to implement and/or maintain training and audit procedures designed to enhance fraud detection in financial statement audits.

On April 26, 2005, Deloitte & Touche consented to the entry of an order by the SEC under Rule 102(e)(1)(ii) of the SEC's Rules of Practice ("JFF Order") arising out of Deloitte & Touche's audit of the financial statements of Just For Feet, Inc. ("Just For Feet") for the year ended January 30, 1999. The JFF Order was based upon findings, which Deloitte & Touche neither admitted nor denied, that Deloitte & Touche failed to conduct the audit of Just For Feet's financial statements for the year ended January 30, 1999 in accordance with Generally Accepted Auditing Standards, and that if the audit had been so conducted it would have led to the detection and disclosure of fraudulent acts committed by Just For Feet and its management. The remedies provided in the JFF Order include a censure and an undertaking to pay \$375,000 to the United States Treasury.

On December 10, 2007, with consent from Deloitte & Touche, the PCAOB issued an order against Deloitte & Touche under Section 105(c) of the Sarbanes-Oxley Act of 2002 and Rules 5300(a)(5), 5300(a)(4) and 5300(a)(9) of the PCAOB's rules ("Ligand Order") arising out of Deloitte & Touche's audit of the financial statements of Ligand Pharmaceuticals Incorporated ("Ligand") for the year ended December 31, 2003, and supervision of the engagement partner responsible for that audit. The Ligand Order was based upon findings, which Deloitte & Touche neither admitted nor denied, that Deloitte & Touche failed to comply with certain PCAOB auditing standards in performing the audit, and failed to staff the engagement appropriately. The remedies provided in the Ligand Order include a censure, a civil monetary penalty of \$1 million, and certain record-keeping undertakings.

There are no pending criminal actions concerning Deloitte & Touche's professional practice.

B6. Provide a list of all governmental clients for which the Offeror has performed services through the three years ended December 31, 2007. Identify the type of service provided for each client. Provide contacts and phone numbers for five of these governmental units.

In addition to Florida Housing, the following lists all governmental clients that our Florida/Puerto Rico practice has served for during the three-year period, ended May 31, 2008:

Client	Client Contact Information	Service Provided by Deloitte
Florida's Turnpike System	William Thorp Chief Financial Officer Phone: 407 532 3999	Audit
Hillsborough County Aviation Authority	Ann Davis Senior Director of Finance and Chief Financial Officer Phone: 813 870 8715	Audit
Halifax Health	Jeffrey Feasel Chief Executive Officer Halifax Health 303 North Clyde Morris Boulevard Daytona Beach, FL 32114 Phone: 386-226-4560	Audit
University of Central Florida Foundation, Inc	Rocky Yearwood Chief Financial Officer University of Central Florida Foundation, Inc. 12424 Research Parkway, Suite 140 Orlando, FL 32826-3257 Phone: 407 882 1220 rocky@mail.ucf.edu	Audit
West Orange Healthcare District (Health Central)	Richard Irwin President and Chief Executive Officer Health Central 10000 West Colonial Drive Ocoee, FL 34761 Phone: 407 296-1801 richard.irwin@healthcentral.org	Audit
Orlando Utility Commission	John Hearn Chief Financial Officer 500 S Orange Ave Orlando, FL 32801 Phone: 407 423 9136	Audit

B7. Provide a list of all governmental client accounts terminated during the three years ended December 31, 2007 and provide the reason for termination.

Deloitte's Florida and Puerto Rico practice has not terminated any government client accounts during the three years ended December 31, 2007. However, certain government client account contracts were completed during the last three years and were not renewed or extended.

B8. Provide a copy of the most recent quality control review report and any other documentation regarding an independent review of your procedures, audits or services performed. Include documentation regarding resolution of any conditions identified. Clearly identify any outstanding unresolved items.

PCAOB inspections are required annually for accounting firms with more than 100 SEC audit clients. The scope of the inspections includes specific audit and review engagements, quality control procedures, and other testing deemed appropriate by the PCAOB. On May 19, 2008, the PCAOB released its final Report on 2008 Inspection of Deloitte & Touche LLP. The public portion of the Report and our response to the draft report can be found at http://www.pcaobus.org/Inspections/Public_Reports/index.aspx.



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Report on
2007 Inspection of Deloitte & Touche LLP

Issued by the
Public Company Accounting Oversight Board

May 19, 2008

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

**PORTIONS OF THE COMPLETE REPORT ARE OMITTED
FROM THIS DOCUMENT IN ORDER TO COMPLY WITH
SECTIONS 104(g)(2) AND 105(b)(5)(A)
OF THE SARBANES-OXLEY ACT OF 2002**

PCAOB RELEASE NO. 104-2008-070



Preface to Reports Concerning Annually Inspected Firms

The Sarbanes-Oxley Act of 2002 requires the Public Company Accounting Oversight Board ("PCAOB" or "the Board") to conduct an annual inspection of each registered public accounting firm that regularly provides audit reports for more than 100 issuers. The Board's report on any such inspection includes this preface to provide context for information in the public portion of the report.

A Board inspection includes, among other things, a review of selected audits of financial statements and of internal control over financial reporting. If the Board inspection team identifies deficiencies in those audits, it alerts the firm to the deficiencies during the inspection process. Deficiencies that exceed a certain significance threshold are also summarized in the public portion of the Board's inspection report. The Board encourages readers to bear in mind two points concerning those reported deficiencies.

First, inclusion in an inspection report does not mean that the deficiency remained unaddressed after the inspection team brought it to the firm's attention. Under PCAOB standards, a firm must take appropriate action to assess the importance of the deficiency to the firm's present ability to support its previously expressed audit opinions. Depending upon the circumstances, compliance with these standards may require the firm to perform additional audit procedures, or to inform a client of the need for changes to its financial statements or reporting on internal control, or to take steps to prevent reliance on previously expressed audit opinions. A Board inspection does not typically include review of a firm's actions to address deficiencies identified in that inspection, but the Board expects that firms are attempting to take appropriate action, and firms frequently represent that they have taken, are taking, or will take, action. If, through subsequent inspections or other processes, the Board determines that the firm failed to take appropriate action, that failure may be grounds for a Board disciplinary sanction.

Second, the Board cautions against drawing conclusions about the comparative merits of the annually inspected firms based on the number of reported deficiencies in any given year. The total number of audits reviewed is a small portion of the total audits performed by these firms, and the frequency of deficiencies identified does not necessarily represent the frequency of deficiencies throughout the firm's practice. Moreover, if the Board discovers a potential weakness during an inspection, the Board may revise its inspection plan to target additional audits that may be affected by that weakness, and this may increase the number of deficiencies reported for that firm in



that year. Such weaknesses may emerge in varying degrees at different firms in different years.

During 2007, the Board's inspection process for annually inspected firms addressed the third year of implementation of Auditing Standard No. 2, *An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements* ("AS No. 2"). As described in Appendix B to this report, this process occurred at three levels: (1) meetings with firm leadership, (2) a review of the Firm's methodology and tools, and (3) inspections of certain audits of accelerated filers. The reviews of audits included reviews conducted before the regular practice office field work to follow up on certain matters identified in the previous year's inspection, and reviews conducted during the regular practice office field work of certain audits selected by the inspection team. In general, the Board's inspection teams observed that the firms continued to make improvements in their audits of internal control over financial reporting, and that firms were preparing to implement Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*.

Notes Concerning this Report

1. Portions of this report may describe deficiencies or potential deficiencies in the systems, policies, procedures, practices, or conduct of the firm that is the subject of this report. The express inclusion of certain deficiencies and potential deficiencies, however, should not be construed to support any negative inference that any other aspect of the firm's systems, policies, procedures, practices, or conduct is approved or condoned by the Board or judged by the Board to comply with laws, rules, and professional standards.
2. Any references in this report to violations or potential violations of law, rules, or professional standards should be understood in the supervisory context in which this report was prepared. Any such references are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability. Similarly, any description herein of a firm's cooperation in addressing issues constructively should not be construed, and is not construed by the Board, as an admission, for purposes of potential legal liability, of any violation.
3. Board inspections encompass, among other things, whether the firm has failed to identify departures from U.S. Generally Accepted Accounting Principles ("GAAP") or Securities and Exchange Commission ("SEC" or "Commission") disclosure requirements in its audits of financial statements. This report's descriptions of any such auditing failures necessarily involve descriptions of the related GAAP or disclosure departures. The Board, however, has no authority to prescribe the form or content of an issuer's financial statements. That authority, and the authority to make binding determinations concerning an issuer's compliance with GAAP or Commission disclosure requirements, rests with the Commission. Any description, in this report, of perceived departures from GAAP or Commission disclosure requirements should not be understood as an indication that the Commission has considered or made any determination regarding these issues unless otherwise expressly stated.



2007 INSPECTION OF DELOITTE & TOUCHE LLP

In 2007, the Board conducted an inspection of Deloitte & Touche LLP ("Deloitte" or "the Firm"). The Board is today issuing this report of that inspection in accordance with the requirements of the Sarbanes-Oxley Act of 2002 ("the Act").

The Board is making portions of the report publicly available. Specifically, the Board is releasing to the public Part I of the report, Appendix B, and portions of Appendix C. Appendix B provides an overview of the inspection process. Appendix C includes the Firm's comments, if any, on a draft of the report.^{1/}

The Board has elsewhere described in detail its approach to making inspection-related information publicly available consistent with legal restrictions.^{2/} A substantial portion of the Board's criticisms of a firm (specifically criticisms of the firm's quality control system), and the Board's dialogue with the firm about those criticisms, occurs out of public view, unless the firm fails to make progress to the Board's satisfaction in addressing those criticisms. In addition, the Board generally does not disclose otherwise nonpublic information, learned through inspections, about the firm or its clients. Accordingly, information in those categories generally does not appear in the publicly available portion of an inspection report.

^{1/} The Board does not make public any of a firm's comments that address a nonpublic portion of the report. In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report at all. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

^{2/} See Statement Concerning the Issuance of Inspection Reports, PCAOB Release No. 104-2004-001 (August 26, 2004).

PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") performed an inspection of the Firm from March 2007 through November 2007. The inspection team performed field work at the Firm's National Office and at 18 of its approximately 74 U.S. practice offices.

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits.^{3/} To achieve that goal, Board inspections include reviews of certain aspects of selected audits performed by the firm and reviews of other matters related to the firm's quality control system. Appendix B to this report provides a description of the steps the inspection team took with respect to the review of audits of financial statements and of internal control over financial reporting and the review of eight functional areas related to quality control.

In the course of reviewing aspects of selected audits, an inspection may identify ways in which a particular audit is deficient, including failures by the firm to identify, or to address appropriately, respects in which an issuer's financial statements do not present fairly the financial position, results of operations, or cash flows of the issuer in conformity with GAAP.^{4/} It is not the purpose of an inspection, however, to review all of a firm's audits or to identify every respect in which a reviewed audit is deficient. Accordingly, a Board inspection report should not be understood to provide any assurance that the firm's audits, or its issuer clients' financial statements or reporting on internal control, are free of any deficiencies not specifically described in an inspection report.

^{3/} This focus necessarily carries through to reports on inspections and, accordingly, Board inspection reports are not intended to serve as balanced report cards or overall rating tools.

^{4/} When the Board becomes aware that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations, or cash flows of the issuer in conformity with GAAP, the Board's practice is to report that information to the SEC, which has jurisdiction to determine proper accounting in issuers' financial statements.

A. Review of Audit Engagements

The scope of the inspection procedures performed included reviews of aspects of selected audits of financial statements and of internal control over financial reporting performed by the Firm. Those audits and aspects were selected according to the Board's criteria, and the Firm was not allowed an opportunity to limit or influence the selection process. In certain cases, the review of an audit of an accelerated filer included a review of aspects of both the Firm's audit of financial statements and its audit of internal control over financial reporting ("ICFR").

In reviewing the audits, the inspection team identified matters that it considered to be audit deficiencies.⁵⁷ Those deficiencies included failures by the Firm to identify or appropriately address errors in the issuer's application of GAAP, including, in some cases, errors that appeared likely to be material to the issuer's financial statements. In addition, the deficiencies included failures by the Firm to perform, or to perform sufficiently, certain necessary audit procedures.

In some cases, the conclusion that the Firm failed to perform a procedure may be based on the absence of documentation and the absence of persuasive other evidence, even if the Firm claims to have performed the procedure. PCAOB Auditing Standard No. 3, *Audit Documentation* ("AS No. 3") provides that, in various circumstances including PCAOB inspections, a firm that has not adequately documented that it performed a procedure, obtained evidence, or reached an appropriate conclusion must demonstrate with persuasive other evidence that it did so, and that oral assertions and explanations alone do not constitute persuasive other evidence.⁵⁸ For purposes of the inspection, an observation that the Firm did not perform a procedure, obtain evidence, or reach an appropriate conclusion may be based on the absence of such documentation and the absence of persuasive other evidence.

When audit deficiencies are identified after the date of the audit report, PCAOB standards require a firm to take appropriate actions to assess the importance of the

⁵⁷ The discussion in this report of any deficiency observed in a particular audit reflects information reported to the Board by the inspection team and does not reflect any determination by the Board as to whether the Firm has engaged in any conduct for which it could be sanctioned through the Board's disciplinary process.

⁵⁸ See AS No. 3, paragraph 9; Appendix A to AS No. 3, paragraph A28.

deficiencies to the firm's present ability to support its previously expressed opinions,²⁷ and failure to take such actions could be a basis for Board disciplinary sanctions. In response to the inspection team's identification of deficiencies, the Firm, in some cases, performed additional procedures or supplemented its work papers, and in some instances, follow-up between the Firm and the issuer led to a change in the issuer's accounting or disclosure practices or led to representations related to prospective changes.²⁸

In some cases, the deficiencies identified were of such significance that it appeared to the inspection team that the Firm, at the time it issued its audit report, had not obtained sufficient competent evidential matter to support its opinion on the issuer's financial statements. The deficiencies that reached this degree of significance are described below, on an audit-by-audit basis.

Issuer A

In this audit, the Firm failed in the following respects to obtain sufficient competent evidential matter to support its audit opinion –

- The Firm failed to identify a departure from GAAP that it should have identified and addressed before issuing its audit report. The issuer incorrectly concluded that interest rate swaps qualified for hedge accounting using the short-cut method in Statement of Financial Accounting Standards ("SFAS")

²⁷ See AU 390, *Consideration of Omitted Procedures After the Report Date*, AU 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (both included among the PCAOB's interim auditing standards, pursuant to PCAOB Rule 3200T), and PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements* ("AS No. 2"), ¶ 197.

²⁸ The Board inspection process generally did not include review of such additional procedures or documentation, or of such revised accounting, although future Board inspections of the Firm may, as appropriate, include further review of any of these matters.

No. 133, *Accounting For Derivative Instruments and Hedging Activities* ("SFAS No. 133").²⁷

- The issuer had income tax net operating loss carryforwards for which there was no valuation allowance. The Firm failed to evaluate the reasonableness of certain significant assumptions that the issuer had used in its forecast of taxable income during the carryforward period. In addition, there was no evidence in the audit documentation, and no persuasive other evidence, that the Firm had evaluated whether the issuer's tax planning strategies that related to the issuer's assertion that it was more likely than not that the net operating loss carryforwards would be realized were prudent and feasible.

Issuer B

The Firm failed to identify a departure from GAAP that it should have identified and addressed before issuing its audit report. The issuer incorrectly concluded that interest rate swaps qualified for hedge accounting using the short-cut method in SFAS No. 133.¹⁰⁷

Issuer C

The issuer had a contingent liability and it deemed the likelihood of an unfavorable outcome not to be probable. While the Firm obtained responses to its inquiries of the issuer's lawyers, the responses did not include an evaluation from the outside counsel handling the matter regarding the probability of an unfavorable outcome, and the Firm failed to perform additional procedures to evaluate this contingency.

²⁷ The issuer has restated its financial statements related to the matter discussed here.

¹⁰⁷ The issuer has restated its financial statements related to the matter discussed here.

Issuer D

In this audit, the issuer had substantial income tax net operating loss carryforwards for which a valuation allowance had been recorded. During 2006, the issuer reduced its valuation allowance after concluding it was more likely than not that the net operating loss carryforwards would be realized. The Firm failed to evaluate certain of the significant assumptions that the issuer had used in its forecasts of significant increases in pre-tax income during a portion of the carryforward period to support its assertion that it was more likely than not that the net operating loss carryforwards would be realized.

Issuer E

In this audit, the Firm failed in the following respects to obtain sufficient competent evidential matter to support its audit opinion –

- The Firm failed to perform sufficient procedures to assess the valuation of certain of the issuer's privately-issued mortgage-backed security holdings, which the Firm assessed as possessing "low inherent risk" with respect to valuation, in that, in some instances, the Firm's testing relied primarily on pricing information that it had obtained from the issuer, and, in some instances, it failed to obtain an understanding of the methods and assumptions outside parties had used to develop the estimates of fair value.
- The Firm failed to perform sufficient procedures to assess the valuation of the issuer's mortgage loans held for sale. The Firm selected a sample of loans in order to test the valuation assertion. This sample, however, was not representative of the portfolio, as it included only conforming loans, which represented 45 percent of the portfolio and constituted the more easily priced loans in the portfolio. In addition, the Firm failed to assess whether the issuer's credit-based valuation approach for delinquent loans held for sale was appropriate given that the approach did not consider changing interest rates and market demand.
- The Firm failed to evaluate whether the issuer's use of hedge accounting for interest rate swaps was appropriate. Specifically, the Firm failed to obtain evidence to evaluate management's representation that at inception, the hedge was expected to be highly effective during its term. The Firm further

failed to perform procedures to determine whether the issuer had contemporaneously prepared appropriate hedge documentation in accordance with SFAS No. 133.

- The issuer calculated its allowance for loan losses by applying specified percentages to two categories of delinquent loans, determined by the term of the delinquency. The Firm failed to evaluate whether this method was appropriate in light of the fact that the method did not differentiate the loans by type, maturity, or other relevant characteristics, nor did it include consideration of qualitative or environmental factors.
- The issuer transferred loans to intermediaries prior to their sales to the ultimate investors, and portions of the consideration to be paid to the issuer by the intermediaries were withheld pending the final sales. There was no evidence in the audit documentation, and no persuasive other evidence, that the Firm had analyzed all the terms of the arrangements between the intermediaries and the issuer in order to evaluate what effect these terms may have had on the accounting for the transfer of these loans.

Issuer F

In this audit, the Firm failed in the following respects to obtain sufficient competent evidential matter to support its audit opinion –

- The issuer used interest-rate swaps to hedge the risk associated with future sources of financing. The Firm failed to sufficiently test whether the issuer's application of hedge accounting to these transactions complied with SFAS No. 133. Specifically, the Firm failed to assess whether the issuer had identified hedged forecasted transactions with sufficient specificity so that when a transaction occurred, it was clear whether that transaction was or was not the hedged transaction. In addition, the Firm failed to sufficiently evaluate whether forecasted transactions that the issuer had grouped together for purposes of determining hedge effectiveness shared the same risk exposure. For example, the Firm failed to test the data that the issuer had used in determining hedge effectiveness.
- The Firm relied on information that the issuer had used in concluding that certain available-for-sale securities were not "other-than-temporarily" impaired

and did not obtain corroboration of that information. In addition, the Firm failed to evaluate the issuer's representation that it had the intent and the ability to hold these securities until their values recovered.

- The Firm did not address significant differences between the amounts the issuer had recorded for interest rate swaps and those the Firm had calculated while testing the valuation of those financial instruments.¹¹⁷

Issuer G

The Firm failed to test the data it used in its analytical procedure regarding additions to a significant intangible asset, and it did not evaluate the reasonableness of the assumptions that the issuer had used in its impairment analysis for this asset. The Firm also failed to evaluate the reasonableness of the assumptions and test the accuracy of the data that the issuer had used to calculate a severance liability.

Issuers H and I

In these audits, the Firm failed to sufficiently assess the appropriateness of the issuers' methodology to value certain long-term derivative contracts in that it failed to test certain assumptions that the issuers had used in their calculations of the fair value of those derivative contracts.

B. Review of Quality Control System

In addition to evaluating the quality of the audit work performed on specific audits, the inspection included review of certain of the Firm's practices, policies, and procedures related to audit quality. This review addressed practices, policies, and procedures concerning audit performance and the following eight functional areas (1) tone at the top; (2) practices for partner evaluation, compensation, admission, assignment of responsibilities, and disciplinary actions; (3) independence implications of non-audit services; business ventures, alliances, and arrangements; personal financial interests; and commissions and contingent fees; (4) practices for client acceptance and retention; (5) practices for consultations on accounting, auditing, and SEC matters; (6)

¹¹⁷ During the inspection, the Firm determined that there had been an error in the formulas it had used in its testing of the fair values of these financial instruments, and that there were not in fact significant differences between its calculation of the fair values and those calculated by the issuer.

the Firm's internal inspection program; (7) policies and procedures for staffing audits; and (8) the supervision by U.S. audit engagement teams of the work performed by foreign affiliates on foreign operations of U.S. issuer audit clients. Any defects in, or criticisms of, the Firm's quality control system are discussed in the nonpublic portion of this report and will remain nonpublic unless the Firm fails to address them to the Board's satisfaction within 12 months of the date of this report.

END OF PART I

PART II, PART III, AND APPENDIX A OF THIS REPORT ARE NONPUBLIC
AND ARE OMITTED FROM THIS PUBLIC DOCUMENT

APPENDIX B

THE INSPECTION PROCESS

The inspection process was designed and performed to provide a basis for assessing the degree of compliance of the Firm with applicable requirements related to auditing issuers. This process included reviews of components of selected issuer audits completed by the Firm. These reviews were intended both to identify deficiencies, if any, in those components of the audits and to determine whether the results of those reviews indicated deficiencies in the design or operation of the Firm's system of quality control over audits. In addition, the inspection included reviews of policies and procedures related to certain functional areas of the Firm that could be expected to influence audit quality.

1. Review of Selected Audits

The inspection team reviewed aspects of selected audits, which it chose according to the Board's criteria. The Firm was not allowed an opportunity to limit or influence the engagement selection process or any other aspect of the review.

For each audit engagement selected, the inspection team reviewed the issuer's financial statements and certain SEC filings. The inspection team selected certain higher-risk areas for review and inspected the engagement team's work papers and interviewed engagement personnel regarding those areas. The areas subject to review included, but were not limited to, revenues, fair value, financial instruments, derivatives, income taxes, reserves or estimated liabilities, inventories, consideration of fraud, related party transactions, supervision of work performed by foreign affiliates, and assessment of risk by the engagement team. The inspection team also analyzed, for certain engagements, potential adjustments to the issuer's financial statements that had been identified during the audit but not recorded in the financial statements. For certain selected engagements, the inspection team reviewed written communications between the Firm and the issuer's audit committee. With respect to certain engagements, the inspection team also interviewed the chairperson of the issuer's audit committee.

When the inspection team identified a potential issue, it discussed the issue with members of the engagement team. If the inspection team was unable to resolve the issue through this discussion and any review of additional work papers or other documentation, the inspection team issued a comment form on the matter and the Firm provided a written response to the comment form.

2. Implementation of AS No. 2

The inspection team reviewed aspects of the Firm's approach to the implementation of AS No. 2 in light of the provisions of that standard and related Board statements.¹²⁷ The inspection procedures included meeting with members of the Firm's leadership to hear the Firm's perspective on its implementation of the standard and performance of integrated audits of accelerated filers; reviewing changes to the Firm's methodology, tools, and training; and reviewing aspects of specific internal control audits. The reviews of specific audits included inspection procedures that were performed to follow up on certain matters identified in the prior year's inspection in one or more of the following areas: (1) integrating the audit of internal control with the audit of the financial statements; (2) using a top-down approach to the audit; (3) using a risk-based approach; and (4) using the work of others. The reviews of audits also included, for certain audits selected for inspection during the regular practice office field work, an evaluation of aspects of the Firm's audit of internal control.

3. Review of Eight Functional Areas

The inspection team reviewed the eight functional areas both to identify possible defects in the Firm's system of quality control and, where applicable, to update the Board's knowledge of the Firm's policies and procedures in the functional areas.

a. Review of Partner Evaluation, Compensation, Admission, Assignment of Responsibilities, and Disciplinary Actions

The objective of the inspection procedures was to assess whether the design and application of the Firm's processes related to partner evaluation, compensation, admission, assignment, termination, and disciplinary actions could be expected to encourage an appropriate emphasis on audit quality and technical competence, as compared to marketing or other activities of the Firm. The inspection team interviewed members of the Firm's leadership, as well as audit partners in practice offices, regarding these topics. In addition, the inspection team reviewed a sample of partners' personnel files, including files of partners who resigned or took early retirement, partners who had significant negative inspection results from recent internal, PCAOB, and peer-review inspections, and partners who received bonus compensation. Also, the inspection team interviewed audit partners regarding their time and responsibilities and interviewed

¹²⁷ See PCAOB Release No. 2005-009, *Policy Statement Regarding Implementation of [AS No. 2]* (May 16, 2005); PCAOB Release No. 2005-023, *Report on the Initial Implementation of [AS No. 2]* (Nov. 30, 2005); see also Staff Questions and Answers, *Auditing Internal Control Over Financial Reporting* (May 16, 2005).

practice office leadership regarding the evaluation and compensation process, and interviewed Firm leadership regarding any disciplinary actions.

b. Review of Independence Policies

The objective of the inspection procedures in this area was to evaluate the Firm's policies and procedures for compliance with the independence requirements applicable to its audits of issuers. To accomplish this objective, the inspection team reviewed the Firm's policies, procedures, and guidance; reviewed the Firm's monitoring of compliance with its policies and procedures; reviewed information concerning the Firm's existing business ventures, alliances, and arrangements, as well as the Firm's process for establishing such enterprises; interviewed numerous National Office and practice office personnel regarding the Firm's independence policies, practices, and procedures; and, for a sample of the audits reviewed, tested compliance with the Firm's policies and applicable independence requirements.

c. Review of Client Acceptance and Retention Policies

The objectives of the inspection procedures in this area were to evaluate whether the Firm appropriately considers and addresses the risks involved in accepting and retaining clients in the particular circumstances. Toward those objectives, the inspection team reviewed the Firm's policies, procedures, and forms related to client acceptance and continuance; interviewed members of the Firm's leadership; and for a sample of the engagements reviewed, assessed whether the audit procedures included the specific actions, if any, contemplated in response to any risks identified in the client acceptance or retention process.

d. Review of Practices for Consultations

The objective of the inspection procedures in this area was to assess the effectiveness of the Firm's consultation process. Toward this objective, the inspection team gained an understanding of and evaluated the Firm's policies and procedures relating to its consultation process, and reviewed a sample of consultations that occurred during the inspection period to evaluate the Firm's compliance with its policies and procedures, whether the conclusions were in accordance with professional standards, and whether the engagement teams acted in accordance with the conclusions.

e. Review of Internal Inspection Program

The objective of the inspection procedures in this area was to evaluate the effectiveness of the Firm's internal inspection program in enhancing audit quality. To

meet this objective, the inspection team reviewed policies, procedures, guidance, and forms; documentation of the results of the current year's internal inspection program; and steps the Firm took in response to those results. The inspection team also interviewed the Firm's leadership concerning the process and effectiveness of its internal inspection program. In addition, the inspection team reviewed certain audits that the Firm had inspected and compared its results to those from the internal inspection.

f. Review of Policies and Procedures for Staffing Audits

The objectives of the inspection procedures in this area were to understand and evaluate the Firm's policies and procedures for allocating, monitoring, and managing its personnel resources. Toward those objectives, the inspection team reviewed documentation relating to the Firm's processes for allocating its personnel resources and interviewed the responsible persons at the National Office and practice offices regarding such policies and procedures and their implementation.

g. Review of Policies Related to Foreign Affiliates

The objective of the inspection procedures in this area was to evaluate the processes the Firm uses to ensure that the audit work that its foreign affiliates perform on the foreign operations of U.S. issuers is effective and in accordance with applicable standards. Except for one audit for which the inspection team requested access, which the Firm provided, the inspection team did not inspect the audit work of foreign affiliates; rather, the procedures were limited to the supervision and control exercised by the U.S. engagement team over such work. To accomplish its objective, the inspection team reviewed the Firm's policies and procedures related to its supervision and control of work performed by foreign affiliates on the operations of U.S. issuer clients, reviewed available information relating to the most recent foreign affiliated firms' internal inspections, interviewed members of the Firm's leadership, and reviewed the U.S. engagement teams' supervision and control procedures concerning the audit work that the Firm's foreign affiliates performed on a sample of audits.

h. Review of Tone at the Top

The objective of the review of the Firm's "tone at the top" was to assess whether actions and communications by the Firm's leadership demonstrate a commitment to audit quality. Toward that end, the inspection team interviewed members of the Firm's national, regional, and local leadership to understand their perspectives on the Firm's culture and the messages being conveyed by leadership. The inspection team also interviewed certain audit partners and managers to obtain their perspectives on communications from the Firm's leadership. In addition, the inspection team reviewed the Firm's code of conduct, documents relating to measuring and monitoring audit quality, descriptions of the duties of,

and relationships between and among, staff and leadership; internal and external communications from management; and agendas and minutes of the Firm's board of directors.

APPENDIX C

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Firm provided a written response to a draft of this report. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report.^{13/}

^{13/} In any version of an inspection report that the Board makes publicly available, any portions of a firm's response that address nonpublic portions of the report are omitted. In some cases, the result may be that none of a firm's response is made publicly available.



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April 30, 2008

Mr. George Diacont
Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006

Re: Deloitte & Touche LLP – Response to Part I of Draft Report on 2007 Inspection

Dear Mr. Diacont:

Deloitte & Touche LLP ("D&T") is pleased to submit its response to the Public Company Accounting Oversight Board's (the "Board") March 31, 2008 draft of its Report on 2007 Inspection of Deloitte & Touche LLP (the "Draft Report"). We are supportive of the inspection process and believe the Board's comments and observations enhance the ability to achieve our shared objective of improving audit quality.

D&T is committed to the highest standards of audit quality. We continually monitor the systems and processes for our audit practice, including quality control, and, among other things, make changes to methodologies, policies, and procedures when we identify improvements that could enhance audit quality. As we have done with respect to the Board's previous inspection reports, we will thoroughly consider the Board's comments and concerns addressed in the Draft Report, assess whether we have already initiated actions that address those concerns, and consider whether additional actions are necessary.

We believe that the observations included in the Draft Report reflect the fact that professional judgments are involved both in auditing an Issuer's financial statements as well as in subsequently inspecting any such audits. Professional judgments of reasonable and highly competent people may differ as to the nature and extent of necessary auditing procedures, conclusions reached and required documentation. We believe that reasonable judgments should not be second guessed and therefore disagree with a number of comments as indicated below.

We view the PCAOB's observations as constructive, and, accordingly, give each comment careful and thoughtful consideration. Although we may not always agree with the characterization by the PCAOB in the Draft Report of our audit work and related documentation, we have evaluated the matters identified by the Board's inspection team for each of the nine Issuer audits described in Part I of the Draft Report.

With respect to the two departures from generally accepted accounting principles cited in Part I of the Draft Report, the Issuer clients and we considered AU 561, *Subsequent*

Member of
Deloitte Touche Tohmatsu

Mr. George Diacont
April 30, 2008
Page 2

Discovery of Facts Existing at the Date of the Auditor's Report, and, as noted in the Draft Report, these Issuers restated their financial statements to correct an accounting error.

With respect to the remaining Issuer audits cited in Part I of the Draft Report, in some instances we have supplemented our documentation to add clarity or we have performed certain additional procedures in response to the inspection findings. In this regard, we have fulfilled our professional responsibilities under AU 390, *Consideration of Omitted Procedures After the Report Date*, and in those instances where we performed and/or documented additional auditing procedures, none of our conclusions or our reports on the Issuers' financial statements were affected.

With respect to the observations in the second bullet related to Issuer A and the first, second, fourth and fifth bullets related to Issuer E, we believe that the audit procedures performed, the conclusions reached and the related documentation were appropriate in the circumstances, and, accordingly, we believe such observations should not be included in the final report.

* * * * *

We appreciate the opportunity to provide our response to the Draft Report and look forward to continuing to work with the PCAOB in support of efforts to improve audit quality. We are available to the Board and its staff to discuss our response in further detail.

Sincerely,

Deloitte + Touche LLP

B9. Describe the Offeror's approach to keeping clients informed of new, proposed or revised accounting pronouncements, standards, guidelines, accounting changes, auditing procedure additions or changes, and changes in markets or in regulations, especially as related to state housing finance agencies.

All Deloitte client service professionals receive regular internally distributed updates on new accounting and audit issues and participate in formal and informal meetings, training sessions, and discussions specific to practice areas and industry specialization. Deloitte thought leaders share their ideas and insights with their team members as well as their clients. We consider this an important component of our service to you—one of the key ways we can provide exceptional value. We conduct annual training events in four cities across Florida in June of each year—Jacksonville, Orlando, Tampa and Ft. Lauderdale. We plan to have a special meeting with you prior to beginning fieldwork to discuss new accounting pronouncements that may impact Florida Housing as we did in 2007. In addition to sharing information with you, our organization will make a range of training and educational tools available to Florida Housing, including the following, to assist you in staying current.

Dbriefs—This webcast program uses innovative Web broadcast technology to combine strong content, dynamic presentations, and regular communications to our clients. Dbriefs features a series of webcasts that are highly informative, with a variety of timely, relevant business topics aimed at an executive-level audience. In addition to delivering practical knowledge from Deloitte professionals, the sessions can also be noted for Continuing Professional Education credits.

Audit Committee Online—Through our Web-based resource, we will provide current information on regulatory and legislative developments, accounting and financial reporting, audit committee roles and responsibilities, and effective practices.



C. Experience/ Qualifications of Personnel

C1. Identify the engagement partner(s), manager(s) and senior(s), including Subcontractors, if any, to be assigned to this engagement, including their qualifications, experience and office location(s). All partners and managers assigned during the term of this contract shall be currently active and licensed certified public accountants.

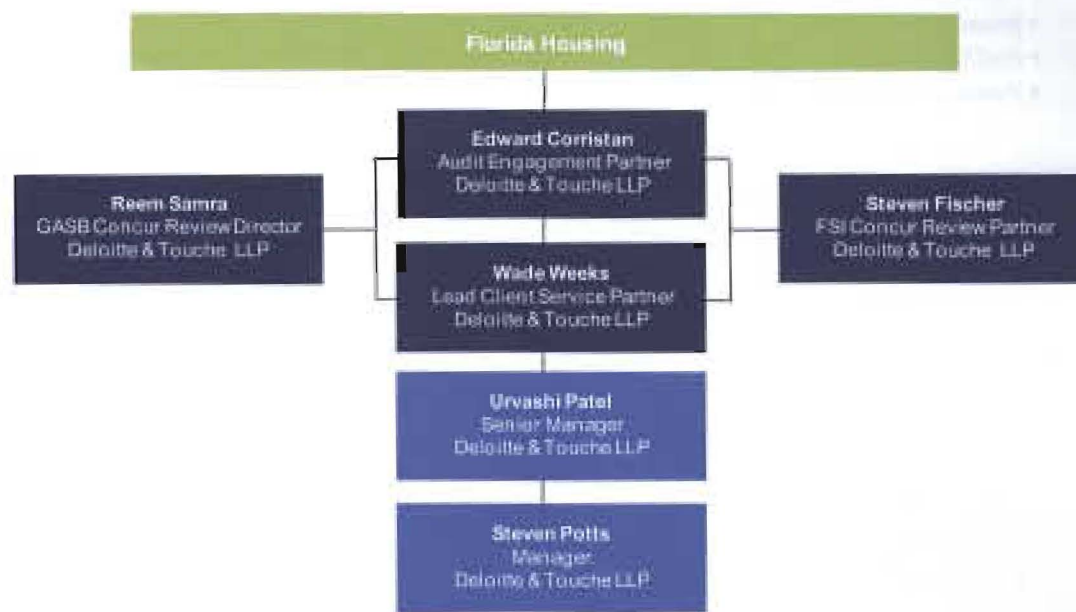
The selection of the right team of professionals is the single most important decision we make on every engagement. Our services are inseparable from the individuals who deliver them. We know that no one knows your business and operations better than you do; but our ability to effectively serve you over the years is tremendously enhanced by our knowledge of the financial services and housing industries, and Florida Housing, in particular. All members of the management returning to the 2008 engagement have served Florida Housing in the past and know your business.

ScoreCard	Deloitte's Points	Maximum Points
C. Experience/ Qualifications of Personnel		100

Florida Housing will continue to be served by a core team, led by Ed Corrigan as audit engagement partner who served as lead client service partner (LCSP) from 1994 to 2004. Ed, as your audit engagement partner, will be responsible for the overall management of the engagement, will bring the full resources of our organization to bear on this engagement and will meet as often as necessary with Florida Housing management. Ed will be supported by Wade Weeks who returns as the LCSP in 2008 after serving as your LCSP and audit engagement partner in 2005, 2006, and 2007.

Professional Certifications

As to the certification of our professionals, Deloitte policy required audit professional who are engaged to audit financial statements to pass the CPA exam prior to promotion to senior and requires that all partners to be active CPAs in the state in which they practice.



Resumes

Edward Corristan

Audit Engagement Partner | Deloitte & Touche LLP

Contact Information

Phone: 904 665 1421

E-mail: ecorristan@deloitte.com

Experience

Ed has more than 33 years of experience in the Florida public sector industry with a particular emphasis on serving state agencies and independent authorities. Licensed to practice in the states of Florida and Georgia, he has served State of Florida entities each of his 33 years. Ed is also a Certified Government Financial Manager.

Education and Certifications

- BA, University of South Florida
- Certified Public Accountant (licensed in Florida and Georgia)
- More than 40 hours of specialized training in governmental accounting and auditing during the past three years

Professional and Community Activities

- American Institute of Certified Public Accountants (Licensed in Florida and Georgia)
- Association of Government Accountants
- Certified Government Financial Manager
- Florida Institute of Certified Public Accountants
- Government Finance Officers Association

Representative Public Sector Clients (Current and Prior)

- Florida Housing Finance Corporation
- Florida Department of Transportation
- Florida Department of Lottery
- Georgia Lottery Corporation
- Jacksonville Police and Fire Pension Fund

Representative Financial Services Industry (Current and Prior)

- Santander Bancorp
- Taylor, Bean & Whitaker Mortgage Corp.
- Unitrin, Inc
- Allstate Corporation
- Brown & Brown, Inc.
- AmCOMP, Inc.
- EverBank Financial, L.P.

Wade Weeks

Lead Client Service Partner | Deloitte & Touche LLP

Contact Information

Phone: (904)665-1456

E-mail: wweeks@deloitte.com

Experience

With more than 24 years of experience, Wade has in-depth experience in serving large and small public and private companies and bringing flexible approaches and practical solutions to the unique issues. He has personally been involved in public equity and debt offerings, private placement offerings, initial public offerings, going private transactions and providing SEC compliance services to some of our largest clients in the Deloitte Southeast practice. Wade has also served as the lead client service partner and audit engagement partner on Florida Housing for the last three years. Wade has also served as the co-leader for the Deloitte Southeast Internal Control Subject Resource team.

Education and Certifications

- BS, The University of Alabama, Magna Cum Laude
- Certified Public Accountant (licensed in Florida, Georgia, North Carolina, Alabama, and California-Privilege to Practice Permit)

Professional and Community Activities

- American Institute of Certified Public Accountants
- Rotary Club of Jacksonville – Paul Harris Fellow
- Jacksonville Leadership Summit
- Florida Institute of Certified Public Accountants
- Past Blue Diamond Awards Chairman
- Charlotte Business Journal 40, Under 40 Alum
- Past Metrolina Entrepreneurial Council, Capital Access Conference Chair
- The University of Alabama Alumni Association

Representative Public Sector and Non Profit Clients (Current and Prior)

- Jacksonville Healthcare
- Florida State University Intercollegiate Athletics
- Florida Housing Finance Corporation
- University of Florida Academic Enrichment Fund
- University of Florida College of Medicine
- United Way of Southeast Florida

Steve Fischer

FSI Concurring Review Partner | Deloitte & Touche LLP

Contact Information

Phone: 813 470 8650

E-mail: sfischer@deloitte.com

Experience

Steve is an audit partner in our Florida and Puerto Rico practice with more than 15 years of public accounting experience. Currently, Steve is the lead investments audit partner a Fortune 500 company and was responsible for auditing more than \$325 billion of invested assets including alternative investments, derivatives, and publicly registered separate accounts. Steve serves as the lead client service partner for Everbank Financial Corporation and as concurring review partner for 1st Franklin and Taylor, Bean & Whittaker. Steve has previously served Merrill Lynch Credit Corporation and Merrill Lynch Financial Data Services.

Steve has also served as the co-leader of the Southeast Regional Financial Instruments Subject Matter Resource team. In this role, he is consulted on financial instrument issues and questions throughout the Southeast region.

Education and Certifications

- Florida State University, BS
- Certified Public Accountant (licensed in Florida)

Professional and Community Activities

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Habitat for Humanity
- Jacksonville Finance Committee
- Volunteer Jacksonville, Blueprint Jacksonville program

Representative Public Sector Clients (Current and Prior)

- Florida Housing Finance Corporation
- Florida Turnpike
- Florida Lottery

Representative Financial Services Industry (Current and Prior)

- MetLife, Inc
- EverBank Financial Corp
- RBC Centura
- Taylor Bean & Whittaker
- Merrill Lynch Credit Corporation
- Merrill Lynch Financial Data Services

Reem Samra

GASB Concurring Review Director | Deloitte & Touche LLP

Contact Information

Phone: 214 840 7376

E-mail: rsamra@deloitte.com

Experience

Reem, a designated compliance audit specialist, has more than 20 years of audit and accounting experience serving governmental entities and not-for-profit clients. She has participated in various audits of local governmental, not-for-profit entities, and in special projects. Reem is a frequent speaker at the AICPA governmental accounting and auditing conference. She has coauthored *Accounting and Auditing Developments* for public sector, higher education, and not-for-profit organizations, 1997 and 1998 editions, and *Public Sector Audit Committees Resource Guide* (2003).

Education and Certifications

- BBA, MBA, American University of Beirut
- Certified Public Accountant (licensed in Texas)
- More than 24 hours of specialized training in governmental accounting and auditing in the past three years

Professional and Community Activities

- American Institute of Certified Public Accountants
- American University of Beirut Alumni Association
- Association of Government Accountants
- Government Finance Officers Association of Texas (GFOAT)
- Nexus Recovery Center – President of the Board
- Southwestern Intergovernmental Audit Forum
- Texas Society of Certified Public Accountants
- Texas Association of County Auditors

Selected Clients Served

- City of Garland, Texas
- City of Mesquite, Texas
- City of Irving, Texas
- City of Kansas City, Missouri
- City of St. Louis, Missouri
- Collin County, Texas
- Colorado Housing Finance Authority
- Dallas County, Texas
- Dallas Area Rapid Transit
- Dallas/Fort Worth International Airport
- Garland Independent School District
- Dallas Independent School District
- Irving Independent School District
- North Texas Higher Education Loan Authority
- Plano Independent School District
- Richardson Independent School District
- State of Illinois
- State of Indiana
- Dallas County Utility and Reclamation District

Urvashi Patel

Senior Manager | Deloitte & Touche LLP

Contact Information

Phone: 904 665 1409

E-mail: upatel@deloitte.com

Experience

Urvashi has been serving clients in the public sector and financial services for the past 10 years. She has worked on other housing agencies, not-for-profit clients as well as mortgage banks at Deloitte. She relocated to Florida in 2006 and has been serving Florida Housing since then. Urvashi is licensed to practice in the states of Florida and California.

Education and Certifications

- BS, California Polytechnic State University, San Luis Obispo
- Certified Public Accountant (licensed in Florida and California)
- More than 40 hours of specialized training in governmental accounting and auditing during the past three years

Professional and Community Activities

- American Institute of Certified Public Accountants
- Athena Panel Member for Women Business Leaders in Jacksonville
- Institute of Internal Auditors Member

Representative Public Sector Clients (Current and Prior)

- Florida Housing Finance Corporation
- State of California
- California Housing Finance Agency
- California Department of Veterans Affairs
- State Bar Association of California

Representative Financial Services Industry (Current and Prior)

- EverBank Financial Corporation
- Merrill Lynch Credit Corporation
- E*Trade Brokerage
- Merrill Lynch Financial Data Services
- EGM Hedge Funds

Steven Potts

Audit Manager | Deloitte & Touche LLP

Contact Information

Phone: 904 665 1462

E-mail: spotts@deloitte.com

Experience

Steven has five years of public accounting experience serving financial services companies, including banking and mortgage banking. His experience also includes working with accounting for financial instruments. Prior to joining Deloitte & Touche, Steven worked for the State of Florida Auditor General's Office in Tallahassee.

Education

- BS, Florida State University
- Certified Public Accountant (licensed in Florida)
- More than 40 hours of specialized training in governmental accounting and auditing during the past three years

Professional and Community Activities

- American Institute of Certified Public Accountants
- Florida State Alumni Association

Representative Public Sector Clients (Current and Prior)

- Florida Housing Finance Corporation
- Florida Institute of Technology
- University of Florida Jacksonville Healthcare
- Florida State University Department of Intercollegiate Athletics

Representative Financial Services Industry Currently Served

- EverBank Reverse Mortgage, LLC
- EverBank Financial Corp. and Subsidiaries
- Priceline Mortgage Company, LLC
- Merrill Lynch Credit Corporation
- Merrill Lynch Financial Data Services, Inc.

C2. Provide the location(s) of the office(s) from which the work on this engagement is expected to be performed and a description of the range of activities performed by the office(s) to be assigned to this engagement.

We will continue to perform this engagement from our Florida offices, which consists of offices in Tallahassee, Jacksonville, Orlando, Tampa, Boca Raton, and Miami. As in years past, most, if not all, of the professionals will be out of the Jacksonville office. We will, however, call on leading qualified professionals as the need arises from any of our 100 offices in the U.S. Our effective, client-focused practice is based on service industry lines that include local specialists in four practice areas of the organization:

- Audit and Enterprise Risk Services
- Tax
- Financial Advisory Services
- Consulting

C3. Provide the number or percentage of fieldwork hours that staff is expected to be on-site at Florida Housing.

We expect your engagement team will be on-site for the controls testing, interim procedures and substantive final testing, site estimated at approximately 75 percent of the audit. The team will complete planning and portions of reporting off-site.

C4. Describe the procedures used by the Offeror, and Subcontractor, if applicable, for changing assigned staff during the audit, including how the quality of staff over the term of the agreement will be maintained.

Commitment to Staff Continuity

It is in Florida Housing's best interest and ours to maintain staff continuity; careful planning takes place so that our clients have consistency in staffing. Continuity means you know your Deloitte team and they know you—there is no need to repeatedly explain background and history and why you do what you do. Staff continuity facilitates us to focus on substantive issues rather than start-up concerns and it fosters strong working relationships among our personnel. We proactively plan for succession and will work closely with you to preserve the overall integrity of the team structure and plan for normal attrition.

An Employer of Choice

We believe that our commitment to our people is unparalleled in our industry. Our continued acknowledgments as an employer of choice, for example, are a

Given the importance of retaining talented professionals, we have undertaken several initiatives, including the establishment of a work/life balance task force, task forces on the retention and advancement of women and minorities, and comprehensive human resource standards. We have seen the positive impact of these initiatives on our people—we enjoy many benefits from being an employer of choice, including one of the highest retention rates in the industry. Our high retention rate for professionals in our Southeast offices translates into increased team continuity that will benefit Florida Housing, since less time will be required to educate new staff members. We believe our staffing strategy using a core pool of resources reduces the short-term, adverse impact should unforeseen turnover occur.

C5. Describe the composition of the audit team by position levels.

Our audit engagement team will consist primarily of one lead client service partner, one audit engagement partner, two concurring review partners/director, one senior manager, two managers, and three staff professionals. The lead client service partner will call upon other professionals with specialized skills, as needed, during the course of the engagement.

C6. Describe in detail the extent to which Subcontractors will be used to perform the services including, but not limited to, the number of audit hours or percentage of audit time and the type of audit work to be performed by all Subcontractors.

All professionals assigned to this engagement will be permanent partners and employees of Deloitte LLP and its subsidiaries. Deloitte & Touche LLP will not engage subcontractors outside of Deloitte LLP to participate in services provided to Florida Housing.



D. Approach to Services

D1. Describe the Offeror's approach to creating and negotiating a letter of engagement for the term of the contract. Provide a copy of the firm's standard format for an engagement letter. Indicate which items in the engagement letter the Offeror expects are non-negotiable, aside from those items required by applicable audit standards. Discuss the Offeror's usual method of conflict resolution.

Deloitte is pleased to submit this proposal to Florida Housing in response to its Request for Proposals 2008-06 dated August 8, 2008, (the "RFP") for the performance of audit services. We believe, however, that certain of the provisions included in the RFP may need to be modified or clarified for this particular engagement. We may also

need to make certain changes to the insurance requirements in order to make these requirements consistent with the insurance that we (as well as other large professional services firms) maintain. Further, we believe that additional provisions, including dispute resolution provisions which include binding arbitration, should be included in the final agreement for these services.

Our experience has indicated that almost without exception we have been able to reach agreement with each of our clients that has awarded us an engagement. In most of these cases, we have had some concerns over the proposed terms and conditions included in the RFP. We are confident that our experience with Florida Housing will be no different and we will be able to reach agreement. We believe that the basis for this success lies in the benefit of the negotiation process which allows each party to understand the other's reasonable concerns.

Our proposal is being made subject to the condition that Deloitte and Florida Housing subsequently reach and enter into a mutually acceptable definitive written agreement for the proposed service. If we are awarded this engagement, we intend to negotiate in good faith with Florida Housing to reach such an agreement as expeditiously as possible. In this regard, enclosed is our form of audit engagement letter that we believe is appropriate for this type of engagement.

ScoreCard	Deloitte's Points	Maximum Points
D. Approach to Services		100

**FORM 1310SGS — ILLUSTRATIVE AUDIT ENGAGEMENT
LETTERS — AUDITS IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

APPLICABILITY

The illustrative audit engagement letters included in this Form are generally appropriate if Deloitte & Touche LLP is engaged to audit the financial statements of a governmental, not-for-profit, or higher education entity¹ in accordance with *Government Auditing Standards*. Form 1310SN, *Illustrative Audit Engagement Letter — Nonpublic Entity*, needs to be used if our audit is not to be conducted in accordance with *Government Auditing Standards*.

This Form is effective for audits of financial statements of governmental, not-for-profit, or higher education entities for which an engagement letter has not yet been issued.

If a governmental, not-for-profit, or higher education entity requests to engage us to perform an audit in accordance with *Government Auditing Standards* and with the standards of the Public Company Accounting Oversight Board (United States), this Form would not be used and the audit Engagement Partner needs to contact the Industry Professional Practice Director (IPPD) — Public Sector.

For questions regarding which engagement letter Form is appropriate for the client situation, contact the IPPD — Public Sector.

GENERAL INSTRUCTIONS

This Form includes the following illustrative examples:

**EXAMPLE A. AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

EXAMPLE B. AUDIT IN ACCORDANCE WITH OMB CIRCULAR A-133

The illustrative examples in this Form include some words that appear in italics and/or are enclosed within brackets. This format is used to indicate words to be replaced with an appropriate description (e.g., “[*name of partner*]”), that are optional depending on the circumstances (e.g., “[*This appendix is optional at the discretion of management.*]”), or that vary depending on the circumstances.

The paragraphs and appendices of the illustrative examples indicated in bold face, including the appendix containing the General Business Terms for all engagements.

See Form 1310BAS, *Engagement Letter Supplements and Business Associate Appendix for Use With HIPAA-Covered Entities*, for supplements to the standard engagement letters for audits of health care organizations and for a standard Business Associate Appendix to be attached to engagement letters with entities covered by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) if requested by our clients in connection with engagements in which D&T may have access to Protected Health Information, as defined by HIPAA.

See Form 1310ST, *Illustrative Audit Engagement Letters—Transfer of Interests—Public and Nonpublic Entities—U.S. Firm*, if we are providing audit services in connection with a transfer of interests.

AAPMS GEN 201-1, *Engagement Letters*, and AAPMS IND/GAS/AUD 05, *Audits in Accordance With Government Auditing Standards or OMB Circular A-133 and the Requirements of AICPA SOP 98-3*, provide policies and guidance concerning engagement letters for this industry. The illustrative engagement letters in this Form have been tailored for the specific situations described herein. Modifications to the standard wording in the illustrative engagement letters should be made in accordance with the instructions in this Form. *More than minor modifications made to the illustrative examples herein should be approved by the Regional Professional Practice Director (RPPD) unless otherwise indicated.*

We should obtain an appropriately executed engagement letter, including the signatures of the entity's management and the individual signing on behalf of those charged with governance, if applicable, before beginning significant portions of fieldwork.

We sometimes encounter entities who wish to document our agreement to provide a broad array of professional services in the form of a master services agreement (MSA) rather than a traditional engagement agreement (i.e., an engagement letter). AAPMS GEN 265, *Master Services Agreements*, contains policies and guidance for identifying client situations for which an MSA may be appropriate. Audit and other attest services are identified as services that are generally excluded from the scope of an MSA.

REFERENCE TABLE

At the end of this Form are reference tables that map sections of the engagement letters taken directly from authoritative literature to their sources. These tables are for internal use only and are intended to be used by the engagement team to facilitate responses to inquiries by our clients related to these engagement letters. **Do not provide these tables to the client.**

NOTE

¹ A "governmental, not-for-profit, or higher education entity" are generally nonpublic entities which, for purposes of using the engagement letter examples in this Form, is an entity whose financial statements will neither be filed with the U.S. Securities & Exchange Commission (SEC) nor included in the financial statements (e.g., as a subsidiary or material equity investee) of another entity that files with the SEC, nor is considered an issuer as defined below. "SEC" also includes, for purposes of this definition, those regulatory agencies (i.e., the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the Office of Thrift Supervision) with whom certain banks or lending institutions file periodic reports, because the powers, functions, and duties of the SEC to enforce its periodic reporting provisions are vested, pursuant to section 12(j) of the Securities Exchange Act of 1934, in those agencies.

The term "issuer" means an issuer [as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c)] (1) with securities registered under section 12 of that Act (15 U.S.C. 781), (2) that is required to file reports under section 15(d) (15 U.S.C. 78o(d)), or (3) that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a et seq.), and that has not been withdrawn.

EXAMPLE A — AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

This example is applicable if we are engaged by a governmental, not-for-profit, or higher education entity to audit the entity's annual financial statements for periods ending on or after December 15, 2007 in accordance with *Government Auditing Standards*.

[Date]

[Name of individual signing on behalf of the body or individuals charged with governance]¹

[Title of chairperson of governance body]

[Identify governance body] of [Blank Entity]²

[Street Address]

[City, State ZIP code]

[Name of individual signing on behalf of management]

[Title of individual signing on behalf of management]

[Blank Entity]

[Street Address]

[City, State ZIP code]

Dear [Mr. [Ms.] Recipient's name]:

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for [Blank Entity] (the "Entity"). Mr. [Ms.] [name of partner]³ will be responsible for the services that we perform for the Entity hereunder.⁴

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Entity on issues as they arise throughout the year. Hence, we hope that you will call Mr. [Ms.] [name of partner] whenever you believe D&T can be of assistance.

The services to be performed by D&T pursuant to this engagement are subject to the terms and conditions set forth herein and in the accompanying appendices. Such terms and conditions shall be effective as of the date of the commencement of such services.

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("generally accepted government auditing standards"). The objectives of an audit conducted in accordance with the aforementioned standards are to:

- Express an opinion on the fairness of the presentation of [each opinion unit in]⁵ the Entity's basic financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information

for the year ending [ended] June 30, 200X⁶, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles")⁷, in all material respects.

- Report on the Entity's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ending [ended] June 30, 200X based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in generally accepted government auditing standards.

Appendix A contains a description of our responsibilities and an audit under generally accepted auditing standards and generally accepted government auditing standards.

Our ability to express an opinion and the wording thereof will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if the report to be issued by D&T as a result of this engagement requires modification, the reasons therefor will be discussed with [identify governance body]⁸ and the Entity's management.

Our report on the Entity's internal control and compliance and other matters will state that it is intended solely for the information and use of [identify governance body], management, [federal] awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Management's Responsibilities

Appendix B describes management's responsibilities for (1) the basic financial statements and all accompanying information, (2) representation letters, [(3) process for obtaining preapproval of services,] (4) independence matters relating to providing certain services, and (5) independence matters relating to hiring.

[Responsibility of [Identify Governance Body]]¹⁰

As independent auditors of the Entity, we acknowledge that [identify governance body] is directly responsible for the appointment, compensation, and oversight of our work, and accordingly, except as otherwise specifically noted, we will report directly to [identify governance body]. You have advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities [include the following language if a subcontractor that is not an affiliate or related entity of D&T will be used in the engagement: , and the use by D&T of [insert name of nonaffiliated or nonrelated entity subcontractor],] as subcontractors in connection with this engagement, have been approved by [identify governance body] in accordance with [identify governance body]'s established preapproval policies and procedures.]

Communications With [Identify Governance Body]

Appendix C describes various matters that we are required by generally accepted auditing standards and generally accepted government auditing standards to communicate with [identify governance body] and management.

Fees

[The language included below is included as an example to be tailored to the specific circumstances of the engagement. However, the following items should be included in the fee discussion: (1) an estimate of the fees, (2) the estimated timetable for billings, and (3) the terms for payment.]

[Appendix D includes an estimated timetable for the services included in this engagement letter.] We estimate that our fees for the audit of the Entity's basic financial statements will be \$[insert amount], plus expenses. Based on the anticipated timing of the work [as indicated in Appendix D], our fees will be billed approximately as follows:¹¹

Invoice Date	Amount
Month XX, 200X	\$XX,000
Month XX, 200X	\$XX,000
Month XX, 200Y	\$XX,000
Month XX, 200Y	\$XX,000

We anticipate sending invoices according to the schedule above, and payments are due [insert number of days, typically not more than 30] days from the date of the invoice. Engagement related expenses, such as [insert examples of expenses agreed upon with the entity's management],¹² will be billed in addition to the fees. Expenses will be stated separately on the invoices. [Finance charges at [X] percent or the maximum rate permitted by law, whichever is lower, will be imposed on any invoices not paid by the due date.]

[Our continued service on this engagement is dependent upon payment of our invoices in accordance with these terms. To the extent that certain circumstances, as listed in Appendix E,¹³ arise during this engagement, our fee estimate also may be significantly affected, and additional fees may be necessary.] We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, as necessary. Additional services provided beyond the described scope of services described herein will be billed separately.

Access to Working Papers by Regulators

In accordance with the requirements of generally accepted government auditing standards, we are required to make all audit-related documents, including auditor's reports, working papers, and management letters, available to a federal agency or the Comptroller General

of the United States upon their request for their regulatory oversight purposes. If such a request is made, we will inform you prior to providing such access. The working papers for this engagement are the property of D&T and constitute D&T's confidential information. We may request confidential treatment of D&T information. If we are requested to make photocopies of audit-related documents, we will maintain control over duplication of all information. [Blank Entity] hereby grants us permission to provide access to and to make and permit others to make photocopies of all audit-related documents, including auditor's reports, working papers, and management letters, to representatives of the United States Government Accountability Office (GAO) or other appropriate government audit staffs. D&T may require its personnel to supervise the photocopying of audit-related documents and may specify the location at which such documents may be photocopied. [Use the following sentence if not in conflict with the applicable regulations governing the engagement: All professional and administrative services relating to such access (including photocopying) will be charged as an additional expense to the engagement.] The working papers relating to this audit will be retained by us for a minimum of three years from the date of the reports issued, or such longer period as required to satisfy legal and administrative requirements.

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Entity intends to publish or otherwise reproduce in any document any report issued as a result of this engagement, or otherwise make reference to D&T in a document that contains other information in addition to the audited basic financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), thereby associating D&T with such document, the Entity agrees that its management will provide D&T with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our reports, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our reports in any such document would constitute the reissuance of our reports. The Entity also agrees that its management will notify us and obtain our approval prior to including our reports on an electronic site.¹⁴

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Entity. Any request by the Entity to reissue our reports, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on an electronic site will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Entity and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

Other Services¹⁵

{Preparation of Tax Returns¹⁶

The engagement to prepare your [list the returns we have been engaged to perform, e.g., 200X federal [and state] tax return[s], Form 990] will be described in a separate engagement letter.

[Description of Other Services]

[There may be circumstances when we are requested to perform certain nonaudit procedures that would be allowable under the GAO independence standards and the AICPA independence standards, such as preparing draft financial statements that are based on management's chart of accounts or preparing depreciation schedules for which management has determined the method of depreciation, rate of depreciation, and salvage value of the assets. In those situations, we would include a paragraph in the engagement letter similar to the following:

D&T will also [describe services to be performed, e.g., prepare draft financial statements that are based on management's chart of accounts; prepare depreciation schedules for which management has determined the method of depreciation, rate of depreciation, and salvage value of the assets] (the "nonaudit service") as requested by you. The Entity agrees that it will comply with generally accepted government auditing standards, including, but not limited to, the following: (1) the Entity will designate a management level individual to be responsible and accountable for overseeing the nonaudit service, (2) the Entity will establish and monitor the performance of the nonaudit service to ensure that it meets management's objectives, (3) the Entity will make all decisions that involve management functions related to the nonaudit service and accept full responsibility for such decisions, and (4) the Entity will evaluate the adequacy of the nonaudit service performed and any findings that may result.]

This engagement letter, including the appendices attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services outlined are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

DELOITTE & TOUCHE LLP [to be signed manually]

Acknowledged and approved on behalf of

[identify governance body]¹⁷ of [Blank Entity]:

By: _____

Title: _____

Date: _____

Accepted and agreed to by [*Blank Entity*]:

By: _____

Title: _____

Date: _____

APPENDIX A

DESCRIPTION OF OUR RESPONSIBILITIES AND AN AUDIT UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

[Blank Entity]

Year Ending [Ended] June 30, 200X

Our Responsibilities

Our responsibilities under generally accepted auditing standards and generally accepted government auditing standards include:

- Forming and expressing an opinion about whether the basic financial statements that have been prepared by management with the oversight of [identify governance body] are presented fairly, in all material respects, in conformity with generally accepted accounting principles
- Reporting on the scope and results of testing of the Entity's internal control over financial reporting and compliance with laws, regulations, and provisions of contracts and grant agreements.

The audit of the basic financial statements does not relieve management or [identify governance body] of their responsibilities.

Components of an Audit in Accordance With Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards

An audit includes the following:

- Obtaining an understanding of the Entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures
- Consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting
- Examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements
- Inquiring directly of [identify governance body] regarding its views about the risks of fraud and whether [identify governance body] has knowledge of any fraud or suspected fraud affecting the Entity
- Assessing the accounting principles used and significant estimates made by management

- Evaluating the overall basic financial statement presentation.

We will also perform tests of the Entity's compliance with certain provisions of laws, regulations, and the provisions of contracts and grant agreements. However, it is not our objective to provide an opinion on overall compliance with those provisions, and accordingly, we will not express such an opinion.

Generally accepted accounting principles provide for certain required supplementary information (RSI), such as a management's discussion and analysis, to accompany the Entity's basic financial statements. As part of our engagement, we will apply certain limited procedures to the Entity's RSI. Those limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management will affirm to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with our procedures relating to it, we will disclaim an opinion on the RSI.

Supplementary information other than RSI, *[insert description of such supplementary information, e.g., such as management's discussion and analysis and budgetary comparison information,]* also accompany the Entity's basic financial statements. We will subject all supplementary information that is financially oriented to the audit procedures applied in our audit of the basic financial statements and render our opinion on whether that information is fairly presented, in all material respects, in relation to the Entity's basic financial statements taken as a whole. We will disclaim an opinion on supplementary information that comprises nonaccounting information or accounting information not directly related to the basic financial statements. We will also make specific inquiries of management about supplementary information, which management will affirm to us in its representation letter.

Reasonable Assurance

We will plan and perform our audit to obtain reasonable assurance about whether the basic financial statements [for each opinion unit] are free of material misstatement, whether caused by error or fraud, and we will perform tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards is designed to obtain reasonable, rather than absolute, assurance that the basic financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the basic financial statements, nor is it designed to provide assurance on internal control or to identify deficiencies in internal control or to detect immaterial instances of noncompliance.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES

[Blank Entity]

Year Ending [Ended] June 30, 200X

Financial Statements, Internal Control, and Compliance

The overall accuracy of the basic financial statements and all accompanying information and their conformity with generally accepted accounting principles is the responsibility of the Entity's management. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Establishing and maintaining effective internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements
- Designing and implementing programs and controls to prevent and detect fraud
- Identifying and ensuring that the Entity complies with the laws and regulations applicable to its activities and the provisions of contracts or grant agreements, and informing us of any known material violations of such laws, regulations, or provisions
- Adjusting the basic financial statements to correct material misstatements
- Making all financial records and related information available to us
- Taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or a abuse that we report
- Having a process to track the status of audit findings and recommendations
- Identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of our audit and the corrective actions taken to address significant findings and recommendations.

Representation Letters

We will make specific inquiries of the Entity's management about the representations embodied in the basic financial statements and all accompanying information. Additionally, we will request that management provide to us the written representations the Entity is required to provide to its independent auditors under generally accepted auditing standards. As part of our audit procedures, we will request that management provide us with a representation letter that includes, among other things:

- Acknowledgment of management's responsibility for the preparation of the basic financial statements and all accompanying information

- Acknowledgment of management's responsibility for the design and implementation of programs and controls to prevent and detect fraud
- Affirmation of management's knowledge of any fraud or suspected fraud affecting the Entity involving management, employees who have significant roles in internal control over financial reporting, and others where the fraud could have a material effect on the basic financial statements
- Affirmation of management's knowledge of any allegations of fraud or suspected fraud affecting the Entity
- Affirmation of management's belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements [for the applicable opinion units].

We will also request that management confirm certain representations made to us during our audit. The responses to those inquiries and related written representations of management required by generally accepted auditing standards are part of the evidential matter that D&T will rely on in forming its opinion on the Entity's basic financial statements. Because of the importance of management's representations, the Entity agrees to release and indemnify D&T, its subcontractors, and their respective personnel from all claims, liabilities, and expenses relating to our services under this engagement letter attributable to any misrepresentation by management.

[Process for Obtaining Preapproval of Services]¹⁸

Management is responsible for the coordination of obtaining the preapproval of [identify governance body]. In accordance with [identify governance body]'s preapproval process, for any services to be provided by D&T to the Entity.]

Independence Matters Relating to Providing Certain Services¹⁹

In connection with our engagement, D&T, management, and [identify governance body] will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Entity will ensure that the Entity has policies and procedures in place for the purpose of ensuring that the Entity will not act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants (AICPA), generally accepted government auditing standards, or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. [Ms.] [name of partner].

Independence Matters Relating to Hiring²⁰

Management will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*, that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Entity for a former or current D&T partner,

principal, or professional employee should be discussed with Mr. [Ms.] [name of partner] before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

For purposes of the preceding two [three] paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu, and its member firms; and, in all cases, any successor or assignee.

APPENDIX C

COMMUNICATIONS WITH [IDENTIFY GOVERNANCE BODY]
[Blank Entity]
Year Ending [Ended] June 30, 200X

Significant Matters

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of [identify governance body] in overseeing the financial reporting process.

Fraud and Illegal Acts

We will report directly to [identify governance body] any fraud of which we become aware that involves senior management and any fraud (whether caused by senior management or other employees) of which we become aware that causes a material misstatement of the basic financial statements. We will report to senior management any fraud perpetrated by lower-level employees of which we become aware that does not cause a material misstatement of the basic financial statements; however, we will not report such matters directly to [identify governance body], unless otherwise directed by [identify governance body].

We will inform the appropriate level of management of the Entity and determine that [identify governance body] is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential. [If a definition of "clearly inconsequential" has been established with those charged with governance, we may include such definition at the end of this paragraph. "Clearly inconsequential" may be defined in terms of a specified dollar amount and a parenthetical reference may be added to the end of the last sentence, e.g.: (have a monetary effect, such as fines, penalties, and damages, of less than \$X,000 in the aggregate).]

Internal Control Matters

We will report directly to management and [identify governance body] all significant deficiencies and material weaknesses identified during the audit as required by AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, and generally accepted government auditing standards. Our written communication will identify those matters considered by D&T to be significant deficiencies and those that are considered by D&T to be material weaknesses.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Entity's basic financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected.

Other Matters

Generally accepted auditing standards and generally accepted government auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with [identify governance body]. However, we will communicate to [identify governance body] matters required by AU 380, *The Auditor's Communication With Those Charged With Governance*.

In planning the audit, we will follow up on known significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies that directly relate to the objectives of the current audit to determine the effect on our risk assessment and audit procedures.

As part of our audit, we will be alert to situations or transactions that could be indicative of abuse as defined by generally accepted government auditing standards, which involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. This determination of abuse is subjective; generally accepted government auditing standards do not require us to provide reasonable assurance of detecting abuse, and we will not design the audit to detect abuse. However, if we become aware of indications of material abuse, we will apply procedures to ascertain whether abuse has occurred. Under generally accepted auditing standards and generally accepted government auditing standards, we may be required to directly report fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse to outside parties.

We may communicate to management and [identify governance body] on internal control, compliance, or other matters we have observed and possible ways to improve the Entity's operational efficiency and effectiveness or otherwise improve its internal control or other policies and procedures. In addition, as required by generally accepted government auditing standards, our report on internal control and on compliance and other matters will include our findings of material violations of provisions of contracts and grant agreements and material abuse.

APPENDIX D

COORDINATION OF THE AUDIT
[Blank Entity]
Year Ending [Ended] June 30, 200X

[This appendix is optional at the discretion of the audit Engagement Partner. If this appendix is used, tailor it to the specific engagement.]

We will plan the performance of the audit in accordance with the following estimated timetable:

	<u>Estimated to Begin</u>	<u>Targeted for Completion²¹</u>
Audit Performance Schedule:		
Planning	_____	_____
Interim audit procedures	_____	_____
Year-end audit procedures	_____	_____
[Identify governance body] Communications:		
Report on audit, including communications required by AU 380		_____
Communication of control-related matters (as required by AU 325)		_____
Report on the Entity's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements.		_____

APPENDIX E

CIRCUMSTANCES AFFECTING TIMING AND FEE ESTIMATE

[Blank Entity]

Year Ending [Ended] June 30, 200X

[This appendix is optional at the discretion of the audit Engagement Partner. If it is used, tailor the following to the specific engagement.]

The fees quoted for the audit are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates or our fee estimate. As a result, changes to the fees may be necessary. Such circumstances include but are not limited to the following:

Audit Facilitation

1. Changes to the timing of the engagement at the Entity's request. Changes to the timing of the engagement usually require reassignment of personnel used by D&T in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, D&T may incur significant unanticipated costs.
2. All audit schedules are not (a) provided by the Entity on the date requested, (b) completed in a format acceptable to D&T, (c) mathematically correct, or (d) in agreement with the appropriate Entity records (e.g., general ledger accounts). D&T will provide the Entity with a separate listing of required schedules, information requests, and the dates such items are needed.
3. Significant delays in responding to our requests for information, such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).
4. Deterioration in the quality of the Entity's accounting records during the current-year engagement in comparison with the prior-year engagement.
5. A completed trial balance, referenced to the supporting analyses and schedules and basic financial statements, is not provided timely by the Entity's personnel.
6. Draft basic financial statements with appropriate supporting documentation are not prepared accurately and timely by the Entity's personnel.
7. Electronic files in an appropriate format and containing the information requested are not provided by the Entity on the date requested for our use in performing file interrogation. D&T will provide the Entity with a separate listing of the required files and the dates the files are needed.
8. The engagement team, while performing work on the Entity's premises, is not provided with [high-speed] access to the Internet [via the Entity's existing network or through a T1, DSL, or cable connection] for purposes of conducting the engagement.
9. The agreed-upon level of support by the Entity's internal audit department in *[insert]*

description of internal audit participation in the audit engagement] is not provided or is not suitable for our purposes.

Significant Issues or Changes

10. Significant deficiencies or material weaknesses in the design or operating effectiveness of the Entity's internal control over financial reporting are identified during our audit that result in the expansion of our audit procedures.
11. A significant level of proposed audit adjustments is identified during our audit.
12. A significant number of drafts of the basic financial statements are submitted for our review, or we identify a significant level of deficiencies in the draft basic financial statements.
13. Significant new issues or changes as follows:
 - a. Significant new accounting issues.
 - b. Significant changes in accounting policies or practices from those used in prior years.
 - c. Significant events or transactions not contemplated in our budgets.
 - d. Significant changes in the Entity's financial reporting process or Information Technology systems.
 - e. Significant changes in the Entity's accounting personnel, their responsibilities, or their availability.
 - f. Significant changes in auditing standards.
 - g. Significant changes in the Entity's use of specialists, or the specialists or their work product does not meet the qualifications required by generally accepted auditing standards for our reliance upon their work.
14. *[If the Entity is adopting a new Statement of Government Accounting Standards insert the following: The procedures necessary to adopt Statement of Government Accounting Standards No. XXX, [title], have not been completed by the Entity's personnel. Such procedures will include [describe necessary procedures].]*
15. Changes in audit scope caused by events that are beyond our control.

Payment for Services Rendered

16. Without limiting its rights or remedies, D&T may halt or terminate its services entirely if payment is not received within [30] days of the date of the invoice.

APPENDIX F

GENERAL BUSINESS TERMS²²

[Blank Entity]

Year Ending [Ended] June 30, 200X

1. **Independent Contractor.** It is understood and agreed that D&T is an independent contractor and that D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Entity or [identify governance body].
2. **Survival.** The agreements and undertakings of the Entity [[and [identify governance body]]²³ contained in the engagement letter to which these terms are attached (the "engagement letter"), together with the appendices to the engagement letter including these terms, will survive the completion or termination of this engagement.
3. **Assignment and Subcontracting.** Except as provided below, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other parties. The Entity [and [identify governance body]] hereby consents [consent] to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be invoiced as expenses, unless otherwise agreed. [include the following sentence if a subcontractor that is not an affiliate or related entity of D&T will be used in the engagement: In addition, the Entity [and [identify governance body]] also hereby consents [consent] to the use by D&T of [insert name of nonaffiliated or nonrelated entity subcontractor], which may be located outside of the United States, as a subcontractor in connection with this engagement; professional services performed hereunder by [insert name of nonaffiliated or nonrelated entity subcontractor] and any related expenses shall be invoiced as expenses, unless otherwise agreed.]
4. **Severability.** If any term of the engagement letter, including its appendices, is determined to be invalid or unenforceable, such term shall not affect the other terms hereof or thereof, but such invalid or unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein and therein.
5. **Force Majeure.** No party shall be deemed to be in breach of the engagement letter (including its appendices) as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order, or requirement of any governmental agency or authority.
6. **Dispute Resolution.**²⁴ Any controversy or claim between the parties arising out of or relating to the engagement letter, including its appendices, or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix [G] and made a part hereof.

APPENDIX G

DISPUTE RESOLUTION PROVISION²⁵

[Blank Entity]

Year Ending [Ended] June 30, 200X

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators. Each of the Entity and Deloitte & Touche LLP shall designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of this Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

All aspects of the arbitration shall be treated as confidential, as provided in the Rules. Before making any disclosure permitted by the Rules, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.

EXAMPLE B — AUDIT IN ACCORDANCE WITH OMB CIRCULAR A-133

This example is applicable if we are engaged by a governmental, not-for-profit, or higher education entity to audit the entity's annual financial statements for periods ending on or after December 15, 2007, in accordance with generally accepted government auditing standards and the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* ("OMB Circular A-133").

[Date]

[Name of individual signing on behalf of the body or individuals charged with governance]¹

[Title of chairperson of governance body]

[Identify governance body] of [Blank Entity]²

[Street Address]

[City, State ZIP code]

[Name of individual signing on behalf of management]

[Title of individual signing on behalf of management]

[Blank Entity]

[Street Address]

[City, State ZIP code]

Dear [Mr. [Ms.] Recipient's name]:

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for [Blank Entity] (the "Entity"). Mr. [Ms.] [name of partner]³ will be responsible for the services that we perform for the Entity hereunder.⁴

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Entity on issues as they arise throughout the year. Hence, we hope that you will call Mr. [Ms.] [name of partner] whenever you believe D&T can be of assistance.

The services to be performed by D&T pursuant to this engagement are subject to the terms and conditions set forth herein and in the accompanying appendices. Such terms and conditions shall be effective as of the date of the commencement of such services.

Audit of Financial Statements and Other Reporting

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("generally accepted government auditing standards"). The objectives of an audit conducted in accordance with the aforementioned standards are to:

- Express an opinion on the fairness of the presentation of [each opinion unit in]⁵ the Entity's basic financial statements, and to disclaim an opinion on the required

supplementary information for the year ending [ended] June 30, 200X⁶, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles")⁷, in all material respects

- Express an opinion on whether the supplementary information that accompanies the basic financial statements, including the schedule of expenditures of [federal]⁸ awards [and *describe other, if applicable*]⁹, are presented fairly, in all material respects, in relation to the basic financial statements taken as a whole
- Report on the Entity's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grants and other matters for the year ending [ended] June 30, 200X based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in generally accepted government auditing standards
- Report on the Entity's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* ("OMB Circular A-133").

Appendix A contains a description of our responsibilities and an audit under generally accepted auditing standards, generally accepted government auditing standards, and OMB Circular A-133.

Our ability to express an opinion and the wording thereof will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if the report to be issued by D&T as a result of this engagement requires modification, the reasons therefor will be discussed with *identify governance body*¹⁰ and the Entity's management.

Our reports on the Entity's internal control and compliance and other matters will state that they are intended solely for the information and use of *identify governance body*, management, [federal] awarding agencies, and pass-through entities and are not intended to be and should not be used by anyone other than these specified parties.

Management's Responsibilities

Appendix B describes management's responsibilities for (1) the basic financial statements and all accompanying information, (2) representation letters, [(3) process for obtaining preapproval of services,]¹¹ (4) independence matters relating to providing certain services, and (5) independence matters relating to hiring.

[Responsibility of *Identify Governance Body*]¹²

As independent auditors of the Entity, we acknowledge that *identify governance body* is directly responsible for the appointment, compensation, and oversight of our work, and accordingly, except as otherwise specifically noted, we will report directly to *identify*

governance body). You have advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities *[include the following language if a subcontractor that is not an affiliate or related entity of D&T will be used in the engagement: , and the use by D&T of [insert name of nonaffiliated or nonrelated entity subcontractor].]* as subcontractors in connection with this engagement, have been approved by *[identify governance body]* in accordance with *[identify governance body]*'s established preapproval policies and procedures.]

Communications With *[Identify Governance Body]*

Appendix C describes various matters that we are required by generally accepted auditing standards and generally accepted government auditing standards to communicate with *[identify governance body]* and management.

Fees

[The language included below is included as an example to be tailored to the specific circumstances of the engagement. However, the following items should be included in the fee discussion: (1) an estimate of the fees, (2) the estimated timetable for billings, and (3) the terms for payment.]

[Appendix D includes an estimated timetable for the services included in this engagement letter.] We estimate that our fees for the audit of the Entity's basic financial statements will be *[\$insert amount]*, plus expenses. Based on the anticipated timing of the work *[as indicated in Appendix D]*, our fees will be billed approximately as follows:¹⁴

Invoice Date	Amount
Month XX, 200X	\$XX,000
Month XX, 200X	\$XX,000
Month XX, 200Y	\$XX,000
Month XX, 200Y	\$XX,000

We anticipate sending invoices according to the schedule above, and payments are due *[insert number of days, typically not more than 30]* days from the date of the invoice. Engagement-related expenses, such as *[insert examples of expenses agreed upon with the entity's management]*,¹⁴ will be billed in addition to the fees. Expenses will be stated separately on the invoices. *[Finance charges at [X] percent or the maximum rate permitted by law, whichever is lower, will be imposed on any invoices not paid by the due date.]*

[Our continued service on this engagement is dependent upon payment of our invoices in accordance with these terms. To the extent that certain circumstances, as listed in Appendix E,¹⁵ arise during this engagement, our fee estimate also may be significantly affected and additional fees may be necessary.] We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, as

necessary. Additional services provided beyond the described scope of services described herein will be billed separately.

Access to Working Papers by Regulators

In accordance with the requirements of generally accepted government auditing standards, we are required to make all audit-related documents, including auditor's reports, working papers, and management letters, available to a federal agency or the Comptroller General of the United States upon their request for their regulatory oversight purposes. If such a request is made, we will inform you prior to providing such access. The working papers for this engagement are the property of D&T and constitute D&T's confidential information. We may request confidential treatment of D&T information. If we are requested to make photocopies of audit-related documents, we will maintain control over duplication of all information. *[Blank Entity]* hereby grants us permission to provide access to and to make and permit others to make photocopies of all audit-related documents, including auditor's reports, working papers and management letters, to representatives of the United States Government Accountability Office (GAO) or other appropriate government audit staffs. D&T may require its personnel to supervise the photocopying of audit-related documents and may specify the location at which such documents may be photocopied. *[Use the following sentence if not in conflict with the applicable regulations governing the engagement: All professional and administrative services relating to such access (including photocopying) will be charged as an additional expense to the engagement.]* The working papers relating to this audit will be retained by us for a minimum of three years from the dates of the reports issued, or such longer period as required to satisfy legal and administrative requirements.

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Entity intends to publish or otherwise reproduce in any document our reports on the Entity's basic financial statements, or otherwise make reference to D&T in a document that contains other information in addition to the audited financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), thereby associating D&T with such document, the Entity agrees that its management will provide D&T with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our reports, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our reports in any such document would constitute the reissuance of our reports. The Entity also agrees that its management will notify us and obtain our approval prior to including our report on an electronic site.¹⁶

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Entity. Any request by the Entity to reissue our reports, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on an electronic site will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Entity and D&T at such time as D&T is engaged to perform the services and would be described in a separate

engagement letter.

Other Services¹⁷

[Preparation of Tax Returns¹⁸

The engagement to prepare your [list the returns we have been engaged to perform, e.g., 200X federal [and state] tax return[s], Form 990] will be described in a separate engagement letter.]

[Description of Other Services]

[There may be circumstances when we are requested to perform certain nonaudit procedures that would be allowable under the GAO independence standards and the AICPA independence standards, such as preparing draft financial statements that are based on management's chart of accounts or preparing depreciation schedules for which management has determined the method of depreciation, rate of depreciation, and salvage value of the assets. In those situations, we would include a paragraph in the engagement letter similar to the following:

D&T will also [describe services to be performed, e.g., prepare draft financial statements that are based on management's chart of accounts; prepare depreciation schedules for which management has determined the method of depreciation, rate of depreciation, and salvage value of the assets] (the "nonaudit service") as requested by you. The Entity agrees that it will comply with generally accepted government auditing standards, including, but not limited to, the following: (1) the Entity will designate a management level individual to be responsible and accountable for overseeing the nonaudit service, (2) the Entity will establish and monitor the performance of the nonaudit service to ensure that it meets management's objectives, (3) the Entity will make all decisions that involve management functions related to the nonaudit service and accept full responsibility for such decisions, and (4) the Entity will evaluate the adequacy of the nonaudit service performed and any findings that may result.]

This engagement letter, including the appendices attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services outlined are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

DELOITTE & TOUCHE LLP [to be signed manually]

Acknowledged and approved on behalf of

[identify governance body]¹⁹ of [Blank Entity]:

By: _____

Title: _____

Date: _____

Accepted and agreed to by [*Blank Entity*]:

By: _____

Title: _____

Date: _____

APPENDIX A

DESCRIPTION OF OUR RESPONSIBILITIES AND AN AUDIT UNDER GENERALLY ACCEPTED AUDITING STANDARDS, GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, AND OMB CIRCULAR A-133

[Blank Entity]

Year Ending [Ended] June 30, 200X

Our Responsibilities

Our responsibilities under generally accepted auditing standards and generally accepted government auditing standards include:

- Forming and expressing an opinion about whether the basic financial statements that have been prepared by management with the oversight of [identify governance body] are presented fairly, in all material respects, in conformity with generally accepted accounting principles
- Reporting on the scope and results of testing of the Entity's internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements.

The audit of the basic financial statements does not relieve management or [identify governance body] of their responsibilities.

Components of an Audit in Accordance With Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards, and OMB Circular A-133

An audit includes the following:

- Obtaining an understanding of the Entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures
- Consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting
- Consideration of internal control and compliance over major [federal] programs, as a basis for determining the Entity's internal control over compliance with federal laws and other laws and regulations
- Examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements
- Inquiring directly of [identify governance body] regarding its views about the risk of fraud and whether [identify governance body] has knowledge of any fraud or

suspected fraud affecting the Entity

- Assessing the accounting principles used and significant estimates made by management
- Evaluating the overall basic financial statement presentation
- Determining which [federal] programs should be considered major programs and thus be included within the scope of the compliance audit
- Evaluating the overall presentation of the schedule of expenditures of [federal] awards [and [describe other supplementary information]] in relation to the basic financial statements taken as a whole
- Evaluating the items to be included in the schedule of findings and questioned costs and the reasonableness of the summary schedule of prior year findings
- Obtaining and reporting the views of responsible officials concerning the findings, conclusions, and recommendations, as well as their planned corrective actions
- Preparing a schedule of findings and questioned costs
- Completing the auditor prepared sections of and signing the OMB Data Collection Form that summarizes our audit findings.

We will also perform tests of the Entity's compliance with certain provisions of laws, regulations, and the provisions of contracts and grant agreements. However, it is not our objective to provide an opinion on overall compliance with those provisions and, accordingly, we will not express such an opinion.

As part of our audit of compliance with the requirements of major [federal] programs, we will obtain an understanding of the Entity's internal control related to administering major [federal] programs and we will assess risk as required by OMB Circular A-133 for the purpose of establishing the nature, timing, and extent of auditing procedures necessary for expressing an opinion concerning compliance with laws and regulations related to major [federal] award programs.

Generally accepted accounting principles provide for certain required supplementary information (RSI), such as a management's discussion and analysis, to accompany the Entity's basic financial statements. As part of our engagement, we will apply certain limited procedures to the Entity's RSI. Those limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management will affirm to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with our procedures relating to it, we will disclaim an opinion on the RSI.

Supplementary information other than RSI, [insert description of such supplementary information, e.g., such as the schedule of expenditures of [federal] awards, and statistical data,] also accompany the Entity's basic financial statements. We will subject all

supplementary information that is financially oriented to the audit procedures applied in our audit of the basic financial statements and render our opinion on whether that information is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. We will disclaim an opinion on supplementary information that comprises nonaccounting information or accounting information not directly related to the basic financial statements. We will also make specific inquiries of management about supplementary information, which management will affirm to us in its representation letter.

Reasonable Assurance

We will plan and perform our audit to obtain reasonable assurance about whether the basic financial statements [for each opinion unit] are free of material misstatement, whether caused by error or fraud, and we will perform tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards is designed to obtain reasonable, rather than absolute, assurance that the basic financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the basic financial statements, nor is it designed to provide assurance on internal control or to identify deficiencies in internal control or to detect immaterial instances of noncompliance.

We will also plan and perform our audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that are applicable to the Entity's major [federal] programs could have a direct and material effect on each of its major [federal] programs. An audit of compliance includes examining, on a test basis, evidence about the Entity's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. Our audit does not provide a legal determination on the Entity's compliance with those requirements.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES

[Blank Entity]

Year Ending [Ended] June 30, 200X

Financial Statements, Internal Control, and Compliance

The overall accuracy of the basic financial statements and all accompanying information and their conformity with generally accepted accounting principles is the responsibility of the Entity's management. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies.
- Establishing and maintaining effective internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements.
- Designing and implementing programs and controls to prevent and detect fraud.
- Identifying and ensuring that the Entity complies with the laws and regulations applicable to its activities and the provisions of contracts or grant agreements, and informing us of any known material violations of such laws, regulations, or provisions.
- Adjusting the basic financial statements to correct material misstatements.
- Making all financial records and related information available to us.
- Taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that we report.
- Having a process to track the status of audit findings and recommendations.
- Identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of our audit and the corrective actions taken to address significant findings and recommendations.
- Providing its view on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for our reports. The corrective action plan that the Entity develops for its OMB Circular A-133 reporting package may fully or partially satisfy this responsibility.
- Submitting the reporting package and OMB Data Collection Form to the [insert appropriate recipients].

Representation Letters

We will make specific inquiries of the Entity's management about the representations

(1) embodied in the basic financial statements and all accompanying information, (2) regarding the effectiveness of internal control, and (3) regarding the Entity's compliance with laws, regulations, and the provisions of contracts and grant agreements. Additionally, we will request that management provide to us the written representations the Entity is required to provide to its independent auditors under generally accepted auditing standards. As part of our audit procedures, we will request that management provide us with a representation letter that includes, among other things:

- Acknowledgment of management's responsibility for the preparation of the basic financial statements, all accompanying information, and for compliance with laws and regulations applicable to [federal] award programs
- Acknowledgment of management's responsibility for the design and implementation of programs and controls to prevent and detect fraud
- Affirmation of management's knowledge of any fraud or suspected fraud affecting the Entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the basic financial statements
- Affirmation of management's knowledge of any allegations of fraud or suspected fraud affecting the Entity
- Affirmation of management's belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements [for the applicable opinion units].

We will also request that management confirm certain representations made to us during our audit. The responses to those inquiries and related written representations of management required by generally accepted auditing standards are part of the evidential matter that D&T will rely on in forming its opinion on the Entity's basic financial statements. Because of the importance of management's representations, the Entity agrees to release and indemnify D&T, its subcontractors, and their respective personnel from all claims, liabilities, and expenses relating to our services under this engagement letter attributable to any misrepresentation by management.

[Process for Obtaining Preapproval of Services]²⁰

Management is responsible for the coordination of obtaining the preapproval of [identify governance body], in accordance with [identify governance body]'s preapproval process, for any services to be provided by D&T to the Entity.

Independence Matters Relating to Providing Certain Services²¹

In connection with our engagement, D&T, management, and [identify governance body] will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Entity will ensure that the Entity has policies and procedures in place for the purpose of ensuring that the Entity will not act to engage D&T

or accept from D&T any service that under American Institute of Certified Public Accountants (AICPA), generally accepted government auditing standards, or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. [Ms.] *[name of partner]*.

Independence Matters Relating to Hiring²²

Management will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*, that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Entity for a former or current D&T partner, principal, or professional employee should be discussed with Mr. [Ms.] *[name of partner]* before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

For purposes of the preceding two [three] paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu, and its member firms; and, in all cases, any successor or assignee.

APPENDIX C

COMMUNICATIONS WITH [IDENTIFY GOVERNANCE BODY]

[Blank Entity]

Year Ending [Ended] June 30, 200X

Significant Matters

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of [identify governance body] in overseeing the financial reporting process.

Fraud and Illegal Acts

We will report directly to [identify governance body] any fraud of which we become aware that involves senior management, and any fraud (whether caused by senior management or other employees) of which we become aware that causes a material misstatement of the basic financial statements. We will report to senior management any fraud perpetrated by lower level employees of which we become aware that does not cause a material misstatement of the basic financial statements; however, we will not report such matters directly to [identify governance body], unless otherwise directed by [identify governance body].

We will inform the appropriate level of management of the Entity and determine that [identify governance body] is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential. [If a definition of "clearly inconsequential" has been established with those charged with governance], we may include such definition at the end of this paragraph. "Clearly inconsequential" may be defined in terms of a specified dollar amount and a parenthetical reference may be added to the end of the last sentence, e.g.: (have a monetary effect, such as fines, penalties, and damages, of less than \$X,000 in the aggregate.)

Internal Control Matters

We will report directly to management and [identify governance body] all significant deficiencies and material weaknesses identified during the audit as required by AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, and generally accepted government auditing standards. Our written communication will identify those matters considered by D&T to be significant deficiencies and those that are considered by D&T to be material weaknesses.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Entity's basic financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected.

We will also communicate certain matters to management and *[identify governance body]*, including our responsibilities for testing and reporting on internal control over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements, both for our financial statement audit and our compliance audit of major *[federal]* programs.

Other Matters

We will communicate to management and *[identify governance body]* the following, if any of the following are identified during our audits: material noncompliance with laws, regulations, and provisions of contracts or grant agreements related to major programs; certain known questioned costs; fraud affecting *[federal]* awards; abuse that is material to a *[federal]* program; and other *[federal]* award audit findings as required by generally accepted government auditing standards and OMB Circular A-133.

Generally accepted auditing standards and generally accepted government auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with *[identify governance body]*. However, we will communicate to *[identify governance body]* matters required by AU 380, *The Auditor's Communication With Those Charged With Governance*. In addition, as required by generally accepted government auditing standards, our report on internal control and on compliance and other matters will include our findings of material violations of provisions of contracts and grant agreements and material abuse.

In planning the audit, we will follow up on known significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies that directly relate to the objectives of the current audit to determine the effect on our risk assessment and audit procedures.

As part of our audit, we will be alert to situations or transactions that could be indicative of abuse as defined by generally accepted government auditing standards, which involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. This determination of abuse is subjective; generally accepted government auditing standards do not require us to provide reasonable assurance of detecting abuse, and we will not design the audit to detect abuse. However, if we become aware of indications of material abuse, we will apply procedures to ascertain whether abuse has occurred. Under generally accepted auditing standards and generally accepted government auditing standards, we may be required to directly report fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse to outside parties.

We may also communicate to management and *[identify governance body]* on internal control, compliance, or other matters we have observed and possible ways to improve the Entity's operational efficiency and effectiveness or otherwise improve its internal control or other policies and procedures.

APPENDIX D

COORDINATION OF THE AUDIT
 [Blank Entity]
 Year Ending [Ended] June 30, 200X

[This appendix is optional at the discretion of the audit Engagement Partner. If this appendix is used, tailor it to the specific engagement.]

We will plan the performance of our audit in accordance with the following estimated timetable:

	<u>Estimated to Begin</u>	<u>Targeted for Completion²³</u>
Audit Performance Schedule:		
Planning		
Interim audit procedures	_____	_____
Year-end audit procedures	_____	_____
[Identify governance body] Communications:		
Report on audit, including communications required by AU 380		_____
Communication of control-related matters (as required by AU 325)		_____
Report on the Entity's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, and grant agreements.		_____
Report on the Entity's compliance with requirements applicable to each major program and on internal control over compliance as required by OMB Circular A-133		_____

APPENDIX E

CIRCUMSTANCES AFFECTING TIMING AND FEE ESTIMATE

[Blank Entity]

Year Ending [Ended] June 30, 200X

[This appendix is optional at the discretion of the audit Engagement Partner. If it is used, tailor the following to the specific engagement.]

The fees quoted for the audit are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates or our fee estimate. As a result, changes to the fees may be necessary. Such circumstances include but are not limited to the following:

Audit Facilitation

1. Changes to the timing of the engagement at the Entity's request. Changes to the timing of the engagement usually require reassignment of personnel used by D&T in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, D&T may incur significant unanticipated costs.
2. All audit schedules are not (a) provided by the Entity on the date requested, (b) completed in a format acceptable to D&T, (c) mathematically correct, or (d) in agreement with the appropriate Entity records (e.g., general ledger accounts). D&T will provide the Entity with a separate listing of required schedules, information requests, and the dates such items are needed.
3. Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).
4. Deterioration in the quality of the Entity's accounting records during the current-year engagement in comparison with the prior-year engagement.
5. A completed trial balance, referenced to the supporting analyses and schedules and basic financial statements, is not provided timely by the Entity's personnel.
6. Draft basic financial statements with appropriate supporting documentation are not prepared accurately and timely by the Entity's personnel.
7. Electronic files in an appropriate format and containing the information requested are not provided by the Entity on the date requested for our use in performing file interrogation. D&T will provide the Entity with a separate listing of the required files and the dates the files are needed.
8. The engagement team, while performing work on the Entity's premises, is not provided with [high-speed] access to the Internet [via the Entity's existing network or through a T1, DSL, or cable connection] for purposes of conducting the engagement.

9. The agreed-upon level of support by the Entity's internal audit department in *[insert description of internal audit participation in the audit engagement]* is not provided or is not suitable for our purposes.

Significant Issues or Changes

10. Significant deficiencies or material weaknesses in the design or operating effectiveness of the Entity's internal control over financial reporting or internal control over *[federal]* programs are identified during our audit that result in the expansion of our audit procedures.
11. A significant level of proposed audit adjustments is identified during our audit.
12. A significant number of drafts of the basic financial statements are submitted for our review, or we identify a significant level of deficiencies in the draft basic financial statements.
13. Significant new issues or changes as follows:
- a. Significant new accounting issues
 - b. Significant changes in accounting policies or practices from those used in prior years
 - c. Significant events or transactions not contemplated in our budgets
 - d. Significant changes in the Entity's financial reporting process or Information Technology systems
 - e. Significant changes in the Entity's accounting personnel, their responsibilities, or their availability
 - f. Significant changes in auditing standards
 - g. Significant changes in the Entity's use of specialists, or the specialists or their work product does not meet the qualifications required by generally accepted auditing standards for our reliance upon their work.
14. *[If the Entity is adopting a new Statement of Government Accounting Standards insert the following: The procedures necessary to adopt Statement of Government Accounting Standards No. XXX, [title], have not been completed by the Entity's personnel. Such procedures will include [describe necessary procedures].]*
15. Changes in audit scope caused by events that are beyond our control.

Payment for Services Rendered

16. Without limiting its rights or remedies, D&T may halt or terminate its services entirely if payment is not received within *[30]* days of the date of the invoice.

APPENDIX F

GENERAL BUSINESS TERMS²⁴

[Blank Entity]

Year Ending [Ended] June 30, 200X

1. **Independent Contractor.** It is understood and agreed that D&T is an independent contractor and that D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Entity or [identify governance body].
2. **Survival.** The agreements and undertakings of the Entity [and [identify governance body]]²⁵ contained in the engagement letter to which these terms are attached (the "engagement letter"), together with the appendices to the engagement letter including these terms, will survive the completion or termination of this engagement.
3. **Assignment and Subcontracting.** Except as provided below, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other parties. The Entity [and [identify governance body]] hereby consents [consent] to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be invoiced as expenses, unless otherwise agreed. [Include the following sentence if a subcontractor that is not an affiliate or related entity of D&T will be used in the engagement: In addition, the Entity [and [identify governance body]] also hereby consents [consent] to the use by D&T of [insert name of nonaffiliated or nonrelated entity subcontractor], which may be located outside of the United States, as a subcontractor in connection with this engagement; professional services performed hereunder by [insert name of nonaffiliated or nonrelated entity subcontractor] and any related expenses shall be invoiced as expenses, unless otherwise agreed.]
4. **Severability.** If any term of the engagement letter, including its appendices, is determined to be invalid or unenforceable, such term shall not affect the other terms hereof or thereof, but such invalid or unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein and therein.
5. **Force Majeure.** No party shall be deemed to be in breach of the engagement letter (including its appendices) as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order, or requirement of any governmental agency or authority.
6. **Dispute Resolution.**²⁶ Any controversy or claim between the parties arising out of or relating to the engagement letter, including its appendices, or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix [G] and made a part hereof.

APPENDIX G

DISPUTE RESOLUTION PROVISION²⁷

[Blank Entity]

Year Ending [Ended] June 30, 200X

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators. Each of the Entity and Deloitte & Touche LLP shall designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of this Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

All aspects of the arbitration shall be treated as confidential, as provided in the Rules. Before making any disclosure permitted by the Rules, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.

D2. Describe the Offeror's audit approach for the engagement including, but not limited to, the following:

a. Risk assessment and audit planning.

Audit Approach

We will continue our commitment to provide prompt and efficient audit services that not only respond to your needs but also anticipate them. We will provide these services with competence, objectivity, and integrity. **We have developed a tailored audit plan for Florida Housing that matches optimum efficiency with a high level of quality auditing work and adherence to professional standards.** As you are aware, our approach is risk-oriented—meaning that our professionals devote proportionate amounts of attention to those areas of Florida Housing's operations presenting the highest levels of business and audit risk. This method allows us to provide you the most efficient and cost-effective services possible. It also allows us to avoid unwarranted surprises on accounting treatment, management letter comments, and other important matters. Our approach is supported by sophisticated computer auditing programs that allow us to work smarter instead of longer.

Our approach, Deloitte Audit, is a risk-based, business oriented approach, which effectively leverages Florida Housing's internal resources. Deloitte Audit is a year-round, partner-driven process aimed at identifying the accounting ramifications of significant transactions or new accounting pronouncements as early as possible and identifying issues of special interest to Florida Housing.

It is distinguished from other approaches in that it is a conceptual framework that recognizes each organization's individuality and tailors each audit to the specific situation in order to achieve all audit objectives as efficiently and effectively as possible. We carefully plan our audit to address Florida Housing's key areas of business and audit risk.

Active participation and frequent interaction between Florida Housing's management, our partners, and our entire team is critical to our ongoing determinations of "what keeps your management team up at night." Our service plan will be discussed with you prior to the commencement of the audit. We will be conscientious of matters that are of great concern and of interest to senior management and the board of directors. In addition, we will identify the areas of significant financial statement risk, based on our ongoing analysis of Florida Housing activities, and based on information obtained in the preliminary planning meetings with management.

The structure of Deloitte Audit encompasses four related, client-centric elements:

- **Understanding of your business**—Involves a disciplined, partner-led study of Florida Housing, close collaboration with management, including your business environment, risks, and the efficiency of financial and operating controls.
- **Risk assessment**—Gaining an understanding of the control environment and identifying specific risk factors and their relationships to accounts and potential errors.
- **Testing and diagnostics**—Our audit plan is based upon obtaining efficient, mathematically valid samples from accounting records in order to reduce the amount of time required for substantive and detailed testing. We will use analytical procedures throughout the audit, which help us understand your activities and the key facts that influence your activities. As part of the audit testing, we employ specialized technology including Audit System/2, which provides the materials and tools needed to design an audit approach unique to you.
- **Assessment of our performance for continuous improvement**—Securing client feedback is a year-round undertaking, fostered by close working relationships and clear communication we deem vital to an effective client relationship. These contacts will be complemented by a formal annual assessment consisting of an appraisal of our

Key Features of Our Quality Audit Are:

- A heightened planning effort, which includes interaction with management to understand all aspects of Florida Housing's business and accounting processes and identification of key auditing and accounting issues
- A risk assessment process, which allows us to focus on "key" audit areas and to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud
- An audit plan tailored to make sure performance of all necessary audit procedures and to facilitate the quality control review by the senior auditors, managers, and partners
- An approach that combines compliance and internal control testing into the financial audit to improve efficiency
- Design of specific procedures for all areas of significant audit risk, and testing of these areas early in the audit to allow sufficient time for problems to be identified and resolved
- Use of state-of-the art technology to allow us to work smarter, not longer

performance by the members of the Board of Directors and senior management, and a self-assessment of project results, which will be lead by audit engagement partner, Ed Corrigan. By measuring our performance against goals set forth in the client service plan, the assessment process reveals any gaps between your expectations and our performance and becomes the basis for next year's service plan. We strive for continuous improvement in order to fulfill our mission to exceed your expectations.

Communication with Management

A key feature of our audit approach is regular interaction among Florida Housing's management, the Board of Directors, and our client service team. We share the view that management involvement throughout the audit cycle is essential to increasing the efficiency of audit planning and execution. We maintain management involvement through continuous communication on all significant matters.

During the course of the audit, we will be alert to emerging issues throughout your organization. The knowledge we have gained in our previous audits updated for current activities of Florida Housing allows the engagement team to serve as a vigilant early warning system that can alert management to developments in Florida Housing's marketplace, as well as to opportunities to improve your financial controls and operational efficiency. As in the past, we will confer with management on our audit plan before it is finalized and arrive at a joint assessment of areas that will require special attention.

We will continue to work closely with management to identify significant risks, understand how those risks are mitigated, and develop an audit plan that addresses our overall risk assessment. This audit plan will also identify technical accounting issues that will have an impact on Florida Housing. In implementing the audit, we will work with financial management and your financial accounting professionals to research and advise on matters associated with conforming accounting practices and financial reporting, implementation of new accounting standards, and other issues.

Our audit scope will cover significant systems testing based on your common systems, and our plan will include various audit procedures to help us reach audit conclusions on the most significant balances and risk areas as early as possible

Our approach will yield the following benefits:

- Early identification and resolution of potential problems and issues
- Distribution of the financial accounting workload to minimize the burden on your personnel during busy periods
- Prompt release of financial results according to your calendar

b. Use of computer audit and/or other specialists.

As part of our audit process, we will utilize our Enterprise Risk Services (ERS) professionals to assist us with our evaluation of Florida Housing's internal control and information technology systems.

As part of our integrated audit approach, our audit and ERS professionals work together to identify the processes, specific systems, functions, and locations where internal controls are most critical to safeguarding Florida Housing's assets and information processing. Our team performs a general assessment of the effectiveness of these controls, determines the internal control challenges, prioritizes the areas of greatest exposure, and develops a strategy to address the most critical areas and risks.

Our risk assessment is a vital aspect of our audit approach and we would anticipate that our ERS team will have an active role in the identification, assessment, and testing of internal controls at Florida Housing.

c. Gaining and documenting an understanding of Florida Housing's business, its transactions and internal controls.

As Florida Housing's independent auditor, Deloitte has included an assessment and review of the effectiveness of the internal control structure in order to properly plan and execute the annual audit

Our approach to assessing internal controls at Florida Housing includes the following procedures:

- Review and update the existing documentation surrounding accounting procedures, control environment and control procedures with narratives, and questionnaires

- Supplement our understanding of the internal control environment through transaction walk-throughs, inquiry, and observation of key personnel
- Review and update our understanding of existing internal controls and test the key controls which have been identified
- Revise our detailed audit programs to reflect our conclusions regarding Florida Housing's internal control systems.

The purpose of testing transactions from each of major internal control systems is to determine whether the controls identified in the preliminary planning phase can be relied on to produce reasonably accurate and reliable financial data appearing in Florida Housing's financial statements.

d. The types and formats of client schedules and any other information to be provided by Florida Housing.

As we have done in your prior years' audits, Florida Housing maintains the client schedules list and updates it each year. Deloitte reviews the client schedules list and makes any necessary changes. Areas where further assistance can be increased and further efficiencies may be obtained will be discussed as part of the final budgeting and fee negotiation process.

e. Tentative schedule for completing required reports by due dates specified in Section Four of this RFP including tentative dates for performance of interim audit work, if any.

We have provided the following tentative timeline for performance of the audits and delivery of the required reports by the due dates.

Florida Housing Proposed Service Timeline	
Target Date	Activity
November 2008	<ul style="list-style-type: none"> Initial planning meeting with Florida Housing to discuss any related issues to be considered in audit planning Discuss scheduling of audit fieldwork
December 2008	<ul style="list-style-type: none"> Performance of audit planning, internal control testing, and interim substantive testing
January 2009	<ul style="list-style-type: none"> Complete interim testing and discuss results with Florida Housing Make revisions to year-end audit plan as needed Prepare and send out confirmations
March-May 2009	<ul style="list-style-type: none"> Performance of year-end audit procedures
May 2009	<ul style="list-style-type: none"> Discuss audit results with Florida Housing Prepare and issue reports by due dates
May-June 2009	<ul style="list-style-type: none"> Present annual audit reports to the Board (timing will depend on Board meeting schedule)

f. Coordinating with Florida Housing's Office of Internal Audit on any direct assistance provided by internal audit staff.

We will work with Florida Housing's management to determine what level of internal audit assistance is available. In section E: Cost Proposal, we have provided details with a range of assistance. Once the hours have been determined, we will coordinate with the Inspector General/Ethics Officer on the timing of the testing that the internal audit staff will complete. Deloitte will directly supervise these internal audit resources throughout the engagement. In working with your internal audit staff, we will help determine that there is no duplication of effort and the internal audit efforts complement the efforts of the independent audit. Should you determine that you would like to provide more internal audit hours than you have available internally, we would be happy to consider utilizing other resources (perhaps from other local CPA firms) which would be contracted by you to supplement your internal audit group.

g. The plan for transitioning from the predecessor auditing firm, if necessary.

Not-applicable

D3. Describe how the Offeror will develop and provide recommendations on a regular, but no less than annual, basis to improve Florida Housing's present financial and information technology management, procedures, and internal controls.

Based on our knowledge of Florida Housing's business and our understanding of your internal controls, Deloitte will continue to maintain close, continuous, two-way communications with Florida Housing's management to keep management abreast of issues and observations as they arise. Through our internal industry network and our experience, we are aware of effective practices being applied in business that most closely resemble that of Florida Housing. We recognize the value of quality recommendations to management and the Board. Our recommendations are pragmatic and carefully consider the costs and the related benefits of these suggestions. We have attended and will continue to attend most, if not all, of the Board's meetings and we are always available to address the Board's concerns. On an annual basis, at the end of the audit process, Deloitte will formally present to the Board the results of our audit and any formal recommendations for process improvements in financial management, accounting procedures, and internal control.



E. Cost Proposal—Fair Fees for Professional Auditing Services

We are highly sensitive to the need to control costs and have a policy of cooperating fully to minimize fees while still maintaining quality professional standards. Our people and resources are available, when and where required, to work in a cooperative and interactive manner. Our aim is to provide you with satisfactory professional services at a competitive fee.

Score Card	Deloitte's Points	Maximum Points
E. Cost Proposal		60

E1. Provide a schedule of fees for the services outlined in Section Four A. – J. of this RFP. Provide either a flat fee or a maximum amount based on an hourly rate for each service. Include the estimated number of hours for the engagement.

E2. Provide the amount of direct assistance, if any, that will be requested of Florida Housing internal audit staff starting from zero, in increments of 40 hours, to an amount that represents the maximum number of hours the Offeror deems appropriate for the provision of direct assistance, in accordance with SAS 65. This chart must also provide the fee associated with each increment of direct assistance hours and the percentage of the total audit hours the direct assistance hours represent.

We estimate our total hours and fees for the audit of Florida Housing's financial statements will be 1511 hours and \$295,000 (assuming an additional 400 equivalent hours will be provided by your Internal Audit department.) Florida Housing's internal audit participation will be provided under Deloitte supervision during the audit fieldwork in accordance with a mutually agreed-upon schedule.

2008 Professional Fees

Internal Audit Hours	280	320	360	400	440	480	520	560	600
Budgeted hours	1,631	1,591	1,551	1,511	1,471	1,431	1,391	1,351	1,631
Total hour	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911
Projected hourly rate	\$173	\$176	\$179	\$182	\$185	\$188	\$191	\$194	\$173
Contract/proposed fee	\$282,161	\$280,014	277,627	\$275,000	\$272,133	\$269,026	\$265,679	\$262,092	\$282,161

2009 Professional Fees

Internal Audit	280	320	360	400	440	480	520	560	600
Budgeted hours	1,631	1,591	1,551	1,511	1,471	1,431	1,391	1,351	1,631
Total hour	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911
Projected hourly rate	\$182	\$185	\$188	\$191	\$194	\$197	\$200	\$203	\$182
Contract/proposed fee	\$297,003	\$294,492	\$291,741	\$288,750	\$285,519	\$282,048	\$278,337	\$274,386	\$297,003

2010 Professional Fees*

Internal Audit Hours	280	320	360	400	440	480	520	560	600
Budgeted hours	1,681	1,641	1,601	1,561	1,561	1,561	1,561	1,561	1,681
Total hour	1,961	1,961	1,961	1,961	2,001	2,041	2,081	2,121	1,961
Projected hourly rate	\$185	\$188	\$191	\$194	\$197	\$200	\$203	\$206	\$185
Contract/proposed fee	311,366	\$308,880	\$306,154	303,188	\$307,871	\$312,554	\$317,237	\$321,920	\$311,366

* Includes FAF audit not required in 2008 and 2009

Equivalent hours will be determined by Deloitte based on the number of hours which would have been incurred by Deloitte had the Deloitte professional staff performed the related work. If 400 equivalent hours is not provided, our fee estimate could be affected and additional fees may be necessary. The estimate of our fees is based on certain assumptions.

Our estimated fees consider certain assumptions including:

- Timely and accurate completion of client-prepared schedules and support
- No significant inefficiencies are experienced during the audit
- No changes in scope that are caused by events beyond our control including transactions that were not anticipated or known by us
- Scope of work consistent with information provided by Florida Housing
- The fees above assume six bond issuances in each respective year. Each additional bond issuance would add approximately 25 hours at the projected rates
- Our scope also does not include the combining schedule (also called supplemental schedule in Florida Housing's 2006 financial statements); this schedule would result in an increase of approximately 300 hours to our projected hours

Routine Conversations, Research, and Consultation

Our fees provide for ongoing, routine conversations, research, and consultative services throughout the year. Thus, typical telephone consultations will not involve additional billings. However, we also recognize that issues arise from time to time that cannot be resolved without additional research and staff time. For these issues, we will discuss with you the anticipated scope of the project and the related fees in advance of performing the services so that there are no unexpected or surprise billings.

Additional Services

In addition to the audit services outlined, Florida Housing may require additional consultation as matters arise. Examples include financial advisor or consulting services. We will not undertake any work outside the scope set forth in the request for proposal without first discussing the work with management and reaching agreement on expectations and proposed fees.



F. Drug-Free Workplace

F1. If the Offeror has implemented a drug-free workplace program, pursuant to Section 287.087, Fla. Stat., the Offeror must submit a valid affidavit to demonstrate its status.

Substance Abuse: Controlled Substances and Alcohol Policy

It is the policy of the U.S. Firms to provide partners, principals and employees, as well as clients, with a working environment that is free of the problems associated with the use and abuse of controlled substances and alcohol. Partners, principals, and employees of the U.S. Firms are expected to be in such mental and physical condition as will permit them to perform their responsibilities in a professional and competent manner. Inability to meet these standards will result in disciplinary action.

The term "controlled substance" as used in this policy is defined to include both legal and illegal drugs. The term "legal drugs" is defined to include medication or prescribed drugs for which a valid prescription is required before the drug may be used or possessed.

The term "illegal drugs" is defined to include all drugs whose use, sale, possession, distribution, manufacture or transfer is prohibited by law. Illegal drugs include, but are not limited to, narcotics, hallucinogens, stimulants, depressants, so-called "designer" drugs and marijuana.

As used in this policy, the term "alcohol" means any beverage that may be legally sold and consumed and that has an alcoholic content in excess of .05 percent by volume.

As used in this policy, the term "workplace" means all areas in which the U.S. Firms operate, including, but not limited to, any Deloitte U.S. Firms' premises or work site or client's place of business; U.S. Firms' or client vehicles; public or private means of transportation while engaged in U.S. Firms' business; U.S. Firms' owned or leased equipment, lockers, desks, work space, and storage facilities.

As used in this policy, the term "working hours" means regular or extended working hours, paid or unpaid meal periods when the partner, principal or employee will be returning to work following the meal period, or any period of time when he or she is representing the U.S. Firms or is on U.S. Firms' business no matter the location.

As used in this policy, "under the influence" means (in the case of a controlled substance, over-the-counter medication or alcohol) that an individual is affected or impaired mentally and physically to the extent that he or she cannot perform his or her responsibilities in a professional and competent manner and/or his or her behavior is marked by abnormal, erratic, or aberrant conduct.

Controlled Substances

The use, sale, possession, distribution, manufacture or transfer of controlled substances at the workplace during working hours is strictly prohibited, except that an individual may possess or use legal drugs if he or she has a valid prescription for such drugs to address a specific physical, emotional, or mental condition and is taking such drugs in a manner consistent with that prescription. The use or abuse of over-the-counter medication at the workplace during working hours to the extent that performance or fitness for duty is adversely affected is also prohibited. Further, an individual may not report to work while under the influence of controlled substances or over-the-counter medication.

The U.S. Firms also strongly condemns the use, sale, possession, distribution, manufacture, or transfer of controlled substances during nonworking time. Such conduct is specifically prohibited under this policy during nonworking time and off U.S. Firms' or client property to the extent that such use impairs the individual's ability to perform a job or that it affects the reputation of the U.S. Firms with the general public or threatens the integrity of the U.S. Firms.

If an individual pleads guilty or "no contest" or is convicted of a violation of a controlled substance statute that involves an action occurring at the workplace, he or she must inform his or her supervisor within 5 days of the conviction or plea. Failure to

comply with this requirement will subject the individual to disciplinary action, which may include separation from the U.S. Firms for a first offense.

Although this policy does not prohibit the proper use or possession of legal drugs such as over-the-counter or prescription drugs, individuals are encouraged to advise supervisors or colleagues of such use where it may affect performance. Should performance be affected by the use of legal drugs, the individual may be relieved of his or her responsibilities under the Paid Time Off or Short-Term Disability policies.

If an individual violates this policy, he or she will be subject to disciplinary action, which may include separation from the U.S. Firms for a first offense.

Drug Testing

Certain situations may require an individual to participate in a drug-testing program. Some examples of such situations include, but are not limited to, assignments to Department of Defense contracts or working with clients who have a drug-testing program in place for their personnel. The U.S. Firms will inform individuals who are subject to this requirement. If an individual does not wish to submit to the required client drug testing, he or she may be reassigned to other client work.

If an individual tests positive, he or she is subject to disciplinary action, which may include transfer from his or her current position or separation from the U.S. Firms for a first offense.

Medical Evaluation/Implementation—Controlled Substances

If an individual's performance or behavior at the workplace during working hours gives rise to a reasonable suspicion that he or she is under the influence of a controlled substance, he or she may be asked to undergo an immediate medical evaluation. This evaluation will determine fitness for work.

Individuals may also be asked to undergo appropriate tests to detect the presence of controlled substances. Consent to such tests constitutes a condition of continued association with the U.S. Firms. Refusal to consent to a test or to the disclosure of test results to appropriate U.S. Firms' representatives will result in disciplinary action, which may include separation from the U.S. Firms for a first offense.

If an individual tests positive for controlled substances, he or she must agree to cease all such use as a condition of continued association with the U.S. Firms. The individual must also agree to be tested for drug use on a random, continuous basis for a period of up to one year from the date of the positive test. If he or she tests positive for controlled substances on any of these subsequent occasions, separation from the U.S. Firms is likely to occur.

The U.S. Firms reserve the right to transfer any individuals who have tested positive for controlled substances from positions involving the safety of others, from positions permitting access to confidential U.S. Firms or client information and other valuable U.S. Firms' property, or from positions of trust or responsibility.

If an individual tests positive for controlled substances, he or she may be offered the opportunity to participate in the U.S. Firms' Employee Assistance Program (EAP) or a comparable program. Should it be determined that the individual requires further assistance, he or she must complete the recommended course of treatment as a condition of continued association with the U.S. Firms.

If it is determined that the individual does not need assistance, he or she may return to the workplace.

Despite the existence of the EAP or a comparable program and the U.S. Firms' general policy of referring individuals testing positive for controlled substances for treatment, the U.S. Firms reserve the right to separate from the U.S. Firms those who test positive.

If an individual is medically diagnosed as being addicted to controlled substances, he or she may be granted leave under the U.S. Firms' Short-Term Disability Policy to undertake rehabilitative treatment. The individual will not be permitted to return to work until a release from treatment is presented to the Human Resources Department or office managing partner medically certifying that he or she is rehabilitated and capable of returning to work. The individual must also agree to undergo random drug testing for a period of one year from the date of his or her return to work.

Alcohol

The U.S. Firms expect that individuals will maintain proper professional decorum at all times at the workplace during working hours. Expressly prohibited under this policy is reporting to work or working while under the influence of alcohol. Alcohol consumption at the workplace at inappropriate times during working hours is also prohibited.

Also prohibited under this policy is drinking alcohol to excess at official U.S. Firms' or client meetings or functions in connection with business meals, travel or entertainment, or at any time where drinking to excess would or might adversely affect the integrity or image of the U.S. Firms. Moderate use of alcohol in such situations is not prohibited by this policy.

If an individual violates the U.S. Firms' Alcohol Abuse Policy, he or she will be subject to disciplinary action, which may include separation from the U.S. Firms for a first offense.

Medical Evaluation/Implementation—Alcohol

If an individual's performance or behavior at the workplace during working hours gives rise to a reasonable suspicion that he or she is under the influence of alcohol, he or she may be required to undergo a medical evaluation. This evaluation will determine fitness for work.

The individual may also be required to undergo appropriate tests to detect the presence of alcohol. Consent to such tests constitutes a condition of continued association with the U.S. Firms. Refusal to consent to a test or to the disclosure of test results to appropriate U.S. Firms' representatives will result in disciplinary action, which may include separation from the U.S. Firms for a first offense.

If an individual tests positive for alcohol, he or she may be offered the opportunity to participate in the U.S. Firms' Employee Assistance Program (EAP) or a comparable program. Should it be determined that the individual requires further assistance, he or she must complete the recommended course of treatment as a condition of continued association with the U.S. Firms.

If it is determined that the individual does not need assistance, he or she may return to work.

Despite the existence of the EAP or a comparable program, the U.S. Firms reserve the right to separate from the U.S. Firms those who violate the U.S. Firms' alcohol abuse policy.

If an individual is medically diagnosed as an alcoholic, he or she may be granted a leave under the U.S. Firms' Short-Term Disability Policy to undertake rehabilitative treatment. The individual will not be permitted to return to work until a release from treatment is presented to the Human Resources Department or office managing partner medically certifying that he/she is rehabilitated and capable of returning to work. He or she must also agree to undergo appropriate tests for a period of one year from the date of his or her return to work.

Voluntary Assistance

If an individual voluntarily seeks assistance on a timely basis through the U.S. Firms' Employee Assistance Program or a comparable program for an alcohol or drug-related problem, prior to the U.S. Firms identifying the problem, he or she may do so without jeopardizing his or her status with the U.S. Firms, providing that the individual follows the prescribed treatment and his or her performance is acceptable. In some cases, temporary reassignment may be necessary.

Reporting Violations

If an individual observes or has knowledge of a violation of the U.S. Firms' policy on substance abuse, whether by an individual or others, he or she has an obligation to report promptly this information to the appropriate supervisor, the office managing partner or the office Human Resource director.

In any instance where an individual observes or has knowledge that an imminent threat to safety of persons or property exists because of an apparent violation of the U.S. Firms' policy on substance abuse, he or she should immediately contact the appropriate supervisor, the office managing partner or the office Human Resource director.

Where criminal violations are involved or suspected, appropriate law enforcement agencies will be notified.



G. Minority Business Enterprise

G1. If the Offeror is a minority business enterprise as defined in Section 288.703, Fla. Stat., the Offeror must submit a valid affidavit to demonstrate its status.

While we are not a minority owned business, Deloitte understands that diversity is a business imperative in today's market place. Our Diversity & Inclusion Initiative is an integral part of our business strategy. We understand the economic importance diversity and inclusion bring to our bottom line, and the importance diversity holds for many of our clients. Deloitte has created and implemented a firm-specific strategy to make diversity a hallmark of our organization's culture, success and the way we do business. Deloitte has earned praise from many organizations for fostering a supportive culture, especially when it comes to women's advancement, diversity and inclusion, professional development, and workplace flexibility.

"Diversity isn't a one-off set of activities or something superimposed. It's threaded through everything Deloitte does. By harnessing its collective strength in diversity of every kind, Deloitte can deliver superior solutions to its clients."

— Dr. Sally Ride, Chair, Women's Initiative
External Advisory Council

Part of this commitment to diversity entails broadening the base of vendors which our organization and our clients use. Through our supplier diversity program, we believe that we will obtain the best services so that we can continue to provide the best solutions to our clients.

Deloitte's expenditures and list of products and services among minority and women-owned companies have a wide reach throughout the country. In many instances, the organization's clients are encouraging and challenging their suppliers to keep pace and add value to their respective supplier diversity initiatives and strategies. Our success and competitive advantage will not be limited to spending, but in our ability to broaden the scope of relationships among existing and future business partners.

H. Certification Statement

"I agree to abide by all conditions of RFP 2008-06 and certify that all information provided in this Response is true and correct, that I am authorized to sign this Response as the Applicant and that I am in compliance with all* requirements of the RFP, including but not limited to, the certification requirements stated in Section Five of this RFP."



Authorized Signature (Original)



Print Name and Title

* As modified by our proposal

I. Score Card

Item Reference	Deloitte's Points	Maximum Points
B. Firm Experience and Capability		100
C. Experience/Qualifications of Personnel		100
D. Approach to Services		100
E. Cost Proposal		60
Total Points Available		360