

AGREEMENT FOR PROFESSIONAL SERVICES

BETWEEN

THE CITY OF NEW ORLEANS

AND

BRUNO & TERVALON, LLP

THIS AGREEMENT made and entered into as of the 1st day of March, 2008, by and between the City of New Orleans, herein represented by Arnie Fielkow, President of the Council (hereinafter referred to as "City"), and the Public Accounting Firm of Bruno & Tervalon, LLP (hereinafter sometimes referred to as "Contractor").

WITNESSETH

WHEREAS, the Council of the City of New Orleans has, in accordance with Section 6-107 of the Charter of the City of New Orleans, authorized its President, Arnie Fielkow to enter into a contract for the purpose of performing an organization-wide single audit in accordance with the Single Audit Act of 1996 (OMB Circular A-133) for the City of New Orleans as of and for the year ending December 31, 2007; and

WHEREAS, the Public Accounting Firm of Bruno & Tervalon, LLP is recognized as being fully competent in public accounting and auditing;

THE CITY OF NEW ORLEANS and the Firm Bruno & Tervalon, LLP, for consideration and under the conditions set forth do agree as follows:

I. THE CONTRACTOR AGREES:

A. To audit the Schedule of Expenditures of Federal Awards as of and for the

year ending December 31, 2007, as described in the Letter of Engagement dated February 15, 2008, attached hereto and made a part hereof as "Attachment A".

- B. That their audit of the Schedule of Expenditures of Federal Awards will be made in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants, Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the revised Louisiana Municipal Audit and Accounting Guide and the Single Audit Act of 1996 (OMB Circular A-133).

II. REPORTS TO BE ISSUED:

Upon completion of the audits referred to in Section I, and subject to their findings, Contractor will submit the following reports to the Council and others, as specified. Each of the following reports will be signed only by, and will be the sole responsibility of the Contractor.

1. Various reports, as outlined in the Letter of Engagement, to the City on the organization-wide single audit conducted in accordance with the Single Audit Act of 1996 (OMB Circular A-133). These reports shall be issued on or before June 30, 2008.
2. If applicable, a summary schedule of findings and questioned costs and a management letter to convey suggestions and recommendations not suitable for the reports referred to above.

All of the above reports are to be distributed as follows: fifteen (15) copies to the Council and its staff; six (6) copies to the Department of Finance, 1 pdf file to the

Legislative Auditor and ten (10) copies to the Board of Liquidation, City Debt. In addition, ten (10) manually signed copies of the report described in Item 1 above are to be furnished to the Board of Liquidation, City Debt.

III. COMPENSATION:

It is mutually agreed upon and understood that the total cost of the above-described audit and other assessments and reports to the City of New Orleans shall not exceed the sum of \$142,055 which includes out-of-pocket expenses for travel. It is further mutually agreed by the parties to this agreement that the fee assumes that management will provide the assistance requested during the course of the audit.

IV. EQUAL EMPLOYMENT OPPORTUNITY:

In all hiring or employment made possible by or resulting from this contract, there (1) will not be any discrimination against any employee or applicant for employment because of race, color, religion, gender, age, physical or mental disability, national origin, sexual orientation, creed, culture or ancestry, and (2) where applicable affirmative action will be taken to ensure that the Contractor's employees are treated during employment without regard to their race, color, religion, gender, age, physical or mental disability, national origin, sexual orientation, creed, culture, or ancestry. This requirement shall apply to, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, gender, age, physical or mental disability,

national origin, sexual orientation, creed, culture, or ancestry.

V. ASSIGNABILITY:

The Contractor shall not assign any interest in this contract without prior written consent of the City of New Orleans.

VI. CONFLICT OF INTEREST:

In the interest of ensuring that efforts of the Contractor do not conflict with the interest of the City, and in recognition of the Contractor's professional responsibility to the City, the Contractor agrees to adhere to AICPA and Louisiana State Board of Certified Public Accountants professional standards regarding independence and conflicts of interest. The initial determination of these matters rests with the Contractor. It is incumbent upon the Contractor to notify the City and provide full disclosure of the possible effects of these matters on the Contractor's independent professional work on behalf of the City. Final decision on any such matters shall rest with the City.

VII. INDEMNIFICATION:

The Contractor shall be solely responsible to indemnify and save harmless the City of New Orleans against any and all claims, demands, suits, judgements of sums of money to any party accruing against the City for loss of life or bodily injury or damage of real or tangible personal property to the extent directly and proximately caused by any act of negligence or willful misconduct of such Contractor, his agents, servants, or employees while engaged in or about or in connection with the discharge or performance of the services to be done or performed by such Contractor hereunder,

and shall also hold the City harmless from any and all claims and/or liens for labor, services, or materials furnished to the Contractor in connection with the performance of his obligation under this Agreement. In no event shall the Contractor be responsible for indemnifying the City for the acts, errors or omissions of another Contractor.

VIII. ACKNOWLEDGEMENT OF EXCLUSION OF WORKER'S COMPENSATION

COVERAGE:

Contractor herein expressly agrees and acknowledges that it is an independent contractor as defined in R.S. 23:1021 (6) and as such, it is expressly agreed and understood between the parties hereto, in entering into this professional services contract, that the City of New Orleans shall not be liable to the Contractor for any benefits or coverages as provided by the Worker's Compensation Law of the State of Louisiana and further, under the provisions of R.S. 23:1034 anyone employed by the Contractor shall not be considered an employee of the City for the purpose of Worker's Compensation coverage.

IX. ACKNOWLEDGEMENT OF EXCLUSION OF UNEMPLOYMENT

COMPENSATION COVERAGE:

Contractor herein expressly declares and acknowledges that it is an independent contractor, and as such is being hired by the City under this contract of hire as noted and defined in R.S. 23:1472 (E), and therefore, it is expressly declared and understood between the parties hereto, in entering into this professional services contract, or contract for hire, and in connection with unemployment compensation

coverage only, that:

- A. Contractor has been and will be free from any control or direction by the City over the performance of the services covered by this contract; and
- B. Service(s) to be performed by Contractor is outside the normal course and scope of the City's usual business; and
- C. Contractor has been independently engaged in performing the service(s) listed herein prior to the date of this contract. Consequently, neither Contractor nor anyone employed by Contractor shall be considered an employee of the City for the purpose of unemployment compensation coverage, the same being hereby expressly waived and excluded by the parties hereto.

X. WAIVER OF SICK AND ANNUAL LEAVE BENEFITS:

It is expressly agreed and understood between the parties entering into this professional services contract that the Contractor, acting as an independent contractor, shall not receive any sick and annual leave benefits from the City of New Orleans.

XI. CONTRACT STATEMENT:

The firm responsible for performing the professional services hereunder has not employed or retained any company or person, other than a bona fide employee working solely for him, to solicit or secure the subject contract. The firm has not paid or agreed to pay any person, other than a bona fide employee working for the firm, any fee, commission, percentage, gift or any other consideration contingent upon or securing a professional services contract. Any behavior to the contrary shall be

considered bribery and subject the applicant to criminal penalties in addition to suspension from participation in city government contracting for not less than three years.

XII. JURISDICTION:

In connection with the confirmation of an arbitration award pursuant to the Engagement Letter attached hereto as "Attachment A", the Contractor consents and yields to the jurisdiction of the State Civil Courts of the Parish of Orleans and formally waive any pleas of jurisdiction based on a Contractor's residence elsewhere.

XIII. DURATION OF AGREEMENT:

This contract shall be effective for the period March 1, 2008 through February 28, 2009. Neither of the parties to this contract may terminate the contract during the term of the contract except that (1) the City may terminate the Contractor if such Contractor should fail to cure a material breach of its obligations under this contract within 30 days after receipt of written notice of such breach, and (2) the Contractor may resign as the City's auditor and terminate this contract at any time in accordance with the laws, regulations and professional standards applicable to such Contractor=s services hereunder. Written notice of intent to terminate shall be given thirty (30) days before the intended termination date. Work shall commence as soon as practicable after execution of this agreement, and Contractor shall use reasonable efforts, subject to laws, regulations and professional standards applicable to Contractor=s services hereunder, to complete and present the final audit report no

later than June 30, 2008. For considerations and under the conditions set forth above, Bruno & Tervalon, LLP has agreed to perform the specified services for the City of New Orleans.

XIV. FORCE MAJEURE:

Notwithstanding any other provision in this contract, Contractor shall not be liable for any delays or other non-performance resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, acts or omissions or the failure to cooperate pursuant to this contract by the City (including, without limitation, entities or individuals under its control, or any of their respective officers, directors, employees or other personnel or agents), acts or omissions of third parties not within Contractor's reasonable control, or any law, order or requirement of any governmental agency or authority.

XV. CITY COOPERATION:

The City understands that the proper and timely completion of Contractor's services hereunder requires the reasonable cooperation of the City and entities under its control, and their respective officials, employees, and other personnel and agents.

The City agrees to provide all such reasonable cooperation to Contractor.

XVI. INDEPENDENT CONTRACTORS:

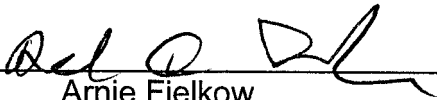
Bruno & Tervalon, LLP shall act as independent contractors in the performance of this contract and nothing herein shall be deemed or construed to create a joint venture, partnership, agency prime contractor/subcontractor or employer/employee

relationship between such parties. The Contractor shall be responsible for compensating its own personnel and for their performance under this contract.

IN WITNESS THEREOF:

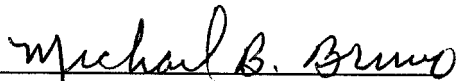
ATTEST

CITY OF NEW ORLEANS

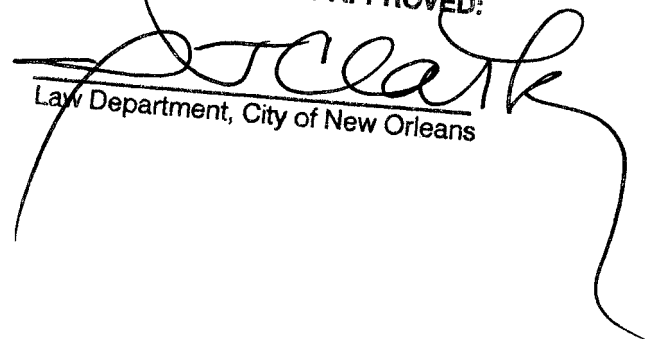

Arnie Fielkow
President-City Council

Ruth H. Evans

Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, La. 70122


By: Michael B. Bruno
Federal ID Number: 72-0877929

FORM AND LEGALITY APPROVED:



Law Department, City of New Orleans

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Bruno & Tervalon LLP
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

February 15, 2008

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
c/o Council Fiscal Office
City Hall, Room 1E06
1300 Perdido Street
New Orleans, LA 70112

In connection with our audit engagement letter dated February 15, 2008 to conduct the audit of the City of New Orleans, Schedule of Expenditures of Federal Awards for the year ended December 31, 2007, we are pleased to submit this price proposal. Our fees, inclusive of out-of-pocket costs, will not exceed \$144,022.00. Our billings will be consistent with previous years billing arrangements.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Michael B. Bruno

Michael B. Bruno, CPA
Managing Partner



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
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February 15, 2008

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
c/o Council Fiscal Office
City Hall, Room 1E06
1300 Perdido Street
New Orleans, Louisiana 70112

As certified public accountants licensed to perform audits in Louisiana, we are proud that you have engaged our firm to audit your Schedule of Expenditures of Federal Awards as of December 31, 2007 and for the year then ended. This letter will confirm our understanding of the arrangements regarding the Single Audit we are to make of the City of New Orleans as of and for the year ended December 31, 2007.

Audit Scope. We will audit the Schedule of Expenditures of Federal Awards as of and for the year ended December 31, 2007.

It is acknowledged that the Schedule of Expenditures of Federal Awards and the underlying records and supporting documents are the representations of management; that City of New Orleans assumes full responsibility for their integrity and fairness; and that representation letters will be requested. It is understood that you will compile the Schedule of Expenditures of Federal Awards and that the Schedule of Expenditures of Federal Awards should be available by no later than March 15, 2008. It is our understanding that our audit will encompass all federal programs and grants administered by the City of New Orleans.

Audit Objectives. The objective of our audit is the expression of an opinion as to whether the Schedule of Expenditures of Federal Awards is fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The objective also includes reporting on compliance with laws and regulations and the provisions of contracts and grant agreements and internal controls as required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
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We will use professional judgment in determining the standards that apply to the work to be conducted. If this engagement will not satisfy the requirements of all audit report users, laws, and regulations, we will notify you as soon as this comes to our attention. We will then submit another engagement letter for your approval that complies with the applicable requirements and submit the signed engagement letter to the Legislative Auditor with explanation. We will consider all standards that may apply, but in particular, we will determine whether a different type of engagement is needed based on:

- State of Louisiana's audit law.
- Audit requirements of *Government Auditing Standards*.
- Office of Management and Budget Circular A-133 audit requirements for a single audit or program-specific audit when Federal award expenditures exceed \$500,000 for the fiscal year.
- Other contractual requirements.

Standards and Guidance. Our audit will be made in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants; *Government Auditing Standards*, promulgated by the United States Comptroller General; the Office of Management and Budget's *Compliance Supplement for Single Audits*; and OMB Circular A-133, *Audits of States, Local Government, and Nonprofit Organizations*. Our audit will comply with the provisions of Louisiana Revised Statute 24:513 and the provisions of the *Louisiana Governmental Audit Guide*, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Management's Responsibilities. Management of the City of New Orleans is responsible for establishing and maintaining internal control and for compliance with laws, regulations, contracts and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of the Schedule of Expenditures of Federal Awards in accordance with generally accepted accounting principles, operations are effective and efficient, and to ensure compliance with applicable laws and regulations, to include the objective that federal award programs are managed in compliance with applicable laws and regulations.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
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Management is responsible for making all financial records and related information available to the auditor upon request in a timely manner and without restriction. We understand that management will provide us with such information required for our audit and that management is responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist you in the preparation of the Schedule of Expenditures of Federal Awards, but the responsibility for the Schedule of Expenditures of Federal Awards remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City of New Orleans involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the Schedule of Expenditures of Federal Awards. Management is also responsible for informing us of any allegations of fraud or suspected fraud affecting the City of New Orleans received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Internal Control. In planning and performing our audit for the year ended December 31, 2007, we will consider the internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the City of New Orleans' Schedule of Expenditures of Federal Awards and to report on internal control in accordance with *Government Auditing Standards* and OMB Circular A-133.

We will obtain an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we will assess control risk. Such an understanding is intended to plan the nature, timing, and extent of audit procedures to be performed. The audit is not designed to provide assurance on internal control or to identify all reportable conditions.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
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We will inform you of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the City of New Orleans' ability to record, process, summarize, and report financial data consistent with the assertions of management in the Schedule of Expenditures of Federal Awards or would be material to a major federal program. We will also inform you of any non-reportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133.

Tests of controls may be performed to test the effectiveness of certain policies and procedures that we consider relevant to preventing and detecting errors or fraud that are material to the Schedule of Expenditures of Federal Awards and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the Schedule of Expenditures of Federal Awards or on major federal program.

We will perform tests of controls, as required by OMB Circular A-133, to obtain an understanding of internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for each major program. Should internal control over some or all of the compliance requirements for a major program be ineffective in preventing or detecting noncompliance, we will report those matters to you in our internal control report.

Compliance. Compliance with laws, regulations, contracts, and grant agreements applicable to the City of New Orleans is the responsibility of the City of New Orleans' management. As part of obtaining reasonable assurance about whether the Schedule of Expenditures of Federal Awards is free of material misstatement, whether caused by error or fraud, we will perform tests of the City of New Orleans' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the Schedule of Expenditures of Federal Awards. We will express an opinion on compliance with laws and regulations relating to major federal programs.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
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Our audit will be conducted in accordance with the standards referred to previously. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether:

- The City of New Orleans has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on the Schedule of Expenditures of Federal Awards.
- The City of New Orleans has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each major federal program.

Our procedures will be limited to the applicable procedures described in OMB's *Compliance Supplement for Single Audits*.

Limitations. The objective of our engagement is a Single Audit of the Schedule of Expenditures of Federal Awards referred to previously and, upon completion and subject to our findings, the expression of an opinion on the Schedule of Expenditures of Federal Awards in accordance with generally accepted auditing standards. If for any reason, we are unable to complete the audit or unable to form or do not form an opinion on the Schedule of Expenditures of Federal Awards, we may decline to express an opinion or decline to issue a report as a result of the engagement. Should such situation arises, we will notify you and the legislative auditor.

Generally accepted auditing standards require us to obtain reasonable rather than absolute assurance about whether the Schedule of Expenditures of Federal Awards is free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the Schedule of Expenditures of Federal Awards. However, if during the course of our audit we become aware of such errors, fraud, or illegal acts, we will bring them to your attention and also notify the legislative auditor in writing. Furthermore, should we become aware of illegal acts we shall also notify the appropriate enforcement agency, including the local district attorney.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
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The foregoing evaluation of internal control and test of compliance with laws, regulations, contracts, and grant agreements contribute to the evidence that supports the amounts reported in the Schedule of Expenditures of Federal Awards. Such evaluation and test of compliance are not intended to allow the auditor to issue an opinion on internal control or to issue an opinion on compliance with laws, regulations, contracts, and grant agreements, except as it relates to major federal programs.

These limited procedures may not meet the needs of all users of audit reports, who may require additional information and assurances on internal control and compliance with laws and regulations. In accordance with *Government Auditing Standards*, you should consider whether additional testing of controls and compliance are necessary to supplement the single audit's coverage of these areas and to meet the reasonable needs of report users. These additional needs are quite often met in two ways, by

- supplemental (or agreed-upon) procedures, or
- an examination resulting in an opinion.

We are available to discuss the expanded needs of report users, the nature of this expanded audit work, and the degree to which these type examinations, or other examinations, will meet the needs of the City of New Orleans and its report users.

Changes. The legislative auditor, cognizant or oversight agencies will be notified immediately, in writing, if our audit is cancelled or if there are any significant disagreements. The legislative auditor, cognizant or oversight agencies will be notified immediately, in writing, if there are any changes in this agreement or if there are any restrictions placed on our staff during the audit that would impact the scope of the audit, which includes the failure to produce required records in a timely manner, or the nature of the tests required under the previously discussed standards.

Recommendations. During the course of our audit, it is possible that we may observe opportunities for economies of operation and for improved internal administrative and accounting controls, or we may observe variances with applicable laws and regulations or other matters that should be brought to your attention. Our comments and recommendations concerning such matters, if any, will be conveyed to you in writing.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
February 15, 2008 -- Page 7

Reporting Package. The reporting package will consist of the data collection form, to be prepared by management, and:

1. An opinion (or disclaimer of opinion) as to whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in conformity with U.S. generally accepted accounting principles.
2. A report on internal control and compliance with laws and regulations material to the Schedule of Expenditures of Federal Awards and major federal programs. This report shall describe the scope of testing of internal control and compliance, the results of the tests, and, where applicable, refer to the separate schedule of findings and questioned costs. The state laws and regulations included in this report shall include all of the compliance matters included in the *Louisiana Compliance Questionnaire*.
3. A report on internal control and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on major federal programs. The report will include an opinion (or disclaimer of opinion) as to whether you have complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program, and, where applicable, refer to the separate schedule of findings and questioned costs.
4. If applicable, a summary schedule of findings and questioned costs.
5. If applicable, a summary schedule of any prior findings, which you will prepare.
6. Management's corrective action plans, which you will prepare.
7. If applicable, a management letter to convey suggestions and recommendations not suitable for the foregoing reports. We will ask you to respond to any matters included in the management letter and include your response as a part of the issued management letter, or you may place your response to these matters in your corrective action plan.

We will assist you in the preparation of the data collection form and sign, or disclaim, the form. In the preparation of the form should there be any material disagreements, we reserve the right to refuse to sign the form and report such matters to the appropriate federal officials and the legislative auditor.

**To the Members of the
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Prior Audit Comments and Recommendations. Our audit will include a review of any prior-year suggestions and recommendations and will indicate the extent to which the summary schedule of prior year audit findings is fairly stated. As to any current-year recommendations and suggestions, we will afford you the opportunity to respond to such matters and will include your response(s) in management's corrective action plan.

Compensation. Our fee for this audit will be in accordance with the terms and conditions of our price proposal submitted by separate letter. That fee is based on the assumption that management will provide the assistance requested during the course of the audit.

Audit Completion. It is our understanding that the Schedule of Expenditures of Federal Awards will be available by no later than March 15, 2008. We anticipate that the audit work will commence shortly after receipt of the Schedule of Expenditures of Federal Awards and we anticipate the final report will be issued by the statutory due date of June 30, 2008, provided we receive the Schedule by March 15, 2008.

At the completion of our audit, we will send the City of New Orleans the requested number of copies of our reports, with any management letter. In addition, we will send a copy of our reports, with the management letter if any, to each council member, to the chief administrative officer and the chief fiscal officer; we will send a copy of the reporting package to the National Clearinghouse for Single Audits and to any federal agencies or state pass-through entities whose programs are mentioned within the schedule of current year findings or summary of prior year findings.

We will send either one unbound copy of our reports, including any management letter and management's plan of corrective action, or one .pdf/.tif file of our reports, any management letter, and the corrective action plan, to the legislative auditor. If we find events subsequent to the issuance of our audit report (s) that would cause us to reissue the audit report, we shall reissue the audit report (s) in the same fashion and to the same individuals and organizations as the original audit report.

Working Documentation. It is understood that our working documents are confidential information. However, we will make all working documentation available to the legislative auditor, any successor auditor, any federal or state grantor agencies, the cognizant agency, or any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews. Should we become aware of illegal acts, we shall make our working documents available to the local district attorney or any other state or federal enforcement or regulatory agency without liability. We will retain the working documentation for three years.

**To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor**
City of New Orleans
February 15, 2008 -- Page 9

Personnel. We have assigned Mr. Armand E. Pinkney of our staff (4298 Elysian Fields Ave. 504-284-8733) as the manager for the audit, and he shall exercise overall control and management of our audit. It is our understanding that you have assigned Ms. Julie Schwam-Harris of your staff as your representative during the audit.

External Quality Review. Enclosed is our last external quality review, dated September 21, 2007.

Other Services. You may request that we perform additional nonattest services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Under the provisions of *Government Auditing Standards*, our ability to provide nonattest services may result in an impairment of our independence, and therefore may be limited for the duration of this engagement and for the period covered by this engagement. We will consult those standards and the Legislative Auditor's Office to determine whether such an impairment exists, prior to the performance of any nonattest services.

Other Matters. Our audit encompasses various federal programs of the City of New Orleans that are administered by City employees at various sites throughout the City of New Orleans. As previously mentioned, management is responsible for making all records (financial and programmatic) available to the auditor upon request in a timely manner and without restriction. Our fees and timeframe for completion of the audit are strongly contingent on this requirement and should we encounter delays in receipt of requested information due to staffing issues, availability of records, etc. we will certainly advise management of the impact on the timing for completion of the audit and any additional cost we may incur related to such prior to incurring such cost.

Approval. In accordance with the provisions of state law, this engagement agreement must be approved by the legislative auditor prior to commencement of our audit. Upon your signature and approval, we will seek approval of this engagement from the Legislative Auditor.

To the Members of the
City Council and the Honorable C. Ray Nagin, Mayor
City of New Orleans
February 15, 2008 -- Page 10

If these comments and arrangements meet with your approval, please sign below and return the agreement to us. We look forward to a pleasant association and the opportunity to provide the services included in this engagement.

Respectively yours,

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

BY: Michael B. Bruno
Michael B. Bruno, CPA
Managing Partner

ENGAGEMENT APPROVED:

CITY OF NEW ORLEANS

By: Ad Q. Furl

Title: President

Date: 2/20/08



Davis, Kinard & Co., P.C.
Certified Public Accountants

First Financial Bank Building
400 Pine Street, Suite 600
Abilene, Texas 79601-5128
Office (325) 672-4000
FAX (325) 672-7049
1-800-588-2525

September 21, 2007

To the Partners
Bruno & Tervalon LLP

We have reviewed the system of quality control for the accounting and auditing practice of Bruno & Tervalon LLP (the firm) in effect for the year ended May 31, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of **Bruno & Tervalon LLP** in effect for the year ended May 31, 2007 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Davis, Kinard & Co., P.C.
DAVIS, KINARD & CO., P.C.

MOTION

M-01-698

CITY HALL: October 18, 2001

BY: COUNCILMEMBERS SHEA, GUSMAN AND THOMAS

WHEREAS, the Council issued a Request for Proposals, in compliance with Council Rule 45, for CPA firms who wished to perform the City's Single Audit for the fiscal year 2001, with the option to continue for the four subsequent years, assuming mutual satisfaction; and

WHEREAS, the Council's Audit Committee has reviewed the staff evaluation committee's report and has recommended that Bruno & Tervalon LLP, with subcontractor Renee L. Johnson, CPA, be retained to perform the Single Audit, as a member of the consortium of auditors led by Deloitte & Touche LLP; now therefore

BE IT MOVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the Council authorizes and requests that the Council President execute contracts with a consortium of auditors which includes Bruno & Tervalon LLP, with subcontractor Renee L. Johnson, CPA, as the firm which will conduct the Single Audits of fiscal years 2001 through 2005.

THE FOREGOING MOTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:

YEAS: Carter, Gusman, Sapir, Shea, Singleton, Thomas, Willard-Lewis - 7

NAYS: 0

ABSENT: 0

AND THE MOTION WAS ADOPTED.

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THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

Emma J. Williams

CLERK OF COUNCIL