

Federal Housing Finance Board
Approval of the 1996 Audit Contract

WHEREAS, Pursuant to Decision Memorandum No. 95-DM-09, contracts to engage a single Independent Accountant for the audits of the financial statements of each Federal Home Loan Bank (FHLBank), the Office of Finance (OF), the Financing Corporation (FICO), and the combined FHLBanks must be approved by the Board of Directors of the Federal Housing Finance Board (the Board); and

WHEREAS, Pursuant to Decision Memorandum No. 95-DM-09, the FHLBanks are responsible for the execution and administration of such contracts subject to certain terms and conditions; and

WHEREAS, the FHLBank Presidents' Conference has submitted such a contract (the engagement letter dated June 5, 1996 between Price Waterhouse LLP and the FHLBanks for the audits of the financial statements of each FHLBank, OF, FICO, and the combined FHLBanks for the year ending December 31, 1996), which is in conformance with all terms and conditions set forth in Decision Memorandum No. 95-DM-09; and

WHEREAS, the Board believes it would be beneficial in the future to simplify the approval process; and

WHEREAS, the Board believes it would be beneficial to establish a more formal and systematic collection of certain external auditors' reports that make reference to any of the independent audits, such as management letters;

NOW THEREFORE, BE IT RESOLVED, that said contract is approved; and

FURTHER RESOLVED, that Decision Memorandum No. 95-DM-09 is amended by adding the following paragraph after the seventh listed condition:

“o The independent external auditor shall provide to the Finance Board a copy of any report from the independent auditor that makes reference to any of the independent audits (e.g., a management letter) within 15 days of when such a report is issued;” and

FURTHER RESOLVED, that the final condition listed in Decision Memorandum No. 95-DM-09 is amended to read: “The external financial audit contract that is to be executed and administered by the FHLBanks must be approved by the Finance Board prior to final award.”

By the Board of Directors of the
Federal Housing Finance Board



Bruce A. Morrison
Chairman