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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 11, 1999

Mr. David S. Bunton  
Executive Vice President  
The Appraisal Foundation  
1029 Vermont Ave., NW, Suite 900  
Washington, DC 20005-3517

Dear Mr. Bunton:

Enclosed is a copy of the "Independent Accountants' Report On Applying Agreed-Upon Procedures" prepared by Deloitte & Touche LLP. This report resulted from the financial and operations review of the Appraisal Foundation performed by Deloitte & Touche in 1998. As a Federal agency, we must have these reviews performed periodically. We are pleased that the review did not reveal any significant shortcomings in the reviewed areas. The review, however, did identify some areas that require attention. We address these issues below in the order presented in the report.

**1. Ascertain that grant funds are expended for activities allowed in the grant.** - No comment.

**2. Ascertain that costs charged to the grant are allowed under the grant agreement.** - We recommend that you develop and enforce written policies specifying that travel costs paid with Appraisal Subcommittee ("ASC") funds must be reimbursed only in accordance with the U. S. Government's Federal Travel Regulations. Among other items, these regulations govern travel by common carrier and privately owned vehicles, costs of lodging, and per diem. Please provide us a copy of the policies as soon as they are available.

**3. Note whether specified service or expenditure levels are maintained.** - No comment.

**4. Minimum or maximum limits for specified purposes are met.** - We understand that the transfer of funds between line items was based on OMB Circular A-110. Please be advised that beginning with the ASC's funding for 1999, we have modified the contract/grant language to prohibit your transferring of funds between line items without our specific, written, prior approval.

**5. Funds were obligated within the period of availability and obligations were liquidated within the required time period.** - No comment.

**6. Revenues are correctly recorded and used in accordance with the grant/program requirements.** - No comment.

**7. Activities related to the grant occurred when the Foundation incurred the expenditure.** - No comment.

**8/9. Ascertain that costs charged to the meetings/conference calls are allowable under the grant agreement.** - You stated that the Foundation has relied on verbal instructions provided by previous ASC staff that you need not break out non-Title XI time spent at meetings and on conference calls, if such time amounted to less than one hour during a meeting or call. Beginning with 1999, please use 15-minute increments for identifying Title XI versus non-Title XI time. Additionally, you need to ensure that you have adequate documentation to support the Title XI time charged at meetings and on conference calls when non-Title XI issues also are on the agenda and/or discussed.

We appreciate your cooperation in this review. If you have any questions regarding the review or the items noted in this letter, please let me know.

Sincerely,

Ben Henson  
Executive Director

Enclosure