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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 31, 2000

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

Dear Dave:

Enclosed please find a copy of the Lang Group's Agreed Upon Procedures review report of the Appraisal Foundation's use of 1999 Appraisal Subcommittee ("ASC") grant funds. As you know, this review, conducted in early 2000, was the third of what will be an annual review of the Foundation's use of ASC grant funds. The final report did not change from the draft that you reviewed previously.

The Lang Group was charged with reviewing nine specific areas. The review report presents each of these areas with discussions of procedures used and observations noted. Following are areas that need your attention on a going forward basis.

- Report Finding 2. (1) – Where a meeting agenda includes a notable amount of non-Title XI related items, we would expect that an appropriate portion of the participants' meeting preparation time would be allocated to non-Title XI areas and not reimbursed under the grant.
- Report Finding 2. (2) – We trust that the insufficient documentation on Y. Kramer's June 1999 reimbursement request was an anomaly.
- Report Finding 2. (3) – Your approach for allocating time in these circumstances is acceptable.
- Report Finding 2. (4) – Our understanding is that, on occasion, the Foundation may authorize travel for more persons or for more room nights than is specified in the grant for a specific meeting. In these cases, the Foundation requests reimbursement under the grant up to the amount authorized for that meeting. If our understanding is correct, this practice is acceptable.
- Report Finding 2. (5) – You and I discussed and agreed to this approach prior to its use.
- Report Finding 2. (6) – Your approach for requesting reimbursement for salary and wage expenses is acceptable, based on the reimbursements not exceeding approved grant line items.
- Report Finding 9 – The auditors identified several conference calls for which minutes were not taken or were not available for review. The lack of minutes that record the discussed subject matter makes it impossible for us to determine whether non-Title XI issues were

discussed and, therefore, what portion of the participants' time is reimbursable. Please ensure that minutes are prepared and maintained for all conference calls.

Thank you for you and your staff's assistance and cooperation during the Lang Group's review. If you have any questions, please contact me.

Sincerely,

Ben Henson
Executive Director