



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

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May 4, 2006

Mr. James R. Maples
Assistant Vice-Chancellor and Controller
The University of Tennessee - Knoxville
201 Andy Holt Tower
Knoxville, TN 37996-0100

Dear Mr. Maples:

This is in response to your letter dated October 1, 2004 which transmitted the revised Cost Accounting Standards Board (CASB) Disclosure Statement (DS-2) for the University of Tennessee - Knoxville. As the Administrative Contracting Officer (ACO), I am required to determine the adequacy and compliance of the DS-2. Based on the results of the Defense Contract Audit Agency's Report Numbers 1211-2006B19100001 and 1121-2006B19100002 on the Adequacy and Compliance of the University's disclosure statement, we have determined that your DS-2 adequately discloses the cost accounting practices required to be disclosed by CASB's rules, regulations, and standards, and that those practices are compliant with applicable Federal cost accounting principles.

Should you have any questions, please contact Jay Mervis of my staff at (202) 260-2381.

Sincerely,

Paul Nacora

A handwritten signature in cursive script that reads "Paul Nacora".

National Director
Division of Cost Allocation