



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

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JUN 25 2004

Mr. Jim McShan
Associate Vice Chancellor/Associate Vice President for Finance
University of Houston
226 E. Cullen Building, Room 224B
Houston, TX 77204-2033

Dear Mr. McShan:

This is in response to your letter which transmitted the University of Houston's revised Disclosure Statement (CASB Form DS-2). We have reviewed your revised DS-2 based on recommendations contained in the Department of Health and Human Services' Office of Inspector General reports entitled *Adequacy and Compliance Audit of the University of Houston's Disclosure Statement*.

As the Administrative Contracting Officer (ACO), I am required to determine the adequacy and compliance of submitted DS-2s. In accordance with Cost Accounting Standards Board (CASB) procedures, the ACO decision will be based on recommendations issued by the cognizant agency auditor. Based on our review and consultation with audit staff, 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 on (202) 260-2381.

Sincerely,

Philip A. Simard
Director
Division of Cost Allocation

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