



DEPARTMENT OF THE NAVY
OFFICE OF NAVAL RESEARCH
800 NORTH QUINCY STREET
ARLINGTON, VA 22217-5660

IN REPLY REFER TO

E-mail Transmittal
Randy.Weaver@mail.alaska.edu

ONR 0242
April 12, 2004

Mr. Randy L. Weaver
Controller, University of Alaska
207B Butrovich Building
P.O. Box 755120
Fairbanks, AK 99775

Subject: CASB DS-2 University of Alaska Statewide System, Revision #3
CASB DS-2 University of Alaska, Fairbanks, Revision #4

Reference: (a) University of Alaska Statewide System DS-2 Revisions No. 3
Effective 1 Jul 04, submitted on 6 Feb 04
(b) University of Alaska, Fairbanks DS-2 Revision No. 4
Effective 1 Jul 04, submitted on 6 Feb 04

Enclosure: (1) DCAA Report No. 04261-2004L19100001, dated 5 Apr 04
(electronic attachment)

Dear Mr. Weaver:

References (a) and (b) have been submitted to ONR for approval beginning July 1, 2004 (FY05). DCAA has completed their audit of the proposed Disclosure Statement revisions. A copy of their report is provided for your files, enclosure (1). DCAA reports that (i) the subject Disclosure Statement (DS-2) revisions adequately describe the revised cost accounting practices and (ii) the practices, as described, comply with applicable Cost Accounting Standards and OMB Circular A-21. Please refer to the DCAA report for a summary of the revisions and proposed accounting changes.

Based on my review of the references and enclosure above, the University of Alaska's Statewide System DS-2 Revision No. 3 and Fairbanks DS-2 Revision No. 4 are determined to be adequate and compliant. However, subsequent reviews of the University's accounting practices may disclose instances of noncompliance. The two proposed accounting changes described in the University of Alaska, Fairbanks DS-2, Item Nos. 3.5.0 and 4.4.0 are subject to the provisions of FAR 52.230-2(a)(4)(ii). As discussed, the University will submit a general magnitude cost impact analysis as part of your FY 2005-2007 Facilities & Administrative (F&A) Rate proposal, which will be submitted to ONR this week.

In response to your specific request to implement the accounting changes in federally funded proposals that will be conducted in FY 2005 and beyond, this letter of approval

permits implementation as of the date of this letter. However, the University should be using their most current Federally approved F&A and Fringe Benefit rates (FY 2004 rates) in cost proposals because ONR has not approved F&A rates for FY 2005 and beyond.

If you have any questions, please contact Mr. Scott Bukovec at 703.696.2586 or e-mail address bukoves@onr.navy.mil.

Sincerely,

/s/

Deborah K. Rafi
Contracting Officer

Cc: ONR Seattle
DCAA Seattle Branch Office
University of Alaska, Ginger Baker