

A while ago we noted that Darrell Oyer believed DCAA was going to do away with its Contract Audit Manual (CAM). For those who don't know, the CAM has been the "go-to" manual for government contracting compliance practitioners—as well as Federal contract auditors—for (quite literally) many decades. It has been the Number One resource for quite a while. To hear that it might disappear causes us to wonder what resources the next generation of practitioners is going to use.

That's not to say that we always agree with the CAM. Many times we use the CAM as but one (probably biased) data point in our analysis of a thorny problem. But it's been nice to have. We have used it extensively when researching DCAA's probable position on certain types of transactions (e.g., uncompensated overtime). We have used it when preparing to rebut an audit report with adverse findings, to make sure that the auditors followed their own guidance in reaching those findings. We know it's been used by auditors of other, non-DOD, agencies. In short, it has been an invaluable resource and we hope its sticks around for some time.

In what Darrell might view as another piece of evidence to support his assertion, CAM Chapter 7 (Selected Areas of Cost) was recently removed—or, to use DCAA's phrase, it was "reserved". In its place, DCAA created a new resource, the [Selected Areas of Cost Guidebook](#). DCAA describes its new Cost Guidebook as follows (*sic* - misspelling in original)—

This Guidebook addresses FAR 31.2 and other areas of cost audited. In this first edition of the guidebook, we have expanded what used to be included in Chapter 7 by adding 23 additional chapters to address FAR 31.2 cost principals that had not previously been included in CAM. Initially, many sections of the guidebook are a replica of what was in Chapter 7; however, we have rewritten and updated 13 areas of cost. We will be continuing to rewrite the other chapters in this guidebook and will publish them as completed.

Right now, the intent is to have 75 individual Chapters in the Guidebook. As the blurb above states, the starting point of the Guidebook is the former CAM Chapter 7. But there will be 23 new "selected areas of cost" addressed in the Guidebook that were not addressed in the former CAM Chapter 7. Further, the guidance with respect to 13 areas of cost that were covered in the former CAM Chapter 7 has been "rewritten and updated." In many cases, the revisions add FAQs to assist the audit teams.

Those 13 revised areas are:

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Alcoholic Beverages (Chapter 2)

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Bonus and Incentive Compensation (Chapter 7)

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Consultants (Chapter 58)

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Depreciation (Chapter 19)

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IRAD/B&P (Chapter 33)

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Legal Costs (Chapter 41)

-

Patents (Chapter 52)

-

Royalties (Chapter 64)

-

Pensions (Chapter 53)

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Manufacturing and Production Engineering (Chapter 45)

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Joint Ventures and Teaming Arrangements (Chapter 37)

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Insurance (Chapter 34)

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Idle Facilities/Idle Capacity (Chapter 32)

We are not going to critique the new Guidebook, no more than we would have critiqued the CAM chapter by chapter. But rest assured, as issues arise during audits we'll make sure to refer back to the Guidebook and, if appropriate, we'll discuss here in this blog.

That being said, here are some chapters in the Guidebook that looked interesting to us. We suggest you consider reviewing them in more detail. The "interesting" chapters include:

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Banked Vacations (Chapter 5)

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Correction of Internal Control Deficiencies (Chapter 17)

DCAA's New Cost Allowability Guidebook

Written by Nick Sanders

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General Services Administration Schedule Contracts (Chapter 29)

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Mentor-Protégé Program Costs (Chapter 47)

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Military Operations—War Hazard, Reserve Supplements, and Celebrations (Chapter 48)

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Weather-Related Closure (Chapter 74)

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Workforce Investment Act (Chapter 75)

(Also, we noted the Chapter 9 title is incorrect on the website. Somebody may want to look into that.)

To sum this all up, the new Guidebook generally seems like a good idea. While we have already noted several areas where we would disagree with the guidance provided (see, e.g., Chapter 17), we do appreciate the effort that has gone into this new resource, and we believe it will be beneficial for all contracting parties.

Which is exactly how we feel about the CAM.

