Our last blog article broke a long-standing streak of never having a nice word to say about DCAA. We actually complimented a piece of recent guidance issued to help drive value-added findings in audits of contractor cost proposals. This article also has nice things to say about another piece of recently issued audit guidance. Perhaps this is the start of a new streak?

The audit guidance in question is **MRD 13-PAC-002(R)**, issued March 28, 2013. It concerns the allowability of contractor travel costs under the FAR Travel Cost Principle, 31.205-46. Ostensibly, it does not break any new ground, stating that it only "emphasizes existing Agency guidance." Despite that somewhat innocuous statement, we suspect its intent is to minimize the issuance of inaccurate audit findings by auditors who either don't know or don't care that what the regulations say.

Let us quote the pertinent section of the MRD—

The Government travel regulations provide for two ceiling amounts: one for lodging and one for meals and incidental expenses. However, as provided in CAM 7-1002.3c(2), contractors are subject to only one ceiling, a total of lodging plus meals and incidental expenses. This CAM guidance is consistent with the regulatory intent that the 'maximum per diem' rates represent a single combined ceiling.

In other words, contractors can offset higher reimbursements in one area by lower reimbursements in another area. The only ceiling that matters for contractors is the total ceiling, and not the individual ceilings for M&IE and/or lodging, which applied only to Government personnel in travel status.

We think this piece of audit guidance will serve as a good reference for both auditors and contractors. Good job, DCAA. Good job, Donald J. McKenzie, Assistant Director, Policy and Plans.