



## **ODOT Railroad Audit Circular No. 2**

### **Meals, Lodging, and Transportation Costs for Railroads**

Release Date: January 1, 2010

#### **Application:**

Unless and until revised by ODOT, this Circular is effective for actual costs incurred by railroads on projects authorized by ODOT or ORDC on or after January 1, 2010.

# RAILROAD AUDIT CIRCULAR No. 2



## OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE, 1980 W. Broad St., 4<sup>th</sup> Floor, COLUMBUS, OHIO 43223

**SUBJECT:** Meals, Lodging and Transportation

**Effective Date:** January 1, 2010

**Last Updated:** October 13, 2009

### I. ISSUE

During an incurred-cost audit, the auditor may encounter directly charged costs associated with meals, lodging, airfare, and vehicle mileage.

### II. DEFINITIONS

As used in this circular—

1. "CONUS" refers to the maximum allowable meal and lodging per diem rates reimbursable within the Continental United States. For example, for the fiscal year 2010 in Ohio, meal and lodging per diem rates are specifically identified for Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton/Fairborn, Hamilton, Mentor, Rittman, Sandusky/Bellevue, Toledo, and Youngstown. All localities in Ohio not listed are subject to Standard CONUS<sup>1</sup> rates.
2. The "Federal Travel Regulation (FTR)," codified in chapters 300 through 304 of Title 41 of the Code of Federal Regulations, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.
3. A "Per Diem" is a daily payment instead of actual cost reimbursement for lodging, meals, and incidental expenses. Per diems do not include transportation costs or other miscellaneous expenses. For the purposes of this circular, a meal per diem includes meal and incidental expenses (M&IE), collectively.
4. The "U.S. General Services Administration" (GSA) is a Federal-level agency that provides management and support functions for various other Federal agencies. The GSA promulgates the Federal Travel Regulation.

### III. ALLOWABILITY – CONTRACTED MEAL AND LODGING REIMBURSEMENT

For Force Account Work, the railroad may elect to reimburse its employees' actual or per diem meal and lodging costs subject to the provisions set forth in established union or formal internal policy. For railroad work performed by a subcontractor, actual or per diem meal and lodging costs are eligible for reimbursement at the rates set forth in the applicable continuing contract or low-bid document. In addition, the amounts paid must be:

- Reasonable,
- In compliance with the contracted policy in effect at the time the cost was incurred, and

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<sup>1</sup> The Standard CONUS rate in FY2010 is \$70.00 for lodging and \$46.00 for meals and incidental expenses. Refer to [www.gsa.gov](http://www.gsa.gov) for rate updates.

- Consistently and equitably applied to private and public projects.

Per FAR 31.201-3(a), the burden of proof shall be upon the railroad to substantiate that the conditions were met to warrant the reimbursement of meal and lodging costs.

In the event that contract agreements do not set forth limitations to actual cost reimbursement for meals or lodging, section IV of this circular applies.

#### IV. ALLOWABILITY – VEHICLE MILEAGE, AIRFARE, AND NON-CONTRACT ITEMS

1. **Non-Contract Meal and Lodging Costs** – For Force Account and subcontract work in which no formal agreement or contract is in place at the time the meal or lodging costs are incurred, the railroad may elect to reimburse its employees' actual or per diem meal and lodging costs subject to the limitations set forth in the Federal Travel Regulation, as promulgated by the U.S. General Services Administration, and the reasonableness principle set forth at FAR 31.201-3. More specific guidance follows.
  - Meal costs may only be claimed, at actual or per diem cost, on a day preceding or following an overnight stay.
  - Costs associated with alcohol are not reimbursable.
  - The employee must be in travel status for more than 12 hours. Adjustments to meal costs must be made on the first and last day of travel, and on days in which more than 12 hours and less than 24 hours are in travel status, pursuant to Federal Travel Regulation § 301-11.101. In each of these circumstances, reimbursement is limited to 75 percent of the maximum allowable meal per diem.
  - Actual cost meals and lodging must be supported by a photocopy of the original receipt. Non-descript travel reimbursement forms do not provide sufficient evidence of existence, allocability, or allowability.
  - The per diem for meals and lodging may be consolidated into one rate, provided that the consolidated amount does not exceed the Maximum Per Diem Rate. For authorized per diem expenses incurred costing over \$75, a receipt must be provided to substantiate the claimed cost.
2. **Travel Costs** – For all allowable vehicle mileage costs incurred, eligible reimbursement is limited to the lesser of:
  - Actual cost
  - A rate representative of actual cost
  - The limitations set forth in the Federal Travel Regulation

Vehicle mileage must be supported by an expense report showing the employee name, date(s) of travel, location of departure and arrival, purpose of trip, number of miles driven, and applicable mileage reimbursement rate. Expense reports should always contain signatures of the employee and the employee's supervisor.

3. **Airfare** – For all allowable airfare costs incurred, eligible reimbursement is limited to the lowest coach-class or equivalent airfare available, subject to FAR 31.205-46(a)(7)(b).

Airfare must be supported by source documentation, such as a copy of an e-ticket, boarding pass, or travel itinerary prepared by a travel agency or broker, which shows employee name, date(s) of travel, location of departure and arrival, and cost of the flight(s).

## V. LODGING AND TRAVEL COSTS CONTRACTED VIA TRAVEL AGENCY OR LODGING COMPANY

For allocable lodging and travel costs incurred through a contracted travel agency, lodging company, or other firm providing similar services, costs are eligible for reimbursement, provided that these costs are:

- Reasonable,
- In compliance with the terms of the contract,
- Consistently and equitably applied to private and public projects, and
- Supported by source documentation.

## VI. EXAMPLES

**Example 2-1.** Smith, an ABC Railroad Supervisor, flies from Atlanta, Georgia, to Toledo, Ohio to inspect a project at ODOT's request. Smith flies business class.

Analysis – The cost of the flight in excess of coach-class fare for the same or similar flight is ineligible for reimbursement.

**Example 2-2.** Employee Jarvis, a non-contract railroad supervisor in travel status, is reimbursed \$19.38 in actual meal costs on a day in which the employee was working on an ODOT project. No union agreement exists between Jarvis and the railroad.

Analysis - This cost is reasonable and within the limitations set forth in the FTR. Additionally, the meals must be supported by a detailed receipt, must be for the sole consumption of the employee, and cannot contain alcohol. Any costs associated with alcohol must be disallowed.

**Example 2-3.** ABC employee Muniz receives a daily meal per diem of \$50 when working on an ODOT project. Per union agreement, Muniz is paid \$50 per day for meals on public projects, and \$35 per day on ABC projects.

Analysis – This inequitable policy unfairly burdens the State. The reimbursable amount is limited to \$35 per day.

**Example 2-4.** Employee Henslee, a non-contract railroad employee, lodges at a hotel near a project site. Henslee eats all meals in the hotel restaurant and has them charged to the room.

Analysis - Henslee is permitted to charge meals to the room. However, these costs must be clearly segregated on the detailed lodging bill. Both the lodging and meal costs must be in compliance with the applicable travel regulations.

**Example 2-5.** Employee Pinter, a railroad employee, travels from Dayton, Ohio to Youngstown, Ohio, on Sunday. The employee lodges on Sunday night and works on an ODOT project on Monday. Monday night, Pinter lodges at the same hotel, then travels to an ABC Railroad project on Tuesday morning. Pinter works on the ABC project in Toledo on Tuesday. Lodging for both nights is charged to the ODOT project.

Analysis - If ABC's policy is to allocate lodging costs for the night preceding work, this policy should be consistently applied. However, under no circumstances should both nights be charged to the ODOT project, as only one is allocable.

**Example 2-6.** An ABC railroad employee travels by automobile, 120 miles from Cleveland to Columbus to work on an ODOT project. One week later, the employee travels 90 miles to Dayton to work on an ABC project. The Columbus project is an ODOT project, and the Dayton project is an ABC project. 210 miles are charged to the ODOT project at \$0.55 per mile, totaling \$115.50.

Analysis - This is an incorrect treatment. ODOT cannot be charged for all mileage if the ODOT project is preceded and followed by another project. ABC may charge for one of the trips; whichever is consistent with ABC policy. However, ABC must charge mileage to the project that necessitated the cost. The proper charge to the ODOT project would be \$66.00.

## VII. REFERENCES

- FAR 31.205-46 (Travel Costs)
- FAR 31.205-51 (Costs of Alcoholic Beverages)
- FAR 31.205-14 (Entertainment)
- FAR 31.201-3 (Determining Reasonableness)
- FAR 31.201-4 (Determining Allocability)
- Federal Travel Regulation
- [www.gsa.gov](http://www.gsa.gov)
- ODOT Railroad Audit Circular No. 1 (Definitions, Audit Authority, and General Guidance Regarding the Computation of Overhead Rates)