

SELECTED AREAS OF COST

Chapter 54 – Plant Protection Costs

Authoritative Sources

- [FAR 31.205-29](#) Plant Protection Costs
- [FAR 31.205-6](#) Compensation for Personal Services

The allowability of a contractor's plant protection costs should be determined based on the provisions of FAR 31.205-29 and the reasonableness provisions of FAR 31.201-3 and 31.205-6.

General Audit Guidelines

Allowable activities and costs. The provisions of FAR 31.205-29, Plant Protection Costs, state that costs of protecting the contractor's plant and other property are allowable. The costs of items such as:

- (1) wages, uniforms and equipment of personnel engaged in plant protection,
- (2) depreciation on plant protection capital assets, and
- (3) necessary expenses to comply with military requirements, are allowable provided they are reasonable and allocable.

Reasonableness. There are commercial companies that provide plant security protection services, including well-trained uniformed guards. These security service companies may provide efficient plant protection services for less than the cost of such services performed by the contractor's own security employees. Accordingly, evaluation of costs of security guards at the contractor's facilities should include a comparison between the cost of the in-house services and the cost of engaging an outside security service firm. When excessive or unreasonable costs are identified as potentially unreasonable as a result of the above cost comparison, the auditor should request the contractor demonstrate the reasonableness and to justify the costs. The comparison to be made is similar to a "make or buy" decision.