FINANCIAL ADMINISTRATION MEMORANDUM NO. 98-014 (II.G.1.)

To: Bureau Assistant Directors, Administration
Director, Office of Administrative Services
Bureau Finance Officers
Finance Officer, Financial Management Services

From: Focus Leader, Asset and Debt Management
Office of Financial Management

Subject: Use of Government Contract Fares and Government Travel Authorizations By Departmental Contractors and Employees of Departmental Contractors

This Financial Administration Memorandum (FAM) is being issued in response to several inquiries we have received regarding propriety of providing agency travel authorizations or agency procured Government contract rate transportation tickets to Departmental contractors and employees of Departmental contractors.

The contracts and agreements entered into by the General Services Administration and the Department of Defense for passenger transportation, car rentals, and lodging facilities require the contractors/vendors to provide the service/accommodations to Government travelers on official business when available; however, these contracts and agreements do not cover Government contractors and their employees. Consequently, the contractors/vendors are not required to make contract fares and rates available to Government contractors and their employees, but may do so at their option.

Government contractors should be issued a letter of identification (sample attached), and not a travel authorization, to assist in obtaining reduced fares and rates. Contract fare tickets, rentals, lodging accommodations and travel advances are not to be procured for contractors and their employees. Departmental contractors should procure the services and be reimbursed, if the contract authorizes reimbursement. Issuance of a travel authorization or direct procurement of the service to conceal the employer or imply that the person meets the requirements of 5 U.S.C. 5703 is improper and must be avoided.

Travel authorizations are not be issued to anyone not meeting the definition of an employee as stated in 5 U. S. C. 5703, which requires providing a direct service to the Government or another specific statutory authority providing for direct payment of travel expenses to an individual. If the Government pays a fee for a person's service and does not report the payment on a W-2, in most instances the person is a contractor and not an employee. When a person is authorized to travel on a travel authorization, the Government must not be bound to pay a third party for the services provided, since this would constitute a contractual relationship and not an employee/employer relationship.
The Government must assume the responsibilities of an employer for all personnel authorized to travel on a Government travel authorization. This includes responsibility for injury as well as the

possibility for liability for damaged property. Therefore, travel authorizations should not be issued until the employee/employer relationship is verified.

Should you have questions or require additional information on this subject, please contact Lesley Oden on (202) 208-5223.

Attachment

Prior Financial Administration
Memorandum on this Subject:

No. 98-012 (II.G.1.), June 23, 1998 - Active

ATTACHMENT 1 to FAM No. 98-014

OFFICIAL AGENCY LETTERHEAD

TO: Participating Vender

SUBJECT: OFFICIAL TRAVEL OF GOVERNMENT CONTRACTORS

(FULL NAME OF TRAVELER), the bearer of this letter, is an employee of (COMPANY NAME) which has a contract with this agency under Government contract (CONTRACT NUMBER). During the period of the contract (GIVE DATES), AND WITH THE APPROVAL OF THE CONTRACT VENDOR, the employee is eligible and authorized to use available travel discount rates in accordance with Government contracts and/or agreements. Government Contract City Pair fares are not available to Contractors.

SIGNATURE, Title and telephone number of Contracting Officer