

<b>SUBJECT:</b>  Cellular Telephone Acquisition and Use	<b>Effective Date:</b> 5-20-08	<b>Policy Number:</b> 4-009.1	
	<b>Supersedes:</b>	<b>Page</b> 1	<b>Of</b> 4
	<b>Responsible Authority:</b> Director of Human Resources		

**APPLICABILITY/ACCOUNTABILITY:**

This policy applies to all university employees.

**POLICY STATEMENT:**

Effective January 1, 2008, all cellular telephone users must comply with this policy.

The Internal Revenue Service considers cell phones to be “Listed Property” and treats employer-provided cell phones and monthly charges paid by the employer to be taxable income to the employee unless the employee can show that the cell phone was used for business purposes pursuant to IRS Section 274(d)(4). This requires the employee to maintain detailed records regarding each cell phone call, including the amount of the expense, the time and place of each call, and the business purpose for each call.

The IRS can declare that all undocumented use of a cell phone is personal and treat the monthly cell phone charges as wages even if the calls were for business purposes. Consequently, the university will no longer purchase cell phones for use by individual employees. Employees whose job duties include using a cell phone may receive extra compensation in the form of a cell phone allowance as reimbursement for business-related costs of purchasing cell phones and paying monthly fees. All other employees may submit infrequent business-related cell phone expenses for incidental reimbursement.

**DEFINITIONS:**

Cell phone. Any device that is used to make or receive wireless calls, including any device that provides e-mail and Web functions such as a BlackBerry or Treo™.

Authorizer. President, vice presidents, vice provosts, deans, or their designees.

## PROCEDURES:

The university will provide authorized employees with an allowance for the acquisition of a cell phone and payment of monthly service charges. This allowance will be provided as taxable income to the employee, but it will not be considered part of the employee's base salary nor will it be considered in the calculation of retirement benefits.

The authorizer may, at his or her sole discretion, authorize the payment of a taxable allowance to an employee if the employee's job duties necessitate the use of a cell phone for university business.

Each employee who will receive an allowance for the purchase of a cell phone or monthly service charges must complete a *Cell Phone Allowance Request Form* annually. The form must be approved by the authorizer and forwarded to the Human Resources' payroll department for processing. The authorizing department must maintain a copy as documentation for audit purposes.

### **Transitioning from university-owned phones**

To allow for a transition to personal ownership of cell phones consistent with contracts already in place, all university-owned cell phone contracts shall be transferred to personal accounts within six months from the effective date of this policy unless cancellation will result in a cancellation fee. In that event, the account shall be transferred immediately following the expiration of the cancellation provision.

For those who continue to use university-owned cell phones during this time, payment may be made as it is currently being made, subject to IRS documentation requirements for all business calls and reimbursement to the university of cell phone costs incurred through personal use.

### **Allowances**

It is the intent of this policy to provide fair allowances to employees for the business use of their cell phones while maintaining proper budget control. Unless the employee can demonstrate no personal use, the allowance should not cover the total cost of the equipment or service plan. Allowances will be provided in one or both of the following forms at the discretion of the authorizer.

1. Cell phone equipment purchase allowance. This allowance provides a periodic monetary payment toward the employee's personal acquisition of a cell phone and payment of initial activation fees. A cell phone equipment allowance is allowed only once every two years. The appropriate allowance should be determined and documented by the authorizer. The biennial equipment allowance may not exceed \$300 without vice presidential approval.
2. Biweekly cell phone service plan allowance. This allowance provides a biweekly payment toward the cost of maintaining cell phone service for business purposes. The biweekly supplement

cannot exceed \$55 without vice presidential approval. The supplement is provided to the employee for as long as the authorizer determines that the employee qualifies for it. The appropriate allowance must be determined and documented by the authorizer.

### **Ownership of cell phones**

A cell phone acquired according to the provisions of this policy is considered to be the personal property of the employee, and any service contract entered into by the employee is personal to the employee. The university will have no obligation, make no guarantees with respect to such contracts, and will not be held liable for misuse or abuse of any type. However, if the cell phone provider will provide discounted or state rates, the university will provide a letter to the cell phone provider that the cell phone is to be used for the conduct of university business.

The authorizer is responsible for:

- determining whether the employee's position requires a cell phone based upon his or her job responsibilities and maintaining appropriate documentation to support this in the departmental files
- ensuring that employees are familiar with the requirements of the *Cellular Telephone Acquisition and Use* policy
- determining what percentage of an employee's cell phone expense is business related and the appropriate compensation for business use
- ensuring that documentation supporting how the allowance was determined is maintained in the departmental files
- processing the allowance through the payroll system
- ensuring that the contractor or grantor has specifically authorized the expenditure and the Division of Research and Commercialization has approved payment if a contract or grant account is charged for cell phone charges

Employees are responsible for:

- providing the authorizer with requested information or documentation to support the expected business use and the amount of the allowance; this documentation may include, if requested, copies of previous cell phone bills indicating the amount of minutes incurred on university business
- notifying his or her authorizer when there has been a significant change in the need for the business use of a cell phone allowance
- paying all amounts due as agreed between the employee and the cell phone service provider
- providing the university with the current access number or address of the cell phone within five working days of activation

- notifying the authorizer within five working days of inactivation of the device; an employee is prohibited from continuing to collect a cell phone service plan allowance when the device is no longer active or needed for the performance of the employee's job responsibilities.

Exceptions:

This policy shall not apply in the following circumstances:

1. Facilities, Public Safety, and Information Technologies and Resources may continue to purchase cell phones and pay for monthly service for phones used exclusively for official university business.
2. A department or unit may continue to purchase cell phones and pay for monthly service when the cell phone is authorized by and paid exclusively from external grants so long as such phones are used exclusively for official university business.
3. Where exempted in writing by the president of the university or his designee.

Each unit purchasing phones or phone services pursuant to these exceptions shall regularly review such use to ensure compliance with the terms of the exception.

All persons utilizing university phones per the above exceptions shall be required to follow all prevailing IRS documentation requirements as explained in the Policy Statement above.

#### CONTACTS:

UCF Telecommunications Office for information relating to plans available to eligible UCF employees: 12461 Research Parkway, OTC Suite 550, Orlando, Florida 32826. Main number 407-823-5200.

UCF Office of the General Counsel for questions relating to the interpretation of the policy and its application: Office of the General Counsel, 4000 Central Florida Boulevard, Millican Hall, Suite 360, Orlando, Florida 32816-0015. Main number: 407-823-2482, Email: [gcounsel@mail.ucf.edu](mailto:gcounsel@mail.ucf.edu)

UCF Office of Human Resources for questions about processing a form for an authorized reimbursement, 12565 Research Parkway, Orlando, FL 32826-2912. Main number: (407) 823-2771. Payroll department: (407) 823-6663.

#### RELATED INFORMATION:

<http://www.telecom.ucf.edu/cellpolicy/default.htm>

[http://www.hr.ucf.edu/web/forms/payroll/Cell\\_Phone\\_Allowance\\_Req\\_Form.xls](http://www.hr.ucf.edu/web/forms/payroll/Cell_Phone_Allowance_Req_Form.xls)

INITIATING AUTHORITY: Vice President for Administration and Finance

POLICY APPROVAL (For use by the Office of the President)	
Policy Number: 4-009.1	
Initiating Authority: <u>Will J. Munk</u>	Date: <u>7/23/08</u>
Policies and Procedures Review Committee Chair: <u>Beth Barnes</u>	Date: <u>July 21, 2008</u>
President or Designee: <u>J. Hill</u>	Date: <u>7/23/08</u>

