

# UK Business Procedures: Q. Information Technology Q-1-2

Communications & Network Systems:

## Cellular Devices Policy and Procedures

---

### 1. Introduction:

Qualified employees may be provided with a supplemental compensation (in the form of a cash allowance) that they can use to purchase personal cellular contracts for University business purposes. Both the bona-fide business purpose and the amount of cash allowance approved must be documented.

### 2. Definitions

- A. "Cellular devices" are mobile telecommunication equipment, such as cell phones and personal digital assistants (PDAs) (e.g. Blackberry, iPhone, or Treo).
- B. "Business use" is any use in the course of performing specific job-related duties on behalf and for the benefit of the University of Kentucky.
- C. "Incremental business expenses" are calls that result in costs above and beyond the employee's normal calling plan (e.g., excess minutes, roaming charges)

### 3. Policy:

- A. The decision to incur business expenses for cellular devices must be evaluated from a cost/benefit perspective. Units must consider other viable options such as landline phones, pagers, or other less expensive communication devices.
- B. Subject to supervisor or department head recommendation, and approval from the President, Provost, or appropriate Executive Vice President, Vice President, Dean, or Director, employees may receive an allowance to reimburse for business use of a personal cellular device.
- C. University employees using such devices for business purposes will obtain personal plans and will be reimbursed by the University via supplemental compensation, based on the department head's determination of business use. The department head must consult with the department fiscal officer on the level of supplemental compensation.
- D. The allowance will be treated as wages, therefore qualified employees will not have to account for the use of a cellular device or PDA purchased with the allowance. Because the entire allowance is taxable, incidental personal use of the phone would be permissible. However, the amount of the allowance would be calculated based on the number of minutes needed by the employee for University business use only, as determined by his or her department head. The allowances are not included in an employee's compensation for purposes of determining University retirement coverage or other benefits.
- E. The approved cash allowance has been computed so that the employee is provided with the approximate net amount of the business use for the plan cost.
- F. Units must conduct annual reviews of both the necessity of and cash allowances for personal plans for business purposes.
- G. Supplemental pay may be increased, reduced, or eliminated should the bona-fide business purpose change or no longer exist.

### 4. Eligibility Guidelines

- A. Employees whose duties and responsibilities require them to maintain voice (cell phone) contact with the University while away from the office or to be accessible outside of normal working hours may be eligible to apply for compensation in the form of a monthly allowance to pay for the cost of this service.
- B. Employees whose duties require continual internet (PDA) access outside normal working hours may be eligible to apply for compensation in the form of a monthly allowance to pay for the cost of this service.
- C. Some employees may be eligible for both cell phone and PDA allowances.
- D. Cellular contract reimbursement should be authorized to reflect the level of expected business-related use (e.g., number of minutes per month) for those employees whose jobs entail the following business-related responsibilities:
  - 1. Travel – Employees who frequently travel or are out of the office and need to be in contact with staff, clients, managers, or other University business associates.
  - 2. Work Location – Employees who typically work in the field or at job sites where access to electronic communications devices is not readily available.

# UK Business Procedures: Q. Information Technology Q-1-2

Communications & Network Systems:

## Cellular Devices Policy and Procedures

---

3. Emergency Response – Employees who need to be contacted and/or to respond in the event of an emergency or are routinely required.
  4. Other – Employees who are routinely required by their department to be available during non-business hours.
  - E. Specifically, University employees who meet eligibility requirements may qualify to receive monthly supplemental compensation for on-going business expenses related to cell phones and PDAs (such as Blackberry, iPhone or Treo) if they meet **all** of the following criteria:
    1. The employee's job requires him or her to be readily accessible for frequent contact with the public or with University faculty, staff or students **and**
    2. The employee's job limits his or her access to regular land-line telephones that would satisfy the required business communication needs; **and**
    3. Monthly usage for business purposes is consistently **95%** or more of total tier plan minutes or data use for a cell/phone or smart device.
- 5. Determination of Dollar Amount of Allowance**
- The dollar amount of the cellular device supplemental compensation allowance should cover the employee's projected business-related expenses only. Upgrades to basic equipment (special cosmetic or technical features, etc.), or expected cellular device use unrelated to business, cannot be considered. Determination of the dollar amount of the allowance is made at the department level, but must be within the established guidelines and dollar limits. For current guidelines and limits, always refer to the Information Technology website <http://www.uky.edu/IT/CNS/products/cellphon.html> prior to submitting a request for a cellular device allowance.
- 6. Sponsored Accounts**
- A. Supplemental compensation may not be charged to sponsored accounts (i.e. grants starting with 304). In instances where a Principal Investigator (PI) or project has met all requirements, including budgetary and sponsor approval to charge cellular expenses as a direct expenditure on a grant, the PI or other research personnel should complete a request for a UK departmental contract. For information refer to <http://www.uky.edu/IT/CNS/products/cellphon.html>
  - B. The request for a University departmental contract must be completed and routed to obtain the signature of Associate Dean for Research and approval from the Office of Sponsored Project Administration (OSPA). OSPA will forward the approved form to Communications and Network Systems (CNS) for processing.
- 7. HIPAA and Open Records Requirements**
- A. The requirements promulgated under the Health Insurance Portability and Accountability Act (HIPAA) apply to personally-owned cellular devices that contain University business records and protected data.
  - B. The Kentucky Open Records Act requires the University to disclose specified public records. In response to requests for such disclosure, it may be necessary to examine electronic communications records that users consider to be personal to determine whether they are public records that are subject to disclosure.
  - C. The University Guidelines for HIPAA Security Rule Compliance establish security controls, such as encryption and password protection, covering the storage or remote access of electronic protected health information (ePHI) on home computers, laptops, PDAs, and other portable devices. Consistent with current practice governing University-provided equipment, departments will need to enforce similar procedures to remove all protected information from employee-owned cellular devices when the devices are replaced or no longer used for University business purposes. The equipment memory should be cleared of all protected data using a data removal product or similar technology.
- 8. Approval and Reimbursement**
- A. Departments must review and affirm that an employee's business usage qualifies for initial and on-going eligibility. Authorization of supplemental compensation must be reviewed with and recommended by the employee's supervisor to the next higher management level (the President, Provost, EVP, VP, Dean, or Director). Annual renewal authorizations are required by the same management level.

# UK Business Procedures: Q. Information Technology Q-1-2

Communications & Network Systems:

## Cellular Devices Policy and Procedures

---

- B. For employees who qualify, this policy authorizes a supplemental taxable compensation for cellular devices. The payments will be spread across pay periods. Employees who receive supplemental compensation may not receive reimbursements for cellular devices or cellular expenses.
- C. The amount of supplemental compensation is *pre-determined* annually by this policy, depending on the type of device and plan used. Refer to the current cell phone allowance request form for the specific tiered rates and reimbursement amounts. Link to <http://www.uky.edu/IT/CNS/products/cellphon.html>

### 9. Contracts, Direct Billing, and Expense Reimbursements

- A. Contracts entered into by authorized employees are **personal** contracts that are the responsibility of the employee, not the University.
- B. Departments will not reimburse actual expenses or allow employees to have their monthly cellular device or cellular PDA expenses billed directly to the University or charged to a University purchasing card.
- C. Departments may not purchase cellular device accessories (batteries, chargers, covers, holsters, head/ear phones etc.).
- D. Employees are responsible for paying for any service upgrade.
- E. **In all cases**, billing for expenses for non-departmental phones must be directed to the employee for payment. Only the exceptions outlined in Special Situations section of this policy are allowed.

### 10. Equipment Costs

- A. Employees who have existing University-owned cellular devices and PDA's will be allowed to continue using these devices.
- B. Upgrades and new purchases of cellular devices and PDA's will be the financial responsibility of the authorized employee.
- C. The employee assumes ownership and all maintenance responsibility for all equipment.
- D. If, in a rare case, a department determines that the cost of the equipment poses a hardship on the employee, the department may request a one-time payment to the employee through the payroll system for the cost of the equipment. When applicable, these reimbursements may not be made more than once every two years.
- E. If a department determines that the equipment should be paid by the unit, the following procedures are applicable:
  - 1. The department confirms and documents the reason for the equipment purchase (e.g., financial hardship for the employee).
  - 2. The department submits an approved Cellular Allowance Request form to the Payroll Office.
  - 3. The payroll office staff will set up the one-time payment through the Payroll system for the cost of the equipment.
  - 4. Departments may, if applicable, reimburse the individual for equipment costs no more frequently than every two years.

### 11. Changing or discontinuing the supplement

If there is a change in an employee's responsibilities that would disqualify them from continuing to receive the allowance, the department must take discontinuing the supplement, effective at the date that the employee's responsibilities changed by completion of new cell phone allowance request form.

- A. If, prior to the end of the cell phone contract, a personal decision by the employee; employee misconduct; or misuse of the phone results in the need to end or change the cell phone contract, the employee will bear the cost of any fees associated with that change or cancellation. For example, the employee voluntarily leaves the University and no longer wants to retain their current cell phone contract for personal purposes.
- B. If, prior to the end of the cell phone contract period, a University decision (unrelated to employee misconduct) results in the need to end or change the cell phone contract, the University will bear the cost of any fees associated with that change or cancellation. For example, the employee's supervisor has changed the employee's duties and the cellular device is no longer necessary for University purposes. If the employee does not want to retain the current contract, change or cancellation fees will be reimbursed by the University.

# UK Business Procedures: Q. Information Technology Q-1-2

Communications & Network Systems:

## Cellular Devices Policy and Procedures

---

### 12. Incremental Business Expenses

- A. Employees who do not qualify for the supplemental compensation may submit expense reimbursements for occasional, incremental business expenses. The employee must provide a copy of their bill, clearly listing the incremental costs that are above and beyond the employee's normal calling plan (e.g., excess minutes, roaming charges).
- B. An invoice must be submitted to verify the incremental business expense costs incurred.
- C. The following are the reimbursement procedures:
  - 1. The employee submits documentation (copy of the bill) along with notations as to who was called and the business purpose of the University-related calls. The submittal must include certification that the employee does not receive a cell phone allowance.
  - 2. The department generates a DAV.
  - 3. Documentation is forwarded to the approver. A check will be issued to the employee.

### 13. Departmental Contracts

The University's exemption from federal and state taxes presumes that cellular devices are primarily for business and not personal use. Therefore, cellular device purchases and contracts where the University is the official billing entity should be approved only for those situations where the phone will be used solely for business purposes.

In these cases, employees do not receive a salary supplement or expense reimbursement, and the equipment is the property of the department, used solely for business purposes, and returned to the department daily after the employee's work shift. Examples of eligible employees include police officers, parking cashiers, delivery drivers, maintenance personnel, security personnel, and other employees who need to be accessible by phone during their work shift. This contracting method will not be an option for administrators or faculty members.

- A. **Eligibility** - Certain units may have special needs that justify departmental ownership of cellular devices. (E.g. UK Police, Physical Plant Division, Communications and Network Services, Housing and Dining).
  - 1. Delivery drivers, maintenance personnel, custodians, security, parking ramp personnel and police officers are examples, where phones are assigned or rotated among employees.
  - 2. This would also include organizations that have multiple employees sharing a single cellular phone for on-call rotations. Faculty and staff may qualify for only intermittent and temporary use of departmentally owned cellular devices, when the department determines there is a valid and documented business need. Employees cannot use departmental cellular devices for personal calls.
- B. **Procedures for departmental contracts:**
  - 1. The department head or designee in the unit must approve requests for cellular phone services through Communications and Network Systems (CNS) - the University's official billing entity. Cellular phone service plans should be selected to reflect the estimated business use (i.e. service minutes) and should be reviewed on an annual basis and adjusted as necessary, to reflect average business use. The form is available at: <http://www.uky.edu/IT/CNS/products/cellphon.html>
  - 2. Cellular devices provided to these groups will be purchased and owned by the University of Kentucky. Assigned employees are responsible for the safekeeping and care of the cellular devices they are assigned.
  - 3. Baseline cellular device equipment and the most economical usage plan that meets the department's business needs must be chosen.
  - 4. All costs associated with cellular telephone service are recharged by CNS to the department ordering the equipment. Such costs include but are not limited to: purchase of equipment; service initiation; monthly fees; per-minute cost of calls in excess of calling plan; roaming fees; maintenance and repair of equipment and programming; and replacement of lost or stolen equipment.

- C. **Payment for departmental contracts:**

# UK Business Procedures: Q. Information Technology Q-1-2

## Communications & Network Systems:

### Cellular Devices Policy and Procedures

---

1. For cellular devices, contracts, and services acquired through CNS, charges will be billed to the University. The user's cost object (not allowed on Grants starting with 3 unless specifically approved by sponsor and Office of Sponsored Projects Administration) will be charged the appropriate amount on their CNS monthly statement.
2. For department contract devices, departments may purchase cellular supplies directly from the vendor (e.g. batteries, chargers, covers, holsters, head/ear phones etc.) using the ProCard.
3. The user's department is responsible for terminating the cellular plan when the service is no longer required by the department.

#### 14. Special Situations

##### A. Motor Vehicle Safety

The employee is expected to avoid using a cellular phone or any other type of electronic communications equipment under any circumstances where such use might create or appear to create a hazard, including use while operating a motor vehicle. The requirement to avoid using the equipment while operating a motor vehicle does not apply to emergency response personnel, e.g., police, fire, traffic enforcement, environmental health and safety, and health care; and disaster response personnel, including facilities management personnel who may use a cellular telephone for emergency purposes. In addition, the requirement does not apply to any University employee who uses a cellular telephone for emergency purposes, including, but not limited to, an emergency call to a law enforcement agency, health care provider, fire department, or other emergency services agency or entity.

##### B. International Expenses

For employees that receive supplemental compensation, the policy allows for reimbursement of incremental expenses incurred when international travel is involved for official business calls and data transfer.

##### C. Pagers

Some departments currently use pagers for their communication needs. Since the cost of pagers is nominal and potential personal use does not pose a financial risk to the University, departments will pay for pagers directly through Communications and Network Systems therefore eliminating the reimbursement of these expenses.

##### D. Calling Cards

If departments have employees that do not meet the criteria for receiving supplemental compensation but need to be reachable occasionally by cellular device or have a need to make calls economically when away from their land phones, the department may choose to purchase calling cards which can be used by employees on an as needed basis. A call log of minutes used and the purpose will be maintained by the department.

#### 15. Contract termination

If a department head determines there is no bona-fide business reason for continuation of supplemental compensation for a cellular device contract, and if the employee's personal contract is terminated before the contract expiration date, the employee can request reimbursement from their University department for the contract termination fee. The department must receive written verification from the vendor outlining exact termination fees. Departments are encouraged to compare the cost of the termination fee with the continuation of the employee's monthly cash allowance. The amount would be paid through DAV reimbursement process with appropriate supporting documentation.

#### 16. Responsibilities

##### A. University Employee

1. Responsible for equipment and contract payments.
2. Responsible for properly documenting reimbursable expenses if not receiving supplemental compensation.
3. Responsible for providing cellular device bills for determining eligibility annually.
4. Responsible for maintenance and security of cellular devices.

# UK Business Procedures: Q. Information Technology Q-1-2

Communications & Network Systems:

## Cellular Devices Policy and Procedures

---

5. Responsible for compliance with HIPAA and Open Records regulations.
6. Responsible for retaining an active cellular contract as long as a supplemental compensation allowance is in place. Because the cellular device is owned by the employee, and the allowance provided is taxable income, the employee may use the phone for both business and personal purposes, as needed. The employee may, at his or her own expense, add extra services or equipment features, as desired.
7. Any use contrary to local, state, or federal laws will constitute misuse, and will result in immediate termination of the supplemental compensation allowance.

### **B. Supervisory/Management Personnel**

1. Determine, document, and recommend the initial and annual eligibility of employees to receive the supplemental compensation.
2. Ensure updates to Payroll are made for supplemental compensation, as appropriate through the cellular allowance request form.
3. Cancel supplemental compensation payments when employee leaves the unit or is no longer authorized.
4. Review and approve individual reimbursement requests from non-qualifying individuals.

### **C. President, Provost, and relevant Executive Vice President, Vice President, Dean, or Director**

Approval of all cash allowances of supplemental compensation as defined in the President, Provost and EVP delegated signature policy.

### **D. Payroll Office**

Enter compensation allowance into SAP.

### **E. University Auditors**

Conduct periodic reviews for policy compliance.

## **17. Exclusions**

Departments and colleges are not allowed to establish policies or procedures that are less restrictive than this University-wide policy.

Any department or college that establishes more restrictive procedures than those described in this University-wide policy must provide the proposed changes to the Office of the Treasurer for review.

**18. Effective date:** August 19, 2009.

*Revised: October 1, 2005, August 19, 2009*

*Next Review: June 1, 2012*