Cellular Device Policy

I. Purpose
Depending upon the business need and established eligibility requirements, the University of Kentucky (UK) may pay an allowance to an individual employee, provide a department contract, or reimburse incremental business expenses for cellular devices.

II. Definitions
- **Wireless communication devices**: mobile telecommunication equipment (e.g., iPad, iPhone, Droid, MiFi and similar devices) (List is illustrative and not intended to be a comprehensive list of all tools covered by this policy)
- **Business Use**: use in the course of performing specific job-related duties on behalf and for the benefit of UK
- **Incremental business expenses**: costs above and beyond the employee's normal calling plan (e.g., excess minutes, roaming charges)

III. Policy
This policy promotes prudent fiscal practices across UK, but also allows each Department the reasonable flexibility to provide cell phones and other portable electronic resources to employees when there is a legitimate business need. Departments may establish more restrictive procedures than those outlined, but should balance any efforts to economize against additional administrative burden on faculty and staff. This policy is also intended to protect UK and its employees from tax liability by ensuring compliance with the Internal Revenue Code and its corresponding regulations.

A. Allowance
Under this option, employees are responsible for purchasing the cell phone and related service contract with their personal funds. The allowance is intended to provide reimbursement for the business use of the personal device, but is not intended to fund the cost of the device nor pay the entire monthly service fees. The assumption is that most employees also use the device for personal use.

1. Departments must conduct annual reviews of the necessity of allowances for cellular uses for business purposes;
2. The decision to incur business expenses for cellular devices must be evaluated from a cost/benefit perspective. Departments must consider other viable options such as landline phones, pagers, or other less expensive communication devices;
3. The dollar amount of the cellular device allowance is established annually by Information Technology Services (ITS) and approved by Executive Vice President for Finance and Administration (EVPFA). For current allowance amount always refer to the Cellular Device Allowance Request Form.
4. Supervisor and business officer must approve Cellular Device Allowance Request Form;
5. Allowances will be processed through payroll but amounts will not be considered wages and will not be subject to any payroll taxes. The value of any personal use which would be covered by the allowance is considered a working condition fringe benefit. The allowances are not included in an
employee’s compensation for purposes of determining UK’s retirement coverage or other benefits;
6. Allowances must be eliminated should the bona-fide business purpose no longer exist; and
7. UK faculty and staff receiving the allowance for mobile device services will be required to self-register their cell phone contact information through UK Alert.

B. Equipment Costs for Employees Receiving Allowance
1. Contracts entered into by authorized employees are personal contracts that are the responsibility of the employee, not UK;
2. The employee assumes ownership and maintenance responsibility for all equipment;
3. In all cases, billing for expenses for non-departmental phones must be directed to the employee for payment. Departments may not allow employees to have their monthly cellular device or cellular smart device expenses billed directly to UK or charged to a UK pro-card.
4. Upgrades and new purchases of cellular devices and smart device’s will be the financial responsibility of the authorized employee;
5. Departments will not reimburse actual expenses for cell phones, equipment, or accessories;
6. Departments will not purchase cellular device accessories (e.g., batteries, chargers, covers, holsters, head/ear phones, etc.) for personal cellular or smart devices;
7. Employees are responsible for paying for any service upgrade. In rare cases, a department may determine that the cost of the equipment poses a hardship on the employee. In this case, the department may request a one-time payment to the employee through the payroll system for the cost of the equipment no more frequently than once every three years.

C. Departmental Contracts
Personal contracts may not be practical in certain circumstances. Cellular device purchases and contracts where UK is the official billing entity should be approved only for those situations where there is substantial documented business need for providing an employee with phone and service. In these cases, employees do not receive an allowance or expense reimbursement, and the equipment is the property of the department, used primarily for business purposes, and returned to the department daily after the employee’s work shift.
1. This contracting method will not be an option for administrators or faculty members except in UK HealthCare.
2. Data plans for data devices such as laptops, notebooks and iPads may be departmental contracts (MiFi devices).
3. Pagers: Since the cost of pagers is nominal and potential personal use does not pose a financial risk to UK, departments will pay for pagers directly through ITS.

D. Eligibility guidelines
1. To qualify for the allowance, the employee must have a business need that includes one or more of the following:
   a. Employees whose duties and responsibilities require them to be readily accessible for frequent contact with the public or the UK community
and whose job limits his/her access to regular landline telephones would satisfy the required business communication need;

b. Employees whose duties require that they be immediately accessible outside of normal business hours;

c. The employee is responsible for critical infrastructure and must be accessible at all times;

d. The employee travels and needs to be accessible or have access to information technology systems while traveling; or

e. Access via voice and/or access to information technology systems via a mobile communication device would, in the judgement of the supervisor, render the employee more productive and/or the service the employee provides more effective therefore, the cost of communication service is warranted.

2. Incremental business expense reimbursement

a. Employees may submit expense reimbursements for occasional, incremental business expenses according to section IV.A.2.

3. Departmental contracts

a. Certain Departments may have special needs that justify departmental ownership of cellular devices (e.g., UK Police, Physical Plant Division, ITS, Housing and Dining). Other areas must justify device is shared or rotated among multiple employees.

E. 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. Please refer to BPM D-1-2 Use of Motor Vehicles When Conducting University Business for guidance.

1. This requirement does not apply to emergency response personnel, e.g., police, fire, traffic enforcement, environmental health and safety, health care; and disaster response personnel, including facilities management personnel who may use a cellular telephone for emergency purposes; and

2. This requirement does not apply to any UK 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.

F. Special Situations

1. If departments have employees that do not meet the criteria for receiving the allowance 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.

2. Health Insurance Portability and Accountability Act (HIPAA) and Open Records Requirements

a. The requirements promulgated under HIPAA applies to personally-owned cellular devices that contain UK business records and protected data;

b. The Kentucky Open Records Act requires UK 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. UK 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, smart devices, and other portable devices; and

d. Consistent with current practice governing UK-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 UK business purposes. The equipment memory should be cleared of all protected data using a data removal product or similar technology.

3. International Expenses
For employees that receive an allowance, this policy allows for reimbursement of incremental expenses incurred when international travel is involved for official business calls and data transfer.

4. Sponsored Projects
a. The allowance may not be charged to sponsored project accounts (i.e., WBS/grants starting with 3);

b. Equipment costs may not be charged to sponsored project accounts (i.e., WBS/grants starting with 3);

c. Reimbursement for specific international calls or for incremental business expenses may be reimbursed from a sponsored agreement as laid out in IV.A.2;

d. In rare instances where a Principal Investigator (PI) or project has met all requirements in III.D and the cellular device is required:
   1) To meet programmatic goals of the project where no other feasible option exists;
   2) The use is tied to a specific sponsored project; and
   3) The proper budgetary and sponsor approval to charge cellular expenses as direct expenditures was included in the proposal budget and justification and subsequent approval has been obtained; then
   4) A Cellular Departmental Device Request Form may be completed.

G. Exclusions
Departments may establish more restrictive procedures than outlined in this BPM, but should balance those efforts to economize against additional administrative burden. Departments are not allowed to establish policies or procedures that are less restrictive than this UK-wide policy.

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

2. 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 UK and no longer wants to retain their current
cell phone contract for personal purposes; or
3. If, prior to the end of the cell phone contract period, a UK decision
(unrelated to employee misconduct) results in the need to end or change
the cell phone contract, UK will reimburse employee up to 50% of 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 UK purposes. If the employee does not
want to retain the current contract, up to 50% of change or cancellation
fees will be reimbursed by UK, see IV.C.

IV. Procedures
A. Approval
1. Allowance
a. Departments must review and affirm that an employee has business
   need that meets eligibility for initial and on-going allowance;
b. Authorization of the allowance is recommended by the employee's
   supervisor and approved by the department business officer;
c. Annual renewal authorizations are required by the same management
   level;
d. For employees who qualify, this policy authorizes an allowance for
   cellular devices paid across effective future pay periods (no retroactive
   adjustments);
e. Employees who receive an allowance may not receive reimbursements
   for cellular devices or cellular expenses except for international calls
   III.F.2; and
f. The amount of the allowance is reviewed periodically by ITS, refer to
   the current Cellular Device Allowance Request Form for the
   reimbursement amounts.
2. Incremental Business Expense Reimbursements
a. Provide a copy of the employee's 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
   expenses costs incurred;
c. Notate on the bill who was called and the business purpose of calls
   where reimbursement is being requested;
d. Employee certifies on billing document that they do not receive the cell
   phone allowance (except in the case of international call
   reimbursement);
e. Department prepares a PRD for reimbursement to the employee;
f. Documentation is routed to the approver; and
   g. ACH direct deposit will be processed after approval.

3. Departmental contracts
a. The Cellular Device Departmental Contract should be completed,
clearly documenting justification for departmental contract.
b. The department head or designee must approve the request. Annual review and renewal must occur to ensure most economical option that meets department’s business needs.

c. For cellular devices, contracts, and services acquired through ITS, charges will be billed to UK. The user’s cost object (not allowed on Sponsored Projects see IV.D) will be charged the appropriate amount on their ITS monthly statement;

d. For department contract devices, departments may purchase cellular supplies directly from the vendor (e.g. batteries, chargers, covers, holsters, head/ear phones etc.) using a Procard; and

e. The user’s department is responsible for terminating the cellular plan when the service is no longer required by the department.

f. Submit the Cellular Device Departmental Contract Request Form.

B. Equipment costs

When a department determines that the equipment should be paid by the department:

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 Device Allowance Request Form to the department payroll administrator; and

3. The department payroll administrator will set up the one-time payment through the Payroll system for the cost of the equipment.

C. Discontinuing the supplement

If a department head determines there is no bona-fide business reason for continuation of the allowance and

1. If the personal contract is terminated before the contract expiration date due to this decision, the employee can request reimbursement from their UK department for up to 50% of the contract termination fee; and

2. The department must receive written verification from the vendor outlining the exact termination fees; and

3. Reimbursable amount will be paid through the PRD reimbursement process with appropriate supporting documentation.

D. Sponsored Projects

1. Approval of Department Contract:

   a. Route to obtain the signatures of the Associate Dean for Research;

   b. The Office of Sponsored Project Administration (OSPA); and

   c. OSPA will forward the approved form ITS for processing.

2. If the request for a departmental contract has been approved, the following procedures are required to transfer costs to a WBS/grant:

   a. A journal voucher (JV) will be completed monthly to allocate the charges for the mobile device;

   b. The following g/l accounts must be used for the reallocation of the charges to a WBS/grant from an approved departmental contract:

      - 639020 – Cell phone services allocated to grant
      - 639021 – Data plan services allocated to grant
      - 639022 – Air card services allocated to grant
      - 639023 – Cell/Smart device equipment charges allocated to grant

   c. The invoice from ITS;
d. The allocation of 100% of all phone charges must be individually identified on the sponsored projects phone allocation form; and
e. The detailed billing from the carrier.

V. Responsibilities
A. UK Employee
1. Responsible for equipment and contact payments.
2. Responsible for properly documenting reimbursable expenses if not receiving an allowance.
3. Responsible for registering cellular phone contact information through UK Alert.
4. Responsible for maintenance and security of cellular devices.
5. Responsible for compliance with HIPAA and Open Records regulations.
6. Responsible for retaining an active cellular contract as long as an allowance is in place. Because the cellular device is owned by the employee, the employee may use the phone for both business and personal purposes. The employee may 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 allowance.

B. Supervisory/Management Personnel
1. Determine, document, and recommend the initial and annual eligibility of employees to receive the allowance.
2. Ensure updates to Payroll are made for the allowance, as appropriate through the Cellular Device Allowance Request Form.
3. Cancel the allowance when employee leaves the Department or is no longer authorized.
4. Review and approve individual reimbursement requests from non-qualifying individuals.

C. Department Business Officer
1. Verify budget authority and cost object

D. OSPA
1. Review of Cellular Departmental Device Request for sponsor approval

E. ITS
1. Responsible for review of allowance
2. Assisting with acquisition of departmental contract devices

F. University Financial Services
1. Review of Cellular Departmental Device Request

G. University Auditors
1. Conduct periodic reviews for policy compliance