

ALVSCE Required Business Practices

Payments and compensation for mobile communication plans

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I. Overview

Required Business Practices (RBP) are developed through a thoughtful and intensive review of a business activity. They are established to guide units in a consistent and endorsed-approach to business operations. The RBPs are updated from time to time.

Units are expected to follow the required practices unless an alternative practice can be proven to be better based on documented and warranted business reasons. Units are responsible for ensuring risks associated with any practice are minimized and responsibly managed.

Cell phone and mobile communication plan charges in FY2013 amounted to more than \$226,000 college-wide, and represented 23% of the total communication costs in the College. Cell phone payments made through UAccess Financials dropped to \$106,874 for FY2016, and it is projected to drop to approximately \$86,400 for FY2019.

The RBP are established to provide uniform guidance in the handling of U of A owned cellphone plans. The guidelines were developed based on the needs of ALVSCE users, feedback received from business officers and a policy review of peer institutions.

III. Recommendations

Business purposes are required. ALVSCE employees may be compensated for mobile communication expenses if a legitimate, compelling, and documented business justification exists. Per the Internal Revenue Service (IRS), substantial business reasons include:

- The employee is on call
- The employee must be available to speak with clients/stakeholders at times when the employee is away from the office
- The employee must speak with clients/stakeholders located in other time zones at times outside the employee's normal workday.

1. **The expectation is that employees are compensated for these expenses through a Technology Allowance:** a monthly supplemental salary to cover the cost of the business use of personal mobile communication costs and related equipment wear and tear. Allowances are subject to income tax per [IRS guidelines](#). Allowances are not entitlements or “work perks”. All costs must be based on the business use of the phone. Neither convenience nor use of faculty-generated revenues are

acceptable justifications for an allowance. All dollars at the U of A are taxpayer dollars, and all expenditures must have a clear business purpose.

2. **Depending on the needs, units may use pooled-minutes cellphone plans:** cellphone lines that share aggregated or “pooled” minutes. These plans are to be used 100% for business.
3. **The third option for providing a cellphone service to employees is (non-pooled-minutes) through individual cellphone contracts paid by the University:** communication service plans paid with U of A funds, in which a phone number is assigned to a specific employee. These plans must be used 100% for business and are allowed only on an exception basis.

IV. Reasons for recommendations

- Compliance with U of A expenditure policies
- Compliance with IRS rules
- Stewardship of U of A funds

V. Guidelines and Expectations

a. Technology Allowances

The administrative burden is significantly decreased in using Technology Allowances versus direct payments to vendors for Communication Service Plans.

Guidelines in addition to those outlined in policy [9.12 Technology Allowances](#):

- Employees receiving an allowance must review and sign a copy of the [Technology Allowance Form](#) annually.
- Allowance amounts cover the estimated amount of monthly business use, and may include a portion for the equipment’s wear and tear. A benchmark of 3 years should be used in determining the equipment cost allocation. Costs for upgrades/replacements are to be based on the percentage of use of the personal phone for U of A business.
- The U of A will not purchase a cell phone or related equipment for the employee.
- Allowances are subject to change based on the justified business purpose, reasonable cell phone plan costs, and the market.

b. Pooled minutes U of A cellphone contracts

- This plan is setup through one of the U of A contracted cell phone providers.

- The name on the contract should be the department name, not an individual in the department.
- The business office must establish procedures for tracking the use of the phone (i.e. check out logs, etc.).
- Pooled contracts are most commonly used by Experiment Station properties where multiple farm workers may access work phones during work hours.

See [FSM 9.17 Technology Allowances](#) for policy and procedures regarding Pooled minutes U of A cellphone contracts.

c. U of A cellphone contracts for individuals

Individual U of A cellphone contracts will be allowed only on an **exception basis**, as determined by the unit head. Some common scenarios for an exception are:

- Additional data and roaming charges due to frequent International travel or fieldwork in remote areas.
- Plans for data transmission, i.e. weather stations or field monitoring.

Guidelines:

- Users must maintain **separate plans and provide their own equipment for personal use**.
- Full call detail must be attached to payment documents for each invoice. These documents become public records.
- Incidental personal use of a U of A paid cell phone must be documented. The user must identify any incidental personal calls (calls made due to an emergency or made in error) on the monthly statement. Plans may be suspended due to frequent incidental calls. If a U of A paid plan is suspended, the employee may be eligible to receive a technology allowance at the department head's discretion.
- The user must review and sign the ALVSCE Direct Payment Communication Agreement before receiving mobile communication equipment. The signed copy must be kept on file in the business office of the employee's home department. The employee must be provided with a copy of the signed document. The agreement must be reviewed and signed annually.
- Cellphones purchased with U of A funds must be only for a U of A paid cellphone plan and equipment will become property of the U of A. Lost or stolen phones must be reported as an insurance claim with Risk Management. Obsolete phones must be disposed of through U of A Surplus Property.

- The unit must track the phones/equipment as moveable assets inventory.
- U of A phones can be replaced every 3 years (or longer) unless the phone can no longer accommodate software upgrades or if used in areas, as in-field work, and wear and tear is accelerated. Justification must be included with the payment for early replacement.
- It is at the discretion of the department to determine if lost/damaged equipment is to be replaced at the expense of the user.
- Users on U of A plans must review carrier plan offers on an annual basis and select the most cost-effective plan for the use.
- The business office must have access to the accounts to manage documentation and billing information.

These guidelines must be followed **regardless of the funding source** for the U of A paid phone. Transactions are monitored by FSO Compliance as well as the ALVSCE Rates and Review team. The fiscal officer will be contacted for clarification if compliance issues are found.

Misuse of U of A owned cellphone plans and equipment must be reported directly to any of the following:

- a manager from the Division Business Services,
- the U of A Ethics and Compliance Hotline: (866) 364-1908 (Reports can be anonymous),
- the [Division Business Services Anonymous Email](#).

VI. Resources

- Policy [FSM 9.17 Technology Allowances](#)
- Policy [Fin-101 Misuse of University Assets](#)
- [Technology Allowance Form](#)
- ALVSCE Communication Usage Agreement [LINK TBD]