

## **Cell Phone Allowances and University-Issued Cell Phones: Standards and Procedures**

### **I. Overview**

Certain employees, due to the nature of their positions, may require cell phones (including smart phones) in order to adequately conduct University business. This document outlines the standards and procedures addressing the approval and issuance to eligible employees of cell phone allowances or a University-issued cell phone and service plan. These standards and procedures apply to all USD employees.

Effective November 1, 2018, USD will no longer purchase or upgrade cell phones or related accessories, nor will the University carry service contracts for cell phones used by employees, except as specifically permitted and approved according to the standards and procedures outlined in this document. The University's preferred business approach is to provide eligible employees with a non-taxable monthly allowance based on the employee's level of required business use of a cell phone. The allowance is not intended to pay the entire bill, under the assumption that most employees also use their cell phones for personal use.

The Finance Division, in collaboration with ITS Telecommunications, is responsible for overseeing the implementation of these standards and procedures.

### **II. Employee-Owned Cell Phones with University Allowance**

#### *Eligibility and Approval*

An employee may be eligible for a cell phone allowance only under the following circumstances:

- The employee's job requires the employee to work regularly in the field with a need to communicate in real time with University employees or others to give or receive direction in connection with University business;
- The employee has administrative responsibilities related to critical University business functions, support of the University's infrastructure, or campus safety, and needs to be immediately accessible at all times; and/or
- The employee is required to travel frequently on University business and must be accessible or have access to information technology systems while traveling in order to perform required job functions. A frequent traveler is defined as at least 30 travel days per fiscal year.

The use of cell phones is not a job requirement for most employees. A cell phone allowance is based on the employee's actual job duties, not a particular title or position. Simple convenience is not a criterion for approving a cell phone allowance.

The Vice President of the division in which the employee is employed, together with the Finance Office, will determine when an employee is eligible for a cell phone allowance and, if

so, the amount of the allowance to be approved. The following chart should be used to determine the appropriate allowance amount:

Required Business Use	Monthly Allowance
<b>Low</b> – Either data is not necessary (i.e. only voice/text required) or less than 40% of the employee’s cell phone use is for business purposes.	\$15
<b>Medium</b> – Data, voice and text capabilities are required. Between 40-60% of the employee’s cell phone use is for business purposes.	\$30
<b>High</b> - Data, voice and text capabilities are required. More than 60% of the employee’s cell phone use is for business purposes.	\$45

Approval for a cell phone allowance, and the amount of the allowance, must be granted on an annual basis. The allowance will be charged to the budget of the employee’s department. Under no circumstances should the approved monthly allowance exceed the actual monthly cell phone charges incurred by the employee.

The cell phone allowance is requested using a Department Action Form (DAF). The employee also must provide a current billing statement in order to apply for the allowance. The DAF must be approved by the employee’s supervisor, budget manager, Vice President of the employee’s division, and the Finance Office.

The cell phone allowance will be reviewed annually at or near the start of each fiscal year (July 1) to determine if the allowance should be continued as-is, changed, or discontinued. A new DAF must be submitted, including a copy of the employee’s then-current billing statement, if the allowance will be continued.

If an employee receiving an allowance is terminated, resigns, or otherwise is no longer eligible for the allowance, the employee’s supervisor must submit a DAF to process the change.

The receipt of a cell phone allowance is not an entitlement. The University may deny an allowance request, change the amount of the allowance, or withdraw approval for an allowance at any time in its sole discretion.

***Costs above Allowance Levels for International Use***

In some instances, international business requires incremental cellular service costs that may be reimbursed through the Finance Office with appropriate documentation. If business use results in a billed amount that is more than the allowance amount, reimbursement may be sought with appropriate documentation through regular expense reimbursement procedures. If increased business use will continue, the monthly allowance can be revised by submitting an updated DAF specifying that the monthly allowance should be increased and the effective date of the increases. Increases will not be considered retroactively. The DAF must be approved

by the employee's supervisor, budget manager, Vice President of the employee's division, and the Finance Office.

### ***Employee Responsibilities***

The employee is responsible for selecting and purchasing a cell phone and enrolling in an appropriate service plan. Payment of bills for the service plan, the device, insurance and accessories is the responsibility of the employee.

An employee who receives a cell phone allowance must provide his/her supervisor with the device phone number within five (5) working days of activation. The employee is responsible for maintaining an active device contract for the duration of the receipt of the allowance and must notify his/her supervisor immediately if the device is disconnected or the plan is terminated, in which case the allowance will be discontinued.

The employee shall be responsible for any cancellation or other early termination fees.

### ***Transition***

To avoid cancellation fees and to allow for an orderly transition, employees currently using a USD-owned cell phone will have until the end of the current contract to make alternative arrangements to comply with these standards and procedures. At the expiration of each contract, the cell phone will transfer ownership from USD to the employee at no cost to the employee. At that time, the employee is responsible for transferring to a personal device contract, and the University will not be responsible for the condition of the equipment.

## **III. University-Owned/Funded Cell Phones and Plans**

USD's preferred business practice is to provide a monthly allowance to eligible employees who are required to have a cell phone for business purposes. In limited circumstances, departments may request approval for the purchase of University-owned devices and University-funded plans for certain employees, for shared use within a department, or for use on a rotational basis among employees within the department (e.g. for employees on-call).

To be eligible to be considered for a USD-owned device and USD-funded plan, the employee must be the primary point of contact for safety, security and/or effective operations of the University community at all times. If the request is approved by the Vice President who oversees the department making the request, and by the Finance Office, then USD's Telecommunication Services will be responsible for overseeing the purchase of the device and the associated plan.

Because these devices are intended to be restricted to business use only, no documentation of usage is required prior to approval. Any reasonable personal use of a USD-owned device will be treated as a non-taxable de minimus fringe benefit. Any unusual or excessive personal use of a University-owned device must be paid by the employee to the University. Charges above the monthly plan are an indication of unusual or excessive use, and the employee must justify

such use if payment by the employee to the University for the excess use is to be avoided. All activity and usage of USD-owned devices is subject to review and audit by the Finance Office.

#### **IV. Expense Reimbursement Requests**

Employees who are not eligible for or approved to receive a cell phone allowance may submit expense reimbursement requests for occasional, incremental business expenses. To be reimbursed for calls or service, an employee must provide documentation to justify the additional costs incurred for business use in accordance with Section 17.1 of the expense reimbursement procedures. Such reimbursements may not exceed the total overage charge shown on the billing statement, as the expenses for minutes included in the employee's personal plan will not be reimbursed.

(Approved by Executive Council October 2, 2018)