

Best Practices Phone Service Departmental Procedure

FIN 420-06 – Phone Service Policy – Effective July 1, 2006

Policy –

University phone service (landlines and cell phone) are intended for university business purposes. Although there is no additional cost to the university for local calls made on landlines, such calls should be as limited in frequency and length of time as reasonably possible.

Employees need to reimburse the University for:

Long-distance (toll) personal calls made on a University office telephone. (Personal long distance phone calls should not be charged to the University, but if due to an emergency, or other unusual circumstance, a personal long distance call is charged to a University account, the caller needs to reimburse the University.)

Personal use of university provided cell phone plan minutes at 15 cents per minutes. For minutes used in excess of the plan and/or toll charges, the greater of actual per minute rate charged or 15 cents per minute is to be used for reimbursement. All other costs directly related to personal calls, such as roaming charges or directory assistance are to be reimbursed at the cost incurred. Personal use of up to 30 minutes per month of calls is considered 'de minimis' and will not require reimbursement to the University, if such calls do not result in usage minutes which exceed the monthly plan minutes, or result in any other separately billed costs (such as toll charges, roaming charges, or directory assistance). If personal use in a month exceeds 30 minutes, results in usage minutes in excess of plan minutes, or incurs any additional costs, reimbursement is to be based on all minutes of personal use.

General Wireless Phone Policy -

The University may provide wireless telephone service for employees whose duties and responsibilities significantly benefit from having wireless access to telephone service and must be authorized by someone at a higher lever position than the employee. The wireless plan chosen should be at an appropriate level to meet business needs. The employee's department is responsible for documenting the business purpose of a University-provided wireless phone and for the timely payment of all charges.

Departments are responsible for establishing a procedure to ensure that university provided cell phones are used in compliance with this policy. A Best Practices procedure related to the university cell phone policy is available on the Financial Services web site. Adopting the best practices cell phone departmental procedure ensures that adequate controls are in place which are in compliance with this university policy.

University department provided wireless phones are University property and need to be returned upon termination of employment with the University. If the wireless phone is not returned, the service agreement must be immediately terminated and the cost of the phone is to be reported as taxable income on the employee's W-2 form.

Departments are required to retain wireless phone records for 5 years.

Wireless Phones on Sponsored Project Accounts -

The base fee for a wireless phone is usually not allowable on a sponsored project. The base fee is considered a local telephone cost that is typically already paid by the sponsor as part of the indirect cost rate. However, there may be circumstances under which wireless phone charges are allowable on a sponsored project account. Faculty and staff should contact their sponsored project officer before charging these fees to a sponsored project.

The Following is a Best Practices Procedure for consideration by departments in following the university phone policy:

Personal Use of University-Provided Cell Phones -

University provided wireless phones are intended for business use conducted for the benefit of ASU and not personal use. Personal use should be limited to incidental and emergency situations. Calls that are not within the control of the employee, such as wrong numbers or vendor solicitations are not considered 'personal' for the purposes of calculating any potential reimbursement due to the University.

Personal use of a University departmental provided wireless phone plan minutes of up to 30 minutes per month of calls will be considered 'de minimis' and will not require reimbursement to the University, unless such calls result in additional charges to the University, such as usage minutes which exceed the monthly plan minutes, toll charges, or roaming charges. When such occasions occur reimbursement is to be paid for all personal use minutes and related costs including taxes for the month. In these cases the 'de minimis' threshold does not apply.

For the situations where personal use exceeds the 'de minimis' threshold during a month, the employee is to reimburse the University for all his/her personal use of calls for that month, even if the monthly plan minutes are not exceeded. The reimbursement rate to be used for plan minutes is 15 cents per minutes. The reimbursement amount is to be computed based on all personal minutes used that month, as well as any additional charges incurred such as toll charges, roaming charges, or directory assistance charges. If usage minutes within a month exceed plan minutes, all personal calls are considered to be overage minutes and must be reimbursed at the greater of the actual rate charged for those minutes or 15 cents per minute.

Departments should evaluate service plans annually to ensure that the plan minutes are reasonable compared with actual business use. If business use is infrequent, or the service minutes are used primarily for personal use, the employee should provide his/her own wireless phone service and submit reimbursement requests for documented business use.

If an employee incurs additional charges on his bill due to roaming (out-of-area) charges due to personal use, all costs associated with those personal calls is to be reimbursed to the University.

Example A. – Assume an employee has a University provided cell phone plan that provides 500 minutes for \$70. Total use for the month is 550 minutes, of which personal outgoing call use is 200 minutes. Minutes in excess of plan incur an additional charge of \$0.30 per minute. The employee would reimburse the University \$37.50 based on $((\$0.15 \times 150 \text{ for use of plan minutes}) + (50 \times \$0.30 \text{ charge of minutes in excess of plan minutes})) = \37.50 .

If roaming charges, toll charges, or directory assistance costs are incurred related to personal use, those costs must be reimbursed at the rate charged to the University. The occurrence of roaming charges for personal calls eliminates the de minimis provision, and all personal calls must be reimbursed by the employee for that billing period. The employee should also reimburse the University for any taxes related to the personal use calls.

Each employee needs to review and sign the monthly cell phone bill. If personal use of outgoing calls is 30 minutes or less, the employee simply needs to indicate next to their signature, "no personal use", or "de minimis use/no additional costs incurred", as is applicable. If personal use exceeds 30 minutes, or other costs that require reimbursement have occurred an indication of the personal calls is needed so that the reimbursement calculation can be made. Departments should consider purchasing a stamp that could be used to mark each cell phone bill, allowing the employee signing the bill to check either 'no personal use' or 'de minimis use/no additional expenses incurred', or 'personal use exceeds 30 minutes, reimbursement will be made'.

Reimbursement for Business Calls on Personal Wireless Phone -

If personal use typically exceeds business use on a wireless phone, the employee should provide his/her own phone and submit reimbursement requests for business calls. A copy of the wireless phone bill, detailing the individual calls to be reimbursed, needs to accompany the reimbursement request. Although most wireless carriers do not include detailed phone records in their monthly statements, the information is readily available on-line from most major providers.

The reimbursement amount is to be computed based on actual business use as a percentage of the plan minutes. If total minutes used exceeds the employee's plan minutes the business use minutes can be considered 'overage' minutes. The University may also reimburse the employee for roaming charges, toll charges, directory assistance charges, and taxes directly associated with business calls.

Example B. - An employee has a personal wireless phone plan that provides 500 minutes a month for \$50. Total use for the month is 250 minutes, of which business use is 50 minutes. Under this scenario the University would reimburse the employee \$5 for his/her business use ($\$50 * 50/500 = \5).

Example C. - An employee has a personal wireless phone plan that provides 500 minutes a month for \$50. Total use for the month is 650 minutes, of which business use is 75 minutes. Minutes in excess of plan cost \$0.35 per minute. Under this scenario the University would reimburse the employee \$26.25 for his/her business use since all business use plans can be considered excess minutes.

*Any additional costs directly related to the business use minutes can also be reimbursed including roaming charges and taxes.

See the ASU Travel Policy regarding reimbursement of phone calls while on travel status.

Reimbursable Technology Subsidy

Another alternative is for a department to provide a reimbursable technology subsidy to employees having a university need for a wireless telephone. The department determines the monthly amount that would be paid if a university provided wireless telephone, for university use only (generally, a fairly basic cell phone plan), was made available to the employee. Reimbursement is then made to the employee on a periodic basis, e.g., quarterly, based on the employee submitting to their department, a copy of their wireless telephone bill(s). The reimbursement amount is the lower of the departmentally set technology subsidy or actual cost incurred by the employee. The reimbursement, handled in this way, is non-taxable to the employee as long as the technology subsidy is a low dollar amount. No detailing of personal use versus business use calls is required under this alternative.

Payments-

All payments for toll charges on landlines, including reimbursements, should be coded to Advantage expenditure code 7330 11 – Telephone Tolls.

All payments for wireless phone services, including reimbursements, should be coded to Advantage expenditure code 7330 51 – Wireless Phone Charges.

Please put the last name of the individual making reimbursement in the description field of the cash receipt. This will allow the department to show reimbursement has been made should the phone bill be pulled for review during an audit or other review. All reimbursements must be posted into the account which incurred the original cell phone expenses.