CALS Best Practices

Cell Phone Allowances
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Best Business Practices 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.

A Best Practice is not a mandate, but will usually be the first and best choice in most situations.

Dean Burgess expects units to follow best practices unless an alternative practice can be proven to be better based on compelling, documented, and justified business reasons. Units are responsible for ensuring risks associated with any practice are minimized and responsibly managed.

Best Practices may be updated from time-to-time.
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I. Best Practice Recommendation

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.

Administrative Services is recommending that CALS employees with a legitimate, compelling, and documented business justification for a cell phone and mobile communication plans be compensated using a Communication Allowance.

An allowance is taxable income to the employee but minimizes a number of problems found in alternative methods of payment. The expense is also charged ERE.
II. Reasons for Recommendation

A competing practice is to direct pay the cell phone bill. This has a number of problems over an allowance.

- Full call details must be included as backup when reimbursing. Many times, this info is missing. Obtaining this information often requires business staff to inefficiently bird-dog employees.
- Call details become part of the public record; accessible through Public Information Requests.
- Determining business activity from personal activity on the monthly phone bills is laborious and has often not been done.
- Employees have no financial burden to properly maintain the highest value phone plan, resulting in the potential for expensive and unnecessary roaming and data charges.
- Employees engaging in inappropriate or illegal activity on their cell phone make the UA complicit if we pay the bill.
II. Reasons for Recommendation Cont’d

Allowances remedy many of these problems.

- Allowances are taxable income and not a cost reimbursement. Cell phone bills are not required for payment and call details do not enter the public record.
- Employees are paying their own cell phone bills so the onus is on them to update and ensure they have a plan that meets their needs.
- This reduces the administrative and reconciling burden on business staff enabling them to spend the time on more meaningful stewardship activities.
- Allowance amounts should be set to cover just the estimated amount of monthly business activity.
- The UA retains a hands-off distance from inappropriate or illegal activity that may be performed on a personally-paid cell phone.
III. Expectations

- All employees receiving a communication allowance must have a compelling, reasonable, and justified business purpose to be “on-call.” The justification should be documented and reviewed annually, at a minimum. **Allowances are not entitlements or “work perks.”** All costs must be reasonable.

- Neither convenience nor use of faculty-generated revenues are acceptable justifications for a cell phone allowance. All dollars at the UA are taxpayer dollars. All expenses must have a clear business purpose.

- Allowances must be reasonable in amount. It is highly unlikely that an allowance would exceed $100 per month. Based on normal business usage, many will likely be in the $35 to $50 per month range. The authors can provide a detailed review of cell plan costs over a two year period upon request.

- Allowances are subject to change based on the justified business purpose, reasonable cell plan costs, and changes in inflation.
IV. References

UAccess Financials Applicable Policies:

- 9.10 Requisitions/Reimbursements
- 9.17 Communication Service Plans

*Calling cards and prepaid cell phone services are not permissible expenditures, per UA policy 9.17.*

There may be rare cases when **direct payments** of cell bills are the better practice. In these rare cases, it is recommended that communication users review and sign the MS Word Direct Payment Communication Agreement below (linked via icon). The signed copy should be maintained with the HR documents at the worksite, along with the documented reason and unit head approval.
V. Implementation Assistance

We suggest the following implementation steps.

1. Notification email sent to faculty and staff by the unit head describing the practice change.

2. Business officer(s) and affected employee(s) should jointly review business purpose, along with a determination of the appropriate amount for approved allowances.

3. **Unit heads should review and approve all business purposes and allowance amounts annually.**

4. Employees receiving an allowance should review and sign a copy of the Communication Service Plan Allowance Form annually: [http://uabis.arizona.edu/eforms/forms/iCSPA_Form.pdf](http://uabis.arizona.edu/eforms/forms/iCSPA_Form.pdf).

5. Business officer or staff will process allowances through UAccess Employee with appropriate supporting documents.
VI. Questions?

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