Office of Human Resources

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1 OVERVIEW

Effective October 1, 2009, Fairleigh Dickinson University (FDU) has adopted this policy in order to comply with Internal Revenue Service (“IRS”) rules regarding the taxability of employee cell phones and devices. Under IRS Code Section 274(d), the IRS considers cell phones to be “listed property” and as such requires detailed record keeping including (a) the amount of the expense; (b) the time and place of each call; and (c) the business purpose for each call and to whom it was made. The IRS can declare that all undocumented use is personal and should be taxed as wages, even if the cell phone or device were mostly used for business purposes.

The degree of effort required for employees and the University to comply with these regulations is onerous; therefore FDU has established the following mobile communications device policy where eligible employees may

- receive non-taxable expense reimbursement for business related expenses incurred on personally owned mobile communications devices.

or,

- be issued a FDU owned and managed mobile communications device for business and reasonable personal use as a taxable benefit.

This policy allows FDU, hereinafter referred to as “the University”, to meet Internal Revenue Service (IRS) regulations and its fiduciary responsibility to the taxpayers of the State of New Jersey by providing the following guidelines for the use of mobile communication devices for University business purposes. The policy adopted eliminates the detailed IRS documentation requirement.

2 DEFINITIONS

| Mobile Communication Device | A mobile communication device is a mobile telephone, email appliance, wireless personal digital assistant, or a device combining two or more of those functions. Mobile telephones are broadly construed here to include devices based on CDMA, TDMA, GSM, |
A mobile communication device service is adequate when it is sufficiently fast, sufficiently convenient, and sufficiently secure to allow the user to conduct University business in an efficient manner that safeguards the integrity and security of sensitive University information.

Business phone calls that are made or received for the explicit purpose of conducting university business.

These are defined as personal calls of minimal duration and frequency that are essential to allowing the employee to continue working and cannot be made at another time or from a different telephone. Examples of essential personal calls are calls related to a family emergency, to arrange for unscheduled or immediate care of a dependent, or to alert others of an unexpected delay due to a change in work or travel schedule.

Non-business phone calls that are made or received on FDU owned devices that are of more than minimal duration and are non-essential.

University-owned mobile communication devices may be loaned to employees for temporary use. When traveling on University business, an employee may keep a University device in his or her possession full time, but must return it to the University department of Telephone and Voice Services promptly at the end of the travel period.

Communications made or received on a mobile communications device including voice, data, SMS, Picture messaging, and video.

3 POLICY

Effective October 1, 2009, Fairleigh Dickinson University (FDU) has adopted a mobile communications device policy in order to comply with Internal Revenue Service (“IRS”) rules regarding the taxability of employee cell phones and devices.

The primary purpose for having a Fairleigh Dickinson University owned cell phone is for official university business. The available options that an employee can choose from when being approved, or reimbursed, for the use of a mobile communications device are:

1. The University will provide a cell phone that may be used for business and reasonable personal use. This usage must not exceed the allotted minutes/data on the monthly plan. At the end of the calendar year, the University will report the total annual value of the availability of the phone to the employee, which the University has determined for the initial year in which this policy is in effect to be $25 per month (subject to change from time to time and to annual review by the University), on the employee’s W-2 as a taxable benefit to the employee, and withhold appropriate taxes on the amount. In accordance with IRS guidance, the value of the availability of the phone is the fair market value: the amount an employee would have to pay a third party in an arms-length transaction to buy or lease the benefit.

or,

2. The University will provide a cell phone/PDA/Smartphone (e.g., Blackberry, Treo, …) that may be used for business and reasonable personal use. This usage must not exceed the allotted minutes/data on the monthly plan. At the end of the calendar year, the University will report the total annual value of the availability of the device to the employee, which the University has determined for the initial year in which this policy is in effect to be $30 per month (subject to change from time to time and to annual review by the University), on the employee’s W-2 as a taxable benefit to the employee, and withhold appropriate taxes on the amount. In accordance
with IRS guidance, the value of the availability of the device is the fair market value: the amount an employee would have to pay a third party in an arms-length transaction to buy or lease the benefit.

or,

3. The employee may purchase and use a personal cell phone for business use and be reimbursed on a monthly basis, up to $20 per month, by the University for inbound and outbound calls that the employee designates as business (and which incur charges in excess of the employee's service plan allotment). The employee will need to highlight all appropriate business calls on the original cell phone bill, annotate the business purpose and submit to their budget manager via an Expense Voucher Reimbursement no later than [45 days] after the end of the month in which the charges are incurred. After his/her approval, the voucher is sent to Finance for payment to the employee. Reimbursements will not be reported on the employee W-2 as taxable benefit or income.

4. University provided USB data only cellular devices (e.g., USB 720 Modem) will be assigned as a department device on an "as needed" basis for business purposes and, as such, is not construed to be a taxable benefit. An employee using such a personal device for business use may submit an expense voucher not to exceed $20 per month for the use of such device for business use. Reimbursements will not be reported on the employee W-2 as taxable benefit or income.

FDU may, in some cases, purchase and own mobile communication devices to be assigned to groups (departments, offices, laboratories, etc.) and which may be loaned temporarily to individual employees or be shared by groups of employees for specific business purposes only. This may be done only if usage is exclusively for essential University business. The University will conduct periodic audits to confirm that usage is exclusively for University business. Additionally, mobile communication devices that are required to conduct research projects and charged to sponsored program budgets must be obtained through Telephone and Voice Services.

Mobile communication devices should not be selected as an alternative to other means of communication (e.g., landlines, pagers, and radio devices) when such alternatives would provide adequate but less costly service to the University.

Requests for exceptions to this policy may be made by the budget officer for the appropriate division. The University may require that the employee submit relevant auditable documents to substantiate any exception request, and may consult with other University administrative offices in determining the propriety of the exception.

4 ELIGIBILITY

The issuance of a University phone is limited. The following employees may be eligible for a University issued mobile communications device, or reimbursement for business expenses incurred on employee owned mobile communications devices:

- Employees with duties requiring immediate accessibility
- Employees required to spend significant time outside their normal work area
- Employees who have duties beyond normal business hours

4.1 Approvals

Initial approval for the issuance of a University communications device will be at the VP or Provost level and each mobile communications device will be approved by the person responsible for the budget from which the charges will be paid. Telephone and Voice Services will select the mobile communications device and attachments unless the budget manager requests something special.
5 PROCEDURES

5.1 University Issued Mobile Communications Device

Mobile Communications Device equipment supplied by the University remains the property of the University and must be returned upon termination of employment or when requested. If an employee fails to do so, he/she will be charged for replacement equipment and all monthly charges incurred after they leave.

5.1.1 Supervisor Procedures and Responsibilities

Supervisors will work with eligible employees to determine eligibility and the mobile communications device option that best meets the needs of the University and the employee. Thereafter, supervisors are responsible for ensuring that mobile communications device use is commensurate with established policy, and are required to reevaluate periodically (at least annually) the continuing need for mobile communications devices assigned to their subordinates.

Eligible employees and supervisors will complete a Mobile Communications Device Agreement Form that describes any devices, wireless services, and monthly taxable benefit of equipment and services (to be used by employee to estimate the annual W-2 taxable benefit wages to be assessed at the end of the year). The Mobile Communications Device Agreement Form will include employee and supervisor signatures with copies submitted to employee, supervisor, and original to Human Resources.

In the event an employee is terminated or is otherwise ineligible for the allowance, the supervisor must inform Telephone and Voice Services within three (3) business days.

5.2 Reimbursement for Business Calls on Personal Mobile

If an employee’s position does not have a frequent need for a cell phone, or the employee does not meet eligibility requirements, he/she may request reimbursement for the actual "overage" (in excess of calls included in the employee's service plan) incurred while using a personal mobile communications device for business purposes. Monthly reimbursement will be limited to $20 per month.

Reimbursement for per-minute "air time" charges is limited to the total overage charge shown on the monthly invoice; in excess of minutes included in the employee’s personal plan. The employee is responsible for making personal payment to the provider, as per employee and provider agreements, and then should submit a request for reimbursement in accordance with the procedures set forth in Section 3(3) above (as they may be changed from time to time in order to satisfy IRS requirements).

Employees must submit original cellular phone bills to Finance detailing use for reimbursement of infrequent business use of their personal mobile communications device monthly, no later than [45 days] after the end of the month in which the charges are incurred.

5.3 Employee Responsibilities

When utilizing mobile communication devices for University business, or personal use, employees have the following responsibilities:

5.3.1 General Use

- Employees are responsible for the safekeeping, care and use of the cell phone and attachments assigned to them.
- Replacing lost or damaged equipment due to negligence may be at the employee’s expense.
- Employees utilizing PDAs or similar devices that store electronic files, data, email messages or other potentially sensitive university data are required to notify Telephone and Voice Services within 24 hours of the loss or theft of their device. If theft is suspected, employees must file a police report and cooperate with law enforcement to ensure FDU’s interest in preserving confidential information is respected.
- Individuals to whom cellular phones have been provided are responsible for the security and maintenance of the phones and must promptly report any damage, theft, or vandalism to Telephone and Voice Services.
- Cellular telephones may not be used to defame, harass, intimidate, or threaten any other person. Employees are prohibited from using their University provided cell phones in any illegal, illicit or offensive manner.
- Employees issued University mobile communications devices will refrain from downloading ring tones for a fee, and/or using picture and video messaging unless there is a valid business need to do so.
- Consideration should be given to Verizon Wireless for the establishment of personal plans.
- Replacement of devices and device accessories with less than 12 months of use is discouraged. An 18-24 month duty cycle is recommended.

### 5.3.2 Safety

- Avoid using the device under any circumstances where such use might create or appear to create a hazard, including use while operating a motor vehicle. Using a cell phone while driving is not permitted. If an employee must use the phone he/she should pull over to a safe location or use a hands free device.
- Safe use of the cell phone is of the utmost importance. Precautionary measures should be taken if it is necessary to use the cell phone while driving. It is suggested that the speaker phone feature be utilized or a hands-free device be purchased.

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7 ATTACHMENTS

7.1 Mobile Communications Device Agreement Form
Fairleigh Dickinson University
Mobile Communications Device Agreement

Employee Name: ____________________________  Department: __________________
(Please Print Clearly)                        (Please Print Clearly)

Employee University ID: ______________________

Webmail: _________________________@fdu.edu   Phone Number: ____________________

Job Title: ____________________________________________________________________

Business Justification:
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

Usage Type:  □ Non-taxable               □ Taxable/Benefit
□ $20 per month
□ $25 per month
□ $30 per month
□ $ ___________ per month

Employee Certification:
I certify that the above is correct and that I have read and understand the Mobile Communications Device Policy in effect as of the date below.

___________________________________ _______________________
Employee Signature      Date

___________________________________ _______________________
Supervisor’s Name        (Please Print Clearly)

 Supervisor Signature Approval                     Date

Received T&VS: __________________

Please print, complete and forward form to Telephone & Voice Services, H-DH3-07