

Internal Audit
Cell Phone Allowance Criteria
10-12-2017 CUIBO

Internal Revenue Service guidance 2011 –

“... the employee must maintain the type of cell phone coverage that is reasonably related to the needs of the employer’s business, and the reimbursement must be reasonably calculated so as not to exceed expenses the employee actually incurred in maintaining the cell phone.”

“Examples of substantial non-compensatory business reasons for requiring employees to maintain personal cell phones and reimbursing them for their use include:

- 1) the employer’s need to contact the employee at all times for work-related emergencies; and*
- 2) the employer’s requirement that the employee be available to speak with clients at times when the employee is away from the office or at times outside the employee’s normal work schedule (i.e., clients are in different time zones).”*

Current UI policy:

APM 20.13

D-2. Review of Use of Personally Owned Communication Devices and Services for University purposes:

D-2.b. Setting the Amount of the Allowance: Once a year, employees will work with their supervisors to determine the appropriate amount of the allowance, based upon a representative sample of documented university device usage, service costs, or on other quantifiable, auditable criteria, such as usage comparisons with other employees of the same job class or duties. The agreed upon allowance amount will be included as a taxable line item on the employee’s paycheck. Documentation supporting the amount of the allowance shall be included in the employee’s departmental personnel file. The allowance will be calculated for a twelve (12) month period after which time it will lapse. To continue the allowance for another twelve months the employee and supervisor must reevaluate the amount of the allowance and make adjustments as needed. This allowance is not an entitlement, nor is it an increase in pay. The university reserves the right to rescind this allowance at any time.