

Tech Tools: Cell Phones and Portable Electronic Resources

514.04

I. Overview

This SPG provides guidance regarding University-funded technology tools such as cell phones and portable electronic resources for faculty and staff as defined below. When the University is paying for cell phones and portable electronic resources, employees should ensure that these devices are used prudently to support the teaching, research, public service, and patient care missions of the University. University resources must not be misused to subsidize employees' personal expenses.

This policy promotes prudent fiscal practices across the University, but also allows each unit the reasonable flexibility to provide cell phones and other portable electronic resources to employees when there is a legitimate business need. Units may establish more restrictive procedures than those outlined in this SPG but should balance any efforts to economize against additional administrative burden on faculty and staff. This policy is also intended to protect the University and its employees from tax liability by ensuring compliance with the Internal Revenue Code (IRC) and its corresponding regulations.

A. Types of Portable Electronic Resources

This policy covers portable electronic resources that feature wired and wireless telecommunication and data services, including cell phones, smart phones, portable computers (e.g., laptops, iPads and tablets), and similar devices. This list is illustrative and not intended to be a comprehensive list of all tools covered by this policy.

This SPG does not cover certain resources such as two-way radios, prepaid cell phones, one-time purchases of international phones, pooled equipment, home desktop computers, and pagers. These resources will continue to be deployed only when there is a legitimate business need and will be managed at the unit level.

B. Policy

Cell Phones, Smart Phones, etc.

The University may offer a stipend to employees who have a demonstrable business need for cell phones, smart phones and other similar telecommunication resources. This stipend is intended to cover a portion of the monthly service cost and associated hardware to a specified maximum cap per month, provided the resource is used "*Primarily*" for business use. "*Primarily*" is defined as more than 50 percent business usage.

As an alternative, the University can provide the cell phone directly to employees when regulatory data protection requirements are present (e.g., NCAA regulations) and/or usage is "*Almost Exclusively*" for business purposes (greater than 85 percent). See [Section II, B](#) for more information.

The University's recommended reimbursement approach for cell phones is the stipend approach. Most units should use this approach since it minimizes the overall administrative burden. (See [Section II, A](#) for more information).

Laptops, iPads, Tablets, and Similar Devices

The University may offer these resources directly to employees who have a demonstrable business need for them and the resources are used "*Primarily*" (greater than 50 percent) for these business needs. The stipend model may **not** be used to pay for these resources.

As the number of computing and mobile devices proliferate, it will impose a greater financial and data security burden on University units. For this reason, it is generally recommended that units limit the number of devices directly funded by the University to what is reasonable from a business standpoint.

C. Home Internet Connectivity

Costs associated with home internet connectivity will not be paid for—or reimbursed—by the University. Exceptions include employees who perform 90 percent of their jobs in non-university space, (e.g., work from home 90 percent of time).

D. Effective Date

While this policy is effective July 1, 2012, units have a six-month grace period (through January 1, 2013) to formally implement the policy.

II. Options for Providing Cell Phones

Units have two options to pay for the use of cell phones—a monthly payroll stipend or providing the resources directly to employees.

A. Stipends

Stipends maximize efficiencies, minimize administrative costs, as well as eliminate the burden of managing bills and the cost of insuring or replacing lost tools. The stipend is the recommended method of payment. For the vast majority of the units, this is the option that should be put into place. Under this option, employees are responsible for purchasing the cell phone and related service contract with their personal funds.

In those instances where the tool is used “*Almost Exclusively*” for business purposes (greater than 85 percent) and/or regulatory data protection requirements are present the University may provide the cell phone/smart phone directly to the employee. (See Section II, B for more information.)

1. Unit Responsibilities

- a. A Verification Statement (<http://finance.umich.edu/techtoolpolicy>) should be completed annually by employees who receive a stipend.
- b. One monthly billing statement should be collected by units from the employee when the stipend begins and then each January to verify that the stipend is spent on this resource.
- c. Stipends should be processed as *Additional Pay Workflow Transactions* into the HRMS M-Pathways system. The TTN earnings code should be used for this nontaxable reimbursement.
- d. Stipends should be limited to the cost of the normal business use of the resource up to the maximum amount allowed. See website for capped amount (<http://finance.umich.edu/techtoolpolicy>). See [Section 3a](#).

2. Faculty and Staff Responsibilities

- a. Employees are responsible for maintaining their own service contracts as well as purchasing, insuring, and replacing the tools. Note that all employees are eligible for M-Card discounts on communication devices. (<http://www.finance.umich.edu/treasury/mcard/discounts>)
- b. Employees should complete a Verification Statement (<http://finance.umich.edu/techtoolpolicy>) each year attesting to their business use as “*Primarily*.”
- c. Employees are responsible for reporting any reduction below the greater-than-50 percent threshold to appropriate personnel in their units. If, at any time, the usage changes so that the device is not used “*Primarily*” (more than 50 percent) for business, the stipend should be stopped.
- d. Employees should keep (or have access to) monthly invoices for a one-year period so they can be produced upon request by either a University compliance department or the Internal Revenue Service. Most cell phone providers offer online access to billing information, so you may wish to check with your provider about this service.

3. Stipend Amounts

- a. Monthly stipends will be capped at a specific dollar amount. Information about the capped amount can be found at <http://finance.umich.edu/techtoolpolicy>. Monthly stipends are intended to pay only for business-related service fees and/or the cost of the cell phone.

B. University-Provided Cell Phones

The University may provide cell phones directly to the employee when the tool is used “*Almost Exclusively*” for

business purposes (greater than 85 percent) and/or when regulatory data protection requirements exist. As a general practice, however, it is recommended that the stipend approach be used.

If the unit provides a cell phone directly to employees, the unit must use a service provider that has a strategic contract with Procurement Services and offers discounted pricing to the University. A list of these vendors and instructions on how to obtain University pricing is available at <http://finance.umich.edu/techtoolpolicy>. Cell phones provided under this option can only be replaced every 24 months. Units may opt to use their equipment for longer periods of time. Lost or damaged cell phones can be replaced at the discretion of the unit.

NOTE: Since some units may already have established agreements with carriers for existing devices, the policies in this document should go into effect immediately after those agreements expire. New agreements after July 1, 2012, must be structured to be compliant with this policy.

1. Unit Responsibilities

- a. Purchases made by the University must be made based on procedures defined by Procurement Services. Detailed information about these procedures is available at <http://finance.umich.edu/techtoolpolicy/>
- b. A Verification Statement (<http://finance.umich.edu/techtoolpolicy>) should be completed annually by each employee who uses a cell phone covered by this policy. This statement should be completed when the cell phone is initially provided to the employee and every January thereafter.
- c. Units should also keep (or have access to) monthly invoices for a one-year period so they can be produced upon request by either a University compliance department or the Internal Revenue Service. Service providers that have a strategic contract with the university maintain this information. Units should contact Procurement Services to obtain this information as the need arises.
- d. Use of this option must be approved by:

Campuses

Ann Arbor: Executive Officers, Deans, Associate Deans, Associate Vice Presidents, or Executive Director of University Audits

Dearborn: Chancellor, Vice Chancellors, Deans, or Associate Deans

Flint: Chancellor, Vice Chancellors, Deans, or Associate Deans

Hospitals and Health Centers: UMHS CFO or Executive Directors

2. Faculty and Staff Responsibilities

- a. All devices remain the property of the University and should be returned to the unit when no longer needed by employees or when employees leave the unit. Units can also turn the devices over to Property Disposition to sell if they do not reissue them to current employees.
- b. Employees should complete a Verification Statement (<http://finance.umich.edu/techtoolpolicy>) each year attesting that regulatory data requirements are present and/or that their business use is “*Almost Exclusively*” (greater than 85 percent).
- c. Employees are required to reimburse the University for any personal usage that results in additional charges. Costs of optional features which have no business purpose (e.g., ring tones, games, excessive charges due to pictures in texts, international coverage for staff not traveling internationally) must be reimbursed by employees.
- d. Employees are responsible for reporting any reduction below the “*Almost Exclusively*” (greater than 85 percent) threshold. In this situation, the device should be returned to the unit and use of the Stipend Model should be considered.

C. Use of P-Cards

Fees for cell phones and their related services should not be charged to University-issued P-Cards. Reimbursement for non-recurring expenses incurred by employees, such as costs for occasional international service, should be considered on an exception basis. As of January 1, 2013, the University will no longer allow the use of P-Cards to pay for cell phones or other technology devices, including purchases made at Computer Showcase (for which a short code should be used). Failure to adhere to this policy may result in a loss of P-Card privileges.

III. Option for Providing Laptops

(*Note: The term 'laptop' as used below includes iPads, tablets, and other similar devices.*)

A. University-Provided Laptops

Units may choose to provide these resources directly to employees when a specific job responsibility requires a University-provided resource. The stipend method should not be used to provide laptops, tablets, and other devices to employees.

When exercising this option, units must select a vendor that has a strategic contract with Procurement Services and offers discounted pricing to the University. A list of these vendors and instructions on how to obtain University pricing is available at <http://finance.umich.edu/techtoolpolicy>. Laptops provided under this option can be replaced no earlier than every 36 months. Lost or damaged tools can be replaced at the discretion of the unit. Units may opt to use their equipment for longer periods of time.

1. Unit Responsibilities

Purchases made by the University must be made based on procedures defined by Procurement Services. Detailed information about these procedures is available at (<http://finance.umich.edu/techtoolpolicy>).

- a. A Verification Statement (<http://finance.umich.edu/techtoolpolicy>) should be completed annually by each employee who uses a portable resource covered by this policy. This statement should be completed when the resource is initially provided to the employee and every January thereafter.

2. Faculty and Staff Responsibilities

- a. All laptops and related devices remain the property of the University and should be returned to the unit when no longer needed by employees or when employees leave the unit. Units can also turn the devices over to Property Disposition to sell if they do not reissue them to current employees.
- b. Employees should complete a Verification Statement (<http://finance.umich.edu/techtoolpolicy>) each year attesting to their business use as “*Primarily*.”
- c. Employees are required to reimburse the University for any personal usage that results in additional charges. Costs of optional features which have no business purpose (e.g., licensing software applications for entertainment) must be reimbursed by employees through payroll deduction.
- d. Employees are responsible for reporting any reduction below the greater-than-50 percent threshold to appropriate personnel in their units. If, at any time, the usage changes so the device is not used “*Primarily*,” (greater than 50 percent) for business, the device should be returned to the unit.

B. Use of P-Cards

Fees for laptops, iPads, and tablets should not be purchased with University-issued P-Cards. As of January 1, 2013, the University will no longer allow the use of P-Cards to pay for laptops and related devices, including purchases made at the Computer Showcase (for which a short code should be used.). Failure to adhere to this policy may result in the loss of P-Card privileges.

IV. Policy Exceptions

The Department of Procurement Services has the authority to approve, modify, or decline all exceptions made to this policy. In an effort to provide flexibility to the units, Procurement Services delegates the authority to make exceptions to this policy to the following roles:

Policy exceptions must be approved by:

Campuses

Ann Arbor: Executive Officers, Deans, Associate Deans, Associate Vice Presidents, or Executive Director of University Audits

Dearborn: Chancellor, Vice Chancellors, Deans, or Associate Deans

Flint: Chancellor, Vice Chancellors, Deans, or Associate Deans

Hospitals and Health Centers: UMHS CFO or Executive Directors

Exceptions must only be made in those instances where a legitimate business rationale exists. Units must retain documentation for each exception that is granted. Exceptions will be monitored periodically by Procurement Services and subject to audit. Exceptions that are deemed to be excessive in dollar amount, volume, or otherwise inconsistent with the goals of this policy will be declined.

V. For More Information

Finance has a webpage that includes a variety of resources about this SPG, including FAQs, Verification Statements, information about vendors with strategic contracts for these resources, and information about the capped stipend amount. The web page is available at <http://finance.umich.edu/techtolpolicy>.

VI. Implementation Guidance and University Contact

This SPG outlines the University policy for the purchase and payment/reimbursement of cell phones and portable electronic resources. The policy was developed after extensive discussion with different stakeholders across the University. Given the complexity of the University’s business, there may be extenuating circumstances that this policy has not anticipated. Procurement Services will work with its customers to address such circumstances.

Prior to January 1, 2013, compliance documentation for this policy must be retained by appropriate personnel in the units. After January 1, 2013, Procurement Services expects to deploy a web-based tool that will collect documentation (Verification Statements, exceptions, etc.) electronically in an effort to reduce the paperwork burden.

For questions about this SPG, please contact the Procurement Solutions Team at (734) 764-8212, option 1, or by e-mail at procurement.services@umich.edu.

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