

# Appendix B: MCD Policy Summary & Quick Guide

This policy is owned by Financial Services and the full policy may be reviewed at <http://finance.wfu.edu/policies-and-procedures>.

## Purpose

Wake Forest University is committed to providing supplements for mobile communication for employees whose job responsibilities require mobile communication devices (MCDs) as essential to conduct University business. This procedure establishes a consistent process across the University in compliance with IRS and other regulations and simplifies administration and management of cell phone bills, payments, and reimbursements.

The Internal Revenue Service Notice 2011-72 indicates that when an employer provides an employee with a MCD primarily for non-compensatory business reasons, the business and personal use of the MCD is generally nontaxable to the employee. The IRS will not require recordkeeping of business use in order to receive this tax free treatment. Therefore, Wake Forest University offers a non-compensatory, non-taxable monthly stipend for employees whose duties and responsibilities require a mobile communication device and service plan.

## 1. General Provisions

- a) Who Is Governed By This Procedure: All faculty, staff, officers, and students employed by Wake Forest University. This procedure does not apply to Wake Forest Baptist Health.
- b) What Constitutes an MCD: For purposes of this procedure, MCD's include the following devices:
  - i. Cellular telephone (including those with two-way communication capability)
  - ii. Nextel
  - iii. Blackberry
  - iv. Smartphone
  - v. PDA
  - vi. Wireless card
  - vii. Tablets
  - viii. Any other mobile communication devices.

## 2. Determination of Eligibility

The majority of faculty and staff will not be eligible for an MCD stipend. For those employees meeting eligibility requirements, based on position responsibilities, there is an approval process that must be followed. Designated approval authority resides in certain senior level positions. Faculty must obtain the approval of the Reynolda Cabinet authority, exempt staff must obtain the the approval of the Head of the Administrative Divison or Academic Dean; and

non-exempt staff must obtain the approval of the Financial/Business Manager for their area (i.e. the respective representative of the Senior Business Administrator Group).

- a) Employees requiring an MCD must meet at least one of the following criteria to certify valid business need:
  - i. Frequent travel, out of office, working at a remote location, or without access to a regular land line on a routine basis
  - ii. Need types of business usage on a mobile basis (e.g. data, calendar, e-mail, text, voice)
  - iii. Need to receive or initiate emergency communication for decision making
  - iv. Be accessible and available during non-business hours
- b) Additional constraints may be imposed, articulated, and monitored by internal controls within a specific department.
- c) The University will provide the following stipend options (all rates are subject to change):

<b>Tier</b>	<b>Allowable Stipend</b>
1	\$ 35
2	\$ 60
3	\$ 90

- d) To establish a stipend for the employee, an MCD Justification Form must be completed and sent to Payroll. The form must be approved by the appropriate Approval Authority.
- e) Approval Authorities are responsible for the following:
  - i. Funding source
  - ii. Enforcement of the procedure
  - iii. Establishing the appropriate tier of usage needed by the employee for business use
  - iv. Reviewing the usage on an annual basis for continued business need
- f) Stipends paid with grant funding require the review and approval of the Office of Research and Sponsored Projects and the Manager of Grants and Accounting.
- g) Employees use their own equipment and select their carrier and plan. The University has established discounted rates with Verizon, AT&T and Sprint, but employees are not required to use those suppliers.
  - i. The cell phone contract is in the employee's name.
  - ii. Payment of the cell phone charges is the sole responsibility of the employee.
  - iii. Cancellation fees or contract change fees are the sole responsibility of the employee, including the decision to cancel the contract if employment with the University ends.
- h) Any additional funding beyond the stipend, for hardware or services, may only be approved by the Reynolda Cabinet approval authority. Examples include temporary international plans or costs for hardware in excess of the stipend amount. Any requests for additional funding should be processed through a

reimbursement on the appropriate forms with the appropriate documentation.  
(See related policies- Business Expense and Travel and Entertainment)

- i) For employees whose job duties do not warrant a monthly stipend, or are not approved, for an MCD but incur an extra personal cost for business related usage on infrequent basis, the employee may submit for reimbursement. The employee must do the following:
  - i. Show an episodic and substantiated business need.
  - ii. Complete and submit an approved expenditure voucher with all relevant documentation.
- j) In rare cases, MCD services can be on a Pooled Device and Service plan, directly paid by University funds(contact Procurement Services to establish plans), if:
  - i. Devices are shared among individuals in a department and are not assigned to any one individual.
  - ii. Devices are not used for personal calls.

### **3. Payment of Stipend**

- a) All stipends will be added to the employee's regular paycheck. MCD stipends will be canceled when an employee transfers to another position. A new MCD Justification Form will need to be completed if the MCD is required for the new position.
- b) Complete the Discontinuance Notice, Mobile Communication Device Stipend form when an employee is no longer eligible for the stipend, due to a change in responsibilities, funding, or approval.

### **4. Employee Responsibilities For Use of Device**

- a. Employee must safeguard the University data and adhere to University data security standards, policies, and procedures.
- b. Employee must maintain an active MCD service plan as defined in the stipend justification.
- c. Recipient must let the approval authority know when the business use of the MCD and stipend received become unsynchronized.
- d. Although there is no need to distinguish between business and personal calls, the expectation is for the business use to justify the value of the stipend. If business use fails to consistently justify the value of the stipend, the stipend will be amended and potentially discontinued.
- e. The employee must provide the MCD phone number to his or her department and customers as needed and keep the MCD charged, turned on, and available for business calls during his or her work hours and expected times for contact. MCD number must be provided for University emergency notification.
- f. An employee receiving the stipend will not be reimbursed for business or personal phone calls while in travel status (as outlined in the Accounts Payable Travel and Entertainment Procedures); unless the business travel requires add on functionality such as international calling capability.