



NORTHWESTERN  
UNIVERSITY

**Responsible University Officials:**  
Vice President for Financial Operations and  
Treasurer, Controller  
**Responsible Office:**  
Office of Financial Operations  
**Origination Date:** January 1, 2009

## MOBILE COMMUNICATIONS AND HOME COMPUTING POLICY

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### Policy Statement

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This policy outlines Northwestern University's mobile communications and home computing policy. This policy is based upon the current Internal Revenue Code, its regulations and related guidance issued by the Internal Revenue Service (IRS), specifically addressing whether the provision of mobile communication services and devices are taxable benefits to the employee.

The determination of whether an employee is eligible to receive a University owned mobile device and communication services, or is eligible to be reimbursed for expenses associated with mobile devices and communication services, is assigned to the officials of their school or department. It is entirely within the discretion of a school or unit to determine whether there is a business need and funds available to support any expenses associated with mobile devices.

The determination of whether any mobile device or communication plan reimbursement or allowance is a non-taxable benefit is also assigned to the school and unit. In order to exclude the value of devices and services from taxes, the school or unit must document a Substantial Business Reason (SBR). The definition of SBR is:

- The employer's need to contact the employee at all times for work-related emergencies;
- The employer's requirement that the employee be available to conduct University business when the employee is away from the office; or
- The employee's need to conduct University business with individuals located in other time zones outside of the employee's normal work day.

The applicability of these criteria to each employee receiving reimbursement or an allowance on a non-taxable basis must be documented annually and specifically with respect to the duties and responsibilities of each employee. A general business need to remain in contact with the University or monitor ongoing communications related to one's duties is not a sufficient standard for exclusion from taxes. In the absence of specific evidence that the employee's job duties meet the definition of SBR in order to fulfill their responsibilities, the presumptive standard is that all reimbursements and allowances for mobile devices and plans will be taxable to the employee.

Employees are not permitted to receive both an allowance and a University-owned mobile communications device.

Schools and units bear the burden of demonstrating an employee's SBR for the mobile communications and should exercise caution in extending nontaxable allowances. Inappropriate

characterization of a taxable allowance as nontaxable may result in additional taxes and penalties applied to the school and unit.

Mobile communication expenses are not normally allowable on research grants. Please consult the Office of Sponsored Research to determine whether any exceptions are allowable per the terms of a specific sponsored agreement.

University employees must comply with local regulations concerning use of a mobile device while operating a motor vehicle.

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## **Reason for Policy/Purpose**

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The Internal Revenue Code, regulations and IRS require certain due diligence in situations where the University purchases or provides funds for an employee mobile device that supports personal in addition to business use.

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## **Table of Contents**

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<b>Mobile Communications and Home Computing Policy .....</b>	<b>6</b>
<b>Additional Pay Request for Nontaxable Allowances .....</b>	<b>6</b>
<b>Preferred Vendors for Mobile Communication Devices and Plans.....</b>	<b>6</b>
<b>1. Approved Mobile Communication Reimbursement Options .....</b>	<b>7</b>
a) Nontaxable Allowance for Employee-owned Device and Service Plan .....	7
b) University-owned Device and Service Plan .....	8
c) Taxable Allowance for Employee-owned Device and Service Plan .....	8
d) Reimbursement for Business Use of a Personal Device .....	9
<b>2. Approved Mobile and Home Computing Reimbursements .....</b>	<b>9</b>
a) Multi-functioning Mobile Devices.....	9
b) Internet Connectivity – Travel .....	10
c) Home Office Expenses.....	10
<b>1. Employee-owned Mobile Communication Devices/Plans with a Nontaxable Allowance .....</b>	<b>11</b>
<b>a) School or Department Authorization and Approvals.....</b>	<b>11</b>
1) Authorization Based on Employee Job Duties .....	11
2) Not Based on Employee Title or Position.....	11
3) Annual Review of Departmental Needs .....	11
4) Signed Agreement .....	11
5) Allowance Amount.....	11
6) Discontinuation of the Additional Allowance .....	12
7) Documentation/Audit Requirements .....	12
<b>b) Recommended Vendors.....</b>	<b>12</b>
1) Recommended Vendors for Devices and Service Plans.....	12
2) Other Approved Devices/Plans .....	12
<b>c) Employee Responsibilities.....</b>	<b>12</b>
1) Select and Purchase Device/Plan .....	12
2) Provide Department with Phone Number .....	13
3) Provide Bill for Verification of the Allowance Amount and Usage .....	13
4) Comply with Contractual Obligations .....	13
5) Employee Responsibility for Care of Device .....	13
6) Notify Department of Inactivation, Loss or Theft.....	13

<b>d) Employee Allowance .....</b>	<b>13</b>
1) Based on Business Need.....	14
2) Monthly Nontaxable Allowance, Reimbursement .....	14
3) Initial Device Purchase and Device Upgrade .....	14
4) Wages and Ownership .....	15
5) University Control of Allowance.....	15
<b>e) Fees for Contract Changes or Cancellation .....</b>	<b>15</b>
1) Employee-initiated Change or Cancellation.....	15
2) University-initiated Change or Cancellation .....	15
<b>2. University-owned Mobile Communication Devices/Plans .....</b>	<b>15</b>
<b>a) Authorized University-owned Devices .....</b>	<b>16</b>
1) Devices Restricted to University Business Use or Included in Pooled Service Plans .....	16
2) Devices Required for Effective University Operations.....	16
3) Departmental Shared Devices .....	16
<b>b) Annual Departmental Review and Documentation of Business Need .....</b>	<b>17</b>
<b>c) Departmental Responsibility for Cost and Contract Obligations .....</b>	<b>17</b>
<b>d) Documentation/Audit Requirements .....</b>	<b>17</b>
<b>e) Employee Responsibility to Reimburse the University for Personal Use .....</b>	<b>17</b>
<b>f) Recommended Vendors .....</b>	<b>17</b>
<b>3. Employee-owned Mobile Communication Devices/Plans with a Taxable     Allowance .....</b>	<b>18</b>
<b>a) School or Department Authorization and Approvals .....</b>	<b>18</b>
1) Authorization .....	18
2) Discontinuation of Additional Compensation.....	18
3) Documentation/Audit Requirements .....	18
4) Signed Agreement .....	18
<b>b) Recommended Vendors.....</b>	<b>18</b>
<b>c) Employee Responsibilities .....</b>	<b>19</b>
1) Select and Purchase Device/Plan.....	19
2) Provide Department with Phone Number.....	19
3) Provide Bill for Verification of Allowance Amount and Usage .....	19
4) Comply with Contractual Obligations .....	19
5) Employee Responsibility for Care of Device .....	19
6) Notify Department of Inactivation, Loss or Theft .....	19
<b>d) Employee Compensation .....</b>	<b>19</b>

1) Monthly Taxable Allowance .....	20
2) Initial Device Purchase and Device Upgrade .....	20
3) Wages and Ownership.....	20
4) University Control of Compensation.....	20
<b>e) Fees for Contract Changes or Cancellation .....</b>	<b>20</b>
<b>4. Business Use of a Personal Mobile Device .....</b>	<b>21</b>
<b>Nontaxable Allowance Amounts .....</b>	<b>22</b>
<b>Annual Mobile Communications Agreement for Employee-owned Devices and Service Plans with a Nontaxable Allowance .....</b>	<b>23</b>
<b>Annual Mobile Communications Agreement for University-owned Devices and Service Plans.....</b>	<b>24</b>
<b>Annual Mobile Communications Agreement for University-owned or Employee-owned Devices and Service Plans with a Taxable Benefit .....</b>	<b>25</b>

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## Who Approved This Policy

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Provost  
Executive Vice President

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## Who Needs to Know This Policy

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Employees who use mobile communications and home computing to support business activities of the University.

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## Website Address for this Policy

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The Mobile Communications and Home Computing Policy and Procedures are located on the Financial Operations website <http://www.northwestern.edu/financial-operations/policies-procedures/policies/MobileGuidelines.pdf>.

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## Contacts/Responsibilities

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### Mobile Communications and Home Computing Policy

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Vice President of Financial Operations and Treasurer  
847-491-4692  
E-mail: [i-stafford@northwestern.edu](mailto:i-stafford@northwestern.edu)

### Additional Pay Request for Nontaxable Allowances

Payroll & Records  
847-491-7362

### Preferred Vendors for Mobile Communication Devices and Plans

Purchasing & Strategic Sourcing  
847-491-8120  
E-mail: [purchasing@northwestern.edu](mailto:purchasing@northwestern.edu)

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## Definitions

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### *de minimis*

So small or minimal in difference that it does not matter or the law does not take it into consideration.

### Internet Service

Internet service is considered a common utility service purchased for personal use and is not reimbursable unless it meets one of the following conditions:

- Is essential to the employee's job duties and cannot reasonably be fulfilled with campus resources
- Meets reasonable accommodations tests for those special cases governed by the American Disabilities Act

## **Mobile and Home Computing**

Mobile computing includes laptop computers, Internet connectivity – home and travel, and home computing.

## **Mobile Communications**

Mobile Communications include:

- Cellular or mobile telephone including prepaid devices/plans
- Personal Digital Assistants (PDAs)
- Smartphones, iPhones
- Related service plans, such as texting, Internet, email access, and group calendaring

## **University Business Use and Substantial Business Reason**

Primarily for noncompensatory business purpose, as specified by the IRS Notice 2011-72, means there are substantial business reasons for providing the employee with a mobile device other than providing compensation to the employee.

Per the IRS, such business use (Substantial Business Reason) should be consistent with the following examples: the employer's need to contact the employee at all times for work-related emergencies, the employer's requirement that the employee be available to conduct University business when the employee is away from the office, or the employee's need to conduct University business with individuals located in other time zones outside of the employee's normal work day.

General business use is specifically in support of, but not limited to, use in scholarly, research, academic, and clinical activities and in business operations supporting these activities.

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## **Policy**

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### **1. Approved Mobile Communication Reimbursement Options**

There are four IRS-compliant options for reimbursement of mobile communication charges as follows:

a) **Nontaxable Allowance for Employee-owned Device and Service Plan**

Schools or units can provide a nontaxable allowance for mobile communication devices and service plans if there are Substantial Business Reasons necessitating their use.

No record keeping of business and personal calls is required for IRS or central University purposes. However, record keeping requirements or review procedures may be established at the school or unit level.

The dollar amount of the mobile communications nontaxable allowance should cover the employee's anticipated business-related expenses. The cost of basic equipment and the employee's use related to University business should be considered when determining the nontaxable allowance amount. Equipment upgrades, such as special cosmetic or technical features, or expected equipment usage unrelated to University business use must not be considered. Determination of the dollar amount of the nontaxable allowance is made by the school or unit taking into account the guidelines

and dollar limits established in this document. The mobile communication bill must be included with the Annual Mobile Communications Agreement to substantiate the allowance amount.

The maximum allowable mobile communications device and service plan nontaxable allowance to support mobile communications service appears in Appendix A of this document. This amount is subject to change and will be reviewed annually. Any exceptions to this amount must be approved by the appropriate Dean, Vice President or his/her designee.

The department head must review business needs and allowance amounts annually. Following such annual review, the Annual Mobile Communications Agreement for Employee-owned Devices must be completed by the department head, and the department head and employee must sign the Agreement. See Appendix B.

Additional Pay Request forms must be submitted to Payroll to establish a recurring monthly nontaxable allowance for a service plan or, as needed, a nontaxable allowance for the purchase of a communications device.

See the procedures outlined in the Mobile Communications Procedures section of this document.

b) University-owned Device and Service Plan

Schools or units may pay for an employee's mobile communications device, service plan, and/or tablet device (e.g. iPad) only if there are Substantial Business Reasons necessitating their use.

Any personal use of the University-owned device will be treated as a *de minimis* fringe benefit. However, the unit's management should review the bills monthly to note significant variances in charges.

The department must review business needs annually. Following such annual review, the department head must complete and sign the Annual Mobile Communications Agreement for University-owned Devices. If applicable, the employee must also sign the Agreement. See Appendix C.

c) Taxable Benefit for University-owned or Employee-owned Devices and Service Plans

If the definition of Substantial Business Reason is not met for the mobile communication devices and service plan or if a tablet device (e.g. iPad) is needed, a department may, at its discretion, elect to provide a University-owned mobile communications device and/or tablet device or an allowance for the employee's mobile communications device, service plan and/or tablet device. Because the Substantial Business Reason criteria are not met, the value of the University-owned device or the allowance is a taxable benefit and must be recorded as taxable compensation on the employee's W-2 form.



No record keeping of business and personal calls is required for IRS or central University purposes. However, record keeping requirements or review procedures may be established at the school or unit level.

The maximum allowable mobile communications device and service plan nontaxable allowance to support mobile communications service appears in Appendix A of this document. This amount is subject to change and will be reviewed annually. Any exceptions to this amount must be approved by the appropriate Dean, Vice President or his/her designee.

The department head must review compensation amounts annually. Following such annual review, the Annual Mobile Communications Agreement must be completed by the department head, and the department head and employee must sign the Agreement. See Appendix D.

Additional Pay Request forms must be submitted to Payroll to record the taxable benefit for the University-owned devices or establish a recurring monthly taxable allowance for a service plan or, as needed, a taxable allowance for the purchase of a communications device.

d) **Reimbursement for Business Use of a Personal Device**

If there is business use of a personal mobile communications device but not Substantial Business Reasons for the device and the employee therefore does not qualify for a nontaxable allowance, the employee may submit reimbursement requests for business use of a personal device that causes the employee to exceed his/her base service plan and incur additional charges. A copy of the service plan bill, detailing the business-related individual calls and roaming (out-of-area) charges must accompany the reimbursement request. Any excess usage which results in charges above the base service plan is reimbursable.

See the travel policy for reimbursement of phone calls while on business travel.

## **2. Approved Mobile and Home Computing Reimbursements**

a) **Multi-functioning Mobile Devices**

The standard is for the University to provide one computer device (either an onsite desktop personal computer or a laptop with an onsite docking station), based on the employee's business need by role/function. For ongoing need for portability, a school or department may provide a laptop with a docking station as a standard office computing platform.

If need for a multi-functioning mobile device (such as a laptop or tablet) is occasional or temporary, a department may provide the device to a faculty or staff member during a particular period, such as for presentations, limited travel or weekend or evening work at home, as needed. The occasional or temporary use of the multi-functioning mobile

device should be limited solely to business use and such limited use should be documented by both the unit and the employee.

Units are not obligated to provide multiple computers, mobile communications devices, or multi-functioning mobile devices to accomplish a business purpose. Due to the financial cost, substantiation burden, and security concerns, it is recommended that units exercise caution in extending multiple computers and devices. Beyond one computing device, one mobile communications device and one tablet, it is the presumption that the additional computer or device is a taxable benefit. Exceptions apply to desktop personal computers issued for University business use that remain on University premises.

b) Internet Connectivity – Travel

See Travel Policies & Procedures at <http://www.northwestern.edu/financial-operations/policies-procedures/policies/travel.pdf>

c) Home Office Expenses

The University provides campus office space, furnishings and computers as required for faculty and staff job duties. Home office expenses are not reimbursable except as necessary to meet reasonable accommodations tests for those special cases governed by the American Disabilities Act.

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# Procedures

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## 1. Employee-owned Mobile Communication Devices/Plans with a Nontaxable Allowance

### a) School or Department Authorization and Approvals

#### 1) Authorization Based on Employee Job Duties

Schools and departments are responsible to determine the budgetary impact of this program, and to determine whether or not an employee's job requires the use of a mobile communications device for Substantial Business Reasons. The University allowance for the purchase of personally owned devices and service plans must be directly linked to the employee's job duties and responsibilities.

Authorization procedures are documented in the Annual Mobile Communications Agreement for Employee-owned Devices, Appendix B.

#### 2) Not Based on Employee Title or Position

The University allowance for employee-owned communication plans is not to be based on a particular title or position. Use should be based on the actual job requirements of a faculty or staff member. For example, an individual with a "Computer Administrator" title may perform his/her work entirely in the field and/or may be on call after hours. Department heads are responsible for determining when mobile communications services are warranted.

#### 3) Annual Review of Departmental Needs

It is the department head's responsibility to review mobile communication needs in his/her department on at least an annual basis to determine if any monthly allowance amounts should be changed or discontinued.

#### 4) Signed Agreement

Each year, following the annual review of departmental needs, the department must complete an Annual Mobile Communications Agreement for each authorized employee, outlining the Substantial Business Reason, device and service plan requirements, and allowance. The employee and the department head must sign the completed agreement.

See Appendix B of this document, Annual Mobile Communications Agreement for Employee-owned Devices.

#### 5) Allowance Amount

Department heads are responsible for determining and approving the appropriate allowance amount for an employee based on job responsibilities. The determination should include the appropriate device and service plan with consideration of number of plan minutes, long distance calling options, and other plan features that are required for the performance of the employee's job responsibilities.

For current guidelines, see Appendix A, Nontaxable Allowance Amount.

The approved allowance amount must be documented in the Annual Mobile Communications Agreement for Employee-owned Devices, Appendix B. The mobile communication bill must be included with the Agreement to substantiate the allowance amount.

6) Discontinuation of the Additional Allowance

The department should notify Payroll immediately if the allowance is to be discontinued. Notification can be made by modifying the End Date on a copy of the original Additional Pay Request and submitting the modified form to Payroll specifying that additional pay should be discontinued.

7) Documentation/Audit Requirements

For employee-owned devices and plans, copies of the approval forms/ agreements used to process the University allowance, as well as receipts or other valid evidence of device purchases and service contracts, must be retained for eight years for internal or external audit purposes.

**b) Recommended Vendors**

1) Recommended Vendors for Devices and Service Plans

Departments and employees should, where possible, purchase mobile communication devices and service plans that are available from approved vendors participating in University preferred vendor programs. In most cases, contracted discounts are available to employees. However, the employee discount amounts may vary, depending on the selected vendor. Check the Purchasing & Strategic Sourcing Web Site at <http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/index.html> for preferred vendors.

2) Other Approved Devices/Plans

Notwithstanding the Recommended Vendors section above, an employee may purchase any communication device or service plan that meets the job requirements specified by the department head, regardless of price. However, the employee will be responsible for any additional expenses above the University allowance approved by the school or department.

**c) Employee Responsibilities**

1) Select and Purchase Device/Plan

The employee is responsible for the selection and purchase of a device and enrollment in an appropriate mobile communications service plan. The plan must, at a minimum, cover the requirements identified and approved by the department head. The employee may select service from any vendor whose service meets the requirements of the employee's job responsibilities as determined by the department head. Insurance or accessories not required by the Agreement are the responsibility of the employee.

2) Provide Department with Phone Number

An employee receiving an University allowance for mobile communications service must provide his/her department with the phone and/or PDA number of the communication device within five (5) working days of activation.

3) Provide Bill for Verification of the Allowance Amount and Usage

The employee must provide a recent mobile communications bill with the annual Agreement. The employee must be able to show, when requested by their department head, that the monthly bill for mobile device usage, including taxes and fees, is at least the amount of the University allowance. The employee should maintain copies of monthly bills so they can be provided if requested by their department head. The employee must inform the department head if the monthly bills do not on average, equal or exceed the amount of the allowance. If the monthly bills do not on average, equal or exceed the amount of the allowance, the department head must adjust the amount of the allowance to a lower amount or discontinue the allowance for the employee's service. If the allowance exceeds the service plan, the employee must return the excess funds within 90 days.

For device purchases or upgrades, the employee must furnish a copy of the receipt and return any amount in excess of the allowance provided within 90 days from the date of the purchase.

4) Comply with Contractual Obligations

The employee is personally responsible for complying with any contract entered into with a service provider including payment of all expenses incurred (including long distance, roaming fees, taxes, and any penalties). In the event that an employee leaves the position, or the device is lost or stolen, he/she continues to be responsible for the contractual obligations of the service plan.

5) Employee Responsibility for Care of Device

Employees are expected to take reasonable care of their required mobile communications device. Device maintenance is the responsibility of the employee. University staff may provide tech support, but the University cannot be held liable for any damages to device. If an employee's required device is lost or destroyed through gross negligence, the employee may be required to replace it at their expense, per department head discretion.

6) Notify Department of Inactivation, Loss or Theft

An employee receiving the University allowance toward the purchase of mobile communication devices or services must notify his/her department head as soon as possible and in no case more than five (5) working days beyond inactivation of the service or loss or theft of the device.

**d) Employee Allowance**

If the University requires an employee to carry a mobile communications device for Substantial Business Reasons in order to perform his/her duties, the employee, with approval of the department head, will obtain a personal mobile communications service plan and device and will be reimbursed by the University within approved limits. This allowance must be justified by business requirements which necessitate the use of a

mobile communications device to perform official University business where such business cannot be accommodated by the use of a land-line phone, pager, or other communication device. Approved procedures must be followed when providing an allowance for this purpose. If the University requires an employee to carry a mobile communications device for business purposes but the definition of Substantial Business Reason is not met, the allowance should be treated as taxable.

1) Based on Business Need

Department heads must determine the business mobile communication needs of the employee. Department needs should dictate the type of plan and level of service required. Because the device is owned by the employee, it may be used for personal as well as business use, but must be available for the performance of responsibilities as designated by the department. In general, this means in possession of, and turned on during those times specified by the department head.

The employee may obtain a more expensive plan if desired for personal use, but will only receive the allowance amount agreed upon for University business use. Payment of bills for the service plan and device are the responsibility of the individual, not the school or department.

2) Monthly Nontaxable Allowance, Reimbursement

Department heads shall select a monthly nontaxable allowance based on anticipated monthly University mobile communications device business use.

A recurring monthly nontaxable allowance for a service plan must be processed through Human Resources Payroll department via the Additional Pay Request form. The form can be used to specify the nontaxable allowance for a maximum of 12 months and it must be renewed annually. Specify an Earning Code of MAN Mobile Allowance Nontaxable, Earnings Begin and End Dates, the monthly Earnings Amount, and the Goal Amount, the total for the period (monthly amount x number of months with a maximum of 12 months). See the HR Payroll website for the form and instructions at <http://www.northwestern.edu/hr/policies-forms/forms/payroll-administration/index.html>.

If business use results in a billed amount that is more than the nontaxable allowance amount, reimbursement may be sought with appropriate documentation through regular expense reimbursement procedures. If increased business use will continue, the monthly nontaxable allowance can be revised by modifying the Earnings and Goal Amounts on a copy of the original Additional Pay Request and submitting the modified form to Payroll specifying that the monthly nontaxable allowance should be increased.

3) Initial Device Purchase and Device Upgrade

The school or department will contribute toward the activation of a service plan and the purchase or upgrade of a device, if such purchase or upgrade is necessary for the performance of the employee's job duties. The department may also contribute toward the replacement of aging or non-functioning devices, provided the employee's job responsibilities continue to require the use of a mobile communications device at the time of replacement.

For purchase of a communications device, a separate Additional Pay Request form may be submitted to Payroll, specifying an Earning Code of MDN Mobile Devices Nontaxable. For exempt employees, specify Earnings Begin and End Dates (the start and end dates for the month the device purchase is to be made), the Earnings Amount (the device nontaxable allowance amount), and the Goal Amount (same as the Earnings Amount for the one-time device purchase). See the HR Payroll website for the form and instructions at <http://www.northwestern.edu/hr/policies-forms/forms/payroll-administration/index.html>.

4) Wages and Ownership

All such allowances will be reported as nontaxable wages. The employee will own the device. The allowance for the purchase or upgrade of a mobile communications device should be sufficient to purchase a device supporting the device use required for the performance of the employee's duties. The employee may select a more expensive device but will not receive an allowance in excess of what is required to perform his/her duties.

5) University Control of Allowance

The University allowance for the communication device and plan is not considered an entitlement, is not part of an employee's base salary, and may be changed and/or withdrawn by the University at any time. It will be paid in monthly installments from departmental funds as authorized by the department head.

**e) Fees for Contract Changes or Cancellation**

1) Employee-initiated Change or Cancellation

If, prior to the end of the service contract, a personal decision by the employee, or employee misconduct, or misuse of the device, results in the need to end or change the service contract, the employee will bear the cost of any fees associated with that change or cancellation.

In extenuating circumstances, a department head may choose to waive this requirement.

2) University-initiated Change or Cancellation

If, prior to the end of the service contract period, a University decision (unrelated to employee misconduct) results in the need to end or change the service contract, the University will bear the cost of any fees associated with that change or cancellation.

If, for example, the employee's supervisor has changed the employee's duties and the device is no longer needed for University purposes and the employee does not want to retain the current contract, change or cancellation fees will be reimbursed by the University.

**2.University-owned Mobile Communication Devices/Plans**

## a) Authorized University-owned Devices

### 1) Devices Restricted to University Business Use or Included in Pooled Service Plans

Certain devices are limited in functionality to internal University business use. At the department's discretion, University schools or departments may elect to purchase and provide mobile devices such as "push-to-talk" devices to faculty and staff. No documentation of usage is required since these devices are restricted to business use.

Though the preferred solution is individual plans, devices may be owned by the school or department with an accompanying school/department-paid pooled service plan if:

- The unit head determines that it is essential for a designated group of faculty or staff in the unit to be available via mobile communication devices and
- The unit can demonstrate cost savings with a pooled service plan

Any personal use of the University-owned device will be treated as a *de minimis* fringe benefit. However, the unit's management should review the bills monthly to note significant variances in charges.

### 2) Devices Required for Effective University Operations

There are certain departments within the University that have specific responsibilities for safety, security and/or effective operations of the University community at all times. These units include University Police, Facilities Management, Information Technology, and selected employees in other key offices. Subject to their appropriate Vice President approval, these units may implement appropriate mobile communication plans that address the number of employees required to carry mobile equipment, the volume of calls, and the most cost effective means of addressing the requirements. These units are required to maintain documentation regarding the business purpose of all mobile communication devices, all tablet devices, the employees to which they are assigned, and show evidence that the devices are provided for Substantial Business Reasons. These plans should be updated annually. See Appendix C for the required form.

Any personal use of the University-owned device will be treated as a *de minimis* fringe benefit. However, the unit's management should review the bills monthly to note significant variances in charges.

### 3) Departmental Shared Devices

With Vice Presidential approval, departments may obtain a mobile communications device and service plan for departmental use when the device will not be specifically assigned to one individual. The department is required to maintain documentation regarding the business purpose of any mobile communication devices, any tablet devices, the employees to which they may be assigned, and show evidence that the devices are used for Substantial Business Reasons. These plans should be updated annually. See Appendix C for the required form.



Any personal use of the University-owned device will be treated as a *de minimis* fringe benefit. However, the unit's management should review the bills monthly to note significant variances in charges.

**b) Annual Departmental Review and Documentation of Business Need**

It is the department head's responsibility to review mobile communication needs and budgetary impact for University-owned devices in his/her department on at least an annual basis. Each year, following the annual review of departmental needs, the department must complete an Annual Mobile Communications Agreement for University-owned Devices for each authorized device, outlining the business need and device and service plan requirements.

If a device is to be assigned to an individual employee, both the employee and the department head must sign the agreement. For shared devices, any employee that will use the device is required to read and sign the agreement prior to its use.

See Appendix C for the Agreement form.

**c) Departmental Responsibility for Cost and Contract Obligations**

Because departmental devices are designed to be used for University communication only, the department will be responsible for the cost and contract obligations of the service plan. In this case, the devices remain the property of the University and the employee must surrender the device immediately to the department upon termination of employment or cessation of the department need.

**d) Documentation/Audit Requirements**

Copies of the approval forms/ agreements, receipts or other valid evidence of device purchases and service contracts, and documentation of device usage shall be retained for eight years for internal or external audit purposes.

**e) Employee Responsibility to Reimburse the University for Personal Use**

Any unusual or excessive personal mobile communications device use of a University-owned mobile communications device must be paid to the University by the responsible employee(s) based on documented device usage within 90 days. Charges above the monthly plan are an indication of unusual or excessive use and the employee must explain or justify such use if payment by the employee to the University for the excess charges is to be avoided. This applies to University-owned devices issued for Substantial Business Reasons.

**f) Recommended Vendors**

Departments should, where possible, purchase mobile communication devices and service plans that are available from approved vendors participating in University preferred vendor programs. Check the Purchasing & Strategic Sourcing Web Site at <http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/index.html> for preferred vendors.

### **3. Employee-owned Mobile Communication Devices/Plans with a Taxable Allowance**

#### **a) School or Department Authorization and Approvals**

##### **1) Authorization**

If the definition of Substantial Business Reasons is not met, a department may, at its discretion, elect to provide an allowance for the employee's mobile communication device, service plan and/or tablet device. Schools and departments are responsible to determine the budgetary impact of this program, and to determine whether or not an employee's circumstance requires the use of a mobile communications device and/or a tablet device.

##### **2) Discontinuation of Additional Compensation**

The department should notify Payroll immediately if additional compensation is to be discontinued. Notification can be made by modifying the End Date on a copy of the original Additional Pay Request and submitting the modified form to Payroll specifying that additional pay should be discontinued.

##### **3) Documentation/Audit Requirements**

For employee-owned devices and plans, copies of the approval forms/ agreements used to process University compensation must be retained for eight years for internal or external audit purposes.

##### **4) Signed Agreement**

A recurring monthly taxable allowance for a service plan must be processed through Human Resources Payroll department via the Additional Pay Request form. The form can be used to specify the taxable allowance for a maximum of 12 months and it must be renewed annually. Specify an Earning Code of MCA Mobile Communications Taxable Allowance, Earnings Begin and End Dates, the monthly Earnings Amount, and the Goal Amount, the total for the period (monthly amount x number of months with a maximum of 12 months). See the HR Payroll website for the form and instructions at <http://www.northwestern.edu/hr/payroll/administratorpayments.html>.

See Appendix D of this document, Annual Mobile Communications Agreement for Employee-owned Devices with a Taxable Allowance

#### **b) Recommended Vendors**

Departments and employees should, where possible, purchase mobile communication devices and service plans that are available from approved vendors participating in University preferred vendor programs. In most cases, contracted discounts are available to employees. However, the employee discount amounts may vary, depending on the selected vendor. Check the Purchasing & Strategic Sourcing Web Site at <http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/index.html> for preferred vendors.

### **c) Employee Responsibilities**

1) Select and Purchase Device/Plan

The employee is responsible for the selection and purchase of a device and enrollment in an appropriate mobile communications service plan. Insurance or accessories not required by the Agreement are the responsibility of the employee.

2) Provide Department with Phone Number

An employee receiving University compensation for mobile communications service must provide his/her department with the phone and/or PDA number of the communication device within five (5) working days of activation.

3) Provide Bill for Verification of Allowance Amount and Usage

The employee must be able to show, when requested by their department head, that the monthly bill for mobile device usage, including taxes and fees, is at least the amount of the University allowance. The employee should maintain copies of monthly bills so they can be provided if requested by their department head. The employee must inform the department head if the monthly bills do not on average, equal or exceed the amount of the allowance. If the monthly bills do not on average, equal or exceed the amount of the allowance, the department head must adjust the amount of the allowance to a lower amount or discontinue the allowance for the employee's service.

4) Comply with Contractual Obligations

The employee is personally responsible for complying with any contract entered into with a service provider including payment of all expenses incurred (including long distance, roaming fees, taxes, and any penalties). In the event that an employee leaves the position, or the device is lost or stolen, he/she continues to be responsible for the contractual obligations of the service plan.

5) Employee Responsibility for Care of Device

Employees are expected to take reasonable care of their mobile communications device and tablet device (if applicable). Device maintenance is the responsibility of the employee. University staff may provide tech support, but the University cannot be held liable for any damages to device. If an employee's required device is lost or destroyed through gross negligence, the employee may be required to replace it at their expense, per department head discretion.

6) Notify Department of Inactivation, Loss or Theft

An employee receiving University compensation toward the purchase of mobile communication devices, service plan or tablet device must notify his/her department head as soon as possible and in no case more than five (5) working days beyond inactivation of the service or loss or theft of the device.

### **d) Employee Compensation**

The allowance is a taxable benefit and must be recorded as taxable compensation on the employee's W-2 form. Approved procedures must be followed when providing compensation.

1) Monthly Taxable Allowance

Monthly taxable allowances received by the employee will be reported as taxable wages on the employee's W-2.

A recurring monthly taxable allowance for a service plan must be processed through Human Resources Payroll department via the Additional Pay Request form. The form can be used to specify the taxable allowance for a maximum of 12 months and it must be renewed annually. Specify an Earning Code of MCA Mobile Communications Taxable Allowance, Earnings Begin and End Dates, the monthly Earnings Amount, and the Goal Amount, the total for the period (monthly amount x number of months with a maximum of 12 months). See the HR Payroll website for the form and instructions at <http://www.northwestern.edu/hr/policies-forms/forms/payroll-administration/index.html>.

2) Initial Device Purchase and Device Upgrade

The school or department will contribute toward the activation of a service plan and the purchase or upgrade of a device, if the circumstances warrant the purchase.

For purchase of a mobile communications device or a tablet device, a separate Additional Pay Request form may be submitted to Payroll, specifying an Earning Code of MCD Mobile Communications Device. For exempt employees, specify Earnings Begin and End Dates (the start and end dates for the month the device purchase is to be made), the Earnings Amount (the device taxable allowance amount), and the Goal Amount (same as the Earnings Amount for the one-time device purchase). See the HR Payroll website for the form and instructions at <http://www.northwestern.edu/hr/policies-forms/forms/payroll-administration/index.html>.

3) Wages and Ownership

All such compensations will be reported as taxable wages. The employee will own the device. The employee may select a more expensive device but will not receive compensation in excess of what is specified in the Mobile Communications Agreement.

4) University Control of Compensation

University compensation for the mobile communication device, service plan and/or tablet device is not considered an entitlement, is not part of an employee's base salary, and may be changed and/or withdrawn by the University at any time. It will be paid in monthly installments from departmental funds as authorized by the department head.

**e) Fees for Contract Changes or Cancellation**

If, prior to the end of the service contract, a personal decision by the employee, results in the need to end or change the service contract, the employee will bear the cost of any

fees associated with that change or cancellation. In extenuating circumstances, a department head may choose to waive this requirement.

#### **4. Business Use of a Personal Mobile Device**

If there is business use of a personal mobile communications device but not Substantial Business Reasons for the device and the employee therefore does not qualify for a nontaxable allowance, excess business use minutes and roaming charges resulting in additional charges above the base plan are reimbursable.

Reimbursements for business use of personal mobile devices must be submitted to Accounts Payable via an approved Expense Report with the service plan invoice attached to the accompanying Expense Receipts page(s).

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## **Appendix A**

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### **Nontaxable Allowance Amounts**

The allowed allowance for mobile communication devices and service plans must be based on the mobile communication requirements of the employee's position. The annual maximum mobile communications device and service plan nontaxable allowance is \$1,200.

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## Appendix B

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### **Annual Mobile Communications Agreement for Employee-owned Devices and Service Plans with a Nontaxable Allowance**

Annually, the department head must create an agreement that:

1. Documents the employee's Substantial Business Reason for mobile communication services.
2. Defines the conditions under which the employee's device must be available for business use as defined by the department (e.g., for on-call use).
3. Outlines the requirements the employee will observe in obtaining a device and service plan that meets department requirements.
4. States the monthly nontaxable allowance amount to be provided to the employee for a service plan that meets the business need for mobile communications.
5. States the one-time nontaxable allowance, if any, for purchase of a mobile communications device.

The department head and employee must both sign the completed agreement and the employee must provide a recent mobile communications bill with the agreement.

The form is available at <http://www.northwestern.edu/financial-operations/policies-procedures/forms/MobileAgreeEmp.pdf>

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## Appendix C

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### **Annual Mobile Communications Agreement for University-owned Devices and Service Plans with Nontaxable Benefit**

Annually, the department head must create an agreement that:

1. Documents the department's/employee's Substantial Business Reason for mobile communication device, service plan, and tablet device.
2. Defines the conditions under which the device must be available for business use as defined by the department (e.g., for on-call use).

The department head and employee must both sign the completed agreement. For a shared departmental device, each employee must sign the agreement prior to use.

The form is available at <http://www.northwestern.edu/financial-operations/policies-procedures/forms/MobileAgreeUniv.pdf>



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## Appendix D

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### **Annual Mobile Communications Agreement for University-owned or Employee-owned Devices and Service Plans with a Taxable Benefit**

Annually, the department head must create an agreement that:

1. Documents the employee's need for mobile communications device, service plan, and/or tablet device.
2. For employee-owned devices, outlines the requirements the employee will observe in obtaining a device and service plan that meets department requirements.
3. For employee-owned devices, states the monthly taxable allowance amount to be provided to the employee for a service plan that meets the business need for mobile communications.
4. For employee-owned devices, states the one-time taxable allowance, if any, for purchase of a mobile communications device or tablet device.

The department head and employee must both sign the completed agreement.

The form is available at <http://www.northwestern.edu/financial-operations/policies-procedures/forms/MobileAgreeTaxable.pdf>

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## **History/Revision Dates**

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**Origination Date:** January 1, 2009

**Last Amended Date:** June 17, 2016

**Next Review Date:** March 1, 2017