Mobile Communication Devices (MCDs)
Administrative Policy

Approved By: B. Hofler Milam, Executive Vice President
History: Approval Date: May 27, 2014
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Type: Administrative Policy
Policy Number: 3.1.05
Responsible Official: Associate Vice President for Finance and Controller
Related Policies:

Policy Statement
The University accommodates employees, within strict guidelines, who need mobile communication devices in the course of their job requirements in an IRS approved manner which may include one of three methods: granting supplemental communication allowances (nontaxable allowances/stipends paid through payroll for non-compensatory business use), issuance of University (department)-owned pooled devices (assignment through a corporate account to the department and not an individual), or reimbursement of business costs for infrequent users. When choosing a method for each employee, the approval authority should consider the business needs of the department. Substantiation is required for regulatory compliance when seeking reimbursement.

This policy provides guidance regarding eligibility and approval for receiving a non-compensatory stipend for the business use of mobile digital communication devices (MCDs), including but not limited to:
- Cellular telephone (including those with two-way communication capability),
- Nextel,
- Blackberry,
- Smartphone,
- PDA,
- Wireless card,
Tablets, and
Any other mobile communication devices.

**Reason for the Policy**
The University is committed to providing essential, non-compensatory, business-related tools for faculty and staff in a manner that promotes the proper stewardship of assets; complies with IRS and other regulatory requirements; and establishes a framework for consistent decision-making. Mobile communications have become a common business tool for employees who travel, work outside of the local campus, or need to be accessible outside of normal business hours. The Internal Revenue Service Notice 2011-72 provides guidance that when an employer provides a mobile communication device, or “MCD,” primarily for non-compensatory business purposes, the business and personal use of the device is generally not taxable to the employee. The IRS will not require substantiation of business use in order to receive this tax free treatment.

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 as outlined in the Procedures.

When justified and approved by the Approval Authority, the University will provide an employee a non-compensatory stipend to subsidize the business-related costs of a personal MCD plan. In cases when employees, who are not eligible for an MCD stipend, use their personal MCDs to accomplish University business, reimbursement may be requested in accordance with procedures supplemental to this Policy. In limited and determined cases, the University will continue to retain a select set of devices and plans for departments that need mobile communication assigned to a department (pooled) and not to an employee (e.g. Shuttle Service, Facilities Maintenance “on call”).

This policy ensures the University has a consistent procedure for administering non-compensatory mobile communication devices and service plans in accordance with business requirements, IRS substantiation requirements, IRC Sections 274 and 132, and IRS guidance on tax treatment of employer-provided cell phones, and IRS Notice 2011-72 issued on September 14, 2011.

Unauthorized payments by the University for mobile communication devices or continuing the employer-provided MCD once it is no longer necessary to facilitate work outside the office or office hours is considered a misappropriation of University funds and is subject to disciplinary processes of the University.

**Responsibilities**
*Approval Authorities, (Reynolda Cabinet, Deans/AVPs/Head of Administrative Divisions, and/or designees) approve the MCD needs, requirements, and stipends for their respective personnel. The Approval Authority provides approval of the MCD Justification Form; enforces this policy; ensures that individual’s stipend is synchronized with expected business usage; and completes reviews, not less than annually, of all stipends granted to employees. Additional constraints may be imposed, articulated, and monitored by internal controls within the department.*

*University Internal Audit includes a review of MCD approval processes and periodic reviews of non-compensatory business purposes when auditing each academic or*
administrative department to monitor and ensure compliance with University Policies and regulatory agencies.

Procurement Services negotiates with MCD providers to secure the rates for hardware and service plans that provide the best value for the university and employees and periodically recommends adjustments for the tiered MCD stipend.

Employees who meet the eligibility criteria must adhere to the policy and follow the procedures with respect to usage, security and safeguarding of data with proprietary information and identity data, and meeting any record keeping requirements.

Primary Guidance

Internal Revenue Code Title 26, Subtitle A, Chapter 1, Subchapter B, Part III, Section 132: Certain Fringe Benefits (exclusion from taxable gross income as a working condition fringe benefit).

Internal Revenue Code Title 26, Subtitle A, Chapter 1, Subchapter B, Part VI, Section 162: Trade or Business Expenses.

Internal Revenue Code Title 26, Subtitle A, Chapter 1, Subchapter B, Part IX, Section 62 and Regulation §1.62-2(d)

Internal Revenue Notice 2011-72 IRS Memorandum to Field Agents, control number SBSE-04-0911-08, Interim Guidance on Reimbursement of Employee Personal Cell Phone Usage in light of Notice 2011-72

NACUBO news article, IRS Clarifies Tax Treatment of Cell Phones, written by Mary Bachinger, Director, Tax Policy:

IRS Treasury Reg/1.62-2(d)(1

Responsible University Office or Officer

Associate Vice President for Finance and Controller

Violation of this policy and its administrative procedure should be reported to your supervisor, your human resource partner, unit manager and/or the office responsible for this policy. Where these resources are inadequate, you may choose to make an anonymous report through the Wake Forest Compliance Hotline, call 1-877-880-7888 or email www.tnwinc.com/Reportline/International/

Who Is Governed By This Policy

All faculty, staff, officers, and students who are working for or on behalf of the university who have oversight of or have been issued or receiving a stipend, use or have responsibility for a department pooled device, or reimbursement for an MCD that is used for University purposes.

Who Should Know This Policy

All faculty, staff, officers, and students who are working for or on behalf of the university who have oversight of or have been issued or receiving any stipend, use or have responsibility for a department pooled device, or reimbursement for an MCD that is used for University purposes. Prior to issuance of an MCD, reimbursement for or stipend for the purchases and use of an MCD, each recipient must read and fully understand this policy and administrative procedure by recipient and approver.
Exclusions & Special Situations
None

Highlights of Revisions, by Date