

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
BUSINESS PROCEDURES MANUAL

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Effective Date: August 1, 2009
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Applies To: System Office and Colleges
Procedure Responsibility: System Office of Business Services

Electronic Devices Issued to Employees

Sections

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Section 1.19.1 – General

Cell phones/blackberries have become a common business tool as employees travel and work from multiple locations and all times of the day. Employees whose job duties require they maintain contact with the organization outside of normal work hours may be issued an electronic communication device by KCTCS. The issuance of electronic devices will generally be provided through the Technology Solutions – Information Technology Department in accordance with the organization’s prevailing primary provider contract.

When an employer provides an employee an electronic communication device it is considered by the United States Internal Revenue Service (IRS) to be “Listed Property” and any *personal use* of the device by the employee may be considered a taxable benefit and may be subject to income taxes. In order to ensure compliance with IRS Section 274(d)(4), KCTCS has established this business procedure.

Section 1.19.2 – Device Expense and Acquisition

- A. All costs associated with electronic device services will be charged to the department ordering the equipment or to an institutional pool account established for that purpose. Such costs include, but are not limited to, the following: equipment acquisition, service initiation, monthly fees, per-minute cost of calls in excess of calling plan allocated, roaming fees, maintenance and repair of equipment, programming, and, replacement of lost, stolen, or non-working equipment.
- B. Devices obtained through any other source without the authorized approval or billed directly to the department or the individual from another source are not

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considered properly approved for *business use* and expenses may not be paid from KCTCS funds.

- C. Charges associated with the personal use of the device are the responsibility of the user. The user should complete a KCTCS Cell Phone Usage Form – PR 102 upon issuance of the device (see Section 1.19.4 below). Charges not solely for KCTCS business use that relate to employees being in personal travel status when the device is used are the total and exclusive responsibility of the employee. Simple example, employee is on vacation taking a cruise to the Caribbean. Employee calls home to other family members, roaming, access and other charges apply to the calls made. The bill for the charges reaches several hundred dollars upon receipt by the college. Any and all expense for making and/or receiving these non KCTCS business related calls are the responsibility of the employee. As a first option the employee shall refrain from use of the KCTCS issued communication device in such an instance to avoid charges. Where use has occurred, any and all charges outside/over the normal prevailing primary provider's contract's covered charges are the responsibility of the employee and shall be reimbursed by the employee.

Section 1.19.3 – Employee Responsibility for Electronic Device Use

- A. Each device furnished to an employee is issued for the sole purpose of conducting KCTCS business and is not intended for personal use. Approval for devices must be obtained from (as appropriate) the College President/CEO or KCTCS Cabinet Member. Each employee is responsible for income related taxes for personal use of a KCTCS issued electronic communication device. KCTCS Payroll staff will tax employees on personal use on a quarterly basis. Upon termination employees should return devices to the issuing party. Terminated employees shall be taxed for any personal usage on their final paycheck.
- B. KCTCS will reimburse employees for business calls made on an employee's personal cell phone with appropriate documentation.
- C. Business use is defined as any use of the phone by the employee in the course of performing the specific duties of their job to conduct official business on behalf and for the benefit of KCTCS. Any other use of the phone is considered to be personal.
- D. The use of any personal device by an employee while driving a KCTCS vehicle is prohibited, unless the employee is using a headset or hands-free speakerphone or the employee moves the vehicle to a non-traffic portion of the road. If the employee is driving a personal vehicle, the use of a headset or hands-free

speakerphone is required while using a KCTCS issued cell phone; otherwise, the employee must move the vehicle to a non-traffic portion of the road.

Section 1.19.4 – Requirements for Procedure Compliance

A. Institution Provided Phones

1. Each employee issued an electronic communication device paid for by KCTCS (device and/or service) must declare the percentage of personal use using KCTCS Business Procedures - Cell Phone Usage Form – PR102 for the forthcoming year by October 31 of each year. For approval and authentication purposes the form must be signed by the employee's immediate supervisor.
2. The employee's supervisor who is issued an assigned KCTCS electronic communication device is responsible for ensuring the PR 102 Form is completed timely and the information is forwarded to the local payroll office on a quarterly basis.
3. The employee's gross taxable income will be adjusted on a quarterly basis to include the personal use claimed by the employee of the electronic communication device. For taxable benefit purposes the end of the quarters will fall on the following dates:

<u>END OF QUARTER</u>	<u>PAYCHECK DATE TAXES WITHHELD</u>
March 31	April 15
June 30	July 15
September 30	October 15
December 31	January 15

To ensure compliance, an employee's use of KCTCS issued electronic communication devices are subject to random audits. An employee's failure to provide a reasonable and accurate estimate of personal use may result in disciplinary action.

Use of the phone in any manner contrary to local, state or federal law constitutes misuse and may result in termination of the device and/or disciplinary action.

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B. Personal Communication Devices

1. An employee may request reimbursement for KCTCS business calls made on the employee's personal cell phone (non-KCTCS issued), blackberry or other communication device.
2. To obtain reimbursement the employee must attach a copy of the invoice with the appropriate KCTCS reimbursement form. The business calls are to be high-lighted from other calls within the invoice. The employee's supervisor shall review and approve and/or reject the request. If approved, the supervisor will forward the request to the local business office for processing.

C. Questions

Questions regarding this procedure are to be directed to the KCTCS Office of Business Services.

End of Procedure