



## WESTAR Cell Phone Stipend Policy # P-14-03

Revised November 5, 2019

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### I. PURPOSE

- a. WESTAR recognizes that the performance of certain job responsibilities may be enhanced by or may require the use of a cellular (cell) phone or a Smartphone. The IRS considers these devices to be "listed property." As such, IRS regulations (IRS Section 274(d)(4)) require detailed record keeping including (a) the amount of the expense, (b) the time and place of the call, and (c) the business purpose for the call. The IRS can declare that all undocumented use of a cell phone is personal and should be taxed as wages, even if the majority of the calls are for business purposes.
- b. In order to comply with IRS rules regarding the taxable nature of cell phone usage by employees, as of April 1, 2014, the WESTAR will offer a cell phone stipend for those employees who hold positions where the duties of that position require the use of a cell phone. The benefits of such an approach include:
  - i. A call log is not required;
  - ii. Monthly reporting is not required;
  - iii. A single phone may be used for both personal and business purposes.
  - iv. The stipend is not to be considered taxable income to the employee.

### II. SCOPE

This policy applies to all WESTAR employees who will be receiving a stipend for their personnel cell phone.

### III. POLICY

Employees who hold positions that include the need for a cell phone (see eligibility criteria below) may receive a cell phone stipend to compensate for business-related costs incurred when using their individually-owned cell phones.

### IV. ELIGIBILITY

- a. Employees whose job duties include the frequent need for a cell phone may receive extra compensation, in the form of a monthly cell phone stipend, to cover business-related costs. An employee is eligible for a personal phone stipend if at least one of the following criteria is met:

- i. The job function of the employee requires considerable time outside of his/her assigned office or work area and it is important to WESTAR that s/he is accessible during those times;
  - ii. The job function of the employee requires him/her to be accessible outside of scheduled or normal working hours where time sensitive decisions/notifications are required; and/or
  - iii. The job function of the employee requires him/her to have wireless data and internet access.
- b. An employee who only occasionally is contacted for business purposes is not eligible for a stipend; however, s/he may submit a record of these expenses for reimbursement.

**V. STIPEND PLAN:**

- a. If an employee meets the eligibility requirements for a cell phone, as outlined above, a stipend may be requested in writing through the Executive Director.
- b. Once approved, the stipend amount will be added to the employee's regular pay. In order to meet IRS guidelines, any amount added for cell phone equipment or for cell phone service will be identified as a non-taxable benefit.
- c. The stipend will be paid as a flat rate per month, based on the selected service. The amount will be determined annually based on the average cost of applicable cell service in the employee's home service area. WESTAR will pay only the agreed upon amount.
- d. The stipend allowance is neither permanent nor guaranteed. WESTAR reserves the right to remove a participant from this plan and/or cancel the stipend for business reasons.
- e. If an employee's job duties do not include the need for a cell phone, the employee is not eligible for a cell phone stipend.
  - i. Such employees may request reimbursement for the actual extra expenses of business cell phone calls on their personal cell phone.
  - ii. Reimbursement for per-minute "air time" charges is limited to the total overage charge shown on the invoice; expenses for minutes included in the plan will not be reimbursed.
  - iii. The individual should make personal payment to the provider, and then should submit a request for reimbursement.
  - iv. Reimbursement documentation should identify the business purpose.

**VI. EQUIPMENT PURCHASE**

- a. WESTAR will not pay for the purchase of personal cell phones, activation fees or insurance.

**VII. EMPLOYEES RIGHTS & RESPONSIBILITIES**

- a. The employee is responsible for purchasing a cell phone and establishing a service contract with the cell phone service provider of his/her choice. The cell phone contract is in the name of the employee, who is solely responsible for all payments to the service provider.
- b. Because the cell phone is owned personally by the employee the stipend provided is not considered taxable income and the employee may use the phone for both business and personal purposes, as needed. The employee may, at his or her own expense, add extra services or equipment features, as desired. If there are problems with service, the employee is expected to work directly with the carrier for resolution.
- c. An employee receiving a cell phone stipend must be able to show, if requested by the Executive Director, a copy of the monthly access plan charges and business related confirming they continue to have a contract for the cell phone. If the employee terminates the wireless contract at any point, s/he must notify his/her supervisor within 5 business days to terminate the stipend.
- d. Any cell phone that has data capabilities must be secured based on current security standards including password protection and encryption. If a cell phone with data capabilities is stolen or missing, the employee is responsible for taking immediate steps to ensure the security of WESTAR's information technology resources.
- e. Employees are expected to delete all WESTAR data from the cell phone when their employment with WESTAR is severed, except when required to maintain that data in compliance with litigation hold notice.

## VIII. CANCELLATION

Any stipend agreement will be immediately cancelled if:

- i. An employee receiving a cell phone stipend terminates employment with WESTAR.
- ii. There is misuse/misconduct with the phone.
- iii. A decision by management (unrelated to employee misconduct) results in the need to end the program or there is a change in the employee's duties
- iv. The employee does not want to retain the current cell phone contract for personal purposes.

APPROVAL: *Alice Edwards* DATE: 11/18/2019  
 WESTAR President