

UIC

2008 Bringing Administrators Together Conference

New and Upcoming Business &
Finance Policy Changes: Cell Phones,
Internet, P-Card, and More

March 6, 2008

10:45am – 12:00pm

Workshop Presenter(s)

- Name: Sandra Ehler
Title: Executive Director, University Payables
Contact: sehler@uillinois.edu
- Name: Terry Thompson
Title: Director, University Tax
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- Name: Stephen Wiggs
Title: Director, Corporate Card Operations
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Please...

- Turn off cell phones
- Avoid side conversations
- Feel free to ask questions throughout the presentation
- Sign the attendance roster
- Complete the evaluation at the end of the workshop

Cell Phone, PDA, & Internet Policy

Objective

To introduce and explain the new cell phone, PDA, and Internet policy

Cell Phone, PDA, & Internet Policy

Top Four Reasons for New Policy

- To ensure that the University is in compliance with IRS substantiation requirements
- To be proactive in event of an IRS audit
- To improve efficiencies
- To alleviate significant administrative burden

Cell Phone, PDA, & Internet Policy

IRS Substantiation Requirements

The following information must be maintained for **each** and **every** call reimbursed to employees or provided through campus telecommunication services:

- Time and date,
- Business purpose, and
- Explanation of business relationship with all participating parties.

Cell Phone, PDA, & Internet Policy

Current Cell Phone/PDA/Internet Service Procedures

Employees requiring the following services for University business purposes:

- Cell phone / PDA service :
 - Receive a University-provided cell phone / PDA, or
 - Use personal cell phone / PDA
 - Reimbursements processed through invoice voucher
- Off-site Internet service:
 - Reimbursements processed through invoice voucher

Cell Phone, PDA, & Internet Policy

New Policy

- Published July 1, 2008; Effective July 1, 2009
- UPAY will contact units/departments throughout fiscal year 2009 for policy implementation
- Two options under new policy:
 - Option 1, Employee Stipend Program
 - Option 2, Maintain status quo with substantiation log

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Option 1, Employee Stipend Program

- Intended for employees who currently receive regular monthly reimbursements, or currently have a University phone and contract
- No IRS documentation required
- No need to distinguish between personal and business calls
- More convenient for employees
 - No need to track calls or carry an extra phone
- Amount of stipend is determined annually by unit/department heads
- Stipends are paid through Payroll
- Units/Departments, as a whole, must elect whether or not to participate
- Review of stipend and form updates completed annually

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Option 1, Employee Stipend Program (Cont'd)

Determining a Stipend Amount

- Units/Departments should use the opportunity to evaluate frequency and level of business need
- Determination of monthly stipend amount is dependent upon the employee's average monthly University business use

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Option 1, Employee Stipend Program (Cont'd)

Termination of a Stipend

- Stipends should be terminated at the same time services are terminated
- Stipends are tied to employee's primary job
 - Recertification and unit/department authorization is required if employee changes primary job

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Option 1, Employee Stipend Program (*Cont'd*)

Exceptions to Stipends

- If a unit/department participates in the Stipend Program, but employee does not qualify for a stipend:
 - Occasional reimbursement for University business calls on personal phones may be approved by the unit/department
 - The unit/department needs to complete the Communications Reimbursement Form, and attach required IRS substantiation
- “Shared” phones within a unit/department must be used for University business purposes only
 - All employees using a shared phone must sign a certification that the phone will be used for University business purposes only

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Option 1, Employee Stipend Program (*Cont'd*)

Equipment

- In general, employees of those units/departments participating in the Stipend Program need to acquire and maintain their own equipment
- If employee elects to continue to use the University-owned equipment, units/departments must complete “Equipment Loan Form” and keep on file within their unit/department

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Option 2, Maintain Status Quo with Required Substantiation Log

- Units/Departments not participating in the Stipend Program must maintain the documentation required by the IRS to meet substantiation rules on all University provided phones
 - Collect employee payment for all personal calls
- Reimbursement requests for employees using personal cell phones / PDAs for business purposes must include all substantiation required by the IRS when submitting reimbursement vouchers to UPAY

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Points of Contact

OBFS needs your unit's/department's contact person's information (name, phone, email). Please provide this information to Sarah Crane at the email address listed below:

- OBFS – University Payables

Sandy Ehler, Exec. Director
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- OBFS – University Payroll

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Terry Thompson, Director
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Carl Patterson, Asst. Director
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Telecommunications Services

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Perry Morris, Specialist Comm. Services
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- Chicago Campus
Pat Jacobs, ACCC TeleCom. Operations Mgr.
pjacobs@uic.edu
312-996-1016
- Springfield Campus
Jamie Voyles, ITS Telecommunication Coordinator
jvoyl1@uis.edu
217-206-7840

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Questions / Concerns?

P-Card Topics

- Audit Results
- Compliance Issues
- Training Initiative
- OBFS Business Policies & Procedures
- Fraud

FY06 Audit Results

Sample size: 60 transactions

- **1** transaction was split into two smaller amounts in order to circumvent assigned single transaction limit
- **7** transactions included sales tax paid by the University
- **7** transactions did not have sufficient supporting documentation
- **3** transactions were for purchases made by someone other than the cardholder
- **5** transactions had the cardholder established as the reconciler and the approver of their own transactions

FY06 (cont.)

- **8** transactions were shown as automatically reconciled by the system, rather than by an employee
- **1** transaction was for an unallowable expense
- **1** transaction for airfare was coded to a supplies expense account code

Total: 33

FY07 Audit Results

Sample size: 80 transactions

- **3** transactions included sales tax paid by the University
- **2** transactions were for the payment of continuous services with the P-Card set up as the default method of payment
- **7** transactions had the cardholder as their own reconciler
- **1** transaction had the cardholder as reconciler and approver
- **3** transactions were for purchases made by someone other than the cardholder

FY07 (Cont.)

- **4** transactions were shown as automatically reconciled by the system, rather than by an employee
- **1** transaction for airfare was coded to a supplies expense account code

Total: 21

FY07 vs. FY06

- 60% improvement in audit findings
- Factors contributing to improved compliance:
 - Policy clarification
 - Increased activity monitoring and reporting
 - Cardholder and Department training and retraining
- Actions taken for further improvement
 - Mandated training implemented December 14, 2007
 - Web delivered training implemented December 14, 2007
 - Consequences published December 14, 2007

Compliance Issues

- Use of the card for unallowable purchases
- Lack of, unacceptable, or late documentation of purchases
- Failure to reconcile charges
- Sharing of P-Card
- Splitting or stringing transactions
- Segregation of Duties
- Posting to wrong GL account

Compliance Issues

- Business Meals
- Personal reimbursements
 - Cell phone
 - ISP
- Contracts/Quotes requiring a signature
- Professional & Artistic Services
- Insurance and Liability Issues

Training Initiative

- Announced: **December 14, 2007**
- Deadline to complete training: **January 31, 2008**
- Active accounts: **5,848**
- Total trained by deadline: **5,454 (93% response)**
- Cards suspended February 1, 2008: **394**
- February 1, 2008 to date activity:
 - Accounts canceled by request: **34**
 - Cardholders that have completed training: **119**
 - Accounts in suspense: **241**

Note: Training must be completed by February 29 or accounts will be terminated

Policy Modifications

OBFS BFPP, Section 7.6

- Mandated training
 - Existing cardholders
 - New card applicants
- Consequences
 - Cardholder
 - Department

Fraud

<u>Doc No</u>	<u>Trans Date</u>	<u>Vendor</u>	<u>Trans \$</u>	<u>Cardholder</u>	<u>Description</u>
PCxxxxxx4	5/29/2007	OFFICE DEPOT	<u>\$595.33</u>	Cardholder XXX	Summer Supplies
PCxxxxxx5	5/29/2007	OFFICE DEPOT	<u>\$401.46</u>	Cardholder XXX	Summer Supplies
PCxxxxxx6	5/29/2007	OFFICE DEPOT	<u>\$456.89</u>	Cardholder XXX	Course material

Trans Detail PCxxxxxx4

University of Illinois Transaction Detail																	
Cardholder: [REDACTED]																	
Log No:		Supplier:	OFFICE DEPOT #2351														
Document No:	[REDACTED]	Status:	Sent to Costing System														
Merchant Ref No:	0529235120437																
Billing Date: Jun 24 2007 Trans Date: May 29 2007 Order Complete? Yes Disputed? No			Upload: Jun 15 2007 Reconciled: Jun 11 2007 Extracted: Jun 11 2007														
Comments OFFICE DEPOT #2351			Total Amount: \$595.33 Sales Tax: \$0.00														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Item</th> <th style="text-align: center;">Qty</th> <th style="text-align: center;">Unit Price</th> <th style="text-align: center;">Item Description</th> <th style="text-align: center;">Item Amount</th> <th style="text-align: center;">FOAP</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: right;">\$595.3300</td> <td style="text-align: center;">[REDACTED]</td> <td style="text-align: right;">\$595.33</td> <td style="text-align: center;">[REDACTED]</td> </tr> </tbody> </table>	Item	Qty	Unit Price	Item Description	Item Amount	FOAP	1	1	\$595.3300	[REDACTED]	\$595.33	[REDACTED]					
Item	Qty	Unit Price	Item Description	Item Amount	FOAP												
1	1	\$595.3300	[REDACTED]	\$595.33	[REDACTED]												

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Level III PCxxxxxx4

Vendor Description - P-Card Addendum										
Close Window										
Product C d	Item Desc	Qty	UOM	Amount	DE/CR	Net Gross	Tax Rate	Tax Type	Tax Amount	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0395631	COVER,REPORT,SPK,FROSTED,BLU	00001	NMB	\$6.5900	D	N	0		\$0.0000	
0961679	INK,HP 96/97,COMBO,BLACK/COL	00001	NMB	\$58.9900	D	N	0		\$0.0000	

Trans Detail PCxxxxxx5

University of Illinois Transaction Detail					
Cardholder: [REDACTED]					
Log No: [REDACTED]		Supplier: OFFICE DEPOT #2351			
Document No: [REDACTED]		Status: Sent to Costing System			
Merchant Ref No: 0529235120438					
Billing Date: Jun 24 2007			Upload: Jun 15 2007		
Trans Date: May 29 2007			Reconciled: Jun 11 2007		
Order Complete? Yes			Extracted: Jun 11 2007		
Disputed? No					
Comments OFFICE DEPOT #2351			Total Amount: \$401.46		
			Sales Tax: \$0.00		
<u>Item</u>	<u>Qty</u>	<u>Unit Price</u>	<u>Item Description</u>	<u>Item Amount</u>	<u>FOAP</u>
1	1	\$401.4600	Summer Supplies	\$401.46	[REDACTED]
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Level III PCxxxxxx5

Vendor Description - P-Card Addendum										
Close Window										
Product Cd	Item Desc	Qty	UOM	Amount	DB/CR	Net Gross	Tax Rate	Tax Type	Tax Amount	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0366701	PROTECTOR,SHEET,SIDE OPEN,25	00006	NMB	\$34.7400	D	N	0		\$0.0000	
0416545	BATTERY,ENERGIZER,AA 8/PK	00001	NMB	\$7.3900	D	N	0		\$0.0000	
0517304	SHARPENER,PENCIL,CORDLESS,EL	00001	NMB	\$6.4900	D	N	0		\$0.0000	
0593332	PAPER,PHOTO,KODAK 8.5X11,50C	00001	NMB	\$34.9900	D	N	0		\$0.0000	

Trans Detail PCxxxxxx6

University of Illinois Transaction Detail					
Cardholder: [REDACTED]					
Log No:		Supplier:	OFFICE DEPOT #2351		
Document No:	[REDACTED]	Status:	Sent to Costing System		
Merchant Ref No:	0529235120439				
Billing Date: Jun 24 2007 Trans Date: May 29 2007 Order Complete? Yes Disputed? No			Upload: Jun 15 2007 Reconciled: Jun 11 2007 Extracted: Jun 11 2007		
Comments OFFICE DEPOT #2351			Total Amount: \$456.89 Sales Tax: \$0.00		
<u>Item</u>	<u>Qty</u>	<u>Unit Price</u>	<u>Item Description</u>	<u>Item Amount</u>	<u>FOAP</u>
1	1	\$456.8900	[REDACTED] Course material	\$456.89	[REDACTED]
Copyright © 1999-2004 ExpensePath Software Version 2.00 - Revision 0.00					

Level III PCxxxxxx6

Vendor Description - P-Card Addendum										
Close Window										
Product C d	Item Desc	Qty	UOM	Amount	DB/CR	Net Gross	Tax Rate	Tax Type	Tax Amount	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000	
0593332	PAPER,PHOTO,KODAK,8.5X11,50C	00001	NMB	\$34.9900	D	N	0		\$0.0000	
0593724	PAPER,PHOTO,KODAK,8.5X11,50P	00001	NMB	\$26.9900	D	N	0		\$0.0000	
0952072	COVER,REPORT,FRSTD FRONT,5PK	00001	NMB	\$6.5900	D	N	0		\$0.0000	
0961679	INK,HP 96/97,COMBO,BLACK/COL	00001	NMB	\$58.9900	D	N	0		\$0.0000	

Questions?