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To: Accounting and Grants and Contracts Offices
From: Myron Dosch, Controller
Subject: Mobile Devices and Sponsored Awards

With the recent issuance of the attached mobile device policy, I have received numerous questions regarding the allowability of cell phone allowances and payments made directly to mobile device service providers. This memo serves to clarify the accounting mechanisms used to process mobile device related charges and its allowability on sponsored awards.

Payments for the business use of mobile devices will take two basic forms. The majority of payments will be in the form of a taxable allowance paid to employees to offset the business use of their personal devices. In other cases, a university-owned device will be provided on an “on call”, or temporary, basis.

Accounting Structure:

Allowances will be paid to approved employees via their paycheck. All allowances will initially be charged to 187070-90003-3447. Bi-weekly, an automated distribution of charges in 187070 will be made to 3447 and the administrative org and corresponding unrestricted fund, as indicated on the allowance form.

Payments for the purchase and monthly plan costs of employer-provided “on-call” phones will continue to be recorded in account code 3446 and whatever fund is appropriate.

Sponsored Awards:

Mobile device allowances are unallowable costs on sponsored awards. Allowances are unallowable as a direct or indirect cost because they are a reimbursement of an employee personal living expense (2CFR 220, J23). The allowance is not based on actual business cost. The allowance is a generic lump-sum payment to an employee to help offset the business use of their personal device, but is not intended to delineate or prorate between personal and business use. The allowances are an administrative cost that may be funded by Facilities and Administrative (F&A) cost recovery.

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The cost of university-owned cell phones purchased for “on-call” or temporary loan purposes is an indirect cost because of the inherent inability to accurately identify it with a particular activity (2CFR 220 Appendix A, B4). Furthermore, 2CFR 220 Appendix A, F6b(3) specifies that “local telephone costs” are normally treated as an indirect cost. However, like other administrative costs there may be unique situations that create an “unlike circumstance” that provides justification for direct charging to a sponsored award. Such costs must be explained in the proposal, approved by the sponsoring agency and documented on an approved Cost Accounting Standards Exemption Request form. See Accounting and Administrative Manual Procedure D-05, *Accounting for Administrative of Clerical Services for Major Programs and Projects*” for further guidance.

Attachment: Accounting and Administrative Manual Procedure *Mobile Communication Devices E-02*