


<u>Subject:</u> Hospitality Policy	<u>Department Name:</u> Business & Finance	<u>Effective Date:</u> 2/1/2011 <u>Issue Date:</u> 2/1/2011
	Revised Policy Revised 2/1/2012	<u>Approval:</u> 

**A. Purpose**

The provision of hospitality must be necessary and in the best interest of the University. The purpose of this policy is to describe the rules and processes used to identify hospitality expenses in conjunction with official University business and activities that promote the University to the public and how they may be paid for with University funds. This policy is written to conform to the requirements of California State University (CSU) Chancellor's Executive Order 761- Hospitality, Payment or Reimbursement of Expenses.

**B. Scope of Policy**

This policy applies to all University departments and to campus Auxiliary Organizations whenever those organizations do not have a policy of their own.

**C. Definitions**

*Approving Authority* – a person to whom authority has been delegated in writing to approve expenses in accordance with University policy.

*Auxiliary Organization Funds* – funds held by a recognized auxiliary organization.

*Award* – a gift of tangible personal property in recognition of service or achievement directly benefiting the University.

*Employee Meetings and Recognition Events* – meetings which serve a University business purpose and are generally administrative in nature such as meetings of functional offices, meetings of the Academic Senate, campus meetings of deans and directors, employee morale functions, extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.

*Entertainment Services* – expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, décor, music, and performers. Service expenditures related to showcasing the talent of students or employees are considered a regular business expense and are not governed by this policy.

*Federal Officials* – federal government employees, elected representatives of the House and Senate, the president of the United States, presidential appointments, and other representatives of the Executive branch. Federal officials are subject to complicated and extensive ethics rules which should be reviewed before any exchange of an item of value.

*Fundraising Event* – events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution and a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events. Fundraising events do not include the following:

- Activities substantially related to the accomplishment of the University's educational purpose, including such activities that receive sponsorship.
- Unrelated trade or business activities that generate fees for service.
- Fundraising solicitations and related prospecting activities intended to generate only a contribution (no purchase of goods or services).

- Raffles in which the prizes have only a nominal value and do not require reporting as taxable income.

*General Fund Appropriations* – funds approved to the University by the state legislature to support expenditures of the University.

*Gift* – something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the University or for other occasions that serve a bona fide business purpose.

*Hospitality* – the provision of meals (catered or at a restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), entertainment services, promotional materials, gifts, awards and service recognition, and travel expenses for official guest(s) of the University. Hospitality includes expenses for activities that promote the University to the public, usually with the expectation of benefits accruing directly or indirectly to the University and may include the provision of gifts, awards, and promotional materials.

*Membership in Social Organizations* – university clubs, athletic clubs, civic organizations and other membership organizations that provide a venue for hosting hospitality events or a means for promoting goodwill in the community. Memberships in business leagues, chambers of commerce, trade associations and professional organizations are considered a regular business expense and are not governed by this policy.

*Official Host* – a CSU trustee, auxiliary governing board member, or university or auxiliary employee who hosts guests at a meeting, conference, reception, activity, or event for the active conduct of University business.

*Official Guest* – a person invited by an official host to attend an official University meeting, conference, reception, or event. Examples of official guests include members of the external community, alumni, donors, elected officials, or media representatives. Employees of the University are not normally considered official guests however employees from another work location may be included as official University participants at the discretion of the official host.

*Operating Fund (CSU Fund 485)* – state appropriation of general tax revenue and student fee revenue for state-supported instruction and related programs and operations.

*Other University and Auxiliary Funds (Other Funds)* – with the exception of the CSU Operating Fund (485) and trust and agency funds held in a custodial capacity for third parties, all other funds controlled by the University or its auxiliaries including, among others, donor funds, grant and contract funds, reimbursed programs, Continuing Education Revenue Funds, Lottery Education Funds and Enterprise Funds.

*Trust or Agency Funds* – fiduciary funds held by the University or an auxiliary in purely custodial capacity (assets equal liabilities) for individuals, private organizations or government units. Trust or agency funds held by the University or its auxiliaries on behalf of third parties are subject to applicable laws and a written agreement.

*Promotional Materials* – a gift of tangible personal property that is distributed to promote the name or image of the University, to provide information, or enhance University productivity. Promotional items are of minor value and bear the logo or other icon or information identifying the University such as a pen, folder, calendar, or clothing.

*Special Funds* – funds authorized for support of activities that are supplemental to the primary mission of the University and are paid for by fees and revenues other than general tax revenues. Special funds

include, among others, Reimbursed Programs, Continuing Education Revenue Funds, Self-Support Enterprise Funds, Auxiliary Enterprise Funds, Trust Funds, and Special Project Funds.

*Work Location* – the place where the major portion of an employee’s working time is spent or the place to which the employee returns during working hours upon completion of special assignments.

#### **D. Policy**

##### **Allowable Expenditures and Occasions**

1. Hospitality costs may be paid with University funds to the extent that the purchase and use of these services and items is consistent with the University’s mission and fiduciary responsibilities.  
Hospitality expenses must:
  - Be directly related to, or associated with, the active conduct of official University business. When a University employee serves as an official host, the occasion must, in the best judgment of the approving authority, serve a clear University business purpose, with no personal benefit derived by the official host or other University employees.
  - The expenditure of funds for hospitality should be cost effective and in accordance with the best use of public or auxiliary funds. The approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.
  - Conform to IRS regulations, or bargaining unit agreements if more restrictive. No employee business meal or entertainment expenditure that is considered taxable income under IRS regulations will be reimbursed or paid (See [www.irs.gov](http://www.irs.gov)). An employer’s reimbursement of an employee business meal or entertainment expense may be considered taxable income to an employee if:
    - ✓ The activity is not directly related to the employee’s job.
    - ✓ The expense is lavish or extravagant under the circumstances.
    - ✓ The expense is not substantiated with supporting documentation.
2. The provision of hospitality is permitted when the University is host or sponsor to occasions that include, but are not limited to:
  - Official guests, University employees from another work location, recruitment of candidates, donors, prospective donors, and community members.
  - Meetings of a learned society or organization.
  - Meetings of an administrative nature that are directly concerned with the welfare of the University in which the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience.
  - Reception held in connection with conferences, fundraising events, meetings of student organizations and groups, student events such as commencement exercises, and meetings of other University related groups such as alumni organizations.
  - Receptions for the benefit of employee morale, employee recognition or length of service awards, or retirement presentations.
  - The University hosts community relations or fundraising events to promote goodwill, recognize distinguished service, or cultivate donors.
  - Representative of the University participates in community outreach to enhance partnerships, promote goodwill, recognize distinguished service or cultivate donors.
3. Employee Meetings and Recognition Events (see 403 for definition): Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently and are reasonable and appropriate to the business purpose. Meals or light refreshments provided to employees on a frequent or routine basis are considered taxable income by the IRS and are therefore not permitted under this policy. Memorial services, celebrations of retirement, and farewell gatherings for employees separating with at least 5 years of service are permissible.

- Meals or light refreshments should be limited to no more than twelve times per year, per group.
- Meals or light refreshments provided to a group should be counted on an event basis, e.g., a two-day meeting should be counted as one event in determining compliance with these guidelines.
- Meals or light refreshments provided in the course of a business meeting must be modest and reasonably priced. When a meeting takes place over an extended period of time and the agenda includes a working meal, there may be justification that the meal is integral to the business function, examples include:
  - A meeting where there is a scheduled speaker during the meal period;
  - A meeting where the participants work through the meal period;
  - Circumstances where it would be too time-consuming or disruptive for participants to take a meal break away from the meeting location.

Campus procedures will identify authorization and documentation requirements as well as a maximum per person rate for breakfast, lunch, dinner and light refreshments inclusive of the total cost of food, beverages, labor, sales tax, delivery fees or other service fees. The maximum rates will be reviewed annually by the Chief Financial Officer. High level authorized authorities at the Vice President level or above may approve limited exceptions to the maximum per person rate with a documented explanation

4. Spouses and Domestic Partners: Hospitality provided to the spouse or domestic partner of an employee may be permitted when it serves a University business purpose. Such an individual's presence is considered to serve a University business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Official functions to which spouses or domestic partners are invited as a matter of protocol or tradition such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events may be considered business related. An agenda, invitation or similar documentation should be included with the payment record.
5. Students and Prospective Students: Hospitality provided to students or prospective students may be permitted when it serves a University business purpose. Permissible activities may include recruitment efforts, student activities, student programs, student organization events, student recognition events and commencements. Students may be hosted to attend fundraising and other community relations events that enhance their learning experience, in recognition of their student achievement, to engage with alumni and donors, or as representatives of elected student leadership. Hospitality provided to student athletes and recruits must be in accordance with the rules, regulations, guidelines, standards and procedures of the intercollegiate athletic association's national governing board; e.g., National Collegiate Athletic Association.

### **Unallowed Expenditures**

1. Personal Benefit: Hospitality expenses that are of a personal nature and not related to the active conduct of official University business will not be paid or reimbursed. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers
2. Discrimination: Hospitality expenses will not be paid or reimbursed for membership in social organizations, activities or entertainment services that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability.

### **Funding Sources**

Hospitality expenses may be paid from various fund sources, subject to the rules outlined below and the restrictions identified in Exhibit A.

### **Operating Fund (CSU Fund 485):**

1. The University General Fund shall **not** be charged for:
  - Alcoholic beverages

- Entertainment services
  - Memberships in social organizations
  - Tobacco products
  - Food or beverages for business meetings attended only by University employees from the same work location.
  - Attendance at third party events not hosted by the University or its Auxiliaries.
  - Faculty/staff picnics; holiday gatherings; social events.
  - Gifts and awards.
  - Promotional items when the recipients are employees.
  - Any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.
2. The University General Fund may be charged for:
- Officially recognized University events such as conferences, forums, and tournaments for which the majority of participants are expected to be from outside the University community.
  - Third party events such as award banquets, recognition dinners and other special events or celebrations not hosted by the University or its Auxiliaries in which employee attendance is considered appropriate as support to or from the community.
  - Food and related items integral to a grant.
  - Supply items such as food for the childcare center, farm or lab animals used in research, or refreshments for President's official visitors/guests.
  - Promotional item expenditures, except when the recipients of the promotion items are employees.
  - Participation of employees or official guests at University fundraising events to the extent that such expenditures do not exceed the projected net revenue of the activity.

**Other University and Auxiliary Organization Funds (Other Funds):**

1. Hospitality expenses may be charged to Other Funds controlled by the university or its auxiliaries provided the expense serves a bona fide business purpose. The following restrictions apply to the use of Other Funds controlled by the university or its auxiliaries:
  - Other Funds may be used to pay for alcoholic beverages, awards and service recognition, entertainment services, gifts, membership in social organizations and promotional items to the extent these purchases are not restricted by other applicable laws, regulations, or funding source agreements.
  - Federal or local government contract and grant funds may only be used to pay hospitality expenses specifically authorized in the contract or grant, or by agency policy. In the event of a conflict between agency and CSU policy, the stricter of the two policies shall apply.
  - Federal Funds may not be used to purchase alcoholic beverages.
2. Auxiliary Organization Funds (see definition page 1): Auxiliary Organization Funds may be used to fund hospitality but only within the restrictions established by the auxiliary organization. Expenses for alcoholic beverages, tobacco products, gifts, and awards may be charged to Auxiliary Organization Funds subject to the policies and restrictions established by this policy and the auxiliary organization.
3. Lottery funds may not be used for the purchase of food (Government Code Section 8880.5).
4. Trust funds may be used for hospitality expenses if so designated in the Trust Account Agreement document. Alcoholic beverages may not be charged to trust funds.
5. Foundation Account (i.e., Campus Program) funds may be only be used for hospitality expenses if so designated in the Foundation Account Application document.

*SEE EXHIBIT A FOR DETAILED LISTING OF ALLOWABLE FUNDING SOURCES FOR HOSPITALITY EXPENSES*

**E. Delegation of Authority**

The President delegates to the University Vice President for Business & Finance responsibility for establishing and maintaining the signature authority database and the procedures that govern the manner and extent that hospitality may be extended. The following criteria will be complied with:

1. No individual may approve **their own expenses**. Individual employees **may not approve expenses of their supervisor, with the exception** of hospitality expenses incurred by the Chancellor and campus Presidents.
2. Division or Department Transactions: The signature of one of the following is required to approve hospitality expenditure transactions on behalf of a specific College, Division or Department:
  - President
  - Provost and Vice Presidents
  - Associate and Assistant Vice President
  - College Dean and Department Chair
3. Auxiliary Transactions: The signature of one of the following is required to approve hospitality expenditure transactions on behalf of a specific Auxiliary:
  - Auxiliary Board Chairperson (University President)
  - Auxiliary Treasurer (University Vice President for Business & Finance)
  - Associate Vice President of Auxiliary Services
  - Auxiliary Executive Director

**F. Approval Process**

1. Hospitality expenses must be pre-approved by the appropriate approving authority using the "Hospitality Food and Beverage Expenditure Form" (Exhibit B). The signed form must be attached to the payment document (i.e., requisition, direct pay, or PCard) **prior** to the payment being processed.
2. With the exception of events hosted by the President, expenditures in excess of Five Hundred Dollars (\$500.00) for a single event must be pre-approved by a Vice President.
3. Payment of hospitality expenses may be denied if the approval process is not followed.

**EXHIBIT A**  
**TABLE 1 – FUNDING SOURCES FOR PAYMENT OF HOSPITALITY EXPENSES**

<b>HOPITALITY EXPENSE</b>	<b>GENERL FUND APPROPRIATIONS (“G” and “GR” funds)</b>	<b>TRUSTS (TM) CAMPUS PROGRAMS (A) EXTENDED ED (E)</b>	<b>GRANTS &amp; CONTRACTS “C” FUNDS</b>	<b>AUXILIARIES</b>
Food & beverages (other than alcoholic beverages) for meetings attended only by employees of the same work location.	No	If stated in fund set-up agreement.	If stated in grant budget at time of award.	Yes
Food & beverages (other than alcoholic beverages) for meetings attended by official guests or employees from another work location.	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Alcoholic beverages	No	If stated in fund set-up agreement and if compliance with University alcohol policy	NA	Yes
Entertainment Services	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Gifts	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Awards	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Membership in Social Organizations	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Promotional Items	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Tobacco Products	No	If stated in fund set-up agreement	If stated in grant budget at time of award	No
Travel	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes

**EXHIBIT B**

**CALIFORNIA STATE UNIVERSITY, STANISLAUS**  
One University Circle, Turlock, CA 95382



**HOSPITALITY EXPENDITURES**

In order to comply with Executive Order #761, and the University's Hospitality Policy, all information requested below must be submitted.

Department Name:  E Req/Direct Pay or PCard Number

Requestors Name And Title:

Requestors Telephone Number:

Chartfield String:

*Account	*Fund	*Dept	Program	Project	Class
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Type Of Expense (e.g.: breakfast, lunch, refreshments, gifts, awards promotional items):

Amount of Expense:

Vendor's Name:

\*For purpose of completing this form, hospitality expense or food and beverage expense will be referred to as "event".

Date of Event:

Location of Event:

Purpose of Event:

List of Names, Titles, Affiliations Of Event Participants:

Provide Explanation Of Benefit Received By The University From Event:

APPROVED BY (Dept. Head, Dean or Vice President):

Name:

Title:

Date:

Please attach this form to the completed and approved department requisition form along with the original, itemized receipt (the itemized restaurant bill as well as the personal credit card receipt). If the restaurant is unwilling or unable to provide an itemized receipt, a written statement to that fact, must be provided.