



CALIFORNIA STATE UNIVERSITY SACRAMENTO

HOSPITALITY EXPENSES

PROCEDURES

Policy Objective

It is the policy of the California State University, Sacramento "UNIVERSITY" that hospitality expenses may be paid to the extent that such expenses are necessary, appropriate to the occasion, reasonable in amount and serve a purpose consistent with the mission and fiduciary responsibilities of the UNIVERSITY. This policy applies to activities that promote the UNIVERSITY to the public and the provision of hospitality in connection with official UNIVERSITY business and specifies the university and auxiliary funds that may be used for such purposes.

Policy Statement

100 PURPOSE

This policy governs the manner and extent to which the UNIVERSITY and its auxiliary organizations may provide hospitality to employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting; recreational, sporting or entertainment event; or other occasion that promotes the mission of the UNIVERSITY. The policy also addresses meals served to employees as part of a morale-building function and meals provided to prospective students and employees.

200 SCOPE

This policy governs the appropriate use of state, auxiliary organization, sponsored program administration, private-purpose trust and agency funds unless legally exempted or otherwise restricted; e.g. documented trust agreements. The UNIVERSITY and its auxiliary organizations will comply with additional restrictions when established by funding sources. Recognized student organizations are not subject to this policy.

300 AUTHORITY

Authority for this policy is pursuant to California Education Code section 89044. This policy is issued under delegation of authority from the Chancellor to the Executive Vice Chancellor and Chief Financial Officer, and implementation and compliance with the policy is further delegated to the campus Chief Financial Officer. California Education Code sections 66600, 89030, and 89035.

400 DEFINITIONS

For the purpose of this policy, the following definitions apply:

401 Approving Authority – a person to whom authority has been delegated in writing to approve expenses for meals, light refreshments, and other amenities described within the policy.

402 Auxiliary Organization Funds – funds controlled by the UNIVERSITY's auxiliary organizations including, sponsored programs or grants, donor funds, and endowment funds subject to any restrictions based on the fund agreements. UNIVERSITY auxiliary organizations are separate legal entities authorized in the Education Code to provide essential services to students and employees. Auxiliary organizations operate in association with campuses pursuant to special written agreements, and are authorized to perform specific functions that contribute to the educational mis-

sion of the campus. Auxiliary organizations are separate 501(c) (3) corporations established for the benefit of the university they support. These organizations are subject to applicable state and federal laws and regulations. In addition, they operate within the policies established by the CSU Board of Trustees, the chancellor, and the campuses. The auxiliary organizations are self-supporting and therefore, do not receive funding from General Fund sources.

403 Employee Meetings and Recognition Events – meetings which serve a UNIVERSITY business purpose and are generally administrative in nature such as UNIVERSITY system wide 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.

404 Hospitality – is defined to include the following elements:

1. *Entertainment Services* – Reasonable expenditures as part of a public purpose event includes, but is not limited to, equipment and venue rental, décor, music, and performers.
2. *Food and Beverage* the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies).
3. *Gifts, Awards and Prizes*- something of value given or bestowed upon an individual, group, or entity in recognition of service to the university or achievement benefiting the university with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose.
4. *Promotional Items* – items that display the name, logo or other icon identifying the university such as a key-chain, coffee mug, calendar, or clothing.

405 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.

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

407 Official Guest – a person invited by an official host to attend a UNIVERSITY meeting, conference, reception, activity or event. Examples of official guests include employees visiting from another work location, students, donors, recruitment candidates, volunteers, members of the community, or media representatives.

408 Private – *Purpose Trust and Agency Funds* as defined by Executive Order 1000.

409 Public Purpose – or business purpose include expenses that serve a purpose consistent with the mission and fiduciary responsibilities of the UNIVERSITY.

410 Sponsored Program Administration Funds – Federal, state, local government, and private contracts.

411 State Funds –As defined by EXECUTIVE ORDER 1000, all Enterprise funds are deemed to be state funds. These are monies that are appropriated by the legislature, either as part of the budget process or continuously appropriated (e.g., tuition and fees).

412 Student Organizations – As defined in Executive Order (EXECUTIVE ORDER) 1068 – Student Activities, section titled “Formal Chartering and Recognition Policies.”

413 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. The employee’s department determines what constitutes an individual employee’s work location for the purpose of these procedures.

500 ALLOWABLE EXPENDITURES AND OCCASIONS

Hospitality expenses must be directly related to, or associated with, the active conduct of official UNIVERSITY business. When an employee acts 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 employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.

Employee hospitality must conform to IRS regulations. Any award that is received by an employee is taxable income and the amount of the award would be added to the employee's annual W2 statement regardless of the amount involved.

When determining whether a hospitality expense is appropriate, 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. Following are examples of occasions when the provision of hospitality is permitted under this policy, fund restrictions still apply:

- The UNIVERSITY hosts or sponsors business meetings that directly correlate with the operations of the UNIVERSITY.
- The UNIVERSITY hosts official guests with an interest in the UNIVERSITY.
- The UNIVERSITY is the host or sponsor of a meeting of a learned society or professional organization.
- The UNIVERSITY hosts receptions held in connection with conferences, meetings of a learned society or professional organization, meetings of student organizations and groups, student events such as commencement exercises, and events or meetings of other UNIVERSITY related groups such as alumni associations.
- The UNIVERSITY hosts or participates in community relations or fundraising events to promote the university, enhance partnerships, recognize distinguished service, or cultivate donors.
- The UNIVERSITY hosts receptions for the benefit of employee morale, employee recognition, official presentations for length or exceptional contributions of service awards, with at least 5 years of service are permissible.

501 Employee Meetings and Recognition Events - Hospitality provided to employees may be permitted when it serves a UNIVERSITY business purpose. Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently, 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. When a meeting takes place over an extended period and the agenda includes a working meal, there may be justification that the meal is integral to the business function.

Campus procedures should identify authorization and documentation requirements, as well as, a maximum per person rate(s) 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 should be reviewed periodically by the Chief Financial Officer or designee.

Additional requirements for alcohol purchases for EMPLOYEE ONLY events:

- Pre-approval by the Vice President/Provost is required for employee only events where alcohol will be served
 - VP hosted events do not need pre-approval
- There will be a \$20/person cap for alcohol, and the total of all food and drink, include tax, gratuity and service charge for meals as noted in the table below, still applies.
 - This calculation is done for the total number of attendees, regardless if they drank alcohol
 - Example: Max limit for lunch is \$50/pp. 10 attendees x \$20 = \$200 max spent on alcohol, including tax and tip. That leaves \$30/pp for the food portion of the lunch, including tax and tip.
- The alcohol should be charged on a separate transaction for proper tracking
- Catered events are exempt, but the amounts in the table below are still applicable

- Foundation funds are the preferred funding source for alcohol hospitality, if the fund specifications allow for hospitality. Miscellaneous trust funds or special funds can also be utilized if the specifications allow for hospitality. Please refer to Appendix A below for more information about allowable funds.

Maximum Per-Person Rates for Hospitality Meals and Light Refreshments

Meal type	* Maximum Per-Person
Breakfast	\$ 40.00
Lunch	\$ 50.00
Dinner	\$ 85.00
Light refresh-	\$ 40.00

*The maximum per-person calculation is created by dividing the total amount charged for food, beverage, tax, gratuity and service charge by the total number of actual attendees. If food is being ordered, the estimated number of attendees should be used when choosing the appropriate menu items.

When a hospitality expense exceeds the per-person maximum provided in the chart above, the hospitality is considered exceptional. Exceptions require a written justification for the overage and the approval from a Vice President, or the Auxiliary Organization Executive Officer. The approved justification must include why adherence to the policy was unavoidable and necessary to achieve a University business purpose.

502 Spouses and Domestic Partners - Hospitality provided to the spouse, domestic partner or significant other of an employee may be permitted when it serves a UNIVERSITY business purpose such as ceremonial functions, fund-raising events, alumni gatherings, athletic games, and community events. An agenda, invitation or similar documentation should be included with the payment record.

503 Students and Prospective Students - Hospitality provided to students or prospective students may be permitted when it serves a UNIVERSITY business purpose. To justify the expenditures of public funds, one must determine that the expenditure will benefit the education of students. 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.

600 UNALLOWED EXPENDITURES

601 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.

602 Discrimination - Hospitality expenses will not be paid or reimbursed for membership in social organizations, activities or entertainment services that discriminate, including Harassment, because of any Protected Status: i.e., Age, Disability (physical or mental), Gender (or sex), Gender Identity (including transgender), Gender Expression, Genetic Information, Marital Status, Medical Condition, Nationality, Race or Ethnicity (including color or ancestry), Religion (or Religious Creed), Sexual Orientation, sex stereo type, and Veteran or Military Status, as stated in Executive Order 1096.

603 Gift of Public Funds - The California gift of public funds doctrine set forth in the California Constitution, article XVI §6, prohibits the giving or lending of public funds to any person or entity, public or private.

700 FUNDING SOURCES

Hospitality expenses may be paid from various fund sources, subject to the rules outlined below:

701 State Funds - Unless specifically authorized in the local trust agreement (LTA), State Funds have the following restrictions and uses:

- State Funds may **not** be used to pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act, such as:
 - a. pay for food and beverages or entertainment services that do not serve a business purpose.
 - b. pay for alcoholic beverages, memberships in social organizations, or tobacco products.
 - c. pay for employee morale.
- State Funds may be used:
 - a. to pay for gifts, awards and prizes to employees for exceptional contributions, to students for excellence [EC §44015], and individuals to participate in a research funded survey or study.
 - b. for employee recognition, and official presentations for length of service awards or exceptional contributions, with at least 5 years of service.

702 Auxiliary Organization Funds - Hospitality expenses may be charged to auxiliary organizations provided the expense serve a bona fide business purpose. Auxiliary organization funds may be used to pay for alcoholic beverages, formal 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.

703 Sponsored Programs Administration Funds - 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 UNIVERSITY policy, the stricter of the two policies shall apply. Federal Funds may not be used to purchase alcoholic beverages or tobacco products.

704 Private-Purpose Trust and Agency Funds - Hospitality expenses may be charged provided the expense serves a bona fide business purpose and to the extent, these purchases are not restricted by other applicable laws, regulations, or funding source agreements.

800 EXCEPTIONS

Exceptions require a written justification and the approval from a Vice President, or the Auxiliary Organization Executive Officer. The approved justification must include why adherence to the policy was unavoidable and necessary to achieve a University business purpose.

When appropriate and necessary, the President may make a limited exception to the hospitality policy and procedures the purpose of the exception must be documented and signed by the President.

801 EXEMPTIONS

- Integral Grant Expenditures – Expenditures for food and related items integral to a grant (e.g., a training grant that includes lunch for students) are not considered hospitality expenses for purposes of these procedures and policy. These expenses should be processed as regular expenses following current Procurement and Accounts Payable policies and procedures.

- Supplies and Other Services – Reimbursement or payment for items such as snack foods for the childcare center, food for lab animals, items used in research, service expenditures related to showcasing the talent of students (e.g. light beverages/food for music recital), of beverages for visitors to the Office of the President are exempt from these procedures and policy. These expenses should be processed as regular expenses following current Procurement and Accounts Payable policies and procedures.

900 APPROVAL OF TRANSACTIONS

- Individuals that can approve the use of University funds for the purchase of commodities and services are also delegated the authority to approve the payment and/or reimbursement of hospitality expenses. The approving authority is the University employee who has been granted authority, by way of the University Common Management System (CMS) Delegation of Authority and Reports to (DART) process, to approve the use of funds.

901 RESPONSIBILITIES

It is the delegated approving authority's responsibility to insure the hospitality expenses serve a clear University business related purpose, have followed appropriate University and Auxiliary Organization purchasing policy, and that the employee who made the purchase or is being reimbursed derived no personal benefit.

In order to ensure the independence of the approval process and avoid conflict of interest issues, individuals delegated this authority cannot approve their own expense or expenses they had personal benefit and cannot approve expense of their direct or indirect manager. The approving authority must be the manager or above of the official host. The exception is approval of President's expenditures by the Chief Financial Officer.

In addition, delegated individuals may not approve expense of their spouse, registered domestic partner, significant other, child, parent, or other near relative.

902 ADDITIONAL APPROVAL REQUIRED

Authorization of Vice President or above (or Auxiliary Organization Executive Officer) is required for payment or reimbursement of the following hospitality expenditures:

- For recreational, sporting or entertainment events
- For a spouse, domestic partner or significant other of an employee
- Above set per person maximum rates
- Gift card/certificate amounts above annual maximum

903 GIFTS TO EMPLOYEES

Sacramento State wants managers to find meaningful ways to recognize faculty, staff and student employees while also complying with IRS regulations. Property gifts (flowers, books, trophies, plaques, etc.) to employees are not taxable if de minimis (up to \$100). Gift cards and gift certificates and other cash equivalent items, no matter how small, are always taxable to an employee on their W-2. Gift card purchases must be preapproved by the Procurement Office. In addition, a disbursement log must be attached to the payment request for control and tax reporting purposes. Instructions, forms, and a guide to identifying gifts card numbers are linked to the Accounts Payable and Procurement websites under Hospitality Expense Procedures. Gift cards (or equivalents) to an individual employee may not exceed \$200.00 in any calendar year; unless, approved by the Divisional Vice President/Provost.

904 COMMUNITY RELATIONS ACTIVITIES

Payment or reimbursement for attendance at a community relations activity or fundraising event must include documentation of the individual attendee names, affiliations, and direct or indirect benefit to the University to be derived from the expense.

905 REQUIRED DOCUMENTATION

Documentation will be reviewed by Accounts Payable, Procurement, Bursar's or Accounting Services to insure hospitality expense transactions are all appropriately documented and approved. See **Appendix B**

Contact Information:

If you have any questions about Hospitality Expenses, please email aba-fin-ap-travel@csus.edu

APPENDIX A

HOSPITALITY EXPENSES	CSU Operat- ing Fund 485 (THS, TS & M ex- cept MDR01)	Special Funds (Other CFS)	Auxiliary Or- ganization Funds and MDR01
Alcoholic beverages, including tax, gratuity and service charges	NO	YES	YES
Bereavement gift expenditures - flowers, plants or card for employees or former employees	NO	YES	YES
Commencement Exercises	YES	YES	YES
Employee Awards and Service Recognition Gifts	YES	YES	YES
Employee Meetings and Recognition Events attended ONLY by employees of the same work location (campus) and if meal is not incidental and if meeting could not have been held during normal work hours. Retirement Celebrations (includes Farewells with 5+ years of service). Operating Fund okay with Official Guests attending. Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently, are reasonable, Meals or light refreshments for frequent meeting is NOT permitted.	YES	YES	YES
Employee Social Events (birthdays, anniversaries, weddings, or baby showers)	NO	NO	NO
Entertainment Services	NO	YES	YES
Gifts (<i>Gift cards and equivalents to employees are taxable and must not exceed \$200 per calendar year; without VP approval</i>)	NO	YES	YES
Interview/Recruitment/Official Guest Expenses - Meals, Airfare, Lodging and car rental	YES	YES	YES
Light refreshments such as coffee, tea, soda, candy etc.; if available to the public	YES	YES	YES
Meals purchased during meeting with University Donors for Donors Cultivation	YES	YES	YES
Meals purchased for meetings with Official Guests	YES	YES	YES
Memberships in Social Organizations	NO	YES	YES
Promotional Items for Non-Employees	YES	YES	YES
Spouses and Domestic Partners hospitality expense with bona-fide business purpose	YES	YES	YES
Student meetings and recognition events	YES	YES	YES
Tobacco Products	NO	NO	NO

APPENDIX B

Hospitality Expense Planning Checklist															
<p>Project Name: _____ Event Date: _____</p> <p>When planning a meeting and/or event that includes hospitality related expenses, consider the following information and documents that must be submitted with the payment request.</p>															
Check Box	<p style="text-align: center;">Note: This document IS for your use, do not send to Accounts Payable.</p>														
	<p>Type of Expense and related Payment method(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Catering</td> <td>-Purchase Orders or Procurement Card</td> </tr> <tr> <td>Non-catered food</td> <td>-Reimbursement request or petty cash</td> </tr> <tr> <td>Meal with guest</td> <td>-Reimbursement request, petty cash or Procurement Card</td> </tr> <tr> <td>Gift Cards</td> <td>-Reimbursement request, petty cash or Procurement Card</td> </tr> <tr> <td>Bereavement Gifts</td> <td>-Reimbursement request, petty cash or Procurement Card</td> </tr> <tr> <td>Promotional items</td> <td>-Purchase Order or petty cash or Procurement Card</td> </tr> <tr> <td>Awards</td> <td>-Purchase Order or Procurement Card</td> </tr> </table>	Catering	-Purchase Orders or Procurement Card	Non-catered food	-Reimbursement request or petty cash	Meal with guest	-Reimbursement request, petty cash or Procurement Card	Gift Cards	-Reimbursement request, petty cash or Procurement Card	Bereavement Gifts	-Reimbursement request, petty cash or Procurement Card	Promotional items	-Purchase Order or petty cash or Procurement Card	Awards	-Purchase Order or Procurement Card
Catering	-Purchase Orders or Procurement Card														
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Promotional items	-Purchase Order or petty cash or Procurement Card														
Awards	-Purchase Order or Procurement Card														
	<p>Documentation of Cost</p> <p><i>Itemized</i> receipt/invoice for food; invoice/receipt for awards, gifts and promotional items. For reimbursement, must also include proof that receipt/invoice was paid</p>														
	<p>Gift Cards</p> <p>Must be approved before purchase (Pre-approval for Purchase of Gift Cards form) Include list of recipients (Gift Card/Certificate Disbursement Log form) with payment request</p>														
	<p>Funding Source</p> <p>The ChartString (Fund/Dept ID/Account) to be used; consider who has delegated authority for the Department and consider limits on the use of funds for hospitality expenses [e.g. CSU Operating funds (THS, TS&M except MDR01) may not be used for alcohol, gifts, employee meetings and recognition events attended only by employees, employee social events, entertainment services, memberships in social organizations, tobacco products or promotional items for employees.]</p>														
	<p>Official Host</p> <p>Include name of the official host. This is the "owner" of the food related expense. The person who hosts guests at a meeting, conference, reception, activity or event for University business. The official host may not approve the expense. His/her supervisor or above must approve.</p>														
	<p>Approving Official</p> <p>The University employee who has been granted authority, by the CMS Delegation of Authority process, to approve the use of funds. The approving official must be the supervisor or above of the <u>official host</u></p>														
	<p>Event/Meeting Information</p> <p>Example: Agenda/program with date and location</p>														
	<p>Business Purpose</p> <p>Provide a brief statement explaining the University business purpose of the hospitality expense. For food related expenses, must explain why the meal was a necessary and integral part of the meeting/event</p>														
	<p>Attendees - Small Group Event (25 or less)</p> <p>Include list of attendees and their relationship to the university (e.g. faculty, staff, student, guest)</p>														
	<p>Attendees - Large Group Event (more than 25)</p> <p>Either include list of attendees/invitees OR a general description of attendees/invitees and their relationship to the university (e.g. faculty, staff, students, guests)</p>														