Hospitality Policy

*Policy

It is the policy of California State University, Bakersfield 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.

*Authority

Authority for this policy is pursuant to California Education Code Sections 66600, 89030, 89035, 89044; Integrated CSU Administrative Manual Policy Number 1301.00.

*Purpose

This policy governs the manner and extent to which the university and its auxiliaries 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 CSU. The policy also addresses meals served to employees as part of a morale-building function and meals provided to prospective students and employees.

*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.

Awards and Service Recognition - something of value given or bestowed upon an individual, group or entity in recognition of service to the university or achievement directly benefiting the university; e.g. financial prizes, trophies, plaques, and flowers. Retirement awards are available for employees who have completed 25 years of state service at time of retirement, not to exceed the sum of ninety dollars ($90). To order a retirement award, please refer to the Procurement website for complete procedures http://www.csub.edu/bas/fiscal/procurement/retirement/index.html

Employee Meetings and Recognition Events - meetings which serve a university business purpose and are generally administrative in natures such as meetings of deans and directors, employee morale function, 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 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 rules which should be reviewed before any exchange of 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 CSU'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.

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 restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), entertainment services, promotional materials, gifts, awards and service recognition. 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.

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 - auxiliary governing board member, or university or auxiliary employee who hosts 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 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. Employees of the university are not considered official guests.
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 CSU or its auxiliaries including, among others, donor funds, grant and contract funds, reimbursed programs, Continuing Education Revenue Funds, Lottery Education Funds and Enterprise Funds.

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 keychain, coffee mug, pen, folder, calendar, or clothing.

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.

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.

*Procedures*

**Allowable Expenses and Occasions**

Payments or reimbursements of hospitality expenses must be directly related to, or associated with, the active conduct of official university business. When a university 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 university employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.

Specifically, employee business meal or entertainment expenses must conform to IRS regulations. No employee business meal or entertainment expenditure that is considered taxable income under IRS regulations will be reimbursed or paid (See Tax Guideline link below). 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.
Examples of allowable expenses are listed below.

When determining whether a food expense is appropriate, the approving authority must evaluate the:

a. Importance of the event in terms of the costs that will be incurred;
b. Benefits to the university which will be derived from such an expense;
c. Availability of funds;
d. Alternatives that would be equally effective in accomplishing the desired objective.

**Examples of Allowable Food Expense**

*Host to Official Guests*

When the university is host to official guests, including students, donors, visitors from other universities, members of the community, or university employees visiting from another work location, the cost of meals or light refreshments may be reimbursed. Activities may include but are not limited to campus receptions, public ceremonies, and advisory committee meetings concerned with various aspects of the campus instructional program.

In addition, such costs may be reimbursed for prospective employees seeking positions with the university.

*Meetings of a Learned Society or Organization*

When the university is the host or sponsor of a meeting of a learned society or organization, the cost of meals and light refreshments may be reimbursed.

*Employee Meetings and Recognition Events*

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.

- 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 should 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 should be reviewed annually by the Chief Financial Officer. High level authorized authorities at the Vice Chancellor/Vice President level or above may approve limited exceptions to the maximum per person rate with a documented explanation.

*Spouses and Domestic Partners*

Hospitality provided to the spouse or domestic partner of an employee may be permitted when it serves a CSU business purpose. Such an individual's presence is considered to serve a CSU 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.

*Students and Prospective Students*

Hospitality provided to students or prospective students may be permitted when it serves a CSU 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.
Examples of Unallowed Expenditures

*Personal Benefit

Hospitality expenses that are of a personal nature and not related to the active conduct of official CSU business will not be paid or reimbursed. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers. Memorial services, celebrations of retirement, and farewell gatherings for employees separating with at least 5 years of service are permissible.

*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 university funds sources, subject to the rules outlined below and the restrictions previously identified. It is the responsibility of each Vice President to ensure that all funds are used in accordance with this policy. There are three kinds of funds available for the payment of hospitality expenses, Operating Fund; other University and Auxiliary Organization Funds; and Trust and Agency Funds held for Third Parties.

*Operating Fund (CSU Fund 485)

The following restrictions apply to the use of the Operating Fund:

- Operating Fund may not be used to pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.
- Operating Fund may not be used to pay for food and beverages for business meetings attended only by employees of the same work location.
- Operating Fund may not be used to pay for alcoholic beverages, entertainment services, memberships in social organizations, or tobacco products.
- Operating Fund may not be used to pay for gifts. To most effectively comply with federal regulations, there is a limited exception permitting the use of Operating Fund for gifts to federal officials.
- Operating Fund may be used to pay for promotional item expenditures, except when the recipients of the promotion items are employees.
- Operating Fund may be used to pay for the participation of employees or official guests at CSU 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)**

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.
- Other Funds may not be used to purchase tobacco products.

Trust and Agency Funds Held for Third Parties

Trust or agency funds held by the university or its auxiliaries in a purely custodial capacity (assets equal liabilities) on behalf of third parties are subject to applicable laws and written agreement.

**Table 1.**

<table>
<thead>
<tr>
<th>Hospitality Expenses</th>
<th>CSU Operating Fund</th>
<th>Other University &amp; Auxiliary Funds</th>
<th>Trust &amp; Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meals and Light Refreshments (other than Alcoholic Beverages) for Meetings and Events Attended Only by Employees of the Same Work Location</td>
<td>No</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Meals and Light Refreshments (other than Alcoholic Beverages) for Meetings and Other Events Attended by Official Guests</td>
<td>Yes</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Entertainment Services</td>
<td>No</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Membership in Social Organizations</td>
<td>No</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>No</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Gifts</td>
<td>No</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Awards and Service Recognition</td>
<td>Yes</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Promotional Items</td>
<td>Yes</td>
<td>Yes</td>
<td>Written Agreement</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>No</td>
<td>No</td>
<td>Written Agreement</td>
</tr>
</tbody>
</table>
*Approval of Transactions*

The President has delegated authority to each Vice President to approve hospitality expenses; however, the President must approve hospitality expenses of each Vice President. Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor.

The request must be completed on the Business Meal Approval Form **one week prior to scheduling the event**. The completed request must specify the following:

a. Type and date of event  
b. Type of hospitality expense (e.g., breakfast, lunch, etc.)  
c. Department name and PeopleSoft chartfields  
d. Number of participants (with attached guest list)  
e. Estimated cost per person  
f. Nature of the occasion or purpose of the meeting  
g. Vendor providing the food  
h. Signature of approving authority by appropriate Vice-President (exception of grants)

*Trust Funds*

Various non-State funds controlled by the university may be used to fund official business, but only within the restrictions set forth in this policy. In the event of a conflict between the terms of the fund and university policies, the more restrictive of the two policies shall apply. Alcoholic beverages may not be charged to state special funds. Expenditures from trust funds are restricted to the purpose for which the trust fund was established. Expenditures for food must be included in the trust fund description to allow for such expenditures.

*Payment Method*

*Off Campus Meetings*

When business-related food purchases are made in conjunction with an off-campus meeting, a purchase order or contract must be established in advance through the Purchasing Department. The completed Business Meal Approval Form and list of attendees must be submitted to Purchasing no later than one working day after submitting the requisition.

Reimbursement may be issued to a campus employee or faculty member acting in the capacity of host to an official guest, visitor, or prospective employee (as described earlier). In these instances, payment must have been made by personal credit card, personal check, or cash. Under no circumstances will a cash advance be provided. The employee or faculty member authorized to expend funds must submit to Accounts Payable a request for personal reimbursement using the Direct Pay Form. Attach the itemized receipt, completed Business Meal Approval Form, and guest list. The Direct Pay form must be signed by the appropriate administrator.
*On Campus Meetings*

A completed Business Meal Approval Form and list of attendees must be presented to the Accounting Office for payment. Both forms must be attached to the Direct Pay form or the Procurement Card monthly purchase report (for designated cardholders only). Please note that only authorized cardholders designated as Event Planners and approved by the Director of Procurement will be allowed to use the Procurement card for on-campus catering events through the University's food service providers, ARAMARK or TOGO's.

**Responsibilities**

*Vice Presidents*

Responsible for reviewing, restricting, and approving expenses and occasions.

*Requesting Departments*

Responsible for seeking appropriate approvals and providing documentation when requesting reimbursement.

*Purchasing Department*

Processing orders for off-campus food services and maintaining the documentation associated with the requisition.

*Accounting Department*

Responsible for paying invoices in a timely manner and storing invoices/required documentation associated with the invoice.