Administrative Procedure

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Subject: HOSPITALITY, PAYMENT OR REIMBURSEMENT OF EXPENSES

1.0. PURPOSE:

To establish the policy and procedure related to hospitality, payment or reimbursement of expenses, in accordance with the Integrated California State University Administrative Manual (ICSUAM) Section 1301.00. The University and its recognized auxiliaries must comply with this policy and procedures, as applicable to their organizations.

2.0. ORGANIZATIONS AFFECTED:

All organizational units of the University, including Auxiliary organizations.

3.0. REFERENCES:

3.1. ICSUAM Section 1301.00 - Hospitality, Payment or Reimbursement of Expenses.

3.2. ICSUAM Section 3000 – Travel Procedures G-001.

3.3. California Code of Regulations, Title 5, Division 5, California Code of Regulations, Sections 41600 and 41601.

3.4. California Education Code, Sections 66600, 89030, 89035, and 89044.

3.5. CSU Coded Memorandum HR2012-02, Updated Moving and Relocation Policy and Updated CSU Internal Procedures Governing Moving and Relocation Expenses.

3.6. Cal State L.A. Administrative Procedure, Subject: Use of Alcoholic Beverages on Campus (019).

3.7. Cal State L.A. Administrative Procedure, Subject: Use of Facilities and Equipment (505).

3.8. Cal State L.A. Administrative Procedure 025, Subject: Auxiliary Services.

3.9. Cal State L.A. Administrative Policy P006, Subject: Policy for One-Up (Next Level) Authorizations for Business Expenses.

Approved: _____ **Date:** _____

4.0. POLICY:

This policy applies to activities that promote the university and its auxiliaries to the public and the provision of hospitality in connection with official university or auxiliary business and specifies the university and auxiliary funds that may be used for such purposes. Hospitality expenses may be paid with university funds or auxiliary funds as applicable, to the extent that the purchase and use of these services and items are consistent with the mission and fiduciary responsibilities of the university and its auxiliaries (Appendix 8.1.).

4.1. Allowable Expenses and Occasions

4.1.1. Hospitality expenses must be directly related to, or associated with, the active conduct of official university or auxiliary business. When a university or auxiliary employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear university or auxiliary business purpose, with no personal benefit derived by the official host or other university or auxiliary employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.

4.1.2. Hospitality expenses, including awards and gifts, 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. 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.

4.1.3. 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 objective. Following are examples of occasions when the provision of hospitality is permitted:

4.1.3.1. The university or auxiliary host official guests, including university or auxiliary employees visiting from another work location, donors, and prospective donors.

4.1.3.2. The university or auxiliary is the host or sponsor of a meeting of a learned society or organization.

4.1.3.3. The university or auxiliary is the host or sponsor of meetings of an administrative nature that are directly concerned with the welfare of the university and the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience.

4.1.3.4. The university or auxiliary host receptions held in connection with conferences, meetings of a learned society or organization,

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.

4.1.3.4.1. 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 (NCAA).

4.1.3.4.2. Hospitality provided to the spouse or domestic partner of an employee may be permitted when it serves a university business function, e.g., he/she has a significant role in the proceedings or makes an important contribution to the success of the event, or at official functions to which spouses or domestic partners are invited as a matter of protocol such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events.

4.1.3.5. The university hosts receptions for the benefit of employee morale, employee recognition, or memorial services, celebrations of retirement, and farewell gatherings for employees separating with a least five (5) years of service.

4.1.4. 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.

4.1.4.1. Meals or light refreshments should be limited to no more than twelve (12) times per year, per group, and those 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 this policy.

4.1.5. Meals or light refreshments provided in the course of a business meeting must be modest and reasonably priced. When meetings occur over an extended period of time and the agenda includes a working meal, the meal may be justified if it is determined to be 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.

4.1.6. Maximum per-person rates for hospitality meals and light refreshments are provided in Appendix 8.2. These maximum rates are calculated 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. Discretion should be used when hosting routine or department events.

4.1.6.1. Maximum rates also have been established as provided in Appendix 8.2. to allow for off-campus catered banquet style events and VIP entertaining.

4.1.6.2. When a hospitality expense exceeds the per-person maximum provided in Appendix 8.2., the hospitality is considered exceptional. Exceptions require a written justification for the overage and the approval from the Vice President for Administration and Chief Financial Officer. The justification must include why adherence to the policy was unavoidable and necessary to achieve a university business purpose. This authority may not be delegated further.

4.1.6.3. All catered food for campus events must be provided by or approved by Golden Eagle Hospitality per Section 6.1.6. of this procedure.

4.1.7. Payment of or reimbursement for hospitality expenses are not permitted when these expenses are related to employee birthdays, weddings, funerals, anniversaries, and farewell gatherings that are not related to the active conduct of official university or auxiliary business with the exception of those activities described in Section 4.1.3.5.

4.2. Funding Sources

4.2.1. Hospitality expenses may be paid from various university fund sources, subject to the rules outlined below and the restrictions identified in Appendix 8.1. Following are three types of funds available for the payment of hospitality expenses: Operating Fund (CSU Fund 485), Other University and Auxiliary Organization Funds (Other Funds), and Trust and Agency Funds Held for Third Parties.

4.2.1.1. Operating Funds

The following restrictions, in addition to those identified in Appendix 8.1., apply to the use of General Fund Appropriations:

- Operating Funds may not be used to pay for alcoholic beverages, entertainment services, memberships in social organizations or tobacco products.
- Operating Funds may not be used to pay for food and beverages for business meetings attended only by employees of the same work location.
- Operating Funds 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 Funds may be used to pay for promotional item expenditures, except when the recipients of the promotion items are employees.
- Operating Funds may be used to pay for the participation of employees and official guests of the university or auxiliary organization at fundraising events to the extent that such expenditures do not exceed the projected net revenue of the activity.
- Operating Funds may not be used to pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.

4.2.1.2. Other Funds

The following restrictions, in addition to those identified in Appendix 8.1., apply to the use of these Other Funds:

- Other Funds may be used to pay for alcoholic beverages, entertainment services, gifts, awards and service recognition, membership in social organizations and promotional items to the extent these purchases are not restricted by other applicable laws, regulations, or funding source agreements.
- Other Funds may be used to pay for food and beverages for business meetings attended only by employees of the same work location.
- Federal or local government contract and grant funds may be used to pay hospitality costs only if such expenses are specifically authorized in the contract or grant, or by agency policy, and only to the extent and for the purpose authorized. 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.
- Other Funds may not be used to purchase tobacco products.

4.2.1.3. 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.

4.3. Approval of Transactions

4.3.1. Individuals with approving authority will not approve their own or their supervisor's hospitality expenses.

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

4.3.3. Payment or reimbursement of hospitality expenditures for recreational, sporting or entertainment events, and for attendance of a spouse or domestic partner of an employee must be approved by the Vice President for Administration and Chief Financial Officer or above.

4.3.3.1. An agenda, invitation or similar documentation should be included with the payment record for expenditures related to attendance of a spouse of domestic partner.

5.0. DEFINITIONS:

5.1. Approving Authority - President, Vice Presidents, or Chief Financial Officer to whom authority has been delegated to approve the holding of hospitality events.

5.2. 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.

5.3. Department Administrator - A person to whom authority has been delegated in writing to approve expenses for meals, light refreshments, and other amenities described within this procedure.

5.4. Employee Meetings and Recognition Events - Meetings which serve a CSU business purpose and are generally administrative in nature such as CSU systemwide 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 work groups and committees.

5.5. 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.

5.6. Expense Claimant - Person who has requested either reimbursement for expenses or submitted a claim for payment.

5.7. 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.

5.8. 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.

5.9. 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.

5.10. 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 and auxiliaries to the public, usually with the expectation of benefits accruing directly or indirectly to the university.

5.11. 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.

5.12. Official Guest - A person invited by an official host to attend a university or auxiliary meeting, conference, reception, activity or event. Examples of official guests include employees from another work location, students, donors, recruitment candidates, volunteers, members of the community, or media representatives. Employees of the university or auxiliary from the same work location are not considered official guests.

5.13. Official Host - A university or auxiliary employee who hosts a meeting, conference, reception, activity, or event for the active conduct of university business.

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

5.15. 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.

5.16. Promotional Items - Items that display the name, logo or other icon identifying the university or auxiliary, such as a keychain, coffee mug, calendar, or clothing.

5.17. Trust or Agency Funds - Fiduciary funds held by the university or an auxiliary in a 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.

5.18. 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.

6.0. RESPONSIBILITIES:

6.1. Expense Claimant will:

6.1.1. Obtain permission from the approving authority to hold hospitality events or to be reimbursed for hospitality-related expenses. This request must be submitted on the Authorization to Hold Hospitality Event and Request for Reimbursement of Hospitality-Related Expenses form (Appendix 8.3.).

6.1.2. Specify the source of funds to be used on the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form.

6.1.3. Process payment for hospitality expense through the procurement card, if the procurement card is set up to process hospitality payments (see Section 6.2.).

6.1.4. Complete and submit a purchase requisition to the Procurement Office if payment cannot be processed per Section 6.1.3. Attach a copy of the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form.

6.1.5. Reserve university facilities as outlined in Administrative Procedure 505, Use of Facilities and Equipment, if applicable.

6.1.6. Complete Temporary Food Facility Permit (Appendix 8.5.) and refer to the Temporary Food Facility Guidelines (Appendix 8.6.) when using an outside food vendor/caterer.

6.1.7. Complete Request to Serve Alcoholic Beverages form (Appendix 8.4.), if applicable.

6.2. Procurement Card Holders will:

6.2.1. Obtain prior permission from department administrators to use their procurement card for hospitality payment purposes.

6.2.2. Ensure in advance that the hospitality claim will be in conformance with the hospitality policy.

6.2.3. Process payment through the procurement card if the card has been set to allow hospitality payments.

6.2.3.1. If the procurement card is used as the payment vehicle, a copy of the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form also must be kept on file for reconciliation purposes.

6.2.4. Reconcile procurement card monthly statements pertaining to hospitality payments.

6.2.5. Forward all signed monthly procurement card statements per procurement card program guidelines with the Authorization to Hold Hospitality Event and Request for Reimbursement of Hospitality-Related Expenses forms.

6.3. The Procurement Office will:

6.3.1. Ensure that all purchase requisitions for hospitality events are accompanied by the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form.

6.3.2. Review all procurement card payments for conformance to the hospitality policy.

6.3.3. Review all purchase orders for conformance to the hospitality policy.

6.4. The Risk Management/Environmental Health and Safety Office (RM/EHS) will:

6.4.1. Review and approve or deny all Temporary Food Facility Permits.

6.5. Department Administrators will:

6.5.1. Ensure that requests for reimbursement/payment and/or purchase requisitions for hospitality events are accompanied by the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form prior to approval.

6.5.2. Ensure that reimbursement/payment claims are legitimate and include proper documentation.

6.5.3. Forward the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form to the appropriate approving authority.

6.6. The Approving Authority will:

6.6.1. Review and approve or deny the Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form.

6.6.2. Notify the person or organization of the disposition of the request.

6.7. The Vice President for Administration and Chief Financial Officer, as the President's designee, will:

6.7.1. Approve those expenditures as described in Section 4.3. and all exceptions to the maximum per-person rates.

6.7.2. Annually review the maximum per-person rates and update as appropriate.

6.7.3. Delegate authority for the review and approval of requests to use vendors other than University Auxiliary Services, Inc. (UAS) Food Services and requests for off-campus events to the Executive Director, UAS as prescribed by Cal State LA Administrative Procedure 025.

7.0. PROCEDURES:

7.1. All Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses forms must be submitted to the appropriate Vice President no later than ten (10) working days prior to the proposed event.

7.1.1. Requests from the Vice Presidents should be submitted to the President.

7.1.2. Requests from the President should be submitted to the Vice President for Administration and Chief Financial Officer.

7.2. The President, Vice Presidents, and Chief Financial Officer are designated as approving authorities, and as such will either approve or deny the Authorization to Hold Hospitality Event and Request for Reimbursement of Hospitality-Related Expenses form. Review/approval of this form may be further delegated to a department administrator for amounts not to exceed five hundred dollars ($500).

7.3. Expense claimants will:

7.3.1. Complete all necessary paperwork prior to the event.

7.3.2. Ensure that all hospitality related claims are in conformance with the hospitality policy.

7.3.3. Submit hospitality expenses on the proper expense claim forms.

7.4. Department administrators will review hospitality expenses for conformance to the hospitality policy and approve payments.

8.0. APPENDICES:

8.1. Funding Sources for Payment of Hospitality Expenses.

8.2. Maximum Per-Person Rates for Hospitality Meals and Light Refreshments.

8.3. Authorization to Hold Hospitality Event and Request for Reimbursement for Hospitality-Related Expenses form.

8.4. Request to Serve Alcoholic Beverages form.

8.5. Temporary Food Facility Permit form.

8.6. Temporary Food Facility Guidelines.