



CALIFORNIA STATE UNIVERSITY SACRAMENTO

HOSPITALITY PROCEDURES

I. Policy

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.

II. Procedure

A. 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 UNIVERSITY. The policy also addresses meals served to employees as part of a morale-building function and meals provided to prospective students and employees.

B. SCOPE

This policy governs the appropriate use of state, auxiliary organization, sponsored program administration, private-purpose trust and fiduciary funds unless legally exempted or otherwise restricted (e.g., documented fund agreements). The UNIVERSITY and its auxiliaries will comply with additional restrictions when established by funding sources.

C. AUTHORITY

Authority for this policy is pursuant to California Education Code § 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 § 66600, 89030, and 89035.

D. DEFINITIONS

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

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.

Auxiliary Organization Funds: Monies in auxiliary accounts. UNIVERSITY auxiliaries are separate legal entities authorized in the Education Code to provide essential services to students and employees. Auxiliaries operate in association with campuses pursuant to special written agreements, and are authorized to perform specific functions that contribute to the educational mission of the campus. These organizations are subject to applicable state and federal laws and regulations.

Business Purpose/Public Purpose: Expenses that serve a purpose consistent with the mission and fiduciary responsibilities of the UNIVERSITY.

Cash/Cash Equivalent: Cash is legal tender—currency or coins—that can be used to exchange goods, debt, or services. A "cash equivalent" is any gift certificate, gift card, voucher, or coupon, that allows the purchase of or redemption for a product or service as if cash were being used. Limited-time offers such as same-day food vouchers are not considered cash or cash equivalents.

De Minimis: Small in value, relative to the value of total compensation. The IRS has ruled previously in a particular case that items with a value exceeding \$100 could not be considered de minimis, even under unusual circumstances.

Employee Only Event: An event where the attendees are solely University employees. The attendance of other persons not considered an employee would not be subject to the same rules, for example: Community members, students, spouses/domestic partners/significant other, etc.

Hospitality: Defined to include the following elements:

- Entertainment services – Reasonable expenses as part of a **public purpose event** includes, but is not limited to, equipment and venue rental, décor, music, and performers;
- Food and beverage – Reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies);
- 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 or with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose;
- Promotional items – items that display the name, logo or other icon identifying the university such as a keychain, coffee mug, calendar, or clothing.

Infrequent: Defined as non-recurring or seldom, frequency is determined on a case-by-case basis. Examples include an End of the semester retreat would be allowable but a Monthly faculty/staff meeting would not be allowable.

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 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.

Private Purpose Trust and Agency Funds: As defined by Delegation of Fiscal Authority and Responsibility.

Special Funds: All monies in campus accounts (e.g., tuition and fees). Contact Accounting Services for list of accounts.

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

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).

Student Organizations: As defined in Student Activities, section titled "Formal Chartering and Recognition Policies."

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.

E. ALLOWABLE EXPENSES

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 (see section F. Unallowed Expenses). In addition, the usage of funds for hospitality should be cost effective and in accordance with the best use of public funds.

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.

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 refreshment	\$ 40.00

***The maximum per-person calculation is created by dividing the total amount charged for food, beverage, labor, sales tax, gratuity (20% maximum), delivery fees or other service fees 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 table above, the hospitality is considered exceptional. Exceptions require a written justification for the overage and the approval from a Vice President/Provost, 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.

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;
 - Vice President/Provost hosted events do not need pre-approval
- There will be a \$20/per person cap for alcohol, and the total of all food and beverage, include sales tax, gratuity and service charge for meals as noted in the table above, 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 above 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.

1. Employee Meetings & Prospective Employees Candidates

Food and beverage provided to employees may be permitted if the expenses occur **infrequently**, are **reasonable**, and when it serves a bona fide UNIVERSITY **business purpose**. Food and beverage at meetings that are carried out on a routine or frequent basis are not permitted under this policy and will be determined on a case-by-case basis. Additionally, public expenditures that are driven by **personal motives** are an impermissible use of public funds. 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.

2. Spouses, Domestic Partners, and Significant Others

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, fundraising events, alumni gatherings, athletic games, and community events. An agenda, invitation or similar documentation should be included with the payment record.

3. 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, one must determine that the expenditure is consistent with the mission of the UNIVERSITY. 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).

4. Awards and Prizes

Student Awards must be given as part of a documented campus award program: Awards and prizes to students must be in accordance with the [Payment to Student Policy](#). Property gifts (flowers, books, trophies, plaques, etc.) given to students do not require approval if de minimis (up to \$100). Stateside funds may be used to pay for awards and prizes to students for excellence and to participate in a research-funded survey or study. If the award is restricted to use towards educational expenses, it is the responsibility of the department conferring the award or prize to notify Accounts Payable Office on a disbursement log of cash and cash-equivalent awards provided to students, including the student identification number of award recipients.

Employees Awards must be given as part of a documented campus award program: Stateside funds may be used to pay for awards and prizes for exceptional contributions and to participate in a research- funded survey or study. Awards for these programs must be presented to employees on a basis that does not discriminate in favor of highly compensated employees. Employee awards are meant to be occasional and therefore must be presented to an employee on an infrequent basis. The amount of the award should be defined in each award program. The award program must be published on the University's website.

An award program may be established to the extent that such expenses serve a purpose consistent with the mission and fiduciary responsibilities of the UNIVERSITY and aligns with IRS regulations. Cash and cash equivalent items, such as gift cards and gift certificates, no matter how small, are always taxable to the employee as wages. A non-cash award or prize may have a taxable consequence to the employee if it does not meet the IRS definition of de minimis (up to \$100) and infrequent. Refer to IRS for tax rules in guidelines section. It is the responsibility of the department conferring the award or prize to notify Accounts Payable Office on a disbursement log of cash and cash-equivalent awards provided to employees, including the employee identification number of award recipients.

Gift Cards: The UNIVERSITY 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.) given 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 requests for employee recipients must be preauthorized by the divisional Vice President/Provost, prior to submitting for preapproval by the Procurement office, regardless of amount. In addition, a disbursement log must be attached to the payment request for control and tax reporting purposes. Instructions and forms 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.

F. UNALLOWED EXPENSES

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. The California gift of public funds doctrine set forth in the California Constitution, article XVI § 6, prohibits the giving or lending of public (state) funds to any person or entity, public or private, unless there is a public purpose. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers.

Under Internal Revenue Service regulations, an entertainment (hospitality) expense will be considered taxable income to an employee if:

- The entertainment (hospitality) activity is not directly related to the employee's job;
- The expense is lavish or extravagant under the circumstances;
- The official host or another University employee is not present when the activity takes place;
- The expense is not substantiated with appropriate supporting documentation;
- Business meals with faculty, staff, or other colleagues that are frequent (e.g., that occur on a regular or routine basis) and are reciprocal.

The above types of expenses are not allowable under this policy.

G. ALLOWABLE FUNDING SOURCES

1. 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;
 - Food and beverages or entertainment services that do not serve a business purpose;
 - Alcoholic beverages, memberships in social organizations, or tobacco products.
- State Funds may be used to pay for:
 - Awards and prizes to employees for exceptional contributions, to students for excellence, and individuals to participate in a research funded survey or study;
 - Employee recognition, and official presentations for length of service awards or exceptional contributions, with at least 5 years of service;
 - Official employee morale-building and appreciation activities that serve a business purpose.

2. Auxiliary Organization Funds

Hospitality expenses may be charged to auxiliaries provided the expense serve a bona fide business purpose. Auxiliary funds are subject to the same requirements as noted above, however may allow for the purchase of 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.

3. 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, unless alcohol and tobacco are part of the research.

4. Private-Purpose Trust and Agency Funds

Hospitality expenses may be charged provided the expense serves a bona fide business purpose and to the extent other applicable laws, regulations, or funding source agreements do not restrict these purchases.

H. APPROVAL OF TRANSACTIONS

- Individuals with delegated approval authority may not approve their own expenses, and individuals may not approve the expenses of their 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;
- Payment or reimbursement for attendance at a community relations activity or fundraising event include documentation of the individual names, affiliations, and direct or indirect benefit to the UNIVERSITY to be derived from the expense;
- Authorization of Vice President/Provost 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 for employees and amounts above annual maximum.

- 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;
- It is the delegated approving authority's responsibility to ensure 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.

Hospitality Matrix for Approvers

Division	Approval <i>Did not attend the event and a manager or above of the official host</i>	Exception Approval by Vice President / Provost, President or Delegate
Academic Affairs	Department Chair/ Dean	Provost
Administration Business Affairs	Manager/ Director/ AVP	Vice President
Athletics	Head Coach/ Director	President or Delegate
Center of California Studies	Director	Provost
College of Continuing Education	Manager/ Director/ Dean	Provost
Housing	Manager/ Director	Vice President
Inclusive Excellence	Director	President
Information Resources & Technology	Manager/ Director	Vice President
President's Office	Chief Financial Officer/ Vice President	Chief Financial Officer/ Vice President
Student Affairs	Director	Vice President
University Advancement	Vice President	Vice President
All other Division	Manager/ Director/ AVP	Vice President/ President

I. HOSPITALITY EXPENSES DURING TRAVEL

Hospitality activity and expenses while on business travel status must be in accordance with hospitality policy and guidelines. Reimbursement is made through the Travel Reimbursement process in Concur and categorized as hospitality.

J. HOSPITALITY JUSTIFICATION FORM

All hospitality expenses must have a completed hospitality justification form submitted along with supporting backup documentation such as a quote, invoice, and itemized receipt when requesting payment or reimbursement. Information required on the justification form includes:

- The type of event (business meeting, department meeting, host of official guest, employee recognition, student program, reception, fundraising or community outreach, etc.);
- If the meeting is reoccurring;
- The business purpose of the meeting or event. The business purpose must be specific and provide enough information to a third-party reviewer to understand the nature and purpose of the meeting;
- Type of hospitality (meal/refreshments, entertainment services, awards/prizes or promotional items);
- Location and date;
- List of recipients and their business relationship to the campus;
- The cost of the meal per attendee;
- For a large group where the names of attendees are unknown, a description of the group and estimated cost of the meal per attendee is sufficient and event flyer or agenda.
- The approving person on the Hospitality Justification is approving the Hospitality expense, they need to have Delegation of Authority, be a manager or above of the Official Host and not have a benefit of the expense.
- When requesting a Payment in Advance (PIA) for Hospitality on a requisition a justification form must be included.

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

Exceptions require a written justification and the approval from a Vice President/Provost, President or Delegate (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.

III. Guidelines

- Refer to the [CSU Travel and Business Expense Reimbursement Policy](#) for travel related reimbursements and payments
- Refer to [Labor Agreements](#) for meal allowance for represented employees required to remain on premises during meal periods or working overtime
- [IRS Publication 5137](#), Fringe Benefits Guide
- General instructions for Certain Information [Returns \(1099\)](#)
- [Government Code § 8314](#)
- [California Constitution, Article 16 Public Finance § 6](#)

Contact Information:

If you have any questions about Hospitality Policy, please email aba-fin-ap-travel@csus.edu
For frequently asked questions visit our [Hospitality Webpage](#)

APPENDIX A

HOSPITALITY EXPENSES	CSU Operating Fund 485 (THS, TS & M except MDR01)	Special (including TM) Funds & Auxiliary Organization Funds and MDR01
Alcoholic Beverages, including tax, gratuity, and service charges.	NO	YES
Bereavement Gift Expenditures (e.g., flowers, plant, or card for employees or former employees).	NO	YES
Commencement Exercises	YES	YES
Donor Gifts - Gifts with the expectation of benefit or other bona fide business purpose.	YES	YES
Employee Awards and Service Recognition Gifts	YES	YES
Employee Business Meetings - Meetings which serve a bona fide business purpose and are administrative in nature and expenses occur infrequently.	YES	YES
Employee Social Events & Gifts for Personal Benefit (e.g., birthdays, weddings, anniversaries, and baby showers).	NO	NO
Entertainment Services	NO	YES
<i>Gifts (Gift cards and equivalents to employees are taxable and must not exceed \$200 per calendar year; without VP approval)</i>	NO	YES
Meals and Light Refreshments (non-alcoholic) for business meetings, events, and for employee only meetings attended by official guests, employees from another work location, students, donors, individuals being recruited for employment, visitors, and volunteers. Meals for employees, spouses or domestic partners must serve a bona fide business purpose, for example: working lunch, employee morale.	YES	YES
Memberships in Social Organizations	NO	YES
Participation Incentives - research-funded survey or study, student participation in events.	YES	YES
Participation Incentives – Other (Auxiliary funds only)	NO	YES
Promotional Items for non-employees	YES	YES
Promotional Items for employees	NO	YES
Recreational and Sporting Events - (Athletics only).	YES	YES
Retirement Celebrations – Minimum of 5-year service	YES	YES
Student recruitment, student engagement, student recognition events - (subject to related policies/procedures such as the gift card purchasing procedures or student payment policy). Graduation gifts are not permissible. Graduation Stoles are allowable as student recognition.	YES	YES

APPENDIX B

Hospitality Expense Planning Checklist	
Check Box	
	<p>Type of Expense and related Payment method(s)</p> <p>Catering -Purchase Order or Procurement Card</p> <p>Non-Catered Food -Reimbursement Request, Petty Cash or Procurement Card</p> <p>Meal with Guest -Reimbursement Request, Petty Cash or Procurement Card</p> <p>Gift Cards -Reimbursement Request, Petty Cash or Procurement Card</p> <p>Bereavement Gifts -Reimbursement Request, Petty Cash or Procurement Card</p> <p>Promotional Items -Purchase Order, Petty Cash or Procurement Card</p> <p>Awards -Purchase Order or Procurement Card</p> <p>Music / Performers -Direct Payment Request (Exception to Policy) or Purchase Order</p>
	<p>Documentation of Cost</p> <p>Food related expenses -Itemized Receipt / Invoice</p> <p>Gift Cards -Invoice / Receipt</p> <p>Gifts / Promotional Items -Invoice / Receipt</p> <p><i>Reimbursements must have a proof of payment included.</i></p>
	<p>Gift Cards</p> <p>Must be approved before purchase (Pre-approval for Purchase of Gift Cards form)</p> <p>Include list of recipients (Awards, Prizes and Gift Card 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>The following items must be documented on a Hospitality Justification Form</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. <u>The official host may not approve the expense.</u> Their manager 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 manager or above of the official host.</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 (Less than 25)</p> <p>Include list of attendees and their business relationship to the University (e.g., faculty, staff, student, guest)</p>
	<p>Attendees- Large Group (More than 25)</p> <p>Include a general description of attendees/ invitees and their business relationship to the university and an estimated cost per person (e.g., faculty, staff, students, guests)</p>