

Responsible Official (Title):	University Controller
Responsible Office:	Accounting Services
Responsible Division:	Administration and Finance

Hospitality Policy

1. Policy Statement

1.1. Objective

It is the policy of the California State University (CSU) that hospitality expenditures 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 CSU.

1.2. Purpose

This campus policy governs the manner and extent to which the university 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.

2. Authority

Authority for this policy is pursuant to ICSUAM 1301.00 and 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. Exceptions to this policy must be approved in advance by the campus Chief Financial Officer.

3. **Scope/Applicability** - This policy governs the appropriate use of state and agency funds.

4. **Supersedes** - Supersedes the Policy on Hospitality (B-24), dated November 2014.

5. Allowable Expenditures

5.1. Hospitality expenses must be directly related to, or associated with, the active conduct of official CSU business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear CSU 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. When determining whether a hospitality expenditure 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 CSU hosts or sponsors business meetings that directly correlate with the operations of the CSU;

- The CSU hosts official guests with an interest in the CSU;
- The CSU is the host or sponsor of a meeting of a learned society or professional organization;
- The CSU 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 CSU related groups such as alumni associations;
- The CSU hosts or participates in community relations or fundraising events to promote the university, enhance partnerships, recognize distinguished service, or cultivate donors;
- The CSU hosts receptions for the benefit of employee morale, employee recognition, official presentations for length or exceptional contributions of service awards, with at least five (5) years of service are permissible.

6. Employee Meetings and Recognition Events

6.1 **Employee Meetings** – Food and beverage provided to employees may be permitted when it serves a CSU business purpose. Meetings that are carried out on a regular or frequent basis are not permitted under this policy. Meals or light refreshments provided to employees may be permitted if the expenditures occur infrequently, are reasonable, and appropriate to the business purpose. 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 purpose. Examples include:

- A meeting where there is a scheduled speaker during 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.

6.2 A maximum per-person rate for breakfast, lunch, and dinner, inclusive of the total cost of food, beverages, labor, sales tax, delivery fees, or other service fees has been established. 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. The maximum rates will be reviewed periodically by the Chief Financial Officer.

The maximum per-person rates are:

Meal	Maximum Rates
Breakfast	\$30.00
Lunch	\$40.00
Dinner	\$75.00
Light Refreshments	\$30.00

These maximum per person limits are set with the expectation that actual expenditures would generally be below these limits. When a hospitality expense exceeds the per-person

maximum provided in the chart above, it may have to be paid for by the person that approved the expense.

6.3 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 CSU business purpose such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events. An agenda, invitation or similar documentation must be included with the payment record.

6.4 Students and Prospective Students

Hospitality provided to students and 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 National Collegiate Athletic Association (NCAA).

6.5 Awards and Prizes

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 and infrequent.

A University award program must have written procedures documenting the award program, including eligible awards, per person limits and final approval by the campus Chief Financial Officer. Awards and prizes given in the absence of a campus-approved award program may not be paid or reimbursed.

6.6 Unallowed Expenditures

6.6.1 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. 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.

6.7 Allowable Funding Sources

6.7.1 State Funds may NOT be used:

- To pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act;

- To pay for food and beverages or entertainment services that do not serve a business purpose;
- To pay for alcoholic beverages, memberships in social organizations, or tobacco products.

6.7.2 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. See “Awards and Prizes” for requirements;
- For employee recognition, and official presentations for length of service awards or exceptional contributions, with at least five (5) years of service. See “Awards and Prizes” for requirements;
- To pay for official employee morale-building and appreciation activities that serve a business purpose refer to definition for “Official Employee Morale-Building”.

6.7.3 Auxiliary Organization Funds – Hospitality expenditures may be charged to auxiliary organizations provided the expenses serve a bona fide business purpose. Auxiliary organization funds may be used to pay for alcoholic beverages, formal awards and service recognition, 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. Refer to the Fresno State Foundation’s Community Relations [Policy](#).

6.8 Approval of Transactions

- 6.8.1 The University Controller has been delegated the authority by the Chief Financial Officer to approve or deny expenditures in accordance with this policy. The campus Chief Financial Officer is the final determinant when deciding whether expenditures are within or not within the policy.
- 6.8.2 Hospitality expenses should be approved by the appropriate College/School Dean and/or Associate Vice President prior to submitting to Accounting Services.
- 6.8.3 Individuals may not approve their own expenditures or expenses of their supervisor. The only exception is approval of the campus President’s expenditures by the campus Chief Financial Officer.
- 6.8.4 Payment or reimbursement of hospitality expenditures for recreational, sporting or entertainment events must include the President or Chief Financial Officer approval.

6.8.5 Payment or reimbursement of hospitality expenditures for a spouse, domestic partner or significant other of an employee must be approved by the President or Chief Financial Officer.

6.8.6 On a limited basis, a purchase order for a single event may be submitted for approval. All hospitality purchase orders must be closed immediately following the payment of the last related invoice.

6.9 Documentation Requirements

6.9.1 Documentation must generally include the following and providing the required documentation does not guarantee approval:

- The bona fide business reason for the expenditure;
- The individual names and affiliations to the university such as employee, student, donor, community member. When a sign in sheet is used it should include the name and department if applicable, affiliation to the university, such as employee, student, or community member;
- Where and when the hospitality was given; for off-campus events, explain why the event could not occur on campus;
- Start and end time of the event;
- Fund source;
- Original itemized receipts;
- Relevant documents, such as an agenda, meeting notice, flyer, and a sign in sheet; including name and affiliation to the university, such as employee, student, donor, community member, etc.

6.9.2 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.

7. Definitions

7.1 **Approving Authority** – The University Controller has been delegated authority by the Chief Financial Officer to approve expenditures in accordance with this policy.

7.2 **Auxiliary Organization Funds** – CSU auxiliary organizations are separate legal entities authorized in the Education Code.

7.3 **De Minimis** – Small in value, relative to the value of total compensation. There is no set dollar amount in the law for nominal prizes or awards. (The IRS gave advice at least once, in 2001 that a benefit of \$100 did **not** qualify as de minimis.) ILM 200108042.

- 7.4 **Employee Meetings and Recognition Events** – Meetings which serve a CSU business purpose and are generally administrative in nature such as campus meetings of functional offices, meetings of the Academic Senate, campus meetings of deans and directors, employee morale functions, which must meet the definition of **Official Employee Morale Building and Appreciation Activities**, extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed work groups and committees.
- 7.5 **Hospitality –includes the following elements:**
- 7.5.1 **Entertainment Services** – Reasonable expenditures as part of a public purpose event include, but is not limited to, equipment and venue rental, décor, music, and performers.
- 7.5.2 **Food and Beverage** – Reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies).
- 7.5.3 **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.
- 7.5.4 **Promotional Items** – Items that display the name, logo or other icon identifying the university such as a keychain, coffee mug, calendar, or clothing.
- 7.6 **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 expenditure and are not governed by this policy.
- 7.7 **Official Employee Morale Building and Appreciation Activities** – An official University sponsored event recognizing employees and approved by the Chief Financial Officer or designee.
- 7.8 **Official Guest** – A person invited by an official host to attend a CSU 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.
- 7.9 **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 CSU business.

- 7.10 **Public Purpose** – or business purpose includes expenditures that serve a purpose consistent with the mission and fiduciary responsibilities of the CSU.
- 7.11 **State Funds** – These are monies that are either appropriated by the legislature, as part of the budget process or continuously appropriated (e.g., tuition and fees).
- 7.12 **Student Organizations** – As defined in Executive Order (EO) 1068 – Student Activities, section titled "Formal Chartering and Recognition Policies."
- 7.13 **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.

8. Related Policies, Procedures, Information

- 8.1 ICSUAM 1301.00 (effective 9/14/18)
- 8.2 California Education Code section 89044
- 8.3 California Education Code sections 66600, 89030, 89035
- 8.4 Frequently Asked Questions

9 Contact Information

If you have any questions regarding this policy, please contact the University Controller at 559.278.6820.

10 Key Search Words (for website search function)

Hospitality

11 History/Revision Dates:

Approved:	April 2000
Revised:	July 2013
Minor Revisions:	November 2014
Revised	October 2018

12 Next Evaluation Date or Sunset Date: October 2023

13 Consultative Review by the Academic Senate: Yes No

Purpose: In order to collaborate with faculty. Administrative policies may affect academic issues.

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