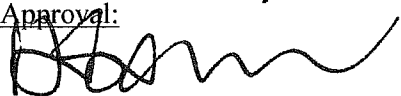


Subject: Draft Hospitality Policy	Department Name: Business & Finance	Effective Date: <i>Feb. 1, 2011</i>
	Revised Policy	Issue Date: <i>Feb. 1, 2011</i> Approval: 

**A. Purpose**

The provision of hospitality must be necessary and in the best interest of the University. The purpose of this policy is to describe the rules and processes used to identify hospitality expenses in conjunction with official University business and activities that promote the University to the public and how they may be paid for with University funds. This policy is written to conform to the requirements of California State University (CSU) Chancellor's Executive Order 761-Hospitality, Payment or Reimbursement of Expenses.

**B. Scope of Policy**

This policy applies to all University departments and to campus Auxiliary Organizations whenever those organizations do not have a policy of their own.

**C. 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.

*Award* – a gift of tangible personal property in recognition of service or achievement directly benefiting the University.

*General Fund Appropriations* – funds approved to the University by the state legislature to support expenditures of the University.

*Gift* – something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the University.

*Hospitality* – the provision of meals (catered or at a restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), promotional materials, gifts, and travel expenses for official guest(s) of the University. 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 and may include the provision of gifts, awards, and promotional materials.

*Official Host* – a University employee who hosts an official University meeting, conference, or event.

*Official Guest* – a person invited by an official host to attend an official University meeting, conference, reception, or event. Examples of official guests include members of the external community, alumni, donors, elected officials, or media representatives. Employees of the University are not normally considered official guests however, employees from another work location may be included as official University participants at the discretion of the official host.

*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 pen, folder, calendar, or clothing.

*Special Funds* – funds authorized for support of activities that are supplemental to the primary mission of the University and are paid for by fees and revenues other than general tax revenues. Special funds include, among others, Reimbursed Programs, Continuing Education Revenue Funds, Self-Support Enterprise Funds, Auxiliary Enterprise Funds, Trust Funds, and Special Project Funds.

*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.

#### **D. Policy**

1. Hospitality costs may be paid with University funds to the extent that the purchase and use of these services and items is consistent with the University's mission and fiduciary responsibilities. Hospitality expenses must:
  - Be directly related to, or associated with, the active conduct of official University business. When a University employee serves 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.
  - The expenditure of funds for hospitality should be cost effective and in accordance with the best use of public or auxiliary funds. 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.
  - Conform to IRS regulations, or bargaining unit agreements if more restrictive.
2. The provision of hospitality is permitted when the University is host or sponsor to occasions that include, but are not limited to:
  - Official guests, University employees from another work location, recruitment of candidates, donors, prospective donors, and community members.
  - Meetings of a learned society or organization.
  - Meetings of an administrative nature that are directly concerned with the welfare of the University in which the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience.
  - Reception held in connection with conferences, 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.
  - Receptions for the benefit of employee morale, employee recognition or length of service awards, or retirement presentations.
3. The University General Fund shall **not** be charged for:
  - Alcoholic beverages.
  - Meetings attended only by University employees from the same work location.
  - Attendance at third party events not hosted by the University or its Auxiliaries.
  - Faculty/staff picnics; holiday gatherings; social events.
  - Gifts and awards.
  - Any expenditure prohibited by statute including the California Budget Act.
4. Events exempt from this policy are:
  - Officially recognized University events such as conferences, forums, and tournaments for which the majority of participants are expected to be from outside the University community.
  - Third party events such as award banquets, recognition dinners and other special events or celebrations not hosted by the University or its Auxiliaries in which employee attendance is considered appropriate as support to or from the community.
  - Food and related items integral to a grant.
  - Supply items such as food for the childcare center, farm or lab animals used in research, or refreshments for President's official visitors/guests.

**E. Delegation of Authority**

No individual may approve **their own expenses**. Individual employees **may not approve expenses of their supervisor, with the exception** of hospitality expenses incurred by the Chancellor and campus Presidents. The President may delegate approval responsibility for University hospitality expenditures as follows (one signature is required):

Division or Department Transactions: To approve hospitality expenditure transactions on behalf of a specific College, Division or Department:

- President or designee
- Provost and Vice Presidents
- Associate and Assistant Vice President
- College Dean and Department Chair

Auxiliary Transactions: To approve hospitality expenditure transactions on behalf of a specific Auxiliary:

- Auxiliary Board Chairperson (University President)
- Auxiliary Treasurer (University Vice President for Business & Finance)
- Associate Vice President of Auxiliary Services
- Auxiliary Executive Director

**F. Maintenance of Signature Authority and Approval Process**

The President delegates to the University Vice President for Business & Finance responsibility for establishing and maintaining the signature authority database and the procedures that govern the manner and extent that hospitality may be extended. The following criteria will be complied with:

Funding Sources: Hospitality expenses may be paid from various University fund sources, subject to the rules outlined below and the restrictions identified in Exhibit A. There are three types of funds available for the payment of hospitality expenses: General Fund Appropriations, Special Funds (except Lottery funds), and Auxiliary Organization Funds.

1. General Fund Appropriations (see definition page 1): the following restrictions, in addition to those identified in Exhibit A, apply to the use of General Fund Appropriations.
  - May not be used to pay for alcoholic beverage or tobacco products, gifts, or awards.
  - May not be used to pay for food and beverages for business meetings attended only by employees of the same work location.
  - Any expenditure prohibited by statute including the California Budget Act.
2. Special Funds (see definition page 1): the following restrictions, in addition to those identified in Exhibit A, apply to the use of these Special Funds.
  - May be used to pay for alcoholic beverages, tobacco products, gifts, and award to the extent these purchases are not restricted by other applicable laws, regulations, or agreements.
  - May be used to pay for food and beverages for business meetings attended only by employees of the same work location.
  - May be used to pay hospitality expenses only to the extent permitted by the statute under which the funds are established and maintained and any trust agreement or special project agreement.
  - 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 purposes authorized. In the event of a conflict between agency and University policy, the stricter of the two policies shall apply.
  - No alcoholic beverage or tobacco products may be charged to Federal funds.
3. Auxiliary Organization Funds (see definition page 1): Auxiliary Organization Funds may be used to fund hospitality but only within the restrictions established by the auxiliary organization. Expenses for alcoholic beverages, tobacco products, gifts, and awards may be charged to Auxiliary Organization Funds subject to the policies and restrictions established by this policy and the auxiliary organization.

4. Lottery funds may not be used for the purchase of food (Government Code Section 8880.5).
5. Trust funds may be used for hospitality expenses if so designated in the Trust Account Agreement document. Alcoholic beverages may not be charged to trust funds.
6. Foundation Account (i.e., Campus Program) funds may be only be used for hospitality expenses if so designated in the Foundation Account Application document.

*Approval Process and Requirements:* Hospitality expenses must be pre-approved by the appropriate approving authority using the "Hospitality Food and Beverage Expenditure Form" (Exhibit B). The signed form must be attached to the payment document (i.e., requisition, direct pay, or PCard) **prior** to the payment being processed.

Hospitality expenditures should be reasonable and in accordance with the best use of funds. With the exception of events hosted by the President, expenditures in excess of Five Hundred Dollars (\$500.00) for a single event must be pre-approved by the Vice President for Business & Finance (CFO).

Payment of hospitality expenses may be denied if the approval process is not followed.

**EXHIBIT A**  
**TABLE 1 – FUNDING SOURCES FOR PAYMENT OF HOSPITALITY EXPENSES**

<b>HOPITALITY EXPENSE</b>	<b>GENERL FUND APPROPRIATIONS ("G" and "GR" funds)</b>	<b>TRUSTS (TM) CAMPUS PROGRAMS (A) EXTENDED ED (E)</b>	<b>GRANTS &amp; CONTRACTS "C" FUNDS</b>	<b>AUXILIARIES</b>
Food & beverages (other than alcoholic beverages) for meetings attended only by employees of the same work location.	No	If stated in fund set-up agreement.	If stated in grant budget at time of award.	Yes
Food & beverages (other than alcoholic beverages) for meetings attended by official guests or employees from another work location.	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Alcoholic beverages and tobacco products	No	If stated in fund set-up agreement and if compliance with University alcohol policy	NA	Yes
Gifts	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Awards	No	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Promotional Items	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes
Travel	Yes	If stated in fund set-up agreement	If stated in grant budget at time of award.	Yes