

Policy No.: 200-25

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I. POLICY

It is the policy of the California State University (CSU) 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 CSU**. The policy applies to activities that promote the CSU to the public and the provision of hospitality in connection with official CSU business and specifies the state and auxiliary funds that may be used for such purposes.

This document will serve to fulfill the requirement of the [CSU PolicyStat 13790907 – Hospitality Policy](#), for each campus and its auxiliary organizations (auxiliaries) to develop written procedures, consistent with (or more restrictive, if preferred), regarding the payment of ordinary and necessary hospitality expenses. CSUN auxiliaries may document their own specific procedures that complies with the CSU policy.

II. PROCEDURES

A. PURPOSE:

This policy governs the manner and extent in which CSUN 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 are 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 organizations, sponsored program administration, private-purpose trust and fiduciary funds unless legally and otherwise restricted (e.g., documented fund agreements). CSUN 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 the delegation of authority from the chancellor to the executive vice chancellor and chief financial officer, and implementation and compliance with the policy if further delegated to the campus chief financial officer. California Education Code § 66600, 89030, and 89035.

D. ALLOWABLE EXPENDITURES:

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. 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):

- CSUN hosts or sponsors business meetings that directly correlate with the operations of CSUN;
- CSUN hosts official guests with an interest in CSUN;
- CSUN is the host or sponsor of a meeting of a learned society or professional organization;
- CSUN 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 CSUN related groups such as alumni associations;
- CSUN hosts or participates in community relations or fundraising events to promote the university, enhance partnerships, recognize distinguished service, or cultivate donors;
- CSUN 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.

Please refer to **Addendum B: Hospitality Expense Matrix** for specific examples of expenditure types. **Addendum B**, in collaboration with this Policy, is guidance and addresses specific funding sources in relation to hospitality expenditures.

1. Employee Meetings/Recognition Events

Food and beverage provided to employees may be permitted if the expenses occur infrequently, are reasonable, and when it serves a university business purpose. Food and beverage at meetings that are carried out routine or frequent basis are not permitted under this policy. 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 of time and the agenda includes a working meal, there may be justification that the meal is integral to the business function.

Maximum per person rates for meals and light refreshments are reviewed and documented periodically by the Vice President of Administration and Finance/Chief Financial Officer or designee. Current maximum rates can be found in **Addendum A** along with further guidance. Maximum rates are inclusive of the total cost of food, beverages, labor, sales tax, delivery fees or other service fees.

2. Spouses, Domestic Partners, and Significant Others

Hospitality provided to the spouse, domestic partner, significant other, or other immediate family member of an employee might 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 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

Awards and prizes are permissible when it serves a business purpose with the mission and fiduciary responsibilities of the university and aligns with IRS regulations. Awards and prizes provided to employees for exceptional contributions, to students to honor academic excellence or in conjunction with university events; to individuals to participate in research-funded survey or study as well as employee recognition and official presentations for lengths of service awards, with at least 5 years of service are examples of a bona fide business purpose. In addition, promotional items purchased and distributed for marketing purposes are permissible.

Cash and cash equivalent items, such as gift cards and gift certificates, no matter how small, are always taxable to the employee as wages and reported to the Financial Aid Office for student recipients. A non-cash award or prize may have a taxable consequence if it does not meet the IRS definition of de minimis and infrequent. Refer to IRS for tax rules in resources and materials section. Refer to **Addendum B: Hospitality Expense Matrix** as well as the [Procurement Card Handbook](#) for further procedures and limitations regarding the purchase of gift cards and other awards and prizes.

E. UNALLOWED EXPENDITURES:

1. 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.

F. ALLOWABLE FUNDING SOURCES:

Hospitality expenses may be paid from a variety of sources, including State Funds, State Trust Funds, Auxiliary Organization Funds, Sponsored Programs Administration Funds, and Private-Purpose Trust and Agency Funds. Please refer to **Addendum B: Hospitality Expense Matrix** for specific guidance and details.

1. State Funds/State Trust Funds

Unless specifically authorized in the State Trust Account Application, 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 to 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 serves 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.

CSUN Auxiliaries include:

- Associated Students
- CSUN Foundation
- North Campus – University Park Development Corporation
- The University Corporation
- University Student Union

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. CSUN's sponsored programs are generally administered in The University Corporation.

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.

G. APPROVAL OF TRANSACTIONS:

- Approving authority shall be the supervisor (or higher level) of the official host. In addition, individuals with delegated approval authority shall not approve their own or their supervisor's hospitality expenses. The exception is approval of the President's expenditures by the Vice President of Administration and Finance/Chief Financial Officer.
- 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 CSUN to be derived from the expense;
- Payment or reimbursement of hospitality expenses for recreational, sporting, or entertainment events must be approved by the vice presidents/provost, as delegated by the president with approval of this policy;
- Payment or reimbursement of hospitality expenses for a spouse, domestic partner, significant other, or other immediate family member of an employee must be approved by the vice presidents/provost, as delegated by the president with approval of this policy.
- Approval Authority for Campus and Foundation Funds:
 - Department Chair/Director and Division/College Financial Manager approval must be obtained for all Hospitality Expenses, as demonstrated by completion of the CSUN Hospitality Justification Form.
 - Dean or associate/assistant vice president, and vice president/Provost or designee approval must be obtained for total hospitality expenses \$1,000 or greater or exceptions (e.g., provision of alcohol; exceeds maximum per person rates; includes immediate family members of employees; etc.) **in advance** of the event or occasion, as demonstrated by completion of the CSUN Hospitality Justification Form.

- In the event that actual expenditures exceed the original budget submitted on the CSUN Hospitality Justification Form, a memo, signed by the Division/College Financial Manager, explaining the overage is required.
- Other auxiliaries may develop and document their own appropriate approval processes.

H. HOSPITALITY JUSTIFICATION FORM:

1. Payment and Reimbursement Procedures:

All hospitality expenses must have a completed hospitality justification form submitted along with supporting backup documentation such as a quote, invoice, and original receipt when requesting payment or reimbursement. The CSUN Hospitality Justification Form includes the following information, as required by the CSU:

- The type of event (business meeting, department meeting, host of official guest, employee recognition, 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 (meals/refreshments, service recognition, etc.);
- Location and date;
- List of attendees and their business relationship to the campus;
 - Note that 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.
- The cost of meal per attendee.

Expenses paid by State Funds or State Trust Funds should be done using the university procurement card or by purchase order. Please refer to the [Procurement Card Handbook](#) for further guidance.

Expenses paid by Foundation Funds:

- Submit a Check Request Form or Purchase Requisition along with the CSUN Hospitality Justification Form. The original itemized receipts or invoices and credit card receipts are required (to establish that the expense was incurred and paid by the employee and not some other individual). If itemized receipts cannot be obtained or have been lost, a signed statement to that effect is required.

Other Auxiliaries may formulate their own reimbursement procedures.

2. Responsibilities:

Vice President and Directors of Auxiliary Organizations:

Each vice president or delegated authority and each auxiliary organization director/chief operating officer is responsible for dissemination and implementation of this policy within their respective areas.

Approving authorities are responsible for the review and approval of their respective section of the appropriate form (see "Reimbursement Procedures" above), ensuring that it is complete, accurate and that the occasions and expenses are proper and in accordance with this policy.

Payment Approval Authority:

Individuals approving the payment for reimbursement are responsible for the review and approval of the appropriate forms (see "Reimbursement Procedures" above), ensuring that it is complete, accurate and all required documents, with approvals, are attached.

Accounts Payable Department:

The appropriate Accounts Payable or Purchasing department is responsible for the review and retention of the forms and supporting documents for completeness and accuracy, and to verify that the amounts claimed are allowable pursuant to this policy, and the form has been properly approved.

I. 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 in accordance with university policy.

Auxiliary Organization Funds – Monies in auxiliary accounts. CSU 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.

Community Relations Events - Participation by employees to promote the university, enhance partnerships, recognize distinguished service, cultivate and steward donors, or to establish new relationships on behalf of the university.

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.

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.

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.

Immediate Family Members - Includes parents, siblings, spouses, domestic partners, significant others, and children.

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 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 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. Travel reimbursements for official guests must follow the CSUN Travel Policy.

Public Purpose: Or business purpose includes expenses that serve a purpose consistent with the mission and fiduciary responsibilities of the CSU.

Private-Purpose Trust and Custodial Funds - As defined by [Delegation of Fiscal Authority and Responsibility](#).

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

State Funds – All monies in campus accounts that are either appropriated by the legislature as part of the budget process or continuously appropriated (e.g., tuition and fees).

State Trust Funds – Non-appropriated funds which receive monies from sources other than the State Controller’s Office.

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.

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 maintain on premises during meal periods or working overtime.
- [IRS Publication 5137](#), Fringe Benefits Guide.
- General instructions for Certain Information [Returns \(1099\)](#)
- [Government Codes § 8314](#)
- [California Constitution, Article 16 Public Finance § 6](#)

IV. ADDENDUM DOCUMENTS:

[Addendum A: Maximum Per-Person Rates for Meals and Light Refreshments](#)

[Addendum B: Hospitality Expense Matrix](#)

V. FURTHER INFORMATION:

Associate Vice President, University Financial Services 818-677-2305

Chief Financial Officer, CSUN Foundation 818-677-4657

APPROVED BY THE PRESIDENT