FISCAL POLICY

SUBJECT: Hospitality, Payment or Reimbursement of Expenses

REFERENCES:
- California Education Code on the authorities of the Trustees (Sections 66600, 89030, and 89035).
- California Education Code and Title 5 regarding campus community relations funds (Sections 89044, 41600, and 41601).
- Title 5 regarding the authority of the campus president to require auxiliary organizations to operate in conformance with campus policies (Section 42402).
- Integrated CSU Administrative Manual Policy Number 1301.00 - Hospitality, Payment or Reimbursement of Expenses
- CSUN Hospitality Policy No. 200-35
- IRS Code sections on fringe benefit income (various)

DEFINITIONS:
- **Approving Authority**: a member of the USU management team who has been delegated to review and approve hospitality expenses.

- **Awards and Service Recognition**: something of value given to or bestowed upon an individual, group, or entity in recognition of service to the University or achievement benefiting the University or USU (e.g. financial prizes, trophies, plaques, and flowers).

- **Employee Recognition Events**: memorial services, celebrations of retirement, and farewell gatherings for employees separating with at least five years of service.

- **Meetings & Trainings**: meetings that may include employees, Board members, or volunteers and serve a USU business purpose. These meetings are generally administrative in nature or involve training and development in groups.

- **Hospitality**: the provision of catered or restaurant meals, light refreshments, promotional items and materials, gifts and awards. Hospitality includes expenses that promote the USU to the public, usually with the expectation of benefits accruing directly or indirectly to the USU. The definition of “hospitality” excludes meals, light refreshments, promotional items, gifts, and awards provided for student programs and events; Sunny Days Camp; employee onboarding; employee recruitment; and meetings and trainings.

- **Light Refreshments**: beverages, pastries, hors d’oeuvres, and desserts.

- **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 Guest**: a person who is invited by the official host to attend a meeting or event.

• **Official Host**: an employee or Board member of the USU who hosts a meeting for the purpose of official USU business.

• **Promotional Items**: items that display the name, logo, or other icon identifying the USU or University such as a keychain, coffee mug, calendar, or clothing distributed to official guests, donors, and to USU employees at employee morale functions or employee meetings. Promotional items do not include giveaways or any other materials or items distributed by the USU Marketing department to promote or advertise the USU to the campus community.

**POLICY:** Hospitality expenses must be directly related to, or associated with, the active conduct of University Student Union (USU) business. When an employee meeting takes place or when a USU employee or Board member acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear USU purpose with no significant personal benefit derived by the official host or USU employee.

The expenditures of funds for hospitality should be cost effective. 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.

All hospitality expenses greater than $250 must be documented on the Hospitality Approval Form. Hospitality expenses equal to or greater than $1,000 must be pre-approved in writing using the Hospitality Approval Form. In addition to the pre-approval, quotes for food and beverages equal to or greater than $1,000 must be attached to the form.

Hospitality expenses, including awards and gifts, must conform to IRS regulations.

*This policy was recommended by the Finance Committee on February 19, 2016.*

*This policy was approved by the Board of Directors on February 22, 2016.*
Hospitality Procedures

I. Responsibility & Approval Authority
A. The Executive Director and each management team member are responsible for dissemination and implementation of this policy within their respective areas.

B. Individuals with approval authority may not approve their own expenses or expenses of their supervisor.

C. The Executive Director or a designated member of the management team is responsible for ensuring that hospitality expenditures conform to the requirements of this policy and ensuring the Hospitality Approval Form includes the appropriate supporting documentation.

D. When appropriate and necessary, the Executive Director/designee may make a limited exception to the Hospitality policy. The purpose of the exception must be documented in writing and signed by the Executive Director/designee.

II. Hospitality Approval Form
A. All hospitality expenses greater than $250 must be documented on the Hospitality Approval Form and authorized by the approving authority. Pre-approval is required for hospitality expenses equal to or greater than $1,000 before funds can be disbursed.

B. The following information must be completed and/or attached on the form:
- The account number, account name, and department
- The requestor’s name and phone contact information
- The name and date of the event and the estimated number of attendees (if applicable)
- Description and location of the event
- The business purpose of the event
- Hospitality provided such as meals, light refreshments, promotional items, gifts, and awards
- Estimated cost of the event
- Quotation for the amount of hospitality to be expended if equal to or greater than $1,000
- First and last names of all attendees of the event (applicable for events with 12 or less attendees)
  - If the event is expected to have more than 12 attendees, a general statement about the group of attendees is required (i.e. staff employees, Board of Directors, etc.).

C. The original itemized receipts are required to establish that the expense was incurred and paid by the USU or authorized USU employee. Electronic and/or faxed receipts are acceptable provided that the detail contained in an electronic receipt is equivalent to the level of detail contained in an acceptable paper record. For example, receipts for meals at restaurants must include the detailed charge for every meal.
- The receipts must be attached to the original or a copy of the Hospitality Approval Form and filed with the payment voucher in Business Services (accounts payable voucher, corporate credit card voucher, or petty cash voucher).
- If itemized receipts are not provided, no reimbursement will be allowed unless approved by the Executive Director/designee.
III. Allowed Hospitality Expenses & Occasions

A. Hospitality funds may be used for the following purposes:

- **Host to Official Guests:** the provision of meals or light refreshments for official guests of the USU including visitors from other universities, USU business partners, or members of the community.

- **Donors and Prospective Donors:** the provision of meals, light refreshments, and awards for the purpose of generating the goodwill of prospective University/USU donors or for recognition of a donor’s gift to the USU.

- **Employee Recognition Events:** the provision of meals, light refreshments, flowers, or cards for memorial services, celebrations of retirement, and farewell gatherings for employees separating with at least five years of service. Also included are meals, light refreshments, and gifts provided by the Executive Director for staff appreciation.

- **Executive Director Meetings:** breakfast, lunch, or dinner meetings with the Executive Director and members of the Board of Directors.

- **USU Board Chair Meetings:** breakfast, lunch, or dinner meetings with fellow Board members; management team members; the Associated Students President; or other University or auxiliary personnel.

- **Executive Secretary Meetings:** breakfast, lunch, or dinner meetings with the Committee Chair and/or Co-Chair and Executive Secretary and/or backup Executive Secretary.

B. Maximum per person meal rates for hospitality provided for meetings and events:

<table>
<thead>
<tr>
<th>Meal Type</th>
<th>Routine/Department Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
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</tr>
<tr>
<td>Lunch</td>
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</tr>
<tr>
<td>Dinner</td>
<td>$40</td>
</tr>
<tr>
<td>Hors d’oeuvres</td>
<td>$25</td>
</tr>
<tr>
<td>Light Refreshments</td>
<td>$20</td>
</tr>
</tbody>
</table>

IV. Prohibited Hospitality Expenditures

Employee business meals and entertainment expenses must conform to IRS regulations. No employee business meal or entertainment expenditure that is considered taxable 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 any of the following conditions are met:

- 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
The following hospitality expenses are prohibited:

A. Hospitality expenses that are of a personal nature, not related to the active conduct of official USU or University business, or with personal benefit derived by the official host or other employees.

B. Employee birthdays, weddings, anniversaries, baby and wedding showers, and other personal celebrations or acknowledgements.

C. Memorial services, celebrations of retirement, and farewell gatherings for employees separating with less than 5 years of service.

D. Tobacco products.

E. Hospitality expenses will not be paid or reimbursed for membership in social organizations, activities or entertainment services that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability.

F. Breakfast, lunch, and dinner meetings when only individual USU employees are involved.

V. Funding Source for Reimbursable Hospitality Expenses

A. Hospitality account 623510 is designated to be the funding source for hospitality expenses.

B. Hospitality expenses are approved by the Finance Committee, Board of Directors, and the University President as part of the annual budget process. Once approved, the USU is authorized to spend up to the budgeted amount.

VI. Acceptance of Hospitality Donations & Discounts

A. No hospitality funds in the form of cash may be solicited or accepted from any vendor who provides services to the USU, the University, or any other campus entity or auxiliary organization.

- Any vendor who wishes to donate cash to the USU must be referred to the Director of Development for the Division of Student Affairs. All cash donations made to the USU are deposited in the USU’s account at the CSUN Foundation in accordance with the USU’s Gift Acceptance Policy and Procedure.

B. The USU may negotiate discounts and accept unsolicited donations of products from vendors who provide services to the USU, the University, or any other campus entity or auxiliary organization. For example, the USU may negotiate a discount or accept an additional menu item offered by a caterer providing services for a USU event.

VII. Non-Hospitality Expenditures

A. Student Programs & Events - meals, light refreshments, and promotional items provided as part of a student program by any USU department are not defined as hospitality for the purpose of this policy. The funding source for these provisions is 620200 Program Costs.
B. **Sunny Days Camp** - meals and light refreshments provided to children in the Sunny Days Camp program are not defined as hospitality for the purpose of this policy. The funding source for these provisions is 623520 Program Food Costs.

C. **Employee Onboarding** - meals and light refreshments provided to new employees (student assistants, hourly, or staff) as part of job training, employee orientation, and welcome meetings are not defined as hospitality for the purpose of this policy. The funding source for these provisions is 625410 Training-Development Services.

D. **Employee Recruitment** - meals and light refreshments for prospective staff employees of the USU are not defined as hospitality for the purpose of this policy. The funding source for these provisions is 623650 Recruitment Expense.

E. **Meetings and Trainings**: meals or light refreshments for meetings and trainings which involve employees, Board members, or volunteers are not defined as hospitality for the purpose of this policy. The funding source for these provisions is normally 625410 Training-Development Services.

- The provision of meals and light refreshments is 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, therefore, are not permitted under this policy.

Meals or light refreshments provided in the course of a business meeting must be modest and reasonably priced. When a meeting or training 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. Examples of employee meetings and trainings include, but are not limited to, the following:

- Official USU Board of Directors meetings
- Official USU Committee meetings
- June Rejuvenation
- Graduate appreciation lunch
- Student Summit
- Department Training Day and individual department staff trainings
- Annual Budget Planning Meeting
- Lifeguard, Water Safety Instructor, and Red Cross trainings
- 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

Dated: September 10, 2018

Debra L. Hammond, Executive Director
University Student Union