

**Policy No.: 200-25**

Revised & Effective: 02/20/2023

**PURPOSE:**

This document provides campus policy regarding use of funds for activities, including hospitality and public relations, directed toward promoting the campus to the public, assisting the campus in garnering support for its mission, and enabling the campus to act as a member of the state and local communities. 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**. This policy applies to activities that promote CSUN to the public and the provision of hospitality in connection with official CSUN business and specifies the university and auxiliary funds that may be used for such purposes.

The document will serve to fulfill the requirement of the Integrated CSU Administrative Manual Policy Number 1301.00 – Hospitality, for campus-generated written policies and procedures for the payment of hospitality expenses.

Provisions of this campus policy are authoritative, within which auxiliary organization policies must be structured. Each auxiliary organization may formulate policies and procedures appropriate to the unique activities of the auxiliary. Auxiliary policies shall include maximum per person rates for breakfast, lunch/brunch, dinner and light refreshments inclusive of the total cost of food, beverages, labor, sales tax, delivery and other service fees. The Board of Directors is the approving authority for auxiliary policies. Approval of the policies by the Vice President of Administration and Finance/Chief Financial Officer, as the President's designee, is required.

Exceptions to this policy must be made in writing, documented and approved by the campus president or designee.

In implementing this policy, the objectives are to ensure that:

- a. Campus policy is within higher-level policies, including those of the Education Code, the CSU, and the federal tax code;
- b. Information regarding prohibitions is clearly articulated;
- c. Guidance is provided for expenditures that are not prohibited;
- d. Employees are informed of constraints on uses of funds for employee benefit;
- e. Standards for documenting business purpose and for reimbursement are clear.

**SCOPE:**

All funds available to the university - whether received through appropriation, fees, donation, or other means - are resources valuable toward achieving the missions of the university. This policy governs the appropriate use of state, auxiliary organizations, sponsored program administration, private-purpose trust and agency funds. Recognized student organizations are not subject to this policy.

- Hospitality expenditures under this policy shall be expended only upon documentable benefit to the campus. Within the bounds of this policy or the approved policies of an auxiliary organization, the determination of whether an activity not specifically addressed in this document provides benefit to the campus is at the discretion of the Vice President of Administration and Finance/Chief Financial Officer or designee.

- Expenditures providing personal benefit to campus employees are acceptable only when there is a clear campus business purpose within the parameters defined in this policy.
- Discretion associated with these funds increases the need for effective and conservative management. Administrators of these funds are to consider cost, availability of funds, and availability of alternative activities when evaluating the benefits to be derived from the expenditure.
- Auxiliary organizations may establish budgets for hospitality expenditures.

#### **AUTHORITY 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 (Section 89044 and Sections 41600 and 41601, respectively)
- Integrated CSU Administrative Manual Policy Number 1301.00 - Hospitality
- Integrated CSU Administrative Manual Policy Number 15701.00 – Fundraising Events
- IRS Code sections on fringe benefit income (various)
- Title 5 regarding the authority of the campus president to require auxiliary organizations to operate in conformance with campus policies (Section 42402).

#### **APPROVAL AUTHORITY:**

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.

- Vice presidents must approve payment or reimbursement of hospitality expenditures for recreational, sporting or entertainment events.
- Vice presidents must approve payment or reimbursement of hospitality expenditures for a spouse, domestic partner, significant other, or immediate family member of an employee.
- Approval Authority for Campus Funds:
  - Dean or associate/assistant vice president approval must be obtained for hospitality expenses between \$500-\$1000 in advance of the event or occasion, as demonstrated by completion of the CSUN Hospitality Expense and Request for Use of Alcohol Form.
  - Vice president approval must be obtained for hospitality expenses above \$1000 or exceptional (e.g., 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 Expense and Request for Use of Alcohol Form.
- Auxiliaries may develop and document their own appropriate approval processes.

## PROHIBITED EXPENDITURES:

- Hospitality expenses that are of a **personal nature**, not related to the active conduct of official University business or with personal benefit derived by the official host or other employees, are prohibited. 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.
- Expenses related to employee birthdays, weddings, showers, sympathy, and other personal celebrations or acknowledgements are prohibited.
- Hospitality expenses will not be paid or reimbursed for membership in social organization, activities or entertainment service that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status or disability.
- Employee business meal or 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:
  - 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.

## ALLOWABLE EXPENDITURES:

Hospitality expenses must be directly related to, or associated with, the active conduct of official CSUN business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear CSUN 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.

Expenditures are allowed within funding as indicated and only within this policy, and policies constructed by the auxiliary organizations, and approved by the campus Vice President of Administration and Finance/Chief Financial Officer or designee, only if appropriate to the purpose of the special or auxiliary organization fund. The purchase of alcoholic beverages is only allowable through auxiliary funds subject to the hospitality policy of the auxiliary alcohol policy.

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. The 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, cultivate and steward donors, or to establish new relationships on behalf of the university;
- CSUN hosts receptions for the benefit of employee morale, employee recognition, employee retirements (with at least 5 years of service), and 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.

### ***Employee Meetings/Recognition Events***

Food and beverages provided to employees may be 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 are, therefore, not permitted under this policy. Additionally, public expenditures that are driven by personal motives are an impermissible use of public funds.

Meals or light refreshments provided in the course of a business meeting must be modest and reasonably priced. 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; examples include:

- 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.

### ***Campus Maximum Per Person Rates for Meals and Light Refreshments***

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.

### ***Spouses, Domestic Partners and Significant Others***

Hospitality provided to the spouse, domestic partner, significant other, or immediate family member of an employee might 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 should be included with the payment record. These expenditures must be approved by a vice president.

### ***Students and Prospective Students***

Hospitality provided to students or prospective students may be permitted when it serves a CSU business purpose. To justify the expenditures, one must determine that the expenditure is consistent with the mission of the CSU. 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.

### ***Awards and Prizes***

Awards and prizes, including promotional items, are permissible when it serves a business purpose and aligns with IRS regulations. Examples include awards and prizes provided to employees during University-wide events such as the Annual Staff Service and Recognition of Excellence Awards ceremony (employees with at least 5 years of service); awards and prizes provided to students to honor academic excellence or in conjunction with University events; and promotional items purchased and distributed throughout the University for marketing purposes. Awards and prizes are treated in accordance to Federal and State tax requirements. 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. Advanced approval, justification, and a list of the recipients are required for such purchases.

### ***Gifts***

Gifts are permissible when it serves a business purpose and aligns with IRS regulations. Please see the definition of gifts included in this policy. Gifts are not permissible for employee birthdays, weddings, baby showers, retirements, farewells,

and other personal acknowledgements. Gifts of goods, not monetary, may be appropriate for employees recognized for significant leadership or for significant service on campus or in the community. Gifts for expression of sympathy to an employee for an immediate family member may be permissible. The expenses should be reasonable and coordinated as a single gift per recognition.

## **FUNDING SOURCES FOR PAYMENT OF HOSPITALITY EXPENSES:**

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

### ***State Funds***

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;
  - 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.
  
- 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;
  - For employee recognition and official presentations for length of service awards or exceptional contributions, with at least 5 years of service;
  - To pay for official employee morale-building and appreciation activities that serve a business purpose;
  - To pay for Meals and Light Refreshments (other than alcoholic beverages) for business meetings and trainings if **the expenses occur infrequently, are reasonable, and appropriate to the business purpose.**

### ***State Trust Funds***

State Trust Funds may be utilized for hospitality expenditures if authorized by the signed trust agreements in place.

### ***Auxiliary Organization Funds***

Hospitality expenses may be charged to auxiliaries provided the expense serves a bona fide business purpose. Auxiliary organization funds may be used to pay for meals and lights refreshments, 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

### ***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 CSU policy, the stricter of the two policies shall apply. Federal Funds may not be used to purchase controlled substances, 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.

### ***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.

### ***Other Funding Sources and Tracking***

The following outlines additional provisions for funding of Hospitality Expenditures:

- CSUN Foundation will track the financial transactions related to hospitality expenses through specific accounts in the General Ledger. Other auxiliaries can utilize the same methodology at their discretion.
- Hospitality expenditures may only be expended from sources subject to restrictions.
- Auxiliaries must obtain approval for their hospitality fund allocation from the University President as part of their annual budget process.
- The University Corporation will provide funds to support hospitality expenses across campus through an annual distribution to the University President or designee each fiscal year.
- The University President or designee will distribute this allocation through the CSUN Foundation to campus leadership. These funds will be tracked through designated hospitality funds within the Foundation.
- No hospitality funds may be solicited or accepted from any vendor who provides services to the University or its auxiliaries.

### **PROCEDURES:**

#### **A. Payment and Reimbursement Procedures:**

- Expenses paid by State Funds or State Trust Funds should be done using the University procurement card or by purchase order. If total cost exceeds \$500 or is exceptional (e.g., exceeds maximum per person rates, includes immediate family members of employees, etc.), the pre-approved CSUN Hospitality Expense and Request for Use of Alcohol Form must be attached to the monthly procurement card reconciliation package. Please refer to the Procurement Card Handbook for further guidance.
- Expenses paid by Foundation Funds:
  - If the reimbursement is \$500 or less, submit a Check Request 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.
  - If the reimbursement exceeds \$500 or is exceptional (e.g., exceeds maximum per person rates, includes immediate family members of employees, etc.), submit a Check Request Form along with the pre-approved CSUN Hospitality Expense and Request for Use of Alcohol 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.
- Auxiliaries may formulate their own reimbursement procedures.

## **B. 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.

## **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** – CSU auxiliary organizations are separate legal entities authorized in the Education Code to provide essential services to students and employees. Auxiliary organizations 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.

**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; e.g. financial prizes, trophies, plaques, and flowers.

**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. There is no set dollar amount in the law for nominal prizes or awards. (Refer to IRS guidelines for definition of de minimis; 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 Meetings and Recognition Events** - meetings which serve a University business purpose and are generally administrative in nature such as CSU system-wide meetings of functional offices, meetings of the Academic Senate, campus meetings of deans and directors, employee morale functions, extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.

**Entertainment Services** – reasonable expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, decor, music, and performers. Service expenditures related to showcasing the talent of students or employees are considered a regular business expense and are not governed by this policy.

**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.

**Gift** - something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose.

**Hospitality** - the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies), entertainment services, promotional items, gifts, awards and prizes, and travel expenditures for official guests. 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.

**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 university or auxiliary employee who hosts 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. Employees of the university are not considered official guests. Travel reimbursements for official guests must follow the CSU Travel Policy.

**Promotional Items** - items that display the name, logo or other icon identifying the university such as a keychain, coffee mug, calendar, or clothing.

**State Funds** – monies 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 Executive Order (EO) 1068 – 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 main campus is a single work location).



**ADDENDUM DOCUMENTS:**

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

[Addendum B: Hospitality Expense Matrix](#)

**FORMS:**

[Foundation Check Request Form](#)

[Hospitality Expense and Request for Alcohol Use Form](#)

**FURTHER INFORMATION:**

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

Chief Financial Officer, CSUN Foundation 818-677-4657

**APPROVED BY THE PRESIDENT**