

Administrative Guidelines for Implementing CSU Hospitality Policy (ICSUAM1301.00)

Guidelines

These guidelines implement ICSUAM policy number 1301.00 - Hospitality, which addresses hospitality expenditures, regardless of amount, related to food and beverage; event attendance; get-well gestures; gifts, awards and promotional items; entertainment services; memberships in social organizations; and memorial donations.

Expenditures must:

- be in accordance with IRS guidelines, State regulations, and CSU policies;
- be directly related to, or associated with, the active conduct of official university business;
- comply with restrictions imposed by the funding source(s);
- be cost effective and in accordance with the best use of public funds; and
- serve a clear university business purpose, with no personal benefit derived by the official host or other university employees.

Authority

These guidelines are based on authority and direction derived from:

- Integrated CSU Administrative Manual Section 1301.00 titled Hospitality;
- Education Code on the authorities of the Trustees (Sections 66600, 89030, and 89035);
- Education Code and Title 5 regarding campus community relations funds (Section 89044 and Sections 41600 and 41601, respectively);
- Title 5 regarding the authority of the campus President to require auxiliary organizations to operate in conformance with campus policies (Section 42402);
- Executive Orders on Delegation of Fiscal Authority and Responsibility; and
- IRS Code sections on fringe benefit income and business expenses.

I. Scope

These administrative guidelines (D11) apply to all university administrators, faculty, staff and organizations, including student organizations and auxiliaries, and may be modified as necessary by the University President. Unless stated otherwise, the University President has delegated approval authority for expenditures covered in these guidelines, to the Division Heads, who may, unless stated otherwise, delegate this authority in writing to others up to a specified dollar amount.

II. Hospitality (D11) Category Definitions

Awards Cash awards may be given to Faculty, Staff, and Students for recognition of accomplishments (i.e., Outstanding Faculty Member of the College, Outstanding Staff Member from Titan Excellence, Outstanding Student, Outstanding Research Publications, etc.). Cash awards are never given for services and must be processed through CSUF Philanthropic Foundation. Cash and cash equivalent items, such as gift cards and gift certificates, no matter how small, are always taxable to the recipient as income.

The university acknowledges noteworthy work-related or academic accomplishments through the following programs:

- Outstanding faculty member awards (both for the university and in individual colleges)
- Outstanding staff member awards

A division head may acknowledge the noteworthy work-related or academic accomplishments of a faculty member, staff member, student, donor/volunteer, or individuals external to the university outside the above programs through the presentation of an item of tangible personal property. Generally, the value of an award may not exceed \$75 in value. A Division Head must approve awards valued in excess of \$75. In no instance may the value of an award exceed \$125.

Faculty/staff length of service awards may generally only be awarded as part of the university's annual faculty and staff recognition events and generally may be valued up to \$400. The university also may present an item of tangible personal property generally up to \$400 to an employee upon retirement. When warranted by the length of service, position and achievements of the individual retiring the value of the item may be greater. In no instance may the value of the item exceed \$2,000 (See Section III, Retirements/Separations).

Entertainment Services are, for purposes of this policy, reasonable expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, décor, 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.

Event Attendance pertains to a university-sponsored event or community event when an individual's attendance is necessary for the success of the event or it directly relates to the individual's responsibilities and role at the university. Event attendance may also include spouses/partners of university employees when it serves a University business

purpose. Such an individual's presence is considered to serve a CSU business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Hospitality (D11) approval by the Division Head or designee confirms event attendance by an employee and, as appropriate, by the employee's spouse/partner. Permissible expenses may include, for example, the rental of formal wear, if required, or the rental of caps and gowns for faculty and staff members at commencement.

Event attendance Hospitality (D11) requirements do not apply to attendance at professional meetings or conferences covered by an approved travel authorization.

Food and Beverage include but are not limited to meals (catered or restaurant) and light refreshments (for example, beverages, hors d'oeuvres, pastries, and/or cookies).

Meals or light refreshments 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. **Food and beverage expenses for meetings that occur on a regular or frequent basis are not permitted. Only infrequent meetings (meetings that occur no more than 12 times per year) are allowed to have food and/or beverage expenses as long as it serves a business purpose.**

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. Following are examples of occasions when the provision of food and beverage hospitality is permitted under this policy, (fund restrictions still apply):

- The University hosts business meetings that directly correlate with the operations of the University;
- The University hosts official guests with an interest in the University;
- The University is the host of a meeting of a learned society or professional organization;
- The University hosts a meeting where there is a scheduled speaker during the meal period;
- The University 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 meeting of other CSU related groups such as alumni associations;
- The University 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 are

permissible.

See Section V, Funding Sources for Payment of Approved Hospitality Expenses and Maximum Per-Person Rates for Hospitality Meals and Light Refreshments

Gifts are items of value given or bestowed upon an individual, group, or entity with the expectation of a benefit accruing to the university including donor or volunteer recognition. Gifts also include get well or memorial floral or other arrangements made on behalf of the university in the event of a serious illness, injury or death of a university employee; an individual external to the university who had a close educational, community, business, or philanthropic relationship with the university; a student; or death of a member of an employee's immediate family. Memorial donations may be provided subject to funding source restrictions. Gifts, floral or other arrangements generally may not exceed \$75. A Division Head must approve gifts, floral or other arrangements of more than \$75. In no instance may the gift, floral or other arrangement exceed \$125.

Fundraising - All University fundraising efforts must be coordinated through the Cal State Fullerton Philanthropic Foundation. When university resources are used in fundraising efforts with the goal of securing gifts and other contributions to the auxiliary organization, those efforts are recognized as providing either tangible or intangible value that ultimately inures to the overall benefit of the university and its educational mission even though the activity might reside in an auxiliary organization or enterprise program/activity/fund. The exchange of value resulting from the beneficial investment opportunities afforded to the auxiliary organization, which is ultimately to the university's benefit, mitigates the need for direct or indirect cost recovery for such services. Use of university resources in fundraising efforts must be fully documented, including the execution of a Hospitality (D11) Form and required supporting documentation. Supporting documentation should include individual names, affiliations, and direct or indirect benefit to the University to be derived from the expense. The Hospitality (D11) form requesting approval of expenses for this category must be approved by the Vice President of University Advancement or their designee.

Promotional Materials are items of nominal value and bear the university logo or other university symbol distributed to promote the name or image of the university, provide information, or enhance university productivity.

Memberships in Social Organizations include 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.

III. Policy Definitions

Division Heads are, for the purposes of this Policy, the President, Provost and Vice President for Academic Affairs, Vice President for Administration and Finance/CFO, Vice President for Human Resources, Diversity and Inclusion, Vice President for Information Technology, Vice President for Student Affairs, and the Vice President for University Advancement.

Hospitality includes the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), promotional materials and gifts. 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 University Guests are individuals invited to attend a university-sponsored meeting, conference, reception, or event who are not employed by the university. Examples of official university guests include but are not limited to employees from another work location such as another CSU campus or the Chancellor's Office, members of the community, university volunteers, prospective and currently enrolled students, parents and family members of prospective or currently enrolled students, current and prospective donors, and media representatives. Employees, including student employees are not considered an "Official University Guest". If it is unclear if a potential university guest does or does not meet the criterion as defined in this Directive, the Division Head has been delegated by the President to make the final determination.

Retirement/Separation includes faculty and staff either retiring or separating from university employment when the event has been designated by the Division Head, or their written designee, as a university-sponsored event. Memorial services, celebrations of retirement, and farewell gatherings for employees separating with at least five years of service are permissible.

University includes all recognized CSUF auxiliaries.

University Employee for this purpose is defined as any individual employed by the university or an auxiliary regardless of how they are paid.

University Fundraising for this purpose is defined as efforts undertaken with the goal of securing gifts and other contributions to the Cal State Fullerton Philanthropic Foundation, which ultimately benefit the university.

University-Sponsored means a Division Head or their written designee has recognized the event as a university-sponsored event.

Written Designee for the purpose of this Policy is an individual designated in writing by the President or a Division Head to authorize Hospitality (D11) expenditures on their behalf. The designee must be an individual of appropriate administrative capacity and responsibility to authorize said expenditures. A Division Head may elect to designate more than one individual to authorize Hospitality (D11) expenditures on their behalf up to \$1,000. Approval of all designees must be on file with Financial Services and university auxiliary organizations: Associated Student, Inc., Auxiliary Services Corporation and the Philanthropic Foundation.

IV. Implementation

It is the policy of the University 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 University. 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 of prohibited expenditures include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers.

An approved Hospitality (D11) Form is required for all purchases defined by the President's Directive Number 11, regardless of dollar value, approval level, and acquisition method (e.g. P- Card, Purchase Order, Direct Expense, Check Request, Travel Expense Claim, Petty Cash, Expenditure Transfer, Budget Transfer etc.).

Regardless of the funding source, expenditures in excess of \$1,000 require approval by the appropriate Division Head or their written designee(s). Division Heads may establish an internal approval process for expenditures up to \$1,000 or specific type of expenditures. It is the responsibility of the approver to verify all expenses are valid, appropriate documentation is attached, and to ensure all funding source restrictions are observed.

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:

- The university hosts or sponsors business meetings that are directly concerned with the welfare of the university;
- The university hosts official guests, including employees visiting from another work location, students, donors, visitors, volunteers and other individuals with

- an interest in the university;
- The university is the host or sponsor of a meeting of a learned society or professional organization;
- The university 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 university related groups such as alumni associations;
- The university hosts community relations or fundraising events to promote goodwill, recognize distinguished service, or cultivate donors;
- The university hosts receptions for the benefit of employee morale, employee recognition, length of service awards, or retirement presentations;
- Representatives of the university participate in community outreach to enhance partnerships, promote goodwill, recognize distinguished service, or cultivate donors.

V. Funding Source

There are two types of funds available for the payment of university expenditures: State Funds and Auxiliary Organization Funds.

1. *State Funds* **includes** monies that are either appropriated by the legislature, as part of the budget process or continuously appropriated (e.g., tuition and fees). Unless specifically authorized in the local trust agreement (LTA), 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 services that do not serve a business purpose.
- To pay for alcoholic beverages, entertainment services, membership in social organizations or tobacco products.
- To pay for hospitality or other expenditures for personal, non-university-sponsored celebrations, such as birthdays, weddings, showers, anniversaries, Administrative Professionals Day, or other similar non-university-sponsored events.
- To pay for gifts, get-well floral arrangements, or memorial donations/flower arrangements.
- To pay for the participation of employees or official guests at university fundraising events.

- To pay for the costs associated with hosting a “retirement party”.

State Funds may be used:

- To pay for awards and prizes to employees for exceptional contributions and to students for excellence.
- 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.

2. **Auxiliary Organization Funds** represent appropriate deposits in a recognized university auxiliary, including but not limited to Associated Students of CSUF, Inc., the Cal State Fullerton Philanthropic Foundation, and the Cal State Fullerton Auxiliary Services Corporation.

The following restrictions apply to the use of Auxiliary Organization Funds:

- Auxiliary Organization Funds may be used only within restrictions established by the auxiliary organization, or at the time of payment or deposit, by the payer/donor.
- Auxiliary Organization Funds may be used for gifts or awards for student and non-students, get-well floral arrangements, or memorial donations/flower arrangements.
- Expenses for alcoholic beverages, gifts, memorial donations, awards, and employee retirements/separations may be charged to Auxiliary Organization Funds subject to the policies and restrictions established by this directive and/or the auxiliary organization
- 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 alcoholic beverages.
- Auxiliary Organization Funds may not be used to purchase tobacco products or pay for hospitality or other expenditures for personal celebrations such as birthdays, weddings, showers, anniversaries, Administrative Professionals Day, or other similar non-university- sponsored events.

Funding Sources for Payment of Approved Hospitality Expenses

Hospitality (D11) Expenses	State Funds	Auxiliary Organization Funds
Awards--Non Students, including faculty/staff retirement, length of service or faculty/staff/donor/volunteer or community member recognition awards of tangible property	Yes	Yes
Awards--Students recognition awards of tangible personal property	Yes	Yes
Awards--Cash recognition awards for Faculty, Staff and Students	No	Yes ^{*2}
Entertainment Services	No	Yes
Event Attendance	Yes	Yes
Gifts, including get-well gestures, memorial floral arrangements or memorial donations	No	Yes ^{*1}
Meals and light refreshments (other than Alcoholic Beverages) for Meetings, Conferences, Receptions, or Events Attended by Official Guests (See Section V, Maximum Per- Person Rates for Hospitality Meals and Light Refreshments)	Yes	Yes
Meals and light refreshments (other than Alcoholic Beverages) for Meetings, Conferences, Receptions, or Events Attended Only by University Employees (See Section V, Maximum Per-Person Rates for Hospitality Meals and Light Refreshments)	Yes	Yes

Hospitality (D11) Expenses	State Funds	Auxiliary Organization Funds
Meals and light refreshments or other expenses for personal, non-university-sponsored celebrations, birthdays, weddings, showers, anniversaries, Administrative Professionals Day, or other similar non-university-sponsored event	No	No
Membership in Social Organizations	No	Yes
Promotional Materials	Yes	Yes
University Fundraising	Yes ^{*3}	Yes
Alcoholic Beverages	No	Yes
Tobacco Products	No	No

FOOTNOTES:

^{*1} Subject to fund source restrictions. "Memorial donations" are only permissible through auxiliary organization funds.

^{*2} Cash awards must be processed through CSUF Philanthropic Foundation in accordance with restrictions imposed by the donor and/or the governing board.

^{*3} May not be used to pay for the participation of employees or official guests at university fundraising events.

Maximum Per-Person Rates for Hospitality Meals and Light Refreshments

Description	Maximum Per-Person
Breakfast	\$30.00
Lunch	\$40.00
Dinner	\$75.00
Light Refreshments	\$30.00

The maximum per-person rate calculation is created by dividing the total amount charged for food, beverage, tax, gratuity and service charges by the total number of actual attendees. If the food is being ordered, the estimated number of attendees should be used when choosing the appropriate menu items. The maximum rates

shall be reviewed annually by the campus Chief Financial Officer.

Food and Beverage expenses must be reasonable and appropriate to the business purpose. Food and beverage expenses for meetings that occur on a regular or frequent basis are not permitted. Only infrequent meetings (meetings that occur no more than 12 times per year) are allowed to have food and/or beverage expenses as long as it serves a business purpose.

It is recognized that certain University events hosted by or through the Office of the President or University Advancement including galas, convocations, college sponsored fundraising events, advisory meetings, board meetings, forums, town halls, Presidential addresses, business meals and fundraising meals may exceed the maximum per- person rate upon approval by the President or Vice President of University Advancement with documented explanation. Outside of these events, Division Heads may approve limited exceptions to the maximum per-person rate with documented explanation. Under no circumstances shall an individual approve their own exception to the maximum per-person rate. Approval of such events may not be further delegated. President's expenditures will be approved by the Vice President for Administration and Finance/Chief Financial Officer (CFO).

VI. Accountability

Under no circumstances may an individual be delegated authority to approve a hospitality expense he/she incurs, nor may a subordinate approve a hospitality expense incurred by his/her supervisor. The exception to the latter is approval of the President's expenditures by the Vice President for Administration and Finance/Chief Financial Officer (CFO).

Unapproved/disallowed expenditures will be the personal obligation of the employee incurring the expense.

University employees are responsible for complying with Hospitality (D11) policy and these guidelines and implementation procedures. Failure to comply may result in disciplinary action pursuant to the applicable collective bargaining agreement or, for non- represented employees, applicable administrative policies or procedures.

All employee business meals or entertainment expenses must conform to IRS regulations. No employee business meal or entertainment expenditure that is considered taxable income 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 official host (or other designated employee) is not present when the activity takes place, or
- The expense is not substantiated with supporting documentation

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.

When appropriate and necessary, the President may make a limited exception to the Hospitality (D11) procedures. The purpose of the exception must be documented and signed by the President.

The Vice President for Administration and Finance/CFO may modify these guidelines as needed.

Questions related to these Administrative Guidelines may be directed to Contracts and Procurement at extension 3758, or email at Directive11@fullerton.edu.