

SDSU Policies and Procedures

Subject:	Hospitality, Payment or Reimbursement of Expenses
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Department Name:	For All Departments (written by: BFA)
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Supersedes:	Use of Funds for University Benefit Including Hospitality and Public Relations, issued 04/28/2008
Effective Date:	06/26/2012
Issue Date:	06/26/2012
Approved by:	President Elliot Hirshman

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. The document will serve to fulfill the requirement of the Integrated CSU Administrative Manual Policy Number 1301.00 – Hospitality, Payment or Reimbursement of Expenses for campus-generated written policies and procedures for the payment of hospitality expenses. The purchase of alcoholic beverages is only allowable through auxiliary funds subject to the hospitality policy of the auxiliary and the SDSU alcohol policy.

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

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. Therefore:

- Funds identified under this policy shall be expended only upon documentable benefit to the campus. Within the bounds of this policy and the approved policies of the auxiliary organizations, 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 Business and Financial Affairs 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/benefit/ public relations expenditures conducted from their general funds and will establish policies governing use of funds administered by their organization on behalf of others, for example, the campus program accounts at the SDSU Research Foundation or at The Campanile Foundation.

Authoritative 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)
- 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
- IRS Code sections on fringe benefit income (various).
- SDSU Campus Travel Policy

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.

Awards and Service Recognition – 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.

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 – 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.

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 and are governed by CSU Policy found in [ICSUAM 15701.00 Fundraising 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) of light refreshments (beverages, hors d'oeuvres, pastries, cookies), entertainment services, promotional items, gifts, awards and service recognition. 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.

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.

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

Special Funds – all funds other than the University Operating Fund controlled by the University or an Auxiliary and authorized for support of activities that are supplemental to the primary mission of the university and are paid for by fees, revenues and donations. Special funds include, among others, Continuing Education Revenue Funds, Lottery Education Funds, Auxiliary Enterprise Funds, Enterprise Trust Funds, and Special Project Funds.

University Operating Funds – funds available to the university by appropriation from the state legislature and student fee revenue for state-supported instruction and related programs and operations.

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)

Prohibited Expenditures

Regardless of funding source:

- 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
- Employee birthdays, weddings, anniversaries, showers, and other personal celebrations or acknowledgements.
- Employee farewell gatherings that are not official campus functions. Designation of farewell event as an official campus function requires vice presidential approval or approval of the executive manager of the auxiliary organization. Official campus functions do *not* include off-site parties, dinners, or similar events organized by co-workers and friends. [Retirement events are distinct from “farewell gatherings” and are allowed. Refer to the next section for guidance.]
- Memorial services, celebrations of retirement, and farewell gatherings for employees separating with less than 5 years of service
- Tobacco (by campus policy).
- 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

Allowed Expenditures

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 Business and Financial Affairs or designee only if appropriate to the purpose of the special or auxiliary organization fund. “Special Funds” excludes any University Operating Funds. Within the University funds in particular, ICSUAM 1301.00 has defined the term “Special Funds” to include sources such as Housing, CERF, Parking, Lottery and Enterprise Funds. “University Operating Fund” is defined by the campus to include all General Fund appropriation and student fee revenue.

Funding Sources for Payment of Hospitality Expenses

Hospitality Expenses	University Operating Fund	Special Funds	Auxiliary Organization Funds
Gifts <i>Note a</i>	No	Yes	Yes
Employee morale. <i>Note a</i>	No	Yes	Yes
Official campus functions, including retirement receptions. <i>Note a</i>	No	Yes	Yes
Awards and Service Recognition <i>Note a</i>	No	Yes	Yes
Alcoholic Beverages <i>Note b</i>	No	No	Yes

Tobacco Products <i>Note b</i>	No	No	No
Food and Beverages (other than Alcoholic Beverages) for meetings and events attended by Official Guests <i>Note c</i>	Yes	Yes	Yes
Food and Beverages (other than Alcoholic Beverages) for meetings and events attended by employees of the Same Work Location which includes campus employees and auxiliaries. <i>Note d</i>	No	Yes	Yes
Membership in Social Organizations	No	Yes	Yes
Promotional Items <i>Note e</i>	Yes	Yes	Yes
Community involvement & outreach, cultivating donor relations <i>Note f</i>	Yes	Yes	Yes
Entertainment Services <i>Note f</i>	No	Yes	Yes
Spouses and Domestic Partners <i>Note g</i>	No	Yes	Yes
Students and Prospective Students <i>Note h</i>	Yes	Yes	Yes

Notes:

- a. Positive employee morale is a valuable resource. Accordingly, within the constraints imposed by system policy, particularly ICSUAM 1301.00, this policy allows for expenditures supportive of employee morale (other than those previously identified as prohibited), length of service awards and retirement presentations for employees separating with at least 5 years of service. Official campus functions, such as Staff Awards Day and retirement receptions, are included as they promote employee morale. The campus relies on the judgment of administrators in this area as they are most capable of assessing the benefit to the University of such expenditures.
- b. Alcoholic beverages are an allowable expense when (1) the campus employee is serving as host for an event attended by non-campus persons; or (2) the organization is hosting a reception for the benefit of employee morale. Expenditures for alcohol outside of hosted events are personal expenditures and are not reimbursable.
- c. Food and beverages when hosting Official Guests for the purpose of promoting the campus are allowed. When the beverages are alcoholic, no University Operating Funds or Special Funds are allowed.
- d. Meetings* attended by employees of the same work location, (the main campus is a single work location) are permitted if the expenses occur infrequently and are reasonable and appropriate to the business purpose and are subject to the following:
 - * The term “meetings” does not include departmental celebrations (which are addressed in Note a regarding Employee Morale) or collegial dining among co-workers (non-reimbursable) but refers to business-purpose meetings only.
 - On campus, during normal business hours: Food and non-alcoholic beverages for on-campus meetings during regular work hours are allowable only for meetings “which serve a University business purpose and are generally administrative in nature” (ICSUAM 1301.00).
 - Off campus, during normal business hours: Food and beverages for off-campus meetings attended only by employees of the same work location is an allowable expense during structured meetings with formal a formal agenda. Examples are retreats and strategic planning meetings.

- On or off campus, before or after normal business hours: Food and beverages for meetings taking place before or after work is an allowable expense if the meeting was necessarily scheduled at a time and manner to accommodate availability of multiple attendees. Documentation as to the reason why the meeting had to be scheduled outside of normal working hours is required.
- Expenditure or reimbursement documentation must provide explanation of the “business purpose requirement.”
 - Meals or light refreshments should be limited to no more than twelve times per year, per group
 - Meals or light refreshments should be counted on an event basis, e.g., a two-day meeting should be counted as one event for purposes of compliance with this requirement.
 - Meals or light refreshments must be modest and reasonably priced.
 - Campus maximum rates per person for breakfast, lunch, dinner and light refreshments, including the total cost of food, beverages, labor, sales tax, deliver and other service fees are shown in attachment B. These rates will be reviewed annually by the Chief Financial Officer. The President or Vice Presidents may approve exceptions to the maximum per person rate with a documented explanation.
- e. Promotional items are gifts that bear the campus or community logo and that are of minor value. If greater than minor value and given to an employee, such items are considered gifts or awards. See Note a.
- f. Upon the judgment of the administrator, activities other than dining may be used as venues for cultivating donor support or for establishing and building relationships with individuals or corporations, which are of benefit to the University. An example might be golf or sporting events. Documentation must address and support the benefit to the University.

Entertainment of vendors must be carefully executed in order to avoid giving the appearance to other vendors of impaired impartiality. Entertainment of vendors to solicit donor support should be restricted to those situations where (1) the University already has, through contract or purchase order, established the business relationship with the vendor; or (2) the University does not intend to do contractual business with the vendor. At the judgment of the administrator, entertainment of vendors to establish or improve relationships dependent on personal interaction is allowable.

Community involvement includes memberships in, purchases of tables at fund-raising events of, and contributions toward not-for-profit organizations whose purposes intersect with or promote the mission of the University.

- g. Hospitality provided to the spouse or domestic partner of an employee may be permitted when it serves a University business purpose. Such an individual’s presence is considered to serve a University business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Official functions to which spouses or domestic partners are invited as a matter of protocol or tradition such as ceremonial functions, fundraising events, alumni gatherings, athletic games and community events may be considered business related. An agenda, invitation or similar documentation should be included with the payment record.
- h. Hospitality provided to students and prospective students may be permitted when it serves a University business purpose. 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 alumni and donors, or as representatives of elected 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.

Budget and Documentation Requirements

Complete and submit with your requisition with attached Hospitality Policy Justification Form to document the following:

1. The benefit to the campus must be documented. Given that judgment is very often an intangible but nonetheless critical basis for an expenditure (such as Employee Morale), administrators are encouraged to be as specific as reasonably possible when stating the benefit to the campus.
2. a. Original itemized receipts or invoices are required (establishes audit trail for type of expenditure and number of employees). If itemized receipts cannot be obtained or have been lost, a signed statement to that effect is required. On a selected basis, venues may be called to verify that itemized receipts are not available to customers.

b. Credit card receipts are required (establishes that expense was incurred *and paid* by the employee and not some other individual). The University has established relationships with two major credit card vendors in order to facilitate this requirement. Payment in cash, because there is no proof that the individual requesting reimbursement actually was the payer of the expense, is to be on an exception basis only.
3. All expenditures must have the approval of an administrator with programmatic authority over the individual submitting the request for expenditure or reimbursement. (SDSU Research Foundation account administrators do not have programmatic authority over expenditures from campus program accounts. This requirement is consistent with sound business practice, ensures an appropriate level of campus oversight, and is consistent with expenditure requirements for other funds.)



Elliot Hirshman, President

6-29-12

Date

Attachment A: Hospitality Policy Justification Form

Nature of Expense

Attach original itemized receipts or invoices. These establish audit trail for type of expenditure and number of employees. If itemized receipts cannot be obtained or have been lost, a signed statement to that effect is required. On a selected basis, venues may be called to verify that itemized receipts are not available to customers.

Attach credit card receipts. These establish that expense was incurred *and paid* by the employee and not some other individual. Payment in cash, because there is no proof that the individual requesting reimbursement actually was the payer of the expense, is to be on an exception basis only.

Date, Time: _____

Location: _____

Coordinator: _____

Attach Guest List: Include name and relationships of guest to the University, (i.e., faculty, staff, donors, speaker, general public, etc.)

Name	Relationship to University

Benefit to University or University Business Purpose

Statement must be included detailing the benefit to the campus. Given that judgment is very often an intangible but nonetheless critical basis for expenditure (such as Employee Morale), administrators are encouraged to be as specific as reasonably possible when stating the benefit to the campus.

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Approval

All expenditures must have the approval of an administrator with authority over the individual submitting the request for expenditure or reimbursement.

Expenditure Distribution Account

ORG	ACT	NACCT	ENDV	FUND	FUNC	RESD
						0000

Submitted by: _____
Printed Name

Signature

Approved By: _____
Printed Name

Signature

Date: _____

SDSU Policies and Procedures
Hospitality, Payment or Reimbursement of Expenses

Attachment B: Campus Maximum per Person Rates for Hospitality

Meal type	Routine/Departmental Events	Hotel Catered Banquets/VIP Entertaining
Breakfast	\$20	\$50
Lunch	\$30	\$75
Dinner	\$75	\$120
Hor d'oeuvres	\$30	\$30
Light Refreshments	\$30	\$30

These maximum rates are established to allow for hotel catered banquet style events and VIP entertaining. Departments are to use discretion when hosting routine or departmental events.