

Hospitality Expense

Policy No.: 200-25

Effective: 07/16/03

PURPOSE:

There are occasions when judicious extension of hospitality in connection with official University business is in the best interest of the University. This section outlines policies and procedures governing the manner and extent to which the University may extend hospitality for business purposes and specifies the University funds that may be used for such purposes.

DEFINITIONS:

- **“University”**: California State University, Northridge and all its auxiliary organizations.
- **“Hospitality”**: the provision of meals (catered or restaurant) or light refreshments, promotional materials, gifts, awards, and travel expenses of official guests of the university. 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.
- **“Official Host”**: an employee representing the University, who hosts a meeting, conference, etc., for the purpose of official University business.
- **“Approving Authority”**: a person to whom authority has been delegated in writing to review and approve hospitality expenses.
- **“Official Guest”**: a person who is invited by the official host to attend a meeting, conference, etc.
- **“Light Refreshments”**: beverages, hors d’oeuvres, pastries, cookies, etc.
- **“Award”**: a gift of tangible personal property in recognition of service or achievement directly benefiting the university.

AUTHORITY:

The policy set forth in this document is issued under the authority of the President of the University. Authority and accountability is herewith delegated to all vice presidents and directors or chief operating officers of campus auxiliary organizations for implementation of this policy within their respective areas of responsibility.

POLICY:

A. Basic Conditions for Reimbursable Hospitality Expenses:

- Hospitality expenses must be directly related to, or associated with, the active conduct of official University business. When a University or auxiliary organization 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 significant personal benefit derived by the official host or other University employees.

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

B. Reimbursable Hospitality Expenses and Occasions:

(See [Appendix A](#) for Examples of Expenses When Hospitality Funds Are Not Required And Other Funds May Be Used).

1. **Host to Official Guests:** When the University hosts official guests, including visitors from other universities or (non-university) members of the community, the cost of meals or light refreshments may be reimbursed.
2. **University Donors:** When the University hosts an event for the purpose of generating the goodwill of prospective University donors, the cost of meals or light refreshments may be reimbursed. Likewise, when a substantial donation has been received, the cost associated with an appropriate acknowledgement may be reimbursed.
3. **Retirement Receptions:** Food and drink expenses related to employee retirement receptions may be reimbursed.
4. **Meetings of an Administrative Nature:** When University employees attend an official business related meeting on or off campus, the cost of meals or light refreshments may be reimbursed (although not from general funds) only if the employee is required to attend the meeting during a normal mealtime. However, reimbursement is not allowed for a lunch meeting involving only University employees if that meeting could have been scheduled during regular work hours.

This policy is not intended to prohibit reimbursement for non-alcoholic beverages and snacks served during meetings of an administrative nature, if paid from hospitality funds.

Reimbursement is not allowed from any source of funds when two or more employees from the same work location go to lunch together, even if University business is discussed during the meal. In addition, University employees in travel status should not serve as hosts for other University employees also in travel status and eligible for travel allowance.

C. Approval Authority:

Individuals with delegated approval authority shall not approve the hospitality expense of a person to whom they report; that is, the approving authority should be the supervisor (or higher level) of the official host. In addition, individuals with delegated approval authority shall not approve their own hospitality expenses.

- Vice presidents must approve appropriate hospitality expenses above \$1000 in advance of the event or occasion.
- Approval for any official University hospitality expense above \$500 must be obtained at the appropriate level. Vice presidents may delegate (in writing) to deans, or division heads of non-academic units, authority to approve hospitality expenditures between \$500 - \$1,000 consistent with this policy. This authority may not be re-delegated. The Dean or division head is responsible for ensuring that hospitality expenditures conform to the requirements of this policy and that claims submitted for payment or reimbursement include the appropriate supporting documentation.

D. Specific Types of Expenses Disallowed:

- Hospitality expenses related to personal events such as birthdays, weddings, anniversaries, and farewell gatherings (other than retirement) may not be reimbursed.
- Payment of or reimbursement for memberships in organizations, such as clubs, that provide hospitality privileges are not permitted.

E. Exceptions:

The appropriate vice president or auxiliary director/chief operating officer must approve, in advance of the event, all proposed exceptions to the Reimbursable Hospitality Expenses and Occasions, Section B. Examples of occasions when an exception could be approved: hosting spouses or domestic partners of guests or official hosts, provided such hospitality serves a bona fide University business purpose; tickets to entertainment or sporting events; gifts to official guests, faculty, staff or students.

F. Funding Source for Reimbursable Hospitality Expenses:

- Only funds designated for hospitality may be used for these expenses. These expenditures must conform to the guidelines established in the hospitality expense policy.
- A Foundation hospitality account will be established for each non-auxiliary department that plans hospitality expenditures. Hospitality expenditures must be made only from the Foundation hospitality account for non-auxiliary departments.
- A department that obtains donations for hospitality can deposit or transfer those donated funds into its Foundation hospitality account. The appropriate dean or division head must approve the deposit or transfer.
- Only one Foundation hospitality account per department is permitted for non-auxiliary areas.
- Auxiliary corporations and auxiliary enterprises that plan hospitality expenditures will establish a single hospitality account within their respective auxiliary corporation or enterprise fund. Auxiliaries must obtain approval for their hospitality fund allocation from the University President as part of their annual budget process. Auxiliary corporations and auxiliary enterprises are then authorized to spend up to the budgeted amount for hospitality expenses. However, these hospitality expenditures will not be processed through designated University Foundation accounts but through a single account within their individual fund.
- The University Corporation will provide funds to support hospitality expenses by the annual distribution of a hospitality allocation to the University President by June 15. Thus, an annual transfer to support hospitality expenditures will occur from the University Corporation to the Foundation. All hospitality expenditures will be processed through designated University Foundation accounts.
- The University President will distribute a hospitality allocation to each vice president by July 1. Vice presidents will manage and distribute hospitality allocations to their respective departments as they deem appropriate.
- No hospitality funds may be solicited or accepted from any vendor who provides services to the University or its affiliates (i.e., centers, institutes, and auxiliary organizations).

PROCEDURES:

A. Reimbursement Procedures:

- If the reimbursement is \$500 or less and is not an exceptional hospitality expense, submit only the Foundation Check Request Form along with your original itemized receipts and supporting documentation.

- If the reimbursement exceeds \$500 or is an exceptional hospitality expense, submit the signed Hospitality Approval and Foundation Check Request Forms along with your original itemized receipts and supporting documentation.
- Requests for pre-approval to incur unusual or exceptional hospitality expenses (see "Exceptions" on page 4) or estimated to exceed \$500 must be documented on the Hospitality Expense Approval Form and submitted to the approving authority. The approving authority must indicate acceptance or rejection of the requested hospitality expense, sign and return the form to the requestor.

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 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 Form (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 department is responsible for the review of the Form and supporting documents for completeness and accuracy, and to verify that the amounts claimed are allowable, pursuant to this policy, the accounts charged are appropriate and the Form has been properly approved.

In addition, the Accounts Payable department is responsible for retention of all documents, in accordance with State and Federal requirements.

REFERENCES:

[Executive Order 761](#) – Hospitality, Payment or Reimbursement of Expenses.

[Title 5, California State University, Subchapter 5](#) – Administration, Article 1, Community Relations Responsibilities, Section 41600, **Definition of Community Relations Responsibilities of Campus Presidents**, 416001; California Code Sections 66600, 89030, 89035, 89044; HR 96-11.

FORMS:

[Foundation Account Application](#)

[Foundation Check Request Form](#)

[Hospitality Expense & Reimbursement Approval Form](#)

[Hospitality Transfer Request Form](#)

[Hospitality Expenses versus Program Expenses](#)

APPENDIX A:

Examples of Allowable Expenses when hospitality funds are not Required and Other Funds may be Used:

Executive Order 761 defines hospitality as the provision of meals or light refreshments, promotional materials, gifts, and travel expenses of official guests to the university. There are many occasions when meals or light refreshments are served for university functions that do not involve official guests to the university. The following examples illustrate occasions when hospitality funds are not required for these expenses. General funds may be used for these expenses (unless otherwise noted); hospitality funds need not be used.

General fund appropriations may not be used for alcoholic beverages or tobacco products, gifts, or awards.

- **Meetings of a Learned Society or Organization:** When the University is host or sponsor of a meeting of a learned society or professional organization, the cost of meals or light refreshments may be reimbursed using General Fund, State Trust, or non-hospitality Foundation funds.
- **University Employee Recruitment:** University employee recruitment expenses are not hospitality expenses. Employee recruitment expenses may be paid from general fund, state trust, or non-hospitality Foundation accounts.
- **Training & Development Programs:** When the University sponsors official employee development activities, the cost of meals or light refreshments may be reimbursed from general funds when these activities have been scheduled as part of the University's overall development program, but not on a casual or impromptu basis. Examples of allowable occasions would include annual new faculty and Department Chair orientation, workshops for peer coaches, and training and development programs.
- **Funds from Conference & University Workshops:** Funds from conferences and workshops sponsored by University units, and which are funded entirely from participant fees, sponsor gifts, event business agreements, and/or income generated from the conference or workshop, may be expended to further the purposes of these events so long as they meet the basic conditions stated in the "'Basic Conditions for Hospitality Expenses."
- **University Advancement:** The costs of meals and light refreshments incurred by Development staff of University Advancement in the performance of their assigned fund raising duties, or special events related to donor cultivation and/or recognition are considered program expenses.

FURTHER INFORMATION:

Office of the Vice President for Financial Services, (818) 677-2305

APPROVED BY THE PRESIDENT