



HOSPITALITY EXPENSE POLICY

***Effective Date:** Expenses incurring on or after July 01, 2002*

I. **REFERENCES**

Chancellor's Office policy on Hospitality – Executive Order Number 761

II. **PURPOSE**

There are occasions when the judicious extension of hospitality in connection with Official University business is in the best interest of the University. This Document outlines University policy and procedures governing the manner and extent to which the University may extend hospitality for business purposes only, provides maximum per person rates authorized for meals and refreshments, and specifies the University funds that may be used for such purposes.

III. **SCOPE**

This policy applies to all hospitality expenses incurred by the University regardless of the source of funding. The policy provides guidelines and directions for the CMA Foundation in developing its own hospitality policies.

IV. **DEFINITIONS**

- **Approving Authority** - a person to whom authority has been delegated in writing to approve hospitality expenses and to approve exceptions to the hospitality policy.
- **Exceptions** - includes hospitality expenses that exceed the per-person maximum rates.

Funding Source are:

General Fund Appropriations

Funds allocated to the University to be used in conjunction with the University's instructional mission. Funds include both State General Fund Appropriation and Student Fees deposited in the General Fund.

Special Funds

All other funds maintained by the University including:

Revenue Funds - Continuing Education Revenue Fund, Food Service, Housing and Parking Funds,

Trust Funds - Agency Trust Funds and Lottery Trust Fund, and

Unrestricted Funds - Maintained by the Foundation.

Note:

*Financial Aid Trust Funds and Capital Outlay Funds are excluded from Sources of Funding. They may **not** be charged for hospitality expenses.*

- **Hospitality** - the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.).

- **Official Host** – an employee representing the University who hosts a meeting, conference, or event.
- **Official Guest** - a person who renders a service to the University or is present at a University meeting, conference, or event at the invitation of the person authorized to host the activity, including employees from another work location.
- **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.

V. UNIVERSITY POLICY

A. AUTHORITY

External

California Constitution, Article 16, Section 6;

California Code of Regulations, Title V, Division 5, Chapter 1, Subchapter 5, Article 1; Sections 41600, 41601.

California Education Code Sections 66600, 89030, 89035, 89044, and, Coded Memorandum HR 96-11.

Internal

Authority of the President to establish a policy that governs hospitality expenses.

President's Delegation of Authority to the Vice Presidents and Executive Officers to approve exceptions to the policy.

President's Delegation of Authority to the Vice President of Administration and Finance to make appropriate revisions to the University policy.

B. ALLOWABLE EXPENSES AND OCCASIONS

Expenses for hospitality must be directly related to, or associated with, the active conduct of Official University business. When a University 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 personal benefit derived by the official host or other University employees. In addition, the expenditure of funds for entertainment should be cost effective and in accordance with the best use of public funds.

The procedures set forth in this Document are intended to conform to the Internal Revenue Service regulations related to hospitality expenses. Accordingly, any payment made to an employee in connection with hospitality may not result in taxable income to the employee.

When determining whether such criteria as 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 situations that meet the policy requirements:

- **Host to Official Guests**

When the University hosts official guests, including visitors from other universities, members of the community, University employees visiting from another work location, etc., the cost of meals or light refreshments may be reimbursed. In addition, such costs may be reimbursed for prospective appointees or students for positions requiring specialized and/or experience of a professional, technical, or administrative nature. The hospitality expenses of the spouse (or equivalent) of a guest or the official host may be reimbursed provided such hospitality serves a bona fide University business purpose. Participation in official functions that require the attendance of a spouse may be considered a bona fide business purpose. Fundraising events, alumni gatherings, community and recruiting events are examples of activities that may require the attendance of a spouse.

- **Meetings of a Learned Society or Organization**

When the University is the host or sponsor of a meeting of a learned society or organization, the cost of meals or light refreshments may be reimbursed.

- **Meetings of an Administrative Nature**

When meetings of an administrative nature are held that are directly concerned with the welfare of the University, the cost of meals or light refreshments may be reimbursed. Where meals are involved, they must be a necessary and integral part of the business meeting, not a matter of personal convenience, e.g., the cost of meals for employees from the same work location may be reimbursed by the University if a working lunch is included as part of a scheduled meeting. The meeting should take place over an extended period of time and the agenda should include a working meal to satisfy the requirement that the meal is part of a business function. Reimbursement will not be allowed when two or more employees from the same work location choose to go to lunch together to continue their business as an incidental part of the meal, or when the meeting could have been scheduled during regular working hours. Work location is 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 the completion of special assignments.

- **Student-Oriented Meetings**

When meetings between faculty or administrators and students are held, the cost of light refreshments may be reimbursed.

- **Prospective University Donors and Donor Cultivation**

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.

- **Receptions**

The cost of light refreshments may be reimbursed for receptions held in connection with conferences, meetings of a learned society or organization, fundraising events, meetings of student organizations/groups, employee recognition or length of service awards or retirement presentations, student events such as commencement exercises, etc.

Restriction on the use of General Fund

The following hospitality expenses may not be charged to the General Fund. However, they may be charged to other funding sources as explained below:

- **Faculty/Staff Picnics or Holiday Gatherings**

The cost of meals or light refreshments for employee morale functions such as faculty/staff picnics or holiday gatherings may not be reimbursed from the General Fund. They may be charged to other funding sources provided it can be demonstrated that such functions serve a University business purpose and there are no restrictions on the other funding sources that disallow these expenses.

- **Social Events**

Payment or reimbursement of employee birthdays, weddings, anniversaries, farewell gatherings (other than retirement), etc. may not be charged to the General Fund. They may be charged to other funding sources provided it can be demonstrated that such functions serve a University business purpose and there are no restrictions on the other funding sources that disallow these expenses.

C. APPROVAL OF TRANSACTIONS

The University Vice Presidents/designee must approve all hospitality expenditures prior to commitment of funds. The Accounting Office must keep an original signed form for all hospitality expenditures.

FUNDING SOURCES TABLE

Official hospitality expenses may be paid from various University funding sources, subject to the rules outlined above. The following table summarizes funding sources for payment of Hospitality Expenses:

Hospitality Expenses	General Fund Appropriations	Special Funds (See Footnote)	Auxiliary Organization Funds (see footnote)
Food and Beverages (other than Alcoholic Beverages) for Meeting Attended by Only the Employees of the Same Work Location	NO	YES	YES
Food and Beverages (other than Alcoholic Beverages) for Meeting attended by Official Guests and Official Hosts	YES	YES	YES
Alcoholic Beverages and Tobacco Products	NO	YES	YES
Gifts (to Non-employees on behalf of the University)	NO	YES	YES
Awards (to University Employees)	NO	YES	YES
Promotional Items (to non-University employees)	YES	YES	YES
Transportation Expense (of official Guest and Spouse or Equivalent)	YES	YES	YES
Faculty/Staff Picnics & Holiday Gatherings	NO	NO	YES
Faculty/Staff Social Events	NO	NO	YES

General Rule

- The President or designated Approving Authority is responsible to determine whether Hospitality Expenses serve a bona fide University business purpose.
- In the event of a conflict between the terms of the fund (i.e. funding source) and the University policy, the stricter of the two policies shall apply.

D. REIMBURSEMENT PROCEDURES

General

A "REQUEST TO PURCHASE FOOD AND RELATED ITEMS" must be completed. The completed request must include the following information:

- Type of expense (lunch, dinner, etc.);
- Type and purpose of event;
- Number of participants (with attached guest list containing the name and title, occupation or group, in order to establish the business relationship to the University),
- Date and location of the event;
- Official hosts name and department and
- Benefit to University

Off Campus Catering

A requisition for purchase of food or catering services, in excess of \$500.00, shall be submitted to Procurement. Payment for purchase orders shall be made directly to the selected vendor upon receipt of an itemized and approved invoice. Original itemized and approved receipts or an acceptable alternative receipt must support expenses of \$500 or less per occasion (e.g. electronic statement/receipt extracted through the Web) must be submitted to Accounts Payable with a direct expense form (sample attached). The level of detail contained in an electronic receipt must be equivalent to that contained in an acceptable paper record. In addition, the request must include a certification by the official host that the expenses were incurred for Official University business purposes. **The state issued credit card may not be used for any food expenditures.**

Campus Catering

All arrangements made with the campus Dining Hall shall require the "REQUEST TO PURCHASE FOOD AND RELATED ITEMS" to be completed with the required approval signature and submitted to the Food Service Manager. The Food Service Manager shall invoice in arrears and submit the paperwork to the CMAS Director.

VI. RESPONSIBILITIES

President

Vice Presidents

Auxiliaries Chief Executive Officers

Are responsible for the justification and approval of all exceptions to this policy.

Vice President, Administration and Finance

Vice President, Administration and Finance, is responsible for recommending the maximum rates to the President. He is also responsible for periodic review of the maximum rates allowed for hospitality provided in Appendix A and making adjustments as necessary, and for issuing appropriate procedures for processing official hospitality expenditures.

Auxiliaries Chief Executive Officer

Department Heads (or Equivalent)

Auxiliaries Chief Executive Officer, College Deans, Department Heads (or equivalent authority) are responsible for ensuring that hospitality conforms to the requirements of this Document, and that claims submitted for purchase orders or reimbursement include the appropriate supporting

documentation. They are responsible for restricting hospitality to allowable expenses and occasions, for submitting the appropriate host certification with claims for reimbursement, which have been signed by an authorized signer, and for ensuring that expenses incurred are appropriate to the fund source.

Procurement and Accounting Office

It is the responsibility of the procurement and accounting office to ensure that purchase orders or reimbursement requests submitted by departments for hospitality expenditures are made in accordance with the procedures set forth in this Document. The accounting office is responsible for reviewing all supporting documentation to verify that the amounts claimed are allowable, that the appropriate funds are charged, that the documents were properly approved prior to payment (or that adequate post audit reviews are performed), and for ensuring that payments are tax reported appropriately.