

# Hospitality Policy

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## 100 PURPOSE

It is the purpose of California State Polytechnic University, Pomona (Cal Poly Pomona) 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**. This policy applies to employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting; recreational, sporting or entertainment event; or other occasion that promotes the mission of the University and serves a bona fide business purpose.

## 200 SCOPE

This scope governs the appropriate use of CSU Operating Funds, state trust funds, University campus program funds, unless legally exempted or otherwise restricted (e.g., documented trust agreements), for the payment of hospitality related expenses. This policy is established in accordance with the Systemwide CSU Hospitality Policy, Code ICSUAM 01301.00.

## 300 AUTHORITY

Authority is pursuant to California Education Code section 89044. This policy is issued under delegation of authority from the Chancellor to the Executive Vice Chancellor and Chief Financial Officer, and implementation and compliance with the procedure is further delegated to the campus Chief Financial Officer. California Education Code sections 66600, 89030, and 89035.

## 400 ALLOWABLE EXPENSES

Hospitality expenses must be directly related to, or associated with, the active conduct of official University business. When an 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 employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds.

### Key provisions for providing hospitality:

- 1) Employee/University must be acting as an official host;
- 2) The event must serve a clear business purpose (Hospitality Authorization Form will need to state how the event benefits the University and furthers its mission.);
- 3) No personal benefit may be derived by the official host; and
- 4) Expenditures must be cost effective.

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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 common examples of events where hospitality may and may not be provided for under this policy. For further details refer to the following sections of the different types of events (i.e., Employee-only, Events with Non-employees, Student events).

Type of Event	Payable with State Funds? <sup>(1,2)</sup>	Additional Restrictions?
<b>Employee Only Events</b>		
<i>Meetings of an Administrative Nature</i>		
Employee business meeting (same work location)	No	See Employee Only Section for exceptions
Employee business meeting attended by employees from different work locations or by official guests	Yes	Yes, see Employee Only Section
University-wide staff development event	Yes	Yes, see Employee Only Section
Department/University-wide events celebratory in nature (holiday parties, etc.)	No	N/A
<i>Employee Morale Events</i>		
Employee Birthday Celebration	No	N/A
Team Building Activity	Yes	Yes, see Employee Only Section
<i>Employee Recognition</i>		
Employee length of service award presentations	Yes	Yes, see Employee Only Section
<b>Events Including Non-Employees</b>		
Donor Cultivation and Appreciation	Yes	Yes, see Events including non-employees' section
Community Relations/Fundraising Event	Yes	Yes, see Events including non-employees' section
Faculty/Staff takes potential donor to dinner	No	N/A
<i>Recruitment of those with interest in the University (Candidates)</i>		
Interviewer takes candidate to dinner to obtain an acceptance offer	Yes	Yes, see Events including non-employees' section
University awareness, fundraising events (breast cancer awareness, prospective student/parent night, University hosted College fundraising event, etc.)	Yes	Yes, see Events including non-employees' section
<b>Student Events</b>		
Department/University-wide networking events	Yes	Yes, see student events section
Department/University-wide events celebratory in nature (holiday parties, department/club graduation parties/celebrations, etc.)	No	N/A
Student Recognition events (deans honor list, etc.)	Yes	Yes, see student events section
Prospective Student events	Yes	Yes, see student events section

1 Although not payable with State Funds, Foundation funds may allow the hospitality expense. Please contact Foundation to determine allowability.

2 Other miscellaneous trust funds may be used if specifically authorized by the local trust agreement or as allowed and defined by the grantor agreement.

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### Maximum Per-Person Rates for Hospitality Expenses

Hospitality	Meal Type	*Maximum Per-Person
Food and Beverage (includes catering, facility charges and taxes)	Breakfast	\$30.00
	Lunch	\$40.00
	Dinner	\$75.00
	Light Refreshments	\$30.00
	Hors d'oeuvres <sup>1</sup>	\$45.00

<sup>1</sup>Hot or cold appetizers, in lieu of dinner meal service.

**\*Maximum Per-Person Rate:** Applies to employee meetings and recognition events which serve a CSU business purpose and are generally administrative in nature. The maximum rates are inclusive of meals, sales tax, equipment fees, and service fees. When hospitality expenditures exceed the per-person maximum, a justification\*\* must be included with the request to process payment.

\*\*Justifications do not automatically guarantee a reimbursement for the amount above the per-person rate.

**Important note:** All expenses paid for under this hospitality policy will be evaluated on an event basis. A payment request must include an agenda, flyer, and/or detailed schedule that outlines the schedule of the event including start and end times. These schedule documents must be communicated in writing (email, meeting invitation, etc.) to the invitees prior to the event. An attendance sheet will need to be provided for all events where there are official guests (as defined). Additionally, hospitality must be provided at the event location (unless the host is on travel status providing hospitality). Hospitality provided at a different location after the event has ended will not be reimbursed. An event ends based on the end time specified on the agenda or event program/itinerary that was sent out prior to the event. Also, hospitality must be made available to all attendees of the event and may not only be provided to an exclusive subset of the attendees (i.e., hospitality provided to volunteers only vs all attendees).

#### **401 EMPLOYEE-ONLY EVENTS**

##### Employee meetings, trainings, and other administrative type events

Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently, are reasonable and appropriate to the business purpose. Meals or light refreshments provided to employees solely for their convenience, and not for the purpose of conducting University business are considered taxable income by the IRS and will not be reimbursed.

Meals or light refreshments provided to employees may be permitted if all the below apply:

- 1) Event serves a University business purpose. (Hospitality Authorization Form will need to state how this event benefits the University and furthers its mission.)
- 2) Cal Poly Pomona is acting as an official host to official guests (employees must be from different work locations).

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- 3) The meal is a necessary and essential part of the business meeting, and not a matter of personal convenience:
  - i. Essential if one of the following are met:
    - a. A meeting where there is a scheduled speaker during the meal period.
    - b. The meeting is more than 4 hours and participants are required to work through the meal period.
    - c. The majority of attendees are on travel status, and it is more cost effective to provide a meal.
    - d. On rare occasion, if the business meeting is occurring while a Cal Poly Pomona employee is on travel status and the following are met: 1) attendees are from different work locations (department, college, campus, etc.) and 2) the meeting could not have been scheduled during normal work hours; allowability to use State Funds for hospitality will be made on a case-by-case basis.
- 4) Occurs infrequently (12 times or less per calendar year), per group or committee.
- 5) Are reasonable (max per person rate does not exceed the above table).

\*No reimbursement will be allowed when two or more employees from the same work location choose to go to lunch/dinner together to continue their business as an incidental part of the meal, or when the meeting could have been scheduled during normal working hours.

*Exceptions to the above:* 1) The cost of meals for employees from the same work location are allowable if a working lunch is included as part of a scheduled meeting lasting more than 4 hours and employees are expected to work through the meal period (the expectation to work through the meal period must be communicated beforehand in the invitation or an email); 2) employees are expected to work more than 6 hours on a day outside of their normal work schedule (i.e. scheduled to work on Saturday for 6 hours when the employees normal work schedule is Monday to Friday).

### Employee morale and recognition events

Employee Recognition, including length of service awards presentations – When an individual has achieved a superior accomplishment (a team implemented a new campus program, a director led an initiative to great success, or Service Awards for length of service over 5 years), the cost of light refreshments may be covered with state-side funding.

Employee Morale – The University may pay for or reimburse costs associated with official employee morale-building and appreciation activities that serve a business purpose. Off-site activities, such as teambuilding events, must not be mandatory, staff must have the ability to opt out. To assess the liability to the University, a risk analysis should be done regarding off-site and/or non-traditional events on a case-by-case basis. Contact Campus Risk Management for assistance. Under no circumstances may University funds be used for occasions that are celebratory in nature, such as employee birthdays, weddings, anniversaries, holiday gifts, or other occasions of a personal nature.

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### 402 EVENTS INCLUDING NON-EMPLOYEES

Donor Cultivation and Appreciation: When the University hosts an event for the purpose of generating the goodwill of alumni, donors and prospective donors, the cost of meals or light refreshments may be reimbursed. The primary purpose of these events must be donor cultivation/appreciation and any personal benefit derived from the official host must be inconsequential. Additionally, the preponderance of invitees of such event must be donors and alumni versus faculty/staff. If the majority of invitees are faculty and staff, the events must be evaluated on a case-by-case basis to determine allowability. Under no circumstances will hospitality for an event be reimbursed if the primary purpose is deemed to be celebratory in nature (holiday party, end of year dinner, etc.).

Candidates with Interest in the University: Hospitality may be provided to recruitment candidates with interest in employment with the University only if the goal of the hospitality is to obtain an offer acceptance of a faculty or director and above position. The potential benefits to the University must be evident and cost of hospitality must be reasonable and appropriate to the occasion.

Community Relation Events: If the University hosts a community relations event, an event to enhance community partnerships, promote the goodwill, raise awareness, or cultivate donors, hospitality may be provided if the expected benefit to the University is greater than the costs that will be incurred.

Spouses, Domestic Partners, and Significant Others: Hospitality provided to the spouse, domestic partner or significant other of an employee may be permitted when it serves a University business purpose such as ceremonial functions, fundraising events, alumni gatherings, and community events. An agenda, invitation or similar documentation should be included with the payment record.

Other types of non-employee events hosted by the University will be evaluated on a case-by-case basis and will need to meet the following criteria:

- 1) Event serves a University business purpose (Hospitality Authorization Form will need to state how the event benefits the University and furthers its mission.);
- 2) A University representative is acting as an official host to official guests;
- 3) The benefit to the University is evident and greater than the cost of hospitality;
- 4) No personal benefit is derived by the host;
- 5) Costs are reasonable (max per person rate does not exceed the above table).

### 403 STUDENT EVENTS

Hospitality provided to students or prospective students may be permitted when it serves a University business purpose. To justify the expenditures, the approving authority must determine that the expenditure is consistent with the mission of the University. Permissible activities may include recruitment efforts, student activities, student programs and organization events, student recognition events and University-wide commencement. Students may be hosted to attend fundraising and other community relations events that enhance their learning experience, in recognition of their student

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achievement and to engage with alumni and donors. Events may not be exclusive to select students (i.e., clubs, majors, etc.), unless the event is recognizing student achievement such as deans honor list ceremonies and other achievements above and beyond what is commonplace in a university setting (with the exception of University-wide commencement ceremonies). Therefore, the event must be open to all students at a department-wide level within a college (i.e., the Accounting department of the College of Business, Plant Sciences department of the College of Agriculture, etc.) for hospitality to be reimbursable. If the event is exclusive to a select few students, the event must be for the recognition of achievements above and beyond what is commonplace in a university setting. Any event not meeting the circumstances will be evaluated on a case-by-case basis based on the following:

- 1) The event must serve a University business purpose.
- 2) A University representative is acting as an official host to official guests.
- 3) The benefit to the University is evident and greater than the cost of hospitality.
- 4) No personal benefit is derived by the host.
- 5) Costs are reasonable (max per person rate does not exceed the above table).
- 6) The preponderance of attendees must be students not faculty/staff.

Additionally, if the event is hosted by a student club, ASI funds should be used to pay for the event. Only events hosted by the University will be allowable with State Funds.

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.

## **404 AWARDS AND PRIZES**

Awards and Prizes may be provided 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. Under no circumstances are items deemed to be a personal benefit allowed, since these are considered gifts of public funds. Awards and Prizes cannot be used to pay non-employees for goods and/or services received and/or rendered. Employee awards are meant to be occasional and therefore must be presented to an employee on an infrequent basis. Awards presented to an employee on a regular or routine basis do not meet the IRS test for exemption and are not allowable. A non-cash award or prize may have a taxable consequence to the employee if it does not meet the IRS definition of de minimis and infrequent.

### Employee awards and prizes:

Benefits provided to employees are taxable as wages unless the benefit is excluded by the Internal Revenue Code Section 132 (26 U.S. Code Sec. 132); including de minimis fringe benefits. De minimis fringe benefits refer to any property or service whose value is so small as to make accounting for it unreasonable or administratively impractical. However, the Internal Revenue Service (IRS) has ruled in a previous case

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(ILM 200108042) that items with a value exceeding \$100 could not be considered de minimis, even under unusual circumstances. This includes tangible goods in excess of \$100 in value. Additionally, the IRS has stated in Publication 15-B that certain benefits can never qualify as de minimis fringe benefits, including cash and cash equivalents, and should be included as taxable income to the employee. Prizes and awards may also be considered taxable income to the recipient.

To report the gift, prize, or award, they should be included in wages on Form W-2 and subject to income tax withholding. If the employee is covered for social security and Medicare, the value of the benefits is also subject to withholding for these taxes. The University may optionally report any information in box 14 of Form W-2.

Gifts, prizes, and awards of tangible personal property in excess of \$100 are considered taxable and must be reported via the employee's W-2. An item of tangible personal property may be awarded to an employee for morale purposes (i.e., professional development/team building event), or in recognition of his or her noteworthy work-related accomplishments and/or length of service. Such awards should be of minimal value and must be approved by the approving authority (as defined). Departments are encouraged to use Promotional Items (as defined in this policy) with a value of less than \$100 to reward or incentivize individuals. It is the responsibility of the employees hiring department to track and report all awards and prizes for their employees to ensure income tax is withheld, if applicable.

#### Non-employee awards and prizes:

Reasonable awards and prizes made on behalf of the University to non-employees and outside organizations are allowed when the prize benefits the University, supports a University business purpose and fulfills the mission of the University. The maximum allowable value for any award or prize is \$50 per event. Additionally, any non-employee that accrues \$600 or more of payments or other income must be reported to the IRS.

#### Promotional Items:

Use of promotional items such as branded keychains, coffee mugs, calendar, or clothing as a participant incentive for an event is encouraged. As a rule, promotional items under \$15 may be purchased with State Funds and these items would not be taxable, as they are de minimis to the recipient. For conferences and large events, promotional items should be limited to a combined value of less than \$50 per attendee.

#### Unallowable Gifts:

Examples of unallowable awards and gifts include, but are not limited to, the following:

- Gifts of cash,
- Gift certificates and cards,

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- Recreation memberships,
- Season tickets to sporting or cultural events, and/or
- Gifts provided to employees in connection with birthdays, weddings, anniversaries, holidays, farewells, graduations, and other occasions of a personal nature.

## 500 UNALLOWABLE EXPENDITURES

Personal Benefit - Hospitality expenses that are personal in nature and not related to the active conduct of official University business will not be paid or reimbursed. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers, as these are not official University functions.

## 600 ALLOWABLE FUNDING SOURCES

State Funds - 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 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 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.

*Entertainment* - Expenditures incurred in connection with events or activities that are primarily social or recreational in nature, such as equipment and venue rental, décor, music, and performers cannot be paid using State Funds. On a limited, case-by-case basis, entertainment expenditures may be reviewed for allowability using State Funds. If the entertainment is necessary, appropriate to the occasion, reasonable in nature, and is an integral part of an event that serves a CSU business purpose; State Funds may be allowed to be used.



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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 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. Please contact auxiliary organizations to determine allowability under their policy.

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 University policy, the stricter of the two policies shall apply. Federal Funds may not be used to purchase alcoholic beverages or tobacco products unless alcohol and tobacco are part of the research.

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.

## **700 APPROVAL OF TRANSACTIONS**

The approval and payment process for hospitality is as follows:

- A. Review the policy to determine whether the proposed expense is allowable.
- B. Prior to the event and incurring the expense, assemble supporting documentation, attach the Hospitality Authorization Form, and obtain authorization to incur the expense. The Hospitality Authorization Form must be signed by the Chartfield String (CFS) Signing Authority for approval prior to the hospitality being incurred.
- C. If the expense requires a purchase order, submit an approved requisition, approved Hospitality Authorization Form, and applicable support to Procurement.
- D. Once ready for payment processing, submit the invoice/itemized receipt with proof of payment for reimbursement, to Accounts Payable with all applicable supporting documentation.
  - a. PO invoices must be signed "OK to Pay" by a department official and include the PO number and PO line to process payment.
  - b. If the expense is authorized to be paid via Direct Pay, submit an approved Direct Pay, approved Hospitality Authorization Form, and applicable support to Accounts Payable.
- E. An agenda, flyer, and/or detailed schedule that outlines the schedule of the event including start and end times must accompany the support submitted to Accounts Payable for all payment requests.

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- F. An attendee list must accompany all payment request support submitted to Accounts Payable and include attendee first and last name, email address, BID (if applicable), and clearly identify the attendee type (student, faculty, staff, donor, etc.).
- G. Accounts Payable will review the payment request and ask for further support, if needed. If deemed appropriate, based on the CPP Hospitality policy, the payment/reimbursement will be processed based on the standard processing timeline for Accounts Payable.

## 800 DEFINITIONS

**Approving Authority** – a person to whom authority has been delegated in writing to approve hospitality expenses for meals, light refreshments, and other amenities described within this policy. The CFS Signing Authority will determine the approving authority based on the CFS.

**Auxiliary Funds** – funds maintained by each Auxiliary for its authorized business purposes and those funds managed by the Auxiliary for others.

**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, flowers, etc.

**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. (The IRS gave advice at least once, in 2001 that a benefit of \$100 did not qualify as de minimis.) ILM 200108042.

**Employee** – Consists of faculty, staff, and administrators/managers currently employed by Cal Poly Pomona.

**Employee Meetings** – meetings which serve a bona fide University business purpose and are generally administrative in nature such as CSU systemwide and/or University-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.

**Employee Recognition** – something of value given or bestowed upon an employee in recognition of service to the University or achievement benefiting the University, e.g., financial prizes, trophies, plaques, and flowers.

**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.

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**Hospitality** – activities such as employee meetings, entertainment services, service recognition, and fundraising events intended to promote the mission of the University to the public with the expectation of benefits accruing directly or indirectly to the University. Hospitality expenses include such things as the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, and cookies), promotional items and awards.

**Non-employee** - Consists of students, donors, recruitment candidates, volunteers, members of the community, etc.

**Official Host** – a University who hosts guests at 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.

**Promotional Items** – tangible items that display the name, logo or other icon identifying the University such as a keychain, coffee mug, calendar, or clothing. Promotional items under \$15 may be purchased with State Funds and should not exceed \$50 per attendee.

**State Funds** - State University Trust fund (State Fund 0948) is continuously appropriated by the legislature (EC§89700-89726) and therefore all CSU funds within State Fund 0948 are State [public] funds. This includes, but is not limited to, State University Parking Revenue Fund (EC §89701(b)), State University [Health] Facilities Revenue Fund (Education Code §89702(c)), State University Continuing Education Revenue Fund (Education Code §89704(a)), CSU Dormitory Revenue Fund (Education Code §90036) and Lottery (Government Code 8880.5).

**Trust or Agency Funds** – fiduciary funds held by the University in a purely custodial capacity (assets equal liabilities) for individuals, private organizations, or government units. Trust or agency funds held by the University on behalf of third parties are subject to applicable laws and a written agreement.

**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 employee's department determines what constitutes an individual employee's work location for the purpose of this policy.

**Please refer to Appendix A, FAQs, for an extension of the hospitality procedures and a further detailed scenario-based guide to Frequently Asked Questions.**