Section: Policy Statement – Fiscal

Subject: Hospitality Expense Policy

Purpose: This policy serves to define hospitality expenses in compliance with CSU Executive Order #761.

New/Revised: October 2, 2001

Board Adoption Date: October 11, 2001

I. Policy Provisions

Hospitality expenses may be paid with University Center funds to the extent that the purchase and use of these services and items:

- Is consistent with the mission and fiduciary responsibilities of the UC;
- Conforms to IRS regulations;
- Is reasonable and allocable to the project being charged; and
- Represents the best use of UC funds.

This policy applies to activities that promote the UC to the campus and public communities, and the provision of hospitality in connection with official UC business. It also specifies which UC funds may be used for such purposes.

II. Authority

California Code of Regulations, Title 5, Division 5, California Code of Regulations; Section 41600, 41601; California Education Code Sections 66600, 89030, 89035, 89044; HR 96-11.

III. Definitions

Approving Authority – a person to whom authority has been delegated to approve expenses (UC Executive Director or Designee).

Award – a gift of tangible personal property in recognition of service or achievement directly benefiting the UC.

Business Meal – a meal at which official UC business is conducted and meets the standards for reimbursement set forth in Table I below. To qualify as a reimbursable Business Meal, the meal must be a necessary and integral part of the business meeting.
Gift – something of value given or bestowed upon an individual, group, or entity with the expectation that a benefit has accrued to the UC.

Honorarium – a payment given as a token of thanks and appreciation, as to a guest speaker.

Hospitality – the provision of meals (catered or restaurant) or light refreshments (beverages, hors d’oeuvres, pastries, cookies, etc.) at a business event or meeting, or the provision of promotional materials, gifts, and travel expenses to official guests of the UC. Hospitality includes expenses for activities that promote the UC to the public and foster community relations, usually with the expectation of benefits accruing directly or indirectly to the UC.

Official Host – a UC employee or Board member who hosts a meeting, conference, or event.

Official Guest – a person invited by an official host to attend a UC meeting, conference, reception, or event. Examples of official guests include employees and students from another campus, members of the community, or media representatives. Employees and students of the UC are not considered official guests.

Promotional Materials – a gift of tangible personal property of minor value that is distributed to promote the name or image of the UC, to provide information, or to enhance campus productivity.

Reasonable Cost – the amount a prudent person would have paid for the goods or services under the circumstances.

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.

IV. Allowable Expenses and Occasions

Hospitality expenses must be directly related to, or associated with, the active conduct of official UC business. When a UC employee or Board Member acts as an Official Host, the occasion must, in the best judgment of the UC Executive Director, serve a clear business purpose, with no personal benefit derived by the Official Host or other UC employees or representatives. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of 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.

Hospitality expenses are allowable in the following circumstances:

A. When the UC hosts Official Guests, including auxiliary employees and students visiting from another campus.

B. When the UC is the Official Host or sponsor of a meeting of a learned society or organization.

C. When the UC is the host or sponsor of meetings of an administrative nature that are directly concerned with the welfare of the UC, and that the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience.

D. When the UC host’s receptions held in connection with conferences, meetings of auxiliary organizations, fundraising events, meetings of student organizations and groups, student events such as commencement exercises, and meetings of other university-related groups such as alumni organizations.

E. When the UC hosts receptions for the benefit of employee morale, employee recognition, or length of service awards or retirement presentations.

F. When the UC hosts employment candidates.

G. When a UC department purchases employee birthday cakes.

Payment of or reimbursement for hospitality expenses are not permitted when these expenses are strictly entertainment in nature and not related to the active conduct of official UC business.

V. Funding Sources

Hospitality expenses may be paid from various UC fund sources, subject to the rules outlined below and the restrictions identified in Table 1. There are two types of funds available for the payment of hospitality expenses:

- University Center funds
- General Operations funds

VI. Approval of Transactions

When requesting reimbursement, individuals must adequately document the business
purpose of the hospitality expense. The following information is considered appropriate when submitting requests for reimbursement of a hospitality expense:

- The nature of the expense or activity;
- The date, time and location of the meeting or activity;
- The number of guests in attendance; and
- The business purpose served and benefit to the UC.

For audit purposes, original itemized receipts or invoices are required as reimbursement documentation. Payments not supported with original itemized receipts are considered income by the IRS and are reportable.

Individuals with delegated approval authority may not approve their own expenses, and individuals may not approve expenses of their supervisor. However, the Associate Director may approve expenses of the Executive Director.

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Table 1

HUMBOLDT STATE UNIVERSITY CENTER
Eligible Hospitality Expenses by Funding Source

<table>
<thead>
<tr>
<th>Hospitality Expense</th>
<th>General Operation Funds</th>
<th>Commercial Operations Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and beverages (other than alcoholic beverages) for meetings attended only by employees of the same work location (qualifies as business meal expense)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Food and beverages (other than alcoholic beverages) for meetings attended by official guests (qualifies as business meal expense)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Gifts/Honoraria</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Awards</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Promotional Items</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Travel</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Receptions and events directly related to UC activities</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>