



Hospitality Expenses

GUIDELINE CONTENTS

- [Purpose and Scope](#)
- [Guideline Statement](#)
- [Procedures](#)
- [Forms/Instruction](#)
- [Additional Contacts](#)
- [Appendices and Related Information](#)
- [Search Information](#)
- [History](#)
- [Issue Date](#)
- [Last Updated](#)

Responsible University Officer: Associate Vice President, Financial Management

Primary Guideline Contact: University Controller

PURPOSE AND SCOPE

There are occasions when the judicious extension of hospitality in connection with official university business is in the best interest of the University. This guideline outlines the 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.

This guideline applies to all hospitality expenses incurred by the University, the Foundations and all other Auxiliaries including the Forty-Niner shops and Associated Students Inc. regardless of the source of funding. The auxiliaries and departments may choose to implement more restrictive policies.

Travel and Lodging expenses are not covered under this policy. Please refer to Campus Policy and Procedures Governing Travel and Relocation Expense Reimbursement at [CSULB Travel Procedures](#).

GUIDELINE STATEMENT

Authority

This policy was initially adopted pursuant to Executive Order 761 issued by the Chancellor's Office and continues under ICSUAM Policy 1301.00.

The guideline set forth is issued under the authority of the Vice President for Administration and Finance. Implementing procedures are delegated to the Associate Vice President of Financial Management.

Definitions

Approving Authority - a person to whom authority has been delegated in writing to approve hospitality expenses and to approve exceptions to the hospitality guideline.

The Approving Authority is responsible for determining whether Hospitality Expenses serve a bona fide University business purpose.

Auxiliaries – CSULB Research Foundation, The 49er Foundation, The Forty-Niner Shops Inc., and Associated Students Inc.

Business Expense - an expense that has an appropriate business purpose and where a clear University-related objective is demonstrated instead of a personal or social one.

Exceptions - items that are not in accordance with this guideline. Examples include but are not limited to; expenses that exceed the per-person maximum rates specified in Appendix A, missing appropriate documentation and any other type of hospitality expense that is not specifically included in this guide.

Funding Source - Official hospitality expenses may be paid from various University funding sources. The Table in Appendix B summarizes funding sources for payment of Hospitality Expenses.

In the event of a conflict between the terms of the fund (e.g. funding source) and University policy, the stricter of the two policies shall apply.

Allowable Funds - Funds allocated to the University to be used in conjunction with the University's instructional mission. Funds include CSU Operating Fund (GF001). Other eligible funding sources for use with Hospitality are Housing, Parking, External Revenue, CCPE and other funds as indicated by their trust agreement or setup documentation.

Auxiliary Organization Funds - Funds maintained by the Auxiliary Organizations

Unallowable Funds - Funds not listed above are excluded from use with hospitality expenses.

Hospitality - the provision of meals (e.g. catered, restaurant, grocery purchase) light refreshments (e.g. beverages, hors d'oeuvres, pastries, cookies, etc.)

Itemized Receipt/Invoice - A written acknowledgment of money received. For substantiation of a hospitality expense, a receipt provides a detailed list of items or charges, the date and the total dollar amount. It may also include the name and location of the restaurant/caterer and the number of people served.

Official Host - a CSULB employee representing the University or Foundation who hosts, chairs or sponsors a meeting, conference, reception or event. The official host is not required to be present at the function.

Official Guest - a person invited by an official host to attend a University meeting, conference, reception or event. Official Guests may include but are not limited to: recruitment candidates, donors, visitors from other colleges and universities, members of the community, and employees from another work location. A bona fide business purpose is required for each Official Guest.

Normal Working Hours - of the University are Monday through Friday, 8:00am to 5:00pm

Third Party Events - include award banquets, recognition dinners, and other special events or celebrations not hosted by the University or Foundation, but in which employee attendance is considered appropriate as support to or from the community. These events are not considered hospitality expenses for purposes of this policy and may be processed as a Direct Expense.

University - employees of the campus and the auxiliaries

Work Location - where the major portion of an employee's working time is spent, or where the employee returns during normal business hours upon completion of special assignments (e.g., CSULB campus, department or college).

PROCEDURES

A. 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 in this guideline are intended to conform to the Internal Revenue Service regulations related to entertainment expenses. Accordingly, any payment made to an employee in connection with hospitality *must not* result in taxable income to the employee. In order to conform to IRS regulations, the expenses that are reimbursed must meet one of the following tests:

1. Directly-Related Test – Meal reimbursements meet the directly-related test and may be excludable from wages if:
 - a. The main purpose of the combined business and meal is the active conduct of business,
 - b. Business is actually conducted during the meal period, and
 - c. There is more than a general expectation of deriving income or some other specific business benefit at some future time. All of the facts must be considered, including the nature of the business transacted and the reasons for conducting business during the meal. If the meal takes place in a clear business setting and is for your business or work, the expenses are considered directly related to your business or work.
2. Associated Test - Entertainment-related meal reimbursements meet the associated test and are excludable if the entertainment is:
 - a. Associated with the active conduct of the employer's business, and
 - b. Directly before or after a substantial business discussion.

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 examples of situations that meet the guideline requirements:

- Hospitality to Official Guests
 - When the University is host to official guests, the cost of meals or light refreshments may be reimbursed. In addition, such costs may be reimbursed for prospective appointees.

- Recruitment of student athletes is covered under NCAA guidelines.
- 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.
 - When meals are involved, they *must be a necessary and integral part of the business meeting, not a matter of personal convenience*. For example, the cost of lunch 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 normal working hours.
- Official Student-Oriented Meetings
 - When meetings of a non-administrative nature between students or faculty/administrators and students are held for the purpose of discussing University related activities, the cost of light refreshments may be reimbursed. Meals are not an allowable expense for this type of meeting.
- 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, fundraising events, meetings of student organizations or groups, employee recognition, length of service awards or retirement presentations, and student events such as commencement exercises.
- Hospitality of Spouse or Domestic Partner
 - The hospitality expenses of a spouse or significant other of the guest or the official host may be reimbursed *as an exception* to this guideline provided the attendance of that person serves a bona fide University business purpose.

- Participation in official functions that *require* the attendance of a spouse or domestic partner may be considered a bona fide business purpose. Fundraising events, alumni gatherings, community and recruiting events are examples of activities that may require such attendance.
- Fee Supported Functions
 - The cost of light refreshments may be paid or reimbursed for receptions held in connection with fee supported events such as CCPE self-supported classes and other non-credit programs.
- Hospitality While Traveling
 - The Hospitality Policy and the Travel Policy/Procedures are separate and distinct policies. If a hospitality expense occurs while traveling, a hospitality form must be used to request reimbursement. Hospitality related meals must not be added to the travel expense claim when a hospitality expense has been submitted for reimbursement.
 - A copy of the travel claim should be attached to the request for hospitality reimbursement. A copy of the hospitality reimbursement request should be attached to the travel claim. Copies of the original supporting documentation are not required when cross-referencing expenses.

B. RESTRICTION ON THE USE OF THE CSU OPERATING FUND

The following hospitality expenses shall *not* be charged to the CSU Operating Fund (GF001). They may be charged to other funding sources provided it can be demonstrated that such an expense serves a University business purpose and there are no restrictions on the other funding sources that disallow the expense.

- Alcoholic Beverages
 - Alcoholic beverages shall not be charged to the CSU Operating Fund.
- Meetings attended only by employees of the same work location
 - Meals or light refreshments that are part of an administrative meeting attended only by employees of the same work location may not be charged to the CSU Operating Fund.
- Faculty/Staff Picnics or Holiday Gatherings
 - The cost of meals or light refreshments for employee team building functions such as faculty/staff picnics or holiday gatherings shall not be paid for or reimbursed from the CSU Operating Fund.

- Non-Fee Supported Events
 - The cost of light refreshments for functions held in connection with fee supported events such as commencement, CCPE self-supported classes and other non-credit programs shall not be charged to the CSU Operating Fund.

C. APPROVAL OF TRANSACTIONS

Approval for all Official University hospitality expenses must be obtained at the appropriate level. Individuals with delegated approval authority shall not approve requests for expenses of events for which they were the Official Host.

In order to ensure that the approval of hospitality is entirely independent, individuals with delegated approval authority shall not approve the expenses of a person to whom they directly report. The approving authority is the next highest level of the Official Host.

1. Delegation of Approval Authority

The approval authority for hospitality expenses follows the campus administrative guideline for signature authority.

[Signature Authority Guideline](#)

2. Exceptions to the Hospitality Guideline

When an exception is present, the Hospitality Payment Request form must include a written justification as to why adherence to policy was unavoidable and necessary to achieve a University business purpose. The fact that actual costs exceed the authorized rates is not, in itself, adequate justification for an exception request.

If adequate justification exists and provided such costs are deemed to be ordinary and necessary under the circumstances, an exceptional expense may be approved. Reimbursements of hospitality expenses shall be limited to the actual costs incurred.

This delegation of exceptions does not extend to the following:

- Payment or reimbursement of expenses that are not allowed by University policy
- Expenses that are lavish or extravagant under the circumstances
- Expenses that are not in compliance with IRS regulations
- Expenses that constitute taxable income to the recipient.

D. AUTHORIZED RATES

The current maximum rates may be found in Appendix A.

Maximum rates allowed for hospitality include food, beverage, tax, gratuity and service charges.

The maximum rates do not include additional expenses such as the rental of meeting or conference facilities, flowers, linens, equipment rental, or miscellaneous supplies.

E. TAX CONSIDERATIONS

Under Internal Revenue Service regulations, an entertainment (hospitality) expense will be considered taxable income to an employee if:

- The entertainment (hospitality) activity is not directly related to the employee's job
- The expense is lavish or extravagant under the circumstances
- The official host or another University employee is not present when the activity takes place
- The expense is not substantiated with appropriate supporting documentation,
- Business meals with faculty, staff, or other colleagues that are frequent (e.g. that occur on a regular or routine basis) and are reciprocal

The above types of expenses are not allowable under this policy.

F. EVENTS EXEMPT FROM THIS POLICY

1. Officially Recognized Events Hosted by the University or Foundation

Officially recognized University events such as conferences; forums, tournaments or auto shows that are hosted or sponsored by the University or Foundation, but for which the majority of participants are expected to be from outside the University community are not considered hospitality expenses for purposes of this policy. (Participants at these events usually purchase a ticket or pay a fee to attend.)

2. Third Party Events Not Hosted by the University or Foundation

Payment or reimbursement for award banquets, recognition dinners and other special events or celebrations not hosted by the University or Foundation but in which employee attendance is considered appropriate as support to or from the community shall not be charged to the CSU Operating Fund. These events are not considered hospitality expenses for purposes of this policy.

Vice Presidents, Associate Vice Presidents, Deans of Colleges, Executive Assistant to the President, the Director of Athletics and the Auxiliary Chief Executive Officers, may approve these expenditures, as reimbursements or direct payment. This authority may not be delegated any further.

3. Integral Grant Expenditures

Expenditures for food and related items integral to a grant, e.g. a training grant that includes lunch for students or a "food bank" type of operation, are not hospitality expenditures.

4. Supplies

Reimbursement or direct payment requests for items such as snack foods for the childcare center, food for farm or lab animals, items used in research, or beverages for the President's visitors are exempt from this policy. These items are considered supply related expenditures.

RESPONSIBILITIES

- A. The AVP of Financial Management is responsible for periodic review and recommending the maximum rates to the VP for Administration and Finance. Maximum rates are authorized by VP for Administration and Finance. The AVP is also responsible for updating policy and issuing appropriate procedures for processing official hospitality expenditures.
- B. Individuals delegated approval authority are responsible for ensuring:
 - The hospitality conforms to the requirements of this guideline.
 - Requests submitted for payment or reimbursements are appropriate and include the required supporting documentation.
 - Hospitality is restricted to allowable expenses and occasions.
 - The hospitality expense serves a bona-fide University business purpose.
 - The appropriate host certification is submitted with requests for reimbursement or payment.
 - Requests have been signed by an authorized signer.
 - Expenses incurred are appropriate to the funding source.
- C. The Controller's Office is responsible for reviewing payment or reimbursement requests submitted by departments for compliance with the procedures set forth in this guideline.

PAYMENT OR REIMBURSEMENT PROCEDURES

The procedures that follow are required in order to conform to the Internal Revenue Service Regulations.

A. GENERAL

A Request for Payment/Reimbursement of Hospitality Expenses form shall be submitted to the appropriate Accounts Payable department.

When more than one person or one supplier is to be reimbursed or paid for expenses related to a single event, it is the department's responsibility to ensure that the total cost for the event did not exceed the allowable rates provided in this guideline.

To assure compliance with Internal Revenue Service regulations, the completed form must include the following information:

- Payee name and address
- Date, time and location of the event
- Type of expense (lunch, dinner, etc.)
- Description of event

- Number of attendees
- Official host's name, title and department
- Attendee List including the name and University affiliation of each person in attendance
- Business Justification explaining the purpose and how the event is in the best interest of the University
- Funding Source
- Original Supporting Documentation
- Signature Approval

B. RECEIPTS

An original itemized receipt or invoice for expenses of \$50.00 or more per occasion must be submitted. A credit card receipt alone is not sufficient. Itemized receipts are not required for amounts less than \$50.00.

For payment of invoices, the vendor's original itemized catering contract must be provided if the original invoice does not provide the details of the charges.

C. ATTENDEE LIST

For large events when it is difficult to provide or obtain the name of all the attendees (e.g. Convocation) the persons in attendance need not be individually identified by name and title. Anyone of the following could be substituted for the attendee list and attached:

- A copy of the flyer, invitation or other medium used to announce the event
- A copy of the mailing list to whom invitations were sent
- The RSVP list of individuals who responded
- The class roster

D. ADDITIONAL SUPPORTING DOCUMENTATION

All original documentation supporting the business purpose of the expense should be attached to the request.

E. CERTIFICATION

The request must include a certification by the official host that the expenses were incurred for Official University business purposes and are in accordance with Internal Revenue Service guidelines and University guidelines.

F. PAYMENT

Employees and vendors are encouraged to enroll in electronic transfer/direct deposit with the accounts payable department. Checks from Accounts Payable will be distributed via the US mail.

Payment amounts up to \$100.00 exclusive of sales tax may be reimbursed via the Cashier's window with properly approved documentation.

FORMS AND INSTRUCTIONS

1. REQUEST FOR PAYMENT/REIMBURSEMENT OF HOSPITALITY EXPENSES

Forms page link: [Controller's Office Procedures and Forms - Financial Management](#)

ADDITIONAL CONTACTS

Subject	Contact	Phone	Email
Primary Guideline Contact	Tammy Connors	(562) 985-2697	Tammy.Connors@csulb.edu
Subject Matter Expert	Annette Harris	(562) 985-5430	Annette.Harris@csulb.edu

APPENDICES AND RELATED INFORMATION

Appendices:

APPENDIX A

MAXIMUM RATES FOR HOSPITALITY effective 01-01-2016

The maximum per person rate for all hospitality events shall not exceed the following amounts:

<u>Meal</u>	<u>Maximum Rates</u> *
Breakfast	\$30.00
Lunch	\$40.00
Dinner	\$75.00
Light Refreshment	\$20.00
Hors d'oeuvres	\$30.00
(Hot or cold appetizers, in lieu of dinner meal service)	

*Footnotes:

1. The reimbursement for a buffet reception cannot exceed the applicable meal allowance associated with the type of buffet (e.g. breakfast, lunch, or dinner)
2. These amounts include food, beverages, tax and service (e.g. tips)

APPENDIX B
FUNDING SOURCE CHART

HOSPITALITY POLICY	CSU Operating Fund	Special Funds*	Auxiliary Organization Funds*
Alcoholic Beverages, including tax, gratuity and service charges	NO	YES	YES
Commencement and Other Fee Supported Functions	YES	YES	YES
Commencement: Non-Fee Supported Events	NO	YES	YES
Convocation – University Wide Events	YES	YES	YES
Convocation – Departmental Events	NO	YES	YES
Exceptions Due to Overage of Maximum Rates	YES	YES	YES
Exceptions to Policy other than Overages –	YES	YES	YES
Expense with no supporting documentation	NO	NO	NO
Faculty/Staff Picnics & Holiday Gatherings with business purpose	NO	YES	YES
Faculty/Staff Social Events with business purpose	NO	YES	YES
Food and Non-Alcoholic Beverages	YES	YES	YES
Frequent and reciprocal business meals	NO	NO	NO
Hospitality not directly related to employee's job (no business purpose)	NO	NO	NO
Lavish or extravagant expense for the circumstances	NO	NO	NO
Meetings Attended by Official Guests and Official Hosts	YES	YES	YES
Meetings Attended by Only Employees of the Same Work Location - Meal is incidental	NO	NO	NO
Meetings Attended by Only Employees of the Same Work Location - Meeting could have be held during normal work hours	NO	NO	NO
Meetings of a Learned Society or Organization	YES	YES	YES
Meetings of an Administrative Nature when the meal is a necessary and integral part of the business meeting	YES	YES	YES
Meetings of an Administrative Nature when the meal is NOT a necessary and integral part of the business meeting	NO	YES	YES
Official Guest Expenses	YES	YES	YES
Official Host or other employee not present	NO	NO	NO
Prospective University Donors and Donor Cultivation	YES	YES	YES
Receptions (light refreshments only)	YES	YES	YES
Recruitment Interviews	YES	YES	YES
Retirement Celebrations (light refreshments only)	YES	YES	YES
Spouse or Significant Other Hospitality expense with bona-fide business purpose	YES	YES	YES
Spouse or Significant Other Hospitality expense without bona-fide business purpose	NO	NO	NO
Student Meetings (light refreshments only)	YES	YES	YES
Student Recognition Events	YES	YES	YES
Third-Party Events (award banquets, recognition dinners not hosted by University)	NO	YES	YES
Tobacco Products	NO	NO	NO

* Footnote: Operating fund = State appropriation of general tax revenue and the student fee revenue for state-supported instruction and related programs and operations.

Hospitality and Gift Expenses may be charged to Trust Funds only if they are permitted by the Trust Fund Agreement and to Auxiliary Funds only if there are no restrictions within the Grant and/or Contract for these expenses.

Other Related Information and References:

1. President's letter delegating authority to the Vice Presidents and Auxiliaries Chief Executive Officer/General Manager to approve exceptions to the University's policy.
2. President's letter delegating the authority to the Vice President for Administration and Finance to make appropriate revisions to the University's policy.
3. Internal Revenue Service Publication 463: Travel, Entertainment, Gift and Car Expenses
<http://www.irs.gov/pub/irs-pdf/p463.pdf>
4. Internal Revenue Service Publication 535: Business Expenses
<http://www.irs.gov/pub/irs-pdf/p535.pdf>
5. Additional references and Procedures
 - a. Chancellor's Office Executive Order 761: Hospitality, Payment or Reimbursement of Expenses.
<http://www.calstate.edu/eo/EO-761.pdf>
 - b. CSULB Internal Procedures Governing Travel Expense Reimbursement
http://daf.csulb.edu/admin_guidelines/procedures/controller/travel_procedure/index.html
 - c. CSULB Administrative Guideline Governing Employee Non-Cash Awards
http://www.csulb.edu/misc/adminguidelines/pdf/finmanage/noncashgifts_employees.pdf
 - d. CSULB Administrative Guideline Governing Gifts to Non-University Employees
http://www.csulb.edu/misc/adminguidelines/pdf/finmanage/gifts_nonemployees.pdf

SEARCH INFORMATION

Guideline Group (indicate appropriate number choice): 2

Department: Financial Management (Controller's Office)

Division: Administration & Finance

Keywords for search: Hospitality, entertainment, party, banquet, retirement party, official host

HISTORY

Issue Date: January 2001

Last Review Date: July 2007

Amended Date: November 2015

Amendment Description: Rate increase, format change, general update

APPROVALS

Requester

Appropriate Administrator L3 (for new and major changes)