

Standard Operating Procedure:

Hospitality Procedures

Division:

Financial Services

Effective Date:

05/10/2022

Executive Director Approval:

Reference to ASC or State Policy:

Revisions:

- I. **PURPOSE:** Hospitality procedure is to govern the process by which CSU Fullerton Auxiliary Services Corporation (ASC) provides hospitality to employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting, recreational, or entertainment event or other occasion that promotes the mission of ASC and CSUF. Hospitality expenses may be paid to the extent that such expenses are necessary, appropriate to the occasion, and reasonable in amount. This procedure also addresses meals served to employees as part of a morale-building function and meals provided to prospective students and employees.
- II. **SCOPE:** This procedure is applied to ASC's administrative operation funds 10, 20, and 40 to govern the appropriate use of hospitality. This procedure also exempts the need of an approved Directive-11 (D-11) for the ASC administrative operation funds (10, 20, and 40).
- All university trust or agency account funds held by ASC in purely custodial capacity on behalf of third parties including campus programs and designated funds are subject to applicable laws and written agreement to follow CSU Fullerton Hospitality Expenditures guidelines including but not limited to the Directive-11 (D-11).
 - Grants and Contracts are to comply with the restriction imposed by the funding source. Contract and grants fund may only be used to pay hospitality expenses specifically authorized in the contract or grant, or by agency policy.
- III. **OBJECTIVE:** This hospitality procedure is intended to ensure that ASC personnel identify the need to verify that all hospitality activities align with intended purpose indicated by this procedure to follow CSU, CSUF and ASC hospitality guidelines.
- IV. **PROCEDURE:** Hospitality expenses must be directly related to, or associated with, the active conduct of official CSU, CSUF, and ASC business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear CSU 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. Expenditures must be in accordance with IRS guidelines, state regulations, and CSU policies and guidelines.

Any employee business meal or entertainment expenditure that is considered taxable income under IRS regulations will not be paid and/or reimbursed.

V. EMPLOYEE MEETINGS & RECOGNITION EVENTS: Memorial services, retirement celebrations, and farewell gatherings for employees with at least five (5) years of services are permissible when the expenses are reasonable and appropriate to the business purpose. Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently, are reasonable, and are appropriate to the business purpose. Meals or light refreshments provided to employees on a frequent or routine bases are considered taxable income by the IRS. Therefore, they are not permitted to be reimbursed under this procedure.

- Meals or light refreshments should be limited to no more than twelve (12) times per year, per group.
- Meals or light refreshments during a business meeting must be modest and reasonably priced. When a meeting takes place over an extended period of time and the agenda includes a working meal, a justification that the meal is integral to the business function is required. Justification examples are:
 1. A meeting where there is a scheduled speaker during the meal period;
 2. A meeting where the participants work through the meal period; or
 3. Circumstances where it would be too time-consuming or disruptive for participants to take a meal break away from the meeting location.

VI. UNALLOWED EXPENDITURES: Hospitality expenses that are of a personal nature and not related to official business will not be paid and/or reimbursed. Personal benefits expenses include, but are not limited to, employee's birthdays, weddings, anniversaries, and baby showers.

Discrimination: Hospitality expenses that are for membership in social organizations, activities, or entertainment services that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability will not be permitted to be paid or reimburse under this procedure.

VII. APPROVALS:

- ASC Directors are authorized to spend, as approved in the Board-approved operating budget, amounts less than \$250 per event.
- Amounts over \$250 require the approval of the Executive Director or designee.
- Amounts over \$1,000 require the approval of the ASC Treasurer or designee.
- Individuals with delegated approval authority may not approve their own expenses, and individuals may not approve expenses of their supervisor.

- When appropriate and necessary, the Executive Director may make a limited exception to the hospitality procedure. The purpose of the exception must be documented and signed by the Executive Director.

VIII. CONTROL & COMPLIANCE: ASC accounts payable staff will process hospitality invoices and transactions when the following conditions are both met. If both conditions are not met, the request is to be returned to the requestor.

1. Hospitality expenses should be verified that the procedural conditions have been met including, but not limited to, a clear CSU business purpose outlined, expenses are cost effective, complies with IRS regulations, and includes a detailed itemized receipt and list of attendees.
2. Ensure required approvals as stated by this procedure are obtained.

