

Hospitality

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Background and Purpose

There are occasions when the prudent extension of hospitality in connection with official business is in the best interest of the Associated Students, Incorporated. This policy outlines ASI policy and procedures governing the manner and extent to which the ASI may extend hospitality for business purposes only and provides maximum per person rates authorized for meals and refreshments.

The guidelines of this policy, including maximum allowable costs, are based on CSULB policy; however, ASI reserves the right to implement more restrictive provisions.

Travel and lodging expenses are not covered under this policy. Please refer to the ASI Policy on Business Travel Expenses and Allowance.

Policy Statement

It is the policy of the Associated Students, Incorporated that expenses for hospitality must be directly related to, or associated with, the active conduct of official ASI business. When an ASI representative acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear business-related purpose, with no personal benefit derived by the official host or other ASI employees. In addition, the expenditure of funds for entertainment should be cost effective and in accordance with the best use of public funds.

This policy applies to all hospitality expenses incurred by ASI regardless of the source of funding.

The procedures set forth in this policy 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 paid or 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 from wages 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.

Who Should Know This Policy

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input checked="" type="checkbox"/> Program Advisors | <input checked="" type="checkbox"/> Staff |
| <input checked="" type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Approving authority	The person to whom authority has been delegated in writing to approve hospitality expenses and to approve exceptions to the hospitality policy and the limitations outlined in this policy.
Exceptions	Hospitality expenses that exceed the per-person maximum rates specified in this policy and any other type of expenses that are not specifically included in this policy.
Hospitality	The provision of meals (e.g., catered, restaurant, grocery purchase) or 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 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. If a charge is made for items other than food and beverages, the receipt must show the details.
Light refreshments	Non-alcoholic beverages, snacks, hot or cold hors d'oeuvres, or similar foodstuffs that would not normally constitute a meal.
Meals	Food served in one or more courses and eaten in one sitting, usually at a customary time or occasion, i.e. breakfast, lunch, dinner
Meetings of an administrative nature	Meetings called for the purpose of discussing the development, execution, or management of ASI policies and/or programs
Official guest	A person invited by an official host to attend an ASI 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.
Official host	An ASI employee who hosts, chairs or sponsors a meeting, conference, reception or event. The official host is not required to be present at the function.
Professional associations or organizations	Groups of individuals officially organized around a common interest or affiliation with a particular profession, vocation, or industry
Work location	The 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.

Standards and Procedures

1.0 Allowable Expenses and Occasions

1.1 Host to Official Guests

When ASI is host to official guests, including visitors from other universities, members of the community, University employees visiting from another work location, etc. meals or light refreshments may be purchased.

The hospitality expenses of the spouse or significant other of a guest or of the official host may be reimbursed provided such hospitality serves a bona fide business purpose. Participation in official functions that require the attendance of a spouse or significant other 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 or significant other.

1.2 Meetings of Professional Associations or Organizations

When ASI is the host or sponsor of a meeting of a learned society or organization, meals, or light refreshments may be purchased.

1.3 Meetings of an Administrative Nature

When meetings of an administrative nature are held that are directly concerned with the welfare of ASI, meals or light refreshments may be purchased. Where meals are involved, they must be a necessary and integral part of the business meeting, not a matter of personal convenience.

The cost of meals for employees from the same work location may be reimbursed if a working meal is included as part of a scheduled meeting, presentation, or training session. The meeting should take place over an extended period 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.

1.4 Official Student-Oriented Meetings

When meetings of a non-administrative nature between students or between students and faculty/administrators are held for the purpose of discussing ASI or University related activities, light refreshments may be purchased. Meals are not an allowable expense for this type of meeting.

1.5 Prospective ASI Donors and Donor Cultivation

When ASI hosts an event for the purpose of generating the goodwill of prospective ASI donors, meals or light refreshments may be purchased.

1.6 Receptions

Light refreshments may be purchased for receptions held in connection with conferences, meetings of professional associations or organizations, fundraising events, employee recognition or length of service awards or retirement presentations, student events, staff events, etc.

1.7 Hospitality While Traveling

The Policy on Hospitality and the Policy on Travel Expenses and Allowances are separate and distinct policies. If a hospitality expense occurs while traveling, a hospitality form must be used to request reimbursement. Per diem for meals must not be added to the travel expense claim when a hospitality expense for meals has been submitted for reimbursement.

2.0 Authorized Rates

Rates are recommended by the CSULB Associate Vice President for Financial Management and are authorized by the CSLB Vice President for Administration and Finance. Maximum rates allowed for hospitality include taxes and service. These rates do not include the rental of meeting or conference facilities, which may be charged as an additional expense. The maximum rates will be reviewed periodically by the Office of the Associate Vice President-Financial Management and adjusted as appropriate.

The maximum per person expenditures for individuals being entertained and for an ASI employee who is the official host or who is a participant at the request of the official host, must not exceed the following amounts:

Breakfast	\$23.00
Lunch	\$34.00
Dinner	\$58.00
Light Refreshment	\$15.00

The reimbursement for a buffet reception cannot exceed the applicable meal allowance associated with the type of buffet, i.e., breakfast, lunch, or dinner.

These amounts include food, beverage, tax and service (e.g., tips)

3.0 Approval of Transactions

For each transaction, a Hospitality Attendance Report must be completed by the official host, indicating the occasion at which hospitality was extended and the names of those in attendance. Approval for all ASI hospitality expenses must be obtained at the appropriate level. In order to ensure that the approval of hospitality is entirely independent, individuals with approval authority will not approve the expenses of a person to whom they directly report. In addition, individuals with delegated approval authority will not approve their own expenses.

Delegation of Authority forms must be on file for each individual to whom approval authority for hospitality payments has been delegated.

4.0 Exceptions to Policy

Approval of exceptions to this policy must be obtained from the Executive Director. The request for reimbursement of such expenses must include a written justification as to why non-compliance with policy was unavoidable and necessary to achieve an ASI business purpose. The fact that actual costs exceed the authorized rates is not in itself adequate justification for a higher reimbursement rate.

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

Exceptions cannot be granted for the following:

- Payment or reimbursement of expenses that are not allowed by ASI or 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

5.0 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 employee) is not present when the activity takes place
- If the expense is not substantiated with appropriate supporting documentation, as provided in this policy
- Business meals with faculty, staff, or other colleagues that are frequent (i.e., that occur on a regular or routine basis) and reciprocal are considered taxable income.

All such expenses are not allowable under this policy.

6.0 Events Exempt from This Policy

6.1 Officially Recognized Events Hosted by ASI

Officially recognized ASI events such as conferences, forums, tournaments or auto shows that are hosted or sponsored by ASI, 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.

6.2 Third Party Events Not Hosted by ASI

Payment or reimbursement for award banquets, recognition dinners and other special events or celebrations not hosted by ASI but at which employee attendance is considered appropriate as support to or from the community are not considered hospitality expenses for purposes of this policy. Such expenditures may be processed as reimbursements or direct payments.

6.3 External Grant Expenditures

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

6.4 Supplies

Reimbursement or direct payment requests for items such as food and beverages for the child development center, items used in research, or beverages for ASI visitors are exempt from this policy. These items are considered supply related expenditures.

7.0 Payment or Reimbursement Procedures

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

7.1 General

A Check Request or Cash Reimbursement Request must be submitted to the Associated Students Business Office. One form per payee should be submitted.

When more than one person is to be reimbursed for expenses related to a single event, each request for reimbursement must include a statement by the official host or approving authority that there are multiple payees and that the total cost for the event did not exceed the allowable rates provided in this policy.

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

- 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 affiliation of each person in attendance
- Business justification explaining the purpose and how the event is in the best interest of the ASI
- Original supporting documentation

- Signature approval

7.2 Receipts

An original itemized receipt or invoice for expenses must be submitted per occasion. A credit card receipt alone is not sufficient. 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.

7.3 Attendee List (for Large Events Only)

For large events when it is difficult to provide or obtain the name of all the attendees, the persons in attendance need not be individually identified by name and title. Any one 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 event roster

7.4 Additional Supporting Documentation

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

7.5 Certification

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

7.6 Business Office

It is the responsibility of the A.S. Business Office to review all supporting documentation and to verify that the amounts claimed are allowable, that the appropriate accounts are charged, that the documents were properly approved prior to payment (or that adequate post audit reviews are performed), and that payments are tax reported appropriately.

In addition, the Business Office is responsible for ensuring that supporting documentation is being retained in accordance with the requirements specified in the ASI Policy on Records Management and other applicable policy and procedures.

Administration

The Director of Administrative Services is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed triennially and revised as needed, unless earlier revisions are necessitated by changes in the regulations of the IRS, CSULB, or the California State University Office of the Chancellor.

Forms

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Cash Reimbursement Request	To request cash reimbursement for the purchase of goods or services totaling less than \$100, excluding sales tax	A.S. Business Office	Authorized budget area signatory	Between 9 a.m. and 4 p.m., Monday through Friday (except holidays). Only one filing per person per day
Check Request	To request a check for payment to a vendor or as reimbursement to an authorized purchaser	A.S. Business Office	Authorized budget area signatory	At least four (4) business days before desired date of disbursement
Delegation of Authority	To identify and provide specimen signatures of those persons authorized to approve financial, contractual, and personnel transactions.	ASI Administrative Services	Executive Director	At or near the beginning of the fiscal year (July 1). Revise anytime signature authority or authorized personnel changes. Form remains in effect until cancelled.
Entertainment Expense Report	To indicate the names, titles, and group affiliations of persons to whom hospitality was extended and the business purpose of the expense	A.S. Business Office	Official host of the event	Submit with Check Request Cash Reimbursement Request along with receipts and/or invoices documenting the amount spent