

# The CSU, Chico Research Foundation

Office of Research and Sponsored Programs Foundation Administration

Title: Policy on Hospitality Expenses

Effective Date: February 23, 2001 (Revised October 25, 2004)

## POLICY

The policy of the CSU, Chico Research Foundation (“foundation”) with respect to the payment of hospitality expenses is designed in alignment with the Chancellor's Office Executive Order #761 and the corresponding policies of the California State University, Chico (“university”). This policy is located on the RESP Web site [www.csuchico.edu/resp/projadm/policies](http://www.csuchico.edu/resp/projadm/policies)

Hospitality expenses are for the conduct of official foundation or university business (not for entertainment purposes or to benefit an individual) and, in addition, because they are subject to public scrutiny, call for a high standard of care in how the funds are used. Hospitality expenses may be paid with foundation funds to the extent that the purchase and use of these services and items

- Are consistent with the mission and fiduciary responsibilities of the university and foundation.
- Conform to IRS regulations, is reasonable and allocable to the project being charged.
- Represent the best use of foundation project or university funds.

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

**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.

## DEFINITIONS

**Allocable Cost**—goods or services that are prudently chargeable or assignable to a particular cost objective (i.e., sponsored agreement, project, or specific function).

**Allowable and Unallowable Costs**—costs that are permissible under federal government rules and definitions as stated in OMB Circular A-21, section J. (Refer to the Office of Research and Sponsored Program’s web-site at [www.csuchico.edu/resp/projadm/policies](http://www.csuchico.edu/resp/projadm/policies) Other Policies for a link to this circular.)

**Approving Authority**—a person to whom authority has been delegated in writing to approve expenses in accordance with foundation or university policy.

**Award**—a gift of tangible personal property in recognition of service or achievement directly benefiting the foundation/university.

**Business Meal**—a meal at which official foundation/university business is conducted and which 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 of benefit accruing to the foundation/university.

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 foundation/university. Hospitality includes expenses for activities that promote the foundation/university to the public and foster community relations, usually with the expectation of benefits accruing directly or indirectly to the foundation/university.

Official Host—a foundation/university employee who hosts a meeting, conference, or event.

Official Guest—a person invited by an official host to attend a foundation/university meeting, conference, reception, or event. Examples of official guests include employees from another work location, members of the community, or media representatives. Employees of the university 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 foundation/university, 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.

## ALLOWABLE EXPENSES AND OCCASIONS

Hospitality expenses must be directly related to, or associated with, the active conduct of official foundation/university business. When a foundation employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear business purpose, with no personal benefit derived by the official host or other foundation/university employees. 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 may be allowable in the following circumstances:

- When the foundation hosts official guests, including foundation/university employees visiting from another work location, donors, and prospective donors;

- When the foundation is the host or sponsor of a meeting of a learned society or organization;

- When the foundation is the host or sponsor of meetings of an administrative nature that are directly concerned with the welfare of the foundation/university and the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience;

- When the foundation hosts receptions held in connection with conferences, meetings of a learned society or organization, 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;

When the foundation hosts receptions or other activities related to the benefit of employee morale, employee recognition, or length of service awards or retirement presentations, keep in mind:

Hospitality expenses are for the conduct of official foundation or university business (not for entertainment purposes or to benefit an individual) and, in addition,, because these expenses are subject to public scrutiny, call for a high standard of care in how the funds are used.

Payment of or reimbursement for hospitality expenses are generally not permitted when these expenses are, for example, employee birthdays, bereavement, illness, farewell gatherings and similar events.

However, if the Project Director feels an expense in the amount of \$50 or less for such an event/activity is justified, meets the policy requirements and is allowable by the funding source (see table 1 of this policy), the Foundation will allow the expense without additional approvals. Expenses for such events/activities exceeding \$50 must be approved by the appropriate Dean or VP; thus a second, or one-up signature is required.

## FUNDING SOURCES

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

- Grant/Contract funds

- Board Designated and Incentive funds

- All other funds, including Campus Program, General Fund, Enterprise, and Annual Fund

### Grant/Contract Projects

The following restrictions, in addition to those identified in Table 1, apply to the use of grant/contract funds:

Hospitality expenses are normally not allowable on grants and contracts. However, in certain instances food purchases are part of the approved project budget for a sponsored program (e.g., a professional workshop that runs several hours and a meal is offered to maintain continuity or as an incentive).

Use of grant/contract funds must be allowable to the specific project in accordance with OMB Circular A-21. The Office of Research and Sponsored Programs is available to answer questions about permissible expenses on specific grants and contracts.

Grant/contract funds may not be used to pay for food and beverages for business meetings attended only by employees of the same immediate work location.

Expenditures permissible by foundation policy also require the approval of the funding agency.

## APPROVAL OF TRANSACTIONS

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

- The nature of the expense or activity and business purpose

- The date, time and location of the meeting or activity

- The number of guests in attendance (if fewer than 10, the individuals should be listed by name)

Original itemized receipts or invoices are required as documentation for the reimbursement and for audit purposes.

Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor. However, on project accounts administered by the Office of Sponsored Programs, the approval authority will be the Office of Research and Sponsored Programs.

Catered Events

Non-campus individuals or businesses providing food for campus events will be required to provide a copy of their current Butte County Department of Health license. In addition, they will be required to comply with current campus insurance requirements as specified by the University Risk Management Department which are located on Web-site <http://www.csuchico.edu/purc/>

Table 1  
CSU, CHICO RESEARCH FOUNDATION

Eligible Hospitality Expenses by Funding Source-If expenses meet the criteria under allowable expenses and occasions

| Hospitality Expenses   | Grant and Contract Projects and ARI Projects 58000-79999                           | All Other Projects 30000-56999 80000-89999 |
|--|--|--|
| Food and Beverages (other than alcoholic beverages) for meetings attended only by employees of the same work location (qualifies as business meal expense) | No   | Yes  |
| Food and Beverages (other than alcoholic beverages) for meetings attended by official guests qualify as a business meal expense                            | Yes If approved by funding agency, the Vice Provost for Research or OSP Management | Yes  |
| Alcoholic Beverages  | No   | Yes  |
| Gifts/Honoraria  | Yes If approved by funding agency  | Yes  |
| Awards   | Yes If approved by funding agency  | Yes  |
| Promotional Items  | No   | Yes  |
| Travel   | Yes If approved by funding agency  | Yes  |
| Receptions, events/activities directly related to Foundation/University business   | Yes If approved by funding agency  | Yes  |