
POLICY:	HOSPITALITY POLICY
EFFECTIVE DATE:	JULY 13, 2016
REVISED DATE:	JULY 13, 2016
APPROVAL DATE:	DECEMBER 10, 2021

DEFINITIONS

Hospitality:

Activities that promote Associated Students, Inc. of California State University San Marcos (ASI) to the public, usually with the expectation of benefit to ASI. This includes expenses for employees, students, donors, guests, visitors, volunteers, or other individuals as part of a business meeting; recreational, sporting, or entertainment event or other occasions that promote the mission of ASI. This includes meals served to employees as part of a morale-building function and meals provided to prospective students and employees.

Hospitality is defined to include the following elements:

- Entertainment Services – Reasonable expenditures as part of a public purpose event includes, but if not limited to, equipment and venue rental, décor, music, and performers.
- Food and Beverage – Reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pasteries, cookies).
- Awards and Prizes – Something of value given or bestowed upon an individual, group, or entity in recognition of services to ASI or CSUSM or achievement benefiting ASI with the expectation of benefit accruing to ASI or for other occasions that serve a bona fide business purpose.
- Promotional Items – Items that display the name, logo, or other icon identifying ASI such as a keychain, coffee mug, calendar, or clothing.

Meeting:

Gatherings which serve an ASI business purpose and are generally administrative in nature such as employee morale functions, trainings, conferences, retreats, extended planning sessions, and meetings of appointed work groups and committees.

Membership and Social Organizations:

Clubs, civic organizations and other membership organizations that provide a venue for hosting hospitality events or a means for promoting goodwill in the community. Memberships in business leagues, chambers of commerce, trade associations and professional organizations are considered a regular business expense and are not governed by this policy.

Official Host:

ASI employee or governing board member who hosts guests at a meeting, conference, reception, activity, or event for the active conduct of ASI business.

Official Guest:

A person invited by an official host to attend a CSU/CSUSM/ASI meeting, conference, reception, activity or event. Examples of official guests include employees visiting from another work location, students, donors, recruitment candidates, volunteers, members of the community, or media representatives.

Public or Business Purpose:

Expenses that serve a purpose consistent with the mission and fiduciary responsibilities of ASI.

PURPOSE

The purpose of this policy is to establish policy and procedures regarding for purchases made by ASI related to hospitality Authority for this policy is in compliance with the CSU/CSUSM Hospitality Policy and pursuant to California Education Code section 89044. This policy is issued under delegation of authority from the Chancellor to the Executive Vice Chancellor and Chief Financial Officer, and implementation and compliance with the policy is further delegated to the campus Chief Financial Officer. California Education Code sections 66600, 89030, and 89035.

POLICY

I. Hospitality Expenses

1. Hospitality expenses must be directly related to, or associated with, the active conduct of official ASI and California State University San Marcos (CSUSM) business. When an employee acts as an official host, the occasion must, in the best judgement of the approving authority, serve as a clear ASI business purpose, with no personal benefit derived by the official host or other employees.
2. Hospitality expenses should be cost effective and in accordance with the best use of public 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.
3. Travel and lodging expenses are not covered under these policy and procedures. Please refer to the ASI Travel Policy for information on travel related expenses.
4. In congruence with the CSUSM Hospitality Guidelines, food and related items to “food bank” type of operations are not hospitality expenditures.

II. Allowable Hospitality Expenses and Occasions

1. The following are examples of occasions when the provision of hospitality is permitted under this policy.
 - ASI hosts or sponsors business meetings that directly correlate with the operations of ASI.
 - ASI hosts official guests with an interest in ASI.
 - ASI is the host or sponsor of a meeting of a learned society or professional organization.
 - ASI hosts receptions held in connection with conferences, meetings of a learned society or professional organization, meetings of student groups, student events, and meetings of other ASI related groups such as alumni.
 - ASI hosts or participates in community relation or fundraising events to promote ASI or CSUSM, enhance partnerships, recognize distinguished service, or cultivate donors.
 - ASI hosts receptions for the benefit of employee morale, employee recognition, official presentations for length or exceptional contributions of service awards.
 - ASI hosts student programs with the purpose of engaging the CSUSM community in campus life.
2. Employee Meetings
 - a. Food and beverage may be provided to employees if a working meal is included as part of a scheduled meeting, presentation, or training session and serves an ASI business purpose. 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 or an official meeting between students, between staff, or between students and staff held for the purpose of discussing ASI related activities.

- b. Expenses will not be allowed when two or more employees from ASI and/or CSUSM choose to go to lunch together to continue their business as a part of the meal, or when the meeting could have been scheduled during regular working hours.

III. Unallowed Expenditures

1. Hospitality expenses that are of a personal nature and not related to the active conduct of official ASI business will not be paid or reimbursed.
2. As an auxiliary organization, ASI funds may be used to pay for alcoholic beverages, formal awards and service recognition, entertainment services, gifts, membership in social organizations and promotional items to the extent these purchases are not restricted by other applicable laws, regulations, or funding source agreements.

IV. Exceptions

Approval of exceptions to these policy and procedures must be obtained from the Executive Director or designee. Written justification as to why non-compliance with policy and procedures was unavoidable and necessary must accompany all expense receipts and be signed by the Executive Director or designee.

1. Exceptions cannot be granted for the following:
 - a. Payment or reimbursement of expenses that are not allowed by ASI or University policy
 - b. Expenses that are lavish or extravagant under the circumstances
 - c. Expenses that are not in compliance with IRS regulations (Refer to section F of this policy)
 - d. Expenses that constitute taxable income to the recipient

PROCEDURE

I. Approvals

1. 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.
2. Individuals with delegated approval authority may not approve their own expenses, and individuals may not approve the expenses of their supervisor.
3. ASI Hospitality Forms should be completed and approved prior to hospitality-related purchases.
 - a. Blanket Hospitality Forms: May be issued on a case-by-case basis and must be pre-approved by the ASI Executive Director. Blanket hospitality forms are meant for hospitality transactions where little or no value can be added by processing the transaction for each event.
 - i. The following procedures shall be observed in administering blanket hospitality forms
 - The blanket hospitality must be specific to set of recurring events, rather than a general department/annual
 - All required supporting documentation must be submitted with the payment method, including a copy of the blanket hospitality form for each expense.
 - Blanket approval may not exceed one year and should not cross fiscal years.

II. Payment Options

1. There are three payment options for hospitality purchases: The ASI Corporate Credit Card, reimbursement through the Expenditure Request Form, or Petty Cash if the purchase is less than \$50.
2. Receipts - An original, itemized receipt or invoice must be submitted per expense: 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. Refer to ASI Purchasing Policy for more information.

III. Supporting Documents

1. For all expenses, backup documentation must accompany each receipt. If paying with the ASI Corporate Credit Card, the backup documentation must be included with the receipt and the ASI Expenditure Request Form. If using the ASI Expenditure Request Form or Petty Cash forms, backup documentation must be submitted for signature with the receipt and the form. Examples of backup documentation include:
 - a. ASI Hospitality Form with approvals
 - b. Attendance Roster
 - c. Event flyer, invitation or announcement OR meeting agenda
 - d. Blanket Hospitality Justification
 - e. Gift Card and Prize Form – If applicable. See ASI Corporate Credit Card Policy to determine.
2. It is the responsibility of the Approving Authority to review all supporting documentation and to verify that the amounts are allowable and that the appropriate accounts are charged (Account 660820 for Hospitality). In addition, the Approving Authority is responsible for ensuring that supporting documentation is being retained in accordance with the requirements specified in the ASI Corporate Credit Card Policy.

IV. Related Documents, Policies and Procedures

1. If food is being delivered to campus, ASI can utilize any provider. If food is being catered, the provider must be selected from the campus Approved Caterers List. For additional related documents, policies and procedures, please refer to the following.

V. Internal Revenue Service Information

1. The procedures set forth in these policy and procedures are intended to conform to the Internal Revenue Service regulations related to entertainment expenses. In order to conform to IRS regulations, the expenses that are paid or reimbursed must meet one of the following tests:
 - a. Directly-Related Test – Meal reimbursements meet the directly-related test and may be excludable from wages if:
 - i. The main purpose of the combined business and meal is the active conduct of business,
 - ii. Business is actually conducted during the meal period, and
 - iii. 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.
 - b. Associated Test - Entertainment-related meal reimbursements meet the associated test and are excludable from wages if the entertainment is associated with the active conduct of the employer's business and occurs directly before or after a substantial business discussion.
2. Tax Considerations - Under Internal Revenue Service regulations, an entertainment (hospitality) expense will be considered taxable income to an employee if:
 - a. The entertainment (hospitality) activity is not directly related to the employee's job
 - b. The expense is lavish or extravagant under the circumstances
 - c. The official host (or another employee) is not present when the activity takes place
 - d. If the expense is not substantiated with appropriate supporting documentation, as provided in these policy and procedures
 - e. 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 these policy and procedures.

RELATED DOCUMENTS

- I. ASI Cash Handling Policy
https://www.csusm.edu/asi/about/corporate_documents/policies_and_procedures/policies_and_procedures.html
- II. ASI Corporate Credit Card Policy
https://www.csusm.edu/asi/about/corporate_documents/policies_and_procedures/policies_and_procedures.html
- III. ASI ProCard Agreement Form
- IV. https://www.csusm.edu/asi/about/corporate_documents/policies_and_procedures/forms/forms.html
- V. California State University Hospitality Policy
<https://calstate.policystat.com/policy/8543178/latest/>
- VI. California State University San Marcos Hospitality Forms and Guidelines
<https://www.csusm.edu/fs/ap/hospitality.html>
- VII. CSUSM Alcohol Use Policy
<https://www.csusm.edu/events/policiesrates/alcohol.html>
- VIII. CSUSM Approved Caterers List
<https://www.csusm.edu/corp/dining/approvedcaterers/index.html>
- IX. ASI Purchasing policy
https://www.csusm.edu/asi/about/corporate_documents/policies_and_procedures/policies_and_procedures.html
- X. ASI Travel Policy
https://www.csusm.edu/asi/about/corporate_documents/policies_and_procedures/policies_and_procedures.html