

SJSU

Hospitality Guidelines

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Introduction

San José State University will procure and pay for allowable and reasonable hospitality expenses directly related to, or associated with, the active conduct of official university business. This university guideline specifies the university and its auxiliary funds that may be used for such purposes. The [Approval of Transactions](#) section applies to university funds. Please refer to auxiliary organization policies and procedures if using those funds. These guidelines also do not pertain to food expenses of employees traveling on university business. (Refer to the campus [Travel Guide](#) for policy covering those types of expenses). These guidelines are in accordance with [ICSUAM policy number 1301.00](#) (Hospitality, Payment or Reimbursement of Expenses),

What is Hospitality?

Hospitality is the provision of food, beverages, and other expenditures related to activities, or special events for the purpose of promoting and furthering the mission of the university.

Allowable Expenses and Events

When a university employee acts as an official host, the occasion must, in the best judgment of the Approving Official, serve a clear university business purpose, with no personal benefit derived by the official host or other university employees. The expenditure of funds for hospitality should be cost effective and in accordance with the best use of public funds. Hospitality expenses, including awards and gifts, must conform to IRS regulations.

The following are examples of occasions when the provision of hospitality is permitted:

- When the university hosts official guests
- When the university is the host or sponsor of a meeting of a learned society or organization
- When the university 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 university hosts receptions for the benefit of employee morale, employee recognition, length of service awards or retirement presentations
- When university representatives participate in community outreach to enhance partnerships, promote goodwill, recognize distinguished service or cultivate donors
- Business meetings that directly promote the mission and goals of the university
- Development activities including department retreats
- University hosted development activities (e.g., training and workshops)

Spouses and Domestic Partners

Hospitality may be provided to such individuals when their presence is considered to serve an SJSU business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Official functions to which spouses or domestic partners are invited as a matter of protocol or tradition such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events may be considered business related. An agenda, invitation or similar documentation should be included with the payment record.

Students and Prospective Students

Permissible activities involving students and prospective students may include recruitment efforts, student activities, student programs, student organization events, student recognition events and commencements. Students may be hosted to attend fundraising and other community relations events that enhance their learning experience, in recognition of their student achievement, to engage with alumni and donors, or as representatives of elected student leadership. Hospitality provided to student athletes and recruits must be in accordance with the rules, regulations, guidelines, standards

and procedures of the intercollegiate athletic association's national governing board; e.g., National Collegiate Athletic Association.

Meal Expenses

When the university is host or sponsor to official guests or of a meeting of a learned society or organization, meals or light refreshments may be paid for or reimbursed.

Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently and are reasonable and appropriate to the business purpose. Meals or light refreshments provided to employees on a frequent or routine basis are considered taxable income by the IRS and are therefore not permitted under this policy.

Meals must be a necessary and integral part of the business meeting, not a matter of personal convenience. For example, reimbursement will not be allowed when two or more employees 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.

Meals or light refreshments provided in the course of 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, there may be justification that the meal is integral to the business function, examples include:

- A meeting where there is a scheduled speaker during the meal period
- A meeting where the participants work through the meal period
- An activity associated with professional development training
- Circumstances where it would be too time-consuming or disruptive for participants to take a meal; break away from the meeting location.

Approved Caterers and Other Food Providers

[Contracts and Purchasing Services](#) maintain the [Catering Policy](#), a list of approved caterers. Caterers on this list have met all State and CSU requirements for caterers by providing Purchasing with a [Vendor Data Record \(Form 204\)](#), a copy of their current Santa Clara County Health Department license, and proof of insurance coverage. Only suppliers on the university's approved caterers list can be used for hospitality events.

The university [ProCard](#) is the preferred method of payment for business-related food expenses greater than \$50. When catering services cannot be paid using the ProCard, use the Direct Payment Voucher process. The [Petty Cash](#) process will be used for expenses under \$50.

If department wishes to use a non-approved caterer, a [Requisition](#) is required to be submitted along with event contract (i.e., quote, proposal, etc.) to the Contracts and Purchasing Services for signature and processing **prior** to the event.

Prohibited Expenses

Hospitality expenses of a personal nature and not related to the active conduct of official university business (e.g. birthdays, weddings, and baby showers) or for membership in social organizations, activities or entertainment services that discriminate based on race, color, religion, ancestry, age, gender, sexual orientation, marital status, veteran status or disability are not allowable expenses.

Approval of Transactions

The Approving Official for the department requesting payment of hospitality expenses must certify approval by electronically approving or signing the Direct Payment Request, Petty Cash Request, ProCard reconciliation report, Reimbursement or Requisition. The department must provide justification that clearly indicates the purpose for the expense (university hosted reception, development, etc.) and whether the event was attended by an official guest(s) of the university. Individuals are prohibited from approving their own expense reimbursement and subordinates from approving expense reimbursements of their supervisor.

Justification and Support Backup Documentation Requirement

All hospitality expenses must have a completed [Hospitality Expense Justification form](#) submitted along with support backup documentation such as quote, invoice, and original receipt when requesting payment or reimbursement. Information required on the justification includes names of attendees, date, time, location, and business purpose of expense.

Guidelines for Approving Officials

When determining whether expenses for hospitality are appropriate, the Approving Official must evaluate the following:

- Importance of the event in terms of the costs that will be incurred
- Benefits to be derived from such an expense
- Reasonableness of the expense
- Availability of funds to support the expense
- Alternatives that would be equally effective in accomplishing the desired event objectives

Definitions

Approving Official: Management level staff consisting of MPP level employees and department chairs who has been authorized to approve expenses in accordance with university policy. For further information regarding Approving Officials and delegation of authority, please see the [Delegation of Authority for the Approval of Financial Expenditures Guidelines](#).

Auxiliary Organization Funds: Funds held by a recognized auxiliary organization. See the list of recognized auxiliaries at [The California State University List of Auxiliary Organizations](#).

Awards and Service Recognition: Something of value given or bestowed upon an individual, group or entity in recognition of service to the university or achievement benefitting the university; e.g. financial prizes, trophies, plaques, and flowers.

CSU Operating Fund: Fee revenue plus funds appropriated by the state legislature to support expenditures of the University.

Employee Meetings and Recognition Events: Meetings which serve a university business purpose and are generally administrative in nature such as campus-wide meetings of functional offices, meetings of the Academic Senate, campus meetings of deans and directors, employee morale functions, extended formal training sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.

Entertainment Services: Expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, décor, music, and performers. Service expenditures related to showcasing the talent of students or employees are considered a regular business expense and are not governed by this policy.

Federal Officials: Federal government employees, elected representatives of the House and Senate, the president of the United States, presidential appointments, and other representatives of the Executive branch. Federal officials are subject to complicated and extensive ethics rules which should be reviewed before any exchange of an item of value.

Fundraising Event: Events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution and a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events. Fundraising events do not include the following:

- Activities substantially related to the accomplishment of the CSU's educational purpose, including such activities that receive sponsorship.
- Unrelated trade or business activities that generate fees for service.
- Fundraising solicitations and related prospecting activities intended to generate only a contribution (no purchase of goods or services).
- Raffles in which the prizes have only a nominal value and do not require reporting as taxable income.

Gift: Something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose. Gold Point cards, gift cards, gift certificates, cash or any other cash equivalent item given to faculty, staff or students as a prize, award or gift, is considered taxable income by the IRS, regardless of the amount, and where applicable, must either be reported as income, additional salary or wages, or may be subject to withholding.

Hospitality: The provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.), promotional materials, gifts, and/or travel expenses of official guests of the university. Hospitality includes expenses for activities that promote the university to the public, usually with the expectation of benefits accruing directly or indirectly to the university and may include the provision of gifts, awards, and promotional materials.

Membership in Social Organizations: University clubs, athletic 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.

Promotional Materials: A gift of tangible personal property that is distributed to promote the name or image of the University, to provide information, or to enhance university productivity. Promotional items are of minor value and bear the university logo, a university related icon, and/ or information identifying the university. Examples would include a pen, folder, keychain, coffee mug, calendar, or clothing.

Official Host: A university employee who hosts a meeting, conference, or event.

Official Guest: A person invited by an official host to attend a university meeting, conference, reception, activity or event. Examples of official guests include employees from another CSU campus, students, donors, volunteers, members of the community, media representatives, and/or recruitment candidates. Employees of the university are not considered official guests.

Other University Trust Funds: All university funds other than CSU operating funds, and trust and agency funds held in a custodial capacity for third parties, all other funds controlled by CSU including, among others, Lottery Education Funds and Enterprise Funds.

Funding Sources

Hospitality expenses may be paid from various University fund sources, subject to the rules outlined below and the restrictions identified in Table 1. It is the responsibility of the Approving Officials to ensure that all funds are used in accordance with this policy. There are four types of funds available for the payment of hospitality expenses, CSU Operating Funds, Other University Trust Funds, Continuing Education Revenue Funds (CERF), and Auxiliary Organization Funds.

CSU Operating Funds

The following restrictions, as identified in Table 1, apply to the use of CSU Operating Funds:

- Any expenditure prohibited by statute including the California Budget Act.
- CSU Operating Funds **may not** be used to pay for food and beverages for business meetings attended only by employees.
- CSU Operating Funds **may not** be used to pay for alcoholic beverage or tobacco purchases, entertainment services, and memberships in social organizations or gifts.
- CSU Operating Funds **may not** be used to pay for gifts. To most effectively comply with federal regulations, there is a limited exception permitting the use of Operating Fund for gifts to federal officials.
- CSU Operating Funds may be used to pay for promotional item expenditures, except when the recipients of the promotion items are employees.
- CSU Operating Funds can be used to pay for the participation of employees or official guests at CSU fundraising events to the extent that such expenditures do not exceed the projected net revenue of activity.

Other University Trust Funds

Hospitality expenses may be charged to Other University Trust Funds provided the expense serves a bona fide business purpose. The use of Other University Trust Funds is determined by the established Trust Fund Agreement. Please refer to the university [Trust Fund Guidelines](#) for further information.

The following restrictions, in addition to those identified in Table 1, apply to the use of Other University Trust Funds:

- Other University Trust Funds may be used for 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 agreements.
- Other University Trust Funds may be used to pay for food and beverages for business meetings attended only by employees.
- Other University Trust Funds may be used to pay hospitality expenses only to the extent permitted by the statute under which the funds are established and maintained and subject to any other trust agreement or special project agreement.
- Federal or local government contract and grant funds may only be used to pay hospitality expenses specifically authorized in the contract or grant, or by agency policy. In the event of a conflict between agency and CSU policy, the stricter of the two policies shall apply.
- Other University Trust Funds may not be used to purchase alcohol or tobacco products.

- Federal or local government contract and grant funds may be used to pay hospitality costs only if such expenses are specifically authorized in the contract or grant, or by agency policy, and only to the extent and for the purposes authorized. In the event of a conflict between agency and University policy, the stricter of the two policies shall apply.

Professional and Continuing Education (PaCE)

In accordance with [Executive Order No 1099](#), PaCE funds (formerly CERF) shall be used only for the support and development of self-supporting instructional programs of the California State University, as provided in Section 89704 of the California Education Code. Financial Management requirements for PaCE funds can be found under article 13. Please refer to Table 1: Funding Sources for Payment of Hospitality Expenses.

Auxiliary Organization Funds

In accordance with [Section 89904 of the California Education Code](#), Auxiliary Organization funds may be used for hospitality expense to aid and supplement the instructional and service activities of the university. Expenses for alcoholic beverages, gifts, and awards may be charged to Auxiliary Organization Funds and are subject to the policies and restrictions established by this policy and the auxiliary organization. Refer to Table 1: Funding Sources for Payment of Hospitality Expenses.

Table 1: Funding Sources for Payment of Hospitality Expenses

Hospitality Expenses	CSU Operating Fund	Professional and Continuing Education (PaCE)	Other University Trust Funds	Auxiliary Organization Funds
Alcoholic Beverages	No	No	No	Yes
Entertainment Services	No	No	Yes	Yes
Gifts (other than to federal officials) including gift cards and the Gold Points Cards. ¹	No	No	Yes	Yes
Meals and Light Refreshments (other than alcoholic beverages) for meetings attended by only employees.	No	No	Yes	Yes
Meals and Light Refreshments (other than alcoholic beverages) associated with professional development training activity attended only by employees.	Yes	Yes	Yes	Yes
Meals and Light Refreshments (other than alcoholic beverages) associated with events for the benefit of employee morale, such as formal (documented) employee recognition program, Awards and Service Recognition , and retirement or farewell gatherings for employees with at least 5 years of service.	Yes	Yes	Yes	Yes
Meals and Light Refreshments (other than alcoholic beverages) for meetings and other events attended by official guests.	Yes	Yes	Yes	Yes
Membership in Social Organizations , activities or entertainment services that do not discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability.	No	No	Yes	Yes
Promotional Items for official guests	Yes	Yes	Yes	Yes
Promotional Items for university employees	No	No	Yes	Yes
Tobacco Products	No	No	No	No
Personal Benefit: Birthday, wedding, anniversary celebrations, bridal showers, baby showers	No	No	No	No

¹ Gold Point cards, gift cards, gift certificates, cash or any other cash equivalent item given to faculty, staff or students as a prize, award or gift, is considered taxable income by the IRS, regardless of the amount, and where applicable, must either be reported as income, additional salary or wages, or may be subject to withholding.

Hospitality Expenses	CSU Operating Fund	Professional and Continuing Education (PaCE)	Other University Trust Funds	Auxiliary Organization Funds
Gifts or events in recognition of Administrative Professionals day	No	No	No	No
Gifts of cash	No	No	No	No
Bereavement arrangements or get well arrangements	No	No	No	Yes

Forms

[Hospitality Expense Justification](http://www.sjsu.edu/finance/docs/hospitality_expense_justification.pdf) (http://www.sjsu.edu/finance/docs/hospitality_expense_justification.pdf)

[Vendor Data Record, Std. 204](http://www.sjsu.edu/finance/docs/vendor_data_record_204.pdf) (http://www.sjsu.edu/finance/docs/vendor_data_record_204.pdf)

References

[The California State University List of Auxiliary Organizations](http://www.calstate.edu/FT/AuxOrg/AuxOrgList.shtml)
(http://www.calstate.edu/FT/AuxOrg/AuxOrgList.shtml)

[Catering Policy](http://www.sjsu.edu/finance/policies_guidelines/catering/index.html) (http://www.sjsu.edu/finance/policies_guidelines/catering/index.html)

[Delegation of Authority for the Approval of Financial Expenditures Guidelines](http://www.sjsu.edu/finance/docs/DAAFE%20Guidelines.pdf)
(http://www.sjsu.edu/finance/docs/DAAFE%20Guidelines.pdf)

[Executive Order No. 1099](http://www.calstate.edu/eo/EO-1099.pdf) (http://www.calstate.edu/eo/EO-1099.pdf)

[ICSUAM Policy Number 1301.00 - Hospitality, Payment or Reimbursement of Expenses](http://www.calstate.edu/icsuam/sections.shtml)
(http://www.calstate.edu/icsuam/sections.shtml)

[Petty Cash](http://www.sjsu.edu/finance/financeconnect/resources/pathways/pettycash/index.html) (http://www.sjsu.edu/finance/financeconnect/resources/pathways/pettycash/index.html)

[ProCard](http://www.sjsu.edu/finance/financeconnect/resources/pathways/procard/index.html) (http://www.sjsu.edu/finance/financeconnect/resources/pathways/procard/index.html)

[Requisition](http://www.sjsu.edu/finance/financeconnect/resources/pathways/requisition/index.html) (http://www.sjsu.edu/finance/financeconnect/resources/pathways/requisition/index.html)

[Section 89904 of the California Education Code](https://www2.calstate.edu/csuo-system/auxiliary-organizations/) (https://www2.calstate.edu/csuo-system/auxiliary-organizations/)

[Travel Guide](http://www.sjsu.edu/finance/docs/travel_guide.pdf) (http://www.sjsu.edu/finance/docs/travel_guide.pdf)

[Trust Fund Guidelines](http://www.sjsu.edu/finance/policies_guidelines/trust_fund_guidelines/) (http://www.sjsu.edu/finance/policies_guidelines/trust_fund_guidelines/)

University Departments

[Contracts and Purchasing Services](http://www.sjsu.edu/finance/about_us/purchasing/index.html) (http://www.sjsu.edu/finance/about_us/purchasing/index.html)

Please contact Finance Support with any questions about the Hospitality Guidelines by email financeconnect@sjsu.edu or phone: 408-924-1558.