

Memorandum

To : William Durgin
Provost and Vice President for Academic Affairs
Cornel Morton
Vice President for Student Affairs
Sandee Ogren
Vice President for University Advancement

Date : September 28, 2007

From : Lawrence Kelley
Vice President for Administration and Finance

File No. :

Copies : W. Baker, R. Ramirez,
L. Leetham, M. Roberts,
D. Brothwell, R. Johnson,
J. Reinhart,
(Deans and Dept. Heads via e-mail)

Subject: University Policy for the Payment or Reimbursement of
Hospitality Expenses from State Funds--Revised

CSU Executive Order No. 761 promulgated the CSU policy for the payment or reimbursement of hospitality expenses and set forth the requirement that campuses adopt consonant policies and procedures. Executive Order No. 1000, "Delegation of Fiscal Authority and Responsibility," recently redefined fiscal and accounting rules for the CSU. The purpose of this memo is to transmit the university policy for the payment or reimbursement of hospitality expenses from state funds with revisions required by Executive Order No. 1000. In addition to the E.O. 1000 revisions, this policy now disallows the use of project funding from the CSU Systemwide Revenue Bond Program to pay or reimburse hospitality expenses. This revised hospitality policy is effective immediately. The respective program administrator and any authorized individual within the program areas who request the payment or reimbursement of state funds for hospitality expenses will be responsible and accountable for the judicious application of this hospitality policy.

Cal Poly auxiliary organization funds, including funds held by the Cal Poly Corporation, Cal Poly Foundation, the Cal Poly Housing Corporation, and the Associated Students, Inc., may be used for payment or reimbursement of hospitality expenses in accordance with policies and procedures approved by each auxiliary organization. Cal Poly auxiliary organizations are subject to the restrictions set forth in Executive Order No. 761 as the restrictions relate to expenses for alcoholic beverages, tobacco products, gifts, and awards.

Attachment

POLICY FOR PAYMENT OR REIMBURSEMENT
OF HOSPITALITY EXPENSES FROM STATE FUNDS

REVISED: 28 AUGUST 2007

I. GENERAL

- A. Definitions. “Cal Poly” and “University” refer to the institution established as California Polytechnic State University in the California Education Code, Division 8, Part 55, §89001 et seq. “State funds” are monetary assets payable to or in the custody of California Polytechnic State University. “State employees” are employees of California Polytechnic State University. “CSU” and “The California State University” refer to the entity established by the California Education Code, Title 3, Division 5, General Provisions, Part 40, §66010 et seq., §66011 et seq., and §66600 et seq. A “Fund” is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, all related liabilities, and residual equities or balances, and changes therein, which are segregated for purposes of carrying specific activities or attaining certain objectives. The “CSU Operating Fund” is the main university operating Fund and includes state supported instruction and related programs and operations. “Auxiliary Organizations” are legal and business entities established and organized by the California State University pursuant to the California Education Code, Division 8, Part 55, Chapter 7, §8990 et seq. and pursuant to the California Code of Regulations, Title 5, Division 5, Subchapter 6. Other terms utilized in this policy are defined in Section VI, Exhibit B, *Definition of Terms*.
- B. This policy addresses the expenditure of state funds for payment or reimbursement of hospitality expenses in accordance with CSU Executive Order No. 761 and subsequent CSU policies issued pursuant to Executive Order No. 1000.
- C. Expenditures of state funds for hospitality expenses shall be consistent with the mission and fiduciary responsibilities of the University. Such expenditures must serve a clear University business purpose and/or effectively promote the University to the public with no personal benefit derived by the approving official or by other University employees. Hospitality expenses shall be directly related to, or associated with, the active conduct of official University business. The expenditure of state funds for hospitality shall be economical in terms of benefits produced by the money spent and shall be an appropriate use of public funds.
- D. CSU Executive Order No. 761 and subsequent CSU policies issued pursuant to Executive Order No. 1000 authorize campus presidents to delegate approving authority for the expenditure of state funds for hospitality expenses. At Cal Poly, the approving authority for the expenditure of state funds shall conform to University delegations of purchasing authority.
- E. State legislative Budget Act appropriation items for capital outlay and project funding from the CSU Systemwide Revenue Bond Program shall not be utilized for the payment or reimbursement of hospitality expenses.
- F. Depending on the source of state funds, hospitality expenses may include food, beverages, tobacco products, gifts, awards, promotional items, the travel expenses of guests of the University, and related expenses. Alcoholic beverages and tobacco products shall not be

charged to Federal funds or to the CSU Operating Fund. Gifts and awards shall not be charged to the CSU Operating Fund. There shall be no payment of or reimbursement for expenses related to employee birthdays, weddings, and personal anniversaries. The sections that follow describe in greater detail the types of expenditures that are authorized for payment relative to the source of funding.

- G. Auxiliary Organization resources may be used for payment or reimbursement of hospitality expenses but only within the restrictions established by the Auxiliary Organization. Auxiliary Organizations are subject to the restrictions set forth in CSU Executive Order No. 761 as the restrictions relate to expenses for alcoholic beverages, tobacco products, gifts, and awards.

II. TYPE OF EXPENDITURE AND AUTHORIZED FUNDING SOURCE

Exhibit A describes the types of expenditures that are authorized for payment from the indicated state funding sources, subject to the indicated limitations. Refer to Section VI, Exhibit B, *Definition of Terms* and Section VII, NOTES for clarifying information.

Exhibit A
Sources of State Funding and Hospitality Expenses

Type of Hospitality Expense	CSU Operating Fund (Fund chart field value is: SL001)	All Other CSU Funds	Budget Act Appropriations for Capital Outlay Project Funding from CSU Systemwide Revenue Bonds
Food and non-alcoholic beverages for meetings attended only by employees of the same work location.*	No	Yes	No
Food and non-alcoholic beverages for meetings attended by official guests.	Yes	Yes	No
Alcoholic beverages and tobacco products.	No	Yes**	No
Gifts (See Section III, Required Approvals).	No	Yes	No
Awards (See Section III, Required Approvals).	No	Yes	No
Promotional items.	Yes	Yes	No
Travel expenses of official guests of the university.	Yes	Yes	No

*Work location is the place where the major portion of a state employee's working time is spent, or the place to which the state employee returns during working hours upon completion of assignments. For Cal Poly, work location is defined as the main campus.

** Federal funding may not be used to pay or reimburse for alcoholic beverages and tobacco products.

III. REQUIRED APPROVALS

In order to utilize state funds to pay or reimburse hospitality expenses the following approvals are required.

- A. All requests for purchases and reimbursements that include hospitality related expenses shall be approved by the appropriate program administrator, or designees, using existing University business processes and delegations of authority. Note to requestors: Each method of procurement (e.g., purchase requisitions, procurement card) and reimbursement has specific restrictions and limitations.
- B. Gifts, awards, or promotional items, regardless of value, that are provided to state employees must be reviewed in advance by the Director of Fiscal Services, or designees, for conformance with this policy and to determine the income tax reporting requirements, if any.
- C. Gifts, awards, or promotional items valued at \$600 or more that are provided to non-employees must be reviewed in advance by the Director of Fiscal Services, or designees, for conformance with this policy and to determine the income tax reporting and withholding requirements, if any.
- D. Individuals shall not approve their own expenses or those of their supervisor. An exception is that the chief financial officer of the University shall have the authority to approve the expenses of executive level employees.

IV. EXAMPLES OF ALLOWABLE PAYMENTS

Following are examples of allowable hospitality expenses, depending on the funding source (see Section II, *Exhibit A*).

- A. When the University hosts official guests. Official guests may include, but are not limited to, University employees from a different campus location, employees on official visits from another CSU campus, donors, prospective donors, employees of Cal Poly auxiliary organizations, Cal Poly students, and members of the community.
- B. When the University is the host or sponsor of a meeting of a learned society or organization.
- C. When the University is the host or sponsor of meetings of an administrative nature that are directly concerned with the welfare of the University, *and* the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience. An example would be staff training sessions in lecture or laboratory settings that serve a clear University business purpose.
- D. 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 or Week of Welcome, or meetings of other University related groups such as alumni groups.

- E. When the University hosts receptions for the benefit of the morale of University employees, University employee recognition, length of service awards, or retirement presentations.

V. PAYMENTS NOT PERMITTED

- A. There shall be no payment of or reimbursement for expenses related to employee birthdays, weddings, and personal anniversaries.
- B. State legislative Budget Act appropriation items for capital outlay and project funding from the CSU Systemwide Revenue Bond Program shall not be utilized for the payment or reimbursement of hospitality expenses.

VI. DEFINITIONS

Refer to the Section VII, NOTES for clarifying information.

Exhibit B
Definition of Terms

Term	Definition
All Other CSU Funds	“All Other CSU Funds” refers to monies that are received and/or disbursed by the University exclusive of: funds reportable in the CSU Operating Fund as per Executive Order No. 1000, Budget Act appropriation items for capital outlay, and project funding from the CSU Systemwide Revenue Bond Program. These “Other CSU Funds” are authorized for support of activities that are supplemental to the primary mission of the University and are paid for by fees and revenues other than revenues reportable in the CSU Operating Fund. These include, among others, externally reimbursed activities, continuing education, lottery, housing, parking, and special projects Funds.
Hospitality	The provision of meals, refreshments, promotional materials, gifts, awards, or reimbursement of travel expenses to official guests, to students, and to employees. 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.
Meeting	A gathering called, coordinated or facilitated by a state employee for the purpose of conducting official business, promoting the University, or otherwise carrying out the mission of the University.
Award	A gift of tangible personal property in recognition of service or achievement directly benefiting the University.
Gift	Something of value bestowed upon an individual, group or entity without the expectation of benefit accruing to the University.
Promotional materials	A gift of tangible, personal property that is distributed to promote the name or image of the University, to provide information, to enhance University productivity, or for another such beneficial purpose. Promotional items are of minor value and often bear the logo or other identifying mark of the University. Examples include pens, folders, calendars and clothing.

Term	Definition (continued)
Official guest	A person invited by an official host to attend a University meeting, conference or event where the host is a University employee conducting University business. A University employee from the same work location as the host may not be considered an official guest for the purposes of this policy.
Official host	A University employee who hosts a meeting, conference, or event.
Work location	The place where the major portion of a state employee's working time is spent, or the place to which the state employee returns during working hours upon completion of assignments. For Cal Poly, work location is defined as the main campus.

VII. NOTES

Additional guidelines and restrictions:

- A. Authorized funding sources may be used only to the extent not restricted by other applicable laws, regulations, agreements, campus policies or organizational policies.
- B. Federal or local government contract funds may be used to pay hospitality costs only if such expenses are specifically authorized in the contract or grant, and only to the extent and for the purposes authorized.
- C. Purchase requests, payment requests, and invoices from Auxiliary Organizations must disclose if any of the items include alcoholic beverages, tobacco products, gifts, or awards.
- D. Hospitality expenses are subject to all purchasing rules and regulations applicable to other University procurements.
- E. Reimbursement of food or catering items for use on campus shall be subject to the terms of any applicable agreements between the University and its Auxiliary Organizations.

Accounting. Accounting and disbursement procedures shall be established as necessary for hospitality expenses

Students. The definition of official guests in Executive Order No. 761 and subsequent CSU policies issued pursuant to Executive Order No. 1000 includes members of the community. This is interpreted to include Cal Poly students. The examples of permitted payment of hospitality expenses include commencement exercises and meetings of University student organizations.

Employees. As indicated in Section II, *Exhibit A*, University employees may attend meetings for which hospitality is provided, but University employees of the same work location shall not be considered official guests under this policy. The examples of permitted payment of hospitality expenses include receptions for the benefit of University employee morale, for University employee recognition, for length of service awards or retirement presentations.

References:	Executive Order No. 761: Hospitality, Payment or Reimbursement of Expenses Executive Order No. 1000: Delegation of Fiscal Authority and Responsibility California Code of Regulations, Title 5, Division 5. Education. Sections 41600 and 41601 California Education Code. Sections 66600, 89007, 89030, 89035, 89044, and 89756. CSU Coded letter HR 96-11: CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement
--------------------	--