



CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS ADMINISTRATIVE POLICY MANUAL

Finance & Administration

Approved By: Richard R. Rush
President

Policy Number: FA.01.004

Effective Date: 5/14/12

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Policy on Hospitality, Prizes, Awards, Gifts

PURPOSE:

To provide guidelines, the manner and extent, for which Cal State Channel Islands (CI) and its auxiliaries may provide hospitality to employees, students, donors, guests, visitors, volunteers, board members, and other individuals as part of a business meeting recreational, sporting or entertainment event or other occasion that promotes the Mission of CI. This policy also addresses meals served to employees, prizes, awards, and gifts as part of morale-building, contests, drawings, or meals provided to prospective students and employees.

BACKGROUND:

This policy is derived from the California State University Policy Number 1301.00, effective December 15, 2011.

POLICY:

Accountability:

The Vice President for Finance and Administration will administer this policy at CSU Channel Islands. Questions, comments, concerns should be addressed through CI finance.

Applicability:

This policy applies to all employees and students who intend to provide hospitality, prizes, awards, and/or gifts to employees, students, guests, donors, visitors, volunteers, board members or other individuals affiliated with the University.

Definition(s):

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 benefiting the University; e.g. financial prizes, trophies, plaques, and flowers.

De minimis Fringe Benefits – A de minimis fringe benefit is one of which, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or impractical. It also must not be a form of disguised compensation. If a benefit is too large to be considered de minimis, the entire value of the benefit is taxable to the employee. The IRS has ruled previously in a particular case that items with a value exceeding \$100 could not be considered de minimis, even under unusual circumstances. Cash is generally intended as a wage, and cannot be a de minimis fringe benefit. Gift certificates are considered cash or cash equivalent and are not excludable from income.



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Employee Meetings and Recognition Events – Meetings which serve a CI business purpose and are generally administrative in nature; e.g. meetings of functional offices, meetings of Academic Senate, employee morale functions, formal training sessions, conferences, 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 regular business expenses and are not governed by this policy.

Gift – Something of value given or bestowed upon an individual, group, or entity with the exception of benefit accruing to the University or for other occasions that serve a bona fide business purpose.

Hospitality – The provision of meals or light refreshments, entertainment services, promotional items, gifts, awards and service recognition. Hospitality includes expenses for activities that promote the University to the public, usually with the exception of benefits accruing directly or indirectly to CI.

Promotional Items – Items that display the name, logo, or other icon identifying the University.

Operating Fund – State appropriation of general tax revenue and student fee revenue for state-supported instruction and related programs and operations.

Other University and Auxiliary Funds (other funds) - With the exception of CSU Fund 485 and trust or agency funds held in a custodial capacity for third parties, all other funds controlled by CI or its auxiliaries including donor funds, grant and contract funds, reimbursed programs, continuing education, revenue funds, lottery education funds and enterprise funds.

Trust or Agency Funds – Fiduciary funds held by the University or an auxiliary in purely a custodial capacity (assets equal liabilities) for individuals, private organizations or governmental units. Trust or agency funds held by the University or its auxiliaries on behalf of third parties are subject to applicable laws and a written agreement.

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.



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Students and Prospective Students – Hospitality provided to students or prospective students may be permitted when it serves a CI business purpose. Permissible activities 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.

Text:

Allowable expenditures and occasions

Hospitality expenses must be directly related to, or associated with, active conduct of official CI business with no personal benefit derived by the official host, board member or other employees or students. Hospitality expenditures should be cost effective and in accordance with the best use of public funds.

Hospitality, gifts, prizes, and awards must conform to IRS regulations and includes no expenditure that is considered taxable income under IRS code which is reimbursed or paid for. CI's reimbursement of these expenditures may be considered taxable income to an employee if:

- The activity is not directly related to the employees job
- The expense is lavish or extravagant
- The expense is not substantiated with supporting documentation
- The value of the reimbursement is greater than \$50

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 and expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

Meals or light refreshments as part of employee meetings and recognition events should be limited to no more than twelve times per year, per group.

Hospitality, gifts, prizes, and awards may be paid from various fund sources, subject to the rules outlined below:

CSU Fund 485 (operating fund; e.g. GDxxx)



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- Operating funds may not be used to pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.
- Operating fund may not be used to pay for food and beverages for employee meetings attended only by employees of the same work location.
- Operating fund may not be used to pay for alcoholic beverages, tobacco products, entertainment services or memberships in social organizations.
- Operating funds may not be used to pay for gifts.
- Operating fund may be used to pay for promotional item expenditures, except when the recipients of the promotional items are employees.

Other University and Auxiliary Organization funds (other funds)

- Other funds may be used to pay for alcoholic beverages, awards and service recognition, entertainment services, gifts, membership in social organizations and promotional items to the extent the purchases are not restricted by other applicable laws, regulations, or funding source agreements and conform to IRS code.
- Federal funds may not be used to purchase alcoholic beverages.
- Other funds may not be used to purchase tobacco products.

If an individual is unsure what type of fund from which the proposed expenses should come, it is that individual's responsibility to contact finance before the expenditure is made to determine whether or not the expenditure is allowable. Finance will review all hospitality, prize, award, and gift expenditures to ensure they conform to the policy.

Unallowed Expenditures

Personal Benefit: Hospitality expenses that are of a personal nature and not related to the active conduct of official CI business will not be paid or reimbursed. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers (regardless of source of fund). Memorial services, celebrations of retirement and farewell gatherings for employees separating with at least 5 years of service are permissible subject to the same funding source requirements as outlined above.