



CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS ADMINISTRATIVE POLICY MANUAL

Business & Financial Affairs

Approved By: Erika D. Beck
President

Policy Number: FA.01.005

Effective Date: 10/16/17

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Policy on Hospitality, Prizes, Awards, Gifts and Incentives

PURPOSE:

To provide guidelines, the manner and extent, for which CSU Channel Islands (CSUCI) 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 CSUCI. 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 Business & Financial Affairs will administer this policy at CSUCI. Questions, comments, concerns should be addressed through CSUCI 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. Cash is generally intended as a wage, and cannot be a de minimis fringe benefit. Gift certificates in excess of \$50 are considered cash or cash equivalent and are not excludable from income.

Employee Meetings and Recognition Events – Meetings which serve a CSUCI business purpose and are generally administrative in nature; e.g. meetings of functional offices, meetings of Academic Senate,



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employee morale functions, formal training sessions, conferences, strategic planning sessions, and meetings of appointed workgroups and committees.

Entertainment Services – Expenditures incurred regarding 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 apart from 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 apart from benefits accruing directly or indirectly to CSUCI.

Incentive – Something of value given to motivate or encourage participation (i.e. participation in a survey).

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 CSUCI 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 CSUCI 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 CSUCI 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, incentives and awards must conform with IRS regulations. No expenditure that is considered taxable income under IRS code will be reimbursed or paid. CSUCI's reimbursement of these expenditures may be considered taxable income to an employee if:

- The activity is not directly related to the employee's job
- The expense is lavish or extravagant
- The expense is not substantiated with supporting documentation
- The value of the item 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 12 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)

- Operating funds may not be used to pay for any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.



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- 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 CSUCI 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 five years of service are permissible subject to the same funding source requirements as outlined above.

EXHIBITS: None.