

**Management Guidelines on the Expenditure of Funds, including  
Documentation Requirements and Hospitality Expenditures**

**1) Purpose and Authority.**

- a) These management guidelines implement Corporation Board Policy Statement No. 106, Solicitation, Source, Accumulation and Expenditure of Funds, adopted on June 9, 2000.
- b) The guidelines also seek to implement the more detailed expenditure basis and documentation requirements of Section 9.2 et seq., Compilation of Policies and Procedures for CSU Auxiliary Organizations, published by the Chancellor's Office, dated February 2000, and to support and supplement:
  - CSU Executive Order 761- Hospitality, Payment or Reimbursement of Expenses, effective October 31, 2000,
  - CSU Executive Order 1000- Delegation of Fiscal Authority and Responsibility, effective July 1, 2007, and
  - Cal Poly State University Policy for Payment or Reimbursement of Hospitality Expenses from State Funds, dated August 28, 2007.

**2) Basis for Any Expenditure from a Corporation account.** Corporation's exclusive purpose is to aid, support and supplement the instructional and service activities of the University. This role permits the University to expand its range of activities by increasing the support to University programs. Any expenditure from a Corporation-held account must:

- a) Support the educational mission of the University, as defined by law, CSU, and Corporation and campus policy;
- b) Not be specifically prohibited for auxiliary organizations, either by law, CSU, or Corporation or campus policy;
- c) Conform to applicable Corporation policy, procedures, and guidelines, such as travel reimbursement and purchasing;
- d) Conform with state and campus control procedures, including IRS regulations related to gifts and awards, and there must not be a circumvention of a state or campus policy or procedure resulting from use of Corporation funds;
- e) Be specifically or generally authorized in the fund's purpose, by other applicable laws, regulations or agreements, and only to the extent authorized; and
- f) Be reasonable in nature.

**3) Hospitality Expense Payments and Reimbursements in General.**

a) Definitions.

- i) "Hospitality" applies to activities that promote the university to the public, usually with the expectation of benefits accruing directly or indirectly to the university. Hospitality is further defined as the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.) for Official Guests or employees of the university, and may include promotional materials, gifts, awards, and travel expenses.
- ii) "Work Location," for university and Corporation employees will generally be interpreted as the main campus.
- iii) An "Official Guest" is defined as 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.

Official Guests may include members of the community, which also includes students, and employees from another work location.

b) Allowable Hospitality Expense Categories from Corporation-held Funds

|   | <b>Category</b>   | <b>Definition (as needed)</b>  |
|---|---|--|
| 1 | <b>Food and non-alcoholic beverages for meetings attended only by employees of the same work location</b> | May be allowable depending on the purpose of the gathering; see remainder of policy for specific criteria and restrictions.  |
| 2 | <b>Food and non-alcoholic beverages for meetings attended by Official Guests</b>                          |  |
| 3 | <b>Alcoholic beverages and tobacco products</b>   |  |
| 4 | <b>Gifts</b>  | Something of value bestowed upon an individual, group or entity without the expectation of benefit accruing to the University or Corporation.  |
| 5 | <b>Awards</b>   | A gift of tangible personal property in recognition of service or achievement directly benefiting the University or Corporation.   |
| 6 | <b>Promotional items</b>  | A gift of tangible, personal property that is distributed to promote the name or image of the University or Corporation, to provide information, to enhance University or Corporation 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 or Corporation, such as pens, folders, calendars, and clothing. |
| 7 | <b>Travel expenses of Official Guests of the university</b>   |  |

c) Expenditure limits.

- i) Hospitality expenses expenditures must be:
  - (1) directly related to, or associated with, the active conduct of official University business, and
  - (2) reasonable in nature, and
  - (3) cost effective, and
  - (4) in compliance with the purpose of the specific funding source (particularly employee morale events), and
  - (5) in conformance with applicable Corporation policy, procedures, and guidelines, and state and campus control procedures, and
  - (6) funded by an acceptable Fund Source. (See Section 4 below).
- ii) Expenditures for catered food or beverage service for on-campus activities will not be reimbursable or paid unless provided by the Corporation (Campus Dining), unless authorized in writing by Campus Dining.

d) Expenditure limits related to Alcohol and Tobacco products specifically.

- i) No alcoholic beverage or tobacco products may be charged to federal funds.

- ii) Expenses for alcoholic beverages and tobacco products may be charged to Corporation funds to the extent these purchases are not restricted by other applicable laws, regulations or agreements, and are reasonable in nature.
- iii) The purchase must be made in conjunction or in connection with allowable hospitality activities or expenses.

**4) Fund Sources.** See the attached matrix for examples of allowable expenditures per Fund Source.

a) Funds Held for University Use

- i) These funds may be used to pay for hospitality expenses if the expense is within the fund's purpose.
  - (1) Campus Program Funds: Discretionary Accounts, Restricted Accounts, Special Activity Accounts, (Board or otherwise) Designated Funds
  - (2) Conference & Workshop Accounts
  - (3) Center & Institute Accounts- (may include funds from grants, which may have restrictions per below)

b) Sponsored Program Funds (i.e. funds from grants- federal, state, or other)

- i) These funds may be used to pay for hospitality expenses if the expense is within the fund's purpose.
- ii) Federal or local government contract and grant funds may be used to pay hospitality costs only if such expenses are specifically authorized in the grant, and only to the extent and for the purposes authorized.

c) Long term Funds held by Corporation

- i) These funds may never be used for hospitality expenses.
  - (1) Endowment and Life Income funds
  - (2) Investment accounts
  - (3) Plant funds (i.e. capital replacement reserves)

d) Other funds

- i) These funds may be used to pay for hospitality expenses if the expense is within the fund's purpose.
  - (1) Agency Funds
  - (2) Auxiliary Funds (i.e. commercial accounts from enterprises, Corporation operations/accounts or commercial units)

**5) Expenditure Documentation.**

a) General requirements.

- i) Documentation for all expenditures shall be maintained consistent with good business practice, and in keeping with applicable standards set by agencies with responsibility over the funds. Good business practice includes procedures adequate to provide for effective internal and external auditing.
- ii) Individuals with delegated approval authority for a fund expenditure may not approve their own expenses, and individuals may not approve the expenses of their supervisor.

b) Special documentation. Special documentation of expenditures shall be maintained over funds with constraints specified by the source. Such practices are intended to assist in the oversight and audit functions. Special expenditure documentation practices apply to the following types of funds or transactions:

- i) Funds held for University Use, and Auxiliary Funds: Documentation shall demonstrate that the uses are made in a manner consistent with the intended purposes or restrictions.
- ii) Sponsored Program Fund Transactions: Documentation shall be as required by the funding source.

iii) Agency Fund Transactions: Documentation shall be as required in accordance with Corporation procedures.

c) Further documentation and review by Corporation. Corporation shall require additional support documentation and additional review for transactions not readily seen as funds expended for goods or services that are not a direct cost of a project or activity, or expenditures that may not be readily understood to be within the University's mission or the purpose/restrictions set by the fund source. Such expenditures include campus hospitality and public, community, employee, or business relations related activities (hosted individual or group meals, meetings, conferences, receptions). In these cases:

- i) Corporation Business Office will consult on a documented basis with the University officer designated by the University President to determine that the proposed expenditure will not:
  - (1) Fall outside the University's mission;
  - (2) Be prohibited for auxiliary organization expenditure by law, by CSU or campus policy; or
  - (3) Be contrary to CSU or campus policy or procedures.

d) Transaction documentation.

- i) The transaction documentation (check request, travel expense request) with the expenditure request form shall include:
  - (1) The name of the person requesting the expenditure;
  - (2) The names of the persons being hosted, or who attended the event;
  - (3) A brief statement by the person identifying the benefit to the University's mission;
  - (4) A complete description of the item(s) or service(s) provided, including hospitality expense category;
  - (5) The signature of an authorized Corporation employee indicating that the expenditure is not restricted or prohibited; and
  - (6) The signature of the designated University official approving the expenditure if necessary.

ii) Where a particular expenditure of this type occurs repetitively for a specific program or activity, a pre-approved supporting document may be used to support the repetitive transactions. Such a document must be cited on the expenditure request forms.

**6) Further Interpretations.** As may be determined, the Executive Director may issue further written interpretations of these guidelines. Such interpretations shall be consistent with Corporation Board policy and these guidelines.

**7) Examples of Allowable expenditures for Corporation-held funds.** The attached matrix includes representative examples of allowable hospitality and non-hospitality expenditures from Corporation funds, and through which type of Corporation fund they may be allowable as a reimbursable or payable expense. If a person is unsure regarding whether an expense may be reimbursable under these guidelines, contact Corporation prior to the purchase.

APPROVED: \_\_\_\_\_

Bonnie D. Murphy, Executive Director

Date: \_\_\_\_\_

11/20/08

**Examples Allowable Hospitality Expenses from Corporation-held Funds**

See Management Guidelines for details.

**Summary:** Hospitality expenses must be (1) directly related to, or associated with, the active conduct of official University business, (2) reasonable in nature, (3) cost effective, (4) in compliance with the purpose of the specific funding source (particularly employee morale events), (5) in conformance with applicable Corporation policy, procedures, and guidelines, and state and campus control procedures, and (6) funded by an acceptable Fund Source.

Expenditures for catered food or beverage service for on-campus activities will not be reimbursable or paid unless provided by the Corporation (Campus Dining), unless authorized in writing by Campus Dining

\* Expenditures from Sponsored Program Funds must be allowable by the Sponsoring Agency for the project.

**May Be Allowable (Y) Unallowable (N)**

| Expenditure Category |   | Funds Held for Univ. Use; Auxiliary, Agency Funds | Endowment, Life Income, Investment, Plant Funds | Sponsored Program Funds |
|----------------------|---|---|---|-------------------------|
| 1                    | SOCIAL: Social Entertainment among Peers  | N   | N   | N                       |
| 2                    | ALCOHOL OR TOBACCO  | Y   | N   | N                       |
| 3                    | <b>BUSINESS MEETINGS:</b> Business meetings are hosted meetings of an administrative nature that are directly concerned with the welfare of the university or the Corporation, and the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience. <b>Expenses must conform to University and auxiliary travel policy.</b> |   |   |                         |
|                      | A. Hosted business meetings attended only by Official Guests and employees of same work location  | Y   | N   | *                       |
|                      | B. Hosted business meetings attended only by employees of same work location  | Y   | N   | N                       |
| 4                    | <b>EMPLOYEE MORALE:</b>   |   |   |                         |
|                      | A. MEETINGS: Meetings or receptions off-campus or on-campus for employee morale   | Y   | N   | N                       |
|                      | B. MEETINGS OF EMPLOYEES OF SAME WORK LOCALE: Meetings or receptions attended only by employees of same work location for employee morale   | Y   | N   | N                       |
|                      | C. DEPARTMENT- / SPOUSE- SPONSORED MEETINGS OF EMPLOYEES OF SAME WORK LOCALE: Department- or spouse-hosted receptions attended only by employees of same work location for employee morale  | Y   | N   | N                       |
| 5                    | <b>RELATED TO OFFICAL GUESTS</b>  |   |   |                         |
|                      | A. CAMPUS HOSTING OF GUESTS   | Y   | N   | *                       |
|                      | B. HOSTING OF OFFICAL GUESTS: Hosted meetings or receptions for Official Guests, including in your home.  | Y   | N   | *                       |
|                      | C. BUSINESS MEALS WITH OFFICIAL GUESTS: Business-related meals with Official Guests.  | Y   | N   | *                       |
|                      | D. EXTRA EXPENSES OF OFFICAL GUESTS: Non-meal expenses of Official Guests at official functions, including tickets, cap and gown rental.  | Y   | N   | *                       |
| 6                    | <b>ORGANIZATION, WORKSHOP EVENTS:</b>   |   |   |                         |
|                      | A. LEARNED SOCIETIES: Hosted or sponsored meetings or receptions of learned societies or organizations  | Y   | N   | *                       |
|                      | B. MISCELLANEOUS GROUPS: Hosted receptions in connection with conferences, fundraising events, meetings of student organizations and groups, student events such as commencement exercises, and meeting of other university related groups such as alumni organizations.  | Y   | N   | *                       |
|                      | C. DEPARTMENT- OR SPOUSE-HOSTED EVENTS: Department-hosted or spouse-hosted meetings or receptions attended only by employees of same work location, if concerning the welfare of the university.  | Y   | N   | N                       |
|                      | D. SERVICE RECOGNITION EVENTS: Hosted receptions for employee or officer (i.e. Board member) service recognition.   | Y   | N   | *                       |
| 7                    | JOB CANDIDATE EXTRA MEAL EXPENSES: Meals with job candidates beyond meal reimbursement rates.   | Y   | N   | *                       |
| 8                    | EMPLOYEE SPOUSE MEALS: Employee Spouse Meals for business-related events with required attendance.  | Y   | N   | N                       |
| 9                    | SPOUSE TRAVEL EXPENSES  | N   | N   | N                       |
| 10                   | NONCASH GIFTS: Gifts of nominal value noncash items for employees, for employee morale events such as illnesses, family deaths, etc.  | Y   | N   | N                       |
| 11                   | NONCASH AWARDS: Awards (noncash) to employees.  | Y   | N   | N                       |
| 12                   | NONCASH GIFTS OR AWARDS TO NON-EMPLOYEES: Noncash Gifts or Awards to nonemployees for business/community relations purposes.  | Y   | N   | *                       |
| 13                   | PROMOTIONAL ITEMS: Promotional items with logos of minor value (t-shirts, buttons, pens, etc.) for giveaways.   | Y   | N   | N                       |
| 14                   | POLITICAL CONTRIBUTIONS   | N   | N   | N                       |
| 15                   | NON-MEAL NECESSARY EXPENSES OF EMPLOYEES AT OFFICIAL UNIVERSITY FUNCTIONS   | Y   | N   | *                       |
| 16                   | DECORATIVE OFFICE SUPPLIES  | Y   | N   | N                       |
| 17                   | COMMUNITY ASSOCIATION DUES, WITH CORPORATION AS THE MEMBER ENTITY   | Y   | N   | N                       |
| 18                   | PERSONAL USE OF BUSINESS CLUB MEMBERSHIPS   | N   | N   | N                       |
| 19                   | BENEFICIAL ORGANIZATION MEMBERSHIP OF EMPLOYEE DUES   | Y   | N   | *                       |
| 20                   | BUSINESS ITEMS OR SERVICES, USED FOR PERSONAL USE   | N   | N   | N                       |
| 21                   | PERSONAL USE OF CORPORATION-PROVIDED VEHICLE  | N   | N   | N                       |

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