

<b>Supersedes:</b>	Hospitality Expense Policy, September 2019 Gift Cards and Awards – Purchase and Reporting Policy, 2010 SDSU Research Incentive Payments Policy, March 2017
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<b>Approved by:</b>	Agnes Wong Nickerson Vice President for Business and Financial Affairs & CFO

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## I. POLICY

It is the policy of San Diego State University (University) that hospitality expenses may be paid to the extent that such expenses are **necessary, appropriate** to the occasion, **reasonable** in amount and **serve a purpose consistent with the mission and fiduciary responsibilities of the University**. This policy applies to activities that promote the University to the public and the provision of hospitality in connection with official University business and specifies the state and auxiliary funds that may be used for such purposes.

## II. PROCEDURE

### A. PURPOSE

This policy governs the manner and extend to which the University and its auxiliaries may provide hospitality to employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting; recreational, sporting or entertainment event; or other occasion that promotes the mission of the University. The policy also addresses meals served to employees as part of morale-building function and meals provided to prospective students and employees.

### B. SCOPE

This policy governs the appropriate use of state and auxiliary organization funds unless legally exempted or otherwise restricted (e.g., documented fund agreements). The University and its auxiliaries will comply with additional restrictions when established by funding sources.

Each auxiliary organization will also maintain policies and procedures appropriate to the unique activities of the auxiliary organization. Provisions of this campus policy are authoritative, within which auxiliary organization policies must be structured. The Vice President of Business and Financial Affairs, as the President's designee, must approve auxiliary organization policies.

Recognized student organizations are not subject to this policy.

### C. AUTHORITY

Each campus and its auxiliary organizations are required to develop written procedures, consistent with the [CSU Hospitality Policy \(PolicyStat ID 13790907\)](#) (or more restrictive, if preferred), regarding the payment of ordinary and necessary hospitality expenses.

### D. ALLOWABLE EXPENSES

Hospitality expenses must be directly related to, or associated with, the active conduct of official University business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear University business purpose, with no personal benefit derived by the official host or other employees. In addition, the usage of funds for hospitality should be cost effective and in accordance with the best use of public funds.

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 an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives. Following are examples of occasions when the provision of hospitality is permitted under this policy, (fund restrictions still apply):

- The University hosts or sponsors business meetings that directly correlate with the operations of the University.

- The University hosts official guests with an interest in the University.
- The University is the host or sponsor of a meeting of a learned society or professional organization.
- The University hosts receptions held in connection with conferences, meetings of a learned society or professional organization, meetings of student organizations and groups, student events such as commencement exercises, and events or meetings of other University related groups such as alumni associations.
- The University hosts or participates in community relations or fundraising events to promote the University, enhance partnerships, recognize distinguished service, or cultivate donors.
- The University hosts receptions for the benefit of employee morale, employee recognition, official presentations for length or exceptional contributions of service awards, with at least 5 years of service.

**i. EMPLOYEE MEETINGS**

Food and beverage provided to employees may be permitted if the expenses occur infrequently, are reasonable, and when it serves a university business purpose. Food and beverage at meetings that are carried out on a routine or frequent basis are not permitted under this policy. Additionally, public expenditures that are driven by **personal motives** are an impermissible use of public funds. When a meeting takes place in-person over an extended period and the agenda includes a working meal, there may be justification that the meal is integral to the business function such as in the following examples:

- An in-person meeting where there is a scheduled speaker during the meal period.
- An in-person meeting where the participants work through the meal period.
- Circumstances where it would be too time-consuming or disruptive for participants to take a meal break away from the in-person meeting location.

The meeting agenda must be submitted with the Hospitality Justification Form when payment is requested. Campus maximum rates per person for breakfast, lunch, dinner, and light refreshments, including the total cost of food, beverages, labor, sales tax, delivery and other service fees are shown in **Appendix A**. These rates will be reviewed annually by the Chief Financial Officer. The President or Vice Presidents may approve limited exceptions to the maximum per person rate with a documented explanation.

**ii. SPOUSES, DOMESTIC PARTNERS, AND SIGNIFICANT OTHERS**

Hospitality provided to the spouse, domestic partner or significant other of an employee might be permitted when it serves a university business purpose such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events. Such an individual's presence is considered to serve a university business purpose if the individual has a significant role in the proceedings or makes an important contribution to the success of the event, or when such individuals are invited as a matter or protocol or tradition. An agenda, invitation or similar documentation should be included with the payment record.

**iii. STUDENTS AND PROSPECTIVE STUDENTS**

Hospitality provided to students or prospective students may be permitted when it serves a university business purpose. To justify the expenditures, one must determine that the expenditure is consistent with the mission of the University. 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. 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).

**iv. AWARDS AND INCENTIVES**

The University may establish an award program to the extent that such expenses serve a purpose consistent with the mission and fiduciary responsibilities of the University and aligns with IRS regulations. Awards and prizes to employees for exceptional contributions, to students for excellence, and individuals to participate in research-funded survey or study as well as employee recognition and official presentations for length of service awards, with at least 5 years of service are examples of a bona fide business purpose.

Cash and cash equivalent items, such as gift cards and gift certificates, no matter how small, are always taxable to the employee as wages. A non-cash award or prize may have a taxable consequence to the employee if it does not meet the IRS definition of de minimis and infrequent.

Please see **Appendix B** for additional guidance on university procedures for awards and incentives.

1. AWARDS

Awards must be given as part of an established and documented university award program, including eligible awards and per person limits. Award programs are established by approval of the president or vice presidents. This applies to awards to employees for exceptional contributions, to students for excellence, as well as employee recognition and length of service awards (with at least 5 years of service). Examples of established award programs include, but are not limited to, the Presidential Staff Excellence Awards, Faculty Distinguished Service Awards, Aztec Achievement Awards, Student Symposium Awards, Staff Awards, etc. The amount of the award is defined by each award program, generally de minimis in value (\$50 or less). Please see **Appendix B** for additional guidance on university procedures for awards and incentives.

2. PARTICIPATION INCENTIVES

Principal Investigators (PIs) and administrators may provide Incentives, in the form of promotional items and gift cards, to individuals for their participation in research studies and other projects requiring incentive payments or to increase participation in official university functions. The amount of the incentive is defined by each incentive program, generally de minimis in value (\$50 or less). Please see **Appendix B** for additional guidance on university procedures for awards and incentives.

**E. UNALLOWED EXPENSES**

Certain hospitality expenses are prohibited or restricted by fund source:

- **Alcohol:** The purchase of alcohol and tobacco is never allowable with State Funds. Alcoholic beverages are only allowable through auxiliary organization funds subject to the hospitality policy of the auxiliary organization and the SDSU alcohol policy.
- **Discriminatory Activities:** Hospitality expenses will not be paid or reimbursed for membership in social organizations, activities or entertainment services that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status or disability.

- **Employee Farewells:** Employee farewell gatherings that are not official campus functions. Designation of farewell event as an official campus function requires vice presidential approval or approval of the executive manager of the auxiliary organization. Official campus functions do not include off-site parties, dinners, or similar events organized by co-workers and friends.
- **Employee Retirements:** Retirement recognition receptions for employees separating with less than 5 years of service.
- **Memorial Services**
- **Personal Benefit:** Hospitality expenses that are of a personal nature (personal benefit) and not related to the active conduct of official University business will not be paid or reimbursed. The California gift of public funds doctrine set forth in the California Constitution, article XVI § 6, prohibits the giving or lending of public (state) funds to any person or entity, public or private, unless there is a public purpose. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers.
- **Taxable Hospitality Activities:** Employee entertainment (hospitality) expenses must conform to Internal Revenue Service (IRS) regulations. No employee business meal or entertainment expenditure that is considered taxable under IRS regulations will be reimbursed or paid. An employer's reimbursement of an employee business meal or entertainment expense 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 under the circumstances.
  - The expense is not substantiated with supporting documentation.
- **Tobacco**

**F. ALLOWABLE FUNDING SOURCES**

Expenditures are allowed only within this policy and policies constructed by the auxiliary organizations and approved by the campus Vice President of Business and Financial Affairs or designee. Expenditures are allowed within funding source as indicated only if appropriate to the purpose of the fund as defined by applicable laws, regulations, or agreements. Refer to **Appendix C** for examples of various types of expenditures and the appropriate funding source for each.

All funds available to the University, whether received through appropriation, fees, donation, or other means, are resources valuable toward achieving the mission of the University. Therefore:

- Funds identified under this policy are to be expended only upon documented benefit to the University. Within the bounds of this policy and the approved policies of the auxiliary organizations, the determination of whether an activity not specifically addressed in this document provides benefit to the campus is at the discretion of the Vice President of Business and Financial Affairs or designee.
- Administrators of these funds are to consider cost, availability of funds, and availability of alternative activities when evaluating the benefits derived from the expenditure. Auxiliary organizations may establish budgets for hospitality/benefit/public relations expenditures conducted from their operating funds and will establish policies governing use of funds administered by their organization on behalf of others, for example, the campus program or other discretionary accounts at the SDSU Research Foundation or at The Campanile Foundation.

**i. STATE FUNDS**

State funds have the following restrictions and uses:

State funds may not be used to pay for:

1. Any expenditure prohibited by applicable laws, regulations, or agreements including the California Budget Act.
2. Food and beverages or entertainment services that do not serve a business purpose.
3. Alcoholic beverages, memberships in social organizations, or tobacco products.

State funds may be used to pay for:

1. Awards and prizes to employees for exceptional contributions, to students for excellence, and individuals to participate in a research funded survey or study.
2. Employee recognition, and official presentations for length of service awards or exceptional contributions, with at least 5 years of service.
3. Official University employee morale-building and appreciation activities that serve a business purpose.

## **ii. AUXILIARY ORGANIZATION FUNDS**

Hospitality expenses may be charged to auxiliaries provided the expense serve a bona fide business purpose. Auxiliary funds are subject to the same requirements as noted in this policy, however, may allow for the purchase of alcoholic beverages, formal 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 funding source agreements.

## **G. APPROVAL OF TRANSACTIONS**

The Approving Authority shall be the supervisor (or higher level) of the Official Host. The Hospitality Justification Form (section H) must be approved by the Supervisor of Record for the Official Host, confirming the business purpose of the hospitality expense and that the expense is an appropriate use of university resources. 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 an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

- Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor. The exception is approval of president's expenditures by the chief financial officer.
- Payment or reimbursement of hospitality expenses for recreational, sporting, or entertainment events must be approved by the president, or their designee.
- Payment or reimbursement of hospitality expenses for a spouse, domestic partner, or significant other of an employee must be approved by the president, or their designee.

When appropriate and necessary, the President or designee may make limited exceptions to the hospitality policy. The purpose of the exception must be documented.

## **H. HOSPITALITY JUSTIFICATION FORM**

All hospitality expenses must have a completed Hospitality Justification Form submitted along with supporting backup documentation such as quote, invoice, meeting agenda, and original receipt when requesting payment or reimbursement.

Information required on the justification form includes:

- The type of event (business meeting, department meeting, host of official guest, employee recognition, reception, fundraising or community outreach, etc.).
- If the meeting is reoccurring.

- The business purpose of the meeting or event. The business purpose must be specific and provide enough information to a third-party reviewer to understand the nature and purpose of the meeting. Given that judgment is very often an intangible but nonetheless a critical basis for an expenditure, administrators are encouraged to be as specific as reasonably possible when stating the business purpose and benefit to the University.
- Type of hospitality (meals/refreshments, promotional items, etc.)
- Location and date.
- List of attendees and their business relationship to the campus.
- The cost of the meal per attendee.

Original itemized receipts or invoices are required (establishes audit trail for type of expenditure and number of employees). If itemized receipts cannot be obtained or have been lost, a signed statement to that effect is required. On a selected basis, venues may be called to verify that itemized receipts are not available to customers.

The Hospitality Justification Form can be found on the [Procure to Pay](#) website.

## i. **BLANKET HOSPITALITY JUSTIFICATION FORM**

Blanket Hospitality Justification Forms may be issued on a case-by-case basis for hospitality transactions where little or no value can be added by completing a form for each individual event/activity.

The following requirements apply to blanket Hospitality Justification Forms:

- The blanket hospitality justification must be specific to a set of recurring events, rather than a general departmental/annual approval.
- All required supporting documentation must be submitted with the purchase/payment method, including a copy of the approved blanket Hospitality Justification Form for each expense.
- Blanket Hospitality Justification Forms may not exceed one year and should not cross fiscal years.

## I. **DEFINITIONS**

For a complete listing of definitions refer to [CSU Hospitality Policy \(PolicyStat ID 13790907\)](#). For the purposes of this policy, the following definitions are provided:

**Approving Authority:** A person to whom authority has been delegated in writing to approve expenses for meals, light refreshments, and other amenities described within this policy.

**Auxiliary Organization Funds:** Monies in auxiliary accounts. CSU auxiliaries are separate legal entities authorized in the Education Code to provide essential services to students and employees. Auxiliaries operate in association with campuses pursuant to special written agreements and are authorized to perform specific functions that contribute to the educational mission of the campus. These organizations are subject to applicable state and federal laws and regulations.

**De Minimis:** Small in value, relative to the value of total compensation. 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. While there is no set dollar amount in the law for de minimis awards or prizes, for the purposes of this policy the University considers \$50 or less to be de minimis.

**Employee Meetings:** Meetings which serve a university business purpose and are generally administrative in nature such as CSU system wide meetings of functional offices, meetings of the University Senate, campus meetings of deans and directors, extended formal training



sessions, conferences, extended strategic planning sessions, and meetings of appointed workgroups and committees.

**Employee Morale:** Positive employee morale is a valuable resource. Accordingly, within the constraints imposed by CSU policy, this policy allows for expenditures supportive of employee morale (other than those identified as prohibited). The University relies on the judgement of administrators and the approving authority in assessing employee morale expenses as necessary, appropriate, reasonable, and serving a business purpose consistent with the mission and fiduciary responsibilities of the University and documenting the expense as such in the Hospitality Justification Form.

**Fundraising Event:** Events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution to the University and a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, and door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events and are governed by [CSU Policy Fundraising Events \(PolicyStat ID 12960514\)](#).

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.

**Hospitality:** Defined to include the following elements:

- **Entertainment Services** – reasonable expenses as part of a public purpose event (not a social event) includes, but is not limited to, equipment and venue rental, decor, music, and performers. Service expenditures related to highlighting the talent of students or employees are considered a regular business expense and are not governed by this policy.
- **Food and Beverage** – reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, appetizers, pastries, cookies).
- **Awards and Prizes** - something of value given or bestowed upon an individual, group, or entity in recognition of service to the University or achievement benefiting the University or with the expectation of benefit accruing to the University or for other occasions that serve a bona fide business purpose (e.g., financial prizes, trophies, plaques, and flowers).
- **Promotional Items** - items that display the name, logo or other icon identifying the University such as a keychain, coffee mug, calendar, or clothing that are generally de minimis in value (\$50 or less).

**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.

**Official Host (Host/Sponsor):** A University or auxiliary employee who hosts guests at a meeting, conference, reception, activity, or event for the active conduct of university business.



**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 visiting from another work location, students, donors, recruitment candidates, volunteers, members of the community, or media representatives. Employees of the University are not considered official guests.

**Personal Benefit:** Hospitality expenses that are of a personal nature and not related to the active conduct of official University business will not be paid or reimbursed. The California gift of public funds doctrine set forth in the California Constitution, article XVI § 6, prohibits the giving or lending of public (state) funds to any person or entity, public or private, unless there is a public purpose. Examples include, but are not limited to, employee birthdays, weddings, anniversaries, and baby showers.

**Public Purpose:** Or business purpose includes expenses that serve a purpose consistent with the mission and fiduciary responsibilities of the University.

**State Funds:** All monies in campus accounts including University Operating Funds (state appropriations and tuition and fees), Enterprise Funds (including, but not limited to, Parking, Housing, Health Facilities, Global Campus, and Lottery) and Miscellaneous Trust Funds.

**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. The employee's department determines what constitutes an individual employee's work location for the purpose of these procedures. The main campus is a single work location.

### III. GUIDELINES

- [CSU Hospitality \(PolicyStat ID 13790907\)](#) policy for hospitality expenses.
- [CSU Travel and Business Expense Payments \(PolicyStat ID 14626378\)](#) policy for travel related reimbursements and payments.
- Refer to [Labor Agreements](#) for meal allowance for represented employees required to remain on premises during meal periods or working overtime.
- [IRS Publication 5137](#), Fringe Benefits Guide
- [General Instructions for Certain Returns \(1099\)](#)
- [Government Code § 8314](#)
- [California Constitution, Article 16 Public Finance § 6](#)
- California Education Code (Section 89044) and California Code of Regulations Title 5 (Sections 41600 and 41601) regarding campus community relations funds.
- California Code of Regulations Title 5 regarding the authority of the campus president to require auxiliary organizations to operate in conformance with campus policies (Section 42402).

## IV. AUTHORITY

This policy is issued under the authority of the President of the University pursuant to [Section VI of the Standing Orders of the Board of Trustees of the California State University](#).

### Approved by:



Agnes Wong Nickerson (Jan 30, 2024 13:11 PST)

Agnes Wong Nickerson  
Vice President for Business and Financial Affairs & CFO

### Reviewed by:



Crystal Little (Jan 29, 2024 16:44 PST)

Crystal Little  
Associate Vice President for Financial Operations

**APPENDIX A: CAMPUS MAXIMUM PER PERSON HOSPITALITY RATES (STATE FUNDS)**

<b>Meal type</b>	<b>Routine/ Departmental Events</b>	<b>Catered Events</b>	<b>Events at Snapdragon Stadium</b>
Breakfast	\$ 35	\$ 50	\$ 60
Lunch	\$ 50	\$ 75	\$ 85
Reception/Light Appetizers <sup>1</sup>	\$ 30	\$ 40	\$ 50
Dinner/Heavy Appetizers <sup>2</sup>	\$ 80	\$ 125	\$140

Campus maximum rates are established to allow for different levels of hosting, including campus events catered by Aztec Shops, high level donor cultivation events and events at Snapdragon Stadium. Departments are to use discretion when hosting routine and departmental events.

Campus maximum rates include the total cost of food, beverages, labor, sales tax, delivery and other service fees.

Routine/Departmental Events include periodic meetings or employee morale events where sandwiches or simpler meals are provided.

Catered Events include meals at off campus restaurants, events at off campus venues and events catered by Aztec Shops; these are typically donor cultivation events or partnership/development events.

<sup>1</sup> Receptions or other events where light appetizers are served, including receptions preceding a dinner event.

<sup>2</sup> Receptions where heavy appetizers are served in lieu of dinner, including lengthier events held at Snapdragon Stadium.

**APPENDIX A: CAMPUS MAXIMUM PER PERSON HOSPITALITY RATES (AUXILIARY FUNDS)**

Meal type	Routine/ Departmental Events		VIP/Catered Events		Events at Snapdragon Stadium	
	Food	Alcohol	Food	Alcohol	Food	Alcohol
Breakfast	\$ 35		\$ 50		\$ 60	
Lunch	\$ 50	\$25	\$ 75	\$30	\$ 85	\$40
Reception/Light Appetizers	\$ 30	\$25	\$ 40	\$30	\$ 50	\$40
Dinner/Heavy	\$ 80	\$50	\$ 125	\$75	\$140	\$100

Campus maximum rates are established to allow for different levels of hosting, including campus events catered by Aztec Shops, high level donor cultivation events and events at Snapdragon Stadium. Departments are to use discretion when hosting routine or departmental events.

Campus maximum rates include the total cost of food, beverages, labor, sales tax, delivery and other service fees.

Routine/Departmental Events include periodic meetings or employee morale events where sandwiches or simpler meals are provided.

VIP/Catered Events include meals at off campus restaurants, events at off campus venues and events catered by Aztec Shops; these are typically donor cultivation events or partnership/development events.

Events at Snapdragon include meetings, suites at sporting events or concerts and other receptions; these are typically donor cultivation events or partnership/development events.

<sup>1</sup> Receptions or other events where light appetizers are served, including receptions preceding a dinner event.

<sup>2</sup> Receptions where heavy appetizers are served in lieu of dinner, including lengthier events held at Snapdragon Stadium.

## APPENDIX B: PROCEDURES FOR AWARDS AND INCENTIVES

### Procedures:

Awards and incentives may be distributed in the form of gift cards or non-monetary items such as T-shirts, books, etc. The Principal Investigator (PI) or program administrator will be responsible for the purchase and distribution of the awards or incentives:

- The awards or incentives can be purchased using a campus Procurement Credit Card, following the Non-PO Procure to Pay Policy or the PI or program administrator can purchase the awards or incentives and then seek reimbursement through a Direct Payment Request form.
- If an award or incentive is given, a Hospitality Justification Form must be completed.
- Any unused awards/incentives must be returned to the vendor if possible or returned to Accounts Payable (AD-116).

Anytime awards or incentives are distributed, an Award and Incentive Payments Reconciliation form must be kept noting who received the award or incentive. In completing the form:

- The person receiving the award or incentive should print their name when practical (i.e., in person incentive exchange) and RedID number if a student, faculty or staff member.
- A unique identifier may be used in lieu of the recipient's name for confidential research studies (see Research Studies below) as long as the PI or designee keeps the actual recipient information on file unless the cumulative value of the awards or incentives given to each recipient is at least \$600 or more within a calendar year.
- Document the name of the research study, event, or reason for the award.
- Document the type of awards or incentives provided - if multiple awards or incentives are provided, separately identify value of each item (i.e., SDSU Book Store gift card \$25, SDSU t-shirt \$10).
- Include the date the awards or incentives were provided - if multiple awards or incentives are provided on different dates, separately identify value of each item.
- Include the total cumulative value of all awards or incentives given to each recipient.
- Include Payee Data Record (PDR) for participants provided awards or incentives with a value of \$600 or more.

All forms can be found on the [Procure to Pay](#) website.

### Research Studies:

There may be research projects that require strict confidentiality for the participants involved. If the Institutional Review Board (IRB) has reviewed the research project and required that all human subject data be held confidential, then a unique identifier can be used in lieu of participant names to track payment information back to the original recipient. However, if any individual is paid \$600 or more in a calendar year, to comply with IRS regulations, the University is required to obtain their name and other identifying information on a Payee Data Record form, as well as the total amount paid to them. Additionally, a Form 1099 will be issued and reported to the IRS. "Payment" includes the value of any type of compensation received.

### Taxability and Reporting:

All payment types are considered taxable and subject to the Internal Revenue Service's (IRS) income reporting requirements. For the purposes of this policy the University considers awards and incentives with a face value of \$50 or less to be de minimis and no tax reporting will be required on the issuance of a single award or gift card. This does not release the issuing department from tracking and maintaining reports on the recipients of such awards or gift cards. In any case, records of recipient information are necessary and required for expenditure justification.

- For University employees who receive awards or incentives with a value over \$50, either on a single or cumulative basis during a single calendar year, the total value of payment will be reported as income to the recipient.
  - Accounts Payable will submit the employee recipient information monthly to the Payroll Department in the Center for Human Resources. Consequently, a subsequent paycheck will reflect appropriate adjustments for withholding of any federal and state taxes.
- For students who receive awards or incentives over \$600 on a single or cumulative basis during a single calendar year, the total of the awards/cards will be reported to the IRS via Form 1099.
- If a participant is identified as a nonresident alien, taxes must be withheld from the payment and reported on Form 1042-S.

**APPENDIX C: EXAMPLE HOSPITALITY EXPENSES BY FUNDING SOURCE**

<b>Type of Event / Activity</b> <b>(Expenditures are allowed within funding source as indicated only if appropriate to the purpose of the fund)</b>	<b>State Funds</b>	<b>Auxiliary Organization Funds</b>
Accreditation Visits (excluding service payment)	Yes	Yes
Advisory Board Meeting (with External Representation)	Yes	Yes
Alcoholic Beverage during Event (must be provided by Aztec Shops)	No	Yes
Award Programs for Faculty/Staff Recognition (see Hospitality Policy section Awards)	Yes	Yes
Clothing (i.e., logo apparel) that is required to be worn during business hours for events such as Orientation (not considered a gift)	Yes	Yes
Commencement Receptions	Yes	Yes
Community Involvement and Outreach	Yes	Yes
Employee Morale Events and Activities (see Hospitality Policy sections on Allowable Expenses and Funding Sources)	Yes	Yes
Employee Recruitment (Official Guest)	Yes	Yes
Employee Resource Group (ERG) Social/Networking Events	No	Yes
Entertainment for Approved Public Purpose Events (e.g., equipment and venue rentals, décor, music, performers)	Yes	Yes
Events to Promote/Develop Global Campus (PaCE) Programs	Yes	Yes
Gifts for Bereavement (e.g., flowers, plant, or card to employee for loss of immediate family member)	No	Yes
Gifts for Personal Benefits (e.g., birthdays, weddings, anniversaries, baby showers, graduations, etc.)	No	No
Guest Lecturers (honorarium payments are not subject to the hospitality policy)	Yes	Yes
Holiday Parties for Employees	No	Yes
Job Fairs	Yes	Yes
Meals/Light Refreshments (other than alcohol) for Employee Meetings and Events may be permitted if the expenses occur infrequently, are reasonable, and appropriate to the business purpose (see Hospitality Policy section Employee Meetings)	Yes	Yes



<b>Type of Event / Activity</b> <b>(Expenditures are allowed within funding source as indicated only if appropriate to the purpose of the fund)</b>	<b>State Funds</b>	<b>Auxiliary Organization Funds</b>
Meals/Light Refreshments (other than alcohol) for Meetings and Events Attended by Official Guests.	Yes	Yes
Meals/Light Refreshments with Coworkers	No	No
Membership in Academic/Business Organizations	Yes	Yes
Membership in Social Organizations	No	Yes
New Employee Orientation	Yes	Yes
New Student Orientation	Yes	Yes
Open House and Outreach Events	Yes	Yes
Participation Incentives (see Hospitality Policy section Participation Incentives)	Yes	Yes
Promotional Items Given to Employees (Recognition/Achievement)	Yes	Yes
Promotional Items Given to Non-Employees Including Students and Prospective Students	Yes	Yes
Residential Education Programs	Yes	Yes
Retirement Receptions for Employees Separating with at Least 5 Years of Service (Official Events Approved in Advance by a Vice President)	Yes	Yes
Retirement Receptions for Employees Separating with at Less than 5 Years of Service	No	No
Service Learning and Internship Community Meetings	Yes	Yes
Sponsorships Related to Community Relations or Fundraising Events to Promote the University	Yes	Yes
Student and Prospective Student Activities (outreach, recruitment, recognition, commencements)	Yes	Yes
University Training and Employee Development Programs	Yes	Yes
Volunteer Appreciation	Yes	Yes
Workshop/Conference	Yes	Yes