



# CALIFORNIA STATE UNIVERSITY, LONG BEACH

<b>Subject: Gifts Presented to Non-Employees</b>	
Department: <b>Financial Management (Controller's Office)</b>	Reference No.:
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## I. PURPOSE

This Bulletin establishes the policy and procedures governing the manner and extent to which gifts are presented on behalf of the University to organizations or individuals who are not employees of the University. This Bulletin also provides the maximum amounts authorized for each gift and specifies the University funds that may be used for such purposes.

## II. SCOPE

This policy applies to all expenses incurred by the University and Foundation for gifts to organizations or non-employees regardless of the funding source. The Forty-Niner Shops and Associated Students Inc are expected to follow the guidelines in this policy. The Auxiliaries and departments may choose to implement more restrictive policies.

For the purpose of this bulletin, the recipient must be an organization or individual not employed by the University or the Auxiliaries. Refer to the Administrative Bulletin on Employee Awards and Non-Cash Gifts for additional information.

This policy does not apply to Scholarships.

## III. DEFINITIONS

- Approving Authority - a person to whom authority has been delegated in writing to approve gift expenses and to approve exceptions to the Gifts Presented to Non-Employee policy and the limitations outlined in this Bulletin.

The Approving Authority is responsible for determining whether the gift serves a bona fide University business purpose.

- Auxiliaries – CSULB-Foundation Inc., The Forty-Niner Shops Inc., and Associated Students Inc.
- Business Expense – an expense that has an appropriate business purpose and where a clear University-related objective is demonstrated instead of a personal or social one.
- Exceptions - items that are not in accordance with this Bulletin. Examples include but are not limited to expenses that exceed the maximum rates specified in this policy; missing appropriate documentation, and any other type of gift expense that is not specifically included in this policy.



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- Funding Source

Expenses for gifts presented to organizations or non-employees may be paid from various University funding sources. The Table in Appendix B summarizes funding sources for payment of expenses incurred for non-employee gifts

If Federal funds are to be charged, directly or indirectly, campus procedures and controls must be in place to ensure that the requirements of OMB Circular A-21 Cost Principles for Educational Institutions are met.

In the event of a conflict between the terms of the fund (eg. funding source) and University policy, the stricter of the two policies shall apply.

### Allowable Funds

Funds allocated to the University to be used in conjunction with the University's instructional mission. Funds include the CSU Operating Fund (GF001) and Reimbursed Activities (RA001).

Other eligible funding sources for use with non-employee gifts are Housing, Parking, Miscellaneous Trust and UCES Trust funds.

### Auxiliary Organization Funds

Funds maintained by the Auxiliary Organizations

### Unallowable Funds

Funds not listed above are excluded from use with non-employee gift expenses.

- Gift - a non-cash item of tangible personal property given directly or indirectly to a person. A gift given to a company that is intended for the eventual personal benefit of a particular person is considered an indirect gift to that person. A gift given to a person's family is generally considered to be a gift to that person.
- Incidental Cost - a cost that does not add substantial value to the gift such as engraving, packaging, insuring, mailing and gift-wrapping.
- Itemized Receipt/Invoice - A written acknowledgment of money received. For substantiation of a gift expense, a receipt provides the name of the vendor; a detailed list of charges; the date and the total amount of the purchase.
- Non-Negotiable - confers only the right to receive tangible personal property, not cash or cash for the difference between the purchase price and the value of the gift purchase.
- Official Presenter – an employee representing the University or Foundation who presents the gift to the recipient.
- Promotional Items - items having a non-material value (not exceeding \$50) and
  - Bears the logo, icon or other information identifying the University
  - Is one of a number of identical items distributed by the University
  - Examples include, but are not limited to: pens, mugs, folders, calendars or clothing
- Recipient - for the purpose of this bulletin, the recipient must not be employed by the University or Foundation. Individuals or organizations eligible to receive gifts include, but is not limited to, donors or potential donors; visiting dignitaries and/or scholars; volunteers (including students); clientele; independent consultants; and members of the local community.
- University – employees of the campus and the auxiliaries



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## IV. UNIVERSITY POLICY

### A. AUTHORITY

This policy is adopted pursuant to Executive Order 761 issued by the Chancellor's Office.

The policy set forth in this Bulletin is issued under the authority of the Vice President for Administration and Finance. Implementing procedures are delegated to the Associate Vice President of Financial Management.

1. External
  - a. California Constitution, Article 16, Section 6
  - b. California Code of Regulations, Title V, Division 5, Chapter 1, Subchapter 5, Article 1; Sections 41600, 41601
  - c. California Education Code Sections 66600, 89030, 89035, 89044
2. Internal
  - a. Authority of the President to establish CSULB policy that governs expenses for gifts.
  - b. President's Delegation of Authority to the Vice Presidents, Director of Athletics and Auxiliaries Executive Officers to approve exceptions to the policy.
  - c. President's Delegation of Authority of the Vice President for Administration and Finance to make appropriate revisions to the University policy

### B. ALLOWABLE EXPENSES AND EVENTS

Gifts or contributions to outside individuals or organizations will be permitted only if it can be demonstrated that the gift or contribution will benefit the University or Foundation or is clearly seen as needful to the University in helping meet its role as a good community citizen.

Gifts are presented when tradition, commonly accepted institutional practice, or social custom dictates such an occasion. A gift of moderate expense may be presented to non-University individuals or organizations when the gifts are made on behalf of the University.

The procedures set forth in this Bulletin are intended to conform to the Internal Revenue Service regulations related to gifts. Any gift made to outside individuals or organizations must not result in taxable income to the recipient or it is not a gift. In addition, the expenditure of funds for gifts should be cost effective and in accordance with the best use of public funds.

When determining if a gift is appropriate, the occasion must, in the best judgment of the approving authority, be infrequent, based on objective criteria and serve a clear University business purpose. The approving authority must also evaluate the importance of the occasion 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 that meet the policy requirements:

1. Promotional Gifts  
A gift of tangible personal property distributed to promote the name, image and programs of the University; to provide information; to enhance university morale or encourage good customer relations. The value of these gifts must not exceed \$50. No exceptions.
2. Appreciation or Recognition  
Gifts of tangible personal property presented to express appreciation; acknowledge a contribution, goodwill or other resources; or recognize service to the University.



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Appropriate gifts include items such as books; tickets to a sporting, theatrical, or musical event; a non-negotiable gift certificate; mementos such as a plaque, watch, or logo item of more than minimal value. The cost of gifts in this category may not exceed \$400.

### 3. Congratulatory or Sympathy Gifts

Gifts of tangible personal property, such as flowers, may be presented as an expression of congratulations or sympathy in the event of a birth, death, or major illness. The cost of such gifts is limited to \$90 per department/office, unless exceptional approval is obtained.

## C. RESTRICTION ON THE USE OF THE CSU OPERATING FUND

Expenditures for appreciation or recognition gifts to outside individuals or organizations shall not be charged to the CSU Operating Fund. CSU Operating Fund or Federal funds may not be used to pay for congratulatory or sympathy gifts.

## D. UNALLOWABLE GIFTS

1. Any gift that is taxable is not allowable. Expenses for such gifts cannot be reimbursed from any funding source or approved as an exception to this policy. Unallowable gifts include, but are not limited to, the following:

- Gifts of cash
- Gifts of bottled alcoholic beverages or tobacco products
- Negotiable gift certificates (those that can be exchanged for cash)
- Gifts in excess of policy limits
- Lavish or extravagant expenses
- Expenses not substantiated with appropriate supporting documentation

2. Gifts governed by this policy may not be presented:

- a. To University of Foundation employees or their near relatives
- b. To any individual or organization associated either directly or indirectly with a political party, campaign, candidate, or a group engaged in an attempt to influence legislation, elections, referendums, or the like.
- c. When any conflict of interest exists. For example, a personal or social relationship exists between presenter and/or approving authority and recipient.
- d. When the business reason for making the gift or the nature of the business benefit the University derived or expects to derive is not documented in writing.

## E. APPROVAL OF TRANSACTIONS

Approval for all official University gift expenses must be obtained at the appropriate level. Individuals with delegated approval authority shall not approve requests for expenses of events for which they were the Official Presenter.

In order to ensure that the approval of non-cash gifts is entirely independent, individuals with delegated approval authority shall not approve the expenses of a person to whom they directly report. The approving authority is the next highest level of the Official Presenter.

### 1. Delegation of Approval Authority

The approving authority is the Vice President, Associate Vice President, College Dean, Executive Assistant to the President (or higher level), the Director of Athletics and the Auxiliaries Chief Executive Officers. This authority may not be delegated any further.



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Principal Investigators or Project Directors of the Foundation do not have authority to approve gift expenses. This is applicable for both discretionary accounts and grant accounts. A Dean may not delegate signature authority to a Principal Investigator or Project Director.

A Principal Investigator or Project Director, who is also a Dean, may approve project or grant expenditures other than their own. The next highest level of approval is required for expenses incurred by a Principal Investigator or Project Director that is also a Dean.

### 2. Approval Authority for Exceptions to the Policy

The President must authorize any exception to this policy. The President has delegated the authority to approve exceptions to this policy to the Vice Presidents, the Director of Athletics and the Auxiliaries Chief Executive Officer/General Manager. This authority may not be delegated any further.

This delegation does not extend to the following:

- Payment or reimbursement of expenses that are not allowed by University policy
- Expenses that are lavish or extravagant under the circumstances
- Expenses that are not in compliance with IRS regulations
- Expenses that constitute taxable income to the recipient.

### F. AUTHORIZED RATES

Rates for gifts presented on behalf of the University to organizations or individuals who are not employees are recommended by the Associate Vice President of Financial Management and are authorized by the Vice President for Administration and Finance. The current maximum amounts allowed may be found in Appendix A.

The maximum rates include the cost of the gift and all related taxes. They do not include incidental costs such as engraving, gift wrapping or mailing.

The maximum rates will be reviewed periodically by the Office of the Associate Vice President of Financial Management and adjusted as necessary.

### G. EXCEPTIONS TO THE POLICY

Approval of exceptions to the policy has been delegated to the Vice Presidents, the Director of Athletics and the Auxiliaries Executive Officer/General Manager. This authority may not be delegated any further.

The Request for Payment/Reimbursement of Exceptions to this policy must include a written justification as to why adherence to policy was unavoidable and necessary to achieve a University business purpose. The fact that actual costs exceed the authorized rates is not, in itself, adequate justification for an exception request.

If adequate justification exists and provided such costs are deemed to be ordinary and necessary under the circumstances, an exceptional expense may be approved. Reimbursements/payments for the purchase of gift expenses shall be limited to the actual costs incurred.

### H. TAX CONSIDERATIONS

Under Internal Revenue Service regulations, a gift will be considered taxable income to the recipient if:

- The gift is presented to the same recipient on a regular or routine basis
- The gift is cash
- The gift is a negotiable gift certificate
- The expense is lavish or extravagant under the circumstances
- The gift is not presented on a non-discriminatory basis
- The official presenter or other University employee is not present when the gift is given



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The above types of expenses are not allowable under this policy.

### V. RESPONSIBILITIES

- A. The Vice Presidents, Director of Athletics and Auxiliaries Chief Executive Officers are responsible for the justification and approval of all exceptions to this policy.
- B. The Associate Vice President of Financial Management is responsible for recommending the maximum rates to the Vice President for Administration and Finance. The AVP is responsible for a periodic review of the maximum rates allowed for gifts provided in Appendix A and making adjustments as necessary. The incumbent is also responsible for updating policy and issuing appropriate procedures for processing official non-employee gift expenditures.
- C. The Vice Presidents, Associate Vice Presidents, Director of Athletics, College Deans, Auxiliaries Chief Executive Officers, Executive Assistant to the President (or higher), Division Heads or individuals delegated approval authority are responsible for ensuring:
  - The gift conforms to the requirements of this Bulletin
  - Requests submitted for payment or reimbursement are appropriate and include the required supporting documentation
  - Gifts are restricted to allowable expenses and occasions,
  - The gift expense serves a bona-fide University business purpose.
  - The appropriate host certification is submitted with requests for reimbursement or payment
  - Requests have been signed by an authorized signer
  - Expenses incurred are appropriate to the funding source.
- D. The Accounting Office is responsible for ensuring that payment or reimbursement requests submitted by departments for gift expenditures are made in accordance with the procedures set forth in this Bulletin.

### VI. PAYMENT OR REIMBURSEMENT PROCEDURES

#### A. GENERAL

A Request for Payment/Reimbursement of Gifts Presented to Non-Employee form must be completed and submitted to the campus or Foundation Accounts Payable department. To assure compliance with Internal Revenue Service regulations, the completed form must include the following information:

- Requester Name and Department
- Payee Name and Address
- Amount of reimbursement/payment
- Funding Source
- Name and Title of the University Official presenting the gift
- Recipient Name (individual, group or organization), Title (if applicable) and University affiliation
- Occasion for which the gift is presented
- Date and Location of the event
- Description of the gift presented including cost
- Original supporting documentation
- Signature approval

#### B. DOCUMENTATION OF BUSINESS PURPOSE

University policy requires that the business purpose for presenting a gift be documented.

A transmittal letter on Official University letterhead stating that the gift was made on behalf of the University should accompany all gifts except those of minimal value (promotional gifts). A card containing the same



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information may be substituted. A copy of the letter or card must be attached to the request for payment or reimbursement.

When, in the judgment of the approving authority, it is not practical or appropriate to accompany the gift with a formal letter the appropriate Vice President should prepare a statement to this effect and attach it to the request for payment or reimbursement. The statement should include the reason why a formal letter or card could not accompany the gift.

### C. RECEIPTS

An original itemized receipt or invoice for expenses of \$50.00 or more per occasion must be submitted. A credit card receipt alone is not sufficient. Itemized receipts are not required for amounts less than \$50.00.

For direct payment of invoices, the vendor must supply an original itemized invoice

### D. SUPPORTING DOCUMENTATION

All original documentation supporting the business purpose of the expense must be attached to the request.

The business purpose for making the gift or the nature of the business benefit the University derived or expects to derive must be documented in writing.

### E. CERTIFICATION

The request must include a certification by the approving authority that the expenses were incurred for Official University business purposes and are in accordance with Internal Revenue Service guidelines and University policy.

### F. CHECK DISTRIBUTION

Checks will be distributed via the US mail. Exceptions will be granted in limited and emergency situations only.

Checks granted exception must be picked up by the Payee and will be distributed only upon presentation of appropriate identification (a valid driver's license or CSULB staff ID card.)

Individuals picking up a check for someone other than themselves must provide written documentation identifying the special circumstances and approval by their supervisor and/or the payee.

### G. ACCOUNTING OFFICE

It is the responsibility of the accounting office to review all supporting documentation and to verify that the amounts claimed are allowable, that the appropriate funds are charged, that the documents were properly approved prior to payment (or that adequate post audit reviews are performed), and that payments are tax reported appropriately.

In addition, the accounting office is responsible for ensuring that supporting documentation is being retained in accordance with the requirements specified in the University Record Retention Policy and other applicable policy and procedures.



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## APPENDIX A

### MAXIMUM AMOUNTS FOR NON-EMPLOYEE GIFTS

The maximum allowable amount for non-employee gifts shall not exceed the following:

<b><u>Occasion</u></b>	<b><u>Maximum Amount Allowed *</u></b>
Appreciation or Recognition	\$400.00
Promotional Gifts	\$ 50.00
Congratulatory or Sympathy Gifts	\$ 90.00

\*Footnotes:

- (1) Reimbursement or payment for amounts greater than those listed is not allowed except for congratulatory or sympathy gifts.
- (2) Reimbursement or payment for congratulatory or sympathy gifts greater than \$90 requires exceptional approval.
- (3) These amounts include taxes but do not include incidental costs such as engraving, gift wrapping or mailing/delivery.



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## APPENDIX B

### FUNDING SOURCE CHART

NON-EMPLOYEE GIFTS	Page Reference	CSU Operating Fund	Special Funds*	Auxiliary Organization Funds*
Acknowledgment of a contribution or other resources	3	NO	YES	YES
Bottled Alcoholic Beverages	4	NO	NO	NO
Congratulatory Gifts	4	NO	YES	YES
Exceptions to Policy	5	NO	YES	YES
Expense with no supporting documentation	4-5	NO	NO	NO
Expression of Goodwill	3	NO	YES	YES
Expressions of Appreciation	3	NO	YES	YES
Gifts presented on a frequent or routine basis	5	NO	NO	NO
Gifts with no direct business purpose	4-5	NO	NO	NO
Gifts: Cash	4-5	NO	NO	NO
Gifts: Non-Cash	3-4	NO	YES	YES
Incidental Costs	5	NO	YES	YES
Lavish or extravagant expense for the circumstances	4-5	NO	NO	NO
Negotiable Gifts	4-5	NO	NO	NO
Non-Negotiable Gifts	2	NO	YES	YES
Official Presenter or other employee not present	5	NO	NO	NO
Overages in Excess of Maximum Amounts	4	NO	NO	NO
Promote Customer Relations	3	NO	YES	YES
Promotional Gifts	3	YES	YES	YES
Recognition of Service	3	NO	YES	YES
Sympathy Gifts	4	NO	YES	YES
Tobacco Products	4	NO	NO	NO

\*Footnotes

- (1) The CSU Operating Fund or Federal Funds may not be used for congratulatory or sympathy gifts.
- (2) Gift expenses may be charged to Trust Funds only if they are permitted by the Trust Fund Agreement and to Auxiliary Funds only if there are no restrictions within the Grant and/or Contract for these expenses.



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## REFERENCES:

1. President's letter delegating authority to the Vice Presidents and Auxiliaries Chief Executive Officer/General Manager to approve exceptions to the University's policy.
2. President's letter delegating the authority to the Vice President for Administration and Finance to make appropriate revisions to the University's policy.
3. Internal Revenue Service Publication 463: Travel, Entertainment, Gift and Car Expenses
4. Internal Revenue Service Publication 535: Business Expenses
5. Applicable Policies and Procedures  
Chancellor's Office Executive Order 761: Hospitality, Payment or Reimbursement of Expenses  
CSULB Administrative Bulletin Governing Hospitality Expenses  
CSULB Administrative Bulletin Governing Employee Awards and Non-Cash Gifts  
Internal Revenue Code Section 274(b), Gifts  
Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions

**FORMS:** REQUEST FOR PAYMENT/REIMBURSEMENT OF GIFTS PRESENTED TO NON-EMPLOYEES ON BEHALF OF THE UNIVERSITY