Back to School Financial Policy Refresher

Office of the Controller
08/23/2018

Karen Kittredge, Manager, Policy and Business Process
Financial Policy Website: policies.fad.harvard.edu

Procurement Policy
Effective 7/1/18 This policy details requirements and best practices for all funding sources when making purchases for Harvard.

What’s New
Quick Reference: Financial Policy Summaries

Effective 7/1/18
Buying Policy - new policy effective 7/1/18
Financial Management of Property, Plant and Equipment - updated 7/1/18

06/29/18 - Slides from 06/29/18 Procurement Policy Information Session

UPCOMING POLICY EVENTS

Nonresident Alien Tax Compliance - GLACIER Information Session for Foreign Individuals
11:30am to 12:30pm
Location: Lamont Library, Forum Room
Nonresident Alien Tax Compliance (“NRA Tax”) will host a GLACIER Information Session for foreign individuals on Wednesday, August 22 from 11:30 a.m. - 12:30 p.m., Forum Room at Lamont Library.
Responsibilities of Purchasers, Preparers & Approvers (ROPPA)

Individuals who spend funds or who prepare or authorize expenditures on behalf of the University have a stewardship responsibility to ensure those transactions are reasonable, appropriate, and have a proper University business purpose.

Regardless of the role or which system/mechanism being used, there are a few key things to know:

- **Spend Harvard resources prudently**
  - Business expense vs personal expense
  - Comply with federal, local, fund or other restrictions

- **Prepare transactions properly**
  - Contain elements of a complete business purpose
  - Proper documentation – see Definition of Receipts

- **Review and approve transactions in a timely manner**
  - Approver should have sufficient knowledge to make an informed judgement that the transaction is appropriate
  - Approver due diligence – follow-up if there are questions or concerns

- **Create evidence of the approval**
  - Electronic approval, signing paper forms, or emails
  - Best practice is to thoroughly substantiate review and approval in writing
## ROPPA Training Prerequisite by Role

<table>
<thead>
<tr>
<th>Role</th>
<th>ROPPA Training Track</th>
<th>Training Prerequisite</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCOM Approvers</td>
<td>Approvers</td>
<td>Required 3/1/16 and on for all new users except faculty, whose participation is at each School’s discretion*</td>
</tr>
<tr>
<td>HCOM Preparers</td>
<td>Preparers</td>
<td>The online training may be found on the <a href="#">Training Portal</a></td>
</tr>
<tr>
<td>HCOM Shoppers</td>
<td>Purchasers</td>
<td></td>
</tr>
<tr>
<td>PCard Reviewers</td>
<td>Approvers</td>
<td></td>
</tr>
<tr>
<td>PCard Holders</td>
<td>Purchasers</td>
<td></td>
</tr>
<tr>
<td>Web Reimbursement Inquiry</td>
<td>Approvers</td>
<td></td>
</tr>
<tr>
<td>Create Travel Authorization – BCD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concur Approvers</td>
<td>Approvers</td>
<td></td>
</tr>
<tr>
<td>Concur Delegates/Preparers</td>
<td>Preparers</td>
<td>At each School’s discretion</td>
</tr>
<tr>
<td>Concur Reimbursees</td>
<td>Purchasers</td>
<td></td>
</tr>
<tr>
<td>Corporate Card Holders</td>
<td>Purchasers</td>
<td></td>
</tr>
</tbody>
</table>

*“Faculty” typically means employees whose *primary appointment* is a faculty, instructional role. For example, post-docs would still be required to take the training, as would staff who have a secondary teaching appointment.

Each school is responsible for making sure the training has been completed prior to granting access to the system(s).
Multiple Approvers

Approving any part of a transaction is a significant responsibility; every individual in an approval chain is accountable for the elements of the transaction that they approve.

- In some cases, there may be more than one approver in an approval hierarchy.
- For example, a department administrator might approve an expenditure that must be subsequently approved by a sponsored or gift administrator, and then finally approved by the tub finance office.
- To avoid confusion, approvers must understand which elements of a transaction they are responsible for approving.
## Responsibilities by Role

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>Purchasers</th>
<th>Preparers</th>
<th>Approvers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchasers are responsible for ensuring all purchases are Harvard business-related, benefit Harvard, and advance the work of the University</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. There is a documented business purpose provided that clearly and completely explains the purchase (on paper or online) i.e., includes the “who, what, why, where, when”</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>3. The business purpose is legitimate, i.e., that the expenditure is an appropriate use of Harvard funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The purchaser is authorized to spend the funds</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The purchase is in compliance with established policies and procedures of the Org, School, Harvard University and any required external regulations</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>6. The transaction complies with University and any applicable external (e.g., grant) conflict of interest policies</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. For restricted gift and endowment funds (302000-389999, 430000-699999), the charge is in accordance with the terms of the fund; for all sponsored funds (100000-299999), the charge is within the budget and project period and in accordance with terms of the sponsored fund and with applicable external requirements and regulations</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>8. There are sufficient budgeted or other approved funds to cover the expense</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>9. The amount of the purchase is reasonable (i.e., an appropriate level of spending for the circumstances)</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10. Completed supporting documentation is provided to the preparer (e.g., an invoice, receipts, an email with written approval of a purchase, etc.) with sufficient time for processing, review and approval</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. When submitting an employee reimbursement, the purchaser has documented his or her approval of these expenses (on paper or online)</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. The correct 33-digit coding, including the proper object code, is used for the expenditure</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>13. Perform reasonable due diligence in addressing any questions about the payment</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>14. The transaction is prepared and forwarded to an appropriate approver with sufficient time for review and approval before University deadlines</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Transactions are approved in the system before the paperwork is sent to Central Administration for processing</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. The transaction is approved or rejected in a timely manner</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Each approver has documented the approval/rejection of the expenditure (on paper or online), including the date</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. When any role performs receiving in HCOM: do reasonable due diligence to ensure correct items were received</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>19. Reply promptly to questions from Accounts Payable or Reimbursements and Card Services</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Payments to Individuals: Taxable until proven not!

• Any time Harvard gives money or other value to an individual, it can have tax implications.

• The “Accountable Plan” is the set of IRS rules Harvard must follow to ensure reimbursements are not taxable to the recipient/reimburssee.

• The rules aren’t necessarily intuitive. Some expenses -- **even though they relate to work** – are still considered personal expenses (commuting, professional attire, etc.)

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**SUMMARY OF ACCOUNTABLE PLAN RULES**

• Must be **substantially business-related** – not a personal expense

• Must be **substantiated** – documented with receipts and business purpose

• Reimbursement request must be submitted **timely (90 days)**

• Amount reimbursed can’t exceed actual expense
Business Related

For Harvard to reimburse an expense without tax implications, the expense must be:
• Ordinary – common and accepted in the normal course of University activities;
• Necessary – appropriate in nature and amount; and
• Business-Related – not a personal expense

Common examples of Harvard business-related expenses:
• Registration fees and travel for professional conferences
• Materials used in research
• Supplies and equipment used in campus offices and labs

NOTE: The source of funding (i.e., sponsored research award) does NOT affect the tax treatment of the expense. The tax treatment of the expense ALWAYS hinges on whether or not it the particular expense is in DIRECT SUPPORT of University business.
Personal Expenses

Generally, expenses that prepare or indirectly support someone’s ability to do their work are considered personal expenses and cannot be reimbursed as Harvard business expenses.

Common examples of non-reimbursable expenses:
- Commuting expenses from your home to your primary work location
- Repetitive meals (i.e., daily breakfast, lunch or dinner) while not traveling
- Costs for clothing that can be substituted for everyday use
- Personal services (e.g., haircuts, cosmetic services)
- Tuxedo rentals or formal wear – even for Harvard-related events
- Personal credit card annual fees
- Parking tickets or traffic violations
- Home office furniture or equipment

See the Business Expense Reimbursements Policy
Your business purpose statement should give the reviewer and approver a clear understanding of the reason for the expense. The best way to do this is to answer the 5Ws.

**Who** – Who incurred the expense? Where there other individuals involved? List names and other affiliations if required.

**What** – What did the expense entail (business lunch, travel dinner, reception, etc.)

**Where** – Where was the expense incurred – city/state/country

**When** – Date the expense was incurred or trip made

**Why** – Detailed purpose, business activity and how it relates to Harvard business

<table>
<thead>
<tr>
<th>Poor Example</th>
<th>Good Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presenting at Conference</td>
<td>RT Airfare BOS-Paris, Presenter at Indo-European Conference 7/1-13/18</td>
</tr>
<tr>
<td>Lunch</td>
<td>Individual Meal in WA, DC attending NSF Annual Symposium</td>
</tr>
<tr>
<td>Dinner at Harvest</td>
<td>Dinner at Harvest w/D. Faust and J. Harvard re: Harvard capital campaign</td>
</tr>
<tr>
<td>Expenses related to research/development</td>
<td>Adobe Distiller to use in research publication designs</td>
</tr>
</tbody>
</table>
Substantiation

Any purchase $75 or requires a receipt or invoice submitted as backup, but approvers are still encouraged to review receipts under $75.

Business meals that include alcohol should have an itemized receipt, regardless of amount. If an itemized receipt is not available:

- If the meal did not include alcohol, the reimburssee must attest that no alcohol was charged (on the receipt and in Concur).
- If the meal did include alcohol and the reimburssee can attest in writing to the alcohol cost, than the alcohol portion with applicable tax and tip must be charged to object code 8450. No alcohol may be charged to a federal award.
- If alcohol was included and the reimburssee cannot attest to the alcohol cost, then no portion of the meal cost can be charged to a federal award. For all other funding, the invoice should be prorated with a percentage of the alcohol charged to object code 8450. Schools may set their own prorated amounts as long as they are consistent, usually between 20-35% for alcohol and the balance for the meal.

An electronic or paper Missing Receipt Affidavit (MRA) is required for lost receipts over $75 or for missing hotel folios. MRAs must be used as exceptions, not on a regular basis.

What should a receipt include? See Definition of Receipts for more details

- Date of transaction
- Name of merchant
- Transaction details (what was purchased)
- The amount of purchase
- The form of payment used (credit card, cash, check)
- Indication that the amount was paid
- Handwritten receipts that do not contain the above information require a Missing Receipt Affidavit (MRA)
Timely

- Regardless of your role, be mindful of internal deadlines and allow sufficient lead time for processing transactions. Be mindful of your internal processing deadlines and take them into account in order to meet the 90 day deadline for Concur.
- “Sufficient time” generally means at least a week before the deadline, but complex purchases or reimbursements may require more.
- Reminder: do not send paperwork to Central until transaction has been approved in HCOM! This is the #1 reason for kick outs and delays.

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>When to Process</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCard</td>
<td>Weekly - Reviewers and Administrators must enter business purposes, coding and review on a weekly basis.</td>
<td></td>
</tr>
<tr>
<td>Concur – Reimbursements/Payments to Harvard Employee or Citibank</td>
<td>0-90 days with no tax implications 91-182 – taxable to employee 183+ will not be reimbursed</td>
<td>Citibank payments should be made ASAP to avoid late fees. Concur reports must be electronically approved and submitted to Travel, Reimbursements and Card Services within 90 days to avoid tax implications.</td>
</tr>
<tr>
<td>HCOM – Nonemployee Reimbursement</td>
<td>Best practice – within 90 days or the same fiscal quarter as expense was incurred</td>
<td></td>
</tr>
<tr>
<td>Vendors</td>
<td>Process upon receipt of invoice</td>
<td>Harvard’s payment terms are normally 30 business days from invoice date.</td>
</tr>
</tbody>
</table>
**Timely**

**Harvard employees:** Concur reports must be electronically approved and submitted to Travel and Reimbursements using the below time table.

**Non Harvard employees:** While reimbursements to non-employees are not technically bound by the same 90-day deadline, Harvard encourages units to pay non-employee expenses in the same fiscal quarter as they are incurred.

<table>
<thead>
<tr>
<th>Days after trip or transaction date</th>
<th>Result</th>
</tr>
</thead>
</table>
| 0-90                              | • No tax implications  
  • Expenses on Corporate Card should be paid by statement due date |
| 91-182                            | • Expenses treated as income to employee – must be processed as additional pay with taxes withheld  
  • May NOT be grossed up  
  • Corporate cards should be processed before 90 days to avoid non-reimbursable late fees |
| 183+                              | • Expenses may NOT be paid with University funds |
Who to Set Up as a Vendor

Who should be set up as a vendor?

- Individuals or entities offering goods or services, other to Harvard.
  - Prior to any formal agreements being made, schools or units must confirm an individual or vendor is legally allowed to be paid by Harvard.
  - Individuals or non-corporate business entity (i.e., LLC) providing services must have gone through the classification process as independent contractors. See the Independent Contractor Policy

- For the most part, non-benefits eligible employees are set up as vendors in the HCOM system.
- In rare instances, a Harvard employee may be paid for a service via HCOM (e.g., services unrelated to their current job).
- Nonemployees receiving reimbursements for a valid Harvard business expenses (qualified, non-taxable).

Vendor Types

- Individual – U.S. Citizen or U.S. Permanent Resident
- 1099 Employee – Reportable Income for University employees
- 1042S - Individual – Non U.S. Citizen
- Vendor
  - U.S. Sole Proprietorship
  - U.S. or Foreign Corporation
- Harvard Registered Student – U.S. Citizen
- Harvard Business Expense (BER) – Foreign
- Temporary Vendor
- U.S. or Foreign Partnership LLC
- U.S. or Foreign Government Agency
Harvard Business Expense Reimbursements

For Harvard to reimburse an expense without tax implications, the expense must be:
• Ordinary – common and accepted in the normal course of University activities;
• Necessary – appropriate in nature and amount; and
• Business-Related – not a personal expense.
• A complete business purpose and receipts (who, what, when, where, why) is required.

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Pay Group</th>
<th>Common Object Codes</th>
<th>Reimbursement System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly Trades</td>
<td>SPC, WPT, WRT</td>
<td>6080, 6090</td>
<td>Concur</td>
</tr>
<tr>
<td>Bi-Weekly Employees (OT Eligible and Exempt)</td>
<td>POU, PON, PFX</td>
<td>6050, 6070</td>
<td>Concur</td>
</tr>
<tr>
<td>Monthly Faculty</td>
<td>MFC</td>
<td>6010-6030</td>
<td>Concur</td>
</tr>
<tr>
<td>Internal Post Docs</td>
<td>MIP</td>
<td>6150, 6152</td>
<td>Concur</td>
</tr>
<tr>
<td>Weekly Temps</td>
<td>WTM</td>
<td>6110, 6120</td>
<td>HCOM</td>
</tr>
<tr>
<td>(includes work-study)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Teaching Fellow</td>
<td>MTF</td>
<td>6140</td>
<td>HCOM</td>
</tr>
<tr>
<td>External Post Doc</td>
<td>MEP</td>
<td>6450, 6452</td>
<td>HCOM</td>
</tr>
</tbody>
</table>

Generally, this group is reimbursed via Concur.

This group is set up as a vendor in the HCOM system.
Procurement Policy
Key Elements of Procurement Policy and Related Resources

Procurement Policy

• Conflict of Interest Standards
• Special Purchases
• Use of Harvard Preferred Vendors (list found at Strategic Procurement website)
• Tax Exemptions
• Required Practices for Purchases with Federal Funds, Including
  • Vendor Justification Form (VJF)
  • Debarment Form
• Best Practices for all Purchases, Including
  • Small and Small Disadvantaged Business
  • Wasteful or Duplicate Purchases
  • Record Retention

Other Procurement Related Policies

• Financial Management of Property, Plant and Equipment (≥$5,000).
• Software Policy – Upcoming – when to capitalize or expense.
## Summary of Purchasing Procedures for Standard Purchases

*(Excluding Special Purchases)*

Schools or Units may have more restrictive requirements; contact your Finance Office for guidance.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>REQUIRED for Federal Funds (100000-199999)</th>
<th>BEST PRACTICE for Non-Federal Funds (all other funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Micro Purchase</strong></td>
<td>University recognized Preferred Vendors are encouraged</td>
<td>University recognized Preferred Vendors are encouraged</td>
</tr>
<tr>
<td>$0-$10,000</td>
<td>Schools are responsible for timely removal of expenses from federal awards if a supplier is identified as debarred (cost-share funding also applies). Download and save a pdf showing no active exclusions from the System for Award Management (SAM)</td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
</tr>
<tr>
<td></td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
<td>Self-approval for purchase up to $2,499.99 is allowed, but not recommended</td>
</tr>
<tr>
<td></td>
<td>No self-approval is allowed on federal funds</td>
<td></td>
</tr>
<tr>
<td><strong>Small Purchase</strong></td>
<td>University recognized Preferred Vendors are encouraged</td>
<td>University recognized Preferred Vendors are encouraged, OR</td>
</tr>
<tr>
<td>&gt;$10,000-$250,000</td>
<td>Electronic VJF must be completed in HCOM (paper VJF may be completed at the school’s discretion),</td>
<td>Should obtain a minimum of 2 but recommend 3 written quotes (email is allowable)</td>
</tr>
<tr>
<td>Simplified Acquisition Threshold (SAT)</td>
<td>o Non-Preferred Vendors require a minimum of 2 but recommend 3 written quotes (email is allowable)</td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
</tr>
<tr>
<td></td>
<td>o Back-up documentation regarding vendor selection justification, (quotes, explanation around sole source vendors etc.) must be kept on file</td>
<td>For purchases ≥ $25,000: before Harvard makes a purchase commitment purchaser should obtain a signed Debarment Certification Form or have debarment language included in a contract or keep on file a pdf showing no active exclusions from the System for Award Management (SAM).</td>
</tr>
<tr>
<td></td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For purchases ≥ $25,000: before Harvard makes a purchase commitment purchaser must obtain a signed Debarment Certification Form or include debarment language in the contract.</td>
<td></td>
</tr>
<tr>
<td><strong>$250,000-$699,999</strong></td>
<td>Same as above, AND</td>
<td>Same as above, AND</td>
</tr>
<tr>
<td></td>
<td>Must conduct a formal written bid process,</td>
<td>Should obtain a minimum of 2 but recommend 3 written quotes.</td>
</tr>
<tr>
<td></td>
<td>If a competitive bid, vendor selection should be awarded to the bidder whose proposal is most advantageous to the program with price being one of the factors. Sealed bids must select the vendor that meets the requirements &amp; has the lowest bid</td>
<td>Payments ≥ $250,000 require electronic approval of Tub Financial Dean or Designee and Strategic Procurement</td>
</tr>
<tr>
<td></td>
<td>Purchaser must complete sections A &amp; C on the VJF.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payments ≥ $250,000 require electronic approval of Tub Financial Dean or Designee and Strategic Procurement</td>
<td></td>
</tr>
<tr>
<td>≥$700,000+ \ ($1.5M for construction)</td>
<td>Same as above, AND</td>
<td>Same as above, AND</td>
</tr>
<tr>
<td></td>
<td>Purchaser must develop minority vending goals &amp; complete Individual Subcontractor Reports (ISR) &amp; Summary Subcontract Reports (SSR) &amp; submit subcontracting plan if required by RFP</td>
<td>Should obtain a minimum of 2 but recommend 3 written quotes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payments ≥ $250,000 require electronic approval of Tub Financial Dean or Designee and Strategic Procurement</td>
</tr>
</tbody>
</table>
Gifts and Celebratory Events
What is a gift?

The IRS has many rules that restrict gifts to employees and nonemployees. If a gift does not follow these rules, the value of the gift may be reportable and/or taxable to the individual.

**Employees**

Gifts to employees must be for an allowable reason:

- Work-related achievement
- Sympathy upon the death or serious illness of an employee or employee’s immediate family member

Gifts to employees that are not allowable:

- Disguised wages
- To be given in recognition of personal events or achievements unrelated to work (e.g., birthdays, weddings, baby showers, housewarming) or in recognition of holidays rather than work-related achievement

**Nonemployees**

Gifts to nonemployees must be motivated by detached or disinterested generosity or respect, admiration, charity or like sentiment. Gifts to nonemployees **may not** be given in lieu of payment for services or as a quid pro quo (this for that).
Gifts to Employees

Work-related Achievement:
Acknowledgment of outstanding performance
- When is it appropriate to give an employee a gift rather than a bonus?
  - Employee gifts for work-related achievements must be minimal in value ($100 or less), occasional, and are expected to reward an employee for an immediate, short-term task or accomplishment. Gifts cannot be disguised earnings, i.e., in lieu of overtime pay or retroactive pay.
  - Check with your Human Resources Office for details on any established program in your school or unit.

Service Milestone or Retirement
- Allowable every five years
- May go up to $400 as nontaxable
- FAS participates in milestone programs, so the above applies, any additional gifts should be modest in scope to avoid possible tax implications since gift thresholds are cumulative across all of Harvard.

Sympathy
Can be flowers, fruit arrangement or similar
Donation in Lieu of flowers is allowable
- May require Administrative of Financial Dean approval
- Gifts must be made on behalf of a Harvard department not an individual (e.g., On behalf of the Controller’s Office)
- Per IRS regulations, flowers must adhere to $100 threshold. Anything over $100 is considered 100% taxable.
Celebratory or Morale Building Events

Modest amounts from appropriate funding sources to recognize employees or a department are allowable under certain circumstances.

- Celebrations for departing or entering employees
- Occasional employee morale-building events (e.g., department wide luncheon, summer employee picnic, etc.)
- Holiday/Seasonal Parties
- Mark achievement of a major department goal
- Should be occasional, **not more than quarterly**
Gifts to Nonemployees

These gifts should be motivated by detached or disinterested generosity or respect, admiration, charity or like sentiment. Gifts may not be given in lieu of payment for services or as a quid pro quo (this for that).

- Gifts must be valued at $100 or less
- Both tangible gifts and gift certificates are allowable
- Totals cannot exceed $600 or more in a calendar year
- Students who have held a Harvard job in the current year are considered employees and the gift is taxable.

Gifts to Donors

- Should stay within the $100 threshold if at all possible
- If exceed the threshold, follow school or unit guidelines
- Cannot exceed $600 in a tax year

Human Subject Payments

- Thresholds mirror the Human Subject Payment Policy

Host/ess Gift

- Employees who stay in a private residence with relatives or friends while traveling on business may be reimbursed for one appreciation gift for their host per visit, valued at $100 or less (including tax or any other charges).
Gifts to Nonemployees, continued

Crimson Cash
• Crimson Cash Cards or additions to Crimson Cash accounts are considered a form of gift certificate and allowable up to $100 for students, not allowed for employees.

Random drawings or door prizes
• Random drawings or door prizes are not considered gifts but should follow the same thresholds. IRS treats raffles as a form of lottery which is taxed differently than a gift.
• Survey that allows participates to put their name in for a random drawing.
Accounting for Gifts

**Charge Appropriate Funding Source**

- Federally sponsored funds must never be used to charge employee or nonemployee gifts.
- Non-federally sponsored funds may be used only if the expense is allowable under the terms of the award.
- Restricted funds may be used only if within the fund terms.
- Departmental unrestricted funds may be used at the discretion of the department, if the budget allows and within the boundaries of this policy.

**Gifts to Harvard Staff from 3rd Parties**

Harvard personnel must avoid an actual or perceived conflict of interest when accepting gifts from third parties in connection with their Harvard work. Employees who make purchasing decisions are encouraged to use particular care when accepting gifts from vendors.

Employees should notify their supervisor when they are given a gift of greater than nominal value (meaning an item more substantial than standard giveaway items like t-shirts, keychains, mugs, etc.) from a third party in connection with their Harvard work. Local policies may apply; contact your tub Finance Office for more information. See the [Policy on Conflicts of Interest and Commitment for Senior Staff](#) for additional guidance.
# Taxability of Gifts to U.S. Citizens, Residents and Nonresident Aliens

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Is the gift taxable to the recipient?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong></td>
<td><strong>Nonemployee</strong></td>
</tr>
<tr>
<td>An employee is defined as an individual who has held a Harvard job (whether benefits-eligible or not) in the current calendar year or will receive a W-2 or 1042S. This includes individuals on the temporary, weekly payroll (student or non-student).</td>
<td>A nonemployee is defined as an individual who has not held a Harvard job (whether benefits-eligible or not) in the current calendar year. This include students, nonemployee fellows, or others. Stipendees are not considered employees.</td>
</tr>
</tbody>
</table>

### Faculty or Staff
- Holds/held a job at Harvard in the current tax year.

### Harvard Students
- Have not held a Harvard job in the current tax year.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>YES</th>
<th>NO (e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and gift certificates for any amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible personal property— occasional (a) $100 or less</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Tangible personal property valued greater than $100 (b)</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Tangible personal property valued at $400 or less for longer-service employees’ service milestone or retirement gifts (c)</td>
<td>NO</td>
<td>N/A</td>
</tr>
<tr>
<td>Tangible personal property valued over $400 (d) for longer-service employees’ service milestone or retirement gifts.</td>
<td>YES</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Purchasing Card - PCard
Purchasing Card - PCard

What is the PCard?
PCards are generally used for low-dollar, high-volume, non-travel business expenses that cannot be purchased via HCOM.

Who can request a PCard?
Employees: with proper approvals
Other individuals: the following individuals may apply for a Harvard Purchasing Card at a school or unit’s discretion:
  • Affiliated hospital employee
  • Harvard University graduate student
  • Harvard University undergraduate student (requires Financial Dean approval; student must purchase routinely for the University)

The following individuals CANNOT apply for a PCard:
  • Monthly External Post-Doctoral Students (MEPs)
  • Non-employee consultants and other contractors
Responsibilities for PCard Holders

Understand cardholder responsibilities
  • Read and understand the full PCard Policy
  • Take the PCard and ROPPA training modules on the Harvard Learning Portal

Safeguard the PCard

Make allowed, Harvard University business purchases only
  • Use Harvard’s tax exempt status when making purchases

Get receipts for purchases
  • University policy requires receipts ≥ $75
  • Local/sponsor policy may be more restrictive

Review charges weekly
  • Cardholders must review their charges weekly and provide a detailed business purpose for each transaction.
  • While Cardholders may delegate detailed review to a designee, Cardholders remain responsible for all charges on their card.
  • Even if detailed review is delegated, Cardholders should still ensure all charges are familiar and reasonable. Cardholders can do this in various ways, for example, by logging into the PCard Settlement System.
  • Each business purpose must include the who, what, why, where, when

Provide documentation to reviewers promptly

Cancel your card if you leave your department or Harvard
Responsibilities for PCard Reviewers

Understand Reviewer responsibilities before performing duties
• Read and understand the full PCard policy
• Take the PCard and ROPPA training modules on the Harvard Training Portal

Review PCard transactions before the weekly sweep
• Must be an allowed legitimate University PCard expense
• Has a complete business purpose (who, what, why, where, when)
• Has supporting proof-of-purchase documentation from cardholder
• Be aware of personal and administrative misuse

Keep required documentation

Address any unreviewed charges and resolve any outstanding charges for terminated employees

Appoint backup approvers, as appropriate
Responsibilities for PCard Administrators

Understand both cardholder and reviewer responsibilities

- Read full PCard Policy
- Complete PCard and ROPPA training

Program Administration

- Manage and submit applications
- Coordinate with Card Services for cancelation of lost/stolen cards and cancelation of cards for terminated employees
- Monitor credit limits and ensure changes are approved by departments
- Monitor declined charges and ensure compliance with PCard policy
- Determine access rights to PCard settlement system
- Authorize and request PCard reviewer access in Oracle
Quick Reference – Sample Timeline for PCard Procedures

The University PCard policy establishes cardholder and Reviewer responsibilities as well as tub and central responsibilities. Failure to follow PCard policy may lead to PCard privileges being revoked.

What are the key points of the policy?
- PCard holders (or their designee) must enter a detailed business purpose for all PCard transactions.
- Someone other than the PCard holder must review transactions in the PCard settlement system.
- All PCard holders must take an on-line PCard training course.
- The PCard Tub Administrator must perform a quarterly audit.

Responsibilities

<table>
<thead>
<tr>
<th>PCard Holders</th>
<th>PCard Reviewer (Departmental Reviewer)</th>
<th>PCard Tub Administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weekly</strong></td>
<td>Thursday by 12:00</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Cardholder or designee reconciles transactions in the PCard system against sales receipts, fills in a detailed business purpose for each transaction, and reviews and changes the general ledger account coding where appropriate.</td>
<td>PCard Reviewer reviews the Cardholder’s transactions in the PCard system against the sales receipts. The Reviewer edits the business purpose and general ledger account coding as necessary and marks the item as reviewed in the settlement system by Thursday at 12:00. Reviewer forwards Settlement System Report and receipts to the PCard Tub Administrator.</td>
<td>PCard Tub Administrator sends a reminder to PCard holders and Reviewers to review their PCard.</td>
</tr>
<tr>
<td><strong>Wednesday</strong></td>
<td>Thursday after 12:00</td>
<td>Thursday after 12:00</td>
</tr>
<tr>
<td>Cardholder prints a Settlement System Report and forwards it with receipts to their PCard Reviewer. Report and receipts must be received by the Reviewer by end of day Wednesday. An appropriate business purpose contains:</td>
<td>PCard Tub Administrator contacts PCard Reviewers regarding any unreviewed PCard transactions. PCard Tub Administrator does a high-level review of business purposes and coding strings to confirm they are in compliance with University policy.</td>
<td>PCard Tub Administrator contacts PCard Reviewers regarding any unreviewed PCard transactions.</td>
</tr>
<tr>
<td>Who incurred the expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What type of event, activity, or purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where the event or activity took place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When the event or activity took place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why the expense was incurred</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Questions: Please contact your PCard Tub Administrator with questions any regarding PCard policy or transactions.
## PCard Restrictions

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Advances</td>
<td>Travel and Entertainment Expenses</td>
</tr>
<tr>
<td>Gift Cards or Gift Certificates of any amount</td>
<td>• Airline, train, bus, cruise ship tickets.</td>
</tr>
<tr>
<td>Gifts over $100</td>
<td>• Travel agency charges</td>
</tr>
<tr>
<td>Hazardous materials</td>
<td>• Hotel stays</td>
</tr>
<tr>
<td>Independent Contractor Payments</td>
<td>• Gasoline for vehicles not owned by Harvard.</td>
</tr>
<tr>
<td>Mobile Devices (cell phone, etc.)</td>
<td>• Theater tickets for entertainment (tickets for academic/teaching purpose are allowed), tickets purchased from Outings &amp; Innings must be directed-billed and not PCard</td>
</tr>
<tr>
<td>Personal purchases of any kind</td>
<td>• Airline club fees or airline memberships</td>
</tr>
<tr>
<td>Prescription drugs and controlled substances</td>
<td>• Rental cars including Zip car</td>
</tr>
<tr>
<td>Split transactions to circumvent the single-transaction limit</td>
<td>Cannot be used for purchasing equipment, furnishing, software of vehicles ≥ $5,000 (capital equipment)</td>
</tr>
</tbody>
</table>
Corporate Card and Travel Policy
## Types of Credit Cards Available for Harvard University Business Use

<table>
<thead>
<tr>
<th>TYPE OF CARD</th>
<th>PURPOSE</th>
<th>PROPER USES (PARTIAL LIST)</th>
<th>PROHIBITED USES (SEE SPECIFIC POLICY FOR FULL DETAILS)</th>
<th>BILLING, PAYMENT &amp; LIABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing Card</td>
<td>Issued to staff, faculty, affiliates, some graduate or undergraduate students (with financial dean approval). Low-dollar, high-volume purchases not available through HCOM.</td>
<td>- Miscellaneous supplies not available through HCOM&lt;br&gt;- Conference &amp; professional membership fees&lt;br&gt;- Subscriptions&lt;br&gt;- Taxes (including UBER) &amp; sedan services&lt;br&gt;- Business meals &amp; allowable entertainment in the Boston/Cambridge area only</td>
<td>- Personal expenses&lt;br&gt;- HCOM supplier purchases&lt;br&gt;- Travel expenses&lt;br&gt;- Cash advances&lt;br&gt;- Prescription drugs, controlled substances or hazardous materials&lt;br&gt;- Gift cards or gift certificates&lt;br&gt;- Gifts over $100&lt;br&gt;- Rental cards (includes Zip Car)&lt;br&gt;- Payments to independent contractors</td>
<td>- University billed&lt;br&gt;- Directly billed&lt;br&gt;- University liability&lt;br&gt;- Single purchase &amp; monthly spending limits</td>
</tr>
<tr>
<td>Corporate Card</td>
<td>Issued to staff &amp; faculty for reimbursable expenses incurred while traveling or conducting approved University business.</td>
<td>- Lodging&lt;br&gt;- Ground transportation&lt;br&gt;- Reimbursable meals&lt;br&gt;- Airfare&lt;br&gt;- Conference fees&lt;br&gt;- Other allowable Harvard business expenses</td>
<td>- Personal expenses&lt;br&gt;- Payments to independent contractors&lt;br&gt;- Late fees</td>
<td>- Individually billed&lt;br&gt;- Direct payment of approved expenses to Citibank via Concur&lt;br&gt;- University &amp; Cardholder jointly liable&lt;br&gt;- Payments must be made within statement date to avoid late fees, within 90 days to avoid individual tax liability&lt;br&gt;- Monthly spending limits</td>
</tr>
<tr>
<td>Declining Balance Card</td>
<td>Issued under an individual’s name (including students), but must have a Harvard employee assigned as a department program administrator. May be used for purchases associated with approved activities with set budgets.</td>
<td>- Food for on-campus meetings&lt;br&gt;- Local student transportation&lt;br&gt;- Tickets to approved events&lt;br&gt;- Per diems for athletes&lt;br&gt;- Approved travel&lt;br&gt;- Tub can restrict spending types (MCC Codes)</td>
<td>- Personal expenses&lt;br&gt;- Payments to independent contractors&lt;br&gt;- Late fees</td>
<td>- Parent account billed&lt;br&gt;- Payment through HCOM&lt;br&gt;- University and Departments jointly liable&lt;br&gt;- Payments must be made within statement date to avoid late fees&lt;br&gt;- School/Unit sets card spending limit (does not refresh monthly)</td>
</tr>
<tr>
<td>Department Card</td>
<td>Issued under a department’s name, but must have a Harvard employee assigned as a department card administrator. May be used for travel expenses for guests &amp; employees who do not have Corporate Cards as well as department expenses which cannot be put on a PCard, purchased through HCOM or invoiced (e.g., catering deposit or hotel)</td>
<td>- Lodging&lt;br&gt;- Ground transportation&lt;br&gt;- Reimbursable meals&lt;br&gt;- Airfare&lt;br&gt;- Conference fees&lt;br&gt;- Meeting deposits &amp; charges&lt;br&gt;- Tub can restrict spending types (MCC Codes)</td>
<td>- Personal expenses&lt;br&gt;- Business supplies &amp; services eligible to be purchased via HCOM or PCard&lt;br&gt;- Payments to independent contractors&lt;br&gt;- Rental cars (includes Zip Car)&lt;br&gt;- Late fees require a letter of exception signed by Financial Dean or designee</td>
<td>- Individual account billed&lt;br&gt;- Direct payment of approved expenses to Citibank via Concur&lt;br&gt;- University and Department jointly liable&lt;br&gt;- Payments must be made within statement date to avoid late fees&lt;br&gt;- School/Unit sets monthly spending limits</td>
</tr>
</tbody>
</table>

Contact your local card administrator or see cardservices.harvard.edu for additional information or pcard@harvard.edu fad_corporatecard@harvard.edu
Harvard Issued Cards

Individuals who hold Harvard-issued credit cards (e.g., Travel & Entertainment Cards, PCards, Department Cards or other) agree to follow applicable terms and conditions of the cardholder agreement.

Two key points regarding University cardholders:

• **Harvard-issued credit cards should be used solely for Harvard business-related expenses.** Inadvertent personal use of a Harvard-issued credit card should be rare and should result in prompt identification and payment of the respective charges.

• **Cardholders are responsible for all transactions charged to their Harvard-issued credit card.** Cardholders have a responsibility for validating the reasonableness of all charges made using their Harvard-issued credit cards before submitting expense reports for payment. While detailed reconciliation, account coding and settlement of charges is most often undertaken by designated administrative staff, cardholders should confirm that all charges are proper and appropriate.

It is essential that Harvard’s resources are used prudently, in accordance with sponsored guidelines, donor expectations and within the requirements of the regulatory environment in which we operate. We are all stewards of such resources and have a responsibility to employ the highest ethical standards.

If you are unsure if an expense qualifies as a Harvard-related business expense, or need further advice on the use and oversight of a Harvard-issued credit card, please contact your local school or unit’s Finance Office.

Per Harvard’s PCard Policy and Card Application Agreements, improper use of Harvard Cards, including for personal purchases, require full reimbursement to Harvard of the amount inappropriately charged. A Cardholder may also be subject to disciplinary action up to and including termination of employment.
Travel and Reimbursement Policy

For Harvard to reimburse an expense without tax implications, the expense must be:

- Ordinary – common and accepted in the normal course of University activities;
- Necessary – appropriate in nature and amount;
- Business-Related – not a personal expense;
- Must be substantiated – documented with receipts and business purpose
- Reimbursement request must be submitted timely (90 days); regardless if charged to corporate card or out-of-pocket.
- Amount reimbursed can’t exceed actual expense

School and units may have more restrictive policies, contact your local finance office for details.

No policy can address every scenario, where unusual circumstances arise, the spirit of the policy – and the good judgement – should prevail.
Travel and Reimbursement Policy

Used Preferred Vendors

Airlines:
• Your status as a Harvard traveler entitles you to special benefits and savings, such as help with seat availability
• Greater value
• Negotiated pricing
• Duty of care
• Feeds to Harvard Travel Assist One stop shopping – one call for air, hotel and car reservations
• Help with Fly America and Open Skies Acts (requirement for federal or cost-share funds or expenses transferred to federal awards).

Car Rentals:
• Car rental vendors and/or sedan services offer discounted rates which often include the insurance coverage required by the University

Hotel Vendors:
Harvard has discounts at local properties in the Cambridge and Boston area, as well as with select chains including:
• Choice Hotels – 20% off best available rate - Cambria Hotels, Ascend, Comfort In and Suites, Quality In Sleep Inn etc.
• Club Quarters – offers low “fixed” rates to member organizations
• Wyndham - up to 20% off the best available rate
## Flights – Not charged to Federal Awards

<table>
<thead>
<tr>
<th>Scheduled air time (^{(1)}) of trip is six (6) hours or less AND will not be charged to a federal award</th>
<th>Scheduled air time (^{(1)}) of trip is more than six (6) hours AND will not be charged to a federal award</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic Air Travel inside the contiguous 48 United States</strong></td>
<td>Lowest-priced non-stop economy class airfare only</td>
</tr>
</tbody>
</table>
| **Air Travel Involving**  
  • Alaska  
  • Hawaii  
  • Canada  
  • Mexico  
  • U.S. Territories and Possessions\(^{(2)}\) | Lowest-priced non-stop economy class airfare only  
  Lowest-priced non-stop business class if permitted by local policy and budget |
| **Air Travel Involving an international location OTHER THAN Canada and Mexico** | Lowest-priced non-stop business class if permitted by local policy and budget |

\(^{(1)}\) Air time means the amount of time a traveler is in the air. The air time of connecting legs can be added together to yield the total air time of a trip. Time spent on a stopover/layover does not count towards total air time.

\(^{(2)}\) U.S. Territories and Possessions: Puerto Rico, American Samoa, Guam, the U.S. Virgin Islands and Baker, Howland, Kingman Reef, Jarvis, Johnston, Midway, Palmyra, and Wake Islands.
Flights – Charged to Federal Awards

Harvard’s air travel restrictions differ depending upon the source of the funding used for travel: federal vs non-federal. Generally, travel on federal funds is more restrictive.

Lowest economy fare class on U.S. Air Carriers is required for travel charged to federal awards. Non U.S. Carries are allowed only with approval of the Fly America Travel Reimbursement Exception Form.

Business class or upgraded economy travel is NOT allowed as a direct charge to a federal award unless an exception is approved using the Federal Lowest Economy Airfare Travel Reimbursement Exception Form. To qualify one of the following must be met:

- Requires circuitous routing;
- Requires travel during unreasonable hours;
- Excessively prolongs the travel;
- Results in additional costs that offset savings;
- Cannot reasonably accommodate the traveler’s medical needs.
Individual Meals
• Travelers will be reimbursed for reasonable individual meal expenses while traveling on University business. Travelers are expected to use their best judgement when incurring meal expenses.
• Per IRS regulations, the University does not reimburse individual meal expenses for one-day travel, except when the travel time is greater than 12 hours.
• Itemized receipts for individual meals are encouraged regardless of amount.

Business Meals
• Business meals are meals with faculty, staff, students, donors, or other external parties during which specific documented business discussions take place.
• The business purpose for the meal expense must include the names of all attendees (if fewer than five guests; otherwise list the total number of guests), their connection to Harvard and the business conducted during the meal.

Alcohol
Business meals that include alcohol should have an itemized receipt, should be kept to a minimum, and must be charged to object code 8450. Alcohol is not allowed as a charge on a federal award. The following must be followed if an itemized receipt is not available.
• If the meal did not include alcohol, the reimburseree must attest that no alcohol was charged (on the receipt and in Concur).
• If the meal did include alcohol and the reimburseree can attest in writing to the alcohol cost, than the alcohol portion with applicable tax and tip must be charged to object code 8450. No alcohol may be charged to a federal award.
• If alcohol was included and the reimburseree cannot attest to the alcohol cost, then no portion of the meal cost can be charged to a federal award. For all other funding, the invoice should be prorated with a percentage of the alcohol charged to object code 8450. Schools may set their own prorated amounts as long as they are consistent, usually between 20-35% for alcohol and the balance for the meal.
Hotels and Housing

- Travelers are expected to stay in standard, single-occupancy rooms where available.
- Exercise fiscal responsibility when choosing hotels.
- It is strongly recommended that travelers book lodging with one of Harvard’s preferred vendors.
- Travelers may stay in rental accommodations (e.g., VRBO or Airbnb) if the total cost is less expensive than a hotel stay in a standard, single occupancy room. Harvard does not recommend Airbnb stays, however. If travelers choose to stay in a rental accommodation, they must provide documentation of the rental accommodation’s lower cost.

Not allowed

<table>
<thead>
<tr>
<th>Charges for room-upgrade or guest club fees. Free upgrades are allowed, but must be noted on the report to avoid confusion when auditing.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rooms purchased through frequent-guest credits.</td>
</tr>
<tr>
<td>Personal expenses like in-room movies, golf fees, or health club/exercise room fees.</td>
</tr>
<tr>
<td>Lodging for trips of less than 50 miles one-way (determined from the traveler’s place of business, not home) unless for business-related extenuating circumstances</td>
</tr>
</tbody>
</table>
Travelers are expected to use fiscal responsibility when traveling to and from air, bus, or rail terminals.

Taxis/Uber/Lyft, etc. are common choices; travelers should also consider public transportation options and shuttle services.

Private sedans, Uber Black, or other car services may not be used to attend meetings on or around campus. Limousine expenses are prohibited.

Personal car is allowable when the expenses do not exceed the cost of rental or cabs.
- Gas expenses will not be reimbursed in lieu of miles.
- Insurance on a personal car, and any liability from inadequate insurance coverage, is the responsibility of the traveler, not the University.
- Travel to and from the airport using a personal car may be reimbursed.

Rental Car
- Use a preferred vendor when possible.
- Use Harvard’s corporate account numbers to receive negotiated rates and insurance coverage.
- Select a vehicle class that is consistent with business needs (usually a compact or mid-size).
- Free vehicle upgrades are often available through Harvard’s preferred vendors. Free upgrades should be noted in the reimbursement request.
External Organizations

Payments by outside organizations

• Individuals should not seek payment from Harvard for business-related expenditures that will be reimbursed from another source. Where travel and other expenses will ultimately be paid by a third party, travelers should seek reimbursement directly from the third party.

• Under extenuating circumstances, such as uncertainty regarding the outside organization’s willingness to pay or a multi-leg trip with expenses payable by Harvard and an outside entity commingled, Harvard may reimburse an individual for some or all expenses with Financial Dean approval.

• Under no circumstances will Harvard provide up-front payment for expenses that are not related to University business, even if the recipient intends to later reimburse Harvard.
Common Errors

Reimbursement requests are often returned or rejected because of...

- Missing or insufficient detailed business purpose (e.g., Travel)
- Missing Receipts over $75.00 or no signed Missing Receipt Affidavit (MRA)
- Missing required receipts (hotel folio) or attachments which do not meet receipt requirements (e.g., a trip summary that does not show ticket payment).
- Nonemployee reimbursement
  - Processed as a Payment Request (PR) rather than a Non-Employee Reimbursement (NR)
  - Missing reimbursee’ s signature
- Per Diem limits are exceeded
- Expenses are taxable to an individual
  - Sympathy flowers to an employee exceed $100
  - Gift certificate to an employee
- Expenses exceeding 90 days which do not include the appropriate additional pay form
- Corporate card payments which are taxable must include
  - Add Pay form with “No Check Required” written on the top of the form
  - Add Pay form and associated receipts included in the Concur expense report header
  - The “Includes additional pay” box is checked at the expense report header in Concur
Reference Materials

Business Expense Reimbursements Policy
Definition of Receipts
Employee and Nonemployee Gifts and Celebratory Events
Fellowship Payments and Reimbursements for Students and Non-employee Postdocs/Fellows
Fellowships Toolkit
Fraud Awareness and Reporting
GLACIER Instructions
Harvard Training Portal
Honoraria and Reimbursements for Foreign Nationals
Independent Contractors
Policy on Responsibilities of Purchasers, Preparers and Approvers
Harvard Training Portal – On-Line Training - Introduction to ROPPA
Reference Guide for Purchasers and Reimbursers
Sponsored Program Policies
Training Portal
Travel Policy
Vendor Set Up Materials

For policy questions contact your local finance office or financialpolicies@harvard.edu
Accounts Payable/HCOM: ap_customerservice@harvard.edu
For questions regarding vendor setup: 617-495-8500 option 3 or vendorsetup_ufs@harvard.edu
For questions regarding the GLACIER see: “Nonresident Alien Tax Compliance” website https://nratax.oc.finance.harvard.edu/ or contact the Nonresident Alien Tax Compliance at 617-495-8500 option 5 or nratax_ufs@harvard.edu.
Appendices

- Vendor Types
- Vendor and Visa Type Inactivation Dates
- How to Look Up Vendor Expiration Dates
- W-9 Form Sample
- Expenses and What Could be Considered Taxable or Reportable
- Common Reimbursement Questions
- Miscellaneous Expenses – Allowable and Unallowable
# Vendor Types

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>REQUIRED INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual - US Citizen or Permanent Resident</strong>&lt;br&gt;US Citizen or green card holders – may include fellows, independent contractors, and invited guests - Considered a 1099 vendor.</td>
<td>- Name&lt;br&gt;- Email Address*&lt;br&gt;- Social Security Number (SSN) (do not request via email)&lt;br&gt;- Remit-to address&lt;br&gt;- Permanent legal address (if different)&lt;br&gt;- Completed <strong>W-9 form</strong> with Vendor Request ID</td>
</tr>
<tr>
<td><strong>1099 Employee – Reportable Income</strong>&lt;br&gt;Employee with tax-reportable income that is earned while providing a service that is <strong>unrelated</strong> to job responsibilities (e.g., Accounting Assistant hired as a harpist at a Holiday party)</td>
<td>- Name&lt;br&gt;- Harvard ID&lt;br&gt;- Email Address*&lt;br&gt;- Social Security Number (do not request via email)&lt;br&gt;- Remit-to address&lt;br&gt;- Permanent legal address (if different)&lt;br&gt;- Completed <strong>W-9 form</strong> with Vendor Request ID</td>
</tr>
<tr>
<td><strong>Individual - Non U.S. Citizen</strong>&lt;br&gt;A non-US permanent resident individual - Considered a 1042S vendor. Individual must supply immigration documentation that allows them to work in the US. This includes Harvard Students who are not U.S. Citizens. The <strong>Foreign Individual Vendor Request Form</strong> may be completed and requests all the required information. <strong>GLACIER</strong> Email is sent to individuals with all visa types except “NE – No Entry”</td>
<td>- Name&lt;br&gt;- Email Address&lt;br&gt;- VISA Type - If individual is entering the U.S., list a VISA type (use N/A if individual is entering U.S. but you do not know visa type.) If individual is not entering the U.S. and only being paid foreign sourced income, select NE – No Entry (which remains active for 90 days)&lt;br&gt;- SSN or ITIN (if none, enter N/A), and Foreign Tax ID&lt;br&gt;- U.S. mailing address (if in the U.S.) and Permanent legal foreign address&lt;br&gt;- Individual will receive an email from <strong><a href="mailto:support@online-tax.net">support@online-tax.net</a></strong> for all visa types except NE and must complete information in GLACIER; an online tax system, before their payment can be processed. Individual must send completed tax summary page and documentation to Nonresident Alien Tax Compliance Office.</td>
</tr>
</tbody>
</table>

See [Checklist Oracle Vendor Form](#) and [Using the Vendor Request Form](#) for additional information.
# Vendor Types

<table>
<thead>
<tr>
<th>Vendor Type</th>
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</tr>
</thead>
</table>
| **Harvard Registered Student – US Citizen**<br>An enrolled Harvard student who is a US Citizen or Green Card Holder. Considered at 1099 vendor. Do not use for Harvard Students who are not a U.S. Citizen or not a permanent resident. | • Name  
• Email Address*  
• Remit-to address  
• Permanent legal address (if different)  
• Social Security Number (do not request via email)  
• Enter “Harvard Registered Student – US Citizen” and their HUID in the notes field.  
• W-9 forms are not required for Harvard students |
| **Harvard Business Expense (BER) – Foreign**<br>If the payment is a business expense reimbursement and the individual has a visa type under which reimbursements may be received than they may be set up as vendor type BER. No honoraria or services may be paid under this vendor type. This type of payment is considered a Harvard business expense and is non-tax-reportable and is active for 90 days. No GLACIER email is sent. | • Name  
• Email Address  
• VISA Type  
• Remit-to address  
• Permanent legal foreign address (if different than remit to address)  
• SSN or ITIN (if none, enter N/A).  
• Active for 90 days only  
• When submitting the nonemployee reimbursement, the certain immigration document must be submitted with the paperwork. Details may be found on the [NRA Tax Compliance](#) website. |
| **Temporary Vendor**<br>A vendor typically set up to receive a one-time REFUND payment. This type of payment is non-tax-reportable and is active for 30 days. | • Name  
• Email Address*  
• Remit-to address  
• Permanent legal address (if different)  
• Temporary Vendors are for one-time payments and are active for 30 days. |
Vendor Types

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>REQUIRED INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below is the minimum information required to set a vendor up in the system. See checklist Oracle Vendor Form and Using the Vendor Request Form for additional information.</td>
</tr>
</tbody>
</table>

**US Vendor Types**

- **US - Sole Proprietorship**
  A type of business entity that is owned and run by one individual – considered a 1099 vendor

- **US Partnership LLC**
  A hybrid business entity having certain characteristics of both a corporation and a partnership or sole proprietorship - considered a 1099 vendor

- **US Corporation**
  Created under the laws of a state as a separate legal entity that has privileges and liabilities that are distinct from those of its members. Includes 501(3)(c) nonprofit, US colleges/universities.

- **US Government Agency**
  An organization in the machinery of government that is responsible for the oversight and administration of specific functions.

**REQUIRED INFORMATION**

- Name
- Email Address*
- SSN – for US Sole Proprietorship or Federal Tax ID/EIN – for all other US Vendor Types (do not request via email)
- Remit-to address
- Permanent legal address (if different)
- Completed **W-9 form** with Vendor Request ID

**Note:**
- Select US-Corporation if Partnerships or Trust/Estate box is checked on the **W-9**
- Select US-Partnership LLC if Partnerships or Trust/Estate box is checked on the **W-9**
- Select US-Corporation if one of the below is checked on the **W-9 form**.
  - C – Corporation
  - S-Corporation
  - Limited Liability Company
  - Exempt Payee, or
  - Other
Vendor Types

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>REQUIRED INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Vendor Types</td>
<td>Below is the minimum information required to set a vendor up in the system. See Checklist Oracle Vendor Form and Using the Vendor Request Form for additional information.</td>
</tr>
<tr>
<td>Non US Corporation</td>
<td>• Name</td>
</tr>
<tr>
<td></td>
<td>• Email Address*</td>
</tr>
<tr>
<td>Non US Partnership</td>
<td>• EIN/Tax ID Number (if applicable)</td>
</tr>
<tr>
<td>Non US Government Agency</td>
<td>• Tax Reporting Name if different from vendor name</td>
</tr>
<tr>
<td></td>
<td>• Remit-to address</td>
</tr>
<tr>
<td></td>
<td>• Permanent legal address (if different)</td>
</tr>
<tr>
<td></td>
<td>• Completed <a href="#">W-8 form</a> (if applicable) with Vendor Request ID</td>
</tr>
</tbody>
</table>

*Effective June 2018, an email address is required for all new vendor types (individual or entity). Best practice is to reference a generic contact where possible, such as a central accounts receivable email address.

Vendor set-up requestors should enter an email address in the “ReActivate Reason” or “notes to CRT” box for new sites or reactivations.
# Vendor and Visa Type Inactivation Dates

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>Inactivation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1099 Employee - Reportable Income</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Expense Reimbursement – Foreign (BER)</td>
<td>90 days from Oracle approval date</td>
</tr>
<tr>
<td>Harvard Registered Student – US Citizen</td>
<td>N/A</td>
</tr>
<tr>
<td>Individual – Non-US Citizen</td>
<td></td>
</tr>
<tr>
<td>ADVTR – Advance Travel Grant (always taxable)</td>
<td>90 days from Oracle approval date. GLACIER is generated</td>
</tr>
<tr>
<td>NA – Not Available/Unknown</td>
<td>Will be switched to actual visa type &amp; end date upon receipt of GLACIER</td>
</tr>
<tr>
<td>NE – No Entry</td>
<td>90 days from Oracle approval date</td>
</tr>
<tr>
<td>NE-RC – No Entry for Royalty/Copyright Payment (always U.S. sourced)</td>
<td>2 years from Oracle approval date after GLACIER is received</td>
</tr>
<tr>
<td>All other visa types</td>
<td>Based on immigration documentation end dates with GLACIER submission</td>
</tr>
<tr>
<td>Individual: US Citizen/ Perm Res.</td>
<td>N/A</td>
</tr>
<tr>
<td>Temporary Vendor</td>
<td>30 days</td>
</tr>
<tr>
<td>Vendor – US - Sole Proprietorship</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor – US Partnership LLC</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor - US Corporation</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor –US Government Agency</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor – Non US Corporation</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor – Non-US Partnership</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor – Non-US Government Agency</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Looking up Vendor Expiration Dates

The VISA Expiration Date shows the expiration date for the current immigration documentation on file. These dates also appear in the Inactive Date column. Please review vendor type to confirm payment is allowable (i.e. no income payment on BER Foreign Vendor).
What could be considered taxable or reportable?

**Unallowable:** Personal expenses of any kind (e.g., services, goods, credit card annual fees, rewards, and finance charges – even if the purchaser intends to reimburse Harvard for the cost of the purchase).

Common examples of payments that must be processed as taxable include:

- **Late Reimbursement (LRB):** Late reimbursements apply to Harvard employees whose electronically-approved reimbursement requests are received by Travel, Reimbursements and Card Services 91-182 days after the expense has been incurred or trip end date. All expenses with a transaction date greater than 183 days will not be reimbursed.

- **Gift Certificates/Gift Cards:** Gift certificates/cards of any amount are ALWAYS taxable income to an employee (this includes students who will receive a W2 in a current tax year). Gift certificates/cards over $100 may be taxable to nonemployees. See the Policy on [Gifts and Celebratory Events for Employees and Nonemployees](#) and the [Gift Policy Updates and FAQs](#) for additional information.

- **Gifts over Certain Thresholds:** Tangible gifts over $100 are taxable. Employee gifts given for longer-service or retirement valued over $400 are taxable.

- **House Hunting or Moving Expenses:** Effective January 1, 2018, payments to an individual or a vendor (e.g., moving company) are taxable to an employee.

- **Other Taxable Payments:** Examples of other taxable payments may include VISA or passport fees for family members, legal fees regarding house closings, etc.

- **3rd Party Payments:** Third party payments may include payments to a moving company for an employee move or reimbursing an individual for housing expenses (where the landlord must be flagged as receiving the income).
## Common Sources of Reimbursement Questions

<table>
<thead>
<tr>
<th>Not Reimbursable</th>
<th>Sometimes Reimbursable</th>
<th>Typically Reimbursable</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Everyday clothing and footwear (even formal wear for a University event)</td>
<td>• Expenses payable by outside organizations</td>
<td>• Software, e-books used for a Harvard project</td>
</tr>
<tr>
<td>• Home office furniture and equipment (even if used when working from home)</td>
<td>• Overnight hotel stays near campus</td>
<td>• Books that are used for a Harvard project and that will remain University property</td>
</tr>
<tr>
<td>• Daily commuting expenses from home to regular place of work</td>
<td>• Laundry (travel restrictions)</td>
<td>• Purchase or rental of regalia for employees participating in commencement exercises</td>
</tr>
<tr>
<td>• Regular meals (i.e., not “business meals”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Personal services (i.e., barber, hairstylists, etc.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Miscellaneous Expenses

## Generally Reimbursable

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inoculations</td>
<td>Expenses related to inoculations required for business travel are reimbursable.</td>
</tr>
<tr>
<td>Passports and Visas</td>
<td>Expenses related to visas and/or passports required for University business travel are reimbursable.</td>
</tr>
<tr>
<td>Hotel Internet Connections</td>
<td>Travelers will be reimbursed hotel internet-connection charges that are reasonable and necessary for conducting University business.</td>
</tr>
</tbody>
</table>

## Reimbursable with Restrictions

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laundry</td>
<td>Laundry expenses for business trips of four (4) days or less are not reimbursable. Reasonable laundry expenses for business trips of five (5) days or more are reimbursable, provided the reimbursement request has a proper detailed business purpose noting the duration of the trip.</td>
</tr>
<tr>
<td>Telephone Calls</td>
<td>Travelers will be reimbursed for phone calls that are reasonable and necessary for conducting University business, and that result in incremental out of pocket cost to the traveler. Travelers are expected to use the most economical means of making phone calls while traveling on business. Reimbursement requests with telephone-call expenses must be accompanied by a hotel or phone bill showing itemized call information. Expenses for calls made from airplane phones (&quot;airphones&quot;) are not reimbursable except in emergencies or extenuating circumstances. Cell phone/smartphone use when traveling abroad can become cost prohibitive if you are not equipped with the correct plans and tips for minimizing cost. HUIT Telecom Operations has developed mobility guides with essential step by step instructions to ensure that you minimize cell phone costs for both voice and data while traveling abroad. For more information, see the Cell Phone Travel Checklist to make sure you are ready to take your cell phone/smartphone abroad.</td>
</tr>
<tr>
<td>Entertainment expenses*</td>
<td>Individual entertainment expenses while traveling (in-room movies, etc.) are not reimbursable. However, business entertainment expenses, such as outings to theaters or cultural events, are reimbursable if the person(s) entertained has a potential or actual business relationship with the University, or if the business discussion will directly benefit the University. Employees must also follow any local policy when incurring entertainment expenses; an individual with questions must contact his or her financial dean’s office. Entertainment expenses must be charged to object code 8450.</td>
</tr>
<tr>
<td>Individual meal expenses while traveling</td>
<td>Travelers will be reimbursed for reasonable individual meal expenses while on University business. Harvard will not reimburse for excessive meal costs that are not substantiated by a complete and explanatory business purpose. Per IRS regulations, the University does not reimburse individual meal expenses for one-day travel except when the travel time is greater than twelve (12) hours. Per diem rates may not be used for one day travel.</td>
</tr>
<tr>
<td>Business meals with others while traveling</td>
<td>Business meals are defined as meals with faculty, staff, students, donors, or other external parties during which specific documented business discussions take place. Travelers must exercise fiscal responsibility when choosing restaurants; travelers should avoid high-end establishments unless circumstances dictate that such a choice is appropriate, as when conducting University business with a major donor or foreign dignitary. Harvard will not reimburse for excessive meal costs that are not substantiated by a complete and explanatory business purpose.</td>
</tr>
<tr>
<td>Alcoholic beverages*</td>
<td>Alcohol purchased at business meals should be kept to a minimum, and must be charged to object code 8450 (expenses ineligible for federal reimbursement). Some local policies may have greater restrictions on the purchase of alcohol; travelers with questions must contact their local financial dean’s office for details.</td>
</tr>
<tr>
<td>Nonstandard fundraising expenses</td>
<td>The University recognizes the unique nature of certain travel, entertainment, and non-travel business expenses incurred for fundraising and development activities. If these activities necessitate a deviation from stated policies, the individual must attach a brief explanation to the completed report or expense form. A letter from a Financial Dean is not required, except in the case of first-class air travel. The business purpose must indicate that the expenses are directly related to development activity.</td>
</tr>
</tbody>
</table>

## Not Reimbursable

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-room charges, etc.</td>
<td>The University will not reimburse travelers for personal expenses, such as, but not limited to, in-room video rentals, in-room alcoholic beverages, and recreational charges (such as golf fees or exercise–room/health-club fees).</td>
</tr>
</tbody>
</table>