

**HARVARD**  
FINANCIAL ADMINISTRATION



# **Responsibilities of Purchasers, Preparers and Approvers (ROPPA) Policy**

Office of the Controller

Karen Kittredge, OC, Manager Policy and Business Process

# AGENDA

- Policy Overview
- Training Requirements and Definitions
- Fundamental Concepts
  - Spend Harvard Resources Prudently
  - Prepare Transactions properly
  - Tips and Tricks
  - Review and Approve Transactions in a Timely Manner
  - Create Evidence of the Approval
- Tips and Tricks
- Resources and Appendices



# Financial Policy Website: [policies.fad.harvard.edu](https://policies.fad.harvard.edu)

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## POLICY QUICKVIEW

**Responsible Office:**  
Financial Policy Office

Date Effective: 09/2/1999  
Date Revised: 03/01/2021

[ROPPA Policy and Appendix \(pdf\)](#)  
[ROPPA Policy and Appendix \(word\)](#)

## APPENDIX

[Appendix A: Responsibilities by Role Template \(pdf\)](#)

## RELATED RESOURCES

- [ROPPA Training Requirements](#)
- [Online ROPPA Training \(PIN Protected\)](#)
- [Informational Brochure: Reference Guide for Purchasers](#)

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## Responsibilities of Purchasers, Preparers and Approvers

NOTE: For individuals in the Buy-2-Pay system:

- B2P Requestor should take the "Prepare" role as it is most relevant
- B2P Approvers should take the "Approver" role as it is most relevant

### Policy Statement

One of Harvard's fundamental internal controls is the proper review and approval of transactions. Preparing or approving any part of a transaction is a significant responsibility. This policy defines and codifies the responsibilities of individuals who spend Harvard funds and who prepare and approve transactions. 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. All requisitions must be prepared properly with adequate support and be reviewed and approved by designated individuals. ***If a transaction has multiple approvers, every approver is accountable for the elements of the transaction that he or she approves.***

### Reason for Policy

Harvard has an obligation to safeguard its resources, adhere to donor and sponsor terms, and comply with all internal policies and external regulations.

March 1, 2021 Policy updates include:

- Incorporated new financial systems and system processes
- Updated training requirements and responsibilities by role

# 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.
- All requisitions must be prepared properly with adequate support and be reviewed and approved by designated individuals. ***If a transaction has multiple approvers, every approver is accountable for the elements of the transaction that they approve.***
- These responsibilities apply to users of all financial systems and mechanisms where money leaves the University (B2P, PCard, Corporate Card, Concur, etc.)
- All new staff and postdocs who hold certain roles in the B2P, PCard, Fieldglass, and Concur system may be required to take an on-line ROPPA training course.

# Training Prerequisite by Role

## Responsibilities of Purchasers, Preparers and Approvers (ROPPA)

Role	ROPPA Training Track	Training Prerequisite
Buy-to-Pay Approvers	Approvers	Required for all new users except faculty, whose participation is at each School's discretion*  The online training may be found on the <a href="#">Training Portal</a>
Buy-to-Pay Requestors	Preparers	
Concur Approvers	Approvers	
Fieldglass Hiring Manager	Approver	
PCard Holders	Purchasers	
PCard Reviewers	Approvers	
Buy-to-Pay Shoppers	Preparers	At each School's discretion
Concur Delegates/Preparers	Preparers	
Concur Reimbursees	Purchasers	
Corporate Card Holders	Purchasers	

\*“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).



# Definitions

**Purchaser:** Anyone who commits to or incurs a financial obligation on behalf of Harvard. A purchaser may be a shopper or requestor (B2P), a traveler, reimbursee, etc.

**Preparer:** Anyone who creates a request for payment in a Harvard financial system. This may include someone who holds the role of requestor or is delegated on behalf of someone else to prepare a payment, etc.

**Approver:** Are responsible for the review of transactions submitted to them, making informed judgments about the reasonableness of those transactions, evidencing their authorization of those transactions (either on paper or online) and approval (or rejection) in a timely manner.

Note that the approver of a transaction may or may not be the person who clicks the “approve” button in Harvard’s financial system; some tubs or units may have approvers who review and sign off on transactions on paper.

# Fundamental Concepts

Regardless of an individual's role or which system/mechanism they are using, there are a few key things to know:

## **Spend Harvard resources prudently**

- Business expense vs personal expense
- Comply with University, federal, state, fund or other policies or restrictions

## **Prepare transactions properly**

- Ensure request/request contains information that is fully descriptive of the underlying expense (who, what, where, when, why)
- Collect proper documentation – see [Definition of Receipts](#) or [Invoice Description Procure to Pay Manual](#)

## **Review and approve transactions in a timely manner**

- Approver should have sufficient knowledge to make an informed judgement that the transaction is appropriate
- 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 approve in writing





# Spending Funds Prudently

Everyone who spends Harvard funds, either directly via a purchasing system (Buy-to-Pay) or PCard, or indirectly, via Corporate Card or personal funds to be reimbursed, has an obligation to spend those funds with sound business judgment.

Things to consider:

- Is it a Harvard business-related expense and does it advance the work of the University?
- Is the purchase reasonable?
- Is the purchaser authorized to spend the funds and are there sufficient funds available for the purchase?
- Does the purchase comply with established policies and procedures including fund terms, conflict of interest policies, other financial policies?



# Business-Related Expenses

Everyone who spends Harvard funds, either directly via a purchasing system (Buy-to-Pay) or PCard, or indirectly, via Corporate Card or personal funds to be reimbursed, has an obligation to spend those funds with sound business judgment.

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

- Ordinary – common & 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 (e.g., 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.

# Payments to Individuals: Taxable until proven not!

- Any time Harvard gives money or other value to an individual or entity 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/reimbursee.
- The rules aren’t necessarily intuitive. Some expenses -- even though they relate to work – are still considered personal expenses (commuting, professional attire, etc.)

## 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

# 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, equipment or utilities

See the [Business Expense Reimbursements Policy](#)

# Prepare Transactions Properly

Employees who prepare a transaction are, at a minimum, responsible for ensuring the business purpose is complete and accurate, proper support is provided, and that the transaction is submitted or resubmitted for approval in a timely manner. Units, particularly those with centralized approval models, may place additional responsibilities on their preparers (also known as requestors, shoppers, or delegates).

Things to consider:

- Does the purchase comply with established policies and procedures including fund terms, conflict of interest policies, other financial policies?
- Is there sufficient information for a complete business purpose (who, what, where, when, why)?
- Is the appropriate supporting documentation included?
- Is there a sufficient budget or other funds to cover the expense?
- Is the correct billing code included?
- Was the information been provided and the transaction prepared in a timely manner?
- If a transaction has been returned have the questions been resolved promptly?

If you don't see something say something!

# Business Related

Ensure requestion contains information that is fully descriptive of the underlying expense (who, what, where, when, why).

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

**What** – What did the expense entail (prize, consulting, supplies, business lunch, travel, 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

Poor Example	Good Example
Presenting at Conference	RT Airfare BOS-Paris, Presenter at Indo-European Conference 7/1-13/18
Prize	Commencement Prize Highest GPA in Undergraduate Anthropology awarded 5/29/21
Grant	Student Travel Grant for personal research. Travel to India 5/1-23/21 for independent research.
Expenses related to research/development	Adobe Distiller to use in the awesome research publication designs project
Honoraria	One-time guest speaker 6/1/21 “How to Destress” Zoom talk. Speaker was in MA during lecture. Not ICQ required.



# Documentation



## Before the goods or service have been received

When creating a noncatalog order (purchase order), a quote or other approved funding commitment (signed contract, etc.) may act as the initial documentation to process the requisition. The quote or agreement should contain similar information as that required on an invoice (supplier information, estimated total amount, scope and period of work, etc.). Once the goods or service have been received, the invoice would be used to receive in B2P and request payment.

## After the goods or service have been received

**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)

- Hotel folios are required, regardless of amount
- Business meals that include alcohol should have an itemized receipt, regardless of amount
- Any purchase \$75 or over needs a receipt or invoice, but approvers are still encouraged to review receipts under \$75
- For reimbursements, an electronic or paper Missing Receipt Affidavit (MRA) is required for lost receipts ≥\$75 or for missing hotel folios. MRAs must be used as exceptions, not on a regular basis.

**What should an invoice include?** See [Procure-to-Pay Manual](#) for more details

Invoice date • Supplier name • Supplier Remit To address • Reference Harvard University/Department as the purchaser • Invoice description\* • Invoice number • Total invoice amount

- \* Invoice Description should include: Description of goods or services provided to Harvard, the location of the activity for AP to determine if tax withholding applies, Date(s) of service or activity/transaction

Invoice Best Practices:

- Include an itemized invoice showing description or quantity of goods/services, quantity / hours, and per unit price by line
- Include Harvard-generated PO Number on the invoice (generally used with noncatalog orders)





# B2P Tips and Tricks – Payment Request (PR)

- Make sure the type of transaction matches the description and invoice details (e.g., don't select "Prize/Award" as type of transaction, but note "research fellowship in the UK" in the description and the attachment is an award letter for a fellowship).
- Attach an invoice, award letter, agreement, email correspondence or in lieu of form when other documentation is not available.
- All payments to foreign entities and individuals are placed in a queue for tax review.

**Transaction Information**

Type of Transaction (Suggested Object Code) 1

- Copyright/Royalty/Licensing Fees (8570)
- Donation (8450/8454)
- Fellowship/Grant (6460-Students/6455-NonStudents)
- Honoraria/Performer/Lecturer: Inside Mass (8690/8692)
- Honoraria/Performer/Lecturer: Outside Mass
- Prize/Award (6462-Students/8693-NonStudents)
- Refund
- Other (Not Identified Above)

More Information <https://oc.finance.harvard.edu/ap-forms>

Description 2

254 characters remaining [expand](#) | [clear](#)

Internal Attachments 3

Add Attachments

	Size	Date

**Invoice Information**

Supplier Inv #

*If the supplier has provided an invoice number, enter the invoice number as it appears. Exclude: spaces, the word 'invoice', and do not use # as a prefix. If you do not have a supplier invoice number you must use the following format: SUPPLIERNAME+DD+MMM+YY (e.g. JOHNHARVARD03APR20) for an invoice from supplier John Harvard dated 4/30/20. Exclude lower case, special characters, dashes, and spaces*

Invoice Date  mm/dd/yyyy

Invoice Amount

Location of activity 4

Please select...

For more information on Location of Activity [click here](#)

Section	Description
<b>1</b> Type of Transaction	<ul style="list-style-type: none"> <li>• Select the most appropriate type of transaction.</li> <li>• Only select "Other" if the transaction does not match one of the options listed (e.g., loan forgiveness, human subject payment, consulting, etc.).</li> <li>• Selecting "Other" can delay review and processing since it goes into a larger queue for tax review.</li> </ul>
<b>2</b> Description	Put in a detailed business purpose/description (what, where, when, why). Note the location of the activity/service.
<b>3</b> Internal Attachments	Attach an invoice or in lieu of form. This documentation shows what the payment is for and why the requestor is initiating the transaction. Documentation can be an invoice, in lieu of form, agreement, contract, or correspondence that documents the business purpose (who, what, where, when, why, how).
<b>4</b> Location of Activity	Where is the service being performed, property being rented, or the location where fellowship income is expected to be utilized.



# B2P Tips and Tricks – Payment Request (PR)



The In Lieu of Form should be used only when other documentation (award letter, speaker agreement, etc.) containing invoice information is not available.  
**IN LIEU OF INVOICE FORM**

**INSTRUCTIONS:**

1. Use this form if required by your school/unit when other documentation (i.e.: supplier invoice, award letter, speaker/presenter agreement, registration form) is not available
2. Create a Payment Request (PR) in B2P
3. Invoice Number format must be the following to prevent duplicate payments: SUPPLIERNAME+DD+MMM+YY (e.g. JOHNNHARVARD03APR20)
4. Upload this form to your B2P PR

INVOICE NUMBER\*:  (25 character limit)

\*Format: SUPPLIERNAME+DD+MMM+YY (c.g. JOHNNHARVARD03APR20) for an invoice from supplier John Harvard dated 4/30/20. Exclude lower case, special characters, dashes, and spaces.

INVOICE DATE:  PAYMENT AMOUNT:

SUPPLIER NAME:  (Must match supplier name on B2P requisition.)

TYPE OF TRANSACTION:  (Line description in B2P must be as detailed as possible)

LOCATION OF ACTIVITY:  Type of Transaction (Suggested Object Code)

COUNTRY (IF OUTSIDE U.S.):

DATE(S) OF SERVICE/ACTIVITY:

The PR transaction should contain the 5W's somewhere within it. This information is normally taken from the invoice.

More Information Description

FORM PREPARED BY:

**SPEAKER AGREEMENT FOR RECORDINGS (with HONORARIUM)**

I, Patricia Bath, authorize President and Fellows of Harvard College ("Harvard") and its agents or contractors, on behalf of President and Fellows of Harvard College, Harvard Medical School Department of Ophthalmology, to make audio and video recordings by any means and in any media (the "Recordings") of my presentation, lecture, program, discussion or interview described below (the "Presentation") and to use my name, likeness, photograph and biographical information in connection with the reproduction, distribution, promotion and documentation of the Presentation and the Recordings. I understand that Harvard will credit me as the author or source of the Presentation.

Presentation Title or Description: My invention of the Laserphaco Probe: A technique and concept for cataract surgery;  
 Presentation Date: April 1, 2021  
 Location: Zoom Lecture – speaker located in London, England at time of lecture

I will retain any copyrights I may have in the Presentation. Nothing in this document will restrict me from publishing or using the Presentation as I see fit.

I agree that Harvard will own the Recordings and all copyrights and other rights therein. I agree that Harvard will have the irrevocable, worldwide right to make, copy, edit, publish, distribute, play, show, perform, display and otherwise use and make available the Recordings and any works that may be derived from the Recordings, by any means and in any media now existing or hereafter invented, and to authorize others to do the same. I also grant to Harvard the rights set out in the preceding sentence with respect to any handouts or other materials that I have provided in connection with the Presentation, with due attribution.

Harvard shall pay me an honorarium of \$500.00 to give the Presentation. In addition, Harvard shall not be responsible for any applicable taxes, including the Massachusetts Performers Tax, or for increasing the honorarium to cover any applicable tax

**Transaction Information**

- Copyright/Royalty/Licensing Fees (8570)
- Donation (8450/8454)
- Fellowship/Grant (6460-Students/6455-NonStudents)
- Honoraria/Performer/Lecturer: Inside Mass (8690/8692)
- Honoraria/Performer/Lecturer: Outside Mass
- Prize/Award (6462-Students/8693-NonStudents)
- Refund
- Other (Not Identified Above)

<https://oc.finance.harvard.edu/ap-forms>

Speaker at 4/1/21 Zoom event "my invention of the laserphaco probe." Individual was in London UK during talk

145 characters remaining expand | clear

additional payment, now or in the future, in the use and dissemination of the Recordings.

action and control, not an agent or employee of on Harvard's part. I certify that I have and will present establish my authorization, under the United States the honorarium and expense reimbursement.

isolate any copyright or other right of any other person

governed by the laws of The Commonwealth of

# B2P Tips and Tricks – Noncatalog Order

- Make sure the type of transaction matches the description and invoice details (e.g., if the invoice is for consulting in Spain, be sure to note consulting in Spain in the description).
- Select the location of activity to speed the tax review process for foreign entities.

General		Ship to & Bill to	
Cart Name	2020-10-09 70542811 01	PO Comments	<a href="#">Add</a>
Accounting Date	<i>no value</i>		
Prepared by	Karen Kittredge	<b>Ship To</b>	
Prepared for	Karen Kittredge	ATTN Name/Department Karen Kittredge Building/Room 3rd Floor - Room 336 1033 Massachusetts Ave Cambridge, MA 02138-0000 United States	
Optional Search Field	<i>no value</i>		
Requisition Description or Business Purpose	<i>no value</i>	<b>Bill To</b>	
Standing Amount Based PO	✓	Harvard University Accounts Payable Email invoices to AP_Invoices@harvard.edu P.O. Box 381588 Cambridge, MA 02238 United States	
Exclude PO from Auto-Close	✗		
		Location of Activity	<i>no value</i>

# Timely

- Regardless of role, be mindful of internal deadlines and allow sufficient lead time for processing transactions. Be mindful of 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.

Expense Type	When to Process	Notes
PCard	Weekly - Reviewers and Administrators must enter business purposes, coding and review on a weekly basis.	
Concur – Reimbursements/Payments to Harvard Employee or Citibank	0-90 days with no tax implications 91-182 – taxable to employee 183+ will not be reimbursed	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.
Buy-to-Pay – Nonemployee Reimbursement	Best practice – within 90 days or the same fiscal quarter as expense was incurred	
Suppliers	Process upon receipt of invoice	Harvard’s payment terms are normally 30 business days from invoice date.

# Review and Approve Transactions

All transactions must have an authorized approver who has sufficient knowledge to make an informed judgment that the transaction is appropriate. Ideally, an approver will have direct knowledge about the transaction or circumstances to validate the expense; if not, the approver should rely on compensating procedures to gain a reasonable level of assurance that the expense is valid. In some cases, approvers with different approval levels (tiers) may be focusing on different aspects of the payment review process

Things to consider:

- Does the purchase comply with established policies and procedures including fund terms, conflict of interest policies, other financial policies?
- Does the business purpose or other parts of the transaction contain sufficient information (who, what, where, when, why)?
- Is the appropriate supporting documentation included?
- Has the information been provided, and the transaction prepared in a timely manner?
- Is there sufficient information or does the approver have sufficient knowledge to make an informed judgment that the transaction is appropriate?
- Has there been due diligence and follow-up if there are questions and concerns and has this been documented?

If you don't see something say something!

# Approver Due Diligence

- The Approver is the last person in the chain to verify that an expense is correct
- It's up to the Approver to resolve all questions before approving a transaction
- If you are an Approver and you are unsure of whether an expense is appropriate, and within policy, there are resources to help.

Contact your Tub Finance Office, Travel, Reimbursements and Card Services, Accounts Payable, NRA Tax Team, Financial Policy Office with questions.

**If a reimbursement request wasn't rejected by Central, that doesn't necessarily mean it was correct or compliant with policy.**

# 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 reviewing and approving.



# Evidence of Approval

- An individual requesting a reimbursement must attest that the expenses are complete and appropriate. For nonemployees, a signature on an NR Form or if they cannot sign the form an email attestation included with receipts and NR Form would be allowable.

I certify that the expenditures listed below were:

- Incurred by me in conjunction with official Harvard University business,
- Are accurate and comply with all applicable University policies,
- I have included all required receipts, forms, or other required documentation,
- I am not requesting reimbursement from another other source

Reimbursee Name	Purpose of Trip or Event: Include expense dates and/or travel start/end dates and destination, if applicable	Total to be Reimbursed

- Both Buy-to-Pay and Concur have automated tracking around approval and audit systems. Use the comments fields and attachments for any additional notes, documentation or follow-ups.



# Responsibilities by Role

Updated for  
03/01/2021

Purchasers<sup>1</sup>, preparers<sup>2</sup> and approvers have related and overlapping responsibilities. Tubs are responsible for communicating responsibilities to their purchasers, preparers, and approvers. The following is a template of minimum required responsibilities by role. **At their discretion, units may place additional responsibilities on any role, Preparers in particular.**

	Responsibilities	Purchasers <sup>1</sup>	Preparers <sup>2</sup>	Approvers
1	Purchasers are responsible for ensuring all purchases are Harvard business-related, benefit Harvard, and advance the work of the University	X		
2	There is a documented business purpose description provided that clearly and completely explains the purchase i.e., includes the “who, what, why, where, when”	X	X	X
3	The business purpose is legitimate, i.e., that the expenditure is an appropriate use of Harvard funds			X
4	The purchaser is authorized to spend the funds	X		X
5	The purchase is in compliance with established policies and procedures of the School, Harvard University, and any required external regulations	X		X
6	The transaction complies with University and any applicable external (e.g., grant) conflict of interest policies	X	X	
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	X		X
8	There are sufficient budgeted or other approved funds to cover the expense	X		X
9	The amount of the purchase is reasonable (i.e., an appropriate level of spending for the circumstances)	X		X
10	Completed supporting documentation is provided to the preparer (e.g., an invoice, receipts, an email with written approval of a purchase, etc.) <b>with sufficient time for processing, review, and approval</b>	X		
11	When submitting a reimbursement, the purchaser has documented their approval of these expenses (on paper or online)	X		
12	The correct 33-digit coding, including the proper object code, is used for the expenditure		X	X
13	Perform reasonable due diligence in addressing any questions about the payment		X	X
14	The transaction is prepared and forwarded with any required documentation, to an appropriate approver <b>with sufficient time for review and approval before University deadlines</b>		X	
15	Transactions returned for editing or corrections are corrected and resubmitted in a timely manner.	X	X	
16	The transaction is approved, returned for correction, or rejected in a timely manner			X
17	Each approver has documented the approval/rejection of the expenditure			X
18	When any role performs receiving in B2P: do reasonable due diligence to ensure correct items were received	X	X	X
19	Reply promptly to questions from Accounts Payable or Travel, Reimbursements and Card Services	X	X	X

<sup>1</sup> Purchasers: anyone who commits to or incurs a financial obligation on behalf of Harvard. A purchaser may be a shopper or requestor (B2P), a traveler, etc.

<sup>2</sup> Preparers: anyone who creates a request for payment in a Harvard financial system. This may include someone who holds the role of requestor or is delegated on behalf of someone else to prepare a payment, etc.

# Tips and Tricks

## Reimbursements:

- Missing or insufficient business purpose or missing receipts are the most common reasons reimbursements are returned.
- Processing a nonemployee reimbursement rather than a payment request for taxable expenses (travel grant, award).
- Processing expenses taxable to an individual.
- Expenses exceeding 90 days which do not include appropriate additional pay form.
- The Travel, Reimbursements and Card Services team spot audits employee and non-employee reimbursement requests but they do not audit every single transaction.

## Accounts Payable:

- All payments to foreign entities and individuals are placed in a queue for tax review. This includes payment requests or noncatalog orders/purchase orders.
- Process only one requisition per supplier (each supplier may have different tax situations).
- Be sure the invoice matches the supplier's name.
- Be sure the invoice description is the same as the requisition description (e.g., if the payment is a prize, the requisition description also notes prize).
- Use the object code that best describes the invoice and service provided. Object codes that are different than the description may delay processing (e.g., using prize object code for a fellowship).
- List as detailed a description as possible (who, what, where, when, why).
- Location, location, location – noting the location of activity in the description and on the invoice will help in tax review.
- For payment requests, do not select “Other” unless the payment does not match any of the other transaction type options. Selecting “Other” can delay the tax review process.

# Additional Information

[Business Expense Reimbursements](#)

[Buy 2 Pay Materials](#)

[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](#)

[Honoraria and Reimbursements for Foreign Nationals](#)

[Location of Activity](#)

[Independent Contractors](#)

[Policy on Responsibilities of Purchasers, Preparers and Approvers \(ROPPA\)](#)

[Harvard Training Portal – On-Line Training - Introduction to ROPPA](#)

[Procurement Policy](#)

[Procure-To-Pay Manual](#)

[Reference Guide for Purchasers and Reimbursees](#)

[Sponsored Program Policies](#)

[U.S. or Foreign-Source Income](#)

[Training Portal](#)

[Travel Policy](#)

# Appendix

Payment Analysis for Foreign Suppliers and Individuals

U.S. or Foreign-Source Income

Location of Activity

# Payment Analysis

Question	Foreign Individual	Foreign Entity
Is the payee legally allowed to receive payments from Harvard?	Some visa types may not permit payments for services or expenses incurred in the U.S.	N/A
What is the payee's U.S. Tax Residency Status	Determined by GLACIER	Determined by the W-8 Form Type
What type of payment is it?	Fellowship, Prizes, Honoraria, Services, Royalties, reimbursement, etc.	Fellowship, Prizes, Services, Royalties, reimbursement, etc.
What is the "Source" of the income	Location of activity drives tax determination. Royalties and copyrights are always U.S. sourced	Location of activity drives tax determination. Royalties and copyrights are always U.S. sourced
Is the payment subject to tax withholding?	Some payments are exempt from taxes under an IRC or tax treaty	Determined by payment circumstances and valid documentation claimed before payment is processed
What rate are taxes withheld?	Fellowship Income – reduced to 14% for F, J, M, or Q visa holders	Determined by payment circumstances and valid documentation claimed before payment is processed
Is the payment reportable?	Based on the payment type if may be reportable on a 1042-S or 1099-NEC (if resident alien)	Based on the payment type and foreign entity classification it may be reportable on a 1042-S

# U.S. or Foreign-Source Income

Harvard is required to indicate the “location of activity” and when paying income to foreign individuals and foreign entities to comply with IRS tax withholding and reporting regulations.

The location of the activity will determine if the payment is subject to U.S. withholdings.

- Generally, the location of the activity would be where a service is being performed, property is being rented, or the location where fellowship income is expected to be utilized in support of one’s scholarship or research.
- Royalties, copyrights, and patents, such as those paid for the use of intellectual properties (i.e., industrial properties and software licenses), are always considered U.S.-sourced when utilized by Harvard due to our U.S. location. This income could be taxable up to 30% if a tax exemption or tax reduction claim has not been previously facilitated before the payment was issued.
- Generally, payments for tangible goods or products for international use are not subject to U.S. reporting or tax withholding. Indicate where the tangible items are to be used or shipped to for the location of the activity.

Note: International laws are evolving, and some countries may start to charge taxes on services Harvard may provide outside of the United States (e.g., an executive education course taught in India may be liable for taxes paid to India). This is another reason the location of the activity is so important to list accurately.



# Location of Activity

A clear indication of the location of the activity (such as the country) is necessary on all supporting documentation for the payment to be correctly classified for tax purposes. This applies to both service and non-service income. If the source of income cannot be determined at the time of payment because the location of the activity is not clearly indicated, the payment must be treated as U.S. sourced under IRS Regulations. Incorrect or missing information may also result in payment delays or incorrect tax withholding.

Some scenarios to determine location of activity commonly seen at Harvard:

- Spain would be the location of activity when paying a speaker located in Spain who participated on a Zoom panel.
- United States (U.S.) would be selected as the location of activity when processing a payment for services performed by a foreign entity that sent a consultant to the U.S. to work on a project.
- Germany would be selected as the location of activity when processing a summer fellowship to a fellow that will be traveling to and living in Germany over the summer to pursue additional scholarly activities.
- Select United States (U.S.) as the location of activity when paying rent income for property located within the U.S., even if the individual or entity you are paying resides or is established outside of the U.S.
- Select United States (U.S.) as the location of activity when processing a payment for books that were ordered from a library in Italy, to be shipped to and used at Harvard University.
- For Harvard employees (individuals receiving a salary/dependent personal services income), payments must be processed as outlined in Harvard's [Payroll Policy](#) and with the assistance of [Harvard Global Support Services](#).