



Financial Policy Summaries

The Financial Policy Office (FPO), within the Office of the Controller, oversees the development, communication and management of University-wide financial policies. FPO's mission is to ensure that financial policies are accessible, easy to use tools for the Harvard financial community, and to help create new policies where needed. A full list of financial policies and links to other University policies may be found at <http://policies.fad.harvard.edu/>. Additional training and reference materials may be found on Harvard's Training Portal: <https://trainingportal.harvard.edu>.

In addition to University-wide financial policies, Financial Accounting and Reporting (FAR) has an internal control program designed to reduce risks associated with financial reporting. To date, nine financial cycles have been assessed and key control activities have been documented which must be followed. Additional details may be found at: <http://hwpi.harvard.edu/internalcontrols/business-cycle-controls-matrices>

Please contact the FPO at financialpolicy@harvard.edu with any questions or concerns.

System	Policy	Revision Date	Description
Oracle	Accepting Credit Card Payments	06/30/13	Harvard University accepts credit cards as payment from external parties for certain goods, services, or gifts. This policy establishes that all credit card-accepting local units, called "merchants" must be set up through the central Cash Management Office, and must comply with the credit card industry standards, University guidelines and annual certifications as set forth in the University Credit Card Merchant Handbook. Link: http://policies.fad.harvard.edu/pages/accepting-credit-card-payments
Assets B2P Oracle	Accounting for Internally-Developed Software - See Software Accounting Policy		
B2P Oracle	Accounting for Leases – See Lease Accounting Policy		
Oracle	Bank Accounts	10/01/17.02M	This policy establishes how Harvard University bank accounts are to be opened, maintained, reconciled and closed. Only designated Harvard employees within the Office of Treasury Management (OTM) are authorized to select banking partners for, approve, open, make changes to, and close all bank accounts controlled by Harvard University entities. Link: http://policies.fad.harvard.edu/pages/bank-accounts
B2P Concur Oracle	Business Expense Reimbursements	11/15/2013.01M Addendum 04/29/2023	This policy establishes when Harvard will pay for non-travel business expenses for any individuals conducting business on the University's behalf. Harvard will reimburse for allowable, reasonable, properly substantiated expenses that are necessary and appropriate in the conduct of University business. All business expense reimbursements must meet the IRS accountable plan rules in order to be excluded from the recipient's gross income. Business expenses paid by any method must comply with this policy. Link: http://policies.fad.harvard.edu/pages/business_expense_reimbursements
B2P Concur PeopleSoft	Classification of Employee Fellow vs Nonemployee Fellow	Comment Period through 05/31/2023	At Harvard, research scholars who are neither students nor faculty members are known by a variety of titles (fellow, postdoc, scholar, trainee, grantee, stipendee, awardee, etc.). Regardless of title, it is important that these individuals be correctly classified either as Harvard employees (receiving payments of employee compensation from Harvard) or nonemployees (receiving nonemployee fellowship payments from Harvard). A misclassification may result in adverse tax or other consequences to Harvard or the individual (who for the sake of consistency are referred to as "fellows" below). Link: Classification of Employee Fellow vs Nonemployee Fellow Financial Policy Office (harvard.edu)



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Oracle	Commitments and Contingencies	06/30/13	This policy establishes how and when the University must account for commitments and contingencies. To ensure commitments and contingencies are recorded and reported properly, units must record accruals for probable and estimable material loss contingencies; not record gains from contingencies until the contingency occurs and the revenue is earned; and notify Financial Accounting and Reporting of material contingencies and commitments. Link: http://policies.fad.harvard.edu/pages/commitments-and-contingencies
B2P Concur Oracle	Gifts and Celebratory Events for Employee and Nonemployee	05/01/17	Harvard units may occasionally spend modest amounts from appropriate funding sources to recognize employees and nonemployees under certain circumstances. This policy establishes allowable employee recognition as celebratory events or gifts for the following occasions: work-related achievement; employee morale-building events; and sympathy upon the death or serious illness of an employee or employee's immediate family member. Allowable nonemployee recognition must be for a legitimate Harvard business purpose and motivated by detached or disinterested generosity or respect. Gifts to nonemployees may not be given in lieu of payment for services. Link: http://policies.fad.harvard.edu/pages/employee-gifts-and-celebratory-events
B2P Concur Oracle	Expense Recognition	06/20/13	This policy establishes when and how expenses or accrued expenses need to be recorded in Harvard's General Ledger. The University requires that expenses be recognized on the accrual basis, in accordance with generally accepted accounting principles (GAAP). Link: http://policies.fad.harvard.edu/pages/expense-recognition
B2P Concur Oracle PeopleSoft	Fellowship Payments and Reimbursements for Students and Non-employee Postdocs/ Fellows	01/01/15	At Harvard, we use the term "fellowships" to refer to a host of payments: awards, stipends, grants, and allowances. Fellowships are generally gross income to the recipient, unless they are qualified payments for required tuition and fees for a degree program. This policy and a Fellowships Toolkit can assist in classifying fellowship payments and reimbursements correctly. Link: http://policies.fad.harvard.edu/fellowships-vs-reimbursements
B2P Oracle	Financial Management of Property, Plant and Equipment	01/01/2022	This policy establishes the proper methods to account for facilities and equipment, including capitalization, depreciation, disposals and impairments, and various funding sources. Link: http://policies.fad.harvard.edu/pages/facilities-and-equipment
All	Financial Systems Access	05/01/2023	This policy establishes under what circumstances individuals can access University-wide financial systems. Access to Harvard's financial systems will be granted only where there are valid business reasons. Link: http://policies.fad.harvard.edu/pages/financial-systems-access
All	Fraud Awareness and Reporting Updated 1/30/17	01/30/17	This policy establishes the overall roles and responsibilities of University employees for reporting and investigating potential fraud at the University. All Harvard employees have a responsibility to ensure that Harvard's resources are used for valid and appropriate business needs. Administrators and all levels of management have added responsibility for establishing and maintaining proper internal controls to protect Harvard's resources from misuse. Link: http://policies.fad.harvard.edu/pages/fraud
B2P Concur	Honoraria and Reimbursements	01/01/15	This policy outlines the circumstances in which the University can provide compensation to or pay for the travel expenses of guest speakers who are foreign nationals, and describes the associated tax implications. Harvard must



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Oracle	for Foreign Nationals		make all payments to guest speakers who are foreign nationals in accordance with immigration law and IRS regulations. Link: http://policies.fad.harvard.edu/pages/honoraria-foreign-nationals
B2P Concur Oracle Research	Human Subject Payments	09/01/17	This policy establishes the tax reporting requirements and data-security protocols related to the payment of human subjects at Harvard. High-risk confidential information must only be collected when necessary and any confidential information collected must be protected in accordance with the University's Enterprise Information Security Policy. Link: http://policies.fad.harvard.edu/pages/human-subject-payments
B2P Oracle	Independent Contractor Classification	07/01/2019	A worker providing services to the University must be properly classified as either an employee or an independent contractor. If a worker is classified as an independent contractor, all supporting documentation referenced in this policy must be completed and signed before services are rendered. Link: http://policies.fad.harvard.edu/pages/independent-contractors
B2P Concur Oracle	Internal Billing Transactions	06/30/13	This policy establishes the proper accounting treatment for transactions where one Harvard unit bills another Harvard unit for goods or services, including internal billings from academic service centers and from central service units. Link: http://policies.fad.harvard.edu/pages/internal-billing-transactions
Oracle	Internal Transfers	06/30/13	This policy establishes the proper methods to transfer monies between funds and units. Tubs transfer monies between University funds for various reasons. These internal transfers must not increase total University income or expenses nor misstate the operating results of any University unit. Link: http://policies.fad.harvard.edu/pages/internal-transfers
PeopleSoft	Interim Payroll Policy	Replaced with Employment Outside of Massachusetts Policy	Harvard may directly employ individuals who work in the states where Harvard has a registered payroll (Registered Payroll State). Employees working in those states are required to allocate their state tax withholdings according to the percentage of time spent working in each state. It is the responsibility of individual employees to accurately record this information, notify Central Payroll of changes to their work location, and submit or update any required forms on a timely basis. Link: https://hr.harvard.edu/out-of-state-employment or https://oc.finance.harvard.edu/employees-working-outside-of-massachusetts
B2P Oracle	Lease Accounting Policy	07/01/2022	This policy establishes accounting treatment of lease agreements entered into by the University, both as a lessee and as a lessor. There are two types of lease classifications: capital and operating and the property lease classification is important because it determines the University's accounting and reporting requirements. Link: http://policies.fad.harvard.edu/accounting-leases
B2P Oracle	Petty Cash	03/01/16	This policy establishes the proper uses and administration of petty cash funds. Petty cash funds provide cash to local units to cover minor expenses, such as reimbursement of staff members and visitors for small expenses like such as taxi fares, postage, office supplies, human subject payments, etc. Wherever possible, local units should use other disbursement methods (i.e., HCOM, PCard) instead of petty cash. Link: http://policies.fad.harvard.edu/pages/petty-cash
B2P Concur Oracle	Procurement	09/01/2023	Harvard University requires that faculty, staff, researchers, students, or other individuals who plan for or purchase products, equipment, supplies, and services with University funds, base purchases on sound business practice, best value, accountability, and compliance with donor, sponsor, and regulatory requirements. Individuals planning for or



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			making purchases must follow this and other established Harvard University policies and procedures. Link: https://policies.fad.harvard.edu/procurement
Concur	Purchasing Card	Replaced with University-Issued Card Policy 01/01/2024	This policy addresses who may use Harvard-issued credit cards and describes role and responsibilities when making certain types of payments while performing University business. Only eligible direct University business expenses may be charged to University-issued cards; personal purchases are strictly prohibited. Improper use of a University-issued card, including late payments or use personal purchases, may result in disciplinary action including revocation, employment termination, expulsion from school (for students), and criminal charges. University-Issued Card Policy Financial Policy Office (harvard.edu)
Oracle	Reserves for Bad Debt	07/01/07	This policy establishes how reserves for bad debt and write-offs are recorded at the University. Link: http://policies.fad.harvard.edu/pages/reserves-bad-debt
All	Responsibilities of Purchasers, Preparers and Approvers	03/01/21	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. This policy defines and codifies the responsibilities of individuals who spend Harvard funds and who prepare and approve transactions. Link: http://policies.fad.harvard.edu/responsibilities-purchasers-preparers-and-approvers
Oracle	Restricted Fund Spending Compliance	06/30/13	All Harvard University schools and units are required to establish sound procedures to manage spending on donor restricted funds to achieve the objective of compliance with terms and conditions. This policy establishes key controls that each school must include in its local procedures. Link: http://policies.fad.harvard.edu/pages/restricted-fund-spending-compliance
Oracle	Revenue Recognition	06/30/13	This policy establishes when revenue must be recorded at the University. The University requires that revenues be recognized on an accrual basis, meaning when they are earned, not necessarily when payment is received. Link: http://policies.fad.harvard.edu/pages/revenue-recognition
B2P	Short-Term Operating Advances	07/01/15	A short-term operating advance (STOA) is a funding method used to provide cash for short-term project expenses where other methods of funding are impractical. Link: http://policies.fad.harvard.edu/short-term-operating-advances
Assets B2P	Software Accounting Policy (previously Accounting for Internally-Developed Software)	07/01/2021	This policy defines when costs for purchased and internally-developed software or cloud-hosting arrangements must be capitalized at the University. The policy exists to ensure adherence with Generally Accepted Accounting Principles (GAAP) and other regulatory requirements, to promote consistent accounting treatment across the University and ensure the operating results of University units are not misstated as a result of capital expenses unrecorded or recorded. Link: http://policies.fad.harvard.edu/accounting-internally-developed-software
Concur PeopleSoft	Staff Mobile Phone Policy	08/08/16	This policy establishes specific job-based eligibility criteria for Harvard staff to receive University-provided funding for voice, text or data plans. Link: http://policies.fad.harvard.edu/staff-mobile-phone-policy



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B2P Oracle	Tax Compliance for External Revenue-Generating Activities in the U.S.	07/01/13.02M	Activities that generate income from external sources are potentially subject to taxation, specifically income tax and sales tax. While most of Harvard's income is tax-exempt, as a 501 (c)(3) institution, Harvard University is subject to unrelated business income tax (UBIT) on activities not substantially related to education and research. This policy establishes the protocols for reporting and remitting income and sales tax on sales made by the University. Link: http://policies.fad.harvard.edu/pages/tax-compliance-external-revenue-generating-activities
PeopleSoft	Time Entry and Approval for Non-exempt employees	10/01/16	This policy provides guidance to all non-exempt employees, employees who are eligible for overtime under the Fair Labor Standards Act (FLSA), and their Time Approvers regarding the reporting and approval of hours worked and absences. Link: http://policies.fad.harvard.edu/time-entry-and-approval-non-exempt-employees
B2P Concur Oracle	Travel	12/01/15.02M	This policy establishes how Harvard University will reimburse individuals for travel expenses incurred conducting University business. As a public charity that benefits from gifts by donors and sponsored awards, Harvard University has a stewardship obligation to use its funds prudently; all Harvard University employees must use University resources wisely and in the fullest support of Harvard's mission of education and research. Link: http://policies.fad.harvard.edu/travel-0
B2P Concur Oracle	University-Issued Card Policy	01/01/2024	This policy addresses who may use Harvard-issued credit cards and describes role and responsibilities when making certain types of payments while performing University business. Only eligible direct University business expenses may be charged to University-issued cards; personal purchases are strictly prohibited. Improper use of a University-issued card, including late payments or use personal purchases, may result in disciplinary action including revocation, employment termination, expulsion from school (for students), and criminal charges. University-Issued Card Policy Financial Policy Office (harvard.edu)