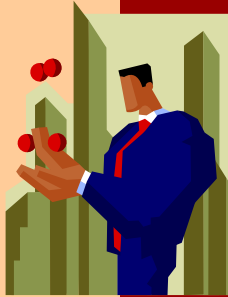



## Understanding the Harvard Chart of Accounts



### Course Goals

After this course, you will be able to explain:

- The purpose of Harvard's Chart of Accounts (CoA)
- The types of information tracked by the Chart
- How local transactions impact University reporting
- How donor and sponsor restrictions impact funds
- Where to get Harvard financial policies and support




## What Is the Chart of Accounts (CoA)?

- A 7-segment, 33-digit code that accompanies each financial transaction at the University
- An organizing framework used to:
  - Establish and track budgets
  - Record details about income and expenses
  - Provide accurate and consistent financial reports
  - Ensure compliance with accounting regulations, donor restrictions, and sponsored requirements

CoA codes are also referred to as billing codes or costing strings.

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## What Does the CoA Tell Us?

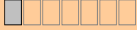
610 . 55850 . 6640 . 000001 . 780008 . 0000 . 00000

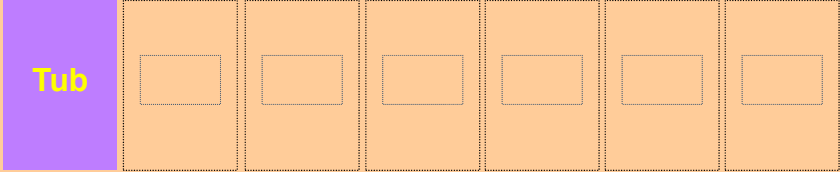
Tub	Org	Object	Fund	Activity	Sub-activity	Root
WHO: Which school and department created the transaction	WHAT: What type of income or expense the transaction represented	WHERE: Which account the transaction impacted and if it was a general or restricted fund	WHY: What the funds were used for and if a faculty member was involved			

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## The Segments – Tub






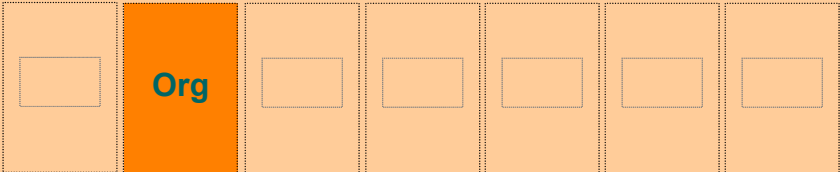
- Tub is the highest financial reporting level at Harvard
  - These are usually schools or high-level units
  - FAS, HBS, HMS, and HKS are split into multiple tubs
- There are over 75 tubs at Harvard
  - A full list is available at the Office of the Controller's Financial Accounting and Reporting page: <https://oc.finance.harvard.edu/>

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## The Segments – Org





- Orgs identify financial groups within a Tub, usually departments within a school or administrative unit
- New orgs are set up by a tub's financial office (TFO)
- Lists of Orgs can be generated in the OBI reporting tool

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## The Segments – Object


Object

**Object Codes:**

- Identify the type of transaction
- Are grouped into categories and ranges
- Roll-up into related categories for reporting
- Are established by Central Administration

The Unabridged Object Code List is available at:  
<https://oc.finance.harvard.edu/unabridged-object-code-list>


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## Harvard's Object Code Categories

Category	Range
<b>Assets</b>	<b>0001 - 1999</b>
<b>Liabilities</b>	<b>2000 - 3699</b>
<b>Net Asset Balances</b>	<b>3700 - 3999</b>
<b>Revenue (Income)</b>	<b>4000 - 5999</b>
<b>Expenses</b>	<b>6000 - 8999</b>
<b>Non-operating activity</b>	<b>9000 - 9999</b>


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## Assets

*Range for Assets  
0001 - 1999*

- An asset is something of value that the University owns or controls, such as:
  - Cash
  - Investments
  - Buildings and Land
  - Money owed to Harvard (accounts receivable)




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## Liabilities

*Range for Liabilities  
2000 - 3699*

- Liabilities are claims against the University, or money that it owes
  - Bills to be paid for goods or services already received (accounts payable)
  - Debt
  - Pension
  - Security deposits




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## Net Asset Balances


*Range for  
Net Asset Balances  
3700 - 3999*

- The difference between what Harvard owns and what it owes is called “net assets”
- Values in this range represent fund balances at the beginning of the fiscal year and are used for reporting purposes
  - Harvard’s fiscal year runs from July 1<sup>st</sup> through June 30<sup>th</sup>



**Net Asset Balance code balances may not be changed during the year**

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## Revenue (Income)


*Range for Revenue  
4000 - 5999*

Revenue is income received to support the work of the University. Examples include:

- Tuition
- Gifts, grants, & endowments
- Sales of goods
- Health clinic fees
- Admissions
- Parking



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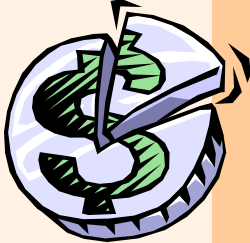


## Expenses


*Range for Expenses  
6000 - 8999*

The costs of goods or services purchased for University business are expenses. Examples include:

- Salaries & benefits
- Scholarships & student awards
- Supplies, materials & equipment
- Space & occupancy



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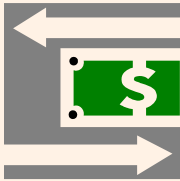


## Non-operating activity

*Range for  
Non-operating Activity  
9000 - 9999*


Non-operating activity codes are used for transactions that are not reported as part of the University's operations. These "below the line" items include:

- appreciation on investments
- fund balance transfers
- endowment capitalizations or decapitalizations




**Non-operating activity object codes are generally used by Central Administration only**


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## Special Types of Object Codes



- Detailed vs. General Expense Codes
- “Unallowable Expenses”
- Capitalized Expenses
- Roll-Up Reporting Codes
- Budget-Only Codes
- Internal Transfers



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## Detailed vs. General Expense Codes


Detailed Codes	vs.	General Codes
<div>7651 - Airfare^ Domestic Travel</div> <div>7652 - Lodging^ Domestic Travel</div> <div>7653 - Ground Transportation^ Domestic Travel</div> <div>7654 - Meals + Incidentals ^ Domestic Travel</div> <div>7655 - Business Meals + Entertainment^ Domestic Travel</div>		<div>7650 Domestic Travel, GENERAL</div>

Which to use depends on...

- University policies
- Sponsored requirements
- Tub or department level requirements

Check with your local financial office for guidelines


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## "Unallowable" Expense Codes

- Some types of expenses can not be charged to government funded accounts
  - These are called Expenses Ineligible for Federal Reimbursement
- Individuals can be reimbursed by the University for these expenses, but the government will not reimburse Harvard
- "Unallowable" expenses must be charged to object 8450
  - Expenses coded to 8450 will not be included in federal reports
  - Some departments use 8451-8459 to record extra details
- All University spending is subject to these rules, whether or not it comes from sponsored accounts since federal grants indirectly support Harvard's general operating costs

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## "Unallowable" Expense Types


- Expenses ineligible for federal reimbursement include:
  - ❖ Alumni activities
  - ❖ Antiques, art, or decorative objects for private offices
  - ❖ Bad debts
  - ❖ Business-related entertainment
  - ❖ Charitable contributions
  - ❖ Employee celebratory events
  - ❖ Flowers
  - ❖ Fines and penalties
  - ❖ Fundraising or commencement expenses
  - ❖ Gifts and awards to Harvard employees and non-Harvard personnel
  - ❖ Institutional advertising and promotion, including printed materials
  - ❖ Liquor, including liquor purchased with a meal
  - ❖ Lobbying, including memberships in lobbying organizations

**Details about unallowable expenses, Harvard's travel and reimbursement policy, and other financial guidelines are at:**  
<http://policies.fad.harvard.edu/>

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## Capitalized Expenses



- Some expenses represent the purchase of assets
- To track depreciation of assets, there are separate object codes for purchases involving equipment that has a unit cost of \$5,000 or above
  - 6750 – Computer Hardware <\$5000, GENERAL
  - 6803 – Computer, Non-Sponsored^Equip >=\$5000
  - 6804 – Computer, Sponsored^Equip >=\$5000
- Purchases over \$100k may be considered capital projects and be subject to different procedures

**When making purchases of \$5,000 or more, check with your financial office to see if special coding is required.**

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## Roll-Up Reporting Codes

Transactions are recorded in distinct object codes. Roll-up codes organize related objects into logical groups for reporting.

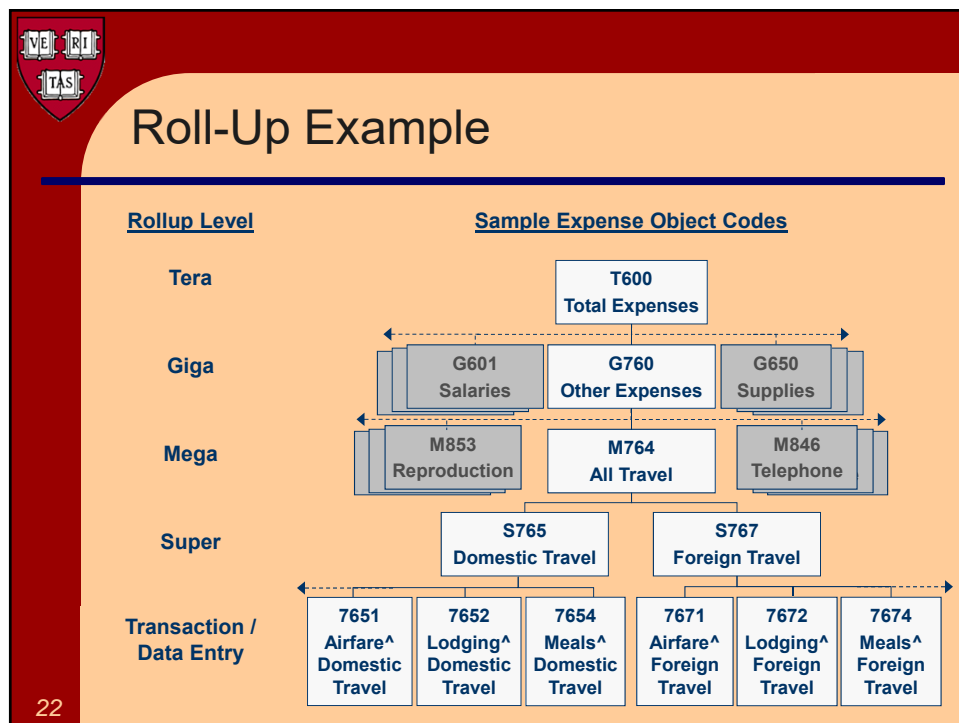
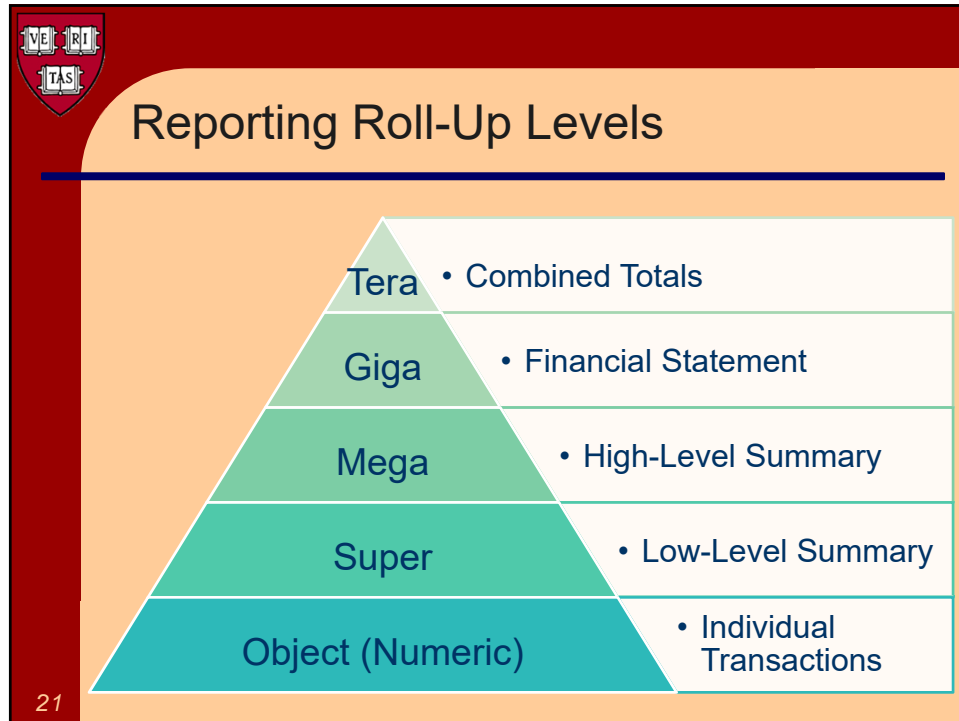
You can report on the totals of each object code...


- 8511 - Local Telephone Usage
- 8512 - Long Distance Usage
- 8513 - Telephone Lines
- 8514 - One-Time Charges
- 8515 - Phone Repair & Maint.
- 8516 - Communications Equip.

...or you can report on total of the rolled-up "super" code:


- S851 - Telephone + Telecommunications Expenses

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## Budget-Only Object Codes




- High-level categories used for budgeting
- These values are stored in the General Ledger and used as a reference point for reporting
- Object descriptions are followed by the phrase “Budget Only”
- Using a budget-only code in a regular transaction will return an error message

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## Internal Transfers




- Internal transfers are used for:
  - Interdepartmental billing
  - Correcting coding errors
  - Transfer of funds
- Transfers must debit and credit the same income, expense, or non-operating object code
- Transferring funds out of gift accounts have many additional restrictions

**Refer to the “Internal Transfers” policy for rules & examples**  
<http://policies.fad.harvard.edu/pages/internal-transfers>

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## Internal Transfer Exceptions




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**Transactions with these Tubs are treated as normal external expenses, not as internal transfers:**


<ul style="list-style-type: none"> <li>• 130 Harvard Magazine</li> <li>• 185 Student Agencies &amp; HUECU</li> <li>• 190 Yenching Institute</li> <li>• 295 American Repertory Theatre</li> </ul>	<ul style="list-style-type: none"> <li>• 455 HBS Research Centers</li> <li>• 595 HPRE 3rd Party</li> <li>• 660</li> <li>• 670</li> <li>• 685</li> </ul>	}	HMC Investment Trusts
--	---	---	-----------------------

These “non-consolidated” Tubs are treated as external entities because their year-end totals are not included in Harvard’s annual Financial Statement.


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## Fund Accounting




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Restricted Fund 345678




Restricted Fund 389125




Restricted Fund 398570




Restricted Fund 654321




Restricted Fund 478566




Restricted Fund 123456




Restricted Fund 294678




Restricted Fund 157423



Unrestricted Account Fund 000001




Restricted Fund 555121




Restricted Fund 419620

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## Fund Accounting Basics




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- Fund Accounting is common to all not-for-profit organizations
- Many funds have restrictions on how they can be used based on donor, sponsor, or departmental stipulations
- Expenses from restricted funds must comply with all of the restrictions or we cannot use the money
- Harvard's CoA allows for the tracking of sources through the fund segment

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## The Segments – Fund




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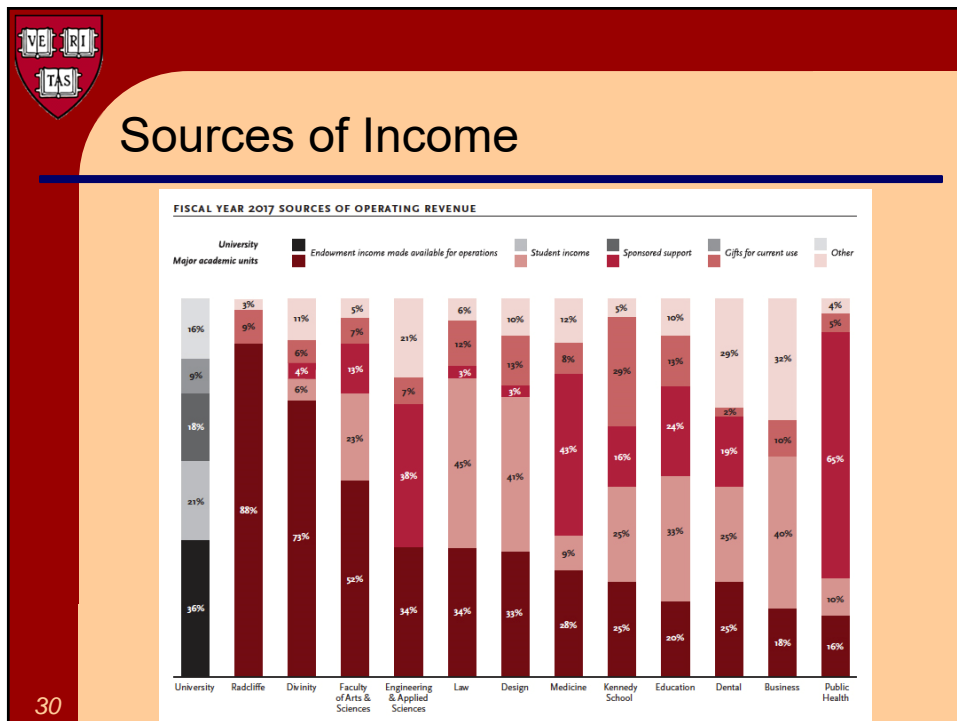
			<b>Fund</b>			
--	--	--	-------------	--	--	--

- The fund identifies the source of the money
- There are more than 32,000 active funds
- Contact your Tub Chart Administrator if you have questions about setting up a new fund in your Tub

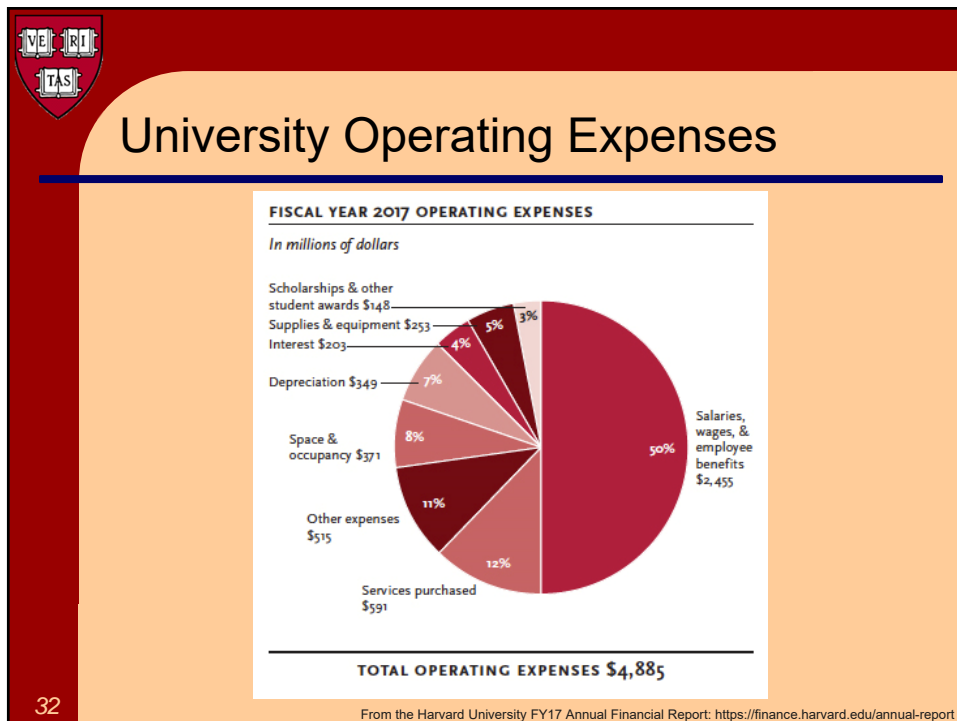
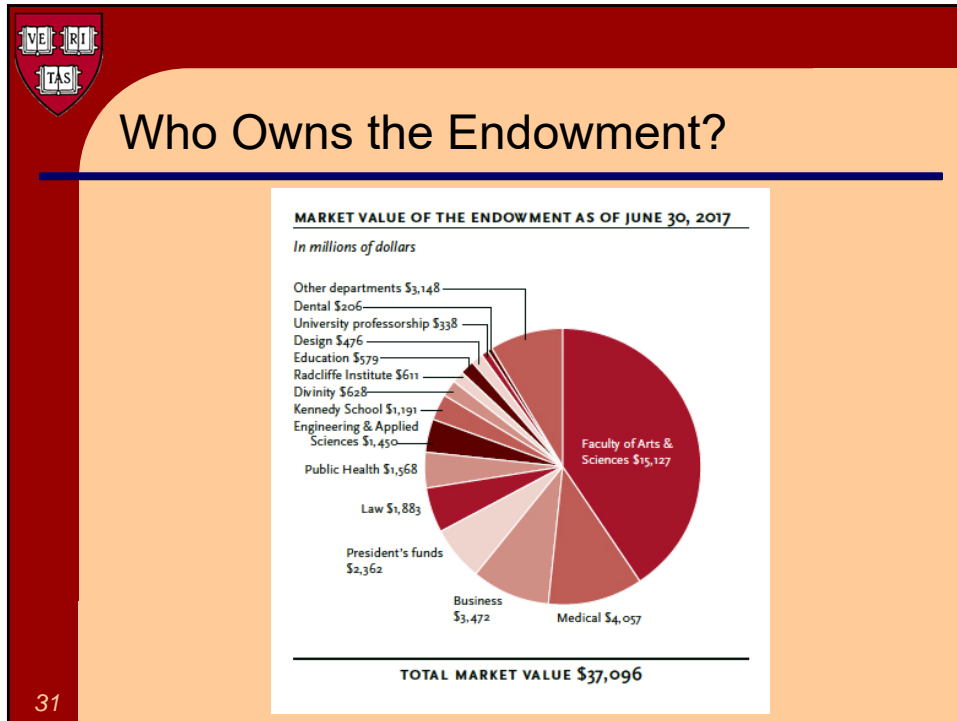
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 <h2>Fund Types and Ranges</h2>	
General Unrestricted Undesignated	000001
General Unrestricted Designated	000002
Unrestricted Undesignated	000003 – 001999
Unrestricted Designated	002000 – 054999
Sponsored Support	100000 – 299999
Gifts – <i>Unrestricted</i>	300000 – 301999
Gifts – <i>Restricted</i>	302000 – 399999
Endowments – <i>Unrestricted</i>	400000 – 429999
Endowments – <i>Restricted</i>	430000 – 699999
Other Fund Balances	700000 – 749999

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## The Segments – Activity

Activity

- Identifies the generic administrative function or the specific project that an expense relates to
- Required by all organizations that receive direct or indirect federal funding (ref. OMB Uniform Guidance)
- Contact your Tub Chart Administrator if you have questions about setting up a new activity in your Tub

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## Activity Examples


- Sponsored research
- Course
- Conference
- Project
- Seminar
- Publication
- Office Administration



All University expenses must be coded to the appropriate activity.

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## Generic Activity Example

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Activity Value: 780008

<b>CADM^</b>	<b>(A6)</b>	<b>General Admin+General Expense</b>
--------------	-------------	--------------------------------------

↓

Tub prefix

↓


Federal  
OMB  
code


↓

Generic functional description

Each Tub has their own set of generic activities codes

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## Specific Activity Example

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Activity 346483 (Sponsored Research)

<b>FCOR^</b>	<b>A02</b>	<b>NIH-NIMH</b>	<b>Panic &amp; Cognition</b>	<b>PSYC</b>
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↓

Tub  
prefix

↓

Federal  
OMB  
code

↓

Sponsor  
name

↓


Award title

↓

Keyword

There are many different types of relationships between Funds and Activities, depending on the details of the funding source and the specific project.

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## The Segments – Subactivity

Sub-activity

Subactivity values:

- Help identify different tasks, phases, or subcategories of an activity for reporting purposes
- Are **dependent** on the activity value
- Are required for sponsored funds**

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## Subactivity Example


Activity

Sub-activity

- Activity: 335020 – Navy Biomagnetic Study
- Subactivity is used to track special reporting requirements

Activity	Subactivity	Subactivity Name
335020	0000	Unspecified
	0101	335020^Mass General Y1
	0102	335020^Dana Farber Y1
	0201	335020^Mass General Y2
	0202	335020^Dana Farber Y2


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## The Segments – Root



- Root is a dual purpose segment that tracks when expenses are related to a particular:
  - Faculty member or principle investigator of a grant
  - Harvard building (generally for construction expenses)
- Contact your Tub Chart Administrator if you have questions on setting up a new root in your Tub

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## Root: Ranges

Root Type	Ranges
Building	00001 - 09999
Faculty / PI	10000 - 99999

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## Example: Building Root Value


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**Root Value: 03363**


<b>FCOL^</b>	<b>Mass Hall</b>	<b>Bldg</b>	<b>951</b>
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Tub prefix



Building name or address




"Bldg"



Original bldg code if built before 2000

This allows construction expenses to be easily tracked for buildings that are used by multiple schools.

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## Example: Faculty Root Value


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**Root Value: 47304**


<b>FATH^</b>	<b>Brady</b>	<b>Tom</b>	<b>P</b>	<b>12200236</b>
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Tub prefix




Last name



First name




Middle initial



University ID#

This allows easy tracking of faculty expenses even when they are involved in interdepartmental research.


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## Chart of Accounts

### Support Sites and Further Information

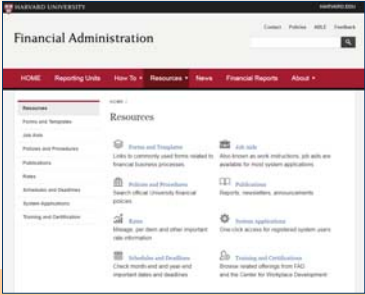
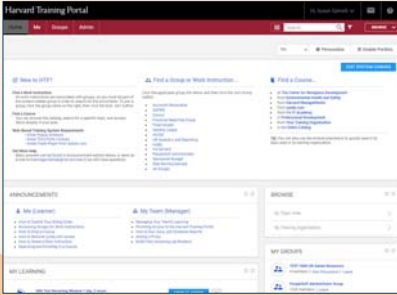
43




## Support Sites

For online training and work instructions, go to:  
<https://trainingportal.harvard.edu>

For financial forms, policies, schedules, and job aids, go to:  
<https://finance.harvard.edu/resources> and  
<https://oc.finance.harvard.edu/services>



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## Additional Training Resources

### In-Person Financial Classes at CWD

– <http://hr.harvard.edu/learning-development>

- Basic & Adv Accounting
- Ethics and Accountability
- Fraud Awareness
- HCOM Shopping
- Concur Reimbursements
- HUBS Budgeting System
- OBI Financial Reporting



Learning & Development

Career and Professional Development Classes

Harvard's Center for Workplace Development classes are aimed at building your skills and helping you grow professionally.

Courses | How to Register

- Harvard Bridge Program
- Organizational Development
- Leadership Development
- Engagement @ Harvard
- Managing Your Career
- Performance Management

Online versions of many of these classes are available at:  
<http://trainingportal.harvard.edu>

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## Further Support

### Financial Administration – <http://finance.harvard.edu>

- Office of the Controller
  - Financial Accounting & Reporting, policies, and assistance
- Office of Financial Strategy and Planning
  - Harvard Fact Book and annual financial reports
- Office for Sponsored Programs
  - Grant management support
- Risk Management & Audit Services
  - Identifying and mitigating financial risk
- Financial Systems Solutions
  - Financial applications and procedures
- Procurement, Travel, Banking, Payroll, & other financial services



Financial Administration

Search Financial Policies

View FY16 Financial Report

Request a duplicate W-2

Search preferred vendors

Search financial policies

Financial Administration

Financial Applications Guidebook

Source

Direct and Reimbursement Policy

What's new

Forms and Templates


Job Aids

Policies and Procedures

System Applications

Finance 360

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## Essential Points

- It is our responsibility to ensure that Harvard's funds are spent & accounted for in accordance with policy, federal regulations, and sponsored terms
- If you have questions, contact:
  - Your local financial office
  - Financial Accounting & Reporting (FAR)
  - Office for Sponsored Programs (OSP)

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## Understanding the Harvard Chart of Accounts

