



FAS Department Administrator Meetings

**April 7th, 8th & 10th
2009**



Agenda

FAS Financial Update

Ad Deans / Finance Office

Fund, Fund Balances & Subventions:
Principles & Guidance – Follow Up

Brett Sweet

Human Resources Planning Update

Jeff Peters / Julie Stanley

Employee vs Independent Contractor Policy

Mary Straub

Payroll Internal Controls & Other Updates

Michael Jackson

Transfer Policy Update

Maureen Rekrut



FAS Financial Update

Ad Deans / FAS Finance Office



Fund, Fund Balances & Subventions: Principles & Guidance - Follow Up

Brett Sweet

Dean for Administration & Finance



Human Resources Planning Update

Jeff Peters/Julie Stanley

FAS Human Resources



Harvard's Independent Contractor Policy

Mary Straub

FAS Human Resources



Policy Revision

- Policy revised on 3/18/09, signature provisions effective 7/1/09
- Key changes
 - Establishes clear responsibility for tub financial and HR deans
 - New processes for making employee/independent contractor determinations
 - Sets forth documentation and record keeping requirements
 - Applies to new contracts and any renewal of existing contracts beginning 7/1/09



Responsibilities

- Human Resources is responsible for correctly classifying workers as employees or independent contractors
- FAS Finance will work on developing a process and thresholds for reviewing contracts with Human Resources. Further guidance will be forthcoming before the policy goes into effect.



Regulatory Foundations of Independent Contractor Determination

- Massachusetts Independent Contractor Law
- Fair Labor Standards Act
- Internal Revenue Service

These share common themes with different nuances which are captured in the Employee/independent Contractor Questionnaire (Appendix B)



Massachusetts Independent Contractor Law

Legal presumption of employee status unless employer can demonstrate three factors:

1. Worker free from control and direction in performing the service, under a contract and in fact
 - Worker uses own approach and sets own hours
 - Written contract specifies worker is free from company's directional control in performing the services
2. Service must be outside employer's usual course of business
 - Relates to our core mission of teaching and research
3. Worker customarily engaged in an independent trade, occupation, profession, or business of the same type



Fair Labor Standards Act Independent Contractor or Employee?

Factors:

1. Nature and degree of control by principal
2. Extent to which services rendered are integral to the principal's business
3. Permanency of the relationship
4. Amount of investment in facilities and equipment
5. Opportunities for profit and loss
6. Amount of initiative, judgment, or foresight in open market competition



Internal Revenue Service

Form 8919 Framework -- Worker's Classification in Relationship to Self/Others

1. (a) Was this worker previously treated as an employee by hiring company?

Yes _____ (Proceed to question 1(b) of this Part)

No _____ (Proceed to question 2 of this Part)

(b) Is this worker performing services in a substantially similar capacity AND under substantially similar direction and control?

Yes _____ **Stop here and classify the worker as an employee**

No _____ (Proceed to question 2 of this Part)

2. Are coworkers, performing substantially similar services AND under substantially similar direction and control, treated as employees?

Yes _____ **Stop here and classify the worker as an employee**

No _____ (Proceed to Part II)



New Processes for Employee/Independent Contractor Determinations

- Local units complete the Employee/Independent Contractor Questionnaire and sign as the *Authorized Service Contract Approver*
- Send completed, signed questionnaire to FAS HR who will determine proper classification
- If individual is classified as an independent contractor, complete contract (Appendix C)
- Send original, signed contract to FAS HR before services are rendered
- FAS HR will retain records (6 years)



Payroll Key Internal Controls

Michael Jackson

FAS Office of Finance



Payroll Key Internal Controls

Payroll Key Internal Controls will be simplified, with some portions centralized by FAS Payroll Services

- In response to University-wide audit review by RMAS
- Build on departmental and centralized strengths
- Promote full compliance with key internal controls
- **Effective April 1, 2009**



Payroll Key Internal Controls

Report	Which Employee Types	Who Runs Report	When to Run the Report	Who Approves the Report	What to Keep	How Long to Keep
Payroll Register	All faculty and staff, excluding senior faculty	Tubs, Depts, Centers	Twice: At the opening of each payroll and again after each payroll has closed	Tub, Dept, or Center Administrators	Summary Pages - Signed and Dated	Current Fiscal Year Audit Period
Payroll Register	Senior Faculty	FAS Payroll Services	Twice: At the opening of each payroll and again after each payroll has closed	Manager of FAS Payroll Services or designee	Summary Pages - Signed and Dated	Current Fiscal Year Audit Period
Approved and Unapproved Time Report	All time-reporting staff	FAS Payroll Services	Weekly, before the payrolls open	FAS Payroll Services Coordinators	Full Report - Signed and Dated	Current Fiscal Year Audit Period
Off-Cycle Payroll Register	All faculty and staff	FAS Payroll Services	Twice Weekly on the day after off-cycle checks have been processed	FAS Payroll Services Coordinators	Full Report - Signed and Dated	Current Fiscal Year Audit Period

Current fiscal year audit period is the current fiscal year through November 1st of the following fiscal year.



New Journaling Capabilities

Michael Jackson
FAS Office of Finance



New Journaling Capabilities

Spreadsheet Journal Upload (aka ADI) to be added for everyone who currently has Oracle General Ledger responsibility

- April 2009
- Uses same responsibility as manual GL
- Will appear in Oracle menu automatically – no signup or data collection
- Allows for easier entry of departmental journals
- Can use FAS Journal Voucher template
- Will not replace finjrn1@fas.harvard.edu for inter-tub or inter-departmental journal vouchers
- May replace the IDU application – TBD
- Instructions will be posted to www.finance.fas.harvard.edu
- ASAP workshops to be setup late-April & early-May



New Journaling Capabilities

ORACLE® E-Business Suite

Navigator

- HRVD^ADI^UNV^TFO
- HRVD^BUD^FAS^SuperTub Level^IE-F
- HRVD^BUD^FAS^TFO
- HRVD^GL^FAS^TFO
- HRVD^GL^UNV^Inter Tub
 - Journals
 - Enter
 - New Journals
 - Define
 - Generate
 - Recurring
 - Reversing
- HRVD^GL^UNV^QUERYONLY
- HRVD^HUAP^AP Views
- HRVD^PCard^Local Admin
- HRVD^PCard^Reviewer
- Vendor Request
- WV Main Menu
- WV Reimbursement
- WV User Preferences

New Responsibility:
Create ADI worksheet

[Logout](#) | [Help](#)



Transfer Policy Update

Maureen Rekrut

FAS Office of Finance



University Transfer Policy

Updated February 2009

- Changes to policy formalize practices in place since Spring 2008
- Major Change:
 - Support given to another department from a restricted fund must occur within the fund
 - Applies to both transfers within the FAS (intratub transfers using 5910) and transfers to other Harvard schools or departments (intertub transfers using 5921)
- Policy changes enable better documentation of expenses to ensure that endowment spending conforms to donor terms
 - Actual expenses can be audited to ensure compliance with donor terms.
 - Enables better donor reporting



University Transfer Policy

Other policy updates:

- Corrections to prior year expenses charged to a restricted fund (including sponsored) must be made by moving specific expenses using the expense code(s) originally used. Corrections cannot be made using non-operating transfer codes.
- Expense transfers between unrestricted and restricted funds cannot be made using the general expense transfer object code (8921). Actual expense object codes must be used.
- New expense transfer object codes established for specific allocations done by tub-level offices (8925-8928)*
- If the Office for Sponsored Programs instructs you to move interest income from a sponsored fund, the transfer should be done using object code 4531, not 5910.

*Departments and Centers may **not** use these object codes without specific authorization from FAS Financial Office; contact Maureen at 5-0690.



Want to know more about transfers?

- Coming soon:
 - Brown bag session on transacting and budgeting transfers, policy compliance and process
 - University policy linked to the FAS Finance website
 - FAS Policy on website once developed and approved
- Sources for help:
 - Link to full University policy:
 - http://vpf-web.harvard.edu/ofs/policies/documents/inter_trans.pdf
 - Policy:
 - Maureen Rekrut, 5-0690, mrekrut@fas.harvard.edu
 - Marisol Tabares, 6-6238, mtabares@fas.harvard.edu
 - Journal Preparation:
 - Josh Dunn, 5-7652, dunn@fas.harvard.edu
 - Gina Armstrong, 5-9107, armstr3@fas.harvard.edu



FAS Transfers Review Process

- All transactions using revenue or expense transfer codes (M590, M890) are reviewed monthly by Marisol Tabares
- Emails are sent out to departments if a transfer is found that does not conform to policy
- University Financial Accounting Services sends us a list of nonconforming transfers each month
 - Sometimes a 5921 transfer will appear on that list as we cannot see the “other side” in our review
 - If necessary, we will contact department
 - If the transfer is not reversed by the next month end, University Financial Accounting will reverse



FAS Transfers Review Process (cont'd)

- Marisol also reviews all transfer journals that come into fin_jrnls@fas.harvard.com email address *before* the journal is uploaded
 - Reviews for:
 - compliance with policy
 - authorization from Dept. Administrator
 - Dept. Administrator sends the email with the journal
 - Dept. Administrator is cc'd on the email
 - To ensure that transaction is known to the person responsible for the budget of the department
 - Josh, Gina or Marisol may contact you if there is a question



How do I transfer money to or from a restricted fund?

- Most common scenario: Department A wants to give Department B a certain amount of money to fund an activity from a restricted fund that they manage
 - Cross-validate fund to Department B
 - Send cross-validation requests to appsec@fas.harvard.edu
 - Include a brief explanation as to how the fund will be used
 - Appsec forwards request to Linda Kuros for review and approval
 - Once cross-validated, do a journal using object code 5910 within the fund
 - Dr Dept. A org, Dept. A fund
 - Cr Dept. B org, Dept. A fund
 - Dept. A department administrator may be given security “view” for activity on fund in Dept. B to enable Dept. Admin to view the entirety of the fund activity for which they are responsible



How do I transfer money to or from a restricted fund? (continued)

- Using cross-validation and 5910 transfers between orgs:
 - Ensures compliance with the fund transfer policy
 - Keeps the expense activity in the department that is spending it, and reflects the contribution of Department A as a funding source, not a reduction of expense
 - Does not “inflate” the expenses of Department A
 - Does not “deflate” the expenses of Department B



Examples of Transfers

- **Scenario #1:** Celtic Department wants to give History \$10,000 to support a conference using their endowment fund #501501. History is using their own endowment fund #512512 for the conference. History asks Celtic to transfer the money into #512512.

Transfer Is Ok	Transfer is Not Ok
DR 370-30760-5910-501501 \$10,000 CR 370-31960-5910- 501501 \$10,000	DR 370-30760-5910-501501 \$10,000 CR 370-31960-5910- 512512 \$10,000

- History must spend the money from fund #501501; they cannot spend it against 512512. To understand the spending on the conference a whole, History will need to use some combination of activity and subactivity.



Examples of Transfers

- **Scenario #2:** Celtic Department wants to give History \$10,000 to support a conference using their endowment fund #501501. History is using a UD fund for their conference costs, and asks Celtic to transfer the money into 018001.

Transfer Is Ok	Transfer is Not Ok
DR 370-30760-5910-501501 \$10,000 CR 370-31960-5910- 501501 \$10,000	DR 370-30760-5910-501501 \$10,000 CR 370-31960-5910- 018001 \$10,000

- History must spend the money from fund #501501; they cannot spend it against 018001. To understand the spending on the conference a whole, History will need to use some combination of activity and subactivity.



Examples of Transfers

- **Scenario #3:** Celtic Department has a UD fund #019200 that they will use for the transfer. History is using a UD fund for their conference costs, and asks Celtic to transfer the money into 018001.

Transfer Is Ok	Transfer is Not Ok
DR 370-30760-5910-019200 \$10,000 CR 370-31960-5910- 018001 \$10,000	

- History can spend against the 018001 fund, as it is acceptable to transfer money between two unrestricted designated funds, or from/to unrestricted and unrestricted designated funds.