Problem Statement

It is difficult to manage multiple unrestricted and restricted funds. Accounting standards require that all miscellaneous unrestricted receipts be deposited into an unrestricted fund. There are two primary fund types: unrestricted undesignated and unrestricted designated.

The purpose of this policy is to facilitate the management of large numbers of small, unrestricted miscellaneous receipts.

Background

Prior to implementation of the Oracle General Ledger, departments occasionally deposited miscellaneous unrestricted receipts into restricted fund accounts. It was understood that any monies deposited into such accounts would be spent in accordance with the restrictions of that fund. Since the new chart of accounts was established, with more robust and flexible capabilities, many local units are trying to deposit miscellaneous receipts into an appropriate fund type. This has created a proliferation of unrestricted designated funds for small dollars.

Policy and Procedures

The University will allow local units to deposit miscellaneous receipts into restricted funds. The maximum threshold for these deposits is $1,000 per fund per year.

- Tub Financial Offices are accountable for implementation and compliance with this policy.
- The Financial Dean (or equivalent) must approve the threshold for each tub, but in no case may it be greater than $1,000.
- These receipts must be spent in accordance with the terms of the restricted fund.
- Periodic post audits will be performed by OFS.
Impact

Depositing unrestricted miscellaneous receipts into restricted funds results in an immaterial overstatement of restricted revenues in Harvard’s financial statements. It also results in a loss of flexibility since these receipts must be spent in accordance with the fund terms.

Definitions

- **Unrestricted undesignated funds**: Not restricted by donor and not designated by Harvard for a specific purpose. These funds are combined into one tub level fund at June 30 each year.

- **Unrestricted designated funds**: Not restricted by donor but designated by Harvard for a specific purpose. These funds are carried forward at the individual fund level each year.

- **Restricted donor funds**: Donor has set conditions by which expenditures can be made. These funds are carried forward at the individual fund level each year.

**Source**: FAD/ACTTS