Revenue Recognition and Billing Periods Policy

Contents of Policy

- Policy Overview
- Policy Guidelines
  Standard Revenues
  Accrued Revenues
  Deferred Revenues or “Pre-bill’s”
- For More Information

Policy Overview
Service centers within HUIT must fully recover costs by billing for the products and services provided to the University community. When billing for goods and services, staff involved in billing functions should make every effort to adhere to accounting matching principles (i.e., revenues should be posted in the same period that the expenses are incurred to provide the goods and services).

Policy Guidelines

Standard Revenues
When revenue is billed within the same month/quarter that a service is delivered, income should be booked directly to a revenue account code (either internal or external). All revenue must be billed by the end of the fiscal year, which falls on June 30th.

Accrued Revenues
When revenues are billed in the month/quarter following the delivery of goods and services, a journal entry should be made to accrue for revenue in the proper month, so that income will be matched against the cost of providing the goods and services. The accrual entry should be reversed out in the month that the income is actually billed so that the net impact in that month is zero.

Deferred Revenues or “Pre-bill’s”
Deferred revenues are funds that are received for goods and services that have not yet been provided. Since it is generally expected that a business will perform or deliver these goods or services within the next accounting period, these advances are recorded as current liabilities on the Balance Sheet in object code 2606, or “Deferred Revenue.” When the goods or services are...
performed or delivered, the advance is transferred to a revenue object code, and the liability is relieved. In most cases, deferred revenue should only occur when dealing with customers outside of the University (e.g., Affiliates, Students, Personals, etc.).

**Pre-billing internal Harvard departments for goods and services that have not yet been delivered is strictly prohibited.** Requests from internal customers for pre-billing of products or contracted services is most commonly seen at year-end when departments have unspent dollars in their current operating budgets, but the goods/services cannot be delivered or provided until a future accounting period. HUIT businesses should deny all such requests and contact their **Financial Partner** if unable to resolve the issue with the customer.

**For More Information**
For more information, please see your **Financial Partner** or refer to the **University Policy on Accounting for Deferred Revenue**.