

Office of the Vice President for Finance

In fiscal year 2013, the [Office of the Vice President for Finance](#) (VPF) began to execute a strategic plan designed to ensure the ongoing strength of VPF and to align resources and organizational focus with new requirements for the functional and strategic support of MIT's high-priority initiatives. Central to this strategic implementation was the reorganization of several functional units, with an emphasis on current and future Institute needs and on building critical leadership capacities.

A first step in implementing the plan was the creation in fall 2012 of a financial systems and data team focused on driving a strategic systems agenda and on increasing the ability of VPF and others across MIT to capture, aggregate, and report on data of importance to operations and high-level planning and analysis. With the escalating need for strategic leadership in the treasury area, VPF reoriented staff in the budget, finance, and treasury area to sharpen the staff's focus and enable greater functional expertise. Several teams reporting to the controller were consolidated under a new financial accounting and reporting team, with a goal of better leveraging accounting staff and strengthening reporting and control functions. VPF also created a leadership role to formulate a new model of accounting for faculty effort, which will prove critical as the nature of education and research continues to evolve.

Leveraging these organizational improvements, VPF helped to drive a number of high-priority Institute initiatives in FY2013, with significant impact on the MIT community and on the Institute's strategic efforts. VPF conducted critical financial analysis to support the work of the Institute-wide Task Force on the Future of MIT Education and the MIT 2030 framework for campus renewal and growth. VPF developed a new funding strategy for the MIT pension plan and provided analytical and operational support to new and expanding MIT initiatives, such as edX. VPF enacted a number of financial system and process enhancements, improving efficiencies and providing the MIT community with greater operational capabilities.

VPF took the lead in ensuring that the Institute adhered to international tax requirements, and staff members helped guide decisions related to tax considerations raised by new and growing international initiatives. A number of VPF staff members served in leadership roles on cross-functional teams assembled by the executive vice president and treasurer to advance a more unified, seamless administrative experience. Through a yearlong project, VPF also strengthened its process for granting and monitoring systems authorizations, establishing a model for other MIT entities.

In FY2013, VPF's organizational structure, capacity, and focus were tailored to support the Institute's strategic plans for the coming decade. Building on the strategic vision exercises conducted in FY2012, VPF took critical initial steps in extending its capabilities, optimizing its processes and services, and adopting a more strategic mindset in support of the Institute's mission.

Following are detailed reports from each of the VPF functional areas.

Administrative Services and Operations

Formed in FY2013, Administrative Services and Operations includes staff members focused on functions related to human resources, budgeting and cost controls, community relations, emergency preparedness, administration, organizational effectiveness, communications, process improvement, and training for the MIT community and VPF staff members. The group provides services and support to all areas of VPF to help ensure consistent operating procedures and services to both VPF's internal employees as well as the MIT community. The Administrative Services and Operations group actively supported the recruiting, training, and operational needs of new leadership and helped with reorganizations. Below is a list of FY2013 accomplishments.

- Led an organization-wide effort to develop and work toward overarching VPF goals, VPF directorate goals, and cascading work-related and career-related goals for every employee
- Contributed to strategic development and messaging for VPF
- Formulated and communicated a comprehensive emergency plan, with detailed evacuation procedures and responsibilities
- Developed a strategic model for engagement with the MIT community and created a new position to guide community relations
- Increased performance expectations associated with the annual review process and processed a number of promotions to recognize elevated performance and to align job levels with higher role expectations
- Continued to emphasize organizational commitment to employee growth and development, encouraging staff members to take training offered by MIT and by outside organizations
- Repositioned the VPF leadership team as a strategic partner for senior leadership and a vehicle for aligning organizational messaging and operational management
- Advanced diversity, equity, and inclusion as high priorities:
 - VPF continued to maintain a highly diverse workforce (32% of staff were members of underrepresented minorities); VPF staff members served on the Council for Staff Diversity and Inclusion and assumed leadership roles with the Institute-wide Diversity Summit and Employee Resource Group
- Drove and supported the following VPF inclusion and engagement efforts:
 - Monthly newsletter for VPF staff
 - Bimonthly VPF staff breakfast gatherings
 - Active rewards and recognition programs, including the annual Infinite Mile Awards process and celebration
 - VPF Bracelet Initiative, a cross-functional innovation effort
 - VPF Fun Committee

- Encouraged and supported staff member participation in the following MIT activities:
 - Administrative Advisory Council II
 - Commencement volunteering
 - Committee for Review of Space Planning
 - Council on Family and Work
 - Employee resource groups
 - Freshman advising
 - Information Technology partners
 - MIT Federal Credit Union Advisory Committee
 - Training Alignment Team
 - Training Partners Planning Team
 - Working Group on Support Staff Issues

Budget, Financial Planning and Analysis, and Treasury

VPF reoriented staff in this area to sharpen the organizational focus on meeting increasing demands related to financial planning, analysis, treasury functions with two directors overseeing staff focused on each functional area. Staff members helped guide financial strategy and analysis to support MIT's platform for education and research and participated in the preparation of financial reports and presentations made to the Institute's Executive Committee and the MIT Corporation. They prepared and monitored performance to the annual budget, played a major role in closing the Institute's financial books, and were responsible for the strategic and operational deployment of MIT's working capital. FY2013 accomplishments include the following:

- Provided financial analysis to inform the development of a financial model for the Institute-wide Task Force on the Future of MIT Education
- Collaborated with facilities and the controller's group to conduct a comprehensive analysis of Institute capital projects
- Collaborated with the Office of Resource Development to develop baselines and metrics for use in measuring the performance of the upcoming capital campaign
- Created a consolidated financial model to facilitate analysis of the effects of different capital scenarios and other initiatives on consolidated financials
- Collaborated with the MIT Investment Management Company (MITIMCo) on real estate financing projects
- Supported Lincoln Laboratory in laying the groundwork for financing of the West Laboratory project on the Lincoln Laboratory campus
- Conducted financial analysis to inform the feasibility, financing, and construction of the David H. Koch Childcare Center, which will open in fall 2013

- Worked with the controller's group to improve the process around quarterly reporting to the budget and finance steering group
- Provided early support and guidance to the new provost concerning budget responsibilities and oversight
- Developed a new pension funding policy to strengthen the long-term integrity of the defined pension plan

Controller's Group

The Controller's Group, comprising Financial Accounting and Reporting, Sponsored Accounting, Property Accounting, and Tax Services, is focused on providing a high level of customer service within VPF and to the MIT community. To that end, implementing financial processes that emphasize operating effectiveness and efficiency is its primary objective. The following summarizes the group's FY2013 accomplishments.

Financial Accounting and Reporting

The Financial Accounting and Reporting (FAR) team was formed in FY2013. It includes former components of the General Ledger Accounting and Reporting group, the Accounts Receivable group, the Cashier's Office, the Financial Operations Accounting group, and staff dedicated to accounting support for international activities. The FAR team provides broad-based accounting and financial reporting services to the MIT community and senior management and is dedicated to delivering high-quality, reliable, timely, and accurate financial information. The team oversees the Institute's general ledger accounting system and manages the quarterly and year-end closing of the Institute's books. The team works to maintain compliance with federal regulations and accounting standards and serves as a resource for training and collaboration within the MIT community for continued improvement in business processes and procedures.

Key activities for the FAR team in FY2013 include the following:

- Improved the quarter-end reporting processes by increasing coordination among stakeholders and increasing analysis of financial results to facilitate quarterly reporting to MIT leadership
- Collaborated with the Media Lab, Office of Sponsored Programs, Sponsored Accounting, and the School of Architecture and Planning to evaluate the Media Lab's accounting and financial history and structure and develop and implement solutions to facilitate financial control
- Collaborated with VPF Financial Operations and the Office of the General Counsel to successfully manage a California State independent contractor audit
- Increased efforts to develop internal reporting capacity to facilitate more accurate, timely reporting
- Collaborated with other VPF departments, including Sponsored Accounting, Payroll, Travel, Budget, and Property, to revamp and improve the journal vouchers process

- Formed (and is leading) the VPF International Capacity Team to increase VPF's ability to meet the growing and ever-changing needs related to accounting and reporting for international activities
- Implemented the accounting and financial reporting systems structure for edX and engaged in ongoing collaboration related to its accounting transactions

Sponsored Accounting

The Sponsored Accounting team is responsible for billing and collections, financial reporting, and audit and closeout for all federal and nonfederal sponsored awards on campus, with total annual research expenditures of approximately \$650 million. In FY2013, Sponsored Accounting strengthened the billings and collection process to better manage sponsored receivables. Community engagement improved through group training presentations, interactive demonstrations, and personal tutorials on the sponsored billing and collection process.

Timely financial reporting for all sponsored awards is of vital importance to MIT, and VPF continues to focus considerable resources and effort on this responsibility. Over the past fiscal year, reported capabilities were enhanced through the introduction of monthly Cognos pre-audit reports and notifications, the implementation of a WBS Closeout FileMaker database, and the adoption of a more user-friendly and efficient method for tracking and reporting the number and timeliness of final federal financial reports. Sponsored Accounting continued to work with the Research Administration Coordinating Committee to address the root causes of reporting and other financial compliance issues. Effective management of cost-sharing obligations remained the priority of this collaboration.

Property Accounting

The Property Accounting team is responsible for the accounting and management of all on- and off-campus equipment and capital assets, which in total are valued at more than \$2.5 billion. Among its responsibilities, Property Accounting conducts an ongoing inventory of all on-campus equipment and maintains depreciation schedules for all MIT buildings, space changes, utilities, and equipment. In FY2013, the team introduced a mobile app to enable staff to include or dispose of an item in the field using an iPhone or an iPad mini. The app updates the Institute's property inventory system in real time.

Property Accounting was also involved in the implementation of a change in the capital equipment threshold from \$3,000 to \$5,000. The team partnered with the Office of Sponsored Programs (OSP) to ensure that awards in COEUS (MIT's electronic proposal and award system) were properly identified as being under the old threshold for equipment-buying purposes. The Property team continued to work with the grant committee of the Independent Residence Development Fund (IRDF) to manage grants and loans to fraternities, sororities, and independent living groups for improvements to houses. In FY2013, IRDF issued 38 new grants totaling \$633,000 and four new loans totaling \$7,700,000.

Tax Services

Tax Services supports the Institute's compliance objectives by preparing and filing required IRS and state tax forms on behalf of the Institute, advising the Institute on the tax implications of its current and proposed activities, and identifying and managing the Institute's tax risks. In FY2013, with support and guidance from Financial Accounting and Reporting, Budget, Finance and Treasury, and others, Tax Services filed the Institute's various IRS Forms 990 and 990-T in a timely manner.

Tax Services expanded its compliance targets by increasing the number of states in which unrelated business income tax returns were filed. Filings were made with 29 states for the Institute and with 17 states for the retirement plan. Tax Services partnered with MITIMCo to help manage federal, state, and international tax compliance of the Institute's diverse alternative investment activities. Tax Services continued to provide the tax research and assistance required to support the Institute's increasing international activities. It continued its collaboration with members of VPF, the Office of the General Counsel, the Office of Major Agreements, and the Office of Sponsored Programs in reviewing agreements with international sponsors; it also worked closely with OSP on tax language for agreements with US sponsors.

Financial Operations

Financial Operations serves the MIT community in the areas of buy-to-pay (Accounts Payable and Sourcing and Procurement), Travel Services, and Human Resources (HR)/ Payroll by providing guidance and training, reporting to inform strategic decision making, supporting overall Institute compliance with financial regulations, and facilitating the processing of transactions. By emphasizing seamless and intuitive processes, customer service, and cohesive controls, the team fills an important role in enabling faculty, students, and staff to work toward the MIT mission. Key activities for the Financial Operations team in FY2013 include the following:

Buy-to-Pay

Accounts Payable

- Converted 24 vendors to electronic invoice processing, eliminating the data entry of 19,000 invoices yearly
- Made enhancements to the Systems Applications and Products (SAP) SAPweb electronic request for payment reimbursement system throughout the year, making for greater ease of use for the MIT community and faster approvals and payments by the Accounts Payable team

Sourcing and Procurement

- Continued to streamline processes and systems to provide a more efficient and intuitive user experience
- Implemented enhancements to provide greater controls for departments, laboratories, and centers to easily manage and close out their open commitments

- Focused on process improvements to improve the integrity of the vendor master database and to ensure compliance with federal and state regulations and export controls
- Utilized a spend analytics tool to improve transparency of spend patterns and vendor compliance and to facilitate better decision making
- Developed online learning tools for on-demand assistance and training to improve the user experience with systems and processes while increasing compliance with policies and regulations

Human Resources/Payroll

- Implemented “edit” and “copy” capability for the electronic appointment process, eliminating paper-based manual processing
- Centralized the federal Form I-9, Employment Eligibility Verification, process in an HR and VPF joint project to increase compliance and improve the customer experience
- Launched email notification of ePaystub availability to the MIT community to support paperless pay and to enhance the customer experience
- Eliminated unnecessary paper generated by the graduate student appointment process, reducing the time and effort required of the HR/Payroll service team

Travel Services

- Completed the rollout of the Concur automated dunning process
- Gathered requirements for Concur unexpensed travel card transaction reports, which will be rolled out to the MIT community in September 2013
- Continued training and outreach to assist the MIT community in using the Concur system
- Reviewing the Concur system and making improvements based on community feedback

In the coming year, Financial Operations will continue to enhance its systems and processes, improve the customer experience, and make metric-based strategic decisions in support of community needs and control and compliance objectives. Supporting critical Institute control and compliance objectives, the segregation of duties project, which was completed in FY2013, established segregated roles within SAP, developed and documented procedures for managing acceptable risks, and implemented a standard operating model for maintaining SAP authorizations.

Financial Systems and Data

VPF launched the Financial Systems and Data (FSD) team in November 2012 to support its heightened efforts in process optimization, control and compliance, and service delivery. The creation of the team was central to the VPF vision for FY2013. FY2013 accomplishments include:

- Developed the new FSD team
- Implemented a bimonthly project portfolio and review process to facilitate prioritization
- Created a new in-house desktop support team
- Oversaw enhancements to the online appointment process system and to the hourly student appointment process
- Served a central role in the segregation of duties project, which established a clear division and assignment of roles within SAP
- Replaced an inefficient process for travel dunning notifications with an automated system

The FSD team also completed a series of support initiatives and enhancements to benefit the MIT community and promote greater efficiency of VPF processes and services. Looking ahead, FSD plans to implement data modeling to enhance financial reporting and analytics. Faculty effort reporting will be an additional area of focus.

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