

Office of the Vice President for Finance

The Office of the Vice President for Finance (VPF) is focused on advancing MIT's mission by supporting thoughtful stewardship and effective deployment of the Institute's financial resources. FY2015 was marked by continued improvement in financial operations, accounting services and controls, budget management, and financial analysis, with an emphasis on best meeting the evolving needs of the MIT community.

VPF devoted considerable attention to MIT's increasingly global scope, extending services and tools to accommodate global operations and to support compliance globally. The organization also helped inform strategic decision-making related to MIT's future. VPF staff analyzed key financial decisions for MIT leadership and others, and FY2015 saw important enhancements to the budget process and reporting capabilities. A number of projects were undertaken to ensure compliance with the Office of Management and Budget's (OMB) Uniform Guidance (UG) rules, which set upcoming compliance milestones related to sponsored projects.

Cross-Institute collaboration continued to be an operating principle for VPF. Collaboration with MIT community members and central administrative partners proved critical to FY2015 accomplishments and ensured that VPF's focus aligned with Institute priorities.

The following are detailed reports from each of the VPF functional areas.

Budget and Financial Analysis

Staff members in this area help inform financial strategy in support of MIT's mission. Noteworthy ongoing deliverables include financial analysis and reports prepared and presented for the Institute's Executive Committee, the Academic Council, and the MIT Corporation in the areas of financial performance, budgeting, and endowment distribution. This team also administers the Institute-wide budgeting process, provides representation on the Enrollment Management Group for tuition-setting decisions, and orchestrates the Budget and Finance Steering Group (BFSG), which consists of financial leaders from across the Institute.

During the course of the year, members of the Budget and Financial Analysis team report and monitor financial performance as compared to the annual budget and refine the financial outlook for the balance of the year for senior leadership.

In FY2015, the Budget and Financial Analysis team:

- Implemented a new web form, NIMBUS Budget Transaction Request, to allow administrators across the Institute the option of entering budget changes directly into the NIMBUS budget system
- Provided analytical support for the final report of the Institute-wide Task Force on the Future of MIT Education

- Developed an agreed-upon framework with which to evaluate the financial impact to the General Institute Budget from capital campaign contributions
- Participated, for the first time, on the Advisory Committee on Graduate Stipends
- Improved analysis of quarterly financial results, methods for current fiscal year reforecasting, and related presentation materials delivered to BFSG
- Hired a senior financial analyst and a financial analyst to enhance analytical capabilities in important areas

Controllership

Composed of Financial Accounting and Reporting (FAR), Sponsored Accounting, Property Accounting, and Tax and Global Operations, the Controllership 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.

This was evident in the group's work with various members of the MIT community, specifically regarding two external audits—annual financial statements and annual compliance with federal awards, which resulted in no significant deficiencies and no material weaknesses in MIT's internal control structure—and the annual information return, Form 990, which is submitted to the Internal Revenue Service (IRS).

The following summarizes additional FY2015 accomplishments.

Financial Accounting and Reporting

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 monthly, 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 with the MIT community for continued improvement in business processes and procedures.

In FY2015, the FAR team:

- Automated a substantial portion of the endowment accounting process. This improved the timeliness and accuracy of investment and endowment reporting at the department, lab, and center (DLC) level, as well as at the Institute level.
- Integrated MIT's journal voucher (JV) process into Atlas, the Institute's online administrative systems hub. This integration incorporated key enhancements to the JV application designed to simplify the submission process and expedite the approval process.

- Successfully partnered with various DLCs to redesign accounting structures to improve financial reporting, and proactively collaborated with other central offices to streamline and simplify financial postings.
- Partnered with Property Accounting and Information Systems and Technology (IS&T) to incorporate all point-of-sale devices into MIT's inventory management system.
- Continued to improve documentation and training materials for VPF and MIT community financial activities and procedures.

Sponsored Accounting

The Sponsored Accounting team is responsible for billing and collections, approval of JVs with WBS elements, financial reporting, and audit and closeout for all federal and non-federal sponsored awards on campus, with total annual research expenditures of approximately \$700 million. In FY2015, Sponsored Accounting continued to strengthen the billing 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 processes. With the emergence of the OMB's UG, Sponsored Accounting developed a list of best practices for the MIT community to follow in order to close out sponsored awards in a complete and timely manner.

Timely financial reporting for all sponsored awards is of vital importance to MIT and its sponsors, and VPF continued to focus considerable resources and effort on this responsibility. Over the past fiscal year, reporting capabilities were enhanced through the continued use of a monthly Cognos pre-audit report and notification, and the adoption of a more user-friendly and efficient method for tracking and reporting the amount and timeliness of final Federal Financial Reports. Sponsored Accounting continued to work with the Office of Sponsored Programs (OSP) and the Research Administration Coordinating Council to address the root causes of reporting and other financial compliance challenges. Effective management of cost-sharing obligations continues to be the priority of this collaboration.

Property Accounting

The Property Accounting (Property) team is responsible for the accounting and management of all on- and off-campus equipment and capital assets, which in total are valued at over \$2.8 billion. Among its responsibilities, the Property team conducts an ongoing inventory of all on-campus equipment and maintains depreciation schedules for all MIT buildings, space changes, utilities, and equipment.

In FY2015, the Property team completed a major upgrade to its equipment database, called eProp. The upgrades included the following:

- The ability to run and record depreciation on capital federally funded equipment
- The ability to attach images and documents to an asset record

- The ability to repopulate certain pertinent information to an asset record
- New fields within the equipment records
- Improved functionality to the mobile application

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 FY2015, IRDF issued 40 new grants (totaling \$3.1 million), approved three new loans (totaling \$445,000), and allocated \$396,000 for a community-wide next-generation wireless project.

Tax and Global Operations

The Tax and Global Operations team, formed in August 2014, includes the former components of Tax Services as well as additional staff dedicated to tax and global financial operations support for international activities. The Tax and Global Operations team supports the Institute's compliance objectives by preparing and filing required federal, state, and international tax forms on behalf of the Institute and certain MIT affiliates, advising the Institute on the tax and global financial operating implications of its current and proposed activities, identifying and managing the Institute's tax and global financial operations risks, and working to expand VPF's financial capacity to better facilitate and support the Institute's global activities and initiatives.

In FY2015, the Tax and Global Operations team:

- Continued to file the Institute's and certain affiliates' various IRS forms 990 and 990-T in a timely manner with support and guidance from VPF's FAR, Budget and Financial Analysis, and Payroll teams, the Office of Treasury and Planning, the Office of the General Counsel, and others.
- Continued to meet tax compliance targets by managing the number of states in which unrelated business income tax returns were filed. Filings were made with 33 states for the Institute and with 23 states for the retirement plan.
- Continued to partner with the MIT Investment Management Company to help manage the federal, state, and international tax compliance for the Institute's diverse alternative investment activities.
- Continued to provide tax and operations research and assistance required to support the Institute's increasing international activities. The Tax and Global Operations team continued its collaboration with many members of VPF, the Office of the General Counsel, the Office of Major Agreements, and OSP in advising on agreements with international sponsors, and worked closely with OSP on mitigating tax costs and risks on agreements with international sponsors.
- Collaborated with the Office of the Dean for Graduate Education, the International Scholars Office, the International Students Office, and VPF's Payroll team to plan and host general tax workshops on personal tax compliance for a wide audience of MIT students and scholars, focusing on international issues.

- Collaborated with the Office of Major Agreements, Human Resources, and the Office of the General Counsel in investigating the need for, and exploring the implementation of, a new legal operating structure to better support MIT's expanding international activities.
- Collaborated with Procurement, Accounts Payable, and other VPF departments to treat UG consistently.
- Added an international tax manager and a senior financial and global operations specialist to better meet the MIT community's growing need for international tax and financial operations support.

Financial Operations

Financial Operations serves the MIT community in the areas of buy-to-pay (Accounts Payable and Sourcing and Procurement), Travel Services, and HR/Payroll by facilitating the processing of transactions, providing guidance and training, reporting to inform strategic decision making, and supporting overall Institute compliance. 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. FY2015 accomplishments include the following:

Travel Services

- Rolled out the following enhancements to the Concur travel system:
 - New user interface
 - Itemization Wizard
 - Google Maps
 - Line item send-back
 - Edit capabilities
 - Missing receipt affidavit
- Strengthened partnerships with DLCs by implementing a new service delivery model
- Implemented chip-and-PIN travel credit cards
- Conducted retraining session in each DLC on Concur enhancements
- Continued training and outreach to assist the MIT community with the Concur system
- Continuously reviewed the Concur system and made enhancements based on community feedback

Accounts Payable

- Continued to make enhancements to the “year-end, year-round” tax reconciliation process by refining quarterly data scrub methods and performing year-end tax reporting simulations. Significantly reduced the amount of data mismatches with the IRS to a minimal number.
- Converted more than 600 vendors from paper check payments to electronic payment methods, reducing the number of lost checks and time spent related to them, while generating revenue via increased credit card payments.
- Increased the number of vendors sending electronic invoices to MIT, which reduced the number of small-dollar paper invoice approvals.
- Provided MIT community members with the capability to view invoice attachments online via Atlas, eliminating the need to do so via the SAP ERP system.
- Processed more than 359,000 transactions in FY2015, while issuing more than \$1.3 billion in payments.

HR/Payroll

- Implemented the Work Number employment and wage verification online service. This eliminated more than 150 calls and emails to HR/Payroll per month and merged employee and student verification processing into one source.
- Facilitated the adoption of Atlas HR Transactions (formerly APR) across the remaining departments, including McGovern and MIT Press, allowing for the eventual retirement of the paper-based system (ETCFs).
- Supported enhancements to the Summer Session web application to enable multi-year functionality, enhance reporting, and improve navigation.
- Completed the reorganization of the HR/Payroll team, including the transition of the Payroll tax and accounting team from the Controllershship to Financial Operations.

Financial Systems and Data

The Financial Systems and Data (FSD) team is focused on advancing VPF’s process optimization, control and compliance, and service delivery efforts. In FY2015, the FSD team:

- Implemented a new enhanced JV processing suite
- Supported the implementation and rollout of the employment verification application (Equifax)
- Supported the Sloan School in its implementation and rollout of a new financial hierarchy and budget process

- Automated the processing of low-dollar purchase orders for the Sourcing and Procurement team
- Implemented numerous enhancements to the purchasing system and worked closely with the Sourcing and Procurement team to rewrite its operational procedures to reflect the new procedures

Sourcing and Procurement

- Engaged community members and VPF staff in a comprehensive evaluation of MIT's buy-to-pay systems and processes to identify areas for improvement.
- Partnered with IS&T to conduct an extensive evaluation of best-in-class buy-to-pay systems to select a fully integrated solution that aligns with the vision of an improved user experience. The new system will provide a more intuitive and transparent experience, with all functionality in one place.
- Conducted a review of the international vendor selection and set-up process.
- Implemented new procedures for the supplier enablement process to provide more clarity, consistency, and accuracy for the MIT community and international suppliers.
- Partnered with OSP, the Vice President for Research, and Audit to evaluate the impact of the new UG requirements on Procurement. In support of these UG requirements, all procurement policies and procedures were reviewed and will be updated as appropriate.
- Collaborated with six peer universities within the Boston Consortium in a joint bid for a major lab supplies vendor. Leveraged spend and common requirements across these institutions to obtain significant savings and service improvements for MIT.
- Implemented monthly internal audits of purchase orders to ensure compliance with MIT and regulatory policies and procedures.
- Partnered with Environmental Health and Safety to enhance controls related to the procurement of controlled substances.
- Continued to collaborate with colleagues across campus on major initiatives, such as campus renewal and renovation projects, implementation of a new shipping process/tool to reduce risk related to export controls and shipment of hazardous materials, sustainability standards for design and procurement, and the selection of a vendor to manage and operate executive dining operations for the newly renovated conferencing facility in E52.
- Sourced and negotiated several primary agreements for the MIT community, including those related to lab and research supplies, computer equipment and peripherals, furniture, and office products.

Administrative Services and Operations

VPF's Administrative Services and Operations (ASO) group includes staff members focused on functions related to human resources, budgeting and cost controls for VPF, community relations, project management, emergency preparedness, administration, space planning, IT desktop support, organizational effectiveness, onboarding, 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 for both VPF's internal employees and the MIT community. In FY2015, the ASO group:

- Continued VPF's organizational commitment to employee growth and development by encouraging staff members to participate in learning and development opportunities offered within VPF, by other MIT departments, and by other outside organizations:
 - Offered the VPF Institute, a monthly learning series for VPF employees consisting of half-day workshops presented in varying locations around campus on topics such as conflict resolution, dealing with change, process improvement, and problem solving.
 - Implemented "VPF Tour de Campus," a series of tours of research laboratories across the Institute.
- As part of a response to an internal audit finding, launched an ongoing internal effort to build a more secure computing environment.
- Made considerable progress toward the redesign and relaunch of VPF's website, with an anticipated launch in early 2016.
- Advanced diversity, equity, and inclusion as a high priority for VPF:
 - The ASO group continued to maintain, support, and enhance a highly diverse workforce.
 - Staff members served on the Council for Staff Diversity and Inclusion and maintain leadership roles with the Institute-wide Diversity Summit and Employee Resource Groups (ERGs). VPF staff members continue to participate actively in the Institute ERG programs.
 - The ASO group conducted ongoing activities to enhance and support an inclusive community, such as a monthly employee e-newsletter and bimonthly new employee welcome breakfasts.
 - One VPF employee is enrolled in The Partnership Associates Program for professionals of color, and one employee is enrolled in Conexión, a leadership and mentoring program for Latino/Latina professionals.
- Encouraged and supported staff member participation in the following MIT activities:
 - Attendance at MLK Luncheon, MIT Diversity Summit, and other Institute diversity and inclusion events

- Commencement volunteering
- Working Group on Support Staff Issues
- Training and development opportunities offered across the Institute

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