

## Vice President for Finance

The [Office of the Vice President for Finance \(VPF\)](#) works to advance MIT's mission by supporting thoughtful stewardship and effective deployment of the Institute's financial resources.

In fiscal year 2016, VPF diligently executed the financial processes it oversees to support MIT in achieving global impact through education, research, and innovation. As part of its continuing efforts to create and support a seamless administrative experience for the MIT community, VPF also responded to a range of community needs for improvements in administrative systems and processes and access to information through advances in technology, business and compliance protocols, data collection, and reporting.

VPF experienced two significant leadership changes over the course of the year. Following an extensive national search, Danielle Khoury was promoted from assistant controller to controller for MIT in May 2016. Khoury has served MIT as a member of the controllership since 2008. Christina Lo was promoted to the newly created position of senior advisor, business affairs and contracts, reporting directly to the vice president for finance. In this new role, she provides leadership and counsel on initiatives that form business relationships and legal agreements that are of particular strategic importance to the Institute.

In FY2016, VPF focused its efforts in four areas, as detailed below.

### Financial Operations and Annual Processes

In support of world-class education and research, VPF oversees those operations necessary to pay MIT's employees and to enable them to purchase goods and services. VPF also helps the MIT community make thoughtful decisions about the allocation of resources by collecting and reporting financial data and coordinating the Institute's annual budget process.

Key metrics highlighting the core work of VPF's business units in fiscal year 2016 include the following:

- Administering an annual payroll of more than \$1.3 billion. Processing 418,441 payments to 20,105 individuals.
- Processing more than \$1.57 billion in payments on more than 360,000 invoices.
- Processing 55,424 travel expense reports while overseeing administration of 4,370 MIT Travel Cards and 3,719 Procurement Cards.
- Invoicing, collecting, and reporting on \$694 million in campus-sponsored research revenue (59% federal and 41% industrial, corporate, and subcontracts), and managing more than 3,800 unique sponsored research accounts.
- Directly collecting and processing \$1.25 billion in revenue via wire transfers, checks, and internal transfers.

- Supporting more than 120 campus merchants in their secure use of credit cards to collect payments made to MIT.
- Processing 44,906 journal vouchers.
- Completing the biennial inventory cycle of 68,586 pieces of equipment in 105 campus buildings and off-campus sites.
- Tagging and accounting for 5,379 new pieces of equipment valued at \$65.3 million.
- Filing 1,772 tax forms, including Institute IRS Forms 990 and 990-T, multiple state tax filings, and international tax forms.
- Orchestrating the overall Institute budget, encompassing \$3.2 billion in budgeted expenditures.
- Managing the submission of 316 departmental budgets and processing 3,309 budget change transactions.
- Executing the annual process of closing the Institute's finances, including overseeing publication of the annual Report of the Treasurer.
- Preparing and submitting the Reports on the Audit of Federal Financial Assistance Programs (known as the A-133 Audit Report).
- Preparing and submitting payroll and accounts payable year-end tax forms.
- Publishing the annual Budget Book and internal Report of Financial Results.
- Publishing the annual Report of Sponsored Research Activity (known as the Brown Book).

### **Transforming and Improving Services**

VPF led a number of initiatives aimed at better supporting the MIT community in its execution of academic, research, innovation-related, and administrative activities. Through the deployment of state-of-the-art web commerce, data reporting, and enterprise software tools as well as efforts to streamline and simplify financial and administrative processes, VPF continues to improve the MIT community's administrative experience and better position the Institute to address evolving financial, strategic, and global business needs. Key accomplishments are listed below.

- VPF procured a new buy-to-pay system and made it ready for implementation in collaboration with Information Systems and Technology (IS&T), with a pilot period planned for the first half of fiscal year 2017, with campus-wide implementation in January 2017. In parallel, modified and improved approaches to buy-to-pay business processes and customer support. Engaged the MIT community through a 38-member user advisory group, offering training and support, and revising relevant procurement policies.
- Redesigned and launched the new VPF website in June 2016, providing clearer and easier-to-find information about VPF processes, systems, and personnel—delivered on time and on budget.

- Implemented a new financial review and control tool in collaboration with IS&T and the MIT community.
- Launched financial reporting improvements for the Singapore-MIT Alliance for Research and Technology (SMART) in collaboration with IS&T, SMART and MIT staff, and School of Engineering faculty. Strengthened collaboration with SMART on quarterly financial close and annual SMART financial audit.
- Collaborated with IS&T and the MIT community to develop a new graduate appointment portal, targeting to go live in January 2017.
- In collaboration with the Office of the General Counsel (OGC), reached an agreement with PayPal enabling the MIT Press, Alumni Association/Annual Fund, and other MIT merchants to accept PayPal as a payment option and therefore realize significantly lower transaction fees than with more traditional means of accepting payment—all while ensuring data security compliance.
- Negotiated contracts with 11 local businesses to become preferred caterers for MIT and created a list of prequalified vendors for the MIT community, resulting in consistent, equitable, and quantifiable cost savings for the Institute and streamlined processes for ordering and payments.

### Enhancing Information and Analytics

VFP organizes and analyzes financial and compliance-related data to provide the community with information needed for thoughtful stewardship of the Institute's resources and operational decision making at every level. The staff of VFP worked to improve financial visibility at MIT by compiling data in reports that reflect current leadership and community priorities and by conducting sophisticated financial modeling and analyses. Selected highlights appear below.

- In collaboration with IS&T and the MIT community, VPF developed an updated electronic salary distribution report (known as eSANDI) in response to community requests, which is being prepared to go live in the first half of fiscal year 2017, and conducted discovery on research forecasting reporting strategy.
- Prepared an analysis for Institute and MIT Investment Management Company (MITIMCo) leadership modeling the impact of potential external stresses on MIT's budget, particularly scenarios relating to endowment volatility and a high-level framework for fiscal response.
- Under the direction of the deputy executive vice president, worked closely with administrative areas to advance templates for annual budget process. Prepared a detailed trend analysis for all administrative units to provide increased understanding of spending trends and to link incremental investments in key areas with priorities from the executive vice president and treasurer (EVPT).
- Collaborated with the MIT Sloan School of Management (at its request) to improve its chart of accounts.
- Prepared an analysis for the provost and the executive vice president and treasurer attributing MIT's annual operating income and expenses across a range of activities and functions and organizational components of the Institute.

- Collaborated with the Office of the Provost, OGC, and MITIMCo to develop and propose a new spending policy for the Lord Foundation to maintain the long-term purchasing power of the foundation's principal and thus ensure it will be able to deliver adequate resources to future generations of MIT scholars.

### **“Beyond Compliance”**

VPF works to support and enable effective and efficient compliance with regulatory, sponsor, industry-related, and other requirements applicable to the Institute's receipt and expenditure of funds and transmission and use of financial data. VPF focuses on thoughtfully identifying and prioritizing among risk mitigation activities and leveraging technology and better business processes to continuously strengthen the compliance environment at MIT in these areas while also simplifying the community administrative experience. FY2016 activities include the following:

- VPF registered for withholding tax in 11 additional states and for payment of unemployment insurance in six additional states, where required, in collaboration with MIT's vice president for human resources (VPHR).
- Began implementation of eShip Global, in collaboration with the Office of Sponsored Research and the Environmental Health and Safety Office, to reduce cost and risk related to outbound shipping of packages and hazardous materials to a pilot group of labs, centers, and schools.
- Collaborated with the EVPT, OGC, the Office of Major Agreements, VPHR, and the Office of the Provost to create MIT International (MITi); worked on decision making, process, and system protocols for operationalizing MITi.
- Continued to improve communications protocols about domestic and international tax issues with MITIMCo, the Recording Secretary's Office, SMART, the International Coordinating Committee, Pricewaterhouse Coopers, and Ernst & Young.
- With OGC, the Office of Treasury and Planning, and MITIMCo, played a leadership role in formulating MIT's response to a request for information from the chairs of three Congressional committees directed at the 56 US colleges and universities with endowments valued at more than \$1 billion. Our response provided answers to questions about MIT's endowment value, management, and use while highlighting the endowment's crucial role in supporting the Institute's increasing investments in financial aid as well as academics, research, and innovation with global impact. Prepared a one-page summary of key points of the response for MIT's Washington Office to assist with federal advocacy.
- Provided data to the Council on Governmental Relations supporting a delay of a new uniform guidance competitive procurement threshold of \$3,000 (now delayed until fiscal year 2018).
- Within VPF, implemented new data security protocols in collaboration with the internal Audit Division and IS&T; required background checks for new hires; established centralized staff vacation tracking using a new tracking tool; actively engaged in Institute diversity and inclusion initiatives such as

conducting unconscious bias training at VPF; established enhanced protocols for contract review in collaboration with the Department of Facilities and the deputy executive vice president; and undertook more systematic internal budget monitoring.

**Glen Shor**  
**Vice President for Finance**