

Office of the Vice President for Finance

The [Office of the Vice President for Finance \(VPF\)](#) is an administrative unit of the Executive Vice President and Treasurer at MIT charged with stewardship of the Institute's financial resources. A team of 140 finance professionals supports colleagues throughout MIT by ensuring financial operations are efficient and intuitive, data is robust and reliable, and services are responsive to meet the needs of an increasingly complex Institute. As such, VPF supports the Institute's highest ambitions to solve the world's most complex problems and quicken the pace from idea to impact.

In fiscal year 2017, VPF's organizational structure evolved to promote external and internal collaboration, advance key strategic areas, and achieve greater efficiencies. The vice president's core team was expanded into a newly created VPF Headquarters, comprising the vice president, a senior administrative assistant, and a new Practice and Process Improvement team. This team is charged with strengthening VPF's connections to the community and to the Office of the Executive Vice President and Treasurer administrative partners and—in concert with VPF's five directors—fostering a holistic approach to practice and process improvements.

Pamela Schickling Buckley was named senior director of practice and process improvement. She most recently served as assistant controller and brings extensive administrative experience in multiple departments, labs, and centers (DLC) and central units during 27 years of service to the Institute.

A new directorate of Strategic Sourcing and Contracts was created under the leadership of Christina Lo. Within this directorate, a Strategic Sourcing team—consisting of experienced sourcing professionals—helps establish relationships with businesses offering goods and services that best meet the needs of our community, bargaining for savings and excellent customer service. A Contracts team composed of lawyers and contracting experts reviews, drafts, and negotiates commercial agreements arising from these sourcing efforts and other transactions initiated by DLCs, using their skills and experience to secure terms that protect the interests of the Institute.

Both of these units were previously part of the Financial Operations team; they have now been spun off into their own directorate to emphasize systematically using data and outreach to the community to proactively focus sourcing efforts on areas that deliver the greatest benefit to MIT.

In a related change, a team of buyers (who previously were part of Sourcing and Procurement) was renamed Procurement Operations and merged with Travel and Card Services. These two teams report to the assistant director of travel and procurement operations, Kathleen McGrath in the Financial Operations Directorate.

In fiscal year 2017, VPF focused its efforts in five areas detailed below.

Focus Areas

Successful Execution of Core, Recurring Processes

VPF's 17 business units perform financial accounting, reporting, tax filing, budgeting, payroll, buying and paying, contracting, and billing activities that serve the Institute's financial needs.

Key metrics highlighting core work of VPF's business units in FY2017 include the following:

- Administering annual payroll of more than \$1.4 billion; processing 446,627 payments to 21,379 individuals
- Processing more than \$1.56 billion in payments on more than 362,000 invoices
- Processing 57,936 travel expense reports while overseeing administration of 4,111 MIT Travel Cards and 3,817 Procurement Cards
- Invoicing, collecting, and reporting on \$701 million in campus sponsored research revenue (57% federal and 43% industrial, corporate, and subcontracts), managing more than 3,700 unique sponsored research accounts
- Directly collecting and processing \$1.39 billion in revenue via wires, checks, and internal transfers
- Supporting 140 campus merchants in securely collecting credit card payments to MIT
- Processing 43,430 journal vouchers
- Completing the first year of the biennial inventory cycle, accounting for more than 45,000 pieces of equipment in 70 campus buildings and off-campus sites
- Tagging and accounting for 5,289 new pieces of equipment, valued at \$52.6 million
- Filing 2,362 tax forms, including the Institute's IRS Forms 990 and 990-T, multiple state tax filings, and international tax forms
- Orchestrating the overall Institute budget encompassing \$3.4 billion in budgeted expenditures
- Managing submission of 306 departmental budgets and processing 3,211 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 Uniform Guidance Audit Report (formerly 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* (aka the Brown Book)

Notable accomplishments in FY2017 in connection with these core processes include the following:

- VPF established HR/Payroll's presence at the Atlas Service Center two days a week to provide in-person assistance addressing tax treaty questions for international faculty, students, researchers, and staff.
- In closing out FY2016 and publishing the FY2016 Report of the Treasurer, VPF handled a late adjustment to the investment valuation based on prior-year protocols—smoothly and without disruption to the publication process or deadline—and achieved its earliest publication date of the Report of the Treasurer.
- The Uniform Guidance Audit Report (formerly known as the A-133 Audit Report) for FY2016 reported no material weaknesses or significant deficiencies.
- The VPF HR/Payroll and Accounts Payable teams met compliance with earlier federal deadlines for employee W-2 and contractor 1099 Forms for calendar year 2016.
- The VPF Tax and Global Operations team completed the first federal Form 990 tax filings for two new MIT entities: MIT International and the Advanced Functional Fabrics of America (AFFOA).
- VPF participated in the Office of Naval Research (ONR) Contractors Purchasing System Review audit, with ONR approving VPF procurement systems through May 22, 2020
- VPF Financial Accounting and Reporting successfully completed a seamless transition to a new external audit lead engagement partner, as required by Institute policy regarding rotation of lead engagement partners.

Enhancing Administrative Experience and Reducing Compliance Risk

A major highlight of FY2017 is the rollout of the first phase of the new Buy-to-Pay (B2P) system, which provides the MIT community with a cloud-based application to support the process of buying and paying from start to finish. In addition, VPF-led initiatives resulted in significant savings for the Institute with respect to IT networking equipment, catering services, and lab equipment and supplies. VPF improved travel expense reporting and compliance through the implementation of a new travel expense policy. Throughout, VPF used its new website and enhanced newsletter to effectively communicate these and other changes to finance and administrative leaders and staff across the Institute.

Buy-to-Pay

VPF completed Coupa implementation, activating requisition, purchase order, catalog, invoicing, contracts, and sourcing modules for all DLCs while maintaining ongoing, rigorous feedback mechanisms on community experiences and addressing needs for information, training, modifications, enhancements, adjustments, and fixes. The SciQuest catalog (known as eCat) was retired and all shopping has transitioned fully to Coupa.

VPF implemented a new customer service model and infrastructure for community B2P inquiries by consolidating support structures previously spread across multiple VPF units into a central B2P Contact Center. We also added a customer service professional to the staff who, as a single point of contact, ensures a consistent, positive experience for MIT community members seeking assistance. Along these lines, VPF set up a central telephone line and email address—connected to a request tracking system—to respond to questions quickly and efficiently. The tracking system captures valuable data from community feedback, which is then used to address areas for improvement.

VPF updated and restructured buying and paying tasks on the VPF website to align with new B2P processes; also expanded information for suppliers detailing MIT's prequalification requirements, policies on purchasing ethics, and instructions for joining the MIT Coupa Supplier Portal.

Implemented the Supplier Search feature on the VPF website—a new tool for searching for preferred suppliers and internal providers with enhanced search capabilities—that is accessible from the top of every page on the website. Integrated supplier profile information with detailed MIT discount information, purchase methods, supplier, VPF contacts, and related links and tools. The SmartBuy supplier tool was then retired.

Strategic Sourcing and Contracts

VPF supported MIT's transition from internet protocol version 4 (IPv4) to internet protocol version 6 (IPv6) by achieving \$2.4 million savings on equipment purchased to upgrade MIT's network to make it IPv6 compatible.

VPF preserved existing travel discount program for MIT travelers by supporting and helping to effectuate the transition of the Academic and Healthcare Travel Program from the Medical Academic and Scientific Community Organization to the Boston Consortium (effective October 1, 2016).

We reduced costs for catering by using preferred caterer contracts (a program with 12 local caterers introduced in May 2016), which resulted in a savings of \$693,207 in FY2017. VPF hosted events to connect local travel and hospitality suppliers and MIT event planners at five Cambridge hotels to connect preferred hotel, catering, and transportation suppliers with the broader MIT community, resulting in event planners' increased awareness of preferred suppliers and available discounts.

VPF signed an agreement with the MIT Office of Sustainability to share procurement data in service of advancing collaborative efforts to more significantly embed sustainability objectives in procurement practices.

Launched the new [VPF website](#) (July 2016) to provide better, more user-friendly design and access to information about finance processes with instructions to carry out financial tasks and the policies underlying them. We also enhanced the VPF Statement (a newsletter to the MIT community) through redesign, expanded editorial content, and upgraded electronic delivery method, and made the archive from 2015 to the present available on the website.

VPF created a comprehensive Financial Record Retention Policy that provides guidance on storing records electronically and standardizes retention guidelines across all financial document types. We published text and a concise infographic in the VPF Statement and on the VPF website.

Implemented a change to the MIT Travel Card Policy (Sections 2.03 and 5.03, effective January 3, 2017) to encourage more timely expensing of travel, and engaged assistant deans and administrative and financial officers, the Office of the Provost, and the Office of the Executive Vice President and Treasurer to develop a communications plan. Directed a three-month communications outreach campaign to the community resulting in 99.6% of cardholders responding to outreach on affirming the terms of the new policy. VPF Travel and Card Services worked with DLCs and travelers to clear out the backlog of prior unexpensed travel in order to implement the new policy with a clean slate.

VPF launched a major project to change the payroll frequency from monthly to semimonthly for all exempt employees, in collaboration with Information Systems and Technology (IS&T), Human Resources, the Office of the General Counsel, Lincoln Laboratory, and other stakeholders (targeted for April 2018).

Supplied logistical leadership for the sale of eight million of the Institute's excess IPv4 addresses—the largest single transaction by value (as well as one of the largest by quantity) in the IPv4 market to date.

VPF led a 10-month project in collaboration with IS&T to assess VPF's payment card industry (PCI) compliance program. Also engaged with Trustwave to perform gap analysis. The assessment concluded that MIT has no current PCI compliance gaps.

Collaborated with MIT Environment, Health, and Safety on new systems to procure lab coats and on process improvements that reduce costs and increase safety in gas cylinder acquisition and management.

Revived MIT's tax-exempt status in the state of California, which enabled VPF to file MIT's unrelated business income tax returns in California from FY2013 to the present, resulting in a refund to the Institute of more than \$800,000.

VPF Budget and Financial Analysis and Financial Systems and Data teams collaborated on a project to document operational processes connected to NIMBUS, VPF's online budget development and tracking tool. Teams generated instructions for 19 NIMBUS processes to create, submit, maintain, update, and close out budgets.

Completed the pilot phase for eShipGlobal, in collaboration with the Office of Sponsored Research, the Environment, Health, and Safety Office, and the participation of eight DLCs. eShipGlobal will reduce cost and risk related to outbound shipping of hazardous materials. VPF implemented an upgrade to version 2.0 in preparation for a campus-wide rollout with an initial focus on MIT's research labs.

Financial Information and Decision Making throughout the Institute

VPF provides the community with financial information and reports needed for thoughtful stewardship of the Institute's resources and operational decision making at every level of MIT. Along these lines, VPF prepares sophisticated financial modeling and analysis to help the Institute reduce risk, recognize and predict trends, realize Institute-wide opportunities for cost efficiencies, and engage in long-term planning.

Implemented the return of the Staff Appointments and Distributions tool (SANDI) in collaboration with IS&T and the MIT community. SANDI reports on HR appointments, salary distributions, and payroll data for exempt employees, fellows, and graduate students, and allows authorized users to view this data for their DLC in end-of-month snapshots for a given fiscal year.

VPF HR/Payroll and Sponsored Accounting teams partnered with IS&T to implement the Graduate Appointment Portal—a one-stop consolidated tool for creating and managing graduate awards with increased efficiencies, improved data accuracy, and simplified graduate appointment business processes. VPF collaborated with Student Financial Services, the Office of the Dean for Graduate Education, and a community user group of 49 administrators representing 33 DLCs. We then retired the Web Grad Aid tool, in use since 2001.

Implemented new templates to assist DLCs in submitting budgets across all funds that are more consistent with trends and historical experience, thus advancing the accuracy of the annual consolidated budget and assisting with DLC forecasting.

VPF Financial Systems and Data and Budget and Financial Analysis teams partnered with IS&T to present recommendations to the Administrative System Steering Committee on two pilot projects (slated for FY2018) to improve reporting and data governance. Teams are in the process of experimenting with improved data governance protocols and infrastructure.

Developed return on investment analysis for Resource Development for the MIT Campaign for a Better World. Compared receipts and costs to baseline, translating between campaign and cash views of gifts, and compared incremental General Institute Budget (GIB) relief from campaign to incremental GIB fundraising expenditures.

The VPF director of strategic sourcing and contracts and the assistant director of budget and financial analysis were appointed to serve on the new IT Governance Committee Software Portfolio Planning Subcommittee, to help develop a sustainable governance model to address financing and other business and policy considerations for software procurement.

VPF played a leadership role in preparing a portion of the second round of congressional inquiries about MIT's endowment, specifically related to endowment support for the Institute's increasing level of student financial aid.

We created new charts for quarterly Budget and Finance Steering Group materials illustrating multiyear research trends by School, and highlighting principal in-year dynamics driving the difference between the consolidated budget outlook and an updated full-year forecast.

Resolved a method for allocating International Fund fee revenues for administrative unit efforts that support international activities, and assisted the Risk Management and Compliance Services team with top financial risks analysis (in progress).

VPF's Tax and Global Operations and Communications teams co-led a project to migrate financial content from the International Coordinating Committee's website to the VPF website and enhance VPF's online finance guidance for MIT international activities.

Supporting Four New High-Profile MIT Entities

VPF provided support for the following major Institute initiatives launched in FY2017 that will advance MIT's impact in Cambridge and across the globe: the MIT Hong Kong Innovation Node, MIT International, and the Advanced Functional Fabrics of America (a public-private partnership to support the development and commercialization of advanced fabrics), and The Engine—the Institute's start-up accelerator in Central Square.

- Assisted with key administrative and operational infrastructure start-up activities for the newly created MIT Hong Kong Innovation Node:
 - Conducted request for payment to identify and secure approval for selection of outsourcing partner for tax, external audit, and Hong Kong's Generally Accepted Accounting Principles (GAAP)
 - Assisted with contracting with a professional employer organization to meet early personnel needs in compliance with Hong Kong law
 - Consolidated Hong Kong entity finances with MIT's finances in compliance with US GAAP
- Secured IRS approval of tax-exempt status for MIT International retroactive to date of incorporation (May 13, 2016)
- Advised the AFFOA on in-source/vendor options to meet payroll and other administrative infrastructure needs, and on completing its first federal Form 990 tax filing

- Consulted with staff from MIT and The Engine and PricewaterhouseCoopers on accounting treatment and tax issues for The Engine

Organizational Advancement and Development

In the past year, more than 40 staff members joined VPF or took on new roles and responsibilities—through promotions and lateral moves—within the organization. The vice president and VPF’s Administrative Services and Operations team created multiple venues for new and existing staff to connect with each other and with VPF leadership. VPF senior leaders support and encourage staff to fully participate in campus-wide employee groups and organizations.

In FY2017 we launched VPF Connect—VPF’s intranet, which serves as an online gathering place for VPF staff—with practical information and tools for staff to be effective in their jobs and stay informed about VPF’s activities and accomplishments. The cost-efficient intranet was built as a secured section of the VPF website (for VPF staff only) for less than \$3,000. We also created a comprehensive package of onboarding materials for new VPF employees.

VPF initiated new venues for senior leadership engagement of VPF staff from across the organization. Regular events included quarterly meetings for new hires with each VPF director; biweekly informal lunches with a rotating group of eight to 10 staff and the vice president with the aim of ensuring that all 140 staff members have an opportunity to share ideas with the vice president in a small group setting. In addition, VPF piloted a new VPF Stars recognition initiative.

Launched the VPF Sustainability Team—a new volunteer team of VPF staff—to recommend individual and organizational practices to conserve energy, protect the environment, and promote wellness.

Four VPF staff served in leadership roles in MIT’s Employee Resource Groups—the African, Black, American, Caribbean @MIT group and the newly created Disabilities group—and two VPF support staff members served on the Working Group on Support Staff Issues.

Strategic Sourcing Analyst Minerva Tirado completed the Conexión Executive Mentoring and Leadership program, a 10-month course for midcareer Latinos focusing on leadership competencies, demographics, and networking. Two members of the VPF leadership team, Christine Albertelli and Long Tran, completed MIT’s Leader-to-Leader program.

Glen Shor
Vice President for Finance