

Office of the 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 2019, VPF focused its efforts in the areas detailed below.

New Responsibilities, Major Challenges, and Complex Issues

Office of the Recording Secretary

In September 2018, the Office of the Recording Secretary (RSO) joined VPF, bringing a team of 11 gift administration and finance professionals into the office. Julia Topalian was named director of gift administration and recording secretary in mid-January 2019. Ms. Topalian previously served as senior director of campaign operations with the Office of Resource Development. With her deep knowledge of the Institute's gift policies and procedures, Ms. Topalian is leading the RSO team to advance best practices in gift administration, in close collaboration with MIT advancement staff and other key partners across the Institute.

Supporting MIT.nano

VPF is providing multi-faceted support to MIT.nano to become fully operational as it identifies and acquires cutting-edge tools and instruments for this facility. Following the official launch of MIT.nano in October 2018, VPF has:

- Prepared a financial analysis supporting the development of a user fee framework for non-shared spaces, in collaboration with associate provost who serves as co-chair of the Committee for the Review of Space Planning, the MIT.nano leadership, and the Office of the Vice President for Research (VPR)
- Adapted procurement protocols to permit exchanges of equipment for membership fees with appropriate protections while exploring how this model can be employed in other research contexts, in collaboration with VPR and MIT.nano leadership
- Developed protocols for reviewing equipment leases, in collaboration with VPR and MIT.nano leadership

New Framework to Understand the Financing of Education and Research at MIT

VPF teams conducted a cost of education analysis that was derived from a framework initiated by MIT Corporation Chairman Robert Millard. They also helped prepare this analysis to present at the May 2019 Executive Committee meeting.

They addressed three questions:

- What is MIT's budget for its twin enterprises of education and research?
- Where do the funds come from?
- What are the funds spent on?

The analysis provided a platform for further collaboration with the Office of the Vice Chancellor, particularly on the sources and uses of graduate student support.

In addition, VPF supported the provost's inquiry about MIT's competitive posture with respect to graduate student costs charged to research grants. Assistant Provost Doreen Morris and Institutional Research Director Lydia Snover participated in this effort.

In collaboration with Student Financial Services, VPF provided a new lens through which to view the drivers and funding sources of undergraduate financial aid. This analysis provides a framework to support strategic decision making with respect to financial aid.

Assessing the Health of Financial Systems

VPF launched the MIT Financial Processes and Systems Modernization project to catalog all VPF financial systems and evaluate the business and technical condition of each. This project was undertaken in collaboration with Information Systems and Technology (IS&T). It will create a map for prioritizing the modernization of MIT's financial systems.

Implementing New Accounting Guidance

VPF reorganized the Institute's financial statements and budget on the basis of several new accounting standards from the Financial Accounting Standards Board. The new standards extensively affect the presentation of the Institute's financial statements and also encompass new methods for revenue recognition. These and other accounting and reporting changes are reflected in the FY2020 budget (adopted in May 2019) and will be reflected in the FY2019 Report of the Treasurer (expected in September 2019).

Completing a Four-Year Federal Audit

VPF's Property Office completed an audit with the Defense Contract Audit Agency for the period covering fiscal years 2015 through 2018 on a total depreciation expense of \$652 million for the Institute's capital equipment, buildings, and building upgrades. The audit was accepted with no findings or cost adjustments.

Supporting the Evolution of MIT Through Strategic Procurement

- VPF's Strategic Sourcing and Contracts (SSC) team supported VPR as it examined the future of MIT's Nuclear Reactor Laboratory, providing a cost analysis to facilitate the Institute's long-term planning.
- SSC also worked with IS&T and the Department of Facilities on a security assessment of the Institute's Central Utilities Plant. This on-campus plant provides a large portion of the Institute's energy needs and as such requires a continuing assessment of security protocols to safeguard it against physical and cybersecurity risks.
- SSC worked with MIT Human Resources to identify an executive search firm to support the Institute's diverse needs as it conducts executive searches. Following an analysis of the Institute's requirements and a survey of the executive search firm market, SSC negotiated a contract with Isaacson, Miller to serve as a preferred executive search firm. This is the first firm of its kind to be signed as a preferred supplier.

Strengthening Operations and Community Engagement

Consolidating Buy-to-Pay within VPF

VPF completed the consolidation of buying and paying teams by moving the accounts payable team under the leadership of Kathleen McGrath. With this change, McGrath oversees the teams that support the full cycle of transactions connected to buying and paying, including the Buy-to-Pay Contact Center.

Experimenting with AI

The travel and card services team within Financial Operations introduced Concur Detect, a new tool designed to streamline the process for reviewing and approving travel expense reports submitted by MIT's travelers. Concur Detect automatically reviews each line item transaction and associated receipt images and highlights transactions that may be at risk of noncompliance with MIT's travel policy. This new tool is designed to relieve expense report reviewers of the task of reviewing transactions and associated receipts in travel expense reports; instead, reviewers can focus their efforts on whether the travel is appropriate, is being charged to the correct cost center, and has a direct benefit to MIT or the sponsor.

Making Purchasing Easier for the MIT Community

The financial operations and SSC teams initiated and launched the MIT Amazon business account for purchases on the MIT procurement card, which offers the community unlimited free two-day shipping on Amazon Prime items, automatically applies sales tax exemptions for purchases from the 30 states where MIT has sales tax exemptions, and provides business pricing for more than six million items from Amazon and Amazon's 75,000 affiliated business sellers. By using the central MIT Amazon business account, departments, laboratories, and centers no longer need to purchase an annual Amazon Prime membership (at \$119/year each).

Other Engagement with MIT Staff

- VPF's tax and global operations team hosted a workshop to help MIT administrators to respond to general tax inquiries from students, scholars, and employees on common (non-payroll) payment types and related tax matters. The workshop provided an overview of the taxability, withholding, and recipient tax reporting requirements of common types of student payment (including fellowships, scholarships, prizes, and awards), employee and non-employee compensation for services rendered, and royalty payments issued by VPF. Following the workshop, the team created a handy reference guide that was published on the VPF website.
- VPF worked with IS&T to enable the MIT community to book tax appointments online (through Atlas) with a VPF human resources and payroll tax specialist.
- VPF's practice and process improvement team added a training specialist to its staff and is focusing on creating a new online and in-person training program for the MIT community. The team is also developing a new outreach series, called VPF Forum, to engage with the MIT community on specific finance topics. The first forum is planned for July 2019.

Evolving as an Organization

Enabling VPF Staff Growth and Development

- VPF as an organization continued to grow and evolve, with the addition of the Office of the Recording Secretary and the appointment of Julia Topalian to lead this team.
- VPF's SSC team added two new managers, as Lillian Mezynski was promoted from contract administrator to manager of the contracts team and Alexander Gill was hired as manager of strategic sourcing.
- In the controllership, Ross Monaghan was hired as manager of general ledger operations and financial reporting.
- In financial operations, Kathleen McGrath was named assistant director of travel, accounts payable, and procurement operations, as accounts payable was added to her roster of responsibilities. John Larkin was named assistant director of financial operations, processes and compliance, and Joanie Edmonds was hired as manager of accounts payable.

Three members of VPF's staff received the MIT Excellence Award in 2019:

- Gerry O'Toole, director of financial operations, was recognized in the Serving the Client category for his exceptional commitment to customer service and for improving the administrative experience for members of the MIT community.
- Treasury and Planning Director Allen Marcum and Sean Adams, treasury's senior financial analyst, were recognized in the Sustaining MIT category for their contributions to the MIT team that developed the power purchase agreement for Summit Farms. This 650-acre solar farm in North Carolina adds new solar power capacity to the electrical grid and offsets a substantial portion of the Institute's greenhouse gas emissions.

Dimana Macdonald, manager of human resources and payroll within VPF, completed MIT's Leader-to-Leader program.

Pam Schickling Buckley, VPF's senior director of practice and process improvement, was appointed to a three-year term on the MIT Administrative Advisory Council II. At the conclusion of the first year of this appointment, she was appointed vice chair of the council and will serve in this role through FY2021. Schickling Buckley was also elected treasurer of the MIT Women's League and will serve a two-year term on the league's executive board.

Supporting and Strengthening VPF

The administrative services and operations (ASO) team at VPF supervised the renovation of VPF office space on the third and fourth floors of Building NE49, providing new kitchens and gathering spaces for staff, new furniture in all conference rooms, new paint in the hallways and common areas, and new carpet throughout. The kitchens are stocked with drinking glasses and coffee mugs for staff and guest use—

which has significantly reduced the use of paper and plastic products—and also have containers for recycling paper and plastic and composting food waste.

VPF staff participated in online data security training designed to educate staff on how to detect phishing (fraudulent) emails and to recognize a range of factors that indicate that an email is fake, contains malware links or attachments, or both. ASO staff conduct ongoing testing to gauge staff knowledge and raise awareness of fraud in an effort to prevent malware installations on VPF computers and theft of VPF staff credentials, identities, data, and other sensitive information.

Collaborating with the City of Cambridge

ASO Director Ann E. Warner-Harvey partnered with the City of Cambridge’s Office of Workforce Development to hire two city residents for short-term assignments at VPF. Both residents were enrolled in the Cambridge Works program—a three-month job readiness and skills development program. The 30-hour per week paid position at VPF gave them real-world work experience designed to help them find professional positions upon the program’s completion. Warner-Harvey and VPF managers served as mentors to the participants, providing career advice and supporting their transition to new roles. Today, both have achieved full-time positions in health-care administration, one at MIT Medical and one outside MIT.

In addition, VPF hired a Cambridge resident who was referred by the City of Cambridge for a short-term assignment at VPF and who, with VPF’s support, went on to a full-time position in an academic department at MIT. As it has done for the past five years, VPF hired a student from the Cambridge Summer Youth Program who served as an assistant in accounts payable.

Key metrics for VPF’s business units in fiscal year 2019 included:

- Administering an annual payroll of \$1.53 billion; processing 700,815 payments to 23,009 individuals
- Processing more than \$1.56 billion in payments on 396,619 invoices
- Processing 58,787 travel expense reports while overseeing administration of 4,448 MIT travel cards and 4,004 procurement cards
- Invoicing, collecting, and reporting on \$722 million in campus-sponsored research revenue (54% federal research, 46% industrial, corporate, and subcontracted research), managing more than 3,200 unique sponsored research accounts
- Directly collecting and processing \$2.7 billion in revenue via wires, checks, and internal transfers
- Supporting 140 campus merchants in securely collecting \$69.7 million (via 476,000 transactions) in credit card payments to MIT
- Recording 14,401 gifts and pledge payments to MIT, valued at more than \$595 million, and recording 591 pledges valued at more than \$684 million

- Processing 45,072 journal vouchers
- Tagging and accounting for 5,772 new pieces of equipment, valued at \$66 million
- Starting the biennial inventory cycle and recording more than 45,000 pieces of equipment in 75 campus buildings and off-campus sites
- Filing 846 tax forms, including the Institute's Internal Revenue Service Forms 990 and 990-T, multiple state tax filings, and international tax forms
- Orchestrating the overall Institute budget, encompassing \$3.7 billion in budgeted expenditures
- Managing submission of 300 departmental budgets and processing 2,998 budget change transactions
- Negotiating and providing advisory services on approximately 1,092 distinct strategic complex commercial agreements that provide purchasing benefits to the MIT community and enable streamlined transactions
- Coordinating with the Facilities Department and other teams to provide funding for \$462.7 million in capital plan and other large building project spending
- Facilitating the expansion of The Engine and additional MIT innovation and entrepreneurship space by collaborating with the Office of the General Counsel, the Massachusetts Institute of Technology Investment Management Company, The Engine, and others to execute a lease for nearby property
- 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 Uniform Guidance 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)

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