

Authority:

Approved by the President

Okinawa Institute of Science and Technology School Corporation Act

## **Chapter 26: Finance and Accounting**

### **26.1 Policy**

The Okinawa Institute of Science and Technology School Corporation (the “Corporation”) relies upon the provisions of the Okinawa Institute of Science and Technology School Corporation Act in combination with policies, rules and procedures set out in this Chapter, in managing the financial affairs and accounting of the Corporation. This Chapter sets forth the financial and accounting standards, practice, and rules of the Corporation used to monitor its financial conditions and administrative performance and to assure the smooth operation of activities of the Corporation in support of the education and research missions of the OIST Graduate University (the University).

#### **26.1.1 Accountability & Transparency.**

The Corporation may prepare financial statements based on the internationally recognized accounting standard in addition to the ones based on the OIST School Corporation accounting standards stipulated by the Japanese government in order to gain its accountability and transparency to the international donors or provider of funds.

#### **26.1.2 Applicable Standards.**

The financial statements are prepared in accordance with applicable accounting standards relevant to OIST School Corporation.

### **26.2 General Considerations**

#### **26.2.1 Fiscal Year**

The fiscal year of the Corporation shall commence annually on April 1 and end on March 31 of the following year.

#### **26.2.2 Chief Administrator in Charge of Accounting**

The CEO/President shall be responsible for financial affairs and accounting of the Corporation. The CEO/President may have the Secretary General conduct the duties in part.

26.2.2.1 The Vice President for Financial Management shall have jurisdiction over the financial and accounting affairs of the Corporation under the supervision of the CEO/President and the Secretary General.

### **26.2.3 Titles of Accounts**

The accounting of the Corporation shall be handled in accordance with the titles of accounts separately stipulated.

### **26.2.4 Accounting Books and Vouchers**

The Corporation shall, through accounting books and vouchers, record and maintain accurate records of all required matters in an orderly fashion.

26.2.4.1 The formats, types, forms and retention periods of accounting books and vouchers shall be as separately stipulated. (Refer 26.2.5 Books & Ledgers, 26.2.6 Vouchers, 26.3.9 Storage of Documents)

26.2.4.2 Accounting books and vouchers may be recorded and stored in any electronic media.

### **26.2.5 Books & Ledgers**

The accounting books stated in 26.2.4.1 are as follows:

26.2.5.1 General Ledger

26.2.5.2 Table of Budget Execution Status

26.2.5.3 Subsidiary Book

A. Cashbook

B. Fixed Asset Ledger

C. Petty Cashbook

### **26.2.6 Vouchers**

The vouchers stated in 26.2.4.1 are as follows:

26.2.6.1 Transfer vouchers

26.2.6.2 Receiving vouchers

26.2.6.3 Disbursement vouchers

26.2.6.4 Revenue vouchers

26.2.6.5 Expense vouchers

### **26.2.7 Preparation of Vouchers**

To prepare the vouchers, date of preparation, account title, business partner, sum, details of transaction, and other necessary items of information shall be specified based on the related straight documents with the evidential documents concerning the transaction attached.

26.2.7.1 Contractual documents, invoices, billing statements, and other similar documents shall constitute the evidential documents stated in the above section.

## **26.3 Rules**

### **26.3.1 Accounting Procedures and Handling of Money**

For purposes of this Chapter, “money” and “securities” shall be defined as follows:

“Money” shall mean any cash (including checks, postal money orders, transfer slips and payment notes) and deposits (including postal deposits and money in trust).

“Securities” shall mean any national and local government bonds, government-guaranteed bonds (which refer to bonds refund/payment of principal/interest of which is guaranteed by the government) and other securities designated by the Prime Minister.

26.3.1.1 Accounting Supervisor Authority and Responsibilities:

The Accounting Supervisor who shall be responsible for overall accounting shall, accurately and promptly, execute accounting transactions including the execution of budget and is responsible for receiving and paying.

The Vice President for Financial Management shall serve as the Accounting Supervisor of the Corporation.

26.3.1.1.1 The Accounting Supervisor may cause any other staff(s) to handle any part of his or her business.

26.3.1.1.2 In the event that the Accounting Supervisor is unable to act, a person designated by the Secretary General shall act on his behalf.

“Unable to act” shall be those cases falling under the category of the following.

- (1) In case of a vacancy for Accounting Supervisor
- (2) When the Accounting Supervisor cannot engage in duties for a long period due to days off, holidays, vacation, illness, etc.
- (3) During long-term travel on business

26.3.1.2 Receiving and Paying and Supervisor for receiving, paying and custody of money

Receiving, paying and custody of money shall be performed by the Supervisor for receiving, paying and custody of money who is under direct control of the Accounting Supervisor.

26.3.1.2.1 The manager in charge of receiving, paying and custody of money in the Budget Section shall serve as the Supervisor for receiving, paying and custody of money of the Corporation.

26.3.1.2.2 The Supervisor for receiving, paying and custody of money shall not receive or pay any money or security that is not relevant to the business of the Corporation.

26.3.1.2.3 The Supervisor for receiving, paying and custody of money shall be authorized to designate a Cashier from among the personnel in the section and mandate the personnel to engage in accounting and disbursing duties.

### 26.3.1.3 Transactions with Financial Institutions

The Accounting Supervisor shall be in charge of the procedures for opening or closing an account in banking institutions.

26.3.1.3.1 Bank accounts shall in principle be opened in the name of the CEO/President.

26.3.1.3.2 The Supervisor for receiving, paying and custody of money shall keep the banking seals and be in charge of sealing.

### 26.3.1.4 Custody of Cash

The Supervisor for receiving, paying and custody of money shall deposit all cash excluding the minimum petty cash with financial institutions, etc.

26.3.1.4.1 Securities shall be, in principle, deposited for safekeeping.

26.3.1.4.2 The Supervisor for receiving, paying and custody of money shall manage cash and bank passbooks, making assurance doubly sure of keeping them in the safest place.

26.3.1.4.3 the cashbooks stipulated in 26.2.5 must be updated and maintained, writing up the book for each receipt or payment.

26.3.1.4.4 Securities shall be managed for safekeeping in like manner as stated in 26.3.1.4 when they are held on hand notwithstanding the provisions of 26.3.1.4.1.

26.3.1.4.5 Postage stamps, cash vouchers, and certificate stamps authorized by the Corporation shall be kept in trust pursuant to cash.

26.3.1.4.6 In terms of 26.3.1.4.5, the receipt-payment books must be updated, writing up the book for each receipt or payment.

### 26.3.1.5 Petty Cash

The Accounting Supervisor shall be authorized to keep petty cash for small and urgent payments.

26.3.1.5.1 The management stated in 26.3.1.5 shall be prescribed by from 26.3.1.6 to 26.3.12.

26.3.1.5.2 In terms of 26.3.1.5.1, the petty cashbooks stipulated in 26.2.5 shall be updated and recorded in the ledger for each receipt or payment.

#### 26.3.1.6 Petty Cash Supervisor and Petty Cash Clerk

The receipt and payment of petty cash shall be conducted by the Clerk for Receipt and Payment of Petty Cash (hereafter, “Petty Cash Clerk”) under the supervision of the Supervisor for receiving, paying and custody of money.

#### 26.3.1.7 Establishment of Petty Cash

When the Accounting Supervisor determines that the establishment of petty cash is necessary, the Accounting Supervisor must report to the Secretary General for approval, specifying the petty cash limit and the required management items.

26.3.1.7.1 When the Secretary General approves the establishment of petty cash under the provisions of 26.3.1.7, the Petty Cash Clerk must submit a petty cash invoice to the Supervisor for receiving, paying and custody of money.

26.3.1.7.2 Petty cash shall not exceed 200,000 yen.

#### 26.3.1.8 Receipt, Payment and Custody of Petty Cash

The Petty Cash Clerk must not mix Petty Cash with personal funds, and must strictly conduct the receipt, payment and custody of petty cash.

26.3.1.8.1 The Petty Cash Clerk must record all receipts and payments in the petty cash ledger, and check actual cash on hand against the ledger balance monthly.

#### 26.3.1.9 Petty Cash Payments

Petty cash payments shall be limited to urgent cases and situations where payment in cash is necessary, and shall not exceed truly necessary amount for the business purposes.

26.3.1.9.1 Petty cash payments shall be made in exchange for receipts from the parties receiving payments.

26.3.1.9.2 Before making payments, the Petty Cash Clerk must confirm that these are for expenses that should be borne by the Corporation by having the parties receiving payments display the items being sold or otherwise show the reasons for payment.

26.3.1.9.3 Petty cash payments shall not be issued for repayments in cases when specified procedures are required.

#### 26.3.1.10 Petty Cash Receipts and Payments Reports, and Requests for Funds

The Petty Cash Clerk must prepare a Petty Cash Receipts and Payments Report at the end of each month attaching receipts or other documents as evidence of the payments specified in 26.3.1.9, and have said report approved by the Supervisor for receiving, paying and custody of money.

26.3.1.10.1 After approving a Petty Cash Receipts and Payments Report specified in 26.3.1.10, the Supervisor for receiving, paying and custody of money must present the report and a copy of the Petty Cash Ledger to the Accounting Supervisor, together with a request for funds for the subsequent month.

#### 26.3.1.11 Termination of Petty Cash

When the Accounting Supervisor determines that the maintenance of petty cash is no longer necessary, the Accounting Supervisor must report this determination promptly to the Secretary General for approval.

26.3.1.11.1 If the Secretary General approves discontinuance of Petty Cash, the Accounting Supervisor must require the Supervisor for receiving, paying and custody of money to carry out termination procedures.

26.3.1.11.2 The Accounting Supervisor must report to the Secretary General when the termination of Petty Cash is accomplished.

#### 26.3.1.12 Supervision and Inspection of Petty Cash

The Supervisor for receiving, paying and custody of money must carry out the required supervision and inspection work to secure appropriate accounting of petty cash.

#### 26.3.1.13 Procedures for Receiving and Paying Money

The Supervisor for receiving, paying and custody of money shall receive or pay money in accordance with a voucher created based on necessary evidential documents.

#### 26.3.1.14 Occurrence of Receivables

In any event that creates receivable claims occurs, the Accounting Supervisor shall confirm the occurrence of receivables and request the obligor to perform the obligation.

#### 26.3.1.15 Notice of Receivables

Accrual of receivables contributing to revenue known to personnel other than the Accounting Supervisor must be reported in writing to the Accounting Supervisor accordingly.

#### 26.3.1.16 Call for Performance of Obligation

The Accounting Supervisor must issue the billing statements for collection of payments as in the appendix. However, this rule shall not be applicable to cases stated in the following:

- (1) When sending by postal service or passing in person the transfer request in advance (for expenses such as dissertation course fee and tuition for classes)
- (2) When payment is made in cash
- (3) When the Accounting Supervisor specifically recognizes the omission as

necessary

#### 26.3.1.17 Receipt of Payment

The payment must be in principle transferred to the relevant bank for the Supervisor for receiving, paying and custody of money to receive it. However, payment can be made otherwise including cash payments if authorized by the Accounting Supervisor as a job-related necessity.

26.3.1.17.1 The Supervisor for receiving, paying and custody of money must deposit the cash received in the relevant bank under the proviso as stated in the preceding section swiftly unless specifically authorized by the Accounting Supervisor.

#### 26.3.1.18 Collection Notice

The Accounting Supervisor shall send a collection notice to an obligor of any overdue payment immediately after such payment becomes due and payable and ensure the receipt of any payment.

#### 26.3.1.19 Debt Forgiveness

The Accounting Supervisor shall obtain the approval of the Secretary General for any forgiveness or change of effect of any receivables in whole or in part, other than important assets.

#### 26.3.1.20 Issuance of Receipts

The Supervisor for receiving, paying and custody of money shall issue a receipt in a separately prescribed form for any money received.

26.3.1.20.1 If any money is received through a direct deposit to a financial institution, etc., the issuance of a receipt prescribed in 26.3.1.20 may be omitted.

26.3.1.20.2 The issuance and management of receipts shall be strictly made.

26.3.1.20.3 Receipts shall be stamped with both stamps of the Supervisor for receiving, paying and custody of money and the Cashier.

26.3.1.20.4 For re-issuance, the payment receipt must be confirmed by accounting slip marked with "REISSUE", the copy of which to be filed together with the copy of the confirmation slip that verifies the receipt.

#### 26.3.1.21 Receipt Management

The Supervisor for receiving, paying and custody of money shall be in charge of managing receipts.

26.3.1.21.1 The Supervisor for receiving, paying and custody of money must manage receipts by sequence number in the receipt-payment books.

#### 26.3.1.22 Determination of Payment

The Accounting Supervisor shall be aware of all obligations through the inspection, etc., and order the Supervisor for receiving, paying and custody of money to make a payment in accordance with the relevant payment terms.

#### 26.3.1.23 Method of Payment

The Supervisor for receiving, paying and custody of money shall make a payment, in principle, by a direct deposit to a financial institution, etc. Notwithstanding the foregoing, a payment may be made by handing out cash if necessary, including in the case of payment to a staff and a petty cash payment.

26.3.1.23.1 The Supervisor for receiving, paying and custody of money shall collect a receipt for any payment. If the payment is made by a direct deposit, the bank deposit slip may suffice in lieu of a receipt.

#### 26.3.1.24 Date of Payment

Payment shall be in principle made monthly with the closing date at the end of the month and settlement at the end of the subsequent month unless otherwise specified. However, the following shall be paid on the set date:

- (1) Payroll
- (2) Travel expenses, honoraria and rewards
- (3) Utilities with due date, foreign remittance, etc.
- (4) Travel expenses and honoraria for foreign lecturers and speechmakers

26.3.1.24.1 The payment shall be made on the previous business day if the date of payment stated in the preceding section does not fall on a business day of the relevant banking institution.

#### 26.3.1.25 Receipt Collection Duty of Proxy Receiver

The personnel receiving the payment on behalf of the creditor must obtain receipt from the creditor, which must be submitted to the Accounting Supervisor.

#### 26.3.1.26 Money in Custody, etc.

The Accounting Supervisor shall process any money received or paid by the Supervisor for receiving, paying and custody of money that shall not fall under any income or expenditure of the Corporation as money in custody or payment in place of others. In principle, no money in custody shall bear any interest.

#### 26.3.1.27 Advance Payment

An advance payment may be made only in the case separately stipulated by VPF,, if necessary due to the nature of the payment or for business purposes [[Link: Guidelines for Advance Payment and Payment on behalf of Corporation](#)].

#### 26.3.1.28 Payment by Rough Estimate

A payment by rough estimate may be made only in the case separately stipulated,



if necessary due to the nature of the payment or for business purposes. The expenses for which payment can be made by estimate are as follows:

- (1) Expenses for overseas travel
- (2) Expenses specifically authorized as necessary by the Accounting Supervisor

The expenses paid by estimate must be promptly settled.

#### 26.3.1.29 Payment on behalf of Corporation

Any staff of the Corporation or Research Fellows specified in 4.4.1 may make payment on behalf of the Corporation only in the case separately stipulated by VPF, if necessary for business purposes [Link: [Guidelines for Advance Payment and Payment on behalf of Corporation](#)].

The advance payment must be promptly settled.

Exchange rate for settlement applies to our [internal exchange rate](#) of preceding month [Link].

#### 26.3.1.30 Immediate payment

Immediate payment may be made only in the cases stipulated separately by VPF, if necessary due to the nature of the payment or for business purposes. [Link: [Guidelines for Immediate Payment](#)]

#### 26.3.1.31 Checking of Money

The Supervisor for receiving, paying and custody of money shall check the amount of cash in hand against the cashbook at the end of each month, and the balance of bank deposit, etc., against relevant accounting book at the end of each month.

#### 26.3.1.32 Excess and Deficiency of Money

If any excess or deficiency of money is found, the Supervisor for receiving, paying and custody of money shall immediately investigate into the cause, report it to the Accounting Supervisor, and follow his or her instructions.

### 26.3.2 Funds

“Funds” shall mean any cash, deposits and securities that may be used for a payment.

#### 26.3.2.1 Commission of Management of Funds

The management of funds shall be performed by the Vice President for Financial Management.

#### 26.3.2.2 Short-term Loans

The Vice President for Financial Management may raise money to cover any temporary shortage of funds by obtaining short-term loans based on the approval granted by the CEO/President and the Secretary General.

26.3.2.2.1 The Vice President for Financial Management shall, in principle,

compile a cash flow projection under which any short-term loan may be paid back within the same fiscal year.

#### 26.3.2.3 Long-term Loans

The Corporation shall receive approval from Prime Minister when borrowing funds with a payment period exceeding one year as stipulated in Article 10 of [Okinawa Institute of Science and Technology School Corporation Act](#).

### 26.3.3 Fixed Assets

Fixed assets shall include tangible fixed assets, intangible fixed assets, investments and other assets. With regard to Fixed Assets, the terms and definitions below are applicable:

- (1) Real estate: Land, buildings, structures, and usufructs
- (2) Movable property etc.: Small-sum equipment, fixed assets other than intellectual property rights and real estate etc., and books (Books managed as fixed assets, based on [the Accounting Standard Article 42 of the University](#), shall be defined as the collection of the Library of the Okinawa Institute of Science and Technology Graduate University ("the Library") which acquired and managed by the Library.)
- (3) Acquisition: Ownership or exclusive use of fixed assets and small-sum equipment (hereinafter referred to as "fixed assets etc.") from purchase, manufacturing, self- construction, donation, exchange, contribution, etc.
- (4) Improvement: Implementing the necessary works for the operations of existing fixed assets to increase their value and performance
- (5) Conservation: Appropriately maintaining fixed assets etc. in accordance with their purposes of use
- (6) Transfer: Shifting the control of fixed assets etc. among Asset Use Supervisors
- (7) Disposition: Selling, exchanging, disposing or donating fixed assets etc.
- (8) Removal: Erasing the records of fixed assets etc. that have been disposed

#### 26.3.3.1 Asset Management Supervisor

"Asset management" shall mean proper management of tangible and intangible fixed assets including acquisition, operation and disposition thereof through understanding the processes and conditions of receipt, payment and maintenance thereof.

26.3.3.1.1 The Asset Management Supervisor shall prepare the asset management ledger, execute the asset management, and make efforts to utilize assets in the most effective way for researches.

26.3.3.1.2 The manager in charge of asset management in the Accounting Section shall serve as the Asset Management Supervisor.

26.3.3.1.3 The Asset Management Supervisor may cause any other staff(s) to

handle any part of his or her business.

26.3.3.1.4 In the event that the Asset Management Supervisor is unable to act, a person designated by the Vice President for Financial Management shall act on his or her behalf.

#### 26.3.3.2 Fixed Assets Etc. Management Works

The Asset Management Supervisor shall conduct the following works concerning the management of fixed assets. (Asset management of books shall be governed by the [PRP Chapter 6 University Library](#).)

- (1) Grasping the usage conditions of fixed assets etc.
- (2) Procedure of permission for the lending and disposition of fixed assets
- (3) Arranging Asset Management Ledgers
- (4) Giving instructions and advice regarding the daily management of fixed assets etc.
- (5) Having Asset Use Supervisors specified in 26.3.3.3 inspect fixed assets each fiscal year, and summarizing the findings.

#### 26.3.3.3 Asset Use Supervisors

The Asset Management Unit is defined as the Research Unit, Section, Division or Office within the OIST School Corporation.

Asset Use Supervisors shall be the Faculty member for fixed assets in each research unit, Section Leader for fixed assets in each section, and Manager or a person in an equivalent position or above for fixed assets in each Division or Office (excluding fixed assets that are supervised by Section Leaders), except for following items.

- (1) Asset Use Supervisor for the fixed assets etc. which are placed at shared space for common use is as follows.
  - ① Furniture (Lab benches, Furniture, Shelves, etc.): The appropriate Section Leader of Buildings and Facilities Management Division
  - ② Research Equipment (including refrigerators for research): appropriate Section Leader of the Core Facilities.
- (2) Asset Use Supervisor for the fixed assets etc. which are not yet occupied by specific users or were used by closed research units and until a new user is found is as follows.
  - ① Furniture (Lab benches, Furniture, Shelves, etc.): The budget appropriate Section Leader of Buildings and Facilities Management Division
  - ② Research Equipment (including refrigerators for research): The appropriate Section Leader of the Core Facilities
  - ③ IT fixed assets etc.: The appropriate Section Leader of office of the IT Division
- (3) Assets Use Supervisors for IT fixed assets, etc. shall be primarily Faculty member in each research unit, Section Leader in each section, and Manager or a person in an equivalent position or above in each Division or Office where he

IT fixed assets were purchased or transferred. (Asset management of IT fixed assets etc. shall be governed by the [PRP Chapter 17. Information Technology and Security.](#))

26.3.3.3.1 Asset Use Supervisors shall receive fixed assets etc. from the Asset Management Supervisor and work to have them used effectively in research activities etc.

26.3.3.3.2 Asset Use Supervisors must observe the following items in the use of fixed assets etc. in implementing their daily management.

- (1) Clarify their conservation and usage conditions by using the asset management list
- (2) Carry out minor repairs
- (3) Devise the necessary measures to prevent fires, theft, loss, damage and other incidents
- (4) Carry out inspections of fixed assets etc. and report findings
- (5) Ensure the appropriate use of fixed assets etc.

#### 26.3.3.4 Obligations of Fixed Asset Users

Fixed asset users must use fixed assets etc. under the management and supervision of Asset Use Supervisors and treat them with care as good stewards.

#### 26.3.3.5 Asset Management Ledgers

The asset management ledgers specified in 26.3.3.2 shall be as follows:

- (1) Fixed asset ledger
- (2) Loan ledger
- (3) Borrow ledger

26.3.3.5.1 Fixed asset ledgers must be recorded under the categories specified in Appended table.

#### 26.3.3.6 Acquisition and Recording in the Fixed Asset Ledger

When fixed assets etc. are acquired, the Asset Management Supervisor must record said assets etc. in the fixed asset ledger.

Provided, however, that if fixed assets are thrown in the ocean for marine observation on the basis that they are not intended to be salvaged because of its difficulty, the fixed assets are treated as consumables.

26.3.3.6.1 When movable property etc. is acquired, the Asset Management Supervisor hands over identification labels to Asset Use Supervisor after recording said property in the fixed asset ledger. Asset Use Supervisor must promptly attach identification labels to the acquired movable property etc.

#### 26.3.3.7 Acquisition Prices

The acquisition prices of fixed assets etc. shall be as follows:

- (1) For purchased assets, the purchase price and incidental expenses
- (2) For self-constructed assets, the overall cost calculated as the sum of the proper cost prices
- (3) For items donated or contributed, the fair assessed price based on market value, etc.
- (4) For items acquired through exchanges, the book value of the assets given in exchange

#### 26.3.3.8 Receipts of Donations and Exchanges

Receipts of donations and exchanges of fixed assets etc. must follow the prescribed procedures.

#### 26.3.3.9 Repairs

The Asset Use Supervisor must conduct repairs that are necessary to maintain the functions of the concerned fixed assets.

#### 26.3.3.10 Preservation of Rights

The Asset Management Supervisor must promptly register land, buildings and other fixed assets that require registrations etc. promptly after acquisition in accordance with the stipulations of the concerned laws to protect them from third parties.

26.3.3.10.1 The Asset Management Supervisor must implement the prescribed change procedures without delay whenever any changes arise to the items recorded in the registrations etc. specified in 26.3.3.10.

#### 26.3.3.11 Insurance

The Asset Management Supervisor must consider securing property insurance and other necessary measures when deemed necessary for fixed assets subject to accidents and other damages.

#### 26.3.3.12 Usage

Asset Use Supervisors must always know who are the users of fixed assets etc.

#### 26.3.3.13 Transfer

When fixed assets etc. is necessary for transfer, current Asset Use Supervisor of the fixed assets etc. must consult with next Asset Use Supervisor on the transfer. The former Asset Use Supervisor must promptly apply for the transfer request to Asset Management Supervisor after the fixed assets etc. is transferred to the later Asset Use Supervisor. Asset Management Supervisor must record the fixed assets etc. in the fixed assets ledger after receiving the transfer request.

#### 26.3.3.14 Lending

When the lending of fixed assets, etc. is deemed necessary and this does not interfere with the works of the Corporation, the Accounting Supervisor may loan

the fixed assets, etc. to other parties in accordance with the following procedures.

26.3.3.14.1 The lending of important assets requires the approval of CEO/President.

#### 26.3.3.14.2 Lending Principles

Lending should be conducted with payment (hereinafter referred to as “paid lending”). However, lending may be conducted without payment (hereinafter referred to as “gratis lending”) with the approval same as the provisions of 26.3.3.14 or 26.3.14.1 in any of the following cases

- (1) When necessary for dissemination of public information regarding the Corporation’s research findings or business, or otherwise necessary for the execution of the Corporation’s business
- (2) When lending fixed assets to national or regional public bodies, non-profit foundations, or corporations established under special acts, provided this does not interfere with the business of the Corporation
- (3) When lending fixed assets to universities and other research and educational organizations, provided this does not interfere with the business of the Corporation.

#### 26.3.3.14.3 Lending Procedures

When lending fixed assets under the provisions of 26.3.3.14 or 26.3.3.14.1, the Asset Management Supervisor must clarify the following items and devise the necessary measures for the loans.

- (1) Reason for lending and name of borrowing institution
- (2) Names and numbers of fixed assets being loaned
- (3) Specifications of fixed assets being loaned
- (4) Loan periods
- (5) Places of use and names of borrowers of fixed assets being loaned
- (6) Liability during loan period
- (7) Other necessary items

However, these procedures may be omitted for items whose lending is clarified beforehand under sponsored research agreements.

#### 26.3.3.15 Disposition

When the Asset Management Supervisor receives fixed assets etc. returned by Asset Use Supervisors, the Asset Management Supervisor must consider the usability of the said fixed assets, etc. for others also examine the necessity of disposition.

26.3.3.15.1 Unnecessary important assets which the Asset Use Supervisors deem to be of no effective use (hereinafter referred to as “determined unnecessary”) may be determined as unnecessary by the approval of the CEO/President. Unnecessary fixed assets, etc. aside from important assets may be determined as unnecessary by the Accounting Supervisor.

26.3.3.15.2 The disposition of important assets must obtain an approval from the CEO/President. The disposition of fixed assets etc. aside from important assets must obtain an approval from the Accounting Supervisor.

#### 26.3.3.15.3 Disposition Principles

The Asset Management Supervisor must sell off fixed assets that have been determined unnecessary under the provisions of 26.3.3.15.1. However, items that cannot be sold off may be disposed.

#### 26.3.3.16 Loss, Damage and Theft

When Asset Use Supervisors discover that fixed assets etc. under their custody have been lost, damaged or stolen, they must promptly report to the Asset Management Supervisor, investigate the present conditions, and work to prevent impediments to the conduct of business, the expansion of damages, etc.

23.3.3.16.1 When the Asset Management Supervisor receives reports regarding fixed assets etc. specified in 26.3.3.16, the Asset Management Supervisor must promptly report to the Accounting Supervisor.

#### 26.3.3.17 Sale

The Asset Management Supervisor must devise the necessary measures for conducting sales under the provisions of 26.3.3.15.3.

#### 26.3.3.18 Gratis Ownership Transfer

Although in principle the provisions of 26.3.3.15.3 apply in general, the Asset Management Supervisor may transfer the ownership of fixed assets (excluding any important asset specified by Cabinet Office Ordinance) determined unnecessary under the provisions of 26.3.3.15.1, to institutions, organizations or individuals without compensation (hereinafter referred to as “gratis ownership transfer”), with the permission of the Accounting Supervisor, under any of the following circumstances. However, gratis ownership transfer requires the approval of the CEO/President if the fixed assets are important assets.

- (1) When necessary for dissemination of public information regarding the Corporation’s research findings or business, or otherwise necessary for the execution of the Corporation’s business
- (2) When transferring ownership of fixed assets to national or regional public bodies, non-profit foundations, or corporations established under special acts
- (3) When transferring ownership of fixed assets to relevant local bodies for the purpose of enhancing the relationships with OIST and the local community
- (4) When transferring ownership of fixed assets to universities and other research and educational organizations
- (5) When the removal costs clearly exceed the fixed assets’ value
- (6) When OIST students need to use the fixed assets for academic research after

graduation

#### 26.3.3.19 Removal

The Asset Management Supervisor must promptly remove fixed assets etc. under the following circumstances;

- (1) When they are lost from accidents, theft, etc.
- (2) When they have been disposed of and their ownership rights are terminated;  
or
- (3) When their use has ceased because they have become outdated or inappropriate.

#### 26.3.3.20 Construction in Progress Account

Expenditures on facilities that are newly constructed, expanded or improved under construction contracts shall be recorded in the construction in progress account, and then transferred to the appropriate accounts without delay once they are provided for the conduct of business.

#### 26.3.3.21 Capital Expenditures and Repair Expenses

Expenditures to improve the functions or extend the working lives of fixed assets shall be added to the price of the concerned fixed assets.

26.3.3.21.1 Expenditures to maintain and conserve fixed assets shall be handled as repair expenses.

#### 26.3.3.22 Depreciation

Depreciation of any tangible and intangible fixed assets shall be calculated each fiscal year.

##### 26.3.3.22.1 Depreciation Method

The initial month for the depreciation of depreciable fixed assets shall be the month in which said assets are acquired and begin to be used.

1. Depreciable assets shall be depreciated using the straight- line method.
2. The residual value of tangible fixed assets shall be 1 yen of memorandum price of the acquisition price, and the residual value of intangible fixed assets shall be zero.
3. The service life which is the basis for the depreciation shall be as specified by the Corporation Tax Law (Law No. 34 of 1965). However, the service life of depreciable assets acquired for special research purposes under sponsored research budgets etc. shall be the period until the sponsored research is completed. The service life of depreciable assets acquired through the donation of used assets etc. shall be calculated using the simplified method stipulated by the Ministerial Ordinance on the Service Life Etc. of Depreciable Assets (Ministry of Finance Ordinance No. 15 of March 31, 1965).
4. The accounting of other items not specified above shall be in accordance with laws and regulations, etc.



#### 26.3.3.23 Valuation Losses

Extraordinary depreciation must be charged in cases when the functional value of fixed assets is conspicuously impaired because of the discovery of new technologies or other external developments that could not be foreseen when their service lives were estimated.

26.3.3.23.1 In cases when fixed assets are destroyed due to accidental events such as disasters and other incidents, the amount of the lost value must be deducted from the concerned assets' book value.

#### 26.3.3.24 Report by Asset Management Supervisor

The Asset Management Supervisor shall, at each account settlement, report accounting information regarding fixed assets to the Accounting Supervisor.

#### 26.3.3.25 Inspections

Asset Use Supervisors must inspect the conditions of tangible fixed assets in their custody once every fiscal year, confirm that their management conditions and ledger records are accurate, and report to the Asset Management Supervisor.

26.3.3.25.1 Regardless of the stipulations of 26.3.3.25, when the location of the assets, etc. is changed by moving of office or research laboratory or whenever deemed necessary the Asset Management Supervisor may instruct Asset Use Supervisors to implement inspections and submit reports.

26.3.3.25.2 When Asset Use Supervisors recognize any discrepancies between assets and their ledger records, they must investigate the causes of said discrepancies, report to the Asset Manager, devise countermeasures to address the cause of the discrepancies, and work to prevent recurrence.

#### 26.3.3.26 Borrowed Assets

The Corporation must prepare management ledgers and otherwise handle borrowed assets in the same manner as fixed assets. However, this may be omitted in cases when assets are borrowed for temporary use.

26.3.3.26.1 Asset Use Managers must promptly report to the Asset Management supervisor when they borrow fixed assets etc.

#### 26.3.3.27 Small-sum Equipment

The small-sum equipment shall mean movable property (excluding cash and securities) with an acquisition price of at least ¥100,000 and less than ¥500,000 that is expected to be used for at least one year.

#### 26.3.3.28 High Liquidity Consumables

Among movable properties with acquisition prices of less than 100,000 JPY, those

considered to have high liquidity (hereafter, “High Liquidity Consumables”) require more appropriate management and use, in order to prevent misconduct. The Vice President for Financial Management shall separately specify the items and [management procedure of High Liquidity Consumables](#).

#### **26.3.4 Inventory Assets**

“Inventory assets” shall mean publications (printed material), research materials and inventories of merchandise and supplies.

##### **26.3.4.1 Management of Inventory Assets**

[Budget supervisors](#) shall prepare inventory asset management ledgers, record receipts and payments of such assets, and make clear the inventory balance at all times.

##### **26.3.4.2 Physical Inventory Check and Report**

Budget supervisors shall conduct a physical inventory check at the end of each fiscal year and report the result to the Accounting Supervisor.

#### **26.3.5 Account Settlement**

The purpose of account settlement is to clarify the financial conditions and administrative performance at the end of each fiscal year through organizing accounting records of the fiscal year.

##### **26.3.5.1 Monthly Settlement of Accounts**

To clarify monthly financial conditions, the Accounting Supervisor shall create the documents prescribed by 26.3.5.2.

##### **26.3.5.2 Monthly Report**

The documents stipulated in 26.3.5.1 shall be those stated in the following:

- (1) Compound trial balance
- (2) Documents required to be submitted to the Board of Audit in accordance with Article 69 of the Accounting Proof Rules (Board of Audit Ordinance No. 3 of June 7, 1952)

##### **26.3.5.3 Monthly Settlement of Accounts**

The Accounting Supervisor must execute the steps stated in the following to prepare the monthly report stipulated in 26.3.5.1.

- (1) Collating the compound trial balance and the Table of Budget Use Status
- (2) Validation of details of receivables, payables, and suspense account
- (3) Collating the fixed asset books and the fixed asset account ledger

##### **26.3.5.4 Yearly Settlement of Accounts**

The Accounting Supervisor shall perform required procedures for the yearly settlement of accounts, compile drafts of financial statements, etc. as prescribed by the Okinawa Institute of Science and Technology Act, and report them to the

CEO/President.

26.3.5.4.1 The CEO/President shall determine such financial statements.

26.3.5.5 Financial Statements, etc.

The CEO/President shall submit to the Prime Minister the financial statements, etc., prescribed in 26.3.5.4 along with the Auditor's opinions within three (3) months after the closing of each fiscal year.

### 26.3.6 Compensation Liability

Officers and staffs of the Corporation (“officers and staffs”) shall comply with the laws and ordinances that are applied (*mutatis mutandis*) to the financial and accounting affairs of the Corporation and these Regulations, and perform their duties with the care of a good manager.

26.3.6.1 In the event that any officer or staff causes, either intentionally or by gross negligence, any damages to the Corporation in violation of 26.3.6, the officer or the staff causing such damages shall be liable to compensate such damages.

26.3.6.2 Report of Loss, etc.

Any loss or extinguishment of or damage to any of the Corporation’s money, securities, fixed assets or any other assets shall be reported to the CEO/President, by the officer causing such damages if such damages are caused by an officer, or by the head of the department to which the staff causing such damages belongs if such damages are caused by a staff.

26.3.6.3 Determination of Compensation Liability and Compensation Order

The CEO/President shall determine the existence or non-existence of liability to compensate under 26.3.6.1 and 26.3.6.2 hereof and the amount thereof.

### 26.3.7 Corporate Credit Cards

In principle, the University makes payments for domestic transactions by bank transfer after delivery of goods or completion of services, in order to minimize the risk in trading. However, for cases where there is no other option but to pay by credit card, a corporate credit card can be used. In addition, corporate credit card can also be used for overseas remittance in compliance with the University rules even when the option of bank transfer is available.

26.3.7.1 Types of Corporate Credit Cards

The University has three types of corporate credit cards: central corporate card, purchasing cards (P-cards), and individual corporate cards. Major features of each card type are summarized in the Table I below.

[Table I: Major Features of OIST Corporate Credit Cards](#)

### 26.3.7.2 Card Administrator

In order to administer appropriate usage of corporate credit cards, the University assigns one card administrator to each card type as follows.

<b>Card type</b>	<b>Central Corporate Card</b>	<b>P-card</b>	<b>Individual Corporate Card</b>
Card Administrator	VPFM	VPFM	VPFM

### 26.3.7.3 Card User and Card Supervisor

University officer/staff eligible to use a corporate credit card (card user) and those eligible to supervise the usage (card supervisor) are defined by card type in the following table.

<b>Card type</b>	<b>Central Corporate Card</b>	<b>P-card</b>	<b>Individual Corporate Card</b>
Card User	Division for Financial Management staff	Staff different from, and assigned by, the card supervisor	President
Card Supervisor	Division for Financial Management Manager	Budget supervisor (VP level) or budget holder (Faculty, Section leader level)	Same as above

### 26.3.7.4 Application and Issuance of Corporate Credit Card

Card applications must be completed by the card supervisor and submitted to the relevant card administrator. For P-card applications by an AVP or Section Leader, approval of the relevant budget supervisor (VP level) is required upon application. The card administrator reviews applications for a corporate credit card and approves or rejects. If approved, a corporate credit card will be issued and delivered after the card supervisor has completed the appropriate training on corporate credit card usage, responsibilities, and accountability associated with the corporate credit card (Exception: central corporate card).

### 26.3.7.5 Corporate Credit Card Use Workflow

Card supervisors of a corporate credit card must use the card by following [the workflow defined separately](#).

### 26.3.7.6 Uses Allowed and Not Allowed

Corporate credit card usage is strictly limited to regular university-related business purchases and strictly prohibited for personal expenses and business expenses comingled with non-business expenses. Purchases must be approved in the ERP system prior to the transaction.

Central corporate card can be used upon request by a Unit/Section. In principle, the [P-card and Individual Corporate Card Guideline](#) applies regarding uses allowed with a corporate credit card. However, when it is not practical to apply the above Guideline, central corporate card can be used for transactions specifically authorized as necessary by the Accounting Supervisor or the person to whom the Accounting Supervisor delegates central corporate card related duties.

For P-cards and individual corporate cards, uses allowed and not allowed are detailed in the P-card and Individual Corporate Card Guideline. In case of doubt, the card supervisor should confirm the eligibility of the transaction with staff in charge in the Division for Financial Management.

#### 26.3.7.7 Responsibility

##### 26.3.7.7.1 Card Administrator

The card administrator is responsible for overall administration of the relevant corporate credit cards (such as reviewing card applications, approving corporate credit card issuance, and terminating corporate credit cards) and monitoring of the compliance with policies, rules and procedures. In case of misuse, the card administrator will respond in accordance with Chapter 26.3.7.8. The card administrator is responsible for developing, updating, and administering relevant guidelines.

##### 26.3.7.7.2 Card Supervisor of P-cards and Individual Corporate Cards

The card supervisors of P-cards and individual corporate cards shall understand that expenses paid with the corporate credit card will be invoiced directly to the University account and that irregular use of these corporate credit cards brings an audit and financial risk to the University. It is the card supervisor's responsibility to ensure the corporate credit card is used in compliance with PRP Chapters 26 through 29 and respective Guidelines for Corporate Credit Cards provided separately.

The card supervisors must reconcile all transactions with an approved Purchase Order number (PO#) and submit required documents by the deadline set in [the workflow](#). The card supervisors must make sure all ordered goods and services are delivered by the end of the fiscal year by carefully monitoring the delivery status.

The University will hold the card supervisor fully responsible for all unauthorized transactions (See 26.3.7.6 Uses Allowed and Not Allowed), transactions followed by non-delivery of ordered items or services, and transactions without appropriate reconciliation with an approved Purchase Order number (PO#) by the document submission deadline.

##### 26.3.7.7.3 Card User

The card user must carefully handle and store the card information. The card information should not be posted, emailed or visible in any place that is accessible by others. The card user may not share the card information with anyone else.

#### 26.3.7.8 Misuse of Corporate Credit Card

Misuse of a corporate credit card (See the [P-card and Individual Corporate Card Guideline](#)), intentional or accidental, is a violation of the University PRP (See also Chapters [28.2.3](#) and [29.1](#)). In case of misuse, the card administrator will issue a warning and may decide suspension of the corporate credit card. It may result in other disciplinary action depending on the seriousness of the violation, in accordance with [PRP 38 “Discipline”](#).

#### 26.3.7.9 Lost or Stolen Corporate Credit Card

If a corporate credit card or card information is lost or stolen, the card supervisor shall immediately notify the card administrator, the card issuer, and the local police.

26.3.7.10 Returning P-card Information and Individual Corporate Cards Card supervisors of P-cards and individual corporate cards must return the corporate credit card to the card issuer via the card administrator when:

26.3.7.10.1 The card supervisor leaves the University.

26.3.7.10.2 The card user of the P-card moves to another position in the University.

26.3.7.10.3 The University or the card issuer requests.

#### 26.3.7.11 Cancellation of Corporate Credit Card

Corporate credit cards may be terminated at any time by the University.

### 26.3.8 Miscellaneous Provisions

#### 26.3.8.1 Restatement of accounts

OIST may, on its own decision, prepare financial statements based on internationally recognized accounting standard in addition to the ones based on OIST regular accounting standards, in order to facilitate its understanding by international donors or provider of funds and increase accountability and transparency. These restatements would be controlled by accounting auditors.

### 26.3.9 Storage of Documents

Accounting books, vouchers and documents shall be stored for the following period:

- (1) financial statements, etc. = permanently
- (2) general ledger = 30 years
- (3) other accounting books = 10 years
- (4) slips and vouchers = 10 years

## 26.4 Responsibilities

## 26.5 Procedures

## 26.6 Forms

## 26.7 Contacts

26.7.1 Policy Owner: Vice President for Financial Management

26.7.2 Other Contacts: Division for Financial Management

## 26.8 Definitions

## 26.9 Appendices & Table

[Appendices & Table](#)

[Honarium Table](#)