

[Translation]

June 12, 2025

To Okinawa Institute of Science & Technology Graduate  
University:

Investigation Report

Third-Party Investigation Committee

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## Part I The Investigation

### 1. Circumstances Leading to the Investigation

On December 12, 2024, Mr. A, the manager of the Facility Management Section of the Okinawa Institute of Science & Technology Graduate University (“OIST”), reported to Mr. Shigeharu Kato (“**Mr. Kato**”), OIST’s Vice-CEO, that Mr. A had been receiving approximately 20 million yen per year for nearly ten years from a relevant person of the Company B, which is in charge of OIST’s facility management services; and that he was under tax audit for receipt of that money. In response to Mr. A’s report, OIST conducted a fact-finding review and dismissed him on December 25, 2024.

On the same day, OIST also released a notice on its website titled “Disciplinary action against an employee”<sup>1</sup> announcing that it had taken disciplinary action against its employee and that it would establish a Third-Party Investigation Committee to formulate and implement measures to prevent recurrence based on the investigation. On January 31, 2025, OIST established a Third-Party Investigation Committee (the “**Committee**”) and commissioned an investigation into this case.<sup>2</sup> The Committee was commissioned by OIST to conduct the investigation of the items to be investigated described below (the “**Investigation**”).

### 2. Items to Be Investigated

The items to be investigated by the Committee in relation to the Investigation are as follows:

- the facts, such as the scale and background, of the employee’s act of receiving money (the “**Case**”);
- any impact on procurement and supervision operations related to facility management and other services in which the employee was involved;
- the causes and responsibilities for the Case;
- measures to prevent recurrence based on the Case; and
- other matters related to the Case.

### 3. Committee’s Investigation System

The Committee is composed as follows:

- |                        |   |
|------------------------|---|
| Committee chairperson: | Kaku Hirao, Attorney-at-law,<br>Nishimura & Asahi (Gaikokuho Kyodo Jigyo)<br>Former Prosecutor of the Special Investigation Division of the<br>Tokyo District Public Prosecutors Office |
| Committee member:      | Seiko Nozaki, Attorney-at-law,<br>Umuyasu Law & Accounting Office   |
| Committee member:      | Kozue Takayama, Attorney-at-law, Shinwa Sohgo Law<br>Offices  |

The members of the Committee were selected in accordance with “Guidelines for Third-Party Committees in Cases of Corporate Misconduct (issued on July 15, 2010)” of the Japan Federation of Bar Associations, and the Committee conducted its investigation in accordance with the Guidelines.

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<sup>1</sup> <https://www.oist.jp/news-center/news/2024/12/25/disciplinary-action-against-employee>

<sup>2</sup> <https://www.oist.jp/news-center/news/2025/1/31/notice-regarding-establishment-third-party-investigation-committee>

The Committee engaged four attorneys (Masamichi Kamijima, Kentaro Ohno, Harunobu Uchida, and Daito Hayashi) from Nishimura & Asahi (Gaikokuho Kyodo Jigyo) in the Investigation as investigation assistants.

#### **4. Investigation Period**

The Investigation was conducted from January 31, 2025 to June 6, 2025. The Committee held a total of nine committee meetings, including the preparatory stage for its establishment.

#### **5. Investigation Method**

In conducting the Investigation, the Committee investigated the following:

##### **(1) Careful examination and consideration of related materials and e-mail data**

The Committee carefully examined and considered various materials provided by OIST. The main materials are as follows:

- documents related to procedures for placing orders with external service providers;
- minutes of meetings regarding bids and negotiated contracts;
- data stored on Mr. A's PC used for business purposes;
- Mr. A's e-mails used for business purposes;<sup>3</sup> and
- transaction history of the deposit account in Mr. A's name and the usage history of the credit card in his name, provided by him.

##### **(2) Interview survey**

The Committee conducted interviews with a total of 12 people, including Mr. A, Mr. C, a former Company B's director, and OIST officers and employees. The Committee has conducted multiple interviews with some of the interviewees.

##### **(3) Questionnaire survey**

The Committee conducted a questionnaire survey of a total of 166 persons comprising some of the officers, as well as faculty members and employees who are at the level of section leaders or higher who have the authority to place orders with external service providers at OIST in order to confirm whether similar cases exist.

The questions of the questionnaire survey were as follows:

<Survey questions>

Question Number	Questions
1	Have you ever received money or other gifts (Article 3(11) of OIST Rules for Conflicts of Interest Management) from OIST's clients?
2	If you answer "(i) Yes" to Question 1, please tell us the specific time of receipt, the client, and what you received.

<sup>3</sup> The Committee preserved Mr. A's e-mail data, visually examined all the subjects on the e-mail software, and reviewed the body of the emails of exchanges with relevant persons of the Company B and the exchanges that deviate from ordinary business practices.

Question Number	Questions
3	Have you ever seen or heard that another OIST officer or employee has received money or other gifts from one of its clients related to OIST's business affairs?
4	If you answer "(i) Yes" to Question 3, please tell us the officer's or employee's name, department to which the officer or employee belongs, the officer's or employee's position, the specific time, the client, what the officer or employee received, and circumstances in which you saw or heard about the officer's or employee's receipt.
5	Have you ever taken inappropriate action for OIST's clients (such as providing a convenience so that the client can receive an order from OIST, overlooking the quality of service or goods which does not satisfy the required level, and cooperating in overcharging a contractual amount or such other amount so that the client can make a profit)?
6	If you answer "(i) Yes" to Question 5, please tell us the specific time of such action, the client for whom you took inappropriate action, and the details of the inappropriate action.
7	Have you ever seen or heard that another OIST officer or employee has taken inappropriate action for one of OIST's clients (such as providing a convenience so that the client can receive an order from OIST, overlooking the quality of service or goods which does not satisfy the required level, and cooperating in overcharging a contractual amount or such other amount so that the client can make a profit)?
8	If you answer "(i) Yes" to Question 7, please tell us the officer's or employee's name, department to which the officer or employee belongs, the officer's or employee's position, the specific time, the client for whom the officer or employee took inappropriate action, the details of the inappropriate action, and circumstances in which you saw or heard about the officer's or employee's inappropriate action.
9	If you have seen or heard about any other misconduct in OIST, please provide specific details thereof.

#### **(4) Sending letters of inquiry to past presidents**

In order to ascertain whether OIST's past presidents have been involved in the Case or similar cases, and how they perceived it, the Committee sent letters of inquiry to two past presidents asking them to respond to questions.

#### **(5) Inspection of OIST facilities**

The Committee visited OIST's main campus and inspected the facilities and equipment for which the Company B is responsible for maintenance management services.

### **Part II Investigation Results**

#### **1. Overview**

As a result of the Investigation, it was confirmed that Mr. A had been continuously receiving money from Mr. C of the Company B. The giving and receiving of money began around 2012 to 2013 and continued until December 2024. It was confirmed that Mr. A had received a total of

approximately 200 million yen from Mr. C, and that he used the money for personal entertainment expenses.

On the other hand, it was not confirmed that Mr. A unfairly favored the Company B in procuring equipment maintenance services at OIST. In addition, the quality of the Company B's services was at a sufficient level, and it was not confirmed that Mr. A had assisted the Company B regarding the services provided by the Company B, for example: he deliberately overlooked the Company B's inadequate provision of services.

## **2. Overview of OIST**

### **(1) Corporate history**

In 2001, the Minister of State for Okinawa and Northern Territories Affairs, Science and Technology Policy proposed the idea of establishing a science and technology graduate university in Okinawa; and in June of the same year, it was officially announced that an international graduate university would be established in Okinawa Prefecture.

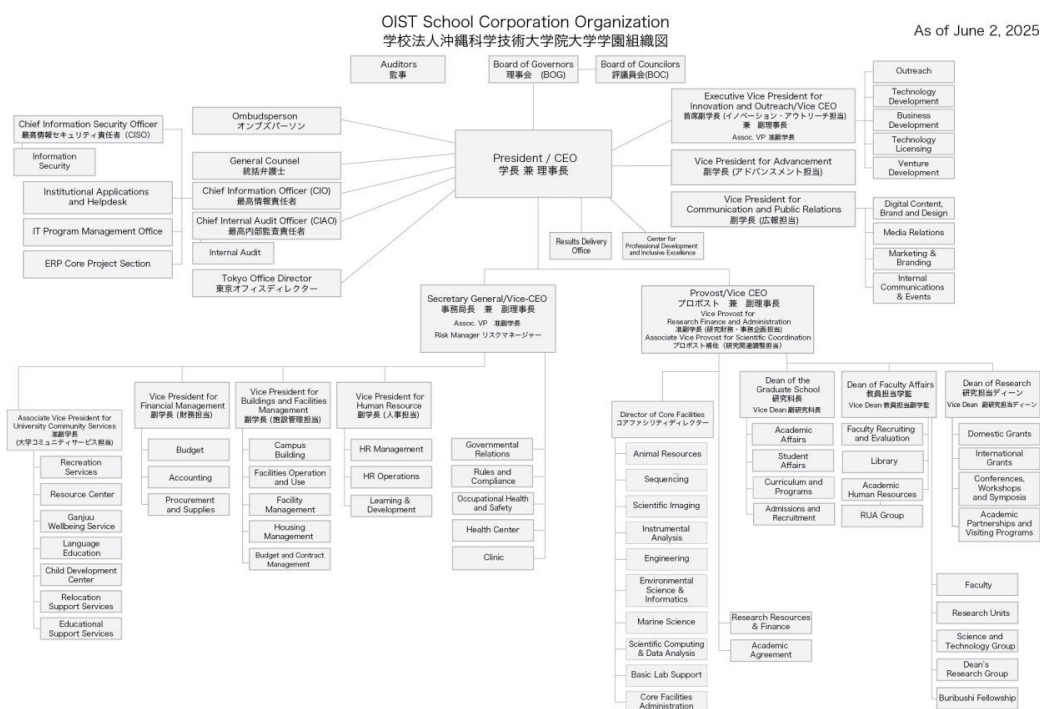
In 2005, the Okinawa Institute of Science and Technology Promotion Corporation was founded as the predecessor of the university accreditation. On October 24, 2011, the Okinawa Institute of Science & Technology School Corporation was founded with accreditation of the Ministry of Education, Culture, Sports, Science and Technology. OIST is a university established by the Okinawa Institute of Science & Technology Graduate University School Corporation (in particular, when OIST is referred to as a school corporation as distinct from a graduate university, the "**School Corporation**") in accordance with Articles 2 and 3 of the Okinawa Institute of Science and Technology School Corporation Act.

### **(2) Organizational structure**

#### **A. Overview of the organization**

The ultimate authority and responsibility for the management and operation of the OIST School Corporation lies with the Board of Governors (BOG). The BOG appoints a president & chief executive officer (CEO), and it entrusts the day-to-day operations of the School Corporation and the Graduate University to the president & CEO. Moreover, the BOG appoints the vice-CEO of the School Corporation from among the senior level executives in accordance with the Bylaws of the School Corporation. In addition, the Board of Councilors submits opinions to the CEO on specified matters (such as budgets, borrowing, disposal of assets, donations, and amendments to the Bylaws).

An outline of OIST's organization as of June 2, 2025, is shown in the chart below:<sup>4</sup>



## B. Organization details for facility management

The Buildings and Facilities Management Division is responsible for OIST's facilities management. The Division is under the jurisdiction of the vice president for Buildings and Facilities Management, and it has the Office of the vice president and five sections in total, including the Campus Building Section, the Budget and Contract Management Section, the Facility Management Section, the Facilities Operation and Use Section, and the Housing Management Section. Each section has one manager or senior manager to manage the section.

An overview of the responsibilities and personnel assigned to each section as of March 2025 is shown in the following table:

<Overview of Responsibilities of each Section of the Buildings and Facilities Management Division>

Section	Overview of Responsibilities	Number of Personnel (Capacity)
Office of the Vice President	<ul style="list-style-type: none"> <li>The vice president is responsible for the overall operations of the Buildings and Facilities Management Division and reports to the Secretary General.</li> <li>The construction budget analyst coordinates budget matters with government agencies and advises the vice president on legal and financial aspects.</li> <li>The executive assistant supports the vice president and the division in facilitating operations.</li> </ul>	2 (3)  *Excluding the vice president

<sup>4</sup>

<https://www.oist.jp/about/organigram>



Section	Overview of Responsibilities	Number of Personnel (Capacity)
Campus Building Section	<ul style="list-style-type: none"> <li>Land acquisition and new construction</li> <li>Interactions with central and local government departments regarding campus building</li> <li>Management of non-academic areas of campus (including admin division and campus village areas)</li> </ul>	6 (6)
Budget and Contract Management Section	<ul style="list-style-type: none"> <li>Tenders, contracts management and process of related documents for facilities construction, renovation and maintenance (limited to individual projects that are not covered by a lump-sum contract)</li> <li>Facilities budget control and preparation of related documents</li> <li>Ancillary works relating to tenders, contracts and budget management (inspection, payment, application, submission, notification, transaction with and reporting to the Cabinet Office, disclosure of information, fixed asset management)</li> </ul>	3 (3)
Facility Management Section	<ul style="list-style-type: none"> <li>Overall maintenance management of all land and facilities, and optimizing use of energy, water and other utilities</li> <li>Management of school vehicles</li> <li>Safety management of all users of campus (excluding safety management of laboratory activities)</li> <li>Access management and physical security of campus and facilities</li> </ul>	12 (13)
Facilities Operation and Use Section	<ul style="list-style-type: none"> <li>Fit-out and modification of buildings and facilities</li> <li>Managing and tracking allocation of space to researchers</li> </ul>	6 (6)
Housing Management Section	<ul style="list-style-type: none"> <li>Management of entire on- and off-campus housing</li> <li>Plan for future housing</li> </ul>	6 (7)

### C. OIST campuses, buildings, facilities, and equipment

OIST has three campuses: the main campus, the seaside campus, and the Seragaki campus. All campuses are located in Onna Village, Okinawa Prefecture, and the largest (the main campus) has a ground area of approximately 700,000 square meters and a total floor area of the buildings of approximately 96,000 square meters.

As of May 2025, OIST's main campus includes the center building, five research facilities Lab 1 through Lab 5, a conference center, an auditorium, an incubator facility, an engineering support building, No. 1 and No. 2 energy centers, and faculty houses for 653 (as of June 2025) faculty members and employees, students, and their family members.

### D. Status of internal audits and whistleblowing at OIST

At OIST, the vice president for Administrative Compliance used to be responsible for internal audits and the Administrative Compliance Division used to conduct internal audits, develop annual internal audit plans, implement internal audit activities, report internal audit results to the

president and senior executives, and exchange opinions with auditors. Subsequently, the chief compliance officer (CCO) was established under the immediate control of the president & CEO in April 2018, and internal audits were placed under the responsibility of the Compliance Section and were conducted under the supervision of the chief internal audit officer (CIAO).<sup>5</sup> Subsequently, in September 2021, the Internal Audit Section was established independent of the Compliance Section in order to ensure the independence of internal audits, although it was organizationally under the direct control of the secretary general. Then, in August 2023, the chief compliance officer (CCO) was renamed the chief internal audit officer (CIAO); moreover, organizationally, the Internal Audit Section came under the direct control of the chief internal audit officer. Subsequently, this ensured more independence in internal audits. In addition, misconduct and whistleblowing are handled under the jurisdiction of the CIAO.

The Internal Audit Section is responsible for handling misconduct and whistleblowing. A hotline is also available on the OIST website, which also accepts external reports. Since April 2020, there have been a total of eight reports: five from within OIST and three from outside; and the reports from outside included, for example, complaints from neighbors.

### **3. Procurement Flow at OIST**

In this case, since the question at issue is whether there is any impact of the Case on procurement operations in the Buildings and Facilities Management Division, the procurement flow in the Buildings and Facilities Management Division will be described below.

#### **(1) Department in charge**

OIST has established a set of rules that provides the basic policies, rules, and procedures to be followed in the course of conducting its business (a set of rules established by OIST, “PRP”).

The PRP provides that procurement of 1.5 million yen or more by the Buildings and Facilities Management Division must be carried out by the Procurement and Supplies Section of the Division for Financial Management or the Budget and Contract Management Section of the Buildings and Facilities Management Division, which are the departments in charge of procurement to which the CEO & president has delegated authority over procurement (PRP 28.2.8 and 28.2.8.2). Among the procurements, the purchase of goods and services must be carried out by the Procurement and Supplies Section of the Division for Financial Management (PRP 28.2.8.1).<sup>6</sup>

Accordingly, when the Facility Management Section wishes to outsource 1.5 million yen or more, it needs to request that the Procurement and Supplies Section of the Division for Financial Management select a service provider and execute an agreement in accordance with the procedures stated below (PRP 28.3.3.3).

Still, the Facility Management Section is authorized to procure contracts of less than 1.5 million yen.

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<sup>5</sup> However, organizationally, the Compliance Section, which was responsible for internal audit work, was under the direct control of the chief operating officer (“COO”; equivalent to the current secretary general), not the CCO.

<sup>6</sup> According to an OIST person in charge, broadly speaking, the Budget and Contract Management Section is responsible for procurement of construction and buildings, while the Procurement and Supplies Section is responsible for other procurements.

## **(2) Procurement flow**

### **A. Overview**

The procedure flow for the Buildings and Facilities Management Division to procure a service of 1.5 million yen or more is generally as follows:

- (i) The departments requesting procurement prepare specifications that specify the details of the procurement clearly in order to accurately communicate the details of the services to be procured to service providers, and to ensure the fulfillment of the contract at each procurement (PRP 28.3.1).
- (ii) A budget holder<sup>7</sup> gives prior approval to procure services from service providers using OIST's ERP system, regardless of the procurement amount (PRP 28.3.2).
- (iii) The requesting departments request that the Procurement and Supplies Section of the Division for Financial Management select service providers and execute contracts (PRP 28.3.3.3).
- (iv) If the procurement amount is 3 million yen or more, the Procurement and Supplies Section of the Division for Financial Management selects service providers through competitive bidding and other procedures (PRP 28.3.3 and 28.3.3.5).<sup>8</sup>
- (v) To execute a contract, the Procurement and Supplies Section of the Division for Financial Management provides the approver as specified in Attachment of the Rules for Approval Authorities with the justification for the service provider selection, terms and conditions, and other necessary information, and obtains preliminary approval of the approver (PRP 28.3.4).

### **B. Preparation of specifications**

When the Facility Management Section prepares a specification, the person in charge of the Facility Management Section will prepare it.

Mr. A worked in the Facility Management Section at the time of OIST's establishment; he independently prepared specifications for equipment management with reference to the specifications of other schools; and subsequent specifications are basically prepared according to the specifications prepared by Mr. A.

### **C. Bidding procedure**

It is stipulated that the Procurement and Supplies Section of the Division for Financial Management conducts a competitive bidding or other process by open bidding, in principle

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<sup>7</sup> Budget holders are responsible for the budget execution of their budgetary unit(s) (PRP 27.3.2). The vice president for Building and Facilities Management is responsible for the budget for facilities management.

<sup>8</sup> However, OIST may select service providers to execute contracts without going through the competitive bidding or other procedures, subject to the Procurement Committee's approval, for reasons, such as the fact that there is no point in conducting competitive procedures because only one service provider can provide goods, services, or construction to be procured (PRP28.3.3.6).

(Contract Management Stipulations Article 4, paragraph 1); and that subject to the Procurement Committee's approval, it may adopt an overall evaluation method (Contract Management Stipulations Article 4, paragraph 2).

If the department requesting procurement intends to adopt an overall evaluation method for procurement, it provides the drafts of specification, examination criteria, and scoring to request that the Procurement and Supplies Section of the Division for Financial Management establish an Overall Evaluation Examination Committee<sup>9</sup> and implement the procurement based on overall evaluation (Guideline for Overall Evaluation Method Article 3, paragraph 2). Thereafter, the Procurement and Supplies Section of the Division for Financial Management consults the Procurement Committee<sup>10</sup> on the establishment of the Overall Evaluation Method Examination Committee and the implementation of procurement based on overall evaluation (Guideline for Overall Evaluation Method Article 3, paragraph 3). If the Procurement Committee approves the implementation of procurement using the overall evaluation method, an Overall Evaluation Examination Committee will be established (Guideline for Overall Evaluation Method Article 5, paragraph 1).

The Overall Evaluation Examination Committee deliberates on the items and criteria for the examination before bidding and subsequently finalizes the details.

In addition, the Procurement and Supplies Section of the Division for Financial Management issues a public notice indicating that the procurement will be conducted by the overall evaluation method, publishes specifications, and requests that competition participants submit a proposal before implementation of bidding (Guideline for Overall Evaluation Method Article 4, paragraph 1).<sup>11</sup> In addition, if the contract is expensive and requires preparation for bidding, the manager of the Procurement and Supplies Section, Division for Financial Management may ask at the manager's discretion for the opinion of the service providers before bidding on the draft specifications.<sup>12</sup>

The Overall Evaluation Committee examines proposals submitted by the participants, examines and evaluates the abilities of the workers to be assigned and the proposals for issues. In addition, the Committee conducts interviews with the managers in charge of operations, and qualifies those who exceed a certain evaluation score to participate in competitive bidding.

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<sup>9</sup> With regard to the bids for which the Procurement and Supplies Section is in charge, the Overall Evaluation Examination Committee, consisting of the vice president for Financial Management, the representative of the requesting department, and the leader of the Procurement and Supplies Section, examines and evaluates proposals and other related materials submitted by competition participants (Guideline for Overall Evaluation Method Articles 5 and 6).

<sup>10</sup> The Procurement Committee is chaired by the vice president for Financial Management, and comprises the associate vice president of the Office of the Secretary General, the representative of the requesting department, the manager of the Procurement and Supplies Section, the manager of the Budget and Contract Management Section, and the manager of the Rules and Compliance Section.

<sup>11</sup> The Procurement and Supplies Section holds an explanatory session on the required specifications and examination criteria for the overall evaluation method, as necessary (Guideline for Overall Evaluation Method Article 4, paragraph 3).

<sup>12</sup> Such a procedure is called a request for comments, although it is not stipulated by formal rules.

After implementing the bidding, the Procurement and Supplies Section of the Division for Financial Management calculates the evaluation score based on the evaluation score by the Overall Evaluation Examination Committee and the bid price,<sup>13</sup> and the participant with the highest evaluation score will be designated as the successful bidder.

#### **D. Calculation of the target price**

While the overall evaluation method is a competitive method in which the participant who obtained the highest evaluation score among those whose bid price is within the range of the target price is designated as the successful bidder (Guideline for Overall Evaluation Method Article 2, item (1)), OIST is required to “appropriately set” the target price “based on the contents of the Procurement Case, considering market prices, demand conditions, difficulty of performing the contract, volumes, length of the performance period, and other factors concerning the subject matters of the procurement,” and prepare a target price statement (Contract Management Stipulations Article 5, paragraphs 1 and 4).

Specifically, in the case of procurement operations related to facility management and other services, the target price is calculated based on information, including the unit price of labor for building maintenance work and the estimation standards for building maintenance work established by the Ministry of Land, Infrastructure, Transport and Tourism, the actual unit price for the previous year, the reference estimated unit price submitted by the service providers, and other data.

The Procurement and Supplies Section of the Division for Financial Management is in charge of calculating the target price; and if the target price is 50 million yen or more, the vice president for Financial Management must approve it.

#### **(3) Procedures for continuous contracts**

Even if OIST retains service providers on a multi-year basis, OIST may execute a contract for a single fiscal year for the first year and a negotiated contract for the subsequent few fiscal years in light of the previous year’s performance (Detailed Stipulations for Multi-year Contracts and Multi-year Vendor Selection Article 8). OIST uses a multi-year basis to retain service providers for work in which the annual change of service providers may cause difficulties for them in arranging personnel, materials, and equipment. However, service providers who have obtained a multi-year contract may take advantage of that and not perform their work in good faith. For this reason, OIST first executes a contract for a single year, and then decides whether to execute a negotiated contract based on the results of the previous year (in principle, a negotiated contract is allowed to be executed only for a certain period of time, which is not more than five years (Detailed Stipulations for Multi-year Contracts and Multi-year Vendor Selection Article 4)).

The requesting department and the Procurement and Supplies Section of the Division for Financial Management consult to decide whether to adopt this form of contract.

The Service Evaluation Committee, which comprises the same members as the Overall Evaluation Examination Committee, examines whether the work is being performed in accordance with the specifications and whether cost reduction is possible, and decides whether to execute a negotiated contract with the same service provider in the following fiscal year.

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<sup>13</sup> However, the bid price must be within the range of the target price described below (Guideline for Overall Evaluation Method Article 4, paragraph 6).

**(4) Mr. A's authority in procurement**

Since November 1, 2011, Mr. A has been the manager and leader of the Facility Management Section, responsible for the overall maintenance management of buildings and facilities.

In relation to procurement, Mr. A was responsible for preparing specifications, evaluating proposals as a member of the Overall Evaluation Examination Committee, and reviewing contract renewals as a member of the Service Evaluation Committee.

Mr. A has been the manager of the Facility Management Section since the establishment of OIST; and when bidding for equipment maintenance service using the overall evaluation method, he independently prepared specifications with reference to the specifications of other schools. Subsequent specifications are basically prepared according to those prepared by Mr. A.

**4. Method of Supervision of Facility Management Service Provider by OIST and Other Related Matters**

OIST sets forth Facility Management Section leaders and other similar personnel as supervisory employees in the outsourcing contract concerning facility and equipment maintenance service. Mr. A served as a supervisory employee as a Facility Management Section leader. The main duties of supervisory employees are as follows:

- (i) to receive and accept, before performance of the service, from the service provider a service plan statement that describes the necessary matters for appropriate performance of the service, such as implementation system, implementation process, and qualifications of persons responsible for the service;
- (ii) to receive a service report from the service provider at the end of each month and approve it as a precondition for payment of the contract fee;
- (iii) if a problem (minor failure or accident) or other similar incident occurs in the facilities and equipment of the School Corporation or other facilities in general, to receive a report from the service provider according to the situation; and
- (iv) to give work directions to service providers and receive completion reports.

The provision of services by the Company B was monitored entirely by employees of the Facility Management Section. Specifically, they checked matters such as attendance management, and checked daily whether personnel were performing their duties and whether maintenance of facilities and equipment was carried out according to specifications. Mr. A himself also sometimes monitored the Company B's performance of services. In addition, Mr. A performed supervisory duties over facilities management service providers, including hearings with personnel in charge of the facility and equipment maintenance service. As described above, although the supervisory employees were set forth in the contract, not only Mr. A but also other employees of the Facility Management Section monitored the Company B's work performance status in daily operations.

## **5. Circumstances in Which the Money was Received**

### **(1) How Mr. A and Mr. C became acquainted**

Mr. A entered OIST on February 1, 2010. Thereafter, around 2011, during the audit of OIST, it was pointed out that OIST had paid approximately 25 million yen in excess to the Company B for the security services entrusted by OIST to the Company B. Specifically, in the estimate that OIST obtained from the Company B, the rest time was included in the service performance time estimation; and it was pointed out that the estimation of approximately 25 million yen for the rest time was excessive. Based on an opinion of the Board of Audit, OIST decided to ask the Company B for a refund. Mr. A, who was the manager of the Facility Management Section at that time, was in charge of negotiating the return of that money from the Company B together with other employees of OIST. Mr. A visited the Company B to negotiate the refund. The person in charge of the Company B in this negotiation was Mr. C.

Mr. C, who received a request from OIST to return the money, obtained the approval of the Company B, and it was decided that approximately 25 million yen would be refunded to OIST. Specifically, it was decided to reduce the contract amount for the unfulfilled part, and it was decided to reduce the contract amount for equipment and maintenance service for which the Company B had received an order by approximately 25 million yen.

Through this negotiation, Mr. A recognized that Mr. C had great authority in the Company B.

### **(2) Circumstances in which Mr. A asked Mr. C for monetary accommodation**

Mr. A had the opportunity to meet Mr. C at the OIST site, and deepened his friendship by participating in an information exchange meeting called “Moai” in which company executives and others participated, and by playing golf.

On the other hand, Mr. A had a debt of approximately 5 million yen due to excessive entertainment expenses before he entered OIST. Under such circumstances, Mr. A, who recognized that Mr. C had great authority over the Company B as described above, thought that Mr. C could lend money, and thought that he would ask Mr. C to lend money to repay the debt. Thereafter, around 2012 to 2013, when Mr. A visited the Company B for business, he approached Mr. C to lend money. When approaching him, Mr. A thought that 5 million yen was too much to ask for at one time. Therefore, Mr. A initially requested a monthly allowance of 1.5 million yen so that the amount would not exceed approximately 2 to 3 percent of the services for which OIST placed an order with the Company B annually. Later, Mr. C accepted it, and Mr. A received 1.5 million yen from Mr. C.

At a hearing conducted by the Committee, Mr. C explained that Mr. A had been told that OIST’s budget had been reduced and that he was struggling to raise expenses such as travel expenses for foreign teachers, and that he had been asked to cooperate in amassing a so-called slush fund to cover these expenses, and that he had been asked to kickback part of the outsourced service expenses paid by OIST. Mr. C received an explanation from Mr. A; and after consulting with the President and Chief Executive Officer of the Company B at the time, he decided to give Mr. A cash and pay a kickback in recognition that he would cooperate with amassing OIST’s “slush fund.” Mr. A did not explain that he indicated the name of the specific use of funds, but he explained that he repeatedly indicated that OIST’s budget was tight as small talk.

### (3) Amount received, method of receipt, and other matters

As described in (2) above, with receipt of 1.5 million yen from Mr. C as a turning point, Mr. A began to ask Mr. C about monetary accommodation once a month.

According to the results of the hearing with Mr. A and Mr. C, the time of receipt was generally at the beginning of each month. Mr. A initially received 1.5 million yen each time (per month); however, with the increase in the price of the outsourcing contract for facility management where the Company B received a blanket order from OIST, he requested an increase in the amount by saying, “How about this amount this fiscal year?” or the like. As a result, after about two to three years, Mr. A received 1.6 million to 1.65 million yen per month; and after about two years, he received 1.8 million yen per month; and for the last three years, he received 2 million yen per month.

Mr. A received money from Mr. C in cash. At first, the place of delivery was the Company B’s boardroom. However, after that, the place and time of the next delivery were decided; and in many cases, the delivery was carried out in the parking lot of a volume-sales electrical appliance store in Naha City.

Mr. A often deposited part of the cash he received into a savings account in his name. According to the transaction records of a savings account provided by Mr. A,<sup>14</sup> there was the following history of deposit from ATM.<sup>15</sup>

#### <ATM Deposit Records>

Date of Deposit	Amount (yen)
October 5, 2021	1,100,000
October 23, 2021	100,000
November 3, 2021	1,270,000
November 11, 2021	500,000
December 3, 2021	1,500,000
January 7, 2022	3,500,000
January 24, 2022	200,000
February 3, 2022	1,200,000
March 2, 2022	1,210,000
March 18, 2022	100,000
April 4, 2022	1,500,000
May 2, 2022	2,000,000
May 17, 2022	160,000
June 1, 2022	1,500,000

Date of Deposit	Amount (yen)
July 5, 2022	1,400,000
July 12, 2022	100,000
July 22, 2022	300,000
August 5, 2022	1,160,000
September 2, 2022	950,000
September 26, 2022	190,000
October 5, 2022	1,280,000
October 20, 2022	130,000
November 2, 2022	1,380,000
November 21, 2022	50,000
December 1, 2022	1,260,000
December 19, 2022	1,400,000
January 13, 2023	1,440,000
February 3, 2023	1,480,000

<sup>14</sup> Mr. A provided the transaction history of an ordinary savings account of a financial institution (D Bank) during the period from October 5, 2021 to December 10, 2024.

<sup>15</sup> In the transaction history, if there are multiple deposit records on the same day, the total amount is indicated in the amount column.



Date of Deposit	Amount (yen)
March 2, 2023	1,300,000
March 23, 2023	90,000
April 5, 2023	2,000,000
April 6, 2023	200,000
April 28, 2023	1,200,000
May 10, 2023	1,000,000
June 7, 2023	1,490,000
July 5, 2023	1,500,000
July 31, 2023	200,000
August 6, 2023	1,500,000
August 20, 2023	150,000
September 6, 2023	1,480,000
October 4, 2023	1,500,000
October 21, 2023	260,000

Date of Deposit	Amount (yen)
November 1, 2023	1,500,000
December 2, 2023	1,400,000
December 30, 2023	1,440,000
February 3, 2024	1,290,000
March 4, 2024	1,500,000
April 26, 2024	2,000,000
June 2, 2024	1,500,000
June 6, 2024	400,000
July 1, 2024	2,500,000
August 5, 2024	1,770,000
September 4, 2024	1,800,000
October 6, 2024	1,900,000
November 8, 2024	1,650,000
December 2, 2024	1,810,000

Mr. A has no particular source of income other than the salary he receives from OIST.<sup>16</sup> Most of these deposits (especially in excess of 1 million yen) were made around the beginning of each month, which coincides with the time of receipt of money as stated by Mr. A and Mr. C. In addition, the amount of money deposited per month is generally in the range of 1.2 million yen to 2 million yen, which is consistent with the amount received from Mr. C. Based on the above, it is probable that, among the above-mentioned deposits, especially those in excess of 1 million yen, Mr. A deposited part of the money around the time immediately after he received it from Mr. C. In addition, it is presumed that the other deposits mentioned above were also the ones that Mr. A received from Mr. C and remained in his possession.

#### (4) Use and other matters related to the money received

With regard to the money received from Mr. C, Mr. A explained at the hearing conducted by the Committee that he initially used it to repay his debt, but later spent it on personal entertainment and used it for other similar expenses. Specifically, he said that he spent the money on eating and drinking at clubs in Okinawa Prefecture and Fukuoka Prefecture and on socializing with women (such as eating, drinking, and hotel accommodation).

In order to confirm the corroboration of Mr. A's statement, the Committee received the details of his credit card usage<sup>17</sup> from Mr. A and confirmed the use of the credit card. As a result, it was confirmed that he paid expenses such as food and drink at clubs in Okinawa Prefecture and Fukuoka Prefecture, accommodation at hotels, and food and drink at restaurants in Okinawa Prefecture and Fukuoka

<sup>16</sup> According to details of his savings account, Mr. A borrowed tens of thousands of yen to hundreds of thousands of yen from consumer loans on an irregular basis. In addition to the savings account, the Committee also checked usage statements of the credit cards mentioned below, and found no evidence that Mr. A received funds of the same kind from other business partners; moreover, Mr. A himself did not explain in the hearing that he had engaged in the same kind of acts against other business partners.

<sup>17</sup> The credit card usage statements received from Mr. A were for E Card payments from October 2023 to December 2024 and F Card payments from December 2021 to November 2024.

Prefecture. Mr. A's credit card usage amount<sup>18</sup> generally reached 1 million yen to 2 million yen per month (monthly average: 1,295,971 yen from October 2021 to December 2021, 1,311,992 yen from January 2022 to December 2022, 1,252,335 yen from January 2023 to December 2023, and 1,250,429 yen from January 2024 to December 2024).<sup>19</sup> According to the details of Mr. A's savings account, after cash (which is believed to have been received from Mr. C) was deposited at the beginning of the month, the balance of the deposit decreased to several hundred yen to several thousand yen due to credit card withdrawal by around the end of the month; and the balance of the deposit increased after cash (which is believed to have been received from Mr. C) was deposited around the beginning of the following month. This cycle was repeating (in some months, the balance of the deposit was small in the middle of the month, and there were borrowings from consumer loans and cash deposited from ATMs (which seems to be part of the money received from Mr. C)). Some money was spent in cash or by bank transfers without using credit cards.

Mr. A stated that Mr. A basically did not go out for pleasure with his OIST colleagues but went out alone. This statement is not unnatural in light of the amount of credit card usage above.

In addition, Mr. A stated that he never explained to Mr. C the use of the money he received, and Mr. C also stated that he did not think that the money he provided to Mr. A was used for Mr. A's personal pleasure expenses.

## **(5) Circumstances in which the payment and receipt of money was terminated**

While Mr. C continued to provide money to Mr. A, he sometimes asked Mr. A until when the provision of funds would continue and told him that he wanted to stop providing the funds. At the hearing by the Committee, Mr. C stated, "When I told Mr. A that I wanted to quit funding, Mr. A said things like, 'my superiors won't agree.' and in the end, the request for funds did not stop." Mr. A also stated such things as when Mr. C said that he wanted to stop funding, he got away with it by saying, "I can't make a decision on my own. I'll take it back to the office and consider it." and continued to ask for funding. As described above, due to Mr. A's explanation, Mr. C mistakenly believed that it was a "slush fund" of OIST, in which other OIST officials were also involved, and continued to provide the funds.

After that, in December 2024, the tax investigation of the Company B's affiliate revealed the Case, and the funding to Mr. A was terminated.

## **6. Results of the Questionnaire Survey**

The Committee conducted a questionnaire survey of officers and employees as described above. However, no similar incidents were identified in the questionnaire.<sup>20</sup>

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<sup>18</sup> It refers to the amount paid during the period from October 2021 to May 2024 when Mr. A's credit card usage details and savings account details were verified.

<sup>19</sup> Most of the money used was withdrawn around the 10th; moreover, 100,000 to 200,000 yen was withdrawn around the 27th of each month.

<sup>20</sup> However, in relation to procurement, there were more than one opinion that expressed suspicion about selection of a supplier of an experimental tank. Based on those opinions, the Committee checked documents related to procurement of the experimental tank, but found no unnatural points. In addition, there was a response that a simple specification form was used to procure a laboratory desk, which caused trouble, but the response was that it had been communicated to the relevant department, and no problem was found.

Regarding gifts, some respondents responded that they received confectionery and other gifts from other institutions, but the respondents indicated that necessary procedures such as reporting gifts were taken, and no problems were found.

## **Part III      Impact of the Case**

### **1.      Overview**

As a result of the Investigation by the Committee, no impact of the Case on the procurement and supervision operations related to facility management and other services in which Mr. A was involved was found to exist.

### **2.      Impact on Procurement**

#### **(1)      Overview of bidding procedures and other related matters by fiscal year**

OIST has invited bids for outsourcing for a three-year period, excluding FY2012, and selected the Company B as its outsourcing contractor. In addition, during the multiple-year period, the Service Evaluation Committee conducted an annual review and evaluated the status of service provision by the Company B, and executed a negotiated contract with the Company B after determining that there were no problems.

An outline of bidding procedures and other related matters by fiscal year in and after FY2012 is as follows.<sup>21</sup> The order amounts described below were based on the actual amounts that OIST paid to the Company B for facility and equipment maintenance service.

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Other responses, although not related to procurement or gift-giving, indicated that in some cases, the authority granted by the IT Division may be beyond the scope of business requirements. Although this point is not related to the Case, we consider it necessary for OIST to appropriately confirm and take measures in the future as to whether the authority is granted to an appropriate extent.

<sup>21</sup> In FY2011, OIST's former corporation, Okinawa Institute for Science and Technology Promotion Corporation, invited bids for a blanket order of facility and equipment maintenance service using the overall evaluation method. The participants in the bidding were the Company B, the Company G, the Company H, the Company I, the Company J, and the Company K., and the Company B won the bid. Furthermore, before Okinawa Institute for Science and Technology Promotion Corporation placed a blanket order for facility and equipment maintenance service, it had separately placed an order with multiple service providers for services such as security, cleaning, planting maintenance, equipment maintenance and management, and guest room management, and the Company B had been entrusted with security-related services.

<Outline of bidding procedures and other related matters>

FY	Procedure	Participant in the Bidding	Order Amount (yen; tax included)
2012	Bidding	Company B Company G Company H Company J	291,512,340
2013	Bidding	Company B Company G Company H Company I Company J	304,590,300
2014	Negotiated contract	-	368,629,783
2015	Negotiated contract	-	448,588,800
2016	Bidding	Company B Company G Company H Company I	474,959,944
2017	Negotiated contract	-	501,501,877
2018	Negotiated contract	-	514,560,600
2019	Bidding (including a negotiated contract)	Company B	546,050,430
2020	Negotiated contract	-	699,826,858
2021	Negotiated contract	-	665,883,586
2022	Bidding (including a negotiated contract)	Company B Company G	747,357,792
2023	Negotiated contract	-	908,058,189
2024	Negotiated contract	-	902,861,623

**(2) Bidding in FY2012**

In FY2012, bids for facility and equipment maintenance service were invited using the blanket order method. Mr. A stated that the reasons why he decided to choose a blanket order were as follows: (i) since the services included in facility and equipment maintenance, such as disaster prevention and security, are mutually and closely connected, service providers can ensure high quality by accepting a blanket order; (ii) the Facility Management Section has a small number of personnel, and if it separately places an order with multiple contractors, the burden of order placement operations will occur; and (iii) it was pointed out from both inside and outside OIST that costs can be reduced by placing a blanket order. For these reasons, Mr. A believed that it would be appropriate to place a blanket order for facility and equipment maintenance service, and prepared specifications in the cases of placing a blanket order using examples from other universities on his own.

Thereafter, the procedures were conducted in accordance with the procurement flow in Part II, 3. above. There were four service providers subject to the review: the Company G, the Company B, the Company H, and the Company J; and after the review and evaluation by the Overall Evaluation Examination Committee, the Procurement and Supplies Section, Division for Financial Management executed a contract with the Company B as the entrusted party.

### (3) Bidding in FY2013

With regard to the bidding of facility and equipment maintenance service, OIST decided to continuously select an entrusted party using the blanket order method, and the procedures were conducted in accordance with the procurement flow in Part II, 3. above. There were two service providers subject to the review: the Company G and the Company B;<sup>22</sup> and after the review and evaluation by the Overall Evaluation Examination Committee, the Procurement and Supplies Section, Division for Financial Management executed a contract with the Company B as the entrusted party. The Committee confirmed that the breakdown of the scoring of technical evaluation points by the Overall Evaluation Examination Committee at the time of the bidding was as follows:

<Technical evaluation points given by the Overall Evaluation Examination Committee at the bidding in FY2013>

	Company G		Company B	
	Proposal for issues	Interview <sup>23</sup>	Proposal for issues	Interview
Mr. A	16	11	23	21
Chairperson	14	15	22	22
Committee member	20	12	23	22
Committee member	19	16	24	21
Committee member	12	11	25	22

As described above, Mr. A gave the Company B higher points than other companies; but other committee members tended to do the same, and there were committee members who gave the Company B even higher points than Mr. A did. Therefore, neither the fact that Mr. A gave the Company B unusually high technical evaluation points more than other committee members nor the fact that Mr. A gave service providers other than the Company B unusually low technical evaluation points more than other committee members were found.

### (4) Continued service provision in FY2014 and FY2015

The facility and equipment maintenance service in FY2014 and FY2015 was outsourced using the negotiated contract method and was reviewed and evaluated by the Service Evaluation Committee<sup>24</sup> in accordance with the procurement flow in Part II, 3.(3). As a result of the review and evaluation by

<sup>22</sup> The other participants in the bidding did not make a bid due to reasons such as their technical evaluation points not meeting the standards.

<sup>23</sup> The Overall Evaluation Examination Committee conducted interviews with the five responsible persons in the fields of bidders (general manager, cleaning service manager, security service manager, equipment maintenance service manager, and planting maintenance service manager) regarding details of the services of which they were in charge, and determined the technical evaluation points.

<sup>24</sup> Initially, the members of the Service Evaluation Committee comprised the manager of the Procurement and Supplies Section, the manager of the Facility Management Section (Mr. A), the manager of the Facilities Operation and Use Section, the manager of the Campus Building Section, the assistant manager of the Procurement and Supplies Section, and the responsible person of the department in charge of facility management of other universities.

the Service Evaluation Committee, OIST decided to continuously outsource the facility and equipment maintenance service to the Company B as it did in FY2013.

In the Service Evaluation Committee meeting, Mr. A made a report on the Company B's implementation status of the facility and equipment maintenance service based on the materials such as the Company B's work records and the results of actual inspections. Mr. A reported on the status of the Company B's service provision that staffing was in place as in the specifications, and that as a result of a questionnaire survey on the Company B's equipment maintenance service that was conducted on OIST's related sections (the "**Facility and Equipment Maintenance Questionnaire**"), the Company B's service provision had a sufficient level of satisfaction. In addition, the Procurement and Supplies Section manager provided an explanation of the contract amount of the facility and equipment maintenance service for the next fiscal year. Based on the explanation, whether it would be acceptable for the Company B to continue the service provision was determined by the committee members through consultation; thereafter, a decision to approve the Company B's continued provision of the service was made without objection.

#### **(5) Bidding in FY2016**

With regard to the bidding of facility and equipment maintenance service, OIST decided to continuously select an entrusted party using the blanket order method, and the procedures were conducted in accordance with the procurement flow in Part II, 3. above. There were two service providers subject to the review: the Company G and the Company B;<sup>25</sup> and after the review and evaluation by the Overall Evaluation Examination Committee, the Division for Financial Management, Procurement and Supplies Section executed a contract with the Company B as the entrusted party.

As a result of the Committee's confirmation of the scoring of technical evaluation points by the Overall Evaluation Examination Committee at the time of the bidding, neither the fact that Mr. A gave the Company B unusually high technical evaluation points more than other committee members nor the fact that Mr. A gave service providers other than the Company B unusually low technical evaluation points more than other committee members were found.

#### **(6) Continued service provision in FY2017 and FY2018**

The facility and equipment maintenance service in FY2017 and FY2018 was outsourced using the negotiated contract method and was reviewed and evaluated by the Service Evaluation Committee in accordance with the procurement flow in Part II, 3.(3). As a result of the review and evaluation by the Service Evaluation Committee, OIST decided to continuously outsource the facility and equipment maintenance service to the Company B as it did in FY2016.

Mr. A did not attend the Service Evaluation Committee meeting for the continued service provision in FY2017, but the person in charge of the Facility Management Section attended the meeting on his behalf and made a report on the Company B's implementation status of the facility and equipment maintenance service.

In the Service Evaluation Committee meeting for the continued service provision in FY2017, the report based on the Facility and Equipment Maintenance Questionnaire was made. In the Facility and Equipment Maintenance Questionnaire for FY2017, the survey items of the questionnaire were expanded, level of satisfaction with services, employees' customer service, personnel grooming, and complaint handling were scored, and no problems were identified in any of the items.

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<sup>25</sup> The other participants in the bidding did not make a bid due to reasons such as their technical evaluation points not meeting the standards.

Even in the Service Evaluation Committee meeting for the continued service provision in FY2018, the report on the level of customer satisfaction based on the Facility and Equipment Maintenance Questionnaire was made, and no problems were identified in any of the items.

In both FY2017 and FY2018, in the Service Evaluation Committee meetings, whether it would be acceptable for the Company B to continue the service provision was determined through consultation between the committee members.

#### **(7) Bidding in FY2019**

With regard to the bidding of facility and equipment maintenance service, OIST decided to continuously select an entrusted party using the blanket order method, and the procedures were conducted in accordance with the procurement flow in Part II, 3. above. The service provider subject to the review was the Company B only; and after the review and evaluation by the Overall Evaluation Examination Committee, the Procurement and Supplies Section, Division for Financial Management executed a contract with the Company B as the entrusted party.

As a result of the Committee's confirmation of the scoring of technical evaluation points by the Overall Evaluation Examination Committee at the time of the bidding, neither the fact that Mr. A gave the Company B unusually high technical evaluation points more than other committee members nor the fact that Mr. A gave service providers other than the Company B unusually low technical evaluation points more than other committee members were found.

#### **(8) Continued service provision in FY2020 and FY2021**

The facility and equipment maintenance service in FY2020 and FY2021 was outsourced using the negotiated contract method and was reviewed and evaluated by the Service Evaluation Committee in accordance with the procurement flow in Part II, 3.(3). As a result of the review and evaluation by the Service Evaluation Committee, OIST decided to continuously outsource the facility and equipment maintenance service to the Company B as it did in FY2019.

In the Service Evaluation Committee meeting for the continued service provision in FY2020, the report on the level of customer satisfaction based on the Facility and Equipment Maintenance Questionnaire was made, and no problems were identified in any of the items.

In both FY2020 and FY2021, in the Service Evaluation Committee meetings, whether it would be acceptable for the Company B to continue the service provision was determined through consultation between the committee members.

#### **(9) Bidding in FY2022**

With regard to the bidding of facility and equipment maintenance service, OIST decided to continuously select an entrusted party using the blanket order method, and the procedures were conducted in accordance with the procurement flow in Part II, 3. above. The service provider subject to the review was the Company B only;<sup>26</sup> and after the review and evaluation by the Overall Evaluation Examination Committee, the Procurement and Supplies Section, Division for Financial Management executed a contract with the Company B as the entrusted party.

As a result of the Committee's confirmation of the scoring of technical evaluation points by the Overall Evaluation Examination Committee at the time of the bidding, neither the fact that Mr. A gave the Company B unusually high technical evaluation points more than other committee members nor

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<sup>26</sup> Company G did not make a bid due to reasons such as their technical evaluation points not meeting the standards.

the fact that Mr. A gave service providers other than the Company B unusually low technical evaluation points more than other committee members were found.

In the bidding in FY2022, the procedures of hearing opinions on the draft specifications from service providers were conducted before submission of bids.

#### **(10) Continued service provision in FY2023 and FY2024**

In FY2023 and FY2024, the facility and equipment maintenance service was outsourced using the negotiated contract method and was reviewed and evaluated by the Service Evaluation Committee in accordance with the procurement flow in Part II, 3.(3). As a result of the review and evaluation by the Service Evaluation Committee, OIST decided to continuously outsource the facility and equipment maintenance service to the Company B as it did in FY2022.

In the Service Evaluation Committee meeting for the continued service provision in FY2023, the report based on the Facility and Equipment Maintenance Questionnaire was made by Mr. A, and no problems were identified in any of the items.

In both FY2023 and FY2024, in the Service Evaluation Committee meetings, whether it would be acceptable for the Company B to continue the service provision was determined through consultation between the committee members.

#### **(11) Impact on procurement operations**

As described in Part II, 3.(4), with regard to procurement, Mr. A was in charge of formulating specifications, evaluating written proposals as a member of the Overall Evaluation Examination Committee, and reviewing contract renewals as a member of the Service Evaluation Committee.

First, Mr. C explained that he had provided funds with the intention of cooperating for amassing a “slush fund” of OIST. In this regard, since an estimate for procurement was made by the Procurement and Supplies Section, Division for Financial Management of OIST, there was no room for the Company B to pad contract amounts based on the fund provision to Mr. A. In addition, Mr. C himself explained that he had had trouble raising the funds while there was a small profit margin, and there is no indication that contract amounts were unfairly inflated.

Next, with regard to formulation of specifications, Mr. A prepared specifications on his own around the time when a bid for blanket order commenced, and details of the specifications were followed up to the present. In this regard, if Mr. A had formulated specifications that enable only the Company B to participate in a bid, there is room to understand that he treated the Company B particularly advantageously. However, Mr. A stated that he did not provide such advantageous treatment; and when Mr. A’s subordinate proposed to review the description in specifications prepared by the subordinate that was considered to be advantageous to specific service providers, he sometimes instructed the subordinate to make some revisions and accepted changes, such as reducing the number of cleanings. In addition, the opinion invitation procedures were conducted in the FY2022 bidding, but no particular problems were pointed out regarding the details of specifications. Based on the above, it cannot be said that Mr. A treated the Company B particularly advantageously in the formulation of specifications.

With regard to technical evaluation points in the bidding procedures for each fiscal year, neither the fact that Mr. A gave the Company B unusually high technical evaluation points more than other committee members nor the fact that Mr. A gave service providers other than the Company B unusually low technical evaluation points more than other committee members were found. Furthermore, as described in Part II, 3., the Procurement and Supplies Section, Division for Financial Management led the implementation of bidding procedures, and Mr. A himself gave evaluation points



as a member of the Overall Evaluation Examination Committee; but Mr. A could not have an impact on the selection of outsourcing contractors other than that.

In the Service Evaluation Committee meetings in fiscal years when bids were not invited, Mr. A made reports on complaints and results of the Facility and Equipment Maintenance Questionnaire, and facts that the details were altered were not found. The outsourcing of the service to the Company B was decided through consultation between the committee members, and the fact that Mr. A unfairly treated the Company B advantageously in the continued service provision was not found.

### **3. Impact on Supervision of Facility Management Service**

As described in Part II, 4. above, Mr. A served as a supervisory employee under an outsourcing contract for the facility and equipment maintenance service. However, not only Mr. A but also all the employees of the Facility Management Section monitored the Company B's service provision, and persons other than Mr. A were in contact with the Company B in the provision of daily work. Therefore, it was difficult for Mr. A to deliberately overlook the Company B's inadequate performance of the service. Furthermore, as described above, the questionnaire survey of OIST's employees was conducted and reported to the Service Evaluation Committee as the basis for determining the continued outsourcing to the Company B.

In addition, during the interviews with OIST officers and employees, the Committee asked them whether there were any problems with the Company B's equipment maintenance service, but the fact that there were any particular problems with the Company B's provision of equipment maintenance service was not confirmed; instead, they answered that the Company B's provision of the service was adequate. Furthermore, as a result of the Committee's confirmation of the minutes of the Service Evaluation Committee meetings as mentioned in Part II, 3.(3) and other related parts, the fact that there were any particular problems in the Company B's provision of the service was not confirmed.

As described above, we believe that it was difficult for Mr. A to overlook the Company B's inadequate performance of the service when supervising the Company B's facility and equipment maintenance service, and it was not found that Mr. A had an impact on the supervisory operations and had assisted the Company B.

In addition, as described above, the details of the Company B's provision of the equipment maintenance service were adequate, and were not considered a problem in internal audits.

## **Part IV Analysis of Causes**

With regard to the fact that Mr. A received a large amount of money from Mr. C over a long period of time, it must be pointed out that Mr. A's awareness of compliance became considerably blunted. In this part, we will consider OIST's issues as to why Mr. A's receipt of money had not been discovered for many years.

In this regard, at first, it should be pointed out that it is not easy for an organization to ascertain such a private transfer of money. For example, if Mr. A treated the Company B advantageously for procurement of equipment maintenance service in an irregular manner or treated the Company B particularly advantageously in his supervisory operations, the surrounding employees may have become aware of the irregularity, and a private transfer of money may have been discovered.

However, OIST's procurement flow is as described in Part II, 3(2) above; and although the Facility Management Section requests equipment maintenance service for which the Company B accepted orders, it was necessary to go through the bidding procedures led by the Procurement and Supplies Section, Division for Financial Management before accepting orders. Furthermore, it was difficult for Mr. A to exercise undue influence on the bidding procedures for equipment maintenance service and

the committee members' determination on whether it would be acceptable for the Company B to continue the continued service provision; in fact, such influence has never been exercised.

Moreover, if the Company B's service provision was inadequate and the Company B continued to accept orders, there is a possibility that other OIST officers and employees would doubt such continued acceptance of orders by the Company B. However, the Company B's performance of the service was not entirely free of complaints, but was generally good.

In addition, as explained in Part II, 4(5) above, Mr. A spent the money received from Mr. C on private entertainment expenses, and there was no particular opportunity for the surrounding employees to discover that Mr. A came to live luxuriously.

Therefore, there were circumstances under which it was not easy for the surrounding employees to discover Mr. A's irregular behavior based on his work attitude, lifestyle, etc.

In general, since it can be said that a collusive relationship is likely to occur when an outsourcing contractor is established for many years, inviting bids and replacing outsourcing contractors periodically is good for preventing such a collusive relationship. However, the reality is that there are few service providers in Okinawa that have the capacity to solely provide the equipment maintenance service at a university with vast grounds like those of OIST. It must be pointed out that due to such reality, the Company B continued accepting OIST's orders for the equipment maintenance service for many years. In this regard, it is possible to split an order for the service and place orders with multiple outsourcing contractors. In this way, the situation in which the collusive relationship described above is likely to occur can be prevented. However, there are disadvantages such as difficulty in cooperation in conducting related services of security, disaster prevention, equipment maintenance, etc., decrease in the level of service provision, and increase in total costs; therefore, it cannot be said that an order for the service should have been split.

Based on the above, although it must be said that it is not easy for OIST to discover Mr. A's receipt of money and prevent such receipt, even with this in mind, we believe that there were measures which OIST could have taken.

## **1. Establishment of responsibilities**

Mr. A had consistently been the Facility Management Section manager since he joined OIST and had been the head of the field operations of facility management for many years. Mr. C explained that he was requested by Mr. A to cooperate with amassing a "slush fund" of OIST and kick back a portion of outsourcing costs paid by OIST. However, we believe that if Mr. A was replaced by another person as the Facility Management Section manager, the fact that such "slush fund" did not exist would soon be found, and the transfer of money would not have continued for a long period of time. In addition, if the Facility Management Section manager was expected to be replaced, it may have been possible to prevent Mr. A from requesting that Mr. C transfer money. In this regard, the fact that Mr. A's responsibilities were established needs to be pointed out as the cause of the Case.

Indeed, Mr. A was hired with the expectation that he would perform his duties as the Facility Management Section manager, and it may have been difficult to transfer Mr. A to other sections and make someone else the Facility Management Section manager. On the other hand, we believe that it was inappropriate to entrust all work to Mr. A only, and it is possible to prepare the ground for checks and balances by hiring and training a person who can perform comparable duties. We believe that in this way, Mr. C may have consulted other persons in the Facility Management Section about the appropriateness of the "slush fund," and Mr. A may have hesitated to request that Mr. C transfer money.

## **2. Issue of whistleblower external contact point**

As described in Part II, 2(2) D., OIST has a contact point for receiving external reports. However, although information on the contact point is posted on OIST's website, it cannot be said that this alone means that it was proactively made universally known externally. Mr. C continued to provide funds at Mr. A's requests, but he did not provide the funds voluntarily. If he was aware of the existence of the whistleblower external contact point, he may have reported to OIST whether it was acceptable to continue such provision of funds externally, and the fact that there was not enough information dissemination and promotion of the use of the contact point is considered to be one of the causes of the Case.

### **Part V Locus of Responsibility**

The Case was caused by Mr. A alone, and it is obvious that Mr. A himself is responsible for that. In addition, we will consider OIST's internal responsibilities.

The supervisor of Mr. A who was in charge of the facility management service is the vice president for Buildings and Facilities Management. In this regard, for the responsible person in charge of the facility management service, whether the equipment maintenance service is properly conducted on school grounds has been important. In the Buildings and Facilities Management Division, meetings have been held regularly between the vice president and managers of each section, and we believe that sufficient supervision related to equipment maintenance and other services is conducted.

As described above, although it was extremely difficult for the vice president for Buildings and Facilities Management to find an indication of Mr. A's private transfer of money, it cannot be said that the failure to discover Mr. A's private transfer of money is the vice president's fault. Indeed, as described above, we believe that the fact that Mr. A's responsibilities were established for many years has been the reason why the money transfer had not been discovered for a long time; however, in this regard, it is difficult to evaluate that the vice president for Buildings and Facilities Management was at fault, and it is also difficult to evaluate that the president, who is the vice president's superior, was also at fault.

### **Part VI Recommendation for Recurrence Prevention Measures**

As described above, the person who should bear a great deal of responsibility for the Case is Mr. A, and it can be said that it was difficult to discover the Case at an early stage. In order to prevent similar situations in the future, the following measures can be taken.

#### **1. Strengthening checks and balances within OIST**

First, in order to prevent a situation like the Case, it is important to introduce a mechanism of checks and balances within OIST. In this regard, OIST's Division for Financial Management commenced measures in 2024 to transfer managers in rotation in order to develop human resources. We believe that it would be beneficial to implement such measures in the Buildings and Facilities Management Division and other divisions.

Another issue is to enhance the secretariats. In a university as a place for learning, the role expected of researchers and officers with a research background must be centered on research activities at the university; however, from the viewpoint of preventing events similar to the Case, it is important to enhance officers and employees engaged in the secretariats.

In this regard, it can be expected that by hiring persons in charge of the secretariats according to the details of work and their skills, the work can be entrusted to highly skilled human resources. Such employment that is restricted to one particular type of work has the advantage of allowing specialists to be in charge of the work. On the other hand, persons hired through employment that is restricted to

one particular type of work and who are engaged in the same work for many years may cause work isolation. Therefore, it is beneficial to establish a system in which multiple persons can engage in the same work by making those persons in charge act as a check and balance on each other or by assigning persons hired in a lower position to be in charge of a higher-level task when they have gained sufficient experience. In order to achieve such a system, it would be necessary to assign an appropriate number of personnel to the secretariats. Although it is difficult to implement it with a limited budget, we believe that it is worth considering from the viewpoint of preventing inappropriate actions.

## **2. Taking measures to discover inappropriate actions at an early stage**

In the questionnaire survey conducted in the course of the Investigation, events that could not be said to be immediately inappropriate but could be signs of misconduct were reported. From the viewpoint of discovering inappropriate actions at an early stage, it is useful to promote the use of the whistleblower contact point established in OIST, as well as the use of a whistleblower external contact point in a manner like a contact point for suppliers established in manufacturers. Although there was an actual external whistleblowing report, measures, such as implementation of interviews with long-term service providers on whether there are problematic actions or other issues with transactions and active provision of information on the whistleblower external contact point, can be considered.

In addition, measures can also be considered, such as conducting a questionnaire survey to actively discover the sources of scandals approximately once every few years and conducting internal audits specializing in these points.

## **3. Creating awareness that inappropriate actions will be discovered**

As described in Part VI, 1. and 2. above, establishing a system in which officers and employees at OIST act as checks and balances on each other and introducing a mechanism that makes it easier to discover inappropriate actions at an early stage will lead to making officers and employees aware that inappropriate actions cannot be hidden.

In addition to education for fostering awareness that inappropriate actions must not be taken, we believe that it is useful to have officers and employees at OIST understand the fact that inappropriate actions will eventually be discovered through the mechanism of checks and balances and whistleblowing reports and to make officers and employees aware that there is no merit in engaging in actions like the Case.

## **Part VII Conclusion**

The investigation results of the Committee are as described above.

In the course of the Investigation, the Committee received an explanation on research and education in OIST and establishment and maintenance of a research facility and equipment to conduct them smoothly. In OIST, some of the most advanced initiatives in academic research in Japan have been taken, and it is hoped that academic administration will be managed smoothly for the future development of science and technology.

As a result of occurrence of the Case, the problem with the management of academic administration has been discovered; however, the Case strongly highlights the problem of the norm-consciousness of the person in charge. However, we believe that through the discovery of the Case and the Investigation, there is some room for future improvement in the management of academic administration at OIST.

The Committee expects OIST's secretariats to respond sincerely in light of the Case and to improve the environment in which researchers can pursue advanced academic research for the development of science and technology, thereby achieving research results that meet the expectations of the world.

End