



Compliance Training Based on the Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions

Deloitte Touche Tohmatsu LLC

Table of contents

Introduction	3
Chapter 1: Occurrences of misappropriation, disciplinary action taken against researchers	5
Chapter 2: Key points within the guidelines	13
Chapter 3: How misappropriation happens	24
Chapter 4: Examples of misconduct and patterns of improper expenses	26
Chapter 5: Addressing new working styles	32
In closing	35

Requests to those attending training:

- These training documents and the information therein were created on September 30, 2020, so please be aware that subsequent revisions are not reflected in this file.
- Please do not use these training documents and the information therein for other purposes, to distribute to third parties outside of Ritsumeikan University, or include excerpts of all or parts the file's contents in other documents without Deloitte's permission.
- Furthermore, please do not disclose the fact that Deloitte carried out this work or the fact that Deloitte provided these training documents and the information therein to Ritsumeikan University to other third parties outside of the university without Deloitte's permission.
- Ritsumeikan University is responsible for the utilization of training information and the management of public research funds.

Introduction

The two main points we want you to take away from this

The two things to remember

Public research funds come from the hard-earned taxes of Japanese citizens. This money cannot be used freely by faculty members. Taking from past lessons, you are required to continually strengthen your awareness to prevent misusing research funds. Additionally, you must manage expenditure by following the fund spending rules of your research organization as well as the organization that is awarding the grant.

- Just because your intentions were pure or your actions never caused problems before doesn't mean they won't cause problems in the future.

- If it's ever unclear or you are unsure of how to handle funds, refer to the guidebook for the disbursement of research funds or contact the research office.

Chapter 1: Occurrences of misappropriation, disciplinary action taken against researchers

Recent incidents of misconduct at research institutions

Recent incidents of misappropriation at research institutions (2019)

Research institution	Year	How funds were misappropriated	Amount spent	People involved	Occupation	Punishment
Hiroshima University	2014, 2017	Fraudulent remuneration	143,800 yen	1	Associate professor	Suspended from work for 5 days Announced on website (name kept anonymous)
Rikkyo University	2015-2018	Fraudulent remuneration Claimed fake travel expenses	906,810 yen	1	Faculty member	Resigned under instruction Announced on website (name released)
Oita University	2013-2018	Used funds for purposes other than their intended use by sending fake invoices Intentionally claiming duplicate travel allowances Fraudulent business trip	1,021,670 yen	1	Faculty member	Faced disciplinary action (10 month work suspension) Announced on website (name released)
Hiroshima University The University of Tokyo National Institutes for the Humanities	2011-2018	Received duplicate travel allowances Claimed fake travel expenses	9,996,934 yen	1	Faculty member	Resigned under instruction Announced on website (name kept anonymous)
Hokkaido University	2016	Fraudulent wages	291,666 yen	1	Faculty member	Unable to take action (individual no longer worked at the institution) Announced on website (name released)
Prefectural University of Kumamoto	2017	Fraudulent wages	25,830 yen	1	Associate professor	Unable to take action (individual no longer worked at the institution) Announced on website (name released)
Research Organization of Information and Systems	2013-2018	Claimed inflated travel expenses Fraudulent business trip Claimed inflated expenses for attending academic conferences Claimed fake communication expenses	1,324,120 yen	1	Faculty member	Disciplinary dismissal Announced on website (name released)

Source: Compiled incidents of fraudulent usage for 2019 from “Cases of Research Fund Misappropriation at Research Institutions” on MEXT website. https://www.mext.go.jp/a_menu/kansa/houkoku/1364929.htm

Recent incidents of misconduct at research institutions

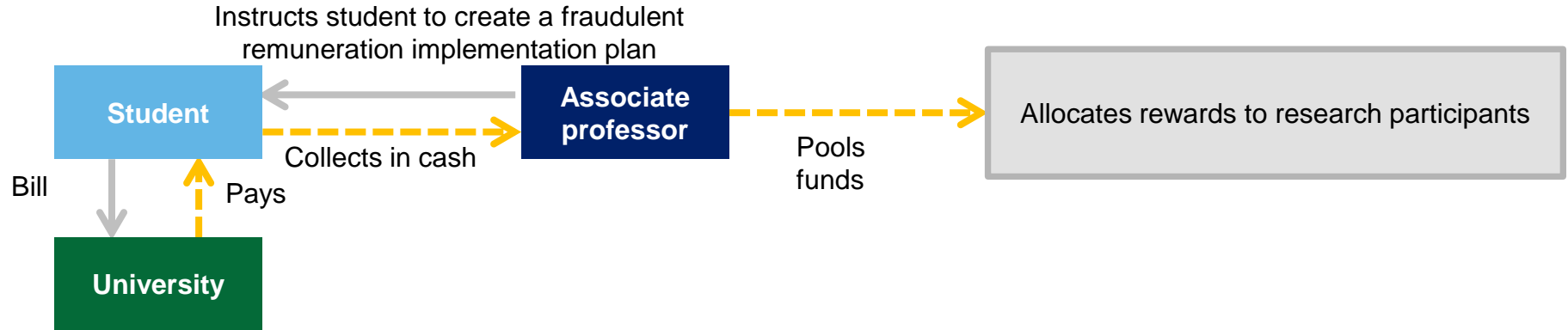
Recent incidents of misappropriation at research institutions (2019)

Research institution	Year	How funds were misappropriated	Amount spent	People involved	Occupation	Punishment
University of Hyogo	2018	Used funds for purposes other than their intended use	330,261 yen	1	Faculty member	Action currently under consideration Announced on website (name released)
Kyoto University	2016-2018	Fraudulent business trip, fraudulent wages Reflow of funds Used grant funds for purposes other than their intended use	788,820 yen	1	Professor	Faced disciplinary action Announced on website (name released)
Kyoto University	2016	Payed out fake remuneration (not fraudulent remuneration)	19,200 yen	1	Professor	Faced disciplinary action Announced on website (name released)
Tokai University	2015-2018	Used public research funds for purposes other than their intended use by receiving duplicate travel allowances	185,240 yen	1	Part-time lecturer	Faced disciplinary action Announced on website (name released)

Source: Compiled incidents of fraudulent usage for 2019 from “Cases of Research Fund Misappropriation at Research Institutions” on MEXT website. https://www.mext.go.jp/a_menu/kansa/houkoku/1364929.htm

You may have misappropriated funds despite having good intentions

Example of misappropriation (Hiroshima University): fraudulent remuneration



Motivation and Background

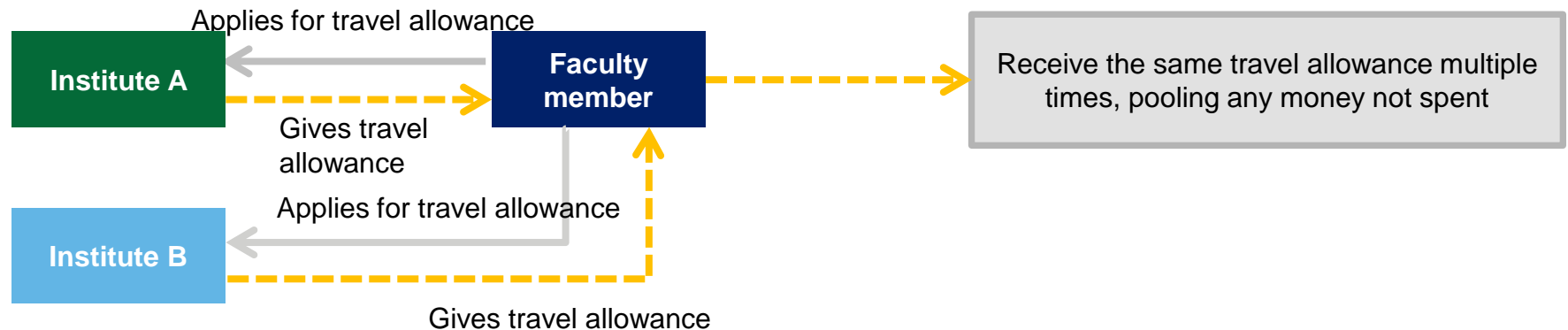
- An associate professor was **insufficiently aware** of school regulations and **mistakenly thought** that they couldn't compensate research participants with payment in kind.
- The individual had purchased rewards for research participants out of pocket, but **planned to falsely claim reward expenses in order to raise cash to use for purchasing rewards.**

Ritsumeikan University is able to compensate/remunerate individuals by following the required procedures. If ever uncertain about something, refer to the guidebook for the disbursement of research funds or contact the research office.

Source: From the final report of the incidents of fraudulent usage for 2019 that the Research Division deemed necessary for Ritsumeikan University to exercise caution for. Taken from the "Cases of Research Fund Misappropriation at Research Institutions" on MEXT's website.

Claiming travel expenses from multiple institutions may constitute misappropriation

Example of misappropriation (Hiroshima University/The University of Tokyo): Receiving duplicate travel allowance



Motivation and Background

■ A faculty member wanted to transfer from Hiroshima University to another university after achieving research results and mistakenly assumed that he/she would not be evaluated highly unless he/she **disbursed his/her research funds within the fiscal year.**

■ As a result, he/she **received the same travel allowance multiple times and misappropriated funds in other ways** in order to disburse his/her research funds by the end of the fiscal year.

Using Ritsumeikan University research funds to go on business trips while also receiving a business trip allowance from the institution you are visiting constitutes receiving the same travel allowance multiple times.

Source: From the final report of the incidents of fraudulent usage for 2019 that the Research Division deemed necessary for Ritsumeikan University to exercise caution for. Taken from the “Cases of Research Fund Misappropriation at Research Institutions” on MEXT’s website.

Below are the actions taken against researchers who participate in the misappropriation of research grant money

Actions taken against researchers

Actions taken against researchers

- Public research funds come from the hard-earned taxes of Japanese citizens, so they must be properly managed via the fund spending rules of the research organization as well as the organization that is awarding the grant.
- Caution is needed as many instances of misconduct were an accident resulting from a misinterpretation of spending rules. Thus, it is crucial to regularly consult with the research institution's administrative representative in order to confirm (among other things) your organization's respective rules.
- Actions taken against researchers who participated in misconduct mainly fall under the following categories.

Personnel penalties

Bylaws, etc. regarding disciplinary action of the organization to which the individual belongs (e.g., disciplinary dismissal, suspension, docked wages)

Ordered to return amount misappropriated

Clauses in the Act for Normalization of Grants or the specific consignment contract
(Interest is added to the owed amount, from the time funds were misappropriated to the repayment deadline)

Criminal punishment

Civil law
(Most malicious forms of fund misappropriation constitute fraud)

Disqualified from applying for competitive funds

An agreement between ministries and agencies

Source: "Examples of Public Research Fund Misappropriation (Compliance Training Material for Research Institutions) (Published March, 2016)" on MEXT's website (partial excerpt)

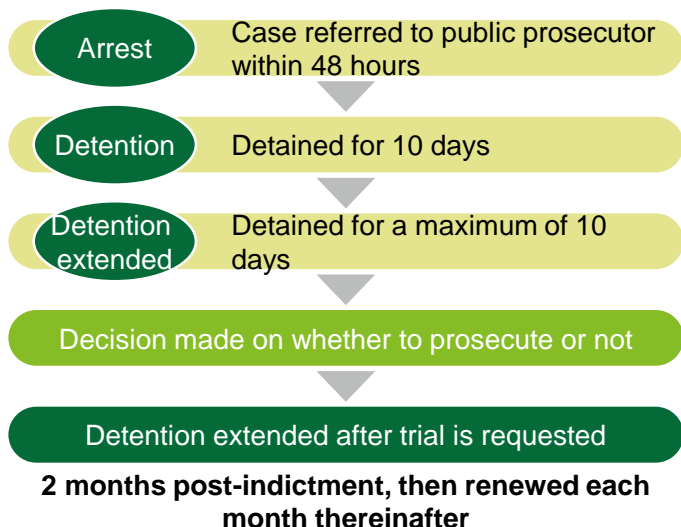
If your actions were especially malicious, you may face criminal prosecution or a civil lawsuit

Criminal punishments

Criminal punishments

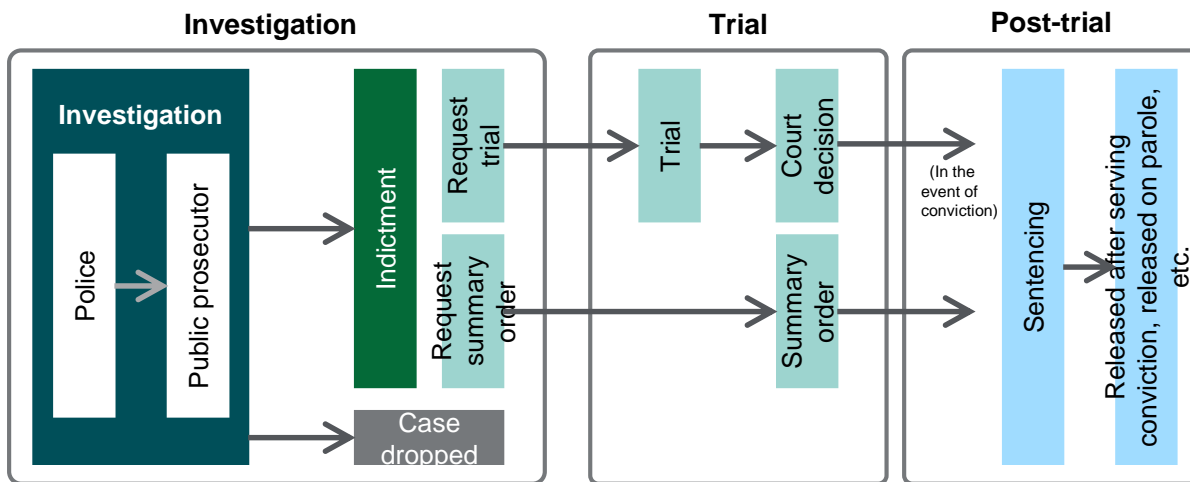
- The “Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions” requires that organizations cover legal proceedings within internal bylaws, such as the fact that **individuals may face criminal prosecution or a civil lawsuit if their actions are especially malicious** (e.g., directing funds for personal use) so that members are totally informed.
- Individuals have actually been charged with breaking the law, arrested, detained, indicted, then sentenced to prison for appropriating funds for personal use before.

Arrest and detention period



Source: Arrest and detention period, MOJ's website: http://www.moj.go.jp/keiji1/keiji_keiji11-3.html

The course of criminal proceedings



Source: Course of Criminal Proceedings, MOJ's website http://www.moj.go.jp/keiji1/keiji_keiji11-1.html

Note: If the suspect is a juvenile (under 20 years old), the case will first be sent to Family Court. If Family Court decides that criminal punishment is appropriate, the case is referred back to the Public Prosecutors Office and, as a rule, the suspect is subsequently indicted. For other cases, the Family Court decides the proper penalty (e.g., probation, youth detention center).

Source: “Examples of Public Research Fund Misappropriation (Compliance Training Material for Research Institutions) (Published March, 2016)” on MEXT's website (partial excerpt)

Depending on the nature of the fund misappropriation, you will be disqualified from applying for funding

Restrictions on one's privilege to apply for competitive funds

- After the 2012 revision to “Policies Regarding the Appropriate Disbursement of Competitive Funds”, **particularly malicious cases of misappropriation are punished severely** in addition to **barring the individual from applying for funds according to the nature of their misconduct.**

Who is barred from applying	Severity of misappropriation and duration application privileges are lost	(Ref) Duration of restricted privileges pre-revision
The researcher and any collaborators guilty of misconduct	10 years if funds were diverted for personal use	5 years
	If not for personal use, 1) If the impact on society is considerable and the act was especially malicious: 5 years 2) If the misappropriation doesn't fall under (1) or (3): 2-4 years 3) If the impact on society is small and the act wasn't especially malicious: 1 year	5 years
The researcher and any collaborators guilty of receiving misappropriated funds	5 years	5 years
The researcher who breached his or her duty of care	Disqualified for half of the regular duration of such misappropriation taking place (upwards of 2 years, minimum of 1 year, rounding up or down to full years)	— (2 years for scientific research grants)

Source: “Examples of Public Research Fund Misappropriation (Compliance Training Material for Research Institutions) (Published March, 2016)” on MEXT’s website (partial excerpt)

Chapter 2: Key points within the guidelines

Note: “Guidelines” refer to the “Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)”, Hereinafter the same.

Guidelines expect the following from institutions

Guideline demands:

1. A clear chain of responsibility within the institution

2. Clear and consistent rules

3. Clear authorities for each role

4. Increase awareness among related parties

Define behavioral norms, conduct compliance training, request that members sign pledges, etc.

5. Establish clear bylaws for handling whistleblower complaints etc.

6. Properly manage and control research funds

7. Report and share information

Provide a messaging portal

8. Make a misuse prevention plan

9. How monitoring should be

Build and implement a system to monitor activities, conduct risk-based auditing

10. Always turn the PDCA cycle

Misconduct: who is doing it?

The people who misuse funds

Regardless of the internal culture, there will always be two minorities within an organization: the people who always follow the law, and the people who, given the opportunity, will always attempt to break the law. The remaining people are the vast majority who could go either way depending on the environment. Ethical leadership guides this majority down the correct path.

- | | | |
|-------------------------------|--------------------------------------|---------------------------------|
| 1. Chain of responsibility | 4. Improved awareness | 7. Report and share information |
| 2. Clear and consistent rules | 5. Whistleblower complaints, etc. | 8. Misuse prevention plan |
| 3. Clear role authorities | 6. Manage and control research funds | 9. Monitoring |
| | | 10. PDCA cycle |

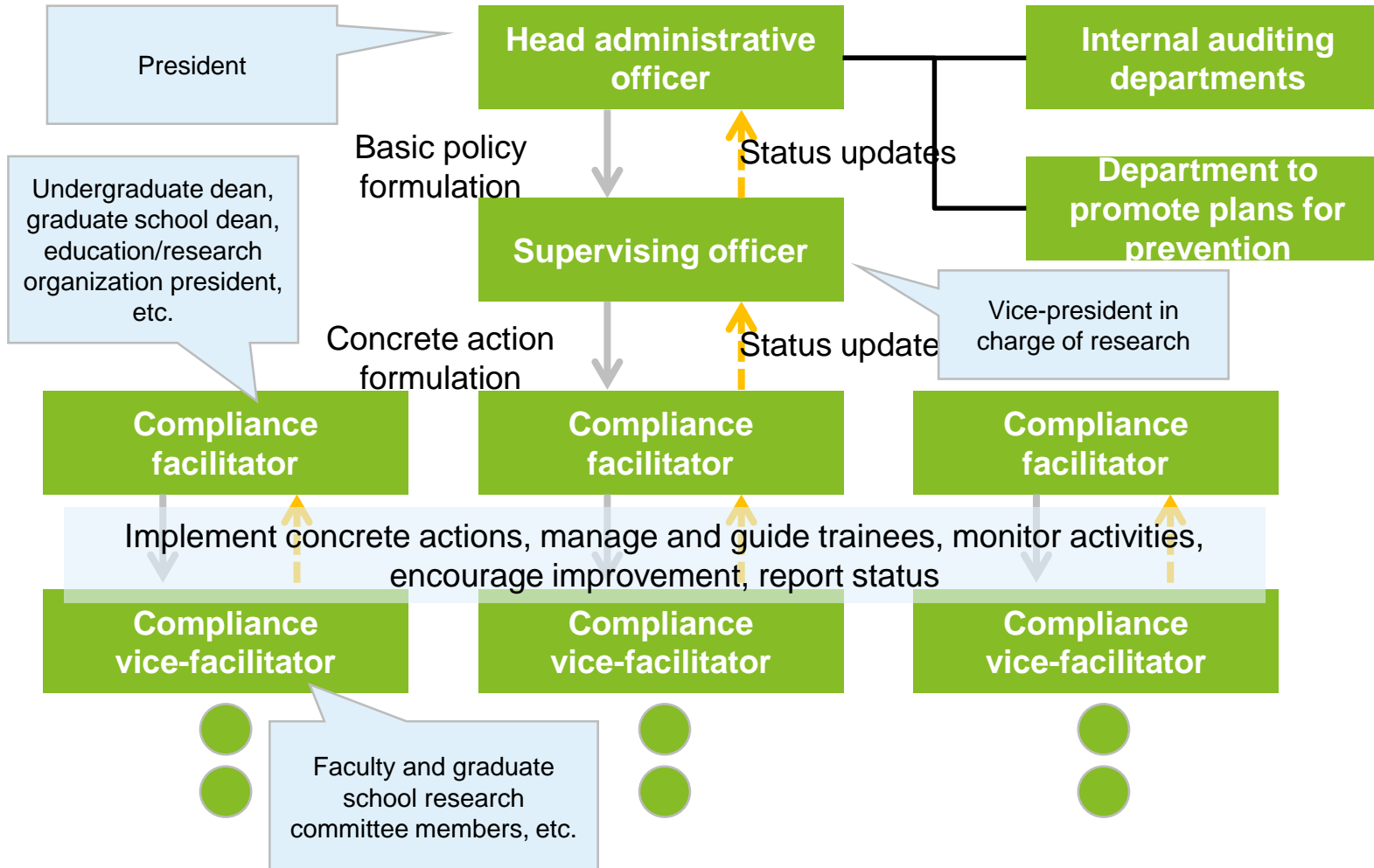


Source: "The Ethics Development Model Applied To Declining Ethics in Accounting" by Albrecht, W. Steve, Ned C. Hill and Conan C. Albrecht. From the Australian Accounting Review, Issue 38, Vol.16, No.1, March, 2006 (Also translated to Japanese by Tohmatsu)

The guidelines require that roles and the chain of responsibility are clear in the institution

A clear chain of responsibility within the institution

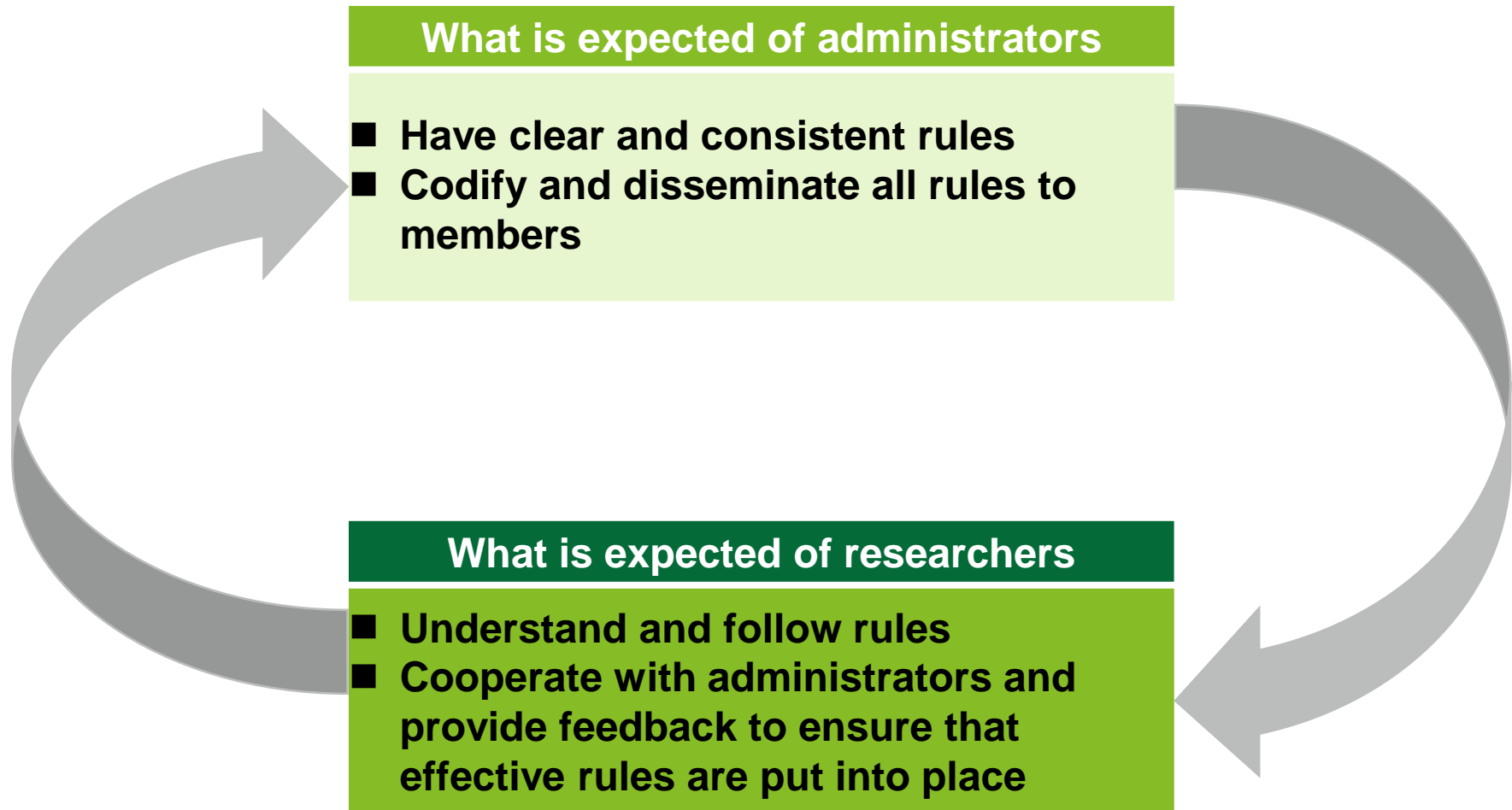
- | | | |
|-------------------------------|--------------------------------------|---------------------------------|
| 1. Chain of responsibility | 4. Improved awareness | 7. Report and share information |
| 2. Clear and consistent rules | 5. Whistleblower complaints, etc. | 8. Misuse prevention plan |
| 3. Clear role authorities | 6. Manage and control research funds | 9. Monitoring |
| | | 10. PDCA cycle |



The guidelines require that rules on work processing procedures are enforced in a clear and consistent manner


Clear and consistent rules

1.Chain of responsibility	4. Improved awareness	7. Report and share information
2. Clear and consistent rules	5. Whistleblower complaints, etc.	8. Misuse prevention plan
3. Clear role authorities	6. Manage and control research funds	9. Monitoring
		10. PDCA cycle



(Ref) How internal controls differ in national/public and private universities

Creating a statement of operation procedures

	National/public universities	Private universities
Differences	<ul style="list-style-type: none"> Public universities are required to create a statement of operation procedures in accordance with Article 35 of the National University Corporation Act as applied to Article 28 Paragraph 3 of the Act on General Rules for Incorporated Administrative Agencies in addition to Article 22 of the Local Independent Administrative Agency. The statement of operation procedures must contain the matters concerning the development of a system for ensuring that the performance of duties by its officers (other than auditors) complies with this Act, the relevant Individual Act and any other laws and orders and any other system for ensuring the proper operations of the Incorporated Administrative Agency, and other matters specified by order of the competent ministry. <div style="border: 1px solid black; padding: 5px;"> <p>(Ref) National University Corporation, the University of Tokyo Operation Procedures Article 7 The university corporation shall <u>clarify procedures for decisions made regarding operational execution as well as approvals for expenditure</u>. Furthermore, executives and regular employees shall consistently make use of functions to verify such processes. 2 Towards conducting appropriate and efficient operations, the university corporation shall develop an information system for the purpose of enabling efficient business operations in addition to <u>developing the required manuals</u>.</p> </div>	<ul style="list-style-type: none"> Private universities place heavy emphasis on their school's philosophy and unique traditions, so in contrast with public universities, systems are put in place to limit the authority by the government office in their jurisdiction. As a result, they are not required to create a statement of operation procedures unlike national/public universities. <div style="text-align: center; margin-top: 20px;">  <p>Internal control standards vary for private universities</p> </div>
Similarities	<ul style="list-style-type: none"> There are no differences in the way public research funds are handled for private, national, or public universities. The guidelines expect an organization's internal rules to be clear and consistent (e.g., developing rules, providing a place for people to make inquiries) and that job authorities are clear, among other requirements. 	

The guidelines require that a complaint portal be provided for whistleblowers in addition to ensuring their protection

The whistleblower complaint system

1. Chain of responsibility	4. Improved awareness	7. Report and share information
2. Clear and consistent rules	5. Whistleblower complaints, etc.	8. Misuse prevention plan
3. Clear role authorities	6. Manage and control research funds	9. Monitoring
		10. PDCA cycle

The whistleblower complaint system

Institutions are required to provide a whistleblower complaint portal from inside and outside of the organization.

The reporting system that the organization has put into place must have the following:



The guidelines require that the safety of whistleblowers is 100% guaranteed. If you ever witness or hear about suspicious activity, please access the whistleblower portal set up for your organization.

How misconduct is discovered at research institutions



Recent cases of misappropriation (2019)

Research institution	Year	How funds were misappropriated	Amount spent	People involved	Occupation	How it was discovered
Hiroshima University	2014, 2017	Fraudulent remuneration	143,800 yen	1	Associate professor	Tip
Rikkyo University	2015-2018	Fraudulent remuneration Claimed fake travel expenses	906,810 yen	1	Faculty member	Tip
Oita University	2013-2018	Used funds for purposes other than their intended use by sending fake invoices Intentionally claiming duplicate travel allowances Fraudulent business trip	1,021,670 yen	1	Faculty member	Tip
Hiroshima University The University of Tokyo National Institutes for the Humanities	2011-2018	Received duplicate travel allowances Claimed fake travel expenses	9,996,934 yen	1	Faculty member	An inquiry made by the employee's new workplace
Hokkaido University	2016	Fraudulent wages	291,666 yen	1	Faculty member	A statement regarding suspicions of possible misconduct
Prefectural University of Kumamoto	2017	Fraudulent wages	25,830 yen	1	Associate professor	An inquiry from a former student
Research Organization of Information and Systems	2013-2018	Claimed inflated travel expenses Fraudulent business trip Claimed inflated expenses for attending academic conferences Claimed fake communication expenses	1,324,120 yen	1	Faculty member	An office employee reporting to their superior business trip documents they felt were suspicious

Source: Cases of misconduct in fund spending for 2019 from “Cases of Research Fund Misappropriation at Research Institutions” on MEXT website. https://www.mext.go.jp/a_menu/kansa/houkoku/1364929.htm (excerpt)

How misconduct is discovered at research institutions



Recent cases of misappropriation (2019)

Research institution	Year	How funds were misappropriated	Amount spent	People involved	Occupation	How it was discovered
University of Hyogo	2018	Used funds for purposes other than their intended use	330,261 yen	1	Faculty member	Whistleblower complaint
Kyoto University	2016-2018	Fraudulent business trip, fraudulent wages Reflow of funds Used grant funds for purposes other than their intended use	788,820 yen	1	Professor	Tip
Kyoto University	2016	Payed out fake remuneration (not fraudulent remuneration)	19,200 yen	1	Professor	Tip
Tokai University	2015-2018	Used public research funds for purposes other than their intended use by receiving duplicate travel allowances	185,240 yen	1	Part-time lecturer	Whistleblower complaint

Source: Cases of misconduct in fund spending for 2019 from “Cases of Research Fund Misappropriation at Research Institutions” on MEXT website. https://www.mext.go.jp/a_menu/kansa/houkoku/1364929.htm (excerpt)

The existence of a whistleblower complaint portal helps to deter misconduct

Whistleblower complaint portal



Whistleblower complaint portal

Inside the corporation:

Office for Judicial Affairs Compliance (Weekdays 9:30-11:30, 12:30-17:00)

Office for Judicial Affairs Compliance T Unit

Address: 8 Nishinokyo-Higashitoganocho, Nakagyo-ku, Kyoto, 604-8520 JAPAN

Email: tsu-ho@st.ritsumei.ac.jp (dedicated email for complaints)

Phone number: 075-813-8607 (dedicated number for complaints)

Fax number: 075-813-8141

Outside the corporation:

Axis Law Office (Weekdays 9:30-12:00, 13:00-17:00)

Ritsumeikan T Unit

Address: Takeyamachidori, Karasuma Nishi-Iru, Nakagyo-ku, Kyoto, 604-0865 JAPAN

Jun Ato Building, 2nd floor

Email address: axis-law@jk9.so-net.ne.jp

Phone number: 075-252-2255

FAX: 075-252-2256

The guidelines require that a concrete misuse prevention plan be devised that addresses the primary sources of misconduct

Formulating a misuse prevention plan

1.Chain of responsibility	4. Improved awareness	7. Report and share information
2. Clear and consistent rules	5. Whistleblower complaints, etc.	8. Misuse prevention plan
3. Clear role authorities	6. Manage and control research funds	9. Monitoring
		10. PDCA cycle

Misuse prevention plan

If you only create an ambiguous plan, you won't be able to formulate an effective misuse prevention plan



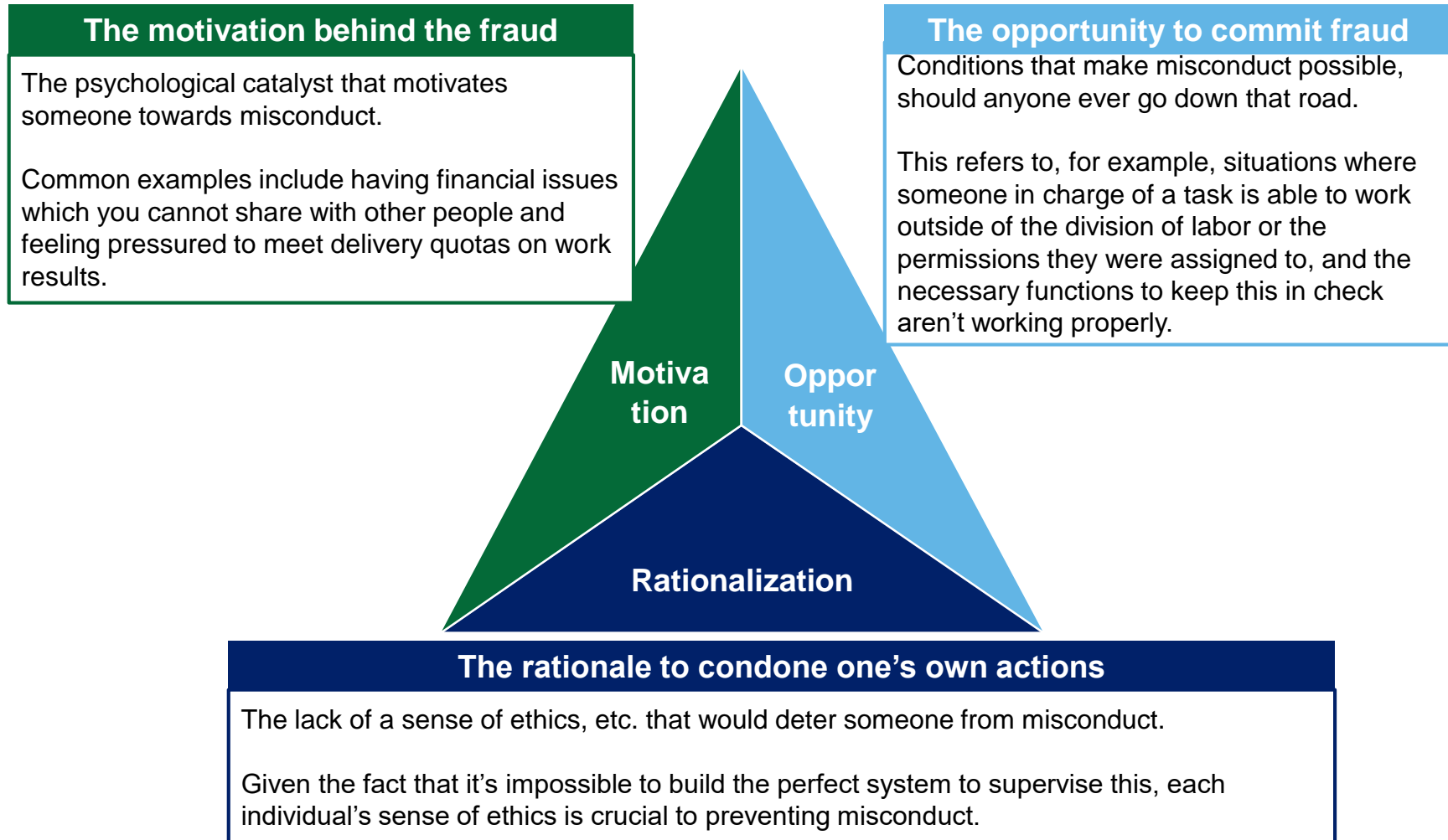
High-risk situations

- Getting approval requires complex procedures, and the organizational structure **doesn't make it clear where responsibilities lie.**
- Certain transactions where budgets **tend to be executed during a specific time frame**
- The same researchers **frequently conduct transactions for the same goods from the same suppliers**
- Receipt and inspection operations, monitoring, and so on have **become a mere formality** (only checking receipt stamp, not conducting rigorous spot checks post-delivery)
- Transactions that have **normalized handling things in an irregular way**
- **Researchers are left in charge** of managing the employment of part-time positions (e.g., confirming their working situation)

Chapter 3: How misappropriation happens

Funds are misappropriated when the following three factors are present: motivation, opportunity, and rationalization

The fraud triangle

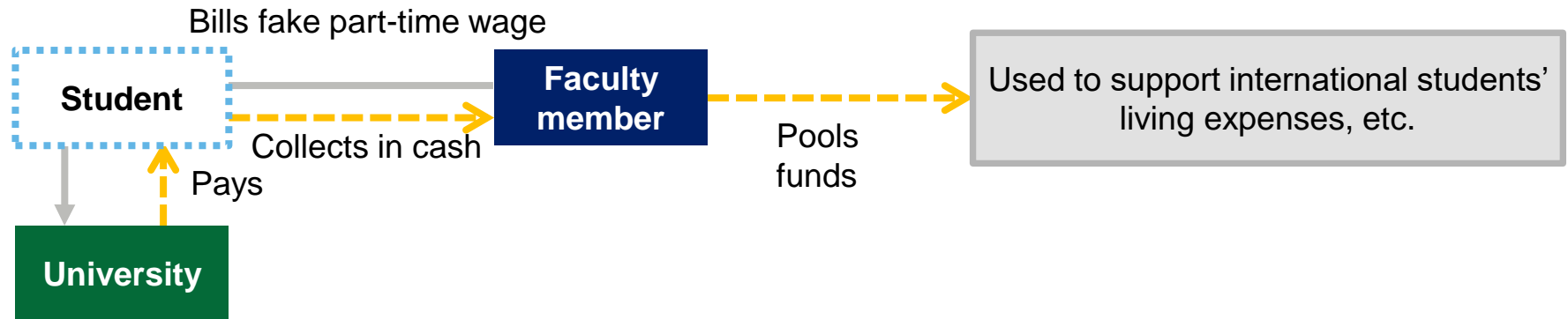


Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions(Revised February, 2014)" on MEXT's website (partial excerpt)

Chapter 4: Examples of misconduct and patterns of improper expenses

You may have misappropriated funds despite having good intentions

Misappropriation patterns (Ritsumeikan University): fraudulent remuneration



Analyzing primary factors for this form of misconduct

- Wanting to provide a specified amount of financial assistance to a struggling international student (motivation)
- Insufficient confirmation of part-time employees' actual working conditions by the university (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

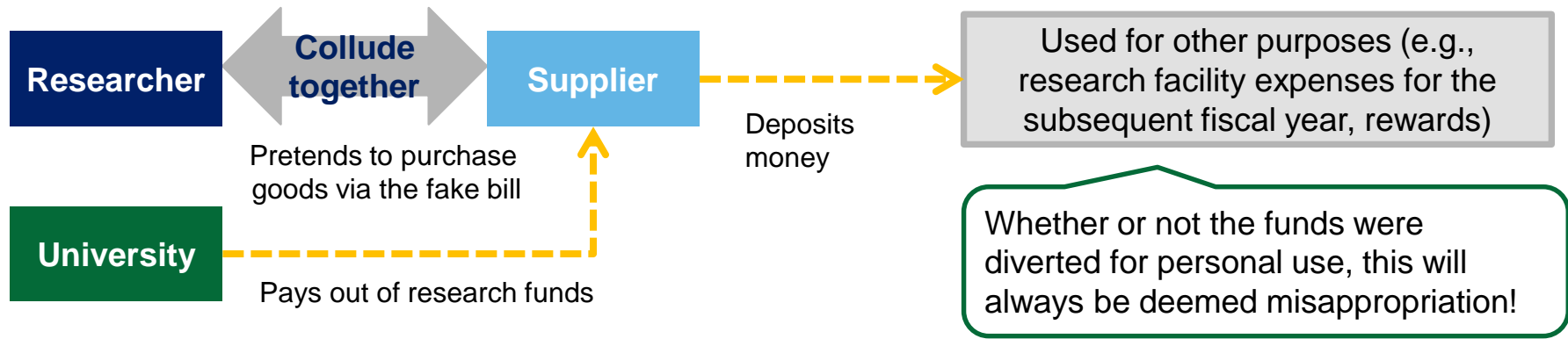
Action taken

- Ordered to return grant money
- Restrictions were placed on applying for and receiving competitive funds for 5 years
- Subject to the organization's internal personnel penalties (e.g., disciplinary action)

Source: Slide created based on "Research Misconduct and Misappropriating Research Funds" by the Japan Science and Technology Agency's Research Ethics and Auditing Office

Making fake orders in order to deposit money to suppliers constitutes misappropriation of funds

Misappropriation pattern 1: using fake orders to deposit money



Analyzing primary factors for this form of misconduct

- Wanting to use research funds however one wants, regardless of its intended purpose or the fiscal year it is to be used in it (motivation)
- The system is set up so that researchers handle ordering to delivery (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

Action taken

- Ordered to return grant money
- Restrictions were placed on applying for and receiving competitive funds for 4 years (up to 5 years post-revision)
- Ceased working with the supplier for a set duration
- Subject to the organization's internal personnel penalties (e.g., disciplinary action)

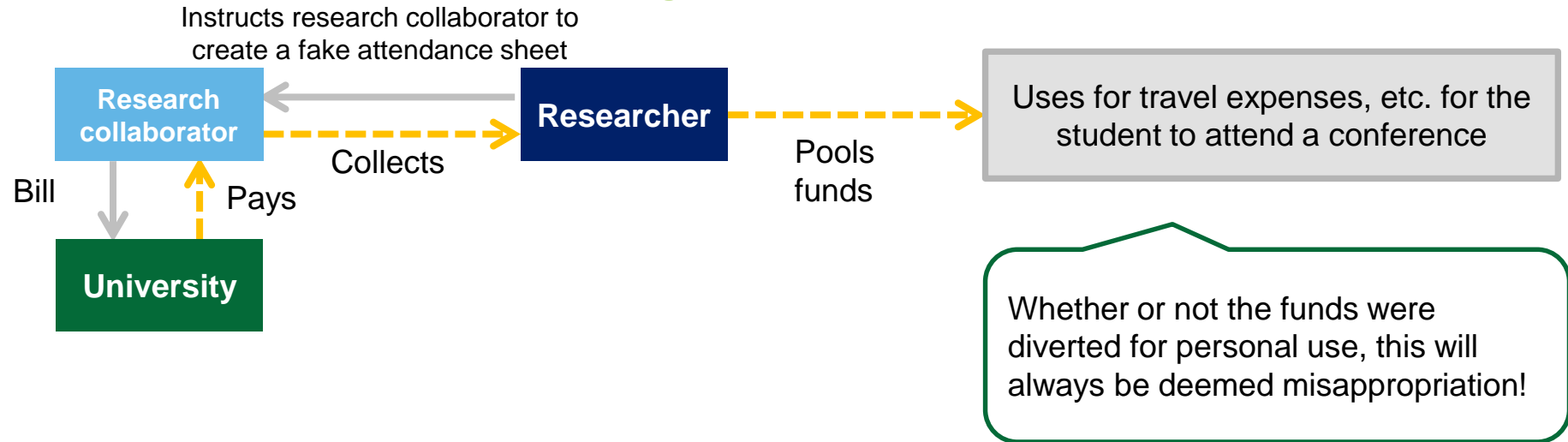
Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

Important

They would have been able to use their funds in the subsequent fiscal year without resorting to misconduct had their situation allowed for carry-over and had they gone through the carry-over system.

Filling out attendance sheets so that research collaborators will be paid for more work hours than they actually used constitutes misappropriation of funds

Misappropriation pattern 2: claiming fake personnel expenses (rewards)



Analyzing primary factors for this form of misconduct

- Wanting to use research funds however one wants, regardless of its intended purpose (motivation)
- Laboratories are put in charge of managing work attendance, so administrative divisions don't know what goes on in that area (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

Action taken

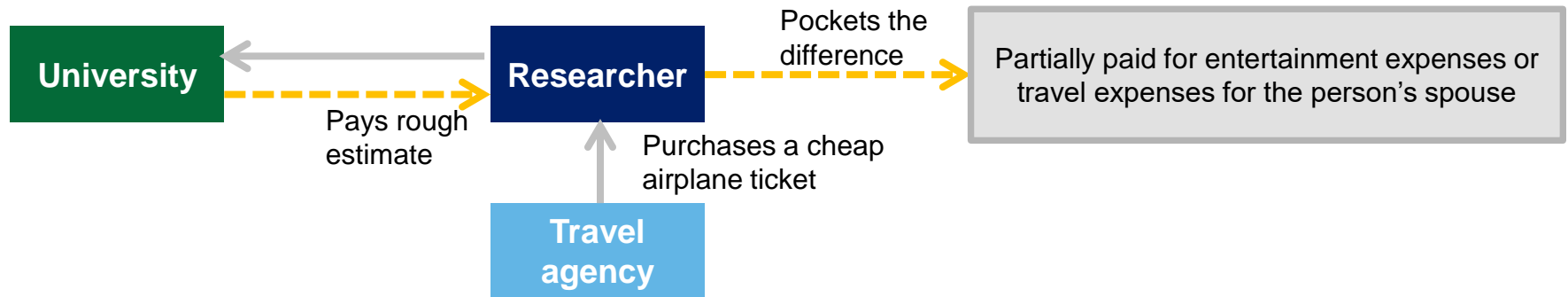
- Ordered to return grant money
- Restrictions were placed on applying for and receiving competitive funds for 4 years (up to 5 years post-revision)
- Subject to the organization's internal personnel penalties (e.g., disciplinary action)

Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

Claiming expenses that exceed that of what was actually necessary is bill padding and constitutes misappropriation of funds

Misappropriation pattern 3: claiming fake travel expenses

Apply for travel allowance using the regular price of an airplane ticket



Analyzing primary factors for this form of misconduct

- Wanting to use research funds for personal goals (motivation)
- Inadequate mechanism for checking whether business trip applications match reality (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

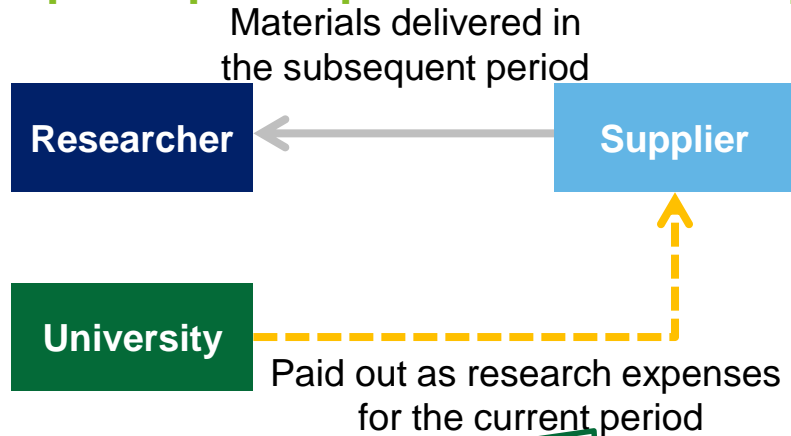
Action taken

- Ordered to return grant money
- Restrictions were placed on applying for and receiving competitive funds for 5 years (now 10 years post-revision)
- Subject to the organization's internal personnel penalties (e.g., disciplinary action)

Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

Taking materials whose deliveries are running late due to an issue with the supplier that are ultimately delivered in the following fiscal year, but are recorded as having been delivered in the current fiscal year also constitutes inappropriate expenditure

Improper expense pattern 1: entries reported in the wrong period



Important

Even if it's the same item that was ordered and delivered, depending on the situation, it may be deemed a misappropriation of funds for purposes other than their intended use as defined by the Act on Regulation of Execution of Budget Pertaining to Subsidies, etc. It's crucial to plan out how you execute your budget!

We don't plan out research fund budget execute, so there tends to be a little bit left over... We have to buy the things we're planning as fast as possible... It's fine so long as it isn't a deposit... It's not misconduct since there's no issue with the delivered goods... As long as I order something, that counts as executing funds... You could say it's the supplier's fault for not making it before the end of the fiscal year.

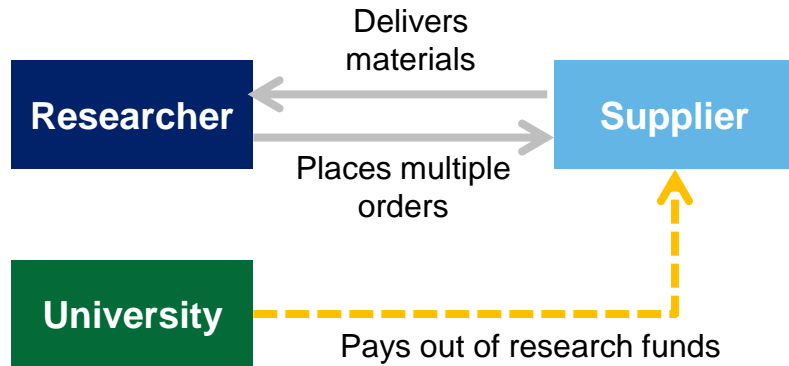
Analyzing primary factors for this form of misconduct

- Wanting to use research funds however one wants, not wanting one's funding to be reduced (motivation)
- It's impossible to keep researchers in check during the process from order to delivery (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

Splitting an order to a supplier that should have been placed once into multiple orders (less than XX thousand yen) when a single order should be placed (XX thousand yen or more) constitutes inappropriate expenditure

Improper expense pattern 2: splitting up orders



Important

Splitting orders up creates a back-scratching sort of relationship between suppliers and faculty members, which may foster a breeding ground for misconduct (e.g., deposits). Because splitting orders may increase overall budget expenses, this is something that the Board of Audit is wary of as well.

The staff told me it takes a lot of time to bid on orders, so it's hard to ask for help when we are close to the end of the fiscal year... This could be classified as either a hard or soft asset, so you could maybe even say it's more reasonable to handle each contract separately...

Analyzing primary factors for this form of misconduct

- Wanting to use research funds however one wants, not wanting one's funding to be reduced (motivation)
- It's impossible to keep researchers in check during the process from order to delivery (opportunity)
- Poor awareness of the money as public funds, lacking compliance mindset towards regulations (rationalization)

Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

Chapter 5: Addressing new working styles

The main characteristics between work styles for part time positions

Commuting and remote work

	Commuting to campus (working on-campus)	Remote work (working off-campus)
Geographical restraints?	Yes	No
Time restraints?	Yes	Yes
Salary basis	Providing labor over a designated <u>time period</u> in designated <u>locations</u>	Providing labor over a designated <u>time period</u>
Work supervision	Easy (Being in a designated place for a designated period of time)	Difficult (Performing tasks over a designated time period)

For remote work supervision, the following point must be considered:

Important

- Establish a system to understand whether labor was provided during the designated time period (time management, deliverable management, etc.)

Note: The section on part time positions in Ritsumeikan University's guidebook on research fund disbursement serves as the base for this.

In closing

In closing...

For using research funds properly:

Even if you've covered your tracks, your misconduct **will eventually be discovered** by the delivery inspection system, risk-based audits and other misuse prevention measures, or by a number of monitoring efforts such as the national tax survey, through whistleblowers, and so on. Furthermore, when you cover up your misconduct, the later it's discovered, **the greater a threat it will become to the very existence of the organization to which you belong.**

It's impossible to manage an organization without a **mechanism to prevent misconduct**, and the existence of this **mechanism protects everyone from scandals and other unforeseen incidents.** We ask that you understand this fact thoroughly and **help ensure that the mechanism functions effectively.**

In an increasingly information-based society, incidents of misconduct can very easily lower an entire organization's trustworthiness. **Your misconduct may have felt trivial at the time, but it can have grave consequences for the organization as a whole.** Your misconduct isn't limited to you, so always keep in mind how your actions will affect the organization and **endeavor to conduct yourself ethically.**

Source: "Guidelines for Supervision and Auditing of Public Research Funds at Research Institutions (Revised February, 2014)" on MEXT's website (partial excerpt)

The two main points we want you to take away from this

The two things to remember

Public research funds come from the hard-earned taxes of Japanese citizens. This money cannot be used freely by faculty members. Taking from past lessons, you are required to continually strengthen your awareness to prevent misusing research funds. Additionally, you must manage expenditure by following the fund spending rules of your research organization as well as the organization that is awarding the grant.

- Just because your intentions were pure or your actions never caused problems before doesn't mean they won't cause problems in the future.

- If it's ever unclear or you are unsure of how to handle funds, refer to the guidebook for the disbursement of research funds or contact the research office.

After completing the training course...

- (1) Respond to the accompanying comprehension check
- (2) Submit pledge sheet

If you do not submit the pledge sheet, you will not be allowed to receive public research funds and apply for new applications at Ritsumeikan University.

You can confirm where to submit the comprehension check and pledge sheet via the Division of Research's website.



Deloitte Tohmatsu Group (Deloitte Japan) is a collective term that refers to Deloitte Tohmatsu LLC, which is the Member of Deloitte Asia Pacific Limited and of the Deloitte Network in Japan, and firms affiliated with Deloitte Tohmatsu LLC that include Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and Deloitte Tohmatsu Corporate Solutions LLC. Deloitte Tohmatsu Group is known as one of the largest professional services groups in Japan. Through the firms in the Group, Deloitte Tohmatsu Group provides audit & assurance, risk advisory, consulting, financial advisory, tax, legal and related services in accordance with applicable laws and regulations. With more than 10,000 professionals in over 30 cities throughout Japan, Deloitte Tohmatsu Group serves a number of clients including multinational enterprises and major Japanese businesses. For more information, please visit the Group's website at www.deloitte.com/jp/en.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500@companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

Member of
Deloitte Touche Tohmatsu Limited