

10th Contract Review Committee - Outline of Proceedings

Okinawa Institute of Science and Technology Graduate University

1. Date/Time August 5, 2016 (Friday) 13:50 to 16:30
2. Venue Meeting Room 1, Conference Center (OIST)
3. Committee members present Shin Katada, Hidemitsu Sakihama, Itaru Shimizu, Hideaki Tanaka,
Toshiaki Tada, Masahiro Toyooka, Susumu Namerikawa

4. Summary of Proceedings

○ Election of the Chair of the Committee

Mr. Tanaka was chosen for the chairperson by the member of the committee according to Article 3.3 of “Okinawa Institute of Science and Technology School Corporation Detailed Stipulation for the Contract Review Committee”, and it was confirmed.

○ Outline of OIST

The secretariat gave an outline explanation of OIST.

○ Report of improvements of contract from past committee

The secretariat explained improvements of contract based on the past committee.

○ Items for review

(1) Selection of items for deliberation

Mr. Tanaka sampled up three contracts out of the 469 contracts for the review based on contract types.

(1 construction, 2 services)

Reasons for selection of the items

Committee member: Mr. Tanaka

[1] Expansion Work of Power and Heat Source in Server Room (Phase 3) (Electrical)

The contract is made by competitive tender, and the ratio of tender is 100%.

It seems no particularity in the electrical work.

[2] Maintenance and Support Service for OIST's New Financial System

The contract price is expensive.

It seems no particularity in a system for financial accounting.

[3] Execution Design for Lab.4

OIST has learned the know-hows from the past designs.

What devise and improvements have been taken to the contract through the past designs?

(2) Review on individual items

1. Competitive bidding item

[1] Expansion Work of Power and Heat Source in Server Room (Phase 3) (Electrical)

Opinions and comments of committee	Explanation from secretariat, etc.
How many companies can conduct the expansion work in Okinawa?	We expect about 30 companies would be able to conduct the work. We do not set hard conditions for participation to the bidding.
Have you asked reasons for not tendering to the companies?	No, we haven't. It could be one of the reasons for not tendering that it would take long time to understand what research have been conducted in the labs, what electrical system has been set in the existing labs, and reviewing drawing of all labs etc. Therefore, we assume that other companies participate in the bidding only to check proceeding supposing the contractor would win the bidding.
There would be the case that you could not guarantee competitiveness due to a few bidding. However, you need to provide companies more detailed explanation of this work or set longer time to prepare enough for this tender to guarantee the competitiveness. Otherwise, you would make contract with one particular company. When making contract with one particular company, negotiated contract would be one of ideas if there would be rational reasons. OIST needs to consider finding measures to get more participants to this less particularity work. For example, making design clear and understand easily, or negotiate the contract price with companies by using negotiated contract.	—

<p>About management of organization. Are there any changes in contract between the time of independent administrative corporation and present as a private school?</p> <p>Private schools usually take measures to negotiate for cheaper price like as negotiated contract. Would it possible to take same measures in OIST? Independent administrative corporation might be criticized as lack of transparency and competitiveness on contract.</p>	<p>Negotiated contract is stipulated in the ‘Contract Management Stipulations’ of OIST. We basically conduct as same tendering/ contract as the time of independent administrative corporation.</p>
<p>Is ‘Contract Management Stipulation’ the standard established by OIST, and able to revise it by your own? Or, is it the standard established by both the government and OIST and has enforcement and unable to breakaway?</p>	<p>‘The Contract Management Stipulation’ is established by OIST. It could be taken as revisable stipulation by us unless departing from the public perception.</p> <p>However, it is stated in ‘the Guideline for the Granting of Subsidies to the OIST’ that <i>‘If OIST makes a purchase, outsources work or concludes another contract in order to execute a subsidized project, it must do so by general competitive bidding’</i>. Therefore, the guideline might be needed to accommodate to conduct negotiation for the contract which should be made by competitive bidding.</p>
<p>If the stipulation avoids cost-saving, OIST needs to consider developing it to be more rational. Measures for cost-saving are required supposing that the facilities would expand in the future.</p>	<p>—</p>
<p>OIST subsidy is subject to ‘The Act on Rationalization of Budgetary Spending on Subsidies’. Is OIST also subject to BoA audit?</p>	<p>Yes.</p>

<p>The stipulation could be change by OIST approval system (Kessai). However, OIST complies with contract regulation of the act and the guideline, and is subject to BoA audit. Therefore, flexibility of the rule of negotiated contract is more like presence or absence of reasonable explanation of the contract than the regulation/ guideline problem.</p>	<p>—</p>
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2. Negotiated contract

[2] Maintenance and Support Service for OIST's New Financial System

Opinions and comments of committee	Explanation from secretariat, etc.
<p>Did the old system unable to use anymore?</p>	<p>The old system has been used since 2011, the establishment of OIST SC, until FY2015. The system was small package software for smaller business. Therefore, the system will not be able to meet the future expansion of OIST, and we decided to introduce new system.</p>
<p>What accounting standard does OIST use on the new system?</p>	<p>OIST uses its own accounting standard which is similar to the one incorporated administrative corporation.</p>
<p>Are there any particular features on the standard? It is unreasonable to make it negotiated contract if there is no particular feature on accounting system or the standard.</p>	<p>The difference between the independent administrative corporation and OIST is that the system needs to be supported in English. We need not only to install the existing software but also to customize it according to the needs of non-Japanese staff.</p>
<p>New accounting standard of independent administrative corporation was established by revision of 'the General Rule Act for Independent Administrative Corporations'. Has OIST changed its standard according to the revision?</p>	<p>There is no link to the standard of independent administrative corporation. OIST has its own standard.</p>
<p>There is no particularity on the OIST standard but making the system responsive to English is the special feature of the system.</p>	<p>Yes, it is.</p>

Do you know any other organizations which use the system responsive to English?	Some companies probably use the system. We believe there are nearly no organizations using.
Would it possible to set the payment based on performance of the maintenance? It might be one possibility to make the payment cheaper if the vendor get used to the maintenance work.	New system has just launched, and monthly service support time exceeds the time under the contract. However, the vendor would not be able to charge for exceeding time. We compared the maintenance fee over the next 5 years, and we expect it will be decreased eventually after 2 nd year.

[3] Execution Design for Lab.4

Opinions and comments of committee	Explanation from secretariat, etc.
OIST has made similar contracts for designs of the buildings so far. Compared to the past contracts, is cost per dimension, for example, as same as the past cases?	We didn't calculate the cost by dimension. An initial estimate is along with the guideline from MLIT and MEXT, and we set the target price as the reason above. We got competitive quotes from companies 3times because the budget from government was less than the price we expected. However, the cost hadn't been changed, and we got the quotes 3times and tried to negotiate to reduce the cost.
Did the same design office work for the buildings in the past? Has other office or companies work for design?	The design office work for almost all the buildings in campus including housing. Before OIST was established, CAO offered contractor publicly and selected the designer and formulator for the Lab.1 to 3. The contract lasts since then.
Do you mean that the present contractor was selected by proposal bidding, and lasts since then?	There were about 5 participants for the initial bidding, and 3 for proposal bidding of selection of designer last year.
What was particular point or reason of selection of the present contractor?	The contractor received good recognition of deep understanding of the lab buildings, and their proposal for high flexibility for the future research.

Would it possible to change contractor?	We told participants of proposal bidding for Lab.4 that there would be the case that we could ask you for the design of lab.5 and so on.
OIST should keep document for the rationality of the contract price including its process and negotiation if there would be the possibility of changing the contractor.	Thank you for your advice.
Is it mentioned on the subscription of entries that the contractor of the basic design, selected by proposal bidding, might get the contract of the actual design as well?	Yes, it is.
Do you mean that the contractor would be prioritized not to the construction of Lab.4 but to design for buildings after Lab.5 as expansion planning?	Yes.

(3) Consultation to the committee member

The secretariat asked the committee member for advice to the negotiation of price for reagent kit of genome sequencer.

(4) Schedule for the next committee / the committee member responsible for selection of items

The secretariat explained the following schedule and it was approved.

The next committee is planned to be held in Tokyo, January 2017.

The committee member responsible for the selection for the next meeting is planned as Mr. Namerikawa.

(Sakihama → Katada → Tada → Tanaka → Namerikawa → Toyooka→Shimizu)