

## Misuse of Research Fund

### Name of Research Institute

Okinawa Institute of Science and Technology Graduate University

### Background

#### 【Time of Finding】

An internal audit conducted in FY2014 for the small-amount purchases made by research units, found that some consumable purchases made by one particular unit could not be confirmed as having been used for the purpose of research.

#### 【Background】

A Preliminary Investigation was conducted and concluded that “it is highly likely that there has been technical misuse of subsidy funds.” In response to the results of this investigation, the President established the Public Research Fund Investigatory Committee to conduct a Substantial Investigation.

### Investigation

#### 【Investigative Committee Structure】

The Public Research Fund Investigatory Committee was formed on the 17th of April, 2015 to undertake a Substantial Investigation.

- Dean of Faculty Affairs (Chair)
- General Counsel
- VP, Administrative Compliance
- VP, Financial Management
- AVP, Administrative Compliance
- Section Leader, Compliance Section

#### 【Summary of Investigation】

- Period

From April, 2015 through August, 2015

- Scope

Purchases made in FY2013 and FY2014 by the said Unit (Operational Subsidy)

- Method

Examination of evidential documents and sources of evidence

On-site Investigation of the goods purchased

Interviews with concerned parties

### **Result of Investigation**

#### **【Type of Misuse】**

Unintended use of Operational Subsidy

#### **【Total Amount of Misuse】**

570,802 JPY

#### **【Details of Misuse】**

The following items must normally be purchased at personal expense, thus the purchases of these items are identified as “Unintended Use of Subsidy”.

- Software not for research purpose (280,750 JPY)
- Items not for research purpose such as travel items (290,052 JPY)

#### **【Reasoning】**

As stipulated in OIST internal rules, any purchase for personal use is strictly prohibited. Faculty members are responsible for authorizing purchases and held accountable for those purchases within their units. With respect to the items in question, however, the said faculty did not provide rational explanation to show that the items were purchased for business purposes.

### **Principal Causes and Measures to Prevent Recurrence**

#### **【Principal Causes】**

1. Inadequate understanding of rules for usage of research funds and ethical lapses.

The faculty member concerned lacked an understanding of implications of the rule that the University's research is funded by Japanese taxpayers' money, and must be used appropriately.

2. Vulnerability of the administrative structure relating to the use of research funds.

With regard to the placement of orders by faculty members (small purchases of less than ¥500,000), there has been insufficient internal control in some administrative areas, such as specific operating rules, a system of checks and balances, and follow-up checking by administrative departments.

#### **【Measures to Prevent Recurrence】**

1. Initiatives to ensure that all faculty members familiarize themselves with the rules regarding use of research funds and promote their awareness of proper use of the funding.

(1) Based upon this case, the Acting President and CEO urged faculty members to pay attention to this matter and called for greater vigilance.

(2) With regard to the disbursement of research funds, the list of specific examples of items,

indicating what can and cannot be disbursed, was prepared as guidance and made known to faculty members. The list has been incorporated into the University rules.

(3) Compliance trainings for all OIST employees have been offered.

2. Initiatives for a more robust control system

(1) Restriction that all purchases of consumables for administrative use are from the OIST Supply Store and one online shop is taken with the aim to facilitate a checking system by the administrative departments.

(2) Formed the operational mechanism that employees who are responsible for acceptance/inspection of goods report and take other necessary actions if they find goods that are difficult to be accepted as the research use.

(3) Instituted a body of consultation and guidance for that a unit has difficulty in judging whether it is possible to disburse research funds for certain purchases."

### **Others**

#### **【Actions】**

1. OIST demanded that the said faculty return the amount equivalent to the total amount of misuse.
2. The said faculty has already left the university.