

National University Corporation Nagoya Institute of Technology
Regulations on Accounting

Established on April 1, 2004

Chapter 1 General Provisions

(Purpose)

Article 1 These regulations provide for the financial and accounting standards of National University Corporation Nagoya Institute of Technology (hereinafter, “the Corporation”) with the aim of ensuring the appropriate and efficient implementation of its activities and clarifying its financial and operational statuses.

(Scope of Application)

Article 2 The Corporation’s finances and accounting shall comply with the National University Corporation Act (Act No. 112 of 2003), the Implementation Rules of the National University Corporation Act (Ministry of Education, Culture, Sports, Science and Technology Ordinance No. 57 of 2003), other laws, etc., applied as they are or mutatis mutandis to the finances and accounting of national university corporations, and the provisions of these regulations.

(Division Belonging to Fiscal Year)

Article 3 The Corporation’s fiscal year begins on April 1 each year and ends on March 31 the following year.

2. An increase, decrease, or any change in the Corporation’s assets, liabilities, and capital, as well as its earnings and expenditures, are allocated to different fiscal years depending on the dates on which the facts that caused such events occurred. However, in cases where it is difficult to determine such dates, the events shall be allocated to the fiscal year of the dates on which the facts that caused such events are confirmed.

(Accounting Unit)

Article 4 The Corporation shall use only one accounting unit.

(Accounting Procedure Supervision)

Article 5 The President of the Corporation shall supervise operations concerning the Corporation’s finances and accounting (hereinafter, “accounting procedures”).

(Accounting Offices)

Article 6 The Corporation shall have the accounting offices specified below to ensure the appropriate implementation of its accounting procedures.

(1)Contract Office

(2) Payment Office

(3) Payment Chief

(4) Asset Management Office

2. In addition to the accounting offices specified in the above paragraph, other accounting offices may be established with predetermined procedures to be allocated.
3. In cases where any of the accounting offices are unable to fulfill their duties or when it is deemed necessary, a substitute accounting office may be set up in which other directors or academic or administrative staffs will fulfill the duties of the relevant accounting office.
4. The President shall appoint such accounting office as specified in Paragraph 3.
5. The accounting offices, when they deem it necessary, may have directors or academic or administrative staffs fulfill some of the procedures that are carried out by the accounting offices specified in Paragraph 1 through Paragraph 3.
6. Provisions of these regulations concerning the accounting offices specified in Paragraph 1 shall be applied mutatis mutandis to the accounting offices specified in Paragraphs 2 and 3.

(Duties of Accounting Offices)

Article 7 The Contract Office shall be responsible for contracts and other acts that result in income or expenditures.

2. The Payment Office shall be responsible for examining and deciding on income and expenditures, asking debtors for payment, and giving orders to the Payment Chief concerning the receipt and payment of cash, deposits, savings, and marketable securities.
3. The Payment Chief shall be responsible for office procedures concerning the receipt, payment, and storing of cash, deposits, savings, and marketable securities, as well as the keeping of account ledgers and other forms of documentary evidence, based on orders from the Payment Office.
4. The Asset Management Office shall be responsible for the management and disposal of tangible fixed assets, intangible fixed assets, and inventory assets.

(Prohibition of Serving in Two Accounting Offices)

Article 8 In the accounting offices, one shall not concurrently serve in the Payment Office and as the Payment Chief.

Chapter 2 Accounts, Ledgers, etc.

(Accounts)

Article 9 Transactions conducted by the Corporation shall be classified into accounts specified separately from these regulations.

(Ledgers)

Article 10 The Corporation shall have ledgers and bills concerning its accounting, and record and store necessary items.

2. Forms of the ledgers and bills in the preceding paragraph and the terms of storing said ledgers and bills shall be specified separately from these regulations.
3. Electronic media may be used for keeping and storing the ledgers and bills.

(Book-keeping Responsibility)

Article 11 Depending on their duties, the accounting offices shall bear responsibility for keeping the ledgers specified in the preceding article.

2. The Payment Chief shall crosscheck the balance of the last day of each month with relevant ledgers to confirm the accuracy of the entries.

Chapter 3 Budget

(Budget Implementation Plan, etc.)

Article 12 Based on each fiscal year's annual plan, the President shall draw up an income and expenditure plan and a funding plan, and formulate a budget implementation plan for the relevant fiscal year.

2. The President shall notify the Contract Office of the amount of budget to be implemented based on the budget implementation plan drawn up in accordance with the provisions in the preceding paragraph, and inform said amount to the Payment Office.

(Budget Spending)

Article 13 The Contract Office shall keep track of the budget balance and constantly compare the budget and actual amount spent when spending the budget, thereby ensuring the appropriate implementation of the budget.

(Budget Control)

Article 14 In addition to these regulations, other separate rules and regulations shall be specified regarding the compilation, implementation, and control of budgets, and other matters concerning budgets.

Chapter 4 Payments and Receipts

(Designation of Financial Institutions)

Article 15 The President shall designate financial institutions (including Japan Post Bank) that the Corporation banks with.

2. When opening a deposit or savings account in any of the Corporation's financial institutions, such account shall be opened under the President's name.

(Accounts Receivable)

Article 16 When receiving accounts receivable, the Payment Office shall examine their content, make billing decisions, and request the debtor for payment by clearly indicating the amount, due

date, and place of the relevant payment. However, when it is necessary to promptly collect accounts receivable for business reasons, the Payment Office may examine the content of the accounts receivable and confirm their receipts after the collection of said accounts receivable.

2. When the Payment Office requests a debtor for the payment of an account receivable in accordance with the procedures in the preceding paragraph, the Payment Office must issue an order to the Payment Chief for the receipt of the account receivable.
3. The Payment Chief shall receive accounts receivable in accordance with the order specified in the preceding paragraph. However, when it is necessary to promptly collect accounts receivable for business reasons, the Payment Chief may receive such accounts receivable before the issuance of an order for receipt.

(Receipt)

Article 17 The Payment Chief may receive accounts receivable by cash or account-to-account transfer or direct transfer at financial institutions, as well as by means of a check or voucher as specified below.

- (1) Check (only the types designated by the President)
 - (2) Postal money order
 - (3) Postal money order payment voucher
2. When it receives an account receivable by cash or with a check or voucher specified in the preceding paragraph, the Payment Chief shall issue a receipt to the payer. In such cases, the Payment Chief shall make a report to that effect to the Payment Office.

(Depositing Received Money)

Article 18 When it receives accounts receivable, the Payment Chief shall deposit the money received in a financial institution that the Corporation banks with. However, subject to approval from the Payment Office, the Payment Chief may keep cash on hand to allocate it for cash payments and payments of ordinary miscellaneous expenses and other small sums that are necessary for business routines.

(Expenditures)

Article 19 When paying accounts payable, the Payment Office shall examine the content of the accounts payable, make payment decisions, and issue a payment order to the Payment Chief .

(Payment)

Article 20 The Payment Chief shall pay accounts payable in accordance with the payment order specified in the preceding paragraph by account-to-account transfer or direct transfer at financial institutions, or by writing a check. However, when it is necessary to do so for business reasons, payment may also be made in cash.

2. When it pays an account payable, the Payment Chief shall receive a document certifying such

payment.

(Offsetting)

Article 21 When it receives a notice from the Contract Office concerning credits or debts that can be offset, the Payment Office may receive accounts receivable or pay accounts payable by offsetting such credits or debts.

(Investment of Extra Money)

Article 22 The Payment Office may invest extra money in accordance with relevant laws, to the extent that such investment activities do not affect the implementation of its routine office procedures.

(Handling of Payment and Receipt Procedures)

Article 23 The procedures and other matters concerning the handling of payment and receipt not provided for herein shall be specified separately from these regulations.

Chapter 5 Assets

(Asset Classification)

Article 24 Assets are classified into fixed assets and liquid assets.

(Asset Management)

Article 25 Other necessary matters concerning asset management shall be specified separately from these regulations.

Chapter 6 Credits and Debts

(Accounting and Collection of Credits)

Article 26 When a credit belonging to the Corporation accrues, the Corporation shall record the credit and ask the debtor for the payment of the debt.

2. The Payment Office must remind the debtor who has failed to make payment before the due date to make said payment, and collect the debt.

(Accounting of Debts)

Article 27 When a debt belonging to the Corporation accrues, the Corporation shall record the debt.

(Keeping Track of Credits and Debts)

Article 28 Credits and debts shall be recorded in subsidiary books, etc. from their accrual to extinction and their balances shall always be clearly indicated.

(Debt Waiver, etc.)

Article 29 The Corporation may waive a debt in whole or in part or change the effect of its credit in accordance with rules set separately from these regulations.

(Allowance for Uncollectible Debts)

Article 30 An allowance for an uncollectible debt shall be earmarked if all of the following conditions are met: 1) the event that may cause the debt to become uncollectible in the future occurred before the current fiscal year, 2) the debt in question is highly likely to become uncollectible in the future, and 3) the amount expected to be uncollectible can reasonably be estimated.

Chapter 7 Contracts

(Contracts Based on Competition)

Article 31 When seeking to enter into a purchase agreement, lease, or other type of contract, the Contract Office shall put the contract up for competition by calling for offers through public announcement.

2. Qualifications required of the parties wishing to participate in the competition mentioned in the preceding paragraph, means of public announcement, and other matters necessary for competition shall be provided for separately from these regulations.

(Nomination-based Competition)

Article 32 Notwithstanding the provisions of the preceding article, the Contract Office may put the contract up for nomination-based competition if any of the following items applies to the contract.

- (1) When, due to the nature or purpose of the contract, the number of participants in the competition is so small that general competitive bidding is not necessary
- (2) When putting up the contract for general competitive bidding is believed disadvantageous to the Corporation
- (3) When the planned cost does not exceed the standard amount specified separately from these regulations
- (4) In addition to the cases specified in the preceding three items, when nomination-based competition is necessary for business reasons

2Other matters necessary concerning nomination-based competition shall be provided for separately from these regulations.

(Discretionary Contracts)

Article 33 Notwithstanding the provisions in the preceding two articles, the Contract Office may enter into a contract on a discretionary basis if any of the following items applies to the contract.

- (1) When the nature or purpose of the contract does not allow for competition
- (2) When there is an urgent need that makes competition impossible

- (3) When putting up the contract for competition is believed disadvantageous to the Corporation
 - (4) When the planned cost does not exceed the standard amount specified separately from these Regulations
 - (5) In addition to the cases specified in each of the preceding items, when a discretionary contract is necessary for business reasons
2. Other matters necessary concerning discretionary contracts shall be provided for separately from these regulations.

(Bidding as a General Rule)

Article 34 The competition specified in the provisions of Article 31 shall be carried out by means of bidding.

(Means of Winning a Bid)

Article 35 When putting up the contract for competition, the Contract Office shall select as the party to the contract a party who has made a bid within the planned cost range, depending on the purpose of the contract. However, with respect to contracts causing expenditures and specified separately from these Regulations, if a prospective party offers a bid that causes suspicion that the party may not fulfill its obligations in a way that corresponds to the content of the contract, or if concluding a contract with that party is extremely inappropriate because doing so is feared to disturb the order of fair trade, the Contract Office may select the party who has offered the lowest bid from among those who have made offers with bids within the planned cost range.

2. Notwithstanding the provisions of the preceding paragraph, if, due to the nature or purpose of the contract, it is difficult to choose a party to the contract in accordance with the provisions specified in the preceding paragraph, the Contract Office may select as the party to the contract the party who has offered the bid and other conditions that are the most advantageous to the Corporation (or the party who has offered the second best conditions in the case specified in the “However” provision in the preceding paragraph), in accordance with rules set separately from these regulations.

(Preparation of Contracts)

Article 36 When it selects a successful bidder by competition or decides on the party to a discretionary contract, the Contract Office shall prepare a contract describing the purpose of the contract, the amount of money involved in the contract, the deadline for the fulfillment of the contract, the contract security deposit, and other necessary matters. However, in cases specified separately from these Regulations, any of these matters may be omitted.

(Security Deposit)

Article 37 From those planning to participate in the competition, the Contract Office shall collect a bidding deposit of 5% of the amount estimated by the prospective bidder; and from the party planning to sign a contract, the Contract Office shall collect a contract security deposit of 10% of

the amount involved in the contract from the prospective party to the contract. However, if it is deemed unnecessary to do so, the Contract Office may refrain from collecting such deposit in whole or in part.

2. Payment of the deposits specified in the preceding paragraph may be made by offering marketable securities or other collateral.
3. Matters necessary for handling cases specified in the “However” provision in Paragraph 1 and in the preceding paragraph shall be provided for separately from these regulations.

(Supervision and Inspection)

Article 38 When it signs a contract concerning construction, production, or other work, the Contract Office shall carry out supervision necessary for ensuring the appropriate fulfillment of the contract, either on its own or by ordering another office or party to perform the duty on its behalf.

2. With respect to the contract specified in the preceding paragraph or a contract concerning the purchase of goods or other matters, the Contract Office shall conduct inspection necessary for the confirmation of the completion of the delivery of goods or services to be provided under the relevant contract (including the confirmation of a finished part of construction or production works, or delivered goods, in cases where it is necessary to pay part of the price before the delivery of the relevant services or goods is completed), either on its own or by ordering another office or party to perform the duty on its behalf.
3. The office or party who conducts the inspection specified in the preceding paragraph shall prepare an inspection report, except for cases provided for separately from these Regulations.
4. In cases where the preparation of the inspection report mentioned in the preceding paragraph is required, payment not based on the relevant inspection report may not be made.
5. The Contract Office may entrust the duties of supervision in Paragraph 1 and inspection in Paragraph 2 to some other office or party, if it is necessary to do so.

(Handling of Government Procurement)

Article 39 To fulfill the Agreement on Government Procurement (December 8, 1995, Agreement No. 23), the revised Agreement on Government Procurement pursuant to the Protocol Amending the Agreement on Government Procurement drawn up in Geneva on March 30, 2012 (“Revised Agreement”), and other international agreements, matters necessary for handling office procedures of the agreements signed by the Corporation that are treated as international agreements shall be specified separately from these regulations.

Chapter 8 Account Settlement

(Monthly Account Settlement)

Article 40 As of the last day of each month, the Payment Chief shall close the general ledger, prepare a compound trial balance, and submit it to the Payment Office, thereby clarifying the financial

situation of the month.

2. A format of the document mentioned in the preceding paragraph shall be specified separately from these regulations.

(End of the Fiscal Year Settlement of Accounts)

Article 41 As of the last day of each fiscal year, the Payment Chief shall settle the accounts, close the general ledger and subsidiary books, prepare financial statements, gain approval from the Payment Office for these statements, and submit them to the President.

Chapter 9 Internal Audit

(Internal Audit)

Article 42 To ensure the appropriateness of budget implementation and accounting, the President shall have directors or academic or administrative staffs conduct an internal audit.

Article 43 Matters necessary for the internal audit shall be provided for separately from these regulations.

Chapter 10 Compensation and Responsibility

(Duties and Responsibilities of Accounting Offices)

Article 44 Each accounting office, as well as academic or administrative staffs who have been ordered by any of the accounting offices and under Article 6, Paragraph 5 hereof to carry out some of the accounting office's duties on its behalf with a document describing the duties they should fulfill ("Accounting Offices, etc."), shall carry out their respective duties in accordance with the laws applicable as they are or mutatis mutandis to the finances and accounting of the Corporation as well as these regulations, within the relevant budget limits, and with the care of a good manager.

2. In cases where the Accounting Offices, etc. violate the provisions of the preceding paragraph intentionally or due to gross negligence and which result in damage to the Corporation, they shall make compensation for the damage.

(Examination and Judgment)

Article 45 In cases where an event specified in the preceding article occurs, the President shall examine the Accounting Offices, etc. to judge if they should be required to make compensation and to determine how much the compensation should be.

2. If the President determines that the Accounting Offices, etc. are required to make compensation under the provisions of the preceding paragraph, the President shall order the Accounting Offices, etc. to compensate for the damage in accordance with the rules specified separately from these regulations.

(Miscellaneous Provisions)

Article 46 Other necessary matters concerning the Corporation's finances and accounting than those specified herein shall be specified separately from these regulations.

Supplementary Provision

These regulations shall come into force on April 1, 2004.

Supplementary Provision

These regulations shall come into force on July 1, 2009.

Supplementary Provision (February 20, 2014. Regulation No. 17)

1. These regulations shall come into force on the date the Revised Agreement takes effect in Japan.
2. These regulations shall not apply to office procedures that concern contracts relating to public announcement, public notice, or other offers for contracts that are made before the date on which these regulations come into force and signed after such date.