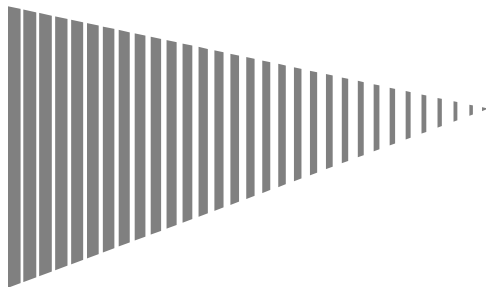


Ritsumeikan University

# Compliance Training Pursuant to Amendment of Guidelines for Management and Auditing of Public Research Funds



Building a better  
working world

---

# Today's Topic

## Compliance Training Pursuant to Amendment of Guidelines for Management and Auditing of Public Research Funds

---

### **I. What is happening now at universities?**

We share what is happening at the moment with regard to the abrupt changes in the environment surrounding universities, and the stakeholders' expectations. We present cases of the improper use of public research funds, which is still continuing amid such situation.

### **II. Cases of disciplinary action for improper use of public research funding**

We look at cases of disciplinary action by the Education Ministry for improper use of public research funds.

### **III. Essentials of compliance**

We explain what the compliance has to be that a university ought to fulfill with regard to society, and how the teachers and staff, who are members of the university organization, should respond.

### **IV. (Amendment of) Guidelines for Management and Auditing of Public Research Funds**

### **V. (Amendment of) Guidelines for Dealing with Improper Acts in Research Activities**

### **VI. Summary**

We consider what individuals and organizations should be tackling.

---

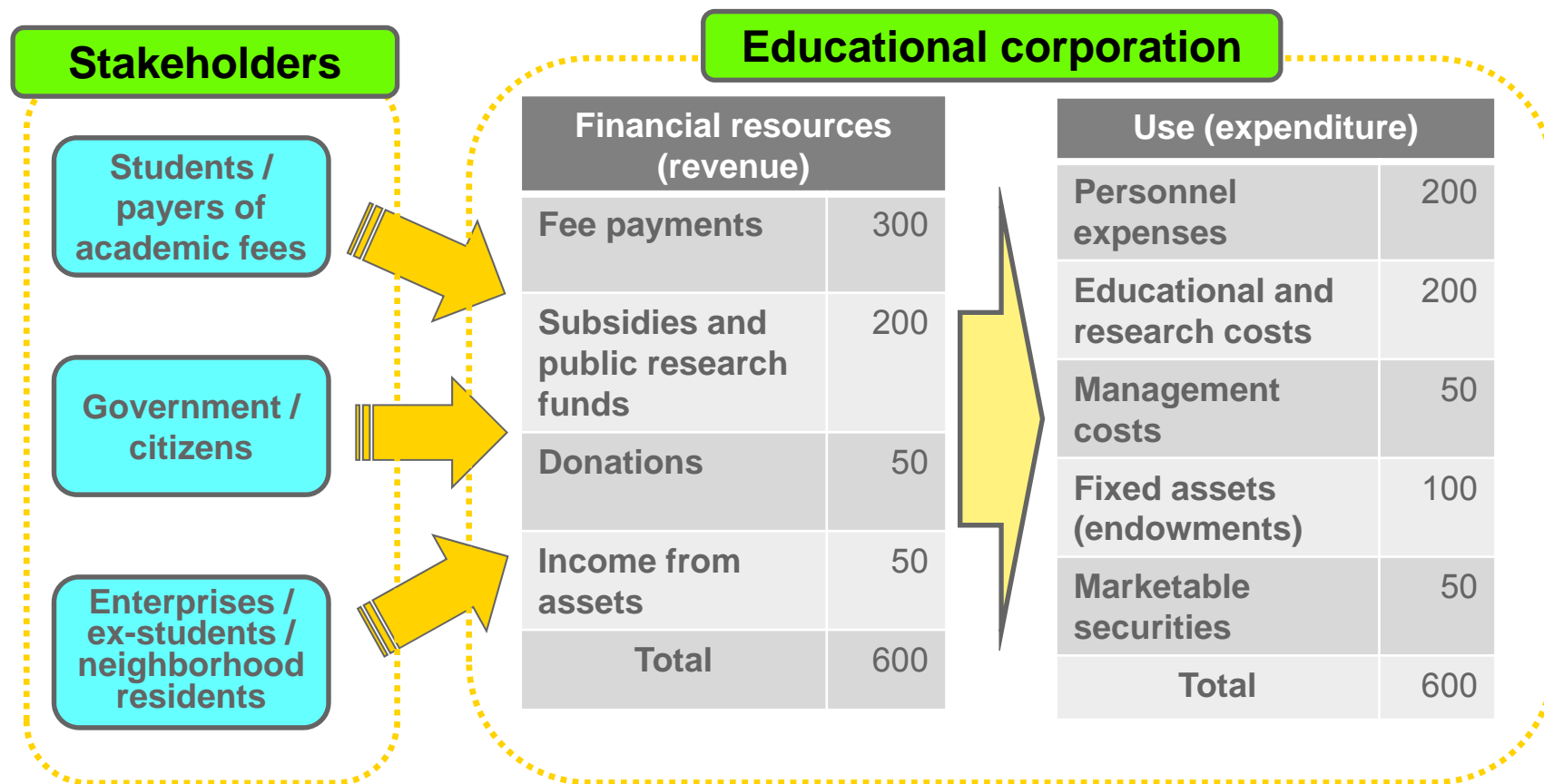
---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
V	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
VI	Summary

## I-1. What is happening now at universities?

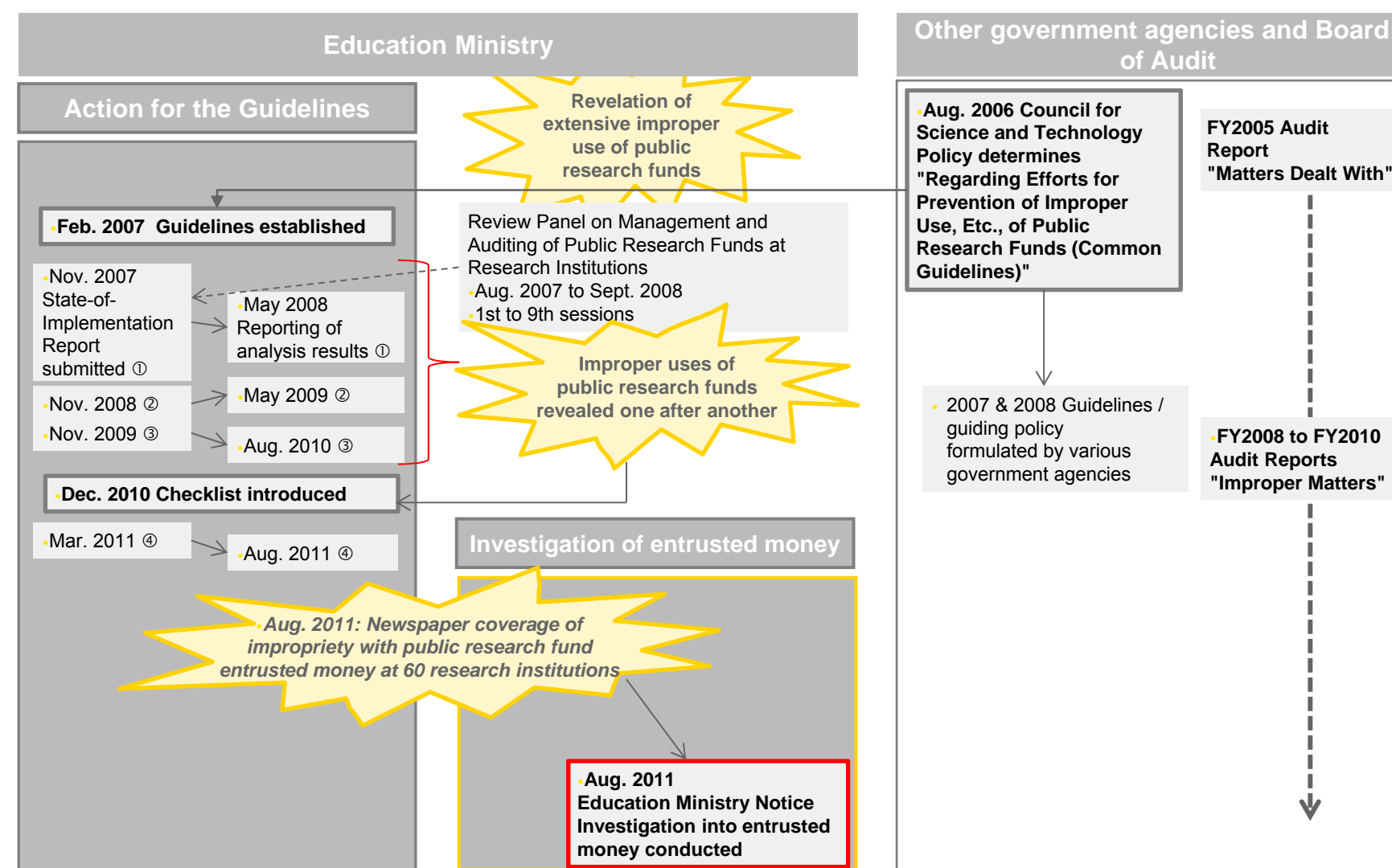
### → Private universities' financial resources and how they are used

- The financial resources for running colleges are (a) payments by students out of their own budgets, and (b) subsidies from taxes paid by citizens.
- As public interest-promoting corporations, the universities receive preferential treatment regarding tax (such as exemption from corporation tax and fixed asset tax).



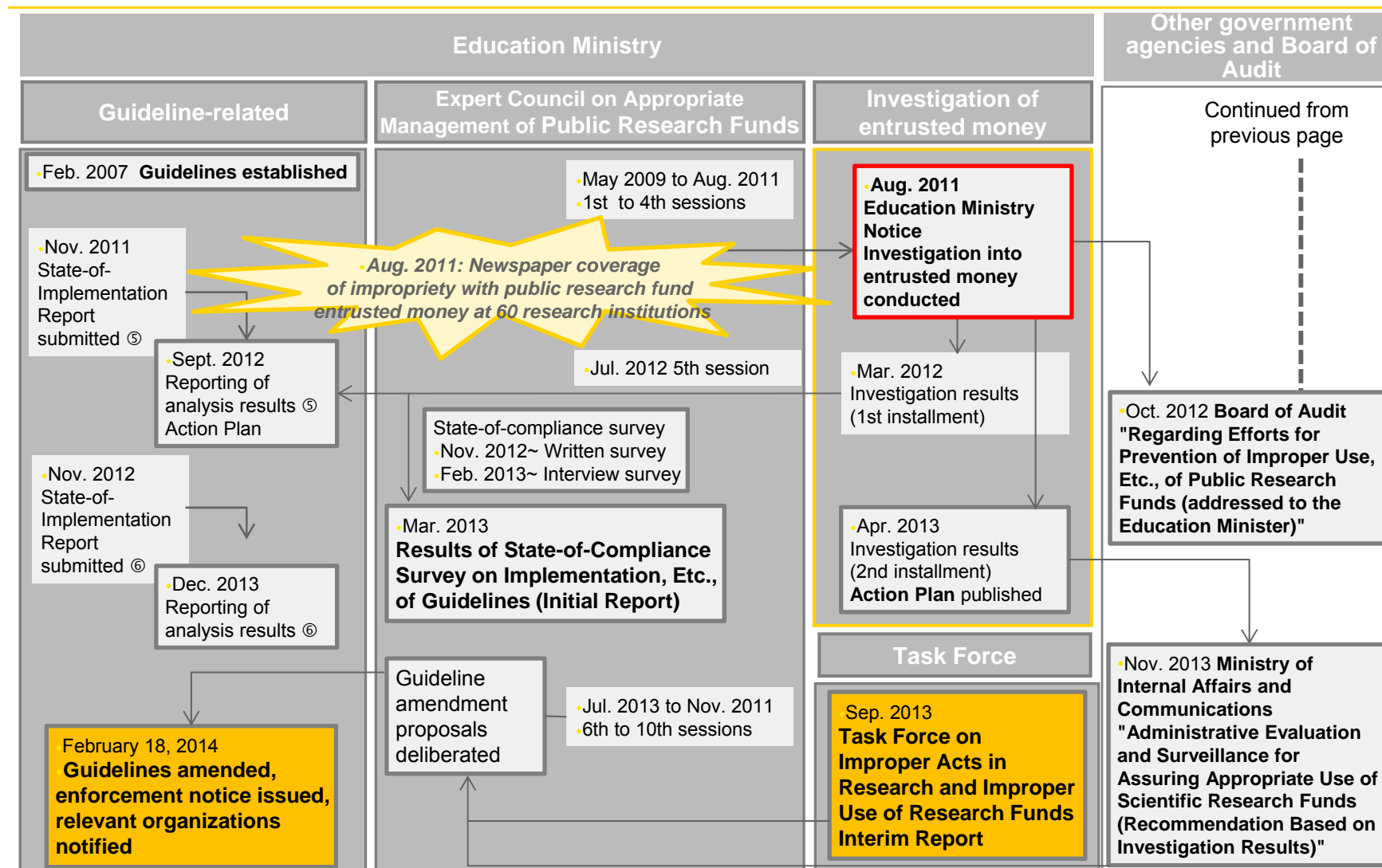
## I-2. Entrusted money problem and its outcomes

### Efforts before and after occurrence of entrusted money problem



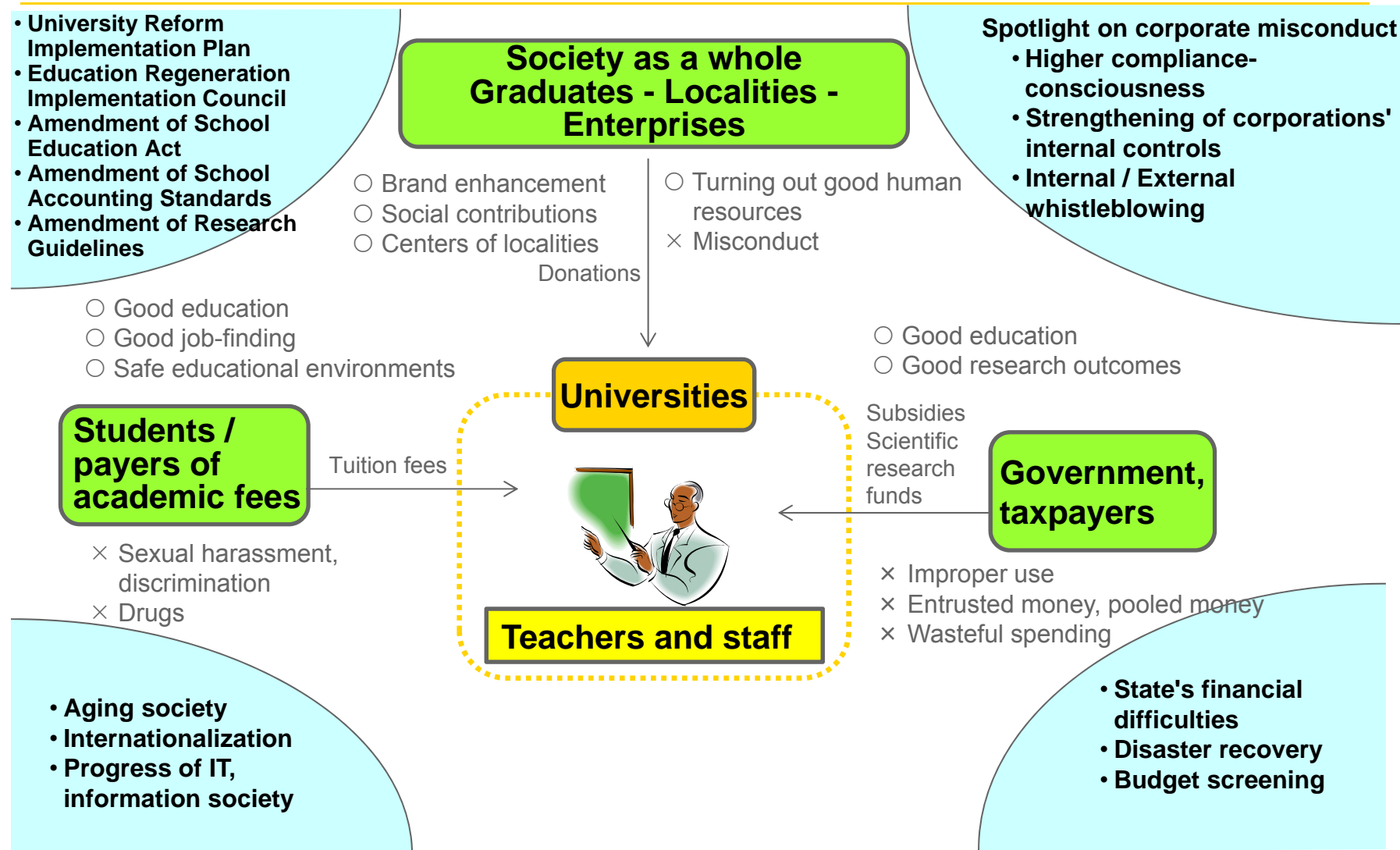
### I-3. Entrusted money problem and its outcomes

#### Efforts before and after occurrence of entrusted money problem

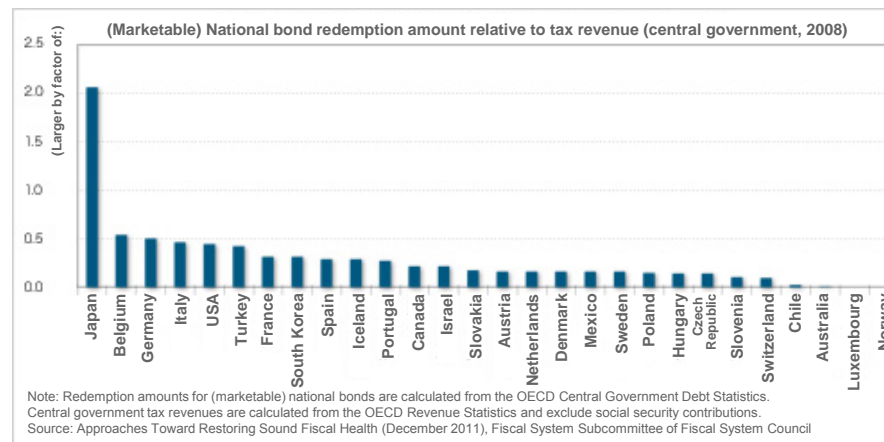
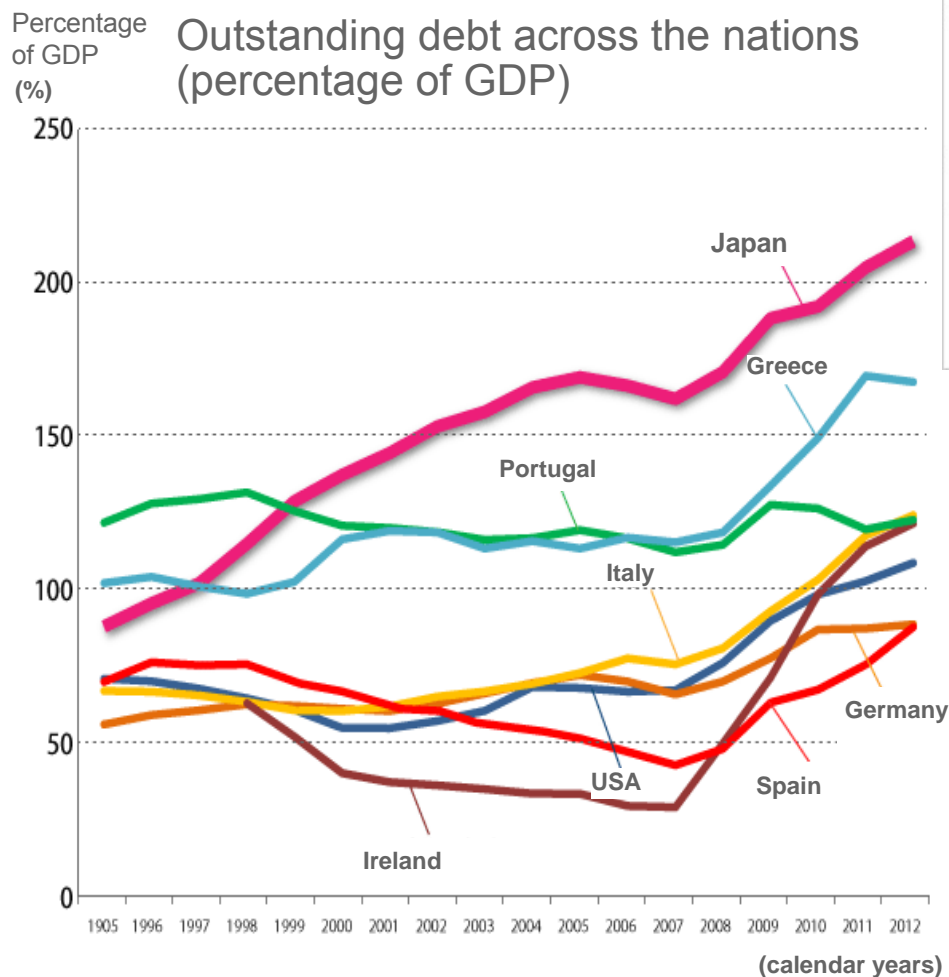


#### I-4. What is happening now at universities?

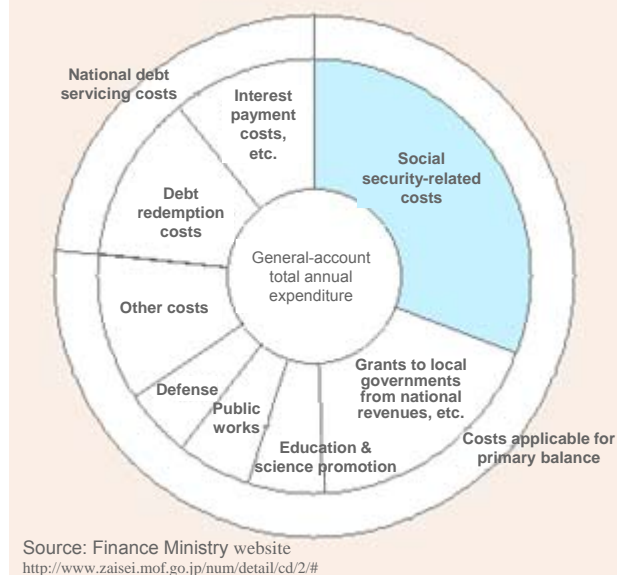
→ Abrupt changes in environment surrounding universities,  
changes in society's expectations



## I-5. What is happening now at universities? → State's financial difficulties



Annual expenditure (government's basic spending)





---

## I-8. Improper use of research funds continues nonetheless

### Example case of Hokkaido University

(from website releases on November 13, 2013 and July 15, 2014)

---

November 13, 2013

Concerning inappropriate accounts processing of Hokkaido University public research funds, etc.

#### 1. Lead-up to the investigation

In a tax investigation pertaining to consumption tax, etc., by the Sapporo Regional Taxation Bureau starting in July 2011, **it was indicated that there was processing of moneys thought to be research-fund entrusted money at a client.**

#### 2. Investigation structure

**An Investigative Committee was set up** on December 14, 2011.

- Initially, the investigation was by a 5-strong structure that included 2 university-external committee members (a lawyer and a certified public accountant).
- Subsequently, 4 more university-external committee members (2 lawyers and 2 certified public accountants) were **added**, effective May 21, 2012.

#### 3. Investigation method

##### (1) Investigation policy

- ① Conduct investigation regarding the fiscal years 2004 onward, for which accounting documentation is extant.
- ② Ahead of the investigation by the Investigative Committee, conduct an initial investigation (screening) at the relevant departments.
- ③ The investigation is to cover also retired persons and those who have moved away from the university.

##### (2) On the basis of the findings of the initial investigation (screening) at the relevant departments, the Investigative Committee will:

- ① investigate, for the time being, persons currently employed by the university concerning whom there are records of entrusted money in the period FY2007 onward;
- ② then investigate the years FY2004 to FY2006 concerning teachers who fall under the persons in ①; and
- ③ implement an interview investigation by the 6 external committee members.

##### (3) After that, the committee will investigate the currently employed teachers for whom there are records of entrusted money in the period 2004 to 2006, investigate the retired persons and those who moved away, and investigate the account ledgers by courses, etc.

---

## I-9. Improper use of research funds continues nonetheless

### Example case of Hokkaido University

(from website releases on November 13, 2013 and July 15, 2014)

---

#### 4. Outline of the investigation

##### (1) Preliminary investigation, etc., at Secretariat

- 1) Preliminary investigation of a total of 737 companies selected out of some 4,500 companies with which the university has transactions, from consideration of the number of transactions, transaction amounts, business type, etc.
- 2) Companies responding as having had inappropriate processing: 12.  
Companies so indicated by the Sapporo Regional Taxation Bureau: 2.  
Companies that have voluntarily so declared: 2.  
Total: 16 companies.
- 3) The businesses were requested to submit their account ledgers and other relevant documents, which were examined and analyzed by external certified public accountants, who checked them alongside the university's internal accounts-related documents.
- 4) **Number of account ledgers pertaining to entrusted money submitted by the 16 companies: 995 ledgers.** Number of teachers whose names are entered in these ledgers: 390 teachers. Number of courses, etc., entered, in cases where only a name of courses, etc., was entered in the ledgers: 164 courses, etc. Number of relevant departments: 27.

##### (2) Investigative operations, etc., by the Investigative Committee

##### 1) Investigation (screening) at the relevant departments

- ① The relevant teachers will be given interviews in which they are shown the account ledgers at the relevant departments.
- ② For the retired and moved-away persons who could not be interviewed, a written survey was conducted via mail.

##### 2) Documents from the businesses

- ① The businesses were requested to submit the "entrusted money account ledgers" and similar, and documents pertaining to those.
- ② Where it was deemed from such entrusted money information that entrusted money had been made up via fictitious invoicing, a copy of the invoice, or similar, was used as proof.
- ③ Real transactions using entrusted money were verified via the delivery statement or similar document.

##### 3) Documents from the university

- ① Regarding fictitious invoicing, comparison with payment slips or similar was used to verify that the university really paid, and seals or signatures found in delivery statements pertaining to fictitious deliveries were used as proof of involvement on the part of laboratories.
- ② The relevant departments were requested to submit payment slips and similar pertaining to entrusted money, and these were used to identify individual funding sources.

##### 4) Interviewing of the relevant businesses and teachers by the Investigative Committee

- ① In the interviews with the relevant businesses, information was elicited on the entrusted money formalities and control methods inside the company, and on the situation regarding communication with teachers on the subject. In addition, information was elicited on individual transactions deemed to require particular verification, so as to judge the reliability of the account ledgers and similar.
  - ② In the interviews with the relevant teachers, information was elicited on matters deemed to require particular verification according to the content of the transaction, on receipt stamps and signatures for delivery statements pertaining to fictitious invoicing, and on the situation regarding budget management, order placement formalities and so forth, so as to make an overall judgment.
-

# I-10. Improper use of research funds continues nonetheless

## Example case of Hokkaido University

(from website releases on November 13, 2013 and July 15, 2014)

### 5. Investigation results

(1) Investigation into currently employed teachers for whom there are entrusted money records from FY2007 onward

- ① Period covered by the investigation: FY2004 to FY2011
- ② Interviews conducted with 99 teachers and 13 companies
- ③ 44 teachers were found to have been involved in inappropriate account processing.
- ④ Sums involved in ③ above amounted to 484,297,115 yen.

(2) Investigation into account ledgers pertaining to entrusted money as regards entries of currently employed teachers, retired and moved-away persons, and course names, etc., for period FY2004 to FY2006 only

- ① Interviews conducted with 43 teachers and 13 companies
- ② 15 teachers were found to have been involved in inappropriate account processing.
- ③ Sums involved in ② above amounted to 50,638,330 yen

(3) Aggregated results

- ① **59 teachers were found to have been involved in inappropriate account processing.**
- ② Sums involved in ① above **amounted to 534,935,445 yen.**
- ③ 13 businesses had been involved in inappropriate account processing.

### (4) Breakdown of money amounts

Money amount (yen)	Number of persons
30 million~	5
20 million to under 30 million	5
10 million to under 20 million	7
5 million to under 10 million	6
1 million to under 5 million	26
Under 1 million	10
Total	59

### (5) Breakdown of funding sources

#### Pertaining to entrusted money

Funding sources	Money amount (yen)
Public research funds	356,159,368
Funding for joint research with private sector	27,732,683
University's own funding (from general finances)	68,171,267
Donations	17,182,589
Unclear	16,598,831
Total	485,844,738

#### Pertaining to product name changing

Funding sources	Money amount (yen)
Public research funds	40,801,286
Funding for joint research with private sector	1,212,918
University's own funding (from general finances)	6,416,503
Donations	660,000
Unclear	0
Total	49,090,707

# I-11. Improper use of research funds continues nonetheless

## Example case of Hokkaido University

(from website releases on November 13, 2013 and July 15, 2014)

### 6. Disciplinary measures for relevant teachers

#### Breakdown of disciplinary measures

Measure	Number of persons	Breakdown by job type
Suspension for 2 months	15	13 professors, 1 associate professor, 1 project professor
Suspension for 1 month	16	10 professors, 4 associate professors, 1 project professor, 1 associate project professor
Suspension for 10 days	7	3 professors, 1 associate professor, 3 project professors
Reprimand	14	3 professors, 3 associate professors, 1 lecturer, 3 assistant professors, 2 project professors, 2 assistant project professors
Admonishment	4	3 professors, 1 assistant professor
Total	56	

### 7. Recurrence prevention measures

<p>(1) Prevention, etc., via consciousness reform</p> <p>1) Efforts with regard to teachers</p> <p>① Draw up and distribute a handbook on using research funds.</p> <p>② <b>Oblige teachers to undergo a training course on preventing improper use of research funds.</b> (they will not be allowed to apply for public research funds unless they undergo the training course.)</p> <p>③ Have them submit a written pledge that they will not engage in impropriety.</p> <p>2) Efforts with regard to businesses</p> <p>① Hold explanatory meetings on impropriety prevention.</p> <p>② <b>Strengthen control of business partners' entering and exiting of university premises.</b> <b>(have the Goods Delivery Center check objects loaded in vehicles that enter/exit university premises.)</b></p> <p>③ Oblige business partners in general to submit a written pledge.</p> <p>④ Review methods of screening major business partners.</p> <p>⑤ Oblige major business partners to submit account ledgers and similar.</p>	<p>(2) Prevention, etc., via system strengthening</p> <p>Strengthening of control system</p> <p>① Conduct post-facto sampling checks of delivered goods subsequent to delivery.</p> <p>② <b>Have staff accompany goods to delivery destination.</b></p> <p>③ <b>Have a third party check delivered goods that are not routed through the Goods Delivery Center (such as parcels sent by express delivery).</b></p> <p>④ <b>Have marking applied to goods that are routed through the Goods Deliver Center.</b> <b>(marking the goods at delivery will prevent repeated use.)</b></p> <p>⑤ Make it obligatory to notify the serial numbers of delivered goods to which asset management applies.</p> <p>⑥ Conduct spot checks post-delivery.</p> <p>⑦ <b>Introduce an electronic purchasing system.</b> (the electronic purchasing system to be jointly introduced by four Hokkaido universities will to a major extent avoid direct contacts between teachers and businesses.)</p>
--	--

---

## I-13. Knowledge to be learned from recent impropriety cases

---

### 1. How were the cases revealed?

- ⇒ By external or internal whistleblowing
- ⇒ By a tax investigation
- ⇒ Through bankruptcy of a business partner

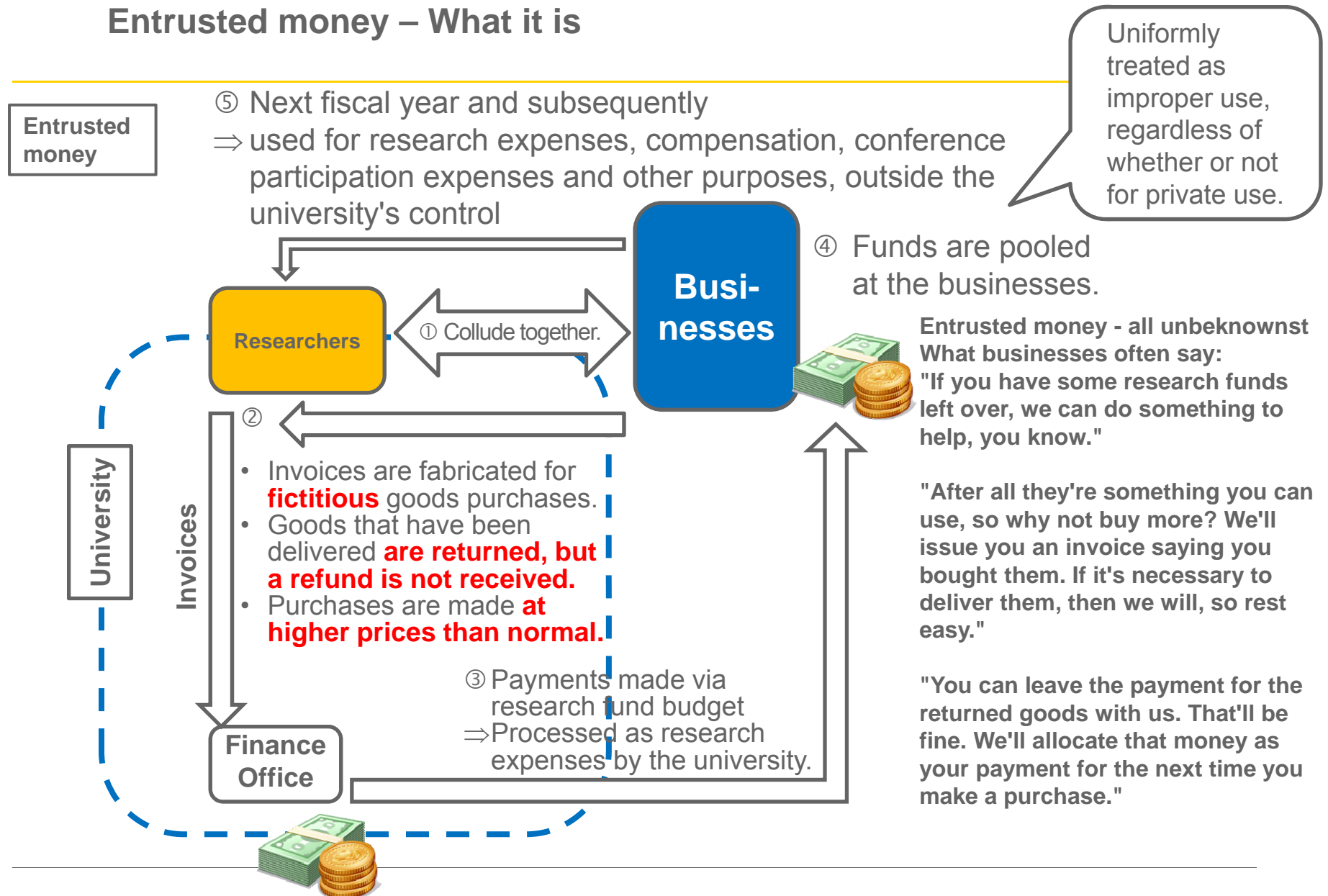
### 2. What was done following the revelations?

- ⇒ Rigorous investigation by an investigative committee

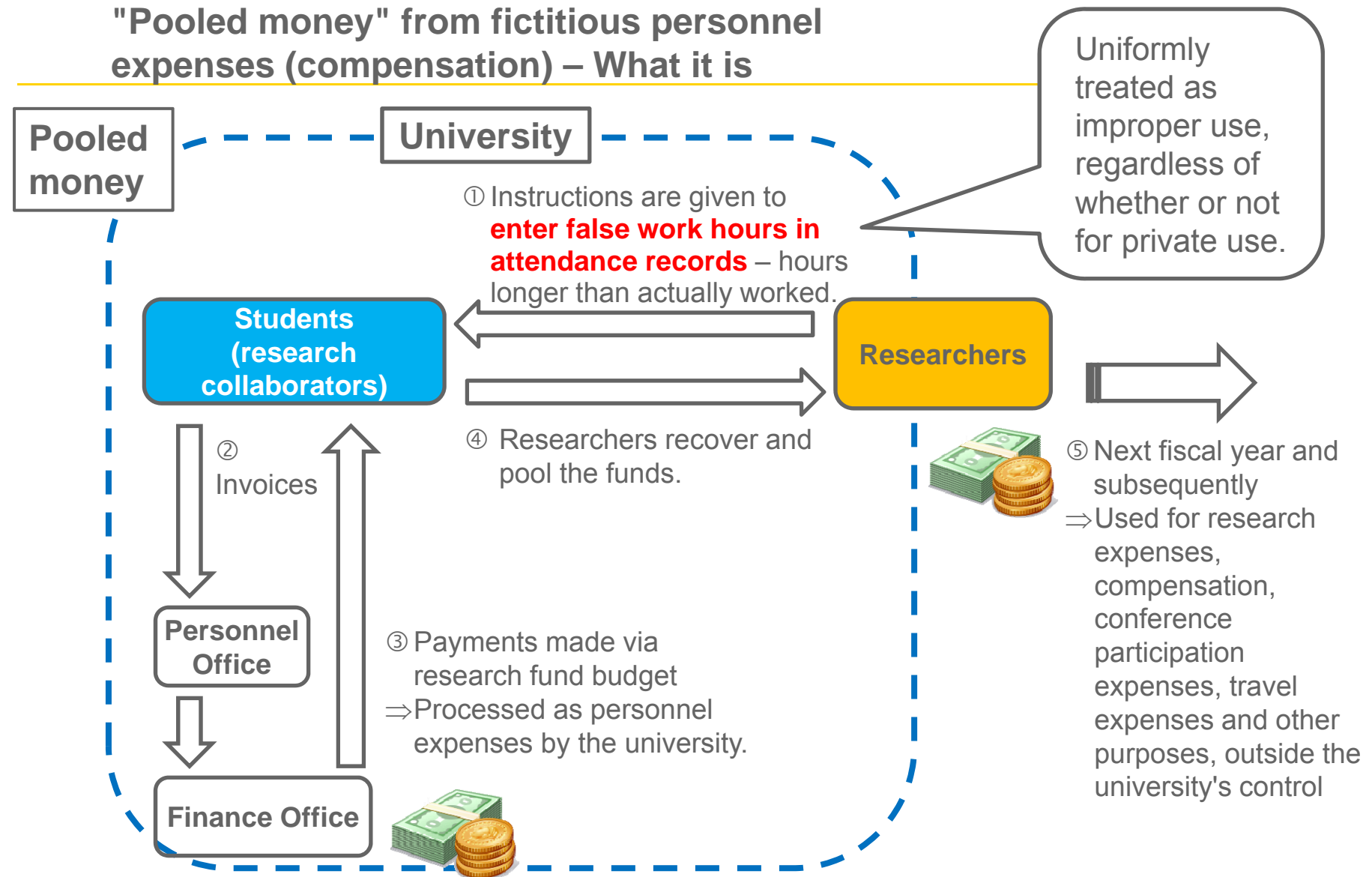
### 3. And then what happened?

- ⇒ Stern disciplinary measures (punitive dismissal),  
suspension from applying for research funds
- ⇒ Who is to bear the costs?

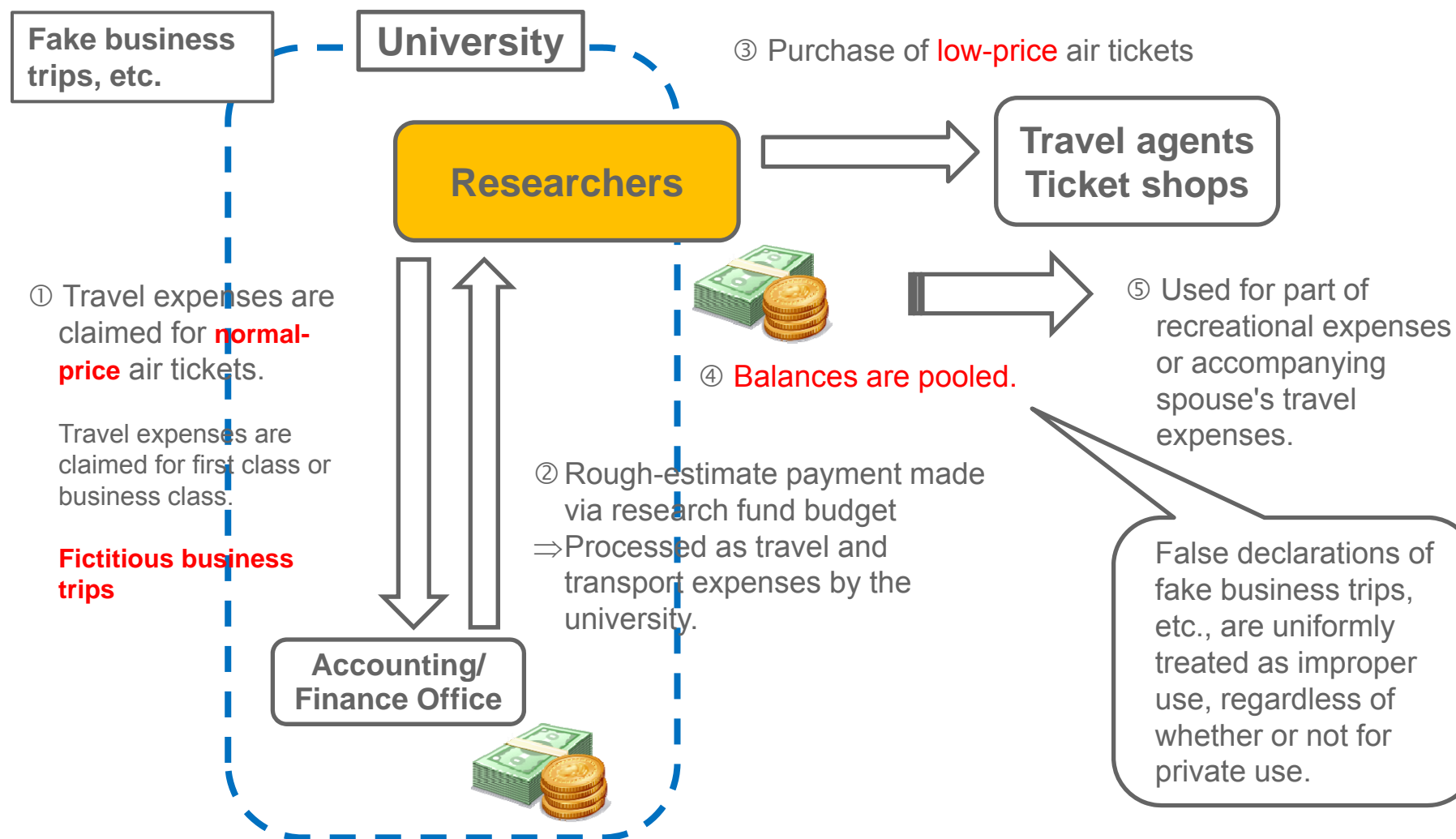
## I-14. The kinds of acts that are causing the problem: Entrusted money – What it is



**I-15. The kinds of acts that are causing the problem:**  
**"Pooled money" from fictitious personnel expenses (compensation) – What it is**

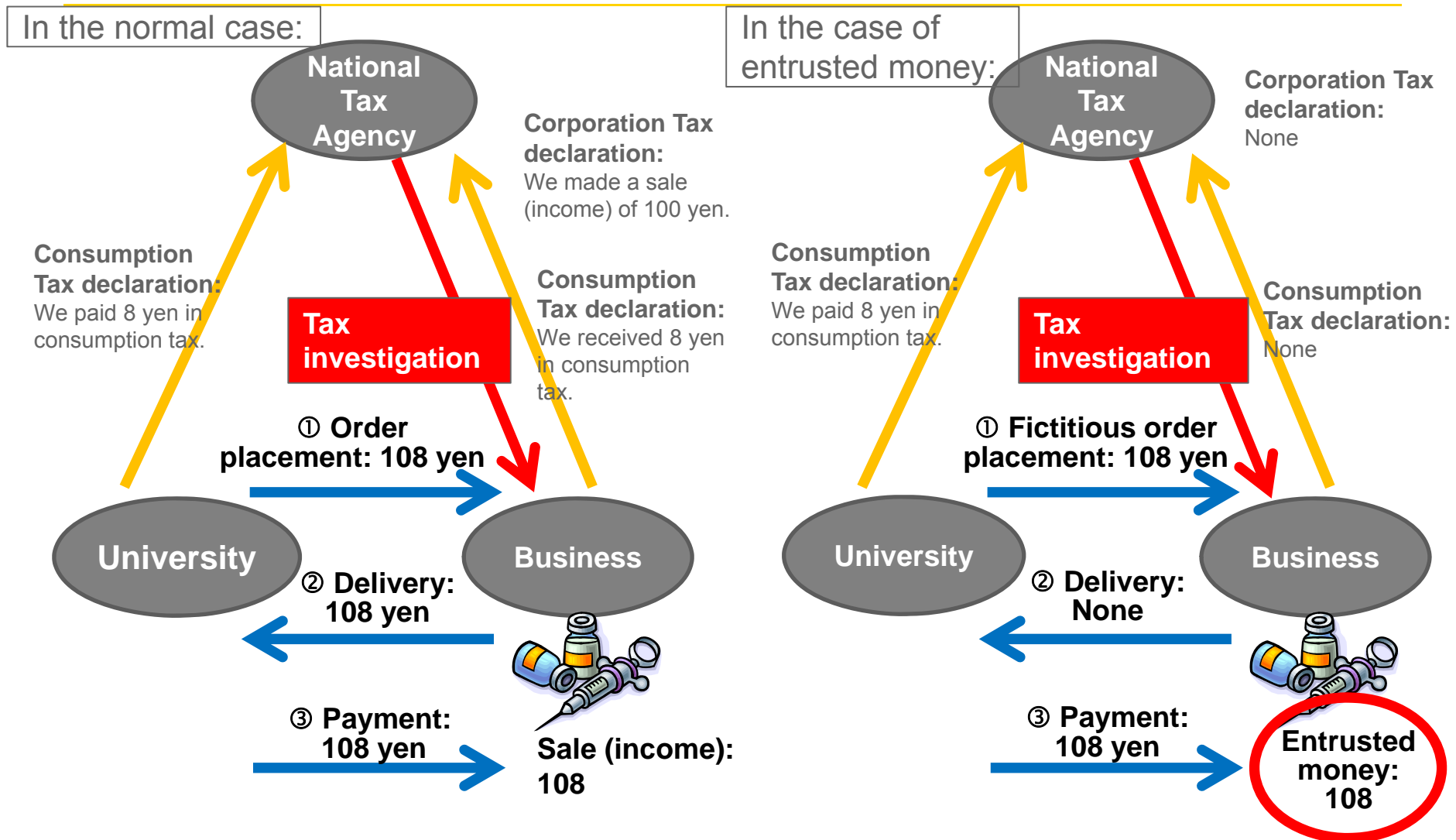


## I-16. The kinds of acts that are causing the problem: Impropriety via fictitious travel and transport expenses – What it is





## I-17. Entrusted money and tax investigations



---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
V	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
VI	Summary



## Cases of Impropriety

### Cases of disciplinary action by Education Ministry for improper use of research funds

- The three major features below emerge from the Education Ministry's disciplinary actions for impropriety.

Feature	Description	Examples								
Gap between fiscal year(s) when the impropriety was practiced (applicable year(s)) and the year of revelation	There are cases where improper use is revealed and subjected to disciplinary action several years or longer – sometimes as long as 10 years – after it was practiced.	<table><tr><th>Applicable fiscal years</th><th>Fiscal year of revelation</th></tr><tr><td>FY1997 to FY1999</td><td>FY2009</td></tr><tr><td>FY1997 &amp; FY1998</td><td>FY2008</td></tr><tr><td>FY2000</td><td>FY2013</td></tr></table>	Applicable fiscal years	Fiscal year of revelation	FY1997 to FY1999	FY2009	FY1997 & FY1998	FY2008	FY2000	FY2013
Applicable fiscal years	Fiscal year of revelation									
FY1997 to FY1999	FY2009									
FY1997 & FY1998	FY2008									
FY2000	FY2013									
Presence of private use	There are not so many cases where private use associated with what is termed the "impropriety" occurred. (Many acts have been determined as "improper use" and subjected to disciplinary action, although no private use was involved.)	<ul style="list-style-type: none"><li>• Money was pooled as laboratory operating costs, and spent.</li><li>• Money was spent on participation expenses for a different conference.</li><li>• Money was spent for supporting foreign students, for students' field survey activity expenses and conference participation expenses, and for other laboratory operating costs.</li><li>• Money was spent for expenses incurred by students' conference participation, etc.</li><li>• Money was used for purchasing research-purpose articles not connected with the grant-aided work.</li><li>• Money was used for paying compensation to experiment assistants not directly relevant to the project.</li><li>• Money was spent on educational research by the laboratory and relevant teachers in the next and subsequent fiscal years.</li></ul>								
Kinds of cases that are determined as being "improper use"	There would appear to be cases where a person unthinkingly practiced a way of using funds that others had been knowingly practicing for a long time. Also, people have been subjected to disciplinary action even for small sums.	<p>Example cases:</p> <ul style="list-style-type: none"><li>• Money was spent on purchasing research-purpose articles different from those in the delivery slips retained by the university.</li><li>• A teacher went on a business trip with a schedule different from that declared to the university.</li></ul> <p>Amounts ordered to be returned: 10,000 yen, 40,000 yen, 110,000 yen</p>								



## Some example cases where orders to return or restrictions on making applications were implemented with regard to improper use of competitive funds in the period FY2006 to FY2013 (as of March 31, 2014) ①

Research institution	Funding source	Fiscal year of revelation	Applicable fiscal years	Outline of impropriety	Education Ministry's action
Kyushu University	Scientific Research Grant	FY2007	FY2005 & FY2006	Under scientific research funding for FY2005 and FY2006, a teacher opened, in the borrowed name of a research student affiliated to the laboratory, a bank account managed by the teacher himself, claimed for fictitious compensations, and stored the money in the account as research funds to be spent after the end of the period of the research.	<ul style="list-style-type: none"> <li>○ Order to return grant money January 28, 2008 (from Ministry) 780,000 yen</li> <li>○ Suspension of eligibility to make applications For 4 years: 1 person (1 person)</li> </ul>
Keio University	Scientific Research Grant	FY2007	FY2003	Under a Scientific Research Grant granted for FY2003, in order to get money for business class air fares, which could not be paid for under the university's internal rules in principle, teachers had a business draw up a fictitious invoice that pretended they had bought consumable items costing the difference between the business class and economy class air fares, then claimed and improperly received such money from the university. Also, they claimed advance-payment reimbursements from the university for purchases they had made of books for private use (junior high school reference books) and articles (electric razors) not directly relevant for the research.	<ul style="list-style-type: none"> <li>○ Order to return grant money September 21, 2006 (from Ministry) 470,000 yen</li> <li>○ Suspension of eligibility to make applications For 5 years: 2 persons (2 persons)</li> </ul>
Hiroshima Institute of Technology	Scientific Research Grant	FY2007	FY1997, FY1998, FY2000, FY2001, and FY2003 to FY2006	Under Scientific Research Grants for FY1997, FY1998, FY2000, FY2001, and FY2003 to FY2006, teachers claimed expenses for fictitious travel and compensations, and claimed rental payments for measuring devices that were loaned to them free of charge from businesses. They kept in their own bank accounts the grant money that they thus made the university disburse. They used the money for research expenses (costs incurred in implementing measurement sessions in remote locations), also using part of it for the expenses of family vacations.	<ul style="list-style-type: none"> <li>○ Orders to return grant money February 1, 2008 (from Ministry) 4,280,000 yen January 28, 2008 (from JSPS) 3,360,000 yen (Total money ordered returned: 7,640,000 yen)</li> <li>○ Suspension of eligibility to make applications For 5 years: 1 person (1 person). For 1 year: 4 persons</li> </ul>
Hiroshima University	Scientific Research Grant	FY2009	FY2003 to FY2007	Under Scientific Research Grants for FY2003 to FY2005 and FY2007, teachers instructed businesses to make up fictitious transactions, had them draw up false invoices, and used such to make the university pay, from the scientific research funds, the purchase costs of the fictitious transactions. They entrusted such purchase costs to the businesses and accounted them separately. This money was spent on purchasing articles for research not connected with the grant-aided projects, or used for having articles (personal computers and the like) delivered that were different from those actually stated in the invoices and similar.	<ul style="list-style-type: none"> <li>○ Orders to return grant money March 16, 2010 (from Ministry) 470,000 yen March 24, 2010 (from JSPS) 3,950,000 yen (Total money ordered returned: 4,420,000 yen)</li> <li>○ Suspension of eligibility to make applications For 4 years: 4 persons (4 persons). For 1 year: 9 persons</li> </ul>
Hiroshima University	Priority Region R&D Promotion Program	FY2009	FY2005	Under the Priority Region R&D Promotion Program for FY2005, a teacher pretended, by means of false delivery statements and invoices, to have purchased consumable items. Then he had the university disburse money for the items and had a business hold the money in its keeping as entrusted money.	<ul style="list-style-type: none"> <li>○ Order to return commissioning fee June 8, 2009 (from JST) 1,330,000 yen</li> <li>○ Suspension of eligibility to make applications For 4 years: 1 person (1 person)</li> </ul>
National Institute of Infectious Diseases	Scientific Research Grant	FY2008	FY2003 to FY2005	Under Scientific Research Grants for FY2003 to FY2005, a teacher had research assistants draw up false compensation receipts, used the receipts to obtain grant money improperly by claiming that the compensations had been paid out-of-pocket by the Research Representative, and kept the money.	<ul style="list-style-type: none"> <li>○ Order to return grant money November 21, 2008 (from JSPS) 1,540,000 yen</li> <li>○ Suspension of eligibility to make applications For 4 years: 1 person</li> </ul>

## Some example cases where orders to return or restrictions on making applications were implemented with regard to improper use of competitive funds in the period FY2006 to FY2013 (as of March 31, 2014) ②

Research institution	Funding source	FY of revelation	Applicable FY(s)	Outline of impropriety	Education Ministry's action
Meijo University	Scientific Research Grant	FY2010	FY2007	Under the Scientific Research Grant for FY2007, a teacher had a student who was a research collaborator draw up false attendance records, used the records to make the university process claims for fictitious compensations, collected the money claimed, and spent it on <b>travel and other expenses pertaining to that student's conference participation.</b>	<p>○ Order to return grant money September 29, 2010 (from JSPS) <b>40,000 yen</b></p> <p>○ Suspension of eligibility to make applications <b>For 4 years:</b> 1 person (1 person)</p>
Mejiro University	Scientific Research Grant	FY2008	FY2005	Under the Scientific Research Grant for FY2005, a teacher included, in expenses pertaining to overseas travel, <b>expenses for business that could not be deemed to be part of a research trip.</b>	<p>○ Order to return grant money December 11, 2008 (from Ministry) <b>390,000 yen</b></p> <p>○ Suspension of eligibility to make applications <b>For 5 years:</b> 1 person</p>
Ritsumeikan University	Scientific Research Grant	FY2007	FY2001 to FY2006	Under the Scientific Research Grants for FY2001 to FY2006, teachers claimed for fictitious compensations in the name of students affiliated to the laboratory, made the students give the compensation money back to the laboratory when they had received it, <b>and used it for supporting foreign students, for students' field survey activity expenses and conference participation expenses, and for other laboratory operating costs.</b>	<p>○ Orders to return grant money June 27, 2007 (from Ministry) 610,000 yen May 30, 2007 (from JSPS) 4,990,000 yen</p> <p>○ Suspension of eligibility to make applications <b>For 4 years:</b> 1 person (1 person). <b>For 5 years:</b> 1 person (1 person)</p>
Ritsumeikan University	Scientific Research Grant	FY2007	FY2003 & FY2004	Under the Scientific Research Grants for FY2003 and FY2004, <b>in order to assist foreign students with their tuition fees and living costs</b> , teachers improperly claimed expenses for part-time work that the students had not actually done.	<p>○ Order to return grant money February 26, 2007 (from JSPS) 800,000 yen</p> <p>○ Suspension of eligibility to make applications <b>For 4 years:</b> 1 person (1 person). <b>For 1 year:</b> 5 persons</p>
<del>Ritsumeikan University</del>	<del>21st Century COE Program</del>	FY2007	FY2003 to FY2006	Under 21st Century COE Program funding for FY2003 to FY2006, teachers obtained fund money for their laboratory via disbursements for part-time work that was not actually performed, and one of them engaged in private use of the money by placing fictitious orders with a company run by his own father.	<p>○ Order to return grant money May 11, 2007 13,210,000 yen</p> <p>○ Suspension of eligibility to make applications <b>For 4 years:</b> 1 person (1 person). <b>For 5 years:</b> 1 person (1 person)</p>

## For Reference: The amendments to the Guidelines for Appropriate Spending of Competitive Funding

The government's Guidelines for Appropriate Spending of Competitive Funding (agreed September 9, 2005 by the Relevant Ministries' Liaison Committee on Competitive Funding) were amended in October 2012, with major changes to the restrictions on applications (see Tables 1 & 2 below).

In line with this, JST for example has published "Details of Amendments of the System of Applying for Public Research Funds" ([http://www.jst.go.jp/report/2012/pdf/kaisei\\_201212.pdf](http://www.jst.go.jp/report/2012/pdf/kaisei_201212.pdf)). The amendments are to take effect on January 1, 2013. (However, the 10 years (restriction) for "private use", the 5 years for "private-use acts that have a large impact on society and are highly pernicious", and the 2 years for "breach of the good manager's care obligation" will take effect on April 1, 2013.)

Table 1

Persons to be subjected to application restriction for improper use or improper receiving (3.)	Seriousness of improper use		Application restriction period
Researchers who commit improper use, and researchers who collude with them (3.(1))	1. Private use for obtaining personal gain		10 years
	2. Cases other than 1.	① Private-use acts that have a large impact on society and are deemed to be highly pernicious	5 years
		② Cases other than ① and ③	2 to 4 years
		③ Private-use acts that have a small impact on society and are deemed to be slightly pernicious	1 year
Researchers who receive competitive funding through mendacity or other improper means, and researchers who collude with them			5 years
Researchers who, although they do not directly take part in improper use, commit use that breaches the good manager's care obligation (3.(3))			Half of the application restriction period for researchers who commit improper use (maximum 2 years, minimum 1 year; fractions of years to be rounded down)

Table 2

Persons to be subjected to application restriction for improper acts (4.)			Seriousness of improper act	Application restriction period
Persons who take part in improper acts (4.(2))	1. Particularly pernicious persons, such as those who have the intention to commit improper acts right from the start of research			10 years
	2. Authors of papers, etc., pertaining to research in which improper acts occur	Authors who bear responsibility for papers, etc., (supervisors, representative authors or persons deemed to bear responsibility equivalent to these)	Acts that have a large impact on progress of research in the field concerned or on society, or that are deemed to be highly pernicious	5 to 7 years
			Acts that have a small impact on progress of research in the field concerned or on society, or that are deemed to be slightly pernicious	3 to 5 years
		Authors other than the above		2 to 3 years
	Persons who take part in improper acts other than those in 3.1 and 2.			2 to 3 years
Authors who, although they do not directly take part in improper acts, bear responsibility for papers, etc., pertaining to research in which improper acts occur (supervisors, representative authors or persons deemed to bear responsibility equivalent to these)			Acts that have a large impact on progress of research in the field concerned or on society, or that are deemed to be highly pernicious	2 to 3 years
			Acts that have a small impact on progress of research in the field concerned or on society, or that are deemed to be slightly pernicious	1 to 2 years

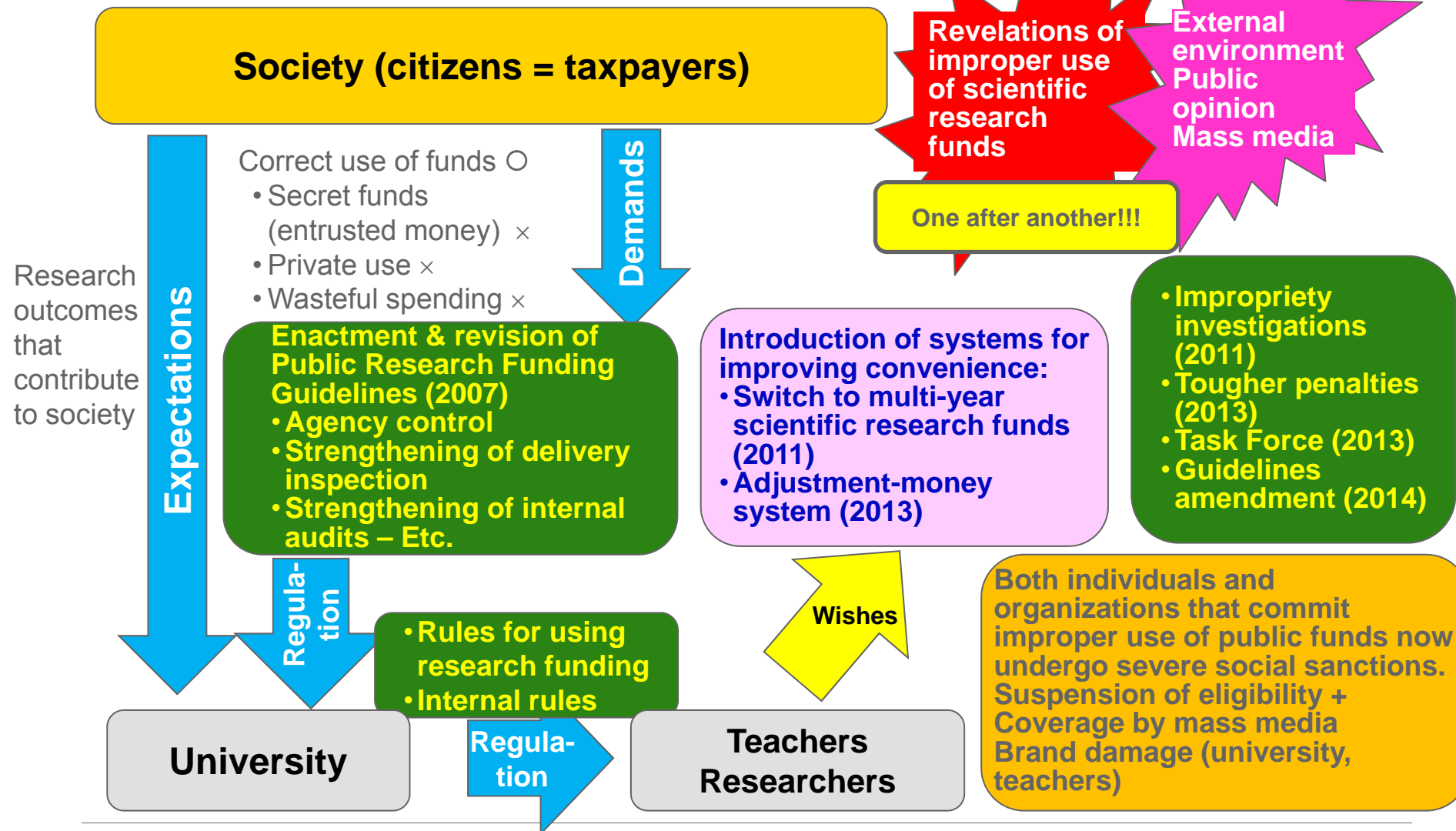
---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
V	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
VI	Summary

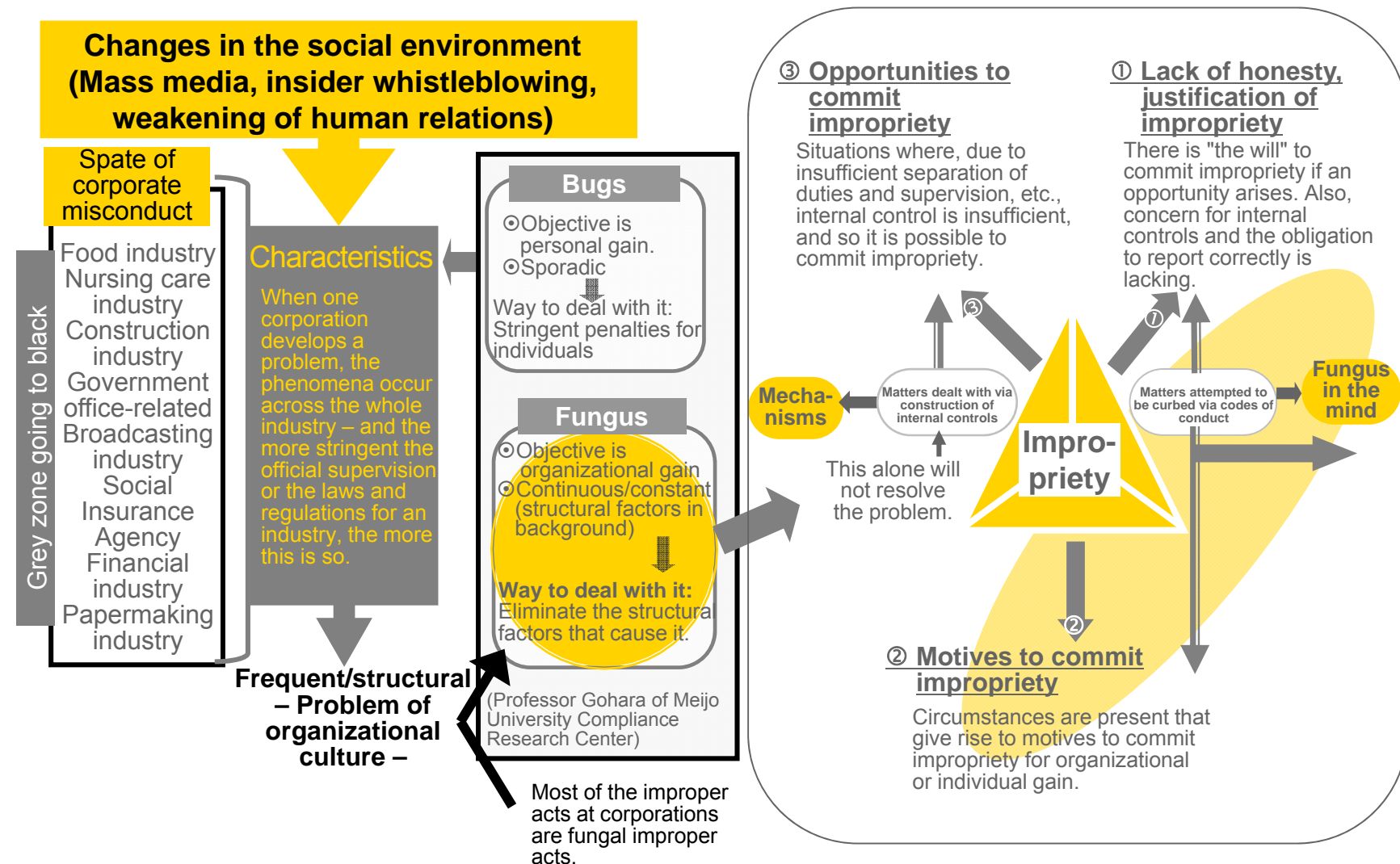


### III-1. Demands and expectations from society, and compliance with laws and regulations: Improper use of public research funds

- ✓ Do you think of research funds as your own money?
- ✓ Can you adequately explain the uses of research funds to society?



## III-2. For understanding of compliance → Characteristics of unlawful acts in Japan



---

### III-3. For understanding of compliance → The "Impropriety Triangle"

---

**Factor analysis of research fund impropriety occurrence** (from Education Ministry training materials)

**Motives:** Because they wanted to use research funds as they desired, or privately, regardless of the use purpose or fiscal year for use

**Opportunities:** Setup was such that researchers carried out all procedures from ordering to delivery, attendance management was left to the laboratories, and there was inadequate checking of business trip claims

**Justification :** Lack of compliance-consciousness with regard to rules, and of awareness that funds are public

#### ① Reasons for justification of impropriety

- They themselves are not being justly evaluated (their salaries are low, they are not promoted).
- The people around them are doing the same kind of thing (it cannot be helped, in order to secure research funding).
- What they do is for society (in order to produce research outcomes).

#### ② Motives present for committing impropriety

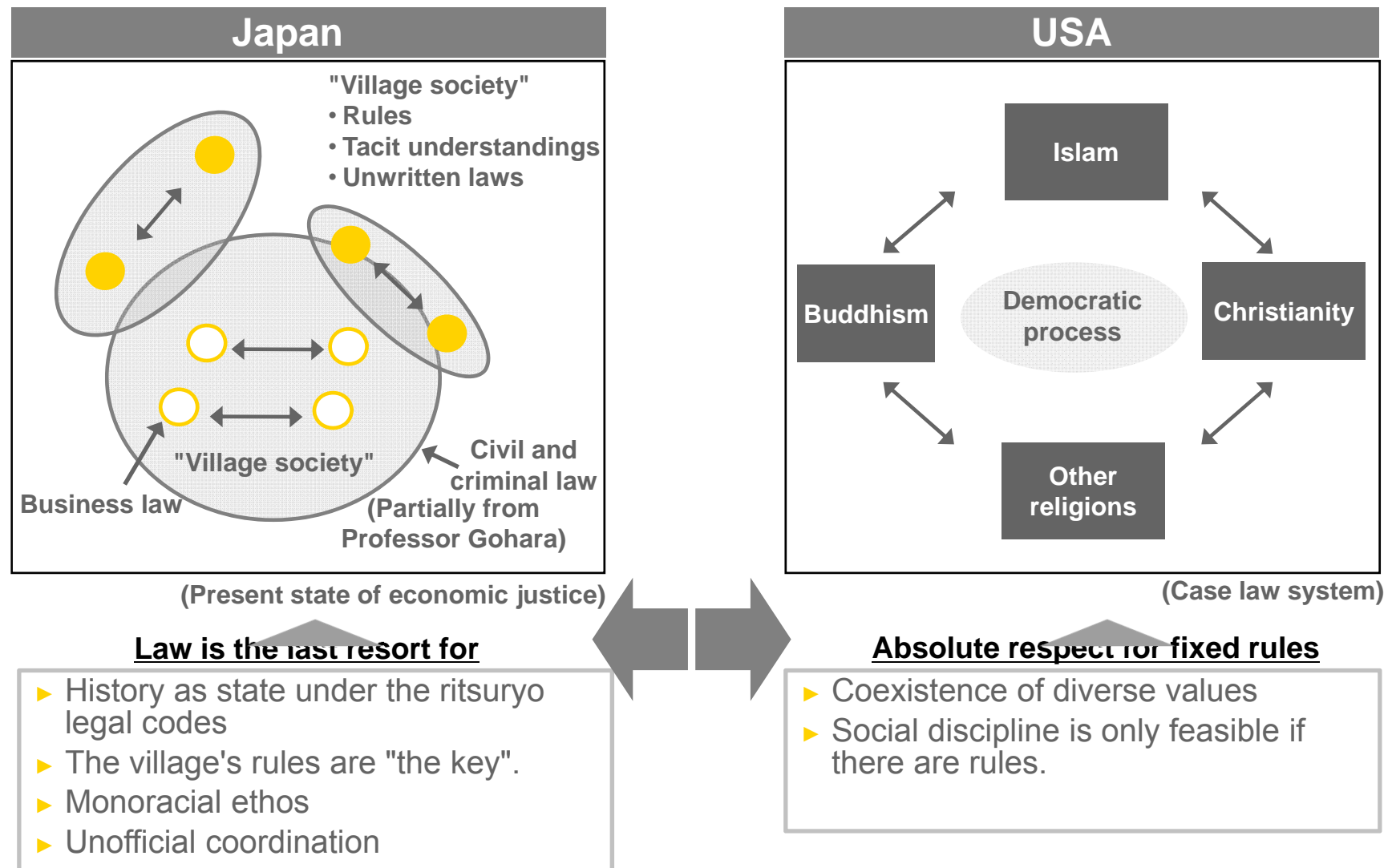
- Personal circumstances (debts, gambling, failed investments, luxury, business's willingness to do anything to help)
- Social problems (recession, isolation, (retaliation for) unfair treatment)
- Systemic defects (if all the money for one year is not spent, the next year's funds are pared down)

#### ③ Opportunities present for committing impropriety

- There is cash in front of them, and nobody is looking.
- The person who fills out an accounting slip is the same as the person who approves it (the whole process is done by a single person).
- Internal control functions have become skeletal (checking is merely formal, leading to collusion).

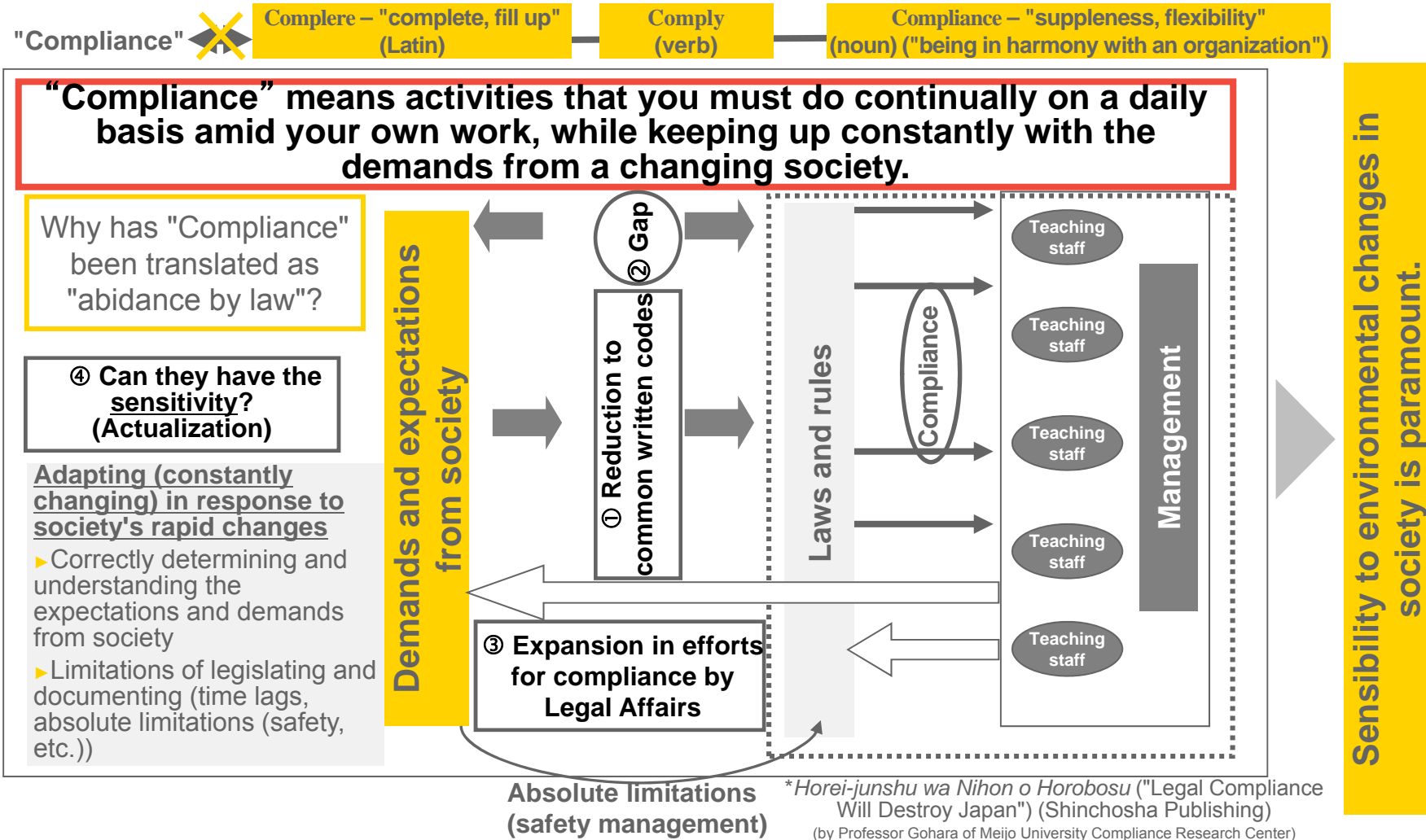
### III-4. For understanding of compliance

→ Positioning of law in an economic society as regards the fountainheads of misconduct occurrence



### III-5. Correct understanding of compliance

→ It is *adaptation to social demands*.



---

---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
V	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
VI	Summary

## IV-1. About the amendment of the Guidelines

### I. Background and intent of the amendment

- In August 2013, there was set up under the Vice Minister of Education a Task Force on Improper Acts in Research and Improper Use of Research Funds, which conducted a general summing-up of the action taken thus far and deliberated action measures for the future. In September of the same year it issued an Interim Report.
- In response, on the basis of discussions by the Expert Council on Appropriate Management of Public Research Funds set up at the Research Promotion Bureau, new standards were provided regarding the basic policies in the Interim Report, namely: ① measures for proactively preventing impropriety, ② clarification of organizations' management responsibility, and ③ supervision and support by the government, and furthermore, an amendment of the Guidelines was carried out with the intent of ④ concretizing and clarifying the Guidelines with due consideration of the status of efforts by various agencies to date and the factors in the occurrence of research impropriety in recent years.

### II. Outline of the amendment

#### ① Measures for proactively preventing impropriety

- In order to have the consciousness permeate all staff members (researchers and administrative staff): making compliance course attendance obligatory, and implementation of rigorous course attendance management (including imposition of pledges). [Relating to Section 2 (3)]
- In order to inhibit individual researchers and raise organizations' transparency with regard to society: rigorous publication of the results of investigations, including the names, in impropriety cases. [Relating to Section 2 (4)]
- In order to encourage provision of environments for inhibiting impropriety:
  - implementation by the government of agile investigations into urgent or extraordinary cases pertaining to improper use; [Relating to Section 7 (1)]
  - implementation of acceptance inspection, and submission of the specific methods, etc., with regard to special services (program development and the like); [Relating to Section 4]
  - implementation of prioritized risk-based auditing, including spot-checks and similar, with regard to impropriety risks; [Relating to Section 6]
  - imposition of pledges on business partners, and rigorous familiarization of all members with measures for preventing cozy relationships, including elimination/reduction measures regarding self-declaration of improper transactions in the past. [Relating to Section 4]

---

## IV-2. About the amendment of the Guidelines

---

### ②Clarification of organizations' management responsibility

- In order to strengthen internal controls, newly **create Compliance Promoters** who will have the roles of monitoring and giving improvement guidance on compliance education course attendance management and management/spending of competitive funds, etc. [Relating to Section 1]
- In order for clarification of the promoters' management supervision responsibilities and roles:
  - encourage **the placement of and/or provision of these for internal codes, including disciplinary codes**; [Relating to Section 2 (4)]
  - demand **active dissemination of information on the various codes**, including the disciplinary formalities, etc. [Relating to Section 5]
- In order for speedy elucidation of the whole picture regarding incidents:
  - **set a time limit for impropriety investigations (in principle no more than 210 days)**; [Relating to Section 2 (4)]
  - bring in measures to **suspend spending of research funds by individual researchers**, and **reduce the institution's indirect expenses pertaining to competitive funds (maximum 10% according to number of days)**, when an investigation report is delayed. [Relating to Section 8]
- In order to encourage system provision/development under institutions' management responsibility:
  - ① assign management conditions\*; and in cases where management conditions are found not to be performed, bring in phased measures such as ② **reducing indirect expenses under the competitive funding system (maximum 15%, according to the phase)**, or ③ **suspending allocations**. [Relating to Section 7 (2)]

\* "Management conditions": conditions for continued granting of funds, setting forth matters for improvement of system provision/development by an institution, and a time limit for their performance.



## IV-3. About the amendment of the Guidelines

### ③Monitoring and support by the government

- In order to raise the government's capabilities for monitoring and information dissemination with regard to the institutions:
  - **diversify and/or strengthen capabilities for investigation and monitoring** of institutions (introduce agile investigations, etc.); [Relating to Section 7 (1)]
  - **intensify information dissemination through publication of investigation results**, including examples of institutions' effective efforts, and **provide support for organizational reform**. [Relating to Section 7 (1)]
- In order to raise the transparency of institutions' internal investigations, etc., demand **introduction of third-party perspectives** (setting up of whistleblowing contact points in third-party organizations, etc., setting up of investigative committees that include third parties, etc.). [Relating to Section 2 (4)]
- In order to support the institutions' impropriety prevention measures, provide them with: model forms for investigation reports; specific items that ought to be incorporated in internal codes; self-checking sheets; etc.

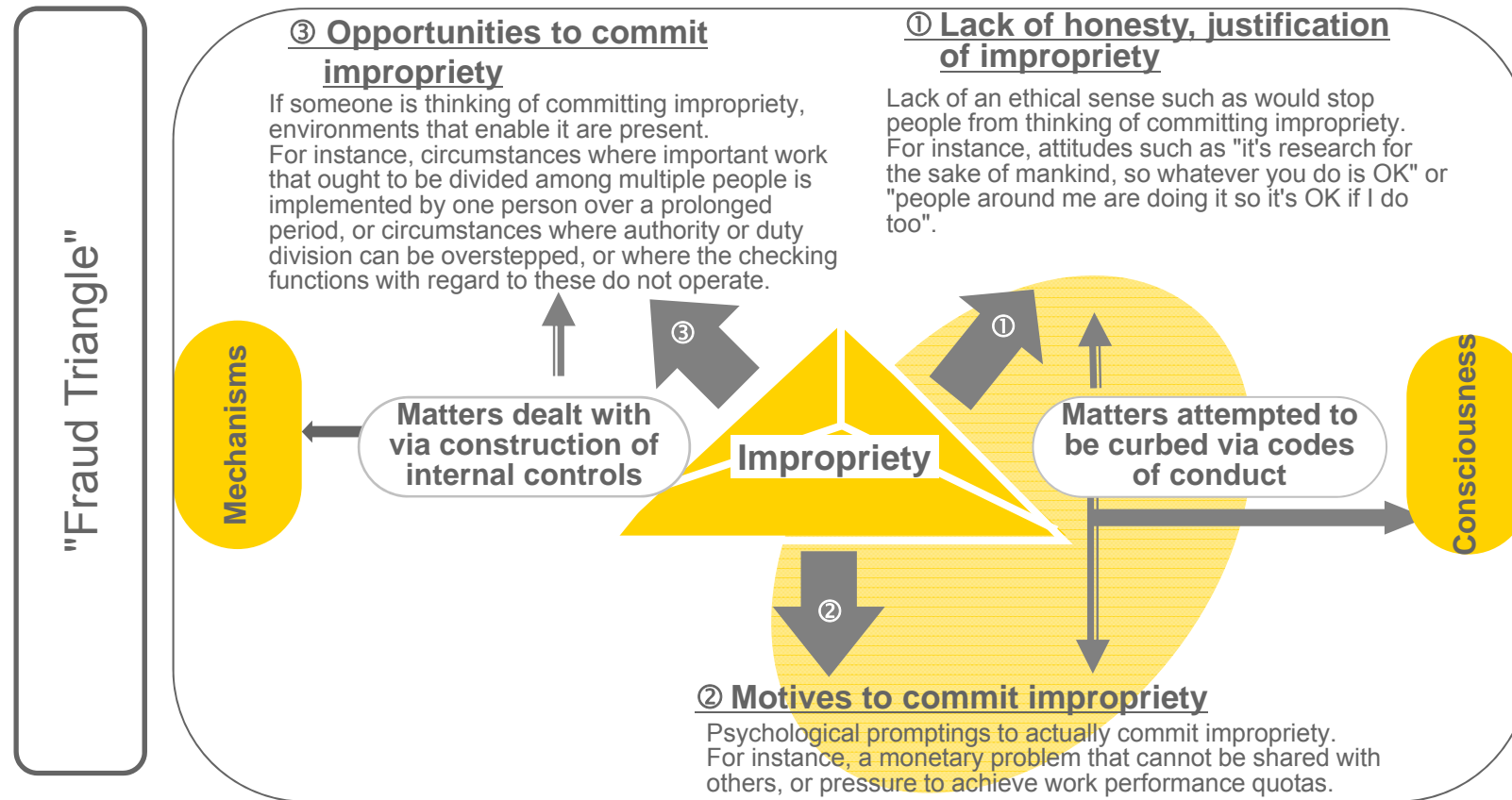
### ④Concretization and clarification of current standards

- Clearly set forth specific methods, etc., for each of the following: **order placement, acceptance inspection, business trip, part-time employment management, etc.** [Relating to Section 4]; **internal auditing** [Relating to Section 6] – Etc.
- Clearly set forth the risks observed in research impropriety over recent years [Relating to Section 3 (1)] and countermeasures for them [Relating to Section 4], etc.  
Example: **Business partners taking things away with them or repeat-using them**, which evades third-party checks.

## III. Timing of coming into effect

- **The amendment will be effective from FY2014 onward.** The reducing of indirect expense amounts and similar measures will **apply to competitive funding systems from their FY2014 initial budgets onward.**

## IV-4. Background to research fund impropriety



**Factor analysis of research fund impropriety occurrence** (from Education Ministry training materials)

**Motives:** Because they wanted to use research funds as they desired, or privately, regardless of the use purpose or fiscal year for use

**Opportunities:** Setup was such that researchers carried out all procedures from ordering to delivery, attendance management was left to the laboratories, and there was inadequate checking of business trip claims

**Justification:** Lack of compliance-consciousness with regard to rules, and of awareness that funds are public

## IV-5. What the problems are – Things required by the Guidelines

### → Consciousness reform

#### Consciousness reform

- Attitude of justification ×
- Motivation ×

**Research funds that are sourced from taxes are not the teachers' personal money.**

- Society demands appropriate use of research funds.
- It demands that research funds be used appropriately and effectively for purposes of research, in accordance with rules (university-internal rules formulated in line with the Guidelines determined by the Education Ministry).

Highest manager: University President

Supervising manager: Vice President, or Director in charge of research

Compliance promoters: Deans, Graduate School Deans

#### Items to be implemented by organizations

- **Formulation of codes of conduct**
- **Putting rules in place** (rules for goods purchasing; clarification of authority and responsibility; setting up of third-party committee for when incidents occur; clarification of penalties)
- **Formulation of impropriety prevention plans** (Determination of impropriety occurrence risks and how to deal with them)
- **Putting in place a backup system for easy carrying-forward of research funds**

#### Items to be made known directly to all staff through compliance education

Matters to be communicated

- Teachers' authority and responsibility in using research funds  
Screening of suppliers; accountability for order amount determination; liability to indemnify in the event of improper use
- Accountability regarding research acts and goods usage
- Familiarization with codes of conduct
- Familiarization with rules and manuals, and explanations of their backgrounds and intents
- Familiarization with carry-forward system for research funds
- Consultation services (consultation available at any time)
- Measures with regard to improper use → penalty rules
- Checking structures and whistleblowing systems with regard to research fund use  
System of rules; structures for verification by administrative staff; internal auditing; monitoring; internal and external whistleblowing; linkage with businesses  
→ Get it across to them that they will definitely be found out.
- Past cases of disciplining of impropriety  
Certainty of being found out, and what will become of them as a result  
→ They will lose not only their achievements and reputation, but their future. Their university's brand will be damaged.

#### Follow-up of results

- **Management of course attendance history**  
Teachers to attend in person (obligatory)
- **Verification of their degree of understanding**
- **Obtainment of a pledge:**
  - to abide by the institution's rules
  - not to commit impropriety
  - to shoulder their responsibility

**Consciousness and knowledge to "Look before they leap"**

## IV-6. What the problems are – Things required by the Guidelines

### → Internal controls

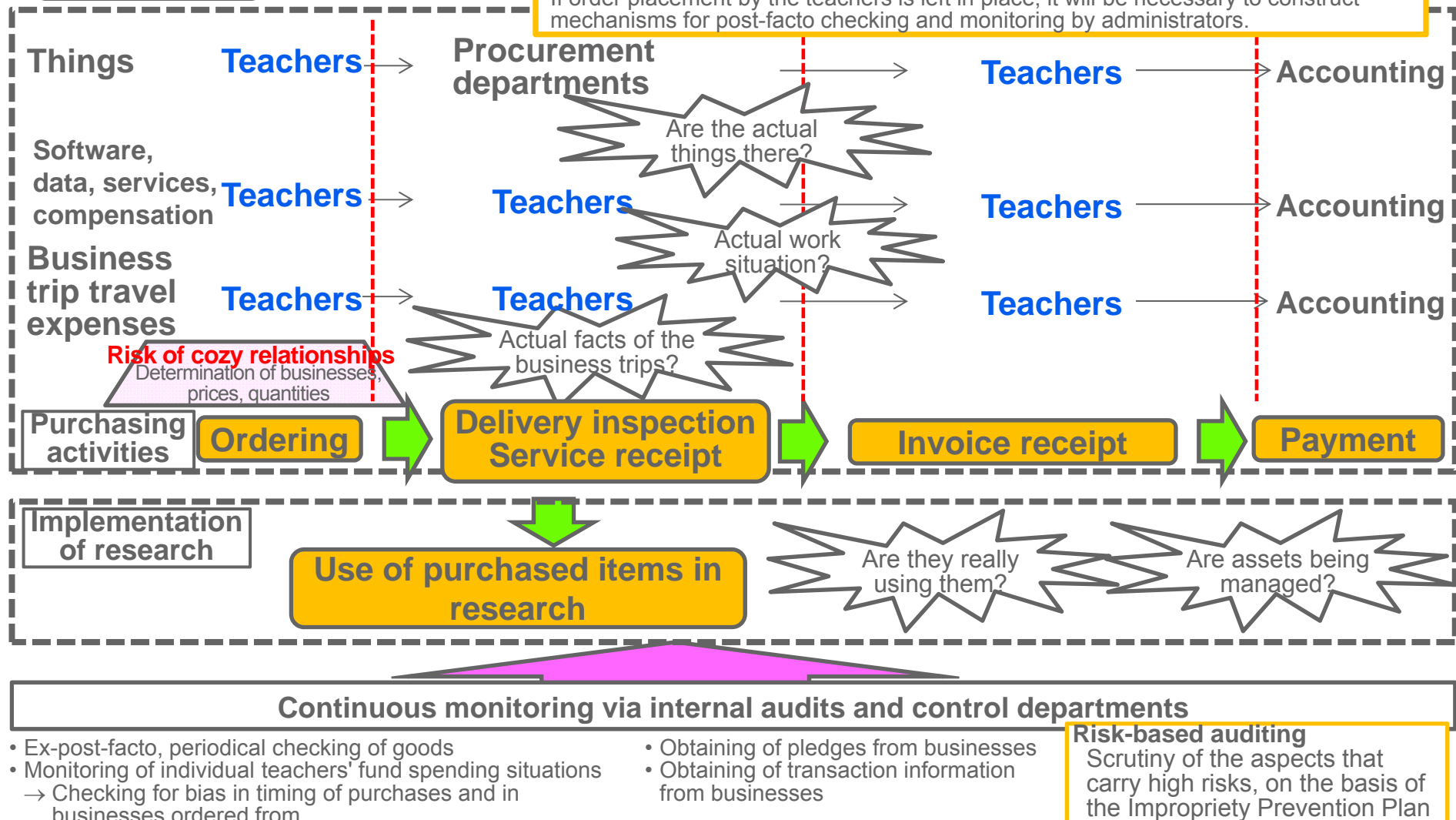
**Internal controls**

Eliminate opportunities for impropriety

The Guidelines state that **in principle, all procurement activities should be carried out by the administrative departments.**

The key thing is to what extent the "Teachers" in the diagram below can be replaced by the administrative departments.

If order placement by the teachers is left in place, it will be necessary to construct mechanisms for post-facto checking and monitoring by administrators.



## IV-7. Elaboration of individual Guidelines

### Concerning clarification of rules and raising of consciousness of persons concerned

Research institution	Funding source	FY of revelation	Outline of impropriety	Education Ministry's action
Niigata University	Scientific Research Grant	FY2008	Under Scientific Research Grants for FY2002 to FY2006, <b>teachers had graduate students draw up attendance records for work they had not actually done, claimed the compensation</b> from the university out of the grant money, and spent it on the graduate students' travel expenses for conference participation.	<ul style="list-style-type: none"> <li>○Order to return grant money May 13, 2008 (from JSPS) <b>340,000 yen</b></li> <li>○Suspension of eligibility to make applications</li> <li>For 4 years: 1 person (1 person).</li> <li>For 1 year: 8 persons</li> </ul>

#### Guidelines Section 2 (1) Clarification and unification of rules – items requiring implementation by institutions

②When implementing, determine the course attenders' attendance status and **their degree of understanding**.

#### Guidelines Section 2 (1) Clarification and unification of rules – instructions for implementation

③In familiarizing them with the rules, strive to explain the rules in easily understandable forms, from perspectives that are suited to their particular duties – those of the researchers and of the administrative staff, etc. It will also be **desirable to render the rules familiar across a broad range of people – not only research assistants involved in the running and management of competitive funds, etc., but also other students, etc., who are involved in such**.

#### ③Guidelines Section 2 (3) Raising of consciousness of persons concerned – instructions for implementation

③ If you do not **seek written pledges or similar from all staff members involved in running/managing competitive funds**, you may not be able to impart the consciousness that they are obliged to comply with the things they learn on the course, nor to strictly take punitive action against those who commit impropriety.

Therefore, it will be necessary to **clearly prescribe the submission of written pledges, and their content, via the internal codes or similar**, and have the pledges submitted at the course lectures or similar opportunity (or in the case of new recruits or transferees, whenever convenient), so as to impart consciousness of the things that must be complied with.

In order to assure effectiveness, it will also be necessary, via the internal codes or similar, to clearly state that the submission of a written pledge will be a condition for applying for competitive funding, etc., and that if a person does not submit it, he/she will be unable to be involved in running or managing competitive funds, etc.

### Main points

- ✓ Institutions are required to determine degree of understanding and implement management of pledge submission.
- ✓ Research assistants and students are also to be familiarized with the Guidelines, so as to produce a structure under which it will be hard for impropriety to occur.

## IV-8. Elaboration of individual Guidelines

### (1) Determination of fund spending situations and imposition of pledges

Actual facts of spending of scientific research funds to date and characteristics of inappropriate use cases

- Concentrated spending toward end of fiscal year
- Occurrence of entrusted money due to cozy relationships with partner businesses

#### Action by Japan Society for the Promotion of Science

- Switch to multi-year scientific research funds
- Carry-balance-forward system (1 A4 sheet giving reasons)
- Adjustment-money system

To be expanded/improved over the future

#### Demands to research institutions

##### Guidelines Section 4

Items requiring implementation by institutions

- ① **Examine the budget spending situation, and check whether it conforms to the actual facts.** If budget spending is proceeding markedly slower than the initial plan, check whether there are any problems with execution of the research plan, and take measures to ameliorate any problems found.
- ② **Identify the disbursement sources in the order placement stage, so as to be able to promptly determine the budget spending situation.**
- ③ Lay down your institution's policies for punitive measures, such as suspension of transactions, toward businesses that take part in improper transactions. Thoroughly familiarize businesses with such policies, including the institution's policies and rules for impropriety countermeasures, and **where appropriate from consideration of the transactional record (number of transactions, money amounts, etc.) and the risk factors and effectiveness for the institution, request businesses to submit written pledges.**

**Institutions are required to determine the transactional situation of each research project.**

## IV-9. Elaboration of individual Guidelines

### (2) Acceptance inspection for special services

Research institution	Funding source	FY of revelation	FY of revelation	Outline of impropriety	Education Ministry's action
Hosei University	21st Century COE Program	FY2007	FY2004	Under 21st Century COE Program funding for FY2004, a teacher ordered the service of turning published material into CD-ROMs, as part of research hub formation activities, but inappropriately account-processed most of that work as being outsourced to himself/herself from the business that the order was placed with. This meant that he/she was siphoning back the funds.	<ul style="list-style-type: none"> <li>○ Order to return grant money May 11, 2007 920,000 yen</li> <li>○ Suspension of eligibility to make applications For 5 years: 1 person (1 person)</li> </ul>

#### Guidelines Section 4 Activities for appropriate running and management of research funds

- ⑦ Establish and apply effective and clear rules **concerning acceptance inspection for special services (such as development/creation of databases, programs or digital contents, and maintenance or inspection of equipment).**

#### Instructions for implementation

- ⑧ Include special services among the items subjected to acceptance inspection. In principle, where there are tangible deliverables, conduct acceptance inspection using the deliverables themselves and the completion report and other documents that enable verification of performance. **Where necessary, a person who is not the one ordered the service and is knowledgeable in the relevant specifications, work procedures and so forth should conduct detailed checks of these, including post-facto spot checks.**

Also, in the case of equipment maintenance/inspection without tangible deliverables, it will be necessary for the acceptance inspectors to conduct on-site verification, by witnessing the work, etc.

What “**where necessary**” means …Q&A 410

Likely cases are for example: where the providing business has a transactional record with a particular laboratory only; where the providing business and the order-placing person have a special interest between them; or where the reasons for selecting the providing business are meager or the selection is otherwise doubtful.

#### Main points

- ✓ Acceptance inspection applies also to development/creation of databases, programs or digital contents, maintenance or inspection of equipment, and the like.
- ✓ **Even after acceptance inspection has been conducted on a service, it is possible that additional, ex-post-facto checks may be carried out, such as verification or detailed interviewing of the business, or examination by a third party.**



## IV-10. Elaboration of individual Guidelines

### (3) Management of highly cashable goods

Research institution	Funding source	FY of revelation	FY of revelation	Outline of impropriety	Education Ministry's action
Aichi Medical College for Physical and Occupational Therapy	Grants-in-aid for Scientific Research	FY2012	FY2009	Under the Scientific Research Grant for FY2009, a teacher used, for purposes other than research, consumable items that had been purchased for research purposes, and moreover improperly put part of such consumable items to private use, for example by reselling them.	○Order to return grant money March 27, 2013 (from JSPS) <b>10,000 yen</b> ○Suspension of eligibility to make applications For 5 years: 1 person (1 person)

#### Guidelines Section 4

- **Highly cashable goods are to be appropriately managed.**
- Manage such goods appropriately by clearly indicating them as having been purchased with competitive funds, etc., and also in such ways as **keeping records that enable their locations to be known.** (FAQ 412-414)
- Examples of such goods: **PCs, tablet computers, digital cameras, video cameras, TVs, video recorders, cash vouchers**
- To the extent possible, also manage goods whose prices are below the criterion level for article, etc., management but which can be considered to have high risk of being resold or put to private use, etc. (Take costs and resources into account.)
- **Checking of the actual articles**

#### Goods acquisition

#### Use/storage

#### Actual-article checks

#### <Affixing of control No. sticker>

#### <Data management>

- Goods identification information (product No., model No., etc.)
- Manager, place where kept
- Acquisition date, useful life, expenditure, etc.

- Periodically sample-check a fixed proportion.
- Consistently monitor the goods via internal audits, etc.

#### Main points

- ✓ **Even though consumable items are not registered fixed assets, they are to undergo ex-post-facto checking of actual articles by the secretariat or similar.**



## IV-11. Elaboration of individual Guidelines

### (4) Employment management – verification of work situation of part-time employees, etc.

Research institution	Funding source	FY of revelation	Applicable FY(s)	Outline of impropriety	Education Ministry's action
Hosei University	Grants-in-aid for Scientific Research	FY2013	FY2000	Under the Scientific Research Grant for FY2000, a teacher drew up false attendance records, used the records to claim reimbursement for fictitious out-of-pocket compensations from the university, received the money claimed, and used it to top up shortfalls in business-trip travel expenses.	<p>○Order to return grant money March 20, 2014 (from JSPS) <b>240,000 yen</b></p> <p>○Suspension of eligibility to make applications For 1 year: 1 person (1 person)</p>
Shizuoka University	Comprehensive Support Program for Regional Innovation	FY2013	FY2007	Under the Comprehensive Support Program for Regional Innovation for FY2007, a teacher had students make fictitious claims for compensation and for inflated hours, siphoned back in whole or in part the compensations paid to the students by the university, pooled such money, and spent it on payments for compensated work that were not in accordance with legitimate accounting procedures.	<p>○Order to return commissioning fee December 11, 2013 (from JST) 410,000 yen</p> <p>○Suspension of eligibility to make applications For 4 years: 1 person (1 person)</p>

#### Guidelines Section 4

- Employment management activities such as verification of part-time employees' work situation are, **in principle, to be implemented by the administrative departments.**
- So that employment management is not left to the laboratories, **it will be necessary for the administrative departments, at the time of hiring or periodically, to interview hirees and/or explain to them the work conditions, making sure that they know about the attendance records and the contents of the work.**

#### Main points

- ✓ Administrative departments are to impose curbs on compensation payments, to make sure that they are for real work.
- ✓ For monitoring also, conducting interviews on some of the part-time employees regarding their actual work situation is cited as an example.

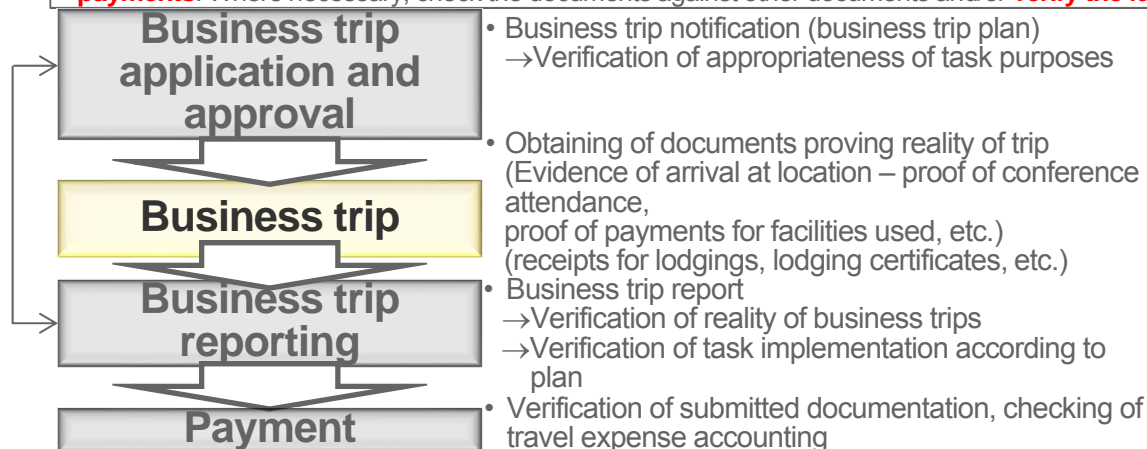
## IV-12. Elaboration of individual Guidelines

### (5) Determining/verifying implementation status, etc., of business trip plans

Research institution	Funding source	FY of revelation	FY of revelation	Outline of impropriety	Education Ministry's action
Tokyo University of Agriculture and Technology	Grants-in-aid for Scientific Research	FY2012	FY2007 to FY2010	Under Scientific Research Grants for FY2007 to FY2010, a teacher, despite having used transport means different from those he/she had declared to the university when applying for the business trip expenses, failed to report to that effect, and made the university pay him/her the amounts initially applied for, so that he/she received excess payments of travel expenses. He/she pooled and used such balances for laboratory operating costs.	<ul style="list-style-type: none"> <li>○ Order to return grant money March 27, 2013 (from JSPS) <b>260,000 yen</b></li> <li>○ Suspension of eligibility to make applications For 2 years: 1 person (1 person)</li> </ul>
Aichi University	Grants-in-aid for Scientific Research	FY2012	FY2005	Under the Scientific Research Grant for FY2005, a teacher, despite having gone on a business trip with a schedule different from that he/she had declared to the university when applying for the business trip expenses, failed to report to that effect, and made the university pay him/her the amount (full amount) initially applied for, so that he/she received an excess payment of travel expenses.	<ul style="list-style-type: none"> <li>○ Suspension of eligibility to make applications Stern caution: 1 person</li> <li>Concerning Hitotsubashi University's portion: (*4)</li> <li>○ Order to return grant money March 29, 2013 (from JSPS) <b>10,000 yen</b></li> </ul>

#### Guidelines Section 4

- The setup should enable the **implementation status, etc., of researchers' business-trip plans** to be determined/verified by the administrative departments.
- Request submission of reports or similar that enable verification of trip tasks, places visited, places of lodging, persons with whom talks were held, etc., **and use such documents to verify the appropriateness of the task purposes and payment amounts received, including checking for duplicate receivings of payments.** Where necessary, check the documents against other documents and/or **verify the facts** of the trip.



#### Main points

- ✓ Regarding business trip travel expenses, Secretariat is to check whether fake trips, duplicate receivings of payments, trips for non-research purposes, excess claims, etc., have taken place.

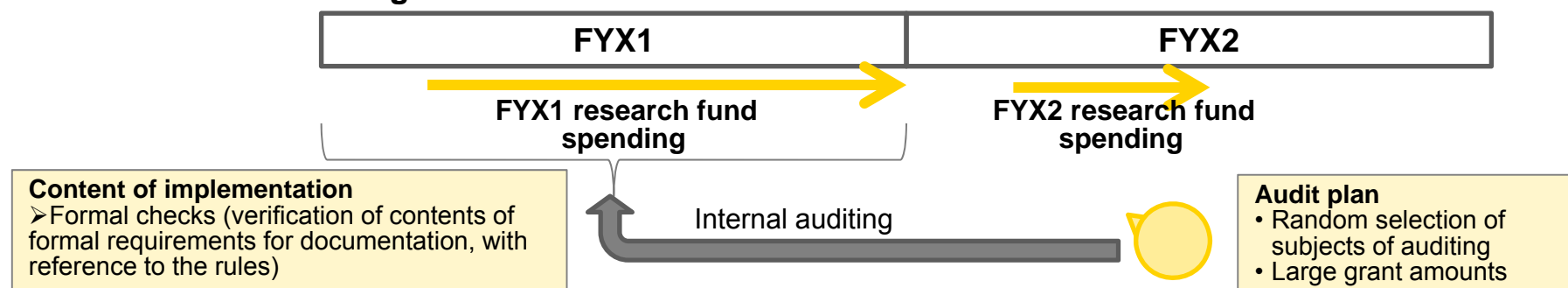
## IV-13. Elaboration of individual Guidelines

### The shape that monitoring should take

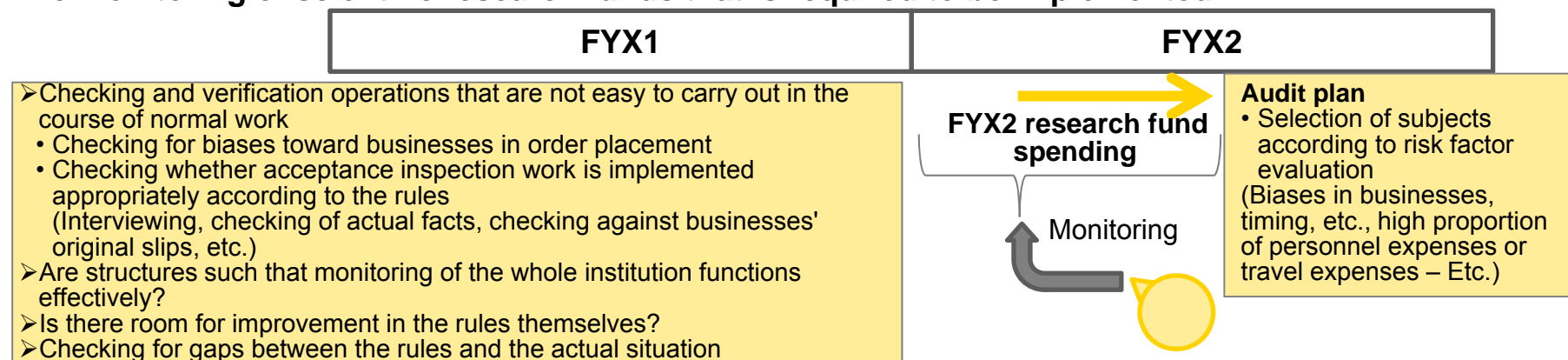
#### Guidelines Section 6

With the aim of minimizing the possibility of impropriety occurrence, it will be important to **put in place and implement monitoring structures that are effective from the perspective of the institution as a whole**. In addition to those, it will be necessary to: analyze the factors in impropriety occurrence, on the basis of the institution's actual circumstances; conduct prioritized and agile auditing regarding the risks of generating impropriety (**risk-based auditing**); and constantly enhance/strengthen organizational curb capabilities.

#### Previous internal auditing of scientific research funds



#### The monitoring of scientific research funds that is required to be implemented



## IV-14. Greater strictness in the Guidelines

The amended guidelines are intended to make **more specific and clearer** statements, as opposed to the "broad principle" approach used previously.

The efforts are to be carried out in due sequence during FY2014. It is considered that basically, **all the contents in the Guidelines will need to be implemented as effective measures.**

### 1. Clarification of relevant persons' responsibility

The following are required of the highest manager, the supervising manager, and the compliance promoters:

- To put in place internal codes or similar that lay down **roles (duties)**, etc.
- To position prominently in the internal codes or similar the fact that where failure to adequately fulfill managerial and supervisory responsibility results in impropriety, such failure will **be subjected to disciplinary action.**

### 2. Clarification of disciplinary action for institutions

- (1) Education Ministry's surveys on state of implementation
- 1) State-of-compliance survey (annual, on fixed selected number)
  - 2) Agile investigations (conducted in addition to state-of-compliance surveys)
  - 3) Follow-up surveys 4) Special investigations

- (2) Investigation of impropriety
- 1) Whistleblowing concerning impropriety is received.  
⇒ Investigation report is submitted to allocation agency.  
\* Decision on whether investigation is needed is taken within 30 days of receiving, and reported to allocation agency.  
\* Final report is submitted to allocation agency within 210 days of receiving.
  - 2) Impropriety pointed out by media or external institution  
⇒ Same as above

- Collective responsibility
- Survey determines that inadequacy exists
  - Institutions that Education Ministry determines not to have made improvements in structure provision

- (a) Assignment of management conditions (Education Ministry)
- ↓
- (b) Reducing of indirect expenses / raising of reduction percentage (allocation agency)
- ↓
- (c) Suspension of fund allocation (allocation agency)

- Institution found to have impropriety by allocation agency

- (a) to (c) above
- (d) Return of research funds, etc.

- Penalty for report delay

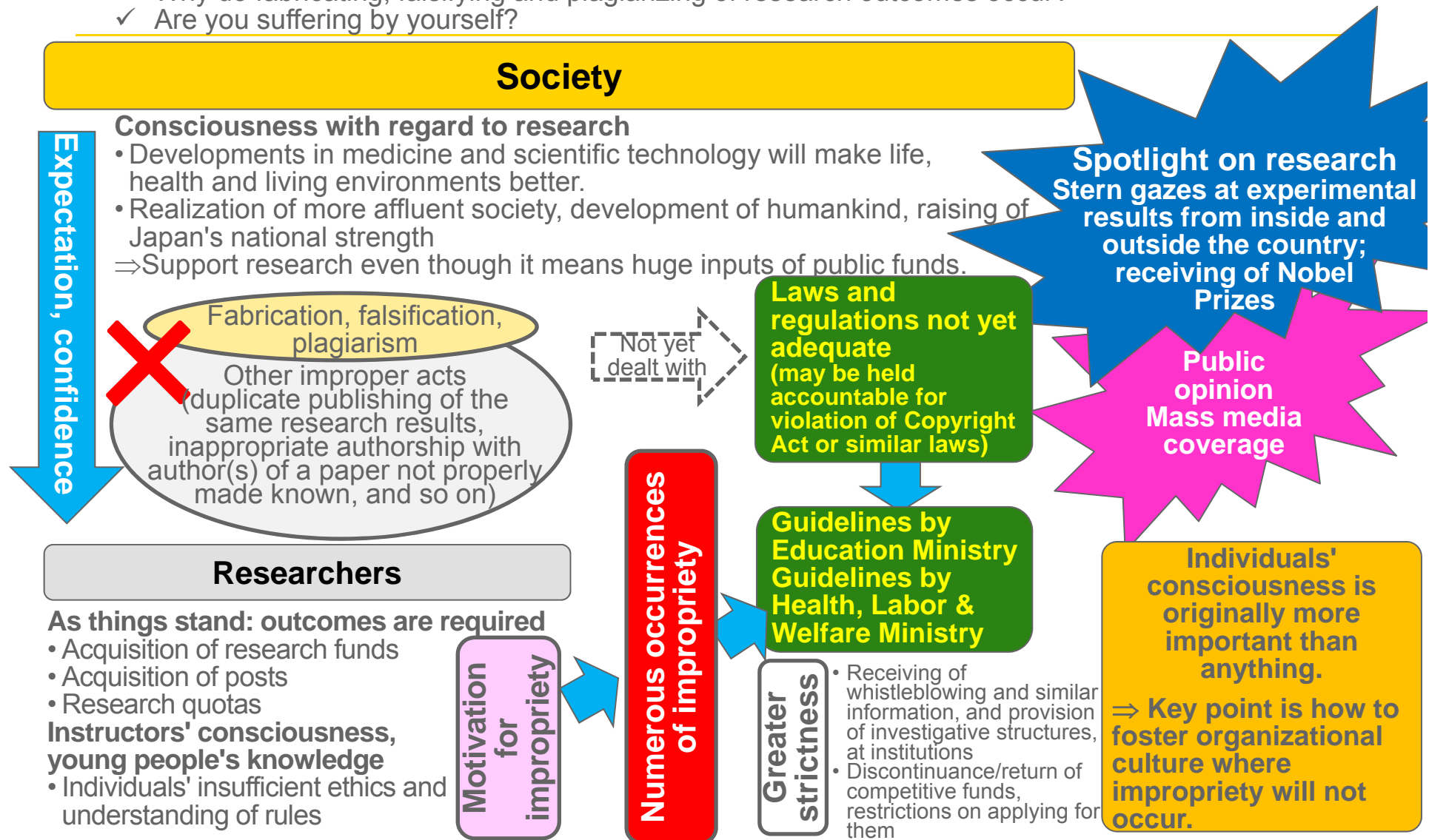
Reduction of indirect expense assistance amount

---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
V	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
VI	Summary

## V-1. Demands and expectations from society, and compliance with laws and regulations: Improper acts in research activities

- ✓ Why do fabricating, falsifying and plagiarizing of research outcomes occur?
- ✓ Are you suffering by yourself?



## V-2. Improper acts in research activities – Cases of occurrence overseas

### Incident of falsification and fabrication by Physicist Schön, 2002

Working as a researcher at the U.S.'s Bell Laboratories, physicist Hendrik Schön (born 1970) made organic superconductivity into reality using completely new mechanisms. He went on to compile his research outcomes into a total of 63 papers, of which 7 were featured in *Nature* and 9 in *Science* over the short space of 3 years – a prodigious achievement. But his research institution received accusations that deliberate improper acts were observable in many of his papers, and conducted an investigation. Schön was found to have committed impropriety in 16 of the papers, and was fired.

Opportunity, motivation and rationalization – when people have all three of these, they are likely to break rules, and to go further and commit improper acts. (This is the "Fraud Triangle" theory put forward by U.S. criminologist D.R. Cressey.)

In the incident, the *opportunities* were revealed. They included non-operation of functions for checking papers. Also revealed were the *rationalizations*, including that it is more difficult to prove fraud than to prove truth. But it is said that the *motivations* – why he committed the improper acts – could not be brought to light even by the investigations conducted by the research institution's investigative committee.

Not much literature has been written about improper acts committed by researchers, but for reference we cite below some remarks made from a researcher's perspective by Dr. David Goodstein, Professor of Physics at the California Institute of Technology.

*A researcher's career is influenced by considerations of advancement, research funding, disciples and awards. Hence, in order to obtain a good rating as a first-grade researcher, or in order to go on keeping their first-rate status, they will commit fraud. Also, there's a saying in the world of science that "if you don't write papers you'll lose your job", and second- or third-grade researchers will commit fraud out of fear of losing their jobs.*

The pressure to "get ahead" and "write papers" becomes a motivation for impropriety, and the more responsible and honest a person is, the more that may make him rationalize impropriety by thinking "a small amount of deviation from the rules can't be helped".

We'd like you by all means to take this opportunity to avoid thinking of impropriety as something other people do, and look back and remember if you yourself may have had motivation for impropriety, or had a mindset prone to rationalizing it.



## V-3. Improper acts in research activities – Cases of occurrence in Japan (1)

Time and institution(s) of occurrence	Outline of improper act in research activities
<b>2013</b> 5 universities, including Kyoto Prefectural University of Medicine and Jikei University	<b>Diovan clinical research impropriety incident at Novartis Pharma</b> In clinical research for the antihypertensive drug (blood-pressure drug) valsartan (commercial name "Diovan") conducted by a Kyoto Prefectural University of Medicine professor and others, data was artificially manipulated so as to be advantageous for the drug. To give an example, an illness that did not appear in the patient records was artificially entered into the research paper data, and as a result of such fabrication, false conclusions were drawn, such as that the drug "posed lower risks of brain disorders or heart disease compared with other blood pressure drugs". The professor in question resigned in February. It emerged that an employee of Novartis Pharma, a pharmaceutical company that is the marketer of the drug, had been involved in the research with his identity disguised. Further, besides Kyoto Prefectural University of Medicine, the employee in question had also participated in clinical research at Jikei University, Chiba University, Nagoya University and Shiga University of Medical Science, in all cases concealing his affiliation with Novartis. He had even taken part in writing papers. When investigations by the university revealed the manipulation of data, the UK's leading medical journal <i>The Lancet</i> deemed it was "sufficient for doubting the reliability of the research" and took the step of withdrawing papers from Jikei University, etc., that it had previously published.
<b>2013</b> University of Tokyo Institute of Molecular and Cellular Biosciences	<b>Scientific paper impropriety incidents</b> The interim report by the Committee on Standards of Conduct in Scientific Research concerning its investigation of scientific paper impropriety at the University of Tokyo's Institute of Molecular and Cellular Biosciences published the fact that image data lacking in scientific adequacy had been judged to have been used in 51 of the scientific papers issued by the Institute from 1996 to 2011, with a total of 210 images deemed to have been misappropriated, transferred from other use or pasted together, or to have been omitted, erased, or excessively adjusted. Also, in 43 of the papers, images had been manipulated by for example using image-editing software to paste multiple images together so as to look like a single image, and this was deemed to constitute research impropriety (falsification). The problems with images in the remaining 8 papers were deemed to be due to negligence. As of December 11, 2013, 13 of the papers had already been withdrawn by the parties concerned.

Information from various investigation reports

### V-3. Improper acts in research activities – Cases of occurrence in Japan (2)

Time and institution(s) of occurrence	Outline of improper act in research activities
<b>2012</b> University of Tokyo Hospital	<b>False announcements concerning implementation of operations using iPS cells</b> A project researcher at the University Hospital made announcements that he and his associates had carried out operations in which they transplanted cardiac muscle cells made from iPS cells into 6 severe heart-failure patients, but regarding at least 5 of those cases, the announcements were false. The University of Tokyo took the action of punitive dismissal against the project researcher, on the ground that his acts came under the "case where the University Corporation's reputation or trust is seriously damaged" provided in Article 38 (5) of the Employment Rules.
<b>2012</b> Toho University	<b>Scientific paper fabrication over 19 years</b> A physician who was a member of the Japanese Society of Anesthesiologists (JSA) implemented research for 8 scientific papers without obtaining approval from his university's ethics committee. When multiple anesthesiology-related journals overseas published articles expressing suspicion that the papers had been fabricated, an investigation was conducted by an ad-hoc committee of the JSA. The committee announced that they had found that 171 out of 212 papers had been fabricated, with the fabrication being carried out over 19 years. Toho University, where the physician was enrolled as an associate professor, acknowledged that the 8 papers had contravened ethical norms relating to clinical research, and took the punitive action of instructing him to resign.
<b>2010</b> University of Tokyo	<b>Reproducibility problem with papers by University of Tokyo professor et al</b> Improprieties such as pernicious plagiarism were found to be present in degree-application theses by an assistant professor in the Department of Architecture at the Graduate School of Engineering. Numerous and extensive passages from previously-published papers by others and from articles on the web were present throughout the papers, without any statement of sources. Moreover, such passages had been modified to make it appear that they were the work of the degree applicants themselves. The university revoked the engineering doctorates it had awarded, determined his actions to be equivalent to punitive dismissal and announced it. The thesis advisor was barred from course duties (is no longer used as a tutor or thesis committee member), and investigation is to continue regarding the appropriate forms of punitive action, etc.

Information from various investigation reports

### V-3. Improper acts in research activities – Cases of occurrence in Japan (3)

Time and institution(s) of occurrence	Outline of improper act in research activities
<b>2005</b> University of Tokyo	<b>Reproducibility problem with papers by University of Tokyo professor et al.</b> The President of the RNA Society of Japan requested an investigation into experiment reproducibility relating to 12 scientific papers by professors at the University of Tokyo Graduate School of Engineering. An investigative committee for verifying the reproducibility was set up inside the Graduate School. Re-experiments concerning 4 of the papers were demanded. After examining the report on the re-experiment results, the investigative committee concluded that they were unable to confirm the presence of any scientific data that could bear out the legitimacy of the 4 papers. The professor and his assistant were punitively dismissed.
<b>2005</b> Osaka University	<b>Data fabrication in scientific papers by Osaka University student</b> Suspicions arose that artificially processed data had been used in papers concerning an enzyme held to be related to obesity that were published in a U.S. medical journal by a student in the Faculty of Medicine. It was announced that the papers would be withdrawn. An investigative committee was set up which carefully examined the papers in question and papers that the student had co-authored, and investigated the guidance performance, etc., of the teachers. On the strength of the investigative committee's report, teachers and others were subjected to disciplinary action.
<b>2004</b> RIKEN (Institute of Physical and Chemical Research)	<b>Impropriety in research papers by RIKEN researchers</b> An investigation was conducted after an indication was received from an internal researcher that there was suspicion of impropriety in research papers published by 2 researchers at the Institute. Data falsification was found in 2 out of 3 papers (in one of those 2 papers, materials were used that differed from the statements of the paper's text). Regarding the remaining paper out of the 3, it was found that there was an extremely high probability of data falsification. The Institute urged the researchers to withdraw the papers. Subsequently, the researchers resigned.
<b>2000</b> Tohoku Paleolithic Institute	<b>Paleolithic find hoax</b> A researcher took Jomon-era stone tools from several thousand years ago that he had collected himself, and buried them in strata of several tens to several hundreds of thousand years ago. He then claimed to discover these in paleolithic ruins, one after another in a long succession. He was found to have fabricated ruins discoveries at more than 180 locations over a period of 25 years. This case caused a loss of social confidence in archeology. The Institute concerned was dissolved in 2004.

*Representative Examples of Improper Acts in Research Activities, Council for Science and Technology, Education Ministry (from the 1st Meeting of the Council's Special Committee on Improper Acts in Research Activities (3/17/06)<sup>5</sup>); other documents*

## V-4. Responses to impropriety in research

**February 2006**

***Concerning Appropriate Responses for Impropriety in Research, Council for Science and Technology Policy***

"Impropriety in research damages confidence in science and technology and the people involved in them. Moreover it has severe adverse effects on the development of science and technology, in such ways as bringing about stagnation in research activities."

Called on the researcher community, relevant ministries, universities, research institutions and so forth to formulate ethical guidelines and codes relating to impropriety in research.

**August 2006**

***Guidelines for Dealing with Improper Acts in Research Activities***

**Special Committee of Council for Science and Technology, Education Ministry**

Impropriety such as fabrication and plagiarism of research outcomes "goes against the essence of science, shakes people's confidence in science, and hinders scientific development. It is execrable and cannot be allowed".

**October 2006**

***Code of Conduct for Scientists, Science Council of Japan***

- Minimum necessary code of conduct for all academic fields in common

***Aiming for autonomous realization of a scientists' code of conduct, SCJ***

- As specific instances of efforts required, this demands the following of all educational and research institutions, academic societies and so forth: "When suspicion of an improper act or similar occurs, work to promptly investigate the facts in accordance with an established system, take in a fair manner such action as is necessary, and make the results public. Take particularly strict action with regard to fabrication, falsification or plagiarism of data."

**September 2013**

***Interim Report by the***

***Task Force on Improper Acts in Research and Improper Use of Research Funds***

- Research impropriety causes loss of trust in research activities and impedes the sound development of science, technology and learning.
- Research impropriety consists of two things – *improper acts* in research, and *improper use* of research funds. Although we have been endeavoring to deal with both of these, impropriety cases still occur incessantly.
- Basic policies: *efforts to proactively prevent impropriety; clarification of organizations' management responsibility; monitoring and support by the government*

## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (1/6)

- February 3, 2014  
The Guidelines for Dealing with Improper Acts in Research Activities were revised on the basis of the Cooperative Council's summary of its review of the Guidelines and deliberations on improving their operation. The revised version was published.

### Overview of the new Guidelines for Dealing with Improper Acts in Research Activities

#### Background

- Hitherto, the Education Ministry had implemented the necessary action with regard to universities and other research institutions on the basis of the Guidelines for Dealing with Improper Acts in Research Activities (formulated August 2006 by the Council for Science and Technology's Special Committee on Improper Acts in Research Activities).
- Nonetheless, cases of improper acts in research activities continued incessantly, and so the Guidelines were revised on the basis of the report by the Task Force on Improper Acts in Research and Improper Use of Research Funds (September 2013) and the Cooperative Council's summary of its review of the Guidelines and deliberations on improving their operation (February 2014).

#### Basic orientations of the revision

- ◆ **New Guidelines formulated at the decision of the Education Minister**
- ◆ **In view of the fact that hitherto, action for improper acts in research activities has predominantly been left to the responsibility of individual researchers, in future such action will be strengthened by having universities and other research institutions responsibly engage in preventing improper acts.**

#### New Guidelines

( Red lettering: provisions made by new Guidelines  
Black lettering: provisions taken over from previous Guidelines )

## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (2/6)

### Section 1 Basic approach concerning improper acts in research activities

#### Basic stance regarding improper acts

- Improper acts in research activities go against the essence of research activities and outcome publication. They are acts of betrayal against science itself. Not only individual researchers, but also the universities or other research institutions, must take a stern stance toward improper acts.

#### Autonomy/self-discipline of researchers, scientific community, etc.

- Action to deal with impropriety must essentially be taken as a form of self-cleansing grounded in researchers' disciplining of themselves and in the autonomy of the scientific community and of the university or other research institution.

#### Management responsibility of universities and other research institutions

- Action must be strengthened through universities and other research institutions engaging in responsibly preventing improper acts, so as to create environments where it is hard for improper acts to occur. In particular, efforts are to be promoted for clarification of management responsibility and proactive prevention of improper acts through the establishment of responsibility structures by the university or other research institute as an organization.
  - ◆ Clarification of role assignments and responsibilities of individual researchers and similar in joint research
  - ◆ In research activities by multiple researchers: appropriate verifying of the research outcomes by a representative researcher who is in a position to comprehend the overall situation of the research
  - ◆ Appropriate supporting advice to enable young researchers and similar to carry out research activities independently (deployment of mentors)

Source: Education Ministry's website URL:[http://www.mext.go.jp/b\\_menu/houdou/26/08/\\_icsFiles/afieldfile/2014/08/26/1351568\\_01\\_2.pdf](http://www.mext.go.jp/b_menu/houdou/26/08/_icsFiles/afieldfile/2014/08/26/1351568_01_2.pdf)

---

## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (3/6)

---

### Section 2 Efforts for proactively preventing improper acts

#### Putting in place environments that inhibit improper acts

##### 1.Improvement of researchers' ethics by implementing research ethics education

- Universities and other research institutions: Put in place the necessary structure - for example by deploying “research ethics education managers” - and periodically implement research ethics education for a broad range of persons involved in research activities.
- Universities: Promote implementation of research ethics education for students, in order to rigorously inculcate in students a consciousness of norms regarding researcher ethics.
- Allocation agencies: Have all researchers who take part in research activities carried out under competitive funding, etc., take a program of research ethics education, and reliably verify their attendance of such education.

##### 2.Storage of research data for fixed periods at universities and other research institutions, and disclosure of the data at fixed intervals

#### Publishing of lists of impropriety cases

- Lists of cases where impropriety is found to have been committed are to be drawn up and published by the Education Ministry.

Source: Education Ministry's website URL:[http://www.mext.go.jp/b\\_menu/houdou/26/08/\\_\\_\\_jcsFiles/afieldfile/2014/08/26/1351568\\_01\\_2.pdf](http://www.mext.go.jp/b_menu/houdou/26/08/___jcsFiles/afieldfile/2014/08/26/1351568_01_2.pdf)



## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (4/6)

### Section 3 Action for special improper acts in research activities (clarification of organizations' management responsibility)

#### Improper acts targeted (special improper acts)

- Fabrication, falsification, plagiarism (as before)

#### Putting in place and making public of regulations and structures at universities, other research institutions and allocation agencies

- Put in place regulations and similar regarding procedures and methods, etc., for investigations when suspicion of the special improper acts arises, and make such regulations public.
  - ◆ Make clear the persons with responsibility for dealing with the improper acts, and lay down those responsible persons' roles and scopes of responsibility.
  - ◆ Rigorously maintain the confidentiality of whistleblowers and the like, and make clear the specific procedures post-whistleblowing.
  - ◆ Make it obligatory to report to the Education Ministry, etc., on the implementation, etc., of investigations of special improper acts.

#### Receiving of whistleblowing on special improper acts, and investigation of case

- Procedures and methods from receiving of a whistleblowing on a special improper act through to investigation of the case (preliminary investigation, main investigation, finding of impropriety, appeal, investigation result publication, etc.)
  - ◆ Set up whistleblowing/**consultation** contact points and make them known to all. \*Outsourcing of the staffing of these contact points is possible.
  - ◆ Set approximate durations for investigations at the university or other research institution.
  - ◆ Appoint at least a majority of external experts to the investigative committee. (Also lay down provisions on exclusion of interested parties.)
  - ◆ Where the investigative committee deems it necessary, ensure opportunity for reproducibility experiments under the committee's guidance and supervision.
  - ◆ Where an appeal is made concerning the investigators' expertise, examine the matter by replacing or adding, etc., investigative committee members.

---

## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (5/6)

---

### Section 4 Measures regarding special improper acts and management responsibility

#### Measures for researchers, universities and other research institutions regarding special improper acts

- Return of competitive funds, etc., involved in special improper acts (\*)
- Restriction on eligibility to apply for and share in competitive funds, etc. (\*)

(\*Applies also to improper acts in research activities conducted using operating cost grant money and other basic funding, besides competitive funds, etc.)

#### Measures for universities and other research institutions regarding their management responsibility as organizations

##### 1. Assurance of responsibility structure as organization

- Where provision of structures to deal with improper acts in research activities is found to be inadequate, the Education Ministry will assign “management conditions”.
- Reduction of indirect expenses or a similar measure will be taken in cases where the management conditions are deemed not to be fulfilled.

##### 2. Assurance of prompt investigation

- The measure of reducing indirect expenses will be taken if an investigation into a special improper act is delayed without good reason.

Source: Education Ministry's website URL:[http://www.mext.go.jp/b\\_menu/houdou/26/08/\\_\\_\\_icsFiles/afieldfile/2014/08/26/1351568\\_01\\_2.pdf](http://www.mext.go.jp/b_menu/houdou/26/08/___icsFiles/afieldfile/2014/08/26/1351568_01_2.pdf)

---

## V-5. Overview of the new Guidelines for Dealing with Improper Acts in Research Activities (6/6)

---

### Section 5 Surveys and Support by the Education Ministry

#### Continuous action for improper acts in research activities

- A forum of experts is to be set up at the Education Ministry, who will continuously implement follow-ups, etc.

#### Conducting of state-of-compliance surveys

- Surveys of the state of compliance with these Guidelines will be conducted on universities and other research institutions, and published.

#### Promotion of development of programs for research ethics education

- In collaboration with the Science Council of Japan and allocation agencies, the Education Ministry will promote creation of standard programs and educational materials for research ethics education.

#### Support for investigative structures at universities and other research institutions

- Where structures at universities and other research institutions do not enable adequate investigation, the Ministry will give support such as selecting and dispatching experts, in collaboration with the Science Council of Japan and allocation agencies.

### Plans for the future

- Thorough dissemination of the new Guidelines Preparations for introductions pursuant to the new Guidelines (putting in place of regulations and structures) – *period of intensive reform*
- Coming into effect of new Guidelines: April 1, 2015

---

Source: Education Ministry's website URL:[http://www.mext.go.jp/b\\_menu/houdou/26/08/\\_\\_\\_icsFiles/afieldfile/2014/08/26/1351568\\_01\\_2.pdf](http://www.mext.go.jp/b_menu/houdou/26/08/___icsFiles/afieldfile/2014/08/26/1351568_01_2.pdf)

---

---

I	What is happening now at universities?
II	Cases of disciplinary action for improper use of research funding
III	Essentials of compliance
IV	(Amendment of) Guidelines for Management and Auditing of Public Research Funds
V	(Amendment of) Guidelines for Dealing with Improper Acts in Research Activities
VI	Summary

## Summary – Awareness for individuals

Goal:

Purchase things in the due way, use them properly for research purposes, and publish outcomes on a sound basis.

Further, create organizational structures that enable proof of the above.

You are using public funds.

⇒ **The source of your funding is tax money.  
It is not your own money.**

⇒ **You must be conscious of society's expectations as you use funds.**

1) Broad authorization brings heavy responsibility with it.

Unrestricted research and spending of funds

⇔ Heavy accountability for research activities and fund spending

2) Research fund impropriety is sure to be found out.

Times have changed.

Research has partners (impropriety will be revealed from partner corporation's side).

3) Penalties are becoming more and more severe together with the times.

Stronger demands from society for appropriate research activities and research fund spending

⇒ Consequences for individuals: punitive dismissal, fines, suspension of research, disgrace, end of career as researcher

⇒ Consequences for organizations: brand damage and loss of confidence in university

✓ **Spending according to rules**

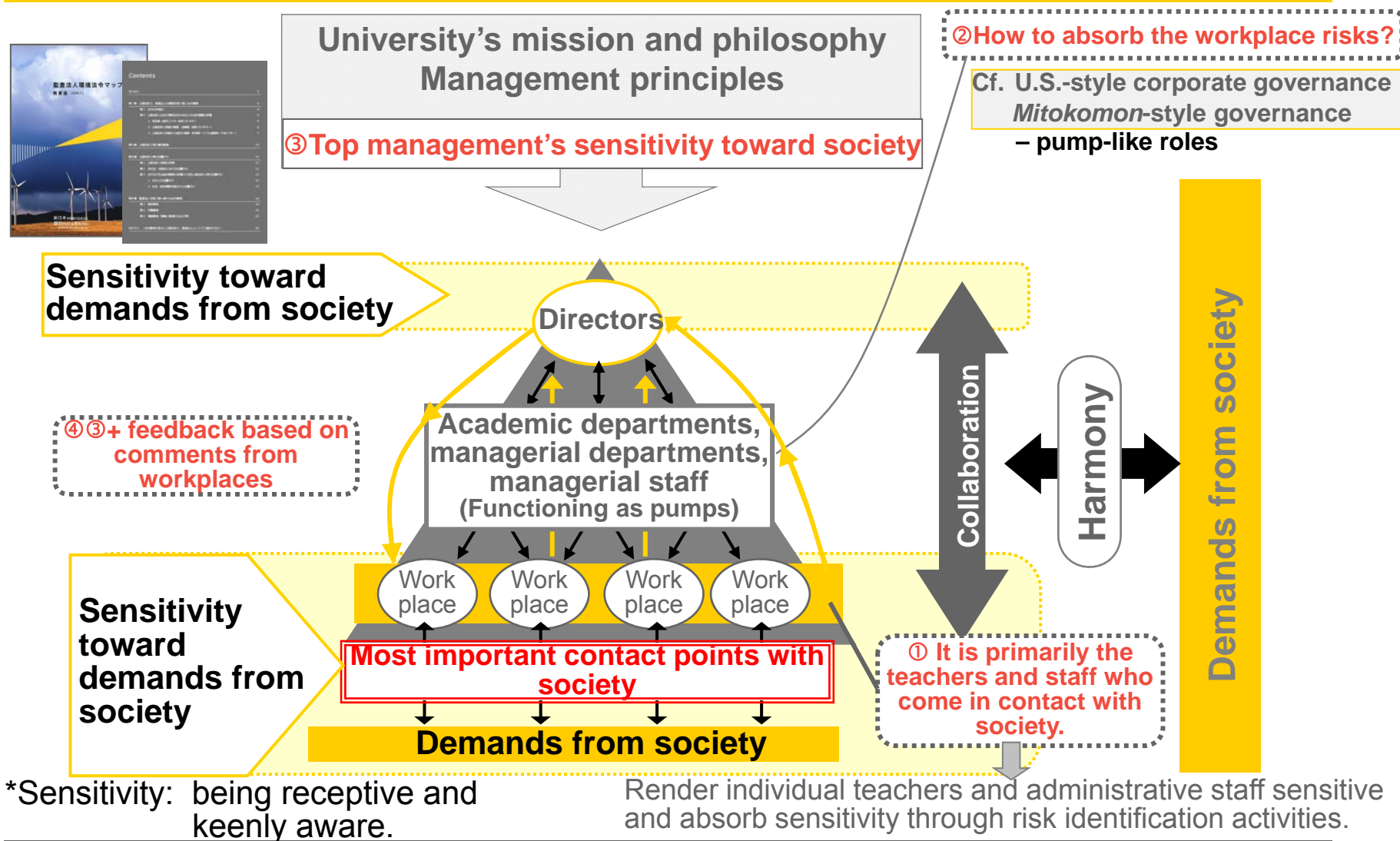
✓ **Changing of corporation's liaising persons**  
✓ **Corporation's compliance**  
✓ **Tax investigations**  
✓ **Bankruptcy of corporation**

✓ **Can you sleep easy with this situation?**

✓ **To have a pleasant and healthy research life ...**

✓ **Put your affairs in order and reform your consciousness!**

## Summary – In order to move ahead with compliance ... What organizations need to do:



---

## Ending

→ Compliance is adaptation to the changing social environment.

---

*It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.*

Charles R. Darwin

### Prescription:

- ▶ Beginning of Cambrian period of Paleozoic era (about 540 million years BP)
- ▶ Explosive evolution of life-forms ..... (eyes were developed.)
- ▶ Subsequent life-form evolution – and financial crises



Progressively adapt to environmental changes while maintaining firm faith.

Source: *In the Blink of an Eye*, Andrew Parker  
*Horei-junshu ga Nihon o Horobosu* ("Legal Compliance Will Destroy Japan"), Nobuo Gohara (Shinchosha Publishing)



---

---

# Thank you for your attention.

© 2015 Ernst & Young ShinNihon LLC All Rights Reserved.

This document and the materials contained in it are to be used solely for ordinary reference purposes. They are not to be used for specific purposes or detailed surveys, or as materials for expert decisions. Neither Ernst & Young ShinNihon LLC nor any member of Ernst & Young's global network will accept any liability whatsoever for any difficulties, damage or loss that may arise from using this document and the materials contained in it.