

Ministerial Order for Accounting and Financial Management of the Organization for Technical Intern Training

(Order of the Ministry of Justice and Ministry of Health, Labor and Welfare No. 4 of November 28, 2016)

Ministerial Order for Accounting and Financial Management of the Organization for Technical Intern Training is enacted as follows based on the provisions of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees (Act No. 89 of 2016), and in order to implement that Act.

(Accounting Principles)

Article 1 In order to clarify its financial condition and operating results, the Organization for Technical Intern Training (hereinafter referred to as "the OTIT") must account for any increase, decrease or change in assets, income, and costs.

(Establishment of Accounts)

Article 2 For the reason for of the the OTIT's accounting, a balance account and profit and loss account are to be established and, if necessary, an account is to be established for the reason for of clarifying calculations.

(Budget Content)

Article 3 The the OTIT's budget is to consist of general budget provisions and a budget for income and expenses.

(General Budget Provisions)

Article 4 General budget provisions are to include comprehensive provisions for the budget for income and expenses, and provisions on the following particulars:

- (i) with regard to an act to incur the liabilities prescribed in Article 8, the amount of the limit of the debts for each matter, the term for satisfying the debts under that act, and reasons for the necessity of that act;
- (ii) expenses designated under Article 9, paragraph (2);
- (iii) expenses designated under the proviso of Article 10, paragraph (1); and
- (iv) beyond the particulars listed in the preceding three items, any particulars necessary for implementation of the budget.

(Budget for Income and Expenditure)

Article 5 The budget for income and expenses is to be classified according to the nature of the income and the reason for of expenses.

(Documents to be Attached to the Budget)

Article 6 (1) If the the OTIT intends to obtain authorization for a budget pursuant to the provisions of the first sentence of Article 92, paragraph (1) of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees (hereinafter referred to as "Act"), it must attach the following documents to the written application and submit them to the Minister of Justice and Minister of Health, Labour and Welfare:

- (i) a projected balance sheet and projected profit and loss statement for the previous fiscal year;
 - (ii) a projected balance sheet and projected profit and loss statement for the fiscal year concerned; and
 - (iii) beyond those listed in the preceding two items, documents that serve as a reference for that budget.
- (2) If the OTIT intends to obtain approval for a change in the budget pursuant to the provisions of the second sentence of Article 92, paragraph (1) of the Act, the OTIT must attach the documents listed in item (ii) and item (iii) of the preceding paragraph to the written application stating the matters to be changed and the reasons therefor, and submit them to the Minister of Justice and the Minister of Health, Labor and Welfare.

(Contingency Funds)

Article 7 (1) Contingency funds may be included in the budget for income and expenses by the OTIT in order to cover a shortfall in an expenses budget caused by unforeseeable events.

- (2) If the OTIT has used the contingency funds, it must promptly notify the Minister of Justice and the Minister of Health, Labor and Welfare to that effect.
- (3) The notice under the preceding paragraph is to be made with documents that clarify the reasons for use, the amount of money used, and the breakdown of the relevant calculation.

(Acts to Incur Liabilities)

Article 8 If it is found necessary in order to carry out the OTIT's operations, the OTIT may perform an act to incur liabilities within the scope of the amount authorized for each business year by the Minister of Justice and the Minister of Health, Labour and Welfare in its budget, beyond the scope of the expenses budget.

(Diversion of Budget Funds)

Article 9 (1) The OTIT must not use funds in its expenses budget for any reason for other than those specified in the budget; provided, however, that if it is found appropriate and necessary for the implementation of the budget, the funds may be diverted between the categories prescribed in Article 5.

(2) The OTIT may not divert funds designated for expenses in the general budget provisions between different categories expenses or to any other expenses, or use them as contingency funds to cover expenses, except with the approval of the Minister of Justice and the Minister of Health, Labour and Welfare.

(3) If the OTIT seeks to obtain the approval prescribed in the preceding paragraph, the OTIT must submit documents setting forth the reasons and amounts of the relevant diversion or use, and the breakdown of relevant calculations, to the Minister of Justice and the Minister of Health, Labour and Welfare.

(Budget Carryover)

Article 10 (1) If it is necessary for implementing a budget, the OTIT may carry over the amount of budgeted expenses whose disbursement has not been finalized within the current fiscal year, for use in the following fiscal year; provided, however, that the OTIT must obtain prior approval from the Minister of Justice and the Minister of Health, Labour and Welfare when carrying over budgeted expenses designated in the general budget provisions.

(2) When seeking to obtain approval under the proviso of the preceding paragraph, the OTIT must submit documents that clearly state the reason why the carryover is necessary and the amount thereof for each item, to the Minister of Justice and the Minister of Health, Labour and Welfare, before the end of the current fiscal year.

(3) If the OTIT has carried over amounts of budgeted expenses pursuant to the provisions of paragraph (1), it must submit a statement of carryover to the Minister of Justice and the Minister of Health, Labour and Welfare by May 31 of the following fiscal year.

(4) The statement of carryover set forth in the preceding paragraph must be prepared in accordance with the same classification as the budgeted expenses and must include the following items:

- (i) the actual budget for expenses related to the carryover;
- (ii) the amount of expenses whose disbursement has been decided in the actual budget for expenses set forth under the preceding item;
- (iii) the amount of the actual budget for expenses set forth under item (i) which is to be carried over to the following fiscal year; and
- (iv) the unused amount of the actual budget for expenses set forth under item (i).

(Business Plans)

Article 11 (1) The business plan set forth under Article 92, paragraph (1) of the Act must include plans for the following matters:

- (i) matters for operations performed in relation to the technical intern training prescribed in Article 87, item (i) of the Act;
 - (ii) matters regarding providing necessary information, advice and other assistance in response to consultations from technical intern trainees as prescribed in Article 87, item (ii) of the Act (excluding those falling under the operations listed in the following item);
 - (iii) matters regarding providing necessary information, advice, and other assistance in response to consultations from technical intern trainees to ensure that those trainees who have difficulty receiving the technical intern training and wish to continue with that training, as prescribed in Article 87, item (iii) of the Act, are able to do so, and on providing necessary guidance and advice to the implementing organization, supervising organizations, and other related parties;
 - (iv) matters regarding the studies and research prescribed in Article 87, item (iv) of the Act; and
 - (v) other matters necessary for conducting the OTIT's operations.
- (2) If the OTIT intends to obtain approval for a change in the business plan pursuant to the provisions of the second sentence of Article 92, paragraph (1) of the Act, the OTIT must submit a written application stating the matters to be changed and the reasons therefor, to the Minister of Justice and the Ministry of Health, Labor and Welfare.

(Documents to Be Included in Financial Statements)

Article 12 The documents specified by order of the competent ministries set forth under Article 93, paragraph (1) of the Act are those relating to the disposal of profits or the processing of losses, an inventory of property, and a cash flow statement.

(Annexed Detailed Statements)

Article 13 The annexed detailed statements set forth under Article 93, paragraph (1) of the Act must state the following:

- (i) particulars regarding capital contributions to the OTIT:
 - (a) details of the equity investors and amounts of capital contributions (including an increase and decrease in that amount by each equity investor from the end of the previous fiscal year);
 - (b) laws or regulations on which the capital contributions are based; and
 - (c) classification of accounts of the national government for its capital

- contributions;
- (ii) particulars regarding the details of principal assets and liabilities:
 - (a) details of short-term borrowings (including the names of lenders and increase and decrease in borrowings from each lender from the end of the previous fiscal year);
 - (b) details of allowance (including an increase and decrease in each type of allowance from the end of the previous fiscal year); and
 - (c) details of cash and deposits, accrued income, and other principal assets and liabilities;
- (iii) details of acquisition and disposal of fixed assets and depreciation expenses; and
- (iv) particulars relating to principal costs and income:
 - (a) the details of national government subsidies and other equivalents (hereinafter referred to as "national treasury subsidies, etc.") received in the fiscal year concerned and the previous fiscal year (including the names of the national treasury subsidies, etc. received in the fiscal year concerned, classification of accounts of the national government, and explanation of the relationship between the national treasury subsidies, etc. and their related items in the balance sheet and profit and loss statement);
 - (b) details of the salaries of the officers and employees; and
 - (c) other details of costs and income that are found important based on the characteristics of the OTIT's operations.

(Business Reports)

Article 14 The business report set forth under Article 93, paragraph (2) of the Act must state the following particulars:

- (i) an overview of the OTIT:
 - (a) details of the operations;
 - (b) location of offices (including secondary offices);
 - (c) amount of stated capital and amount of contribution by the government (including the increase and decrease for each amount from the end of the previous fiscal year);
 - (d) full number, names, positions, terms, and background of the officers;
 - (e) full number of staff members (including the increase or decrease from the end of the previous fiscal year);
 - (f) history of the OTIT (including the fact that the OTIT is established by law);
 - (g) the fact that the ministers with jurisdiction over the OTIT are the Minister of Justice and the Minister of Health, Labour and Welfare; and
 - (h) particulars regarding the policy board and other particulars of the OTIT;
- (ii) the status of implementation of the operations in the fiscal year concerned,

- and those up to the previous fiscal year;
- (iii) the results of implementation of the business plan;
- (iv) the lenders, the reason for and amounts of short-term borrowings that are made in the fiscal year concerned, and those up to the previous fiscal year;
- (v) name, reason for and amount of the national treasury subsidies, etc.; and
- (vi) issues that should be dealt with by the OTIT.

(Report of Accounts)

Article 15 (1) The report of accounts set forth under Article 93, paragraph (2) of the Act is to consist of a report of accounts for income and expenses and a statement of debts.

(2) The report of accounts set forth under the preceding paragraph must describe the results of the implementation of the budget pertaining to the particulars prescribed in the general budget provisions under Article 4.

(Report of Accounts for Income and Expenses)

Article 16 The report of accounts for income and expenses set forth under paragraph (1) of the preceding Article must be prepared using the same classification as the budget for income and expenses, and must describe the following particulars:

(i) income:

- (a) the amount of budgeted income;
- (b) the actual amount of income; and
- (c) the difference between the amount of budgeted income and the actual amount of income;

(ii) expenses:

- (a) the amount of budgeted expenses;
- (b) the amount of carryover from the previous fiscal year;
- (c) the amount of contingency funds that have been used and reasons for that use;
- (d) the amount of diversion and reasons for that diversion;
- (e) actual budget for expenses;
- (f) determined amount of expenses;
- (g) carryover amount for the following fiscal year; and
- (h) the unused amount.

(Statements of Debts)

Article 17 With regard to debts incurred through an act of incurring liabilities pursuant to the provisions of Article 8 (hereinafter referred to as "incurred debt"), the statement regarding the debts set forth under Article 15, paragraph (1) must describe the balance of incurred debts at the end of the previous fiscal

year, the amount of incurred debt in the fiscal year concerned, the amount paid toward those debts in the fiscal year concerned, the remaining debts owed at the end of the fiscal year concerned, and the term of the payment based on these acts for each item.

(Timeframe for Public Inspection)

Article 18 The period specified by order of the competent ministries set forth under Article 93, paragraph (3) of the Act is five years.

(Electronic or Magnetic Records)

Article 19 The records specified by order of the competent ministry, as provided in Article 93, paragraph (4) of the Act, are files storing information in a magnetic disk or object that enables the secure storage of certain information by the equivalent means.

(Electronic or Magnetic Means)

Article 20 (1) The means prescribed by an order of the competent ministry using an electronic data processing system or other information and communications technology, as provided for in Article 93, paragraph (5) of the Act are as follows:

- (i) the means listed in (a) or (b) using an electronic data processing system:
 - (a) transmission through a telecommunications line connecting a computer used by the sender and a computer used by the receiver, and recording in a file kept on the computer used by the receiver; or
 - (b) providing the information recorded in a file kept on a computer used by the sender for inspection by the receiver of information through a telecommunications line, and recording the information in a file kept on a computer used by the receiver of that information; and
 - (ii) the means of delivering information recorded in a file prepared in a magnetic disk or object capable of reliably recording certain information on through other equivalent means.
- (2) The means listed in the items of the preceding paragraph must be capable of allowing the receiver to prepare written documents through output of the record in the file.

(Measures to Keep Information Recorded in Electronic or Magnetic Records in a State Where the Information Recorded in the Electronic or Magnetic Record Is Available to an Unspecified and Large Number of Persons by Electronic or Magnetic Means)

Article 21 The means specified by order of the competent ministry as set forth under Article 93, paragraph (5) of the Act must be those in which the matters

recorded in the electronic or magnetic records are displayed on paper or video.

(Application for Approval of Short-Term Borrowings)

Article 22 If the OTIT seeks to obtain authorization for short-term borrowings pursuant to the provisions of Article 95, paragraph (1) of the Act, or authorization for refinancing of short-term borrowings pursuant to the proviso of paragraph (2) of the same Article, it must submit, to the Minister of Justice and the Minister of Health, Labor and Welfare, a written application stating the following:

- (i) the reason why the borrowings are required;
- (ii) amount to be borrowed;
- (iii) lender;
- (iv) interest on the borrowings;
- (v) means and deadline for repayment of the borrowings;
- (vi) means of and deadline for paying the interest; and
- (vii) other required matters.

(Means of Investment of Surplus Funds)

Article 23 The means specified by order of the competent ministry as prescribed in Article 97, item (iii) of the Act is monetary trusts (limited to those for which there is a contract to compensate for a loss of principal).

(Accounting Rules)

- Article 24 (1) The OTIT must establish accounting rules with regard to its finances and accounting in addition to those provided for in laws and orders based thereon.
- (2) If the accounting rules set forth under the preceding paragraph are to be established, the basic matters must be approved by the Minister of Justice and the Minister of Health, Labor and Welfare. The same applies if The OTIT seeks to make changes thereto.
- (3) If the OTIT establishes or amends the accounting rules set forth in paragraph (1), it must clarify the reasons and details of those rules and notify them to the Minister of Justice and the Minister of Health, Labor and Welfare without delay.