

Budget and Accounting Regulations

Established Dec. 3, 1986

Amended Oct. 1, 1987

Amended Sep. 5, 1988

Amended Jul. 2, 1997

Amended Jun. 1, 2001

Amended Mar. 18, 2004

Amended Mar. 1, 2007

Amended Aug. 2, 2013

Chapter 1 General Provisions

Article 1 (Purpose) These regulations set forth various matters concerning the management of the budget and accounting of Pohang University of Science and Technology (hereinafter referred to as “University”) with an aim to establish sound financial administration and determine auditing standards.

Article 2 (Application Scope) Unless specified otherwise in the applicable law, matters concerning the budget and accounting of the University shall be governed by these regulations.

Article 3 (Fiscal Year) The fiscal year of the University shall begin on the first day of March and end on the last day of February of the following year. However, the fiscal year for the Graduate School Promotion Foundation shall start on January 1 of each year and end on the last day of December of that year. (Amended March 1, 2007)

Article 4 (Classification of Accounting) The accounting of the University shall consist of school accounting, accounting of the POSTECH Research and Business Development Foundation, and accounting of the Graduate School Promotion Foundation for the company code; the sub-accounting is classified into various business areas. (Amended March 1, 2007)

Article 4-1 (Accounting Standards) The school accounting shall be processed pursuant to the Financial Accounting Rules for Private Colleges and Universities and the Special Provisions of the same rules, whereas the accounting of the POSTECH Research and Business Development Foundation shall be executed pursuant to the Accounting Rules for Industry-Academy Cooperation Foundation. For purposes of internal reporting, however, the Korea Financial Accounting Standards may apply *mutatis mutandis*. (Established March 1, 2007)

Article 5 (Person Responsible for Budgeting and Accounting) The person responsible for the overall management of budgeting and accounting shall be the head (Vice President) of the competent department as specified in the Organizational Structure Regulations; the person in charge of budgeting and accounting shall be the head of the budgeting and accounting team.

Chapter 2 Budgeting

Article 6 (Definition of Terms) The terms used in this chapter shall be defined as follows:

- ① “Head exercising overall control over budgeting” refers to the head of the budgeting department.
- ② The head exercising overall control over budgeting shall have the following duties:
 1. Establishment of budgeting standards
 2. Overall coordination of budget
 3. Establishment of a working budget

4. Formulation of a revised supplementary budget
5. Comprehensive performance analysis and evaluation of budget execution
- ③ "Head in charge of budgeting" refers to either the head of a department responsible for the budget of a sector or the person responsible for a corresponding account.
- ④ The head in charge of budgeting shall have the following duties:
 1. Establishment of the budget for the sector under his/her control and preparation of a written request for budget
 2. Preparation of data as required by the department exercising overall control over budgeting
 3. Control and performance analysis with regard to the execution of budget under his/her control

Article 7 (Principle of Gross Budgeting) Both revenue and expenditure must be listed in the budget. An item or items of revenue may not be offset against an item or items of expenditure. No portion of revenue or expenditure may be excluded from the budget.

Article 8 (Request for Budget) ① The head exercising overall control over budgeting must establish the budgeting guideline for distribution to each department in charge of budgeting no later than five months before the start of each fiscal year.

② The department in charge of budgeting must prepare the request for budget for the sector under its control for the following year in accordance with the budgeting guideline and submit it to the department exercising overall control over budgeting.

③ The request for budget as specified in Clause 2 must have the following documents as attachments:

1. Business plan
2. Funding plan (revenue, expenditure)
3. Annexed document designated as required for budgeting

Article 9 (Budgeting) ① The head exercising overall control over budgeting shall review and coordinate the requests for budget comprehensively and establish a budget plan.

② The President of the University must submit the budget plan to the Board of Trustees no later than 30 days before the start of each fiscal year after consultation with the University Senate and a review and resolution of the Tuition Review Committee. The Board of Trustees must review and finalize the budget plan no later than 20 days before the start of each fiscal year. (Amended August 2, 2013)

Article 10 (Details of Budget Plan) ① The budget plan shall include the general provisions of the budget and the fund budget.

② The general provisions of the budget shall clearly indicate the following matters:

1. Amount of the fund budget
2. Basic guideline for budgeting
3. Outline of major business plans
4. Maximum limit of long-term borrowing
5. Maximum limit of short-term borrowing
6. Other matters required for the execution of the budget

③ The funding plan shall be prepared using the attached Form #1 (in case of a revised supplementary budget, the attached Form #2); however, the basis for calculation of each item must be clearly indicated in supplementary schedules for the budget pursuant to the provision of Clause 4.

④ The following are the supplementary documents for the budget:

1. Minutes of meetings of the Board of Trustees, the University Senate, and the Tuition Review Committee (Amended August 2, 2013)
2. A statement of the number of students per grade and department using the attached Form #1-3
3. Supplementary schedules for the budget
 - A. Estimated accounts receivable at the end of the previous term using Attached Form #1-1
 - B. Estimated debt at the end of the previous term using Attached Form #1-2
 - C. Schedule of tuition fees using Attached Form #1-4
 - D. Schedule of personnel expenses using Attached Form #1-5

E. Other schedules for each budget item

Article 11 (Notification of Final Budget Plan and Allocation) ① The head exercising overall control over budgeting must notify the heads in charge of budgeting of the result of the Board of Trustees' decision on the budget plan.

② The heads in charge of budgeting must submit the budget allocation request and the monthly execution plan within the limit of the established budget.

③ Based on the budget allocation request and the monthly execution plan submitted pursuant to Clause 2, the head exercising overall control over budgeting must establish the working budget for each account and department and notify the heads in charge of budgeting of the final budget allocation after obtaining approval from the President of the University.

Article 12 (Provisional Budget) ① If a budget plan is not established before the start of a fiscal year, the following expenses may be executed based on the budget for the previous year until the budget plan is established:

1. Remuneration for faculty and staff members
2. Maintenance costs for school facilities
3. Expenses that should be paid as per the applicable law
4. Other essential expenses directly used in the school education

② The budget executed pursuant to the provision of Clause 1 shall be deemed to have been executed based on the budget plan for the corresponding fiscal year if the budget plan is established.

Article 13 (Revised Supplementary Budget) ① If the established budget plan needs to be revised due to a reason that occurs after the establishment of the budget plan, a revised supplementary budget may be established.

② If the revised supplementary budget established pursuant to the provisions of Articles 8 and 9 is finalized by the Board of Trustees, such must be submitted to the Minister of Education no later than seven days from the date of finalization.

Article 14 (Carryover of Budget) ① The budget for the corresponding fiscal year shall not be carried over to the following fiscal year. However, the following expenses may be carried over after obtaining approval from the head exercising overall control over budgeting:

1. Any expense for construction, manufacturing business, purchase of foreign material, or any other businesses requiring two or more years to complete
2. Any expense for an essential business included in the budget for the current fiscal year but is to be paid the following fiscal year

② The heads in charge of budgeting must submit a carryover statement to the head exercising overall control over budgeting for reflection in the budget of the following fiscal year if a reason specified in Clause 1 occurs.

③ If a budget item that fails to go through the procedure specified in Clause 2 causes a problem in the management of the budget for the following fiscal year, corrective action may be requested.

Article 15 (Reserve Fund) ① In establishing a budget, the estimated expenditure must include reserve fund equivalent to 1/100 or more of the expenditure budget.

② The use of the reserve fund as specified in Clause 1 shall be decided by the President of the University. However, it may not be used for any item that was rejected or slashed at the time of decision on the budget by the Board of Trustees.

Article 16 (Responsibility for Budget-related Tasks) ① The head exercising overall control over budgeting shall be responsible for the overall management of the budget of the University in its entirety such as establishment, coordination and control, etc. of the budget.

② The heads in charge of budgeting and the heads of independent accounting units shall be responsible for the management of the budget under their direct control.

Article 17 (Internal Control over Budget Execution) ① To ensure proper execution of the budget the departments executing funds must do so within the limit of the budget approved by the department exercising overall control over budgeting.

② The head exercising overall control over budgeting may refuse the payment of the expense executed over the limit of the budget or executed in advance.

③ The head exercising overall control over budgeting shall review whether the budget has been executed based on the business plan after the settlement for the fiscal year ends and may request the heads in charge of budgeting to take corrective action if a budget that is not included in the business plan was executed.

④ A portion of the budget appropriated for a business but not executed shall be collected automatically after the business is closed without any separate administrative procedure.

Article 18 (Prohibition on the Execution of Budget for Other Purposes) The heads in charge of budgeting may not execute the fund budget over the limit or execute it for purposes other than those specifically stipulated.

Article 19 (Virement of Budget) The established and finalized budgets may be transferred between line items under the same group after obtaining approval from the head exercising overall control over budgeting in case of surplus and/or deficiency. However, no funds may be transferred to any item to which virement restrictions of the general provision of the budget apply or that was slashed in the process of budget establishment.

Article 20 (Budget Management and Execution Reports) ① The heads in charge of budgeting must prepare a budget ledger and record and manage the details of budget execution; he/she must submit semiannual and annual budget execution reports to the head exercising overall control over budgeting not later than 10 days after the end of the semiannual period and not later than 15 days after the end of the fiscal year, respectively.

② The head exercising overall control over budgeting shall perform analysis on the discrepancy between the budget and the actual expenditure to find out the cause of the quarterly and semiannual under-execution or over-execution and to enhance the efficiency of budget execution in the following term.

Chapter 3 Accounting

Article 21 (Purpose of Settlement) Settlement of accounts clarifies the financial status at the end of a month and a fiscal year and the operating performance for the corresponding periods.

Article 22 (Types of Settlement) Settlement is classified into monthly settlement and yearly settlement as per the company code. (Amended March 1, 2007)

Article 23 (Closing Accounts) ① To indicate correct operating performance, accounts such as suspense payments, suspense receipts, accounts payable, accounts receivable, etc., which are related to the operating performance, shall be closed and calculated prior to settlement.

② (Deleted)

③ To indicate the correct financial status as of the end of a term for settlement, the value of assets and liabilities shall be properly evaluated and accounted for.

Article 23-2 (Operation of Suspense Payment) To ensure the smooth performance of research and education administration, the University may manage suspense payment; detailed matters concerning the operation shall be stipulated separately.

Article 24 (Settlement Report) The person responsible for accounting must prepare the settlement documents per company code and make report as specified below. (Amended March 1, 2007)

1. For external purpose (Amended March 1, 2007)

A. Monthly closing statement

- 1) Balance sheet
- 2) Statement of operation
- 3) Trial balance of totals and balances
- 4) Other supplementary closing documents

B. Annual report

- 1) Financial statement for Item A and its supplementary documents
- 2) Funds statement
- 3) Other matters required for settlement

2. For internal purpose (newly established March 1, 2007)

A. Monthly closing document

- 1) Balance sheet

- 2) Income statement
- 3) Trial balance of totals and balances
- 4) Other supplementary closing documents
- B. Annual closing statement
 - 1) Financial statement for Item A and its supplementary documents
 - 2) Cash flow statement
 - 3) Other matters required for settlement

Article 25 (Finalization of Settlement and Submission) The settlement of the University must be finalized as follows:

1. The annual closing statement must be submitted to the Chairman of the Board of Trustees no later than 50 days after the end of each fiscal year after consultation with the University Senate and a review and resolution of the Tuition Review Committee. (Amended August 2, 2013)
2. Matters concerning the submission of closing documents for external purpose shall be governed by the Financial Accounting Rules for Private Colleges and Universities and the Special Provisions of the same rules.

Article 26 (Account Titles) Account titles shall be governed by the Financial Accounting Rules for Private Colleges and Universities and the Special Provisions of the same rules; for internal purposes, however, the Chart of Accounts of POSTECH University (CAPU) shall apply, which integrates the accounts stipulated by the Korean Financial Accounting Standards, the Financial Accounting Rules for Private Colleges and Universities and the Special Provisions of the same rules, and the Accounting Rules for Industry-Academy Cooperation Foundation. (Amended March 1, 2007)

Article 26-1 (Depreciation) ① Except for land and assets under construction, tangible assets must be depreciated in accordance with the straight-line method over their useful lives. (Established March 1, 2007)

② Intangible assets shall be amortized; the acquisition costs shall be equally spread over their useful lives. (Established March 1, 2007)

③ The depreciation expenses for tangible assets as described in Clause 1 shall be recorded under the accumulated depreciation account and subtracted from the assets; in case of intangible assets as described in Clause 2, the depreciation expenses shall be subtracted directly from the assets. (Established March 1, 2007)

Article 27 (Deleted)

Article 28 (Deleted)

Article 29 (Evidence) ① The original documentary evidence must be furnished to verify the legitimacy of all transactions. If the original is not available, however, a copy of such evidence with the confirmation mark of the head of the budget execution department must be substituted.

② The documentary evidence shall be original; electronic tax invoices published and received as an electronic authentication certificate with an electronic signature shall be considered originals. (Amended March 1, 2007)

Article 30 (Deleted)

Article 31 (Preparation of Accounting Slips) ① Accounting slips (hereinafter referred to as “slips”) must be prepared by the competent department based on legitimate approval request forms and documentary evidences and approved by the final decision maker pursuant to the Regulations on Discretionary Decisions.

② The accounting department may not directly prepare slips based on approval request forms on revenue or expenditure except for the following transactions. However, this shall not apply if the accounting department takes charge of other tasks along with accounting):

1. Borrowing of loan and repayment of principal and interest
2. Collection and payment of withheld tax
3. Deposit of cash reserves and withdrawal of deposit
4. Account turnover between general accounts and special accounts
5. Repayment of fixed obligation

Article 32 (Deleted)

Article 33 (Deleted)

Article 34 (Deleted)

Article 35 (Deleted)

Article 36 (Responsibility for the Collection and Disbursement of Cash) ① No one other than the cashier shall collect, disburse, or keep cash. However, the cash collected by a person other than a cashier owing to circumstances beyond his/her control must immediately be transferred to a cashier for deposit.

② Cashier as used herein refers to a person who is ordered in writing at the request of the head of the accounting department to collect and disburse cash; the person shall not perform any other business except the preparation of slips and other special tasks.

Article 37 (Collection and Disbursement of Cash) ① The collection of cash must be performed based on the slip generated after the submission of an approval request form on revenue; the cash exceeding the prescribed limit of cash on hand must be deposited to the University's primary bank account within the day.

② When a cashier disburses cash, he/she shall do so by depositing the cash to the recipient's bank account after examining all relevant documentary evidences and obtaining approval from the final decision maker as indicated in the slip. However, cash may be dispensed for a small amount of money or within the prescribed limit of cash on hand.

③ Cash disbursement must be made per recipient except in case of small amounts of money, trip expenses, or other special expenses.

Article 38 (Deleted)

Article 39 (Deleted)

Article 40 (Opening and Closing Bank Accounts) Bank accounts shall be opened in the name of the President of the University or a person delegated by him/her; various matters concerning the management of the bank account shall be determined by the Regulations on Discretionary Decisions of the University.

Article 41 (Deleted)

Article 42 (Issuance of Withdrawal Slip) ① Approval must be obtained from the final decision maker pursuant to the Regulations on Arbitrary Decision before issuing a withdrawal slip.

② A withdrawal slip, etc. shall be issued in the name of the President of the University or a person delegated by him/her.

③ The amount in a withdrawal slip may not be amended for correction.

Article 43 (Fund Operation Plan and Management) ① The person responsible for accounting must establish and operate a fund operation plan to ensure efficient operation of funds.

② For centralized management of funds, any department other than that taking charge of accounting shall never perform any of the following fund transactions:

1. Borrowing fund
2. Lending fund
3. Sending funds externally
4. An act of assuming liabilities for bills
5. An act of debt guarantee for a third party

Article 44 (Deleted)

Article 45 (Purpose of Cost Accounting) Cost accounting determines the optimum cost of instruction and research activity based on the estimated value and provides useful information for control and management for efficiency in instruction and research activity.

Article 46 (Cost Accounting Method) Cost accounting shall be conducted by expense item, sector, and project; detailed guidelines for cost accounting may be separately stipulated.

Article 47 (Internal Auditing) Matters concerning internal auditing shall be governed by the provisions of the Regulations on Internal Auditing.

Article 48 (Disclosure of Budget and Final Accounts) The details of budget and final accounts of the University shall be disclosed both internally and externally.

Addenda

1. These regulations shall be established and take effect on December 3, 1986.
2. The accounting processed prior to the implementation of these regulations shall be deemed to have been processed pursuant to these regulations.

Addendum

These amended regulations shall take effect on October 1, 1987.

Addendum

These amended regulations shall take effect on September 15, 1988.

Addenda

1. These amended regulations shall take effect on July 22, 1997.
2. The budgeting and accounting that were processed prior to the enforcement of these regulations shall be deemed to have been processed pursuant to these regulations.

Addendum

These amended regulations shall take effect on June 1, 2001.

Addendum

These amended regulations shall take effect on March 18, 2004.

Addenda

1. These amended regulations shall take effect on March 1, 2007.
2. (Interim measure) Depreciation shall apply retroactively to the fixed assets and assets out of books that are acquired until and including February 28, 2007.

Addendum

These amended regulations shall take effect on August 2, 2013.

(Attached Form # 1-1)

Estimated Accounts Receivable at the End of the Previous Term

(Unit: KRW 1,000)

Classification	Details	Amount		Remarks
Total				

(Attached Form # 1-2)

Estimated Debt at the End of the Previous Term

(Unit: KRW 1,000)

Authorization basis	Lender	Details of debt		Balance at the end of the previous term	Interest rate	Period of repayment for the balance	Estimated amount of next repayment	Remarks
		MM/DD/YYYY	Amount					
Total								

(Attached Form # 1-3)

Schedule of Tuition Fees

(Unit: KRW 1,000 or KRW)

Classifi- cation	Classifica- tion (college track)	Course	Sub- classifi- cation	Semest- er	Grade (semest- er)	Number of students	Admission fee		Tuition fees		Total	Remark s
							Per student Amount	Amount	Per student Amount	Amount		
						Subtotal						
						Subtotal						
						Total						

	Grand total											

(Attached Form # 1-4)

Schedule of Personnel Expenses

(Unit: KRW 1,000 or KRW)

Classifi- -cation	Type	Position (or college concerned)	Sub- classification	Number of people	Amount		Remarks
					Average amount per person	Amount	
Faculty member	Salary						
	Subtotal						
	Bonus						
	Allowances						
	Copayment						
	Severance pay						
Total							
Lecturer	Part-time lecturer Special lecturer						
	Total						
Teaching associate	Personnel cost						
Staff member	Salary Bonus Allowances Copayment Severance pay						
	Total						
Temporary worker	Temporary worker Wage Severance pay						
	Total						
Grand total							

(Attached Form #2)

Revised Supplementary Budget

(. . . From (MM/DD/YYYY) . . . To (MM/DD/YYYY))

1. Revenue

(Unit: KRW 1,000)

Account title			Amount of revised budget	Original amount of budget	Variation	Basis for calculation
Group	Category	Item				
Grand total of revenue						

2. Expenditure

(Unit: KRW 1,000)

Account title			Amount of revised budget	Original amount of budget	Variation	Basis for calculation
Group	Category	Item				
Grand total of expenditure						