

OIST Graduate University
Policies, Rules & Procedures

Authority: Approved by the Auditors

Chapter 9. Auditors' Audit

9.1 Policy

Audits by the Auditors are conducted at the Okinawa Institute of Science and Technology School Corporation (hereinafter referred to as “School Corporation”) in accordance with Article 15 of the Okinawa Institute of Science and Technology School Corporation Bylaws [[link: http://www.oist.jp/sites/default/files/img/pages/founding-principles/oistsc_bylaws_20111024_clear.pdf](http://www.oist.jp/sites/default/files/img/pages/founding-principles/oistsc_bylaws_20111024_clear.pdf)]. Audits by the Auditors are conducted to promote legitimate and efficient business and administrative operations of the School Corporation as well as proper accounting.

9.2 General Considerations

9.2.1 Standards of Audit Activity

Audits by the Auditors are conducted based on the relevant laws, Bylaws and School Corporation’s policies and regulations that are stipulated from those laws. When implementing the audit activity, the Auditors shall respect the autonomous nature of the education and research at the University.

9.3 Responsibilities

9.3.1 General Employees

Employees of audited sections/divisions must cooperate with the audit activities to ensure efficient and productive implementation of the audit.

9.3.2 Person in Charge of Each Sections/Divisions

When important issues or irregular incidents arise in the workplace, the concerned responsible personnel of the School Corporation or the University must immediately report to the Auditors orally or in writing.

9.3.3 Audit Employees

Auditors may receive assistance from employees who fall under the Vice President for Administrative Compliance (VPAC) and direct them to assist in necessary audit activities.

9.3.3.1 When the support from the VPAC is not sufficient or employees with certain expertise are required, with an approval of the CEO/President, the Auditors may have employees from outside of the VPAC to assist in the audit activity.

9.3.4 Duties of the Audit Employees

Employees engaged in Audit activities stipulated by 9.3.3 may not disclose any information they learn or come across during the audit activities to other employees who are outside of the audit team or any external contacts.

9.3.5 Duties of the Auditors

9.3.5.1 Preparing Audit Report

Every fiscal year, the Auditors must prepare an Audit Report and submit the report to the Board of Governors (BOG) and the Board of Councilors (BOC) within two months after the end of preceding fiscal year.

9.3.5.1.1 For a Special Audit, the report must be submitted to the CEO/President within a month after the implementation of the audit.

9.3.5.1.2 Auditors may add opinions in the report when deemed necessary.

9.3.5.2 Meeting Attendance and Expression of Opinions

Auditors may attend BOG, BOC and other important meetings and express opinions. When the Auditors are unable to attend these meetings, they may receive explanation of the meeting agendas from the CEO/President, the Vice CEO/Provost or concerned employees and view relevant documents.

9.3.6 Duties of the CEO/President

The CEO/President must deliberate and assess the Audit Report and the Auditors' opinions and then provide a remedial action plan. Measures and actions taken to correct the discrepancies and the resulting effects must be provided in writing to the Auditors.

9.4 Procedures

9.4.1 Scope

Auditors conduct audits on the overall operation and asset condition of the School Corporation. Specifically, audits shall be conducted on the following items:

- (a) Condition of enacting and practicing the relevant laws and school policies and regulations.
- (b) Business and management condition of the School Corporation and University.
- (c) Administrative performance condition of overall system and organization of the School Corporation and University.
- (d) Personnel management condition.
- (e) Implementation status of budgets, business plans and financial plans.

- (f) Expenditure and management conditions of cash, etc.
- (g) Condition of financial supply-demand and the management.
- (h) Property acquisition, management, and disposal conditions.
- (i) Safety management conditions.
- (j) Other issues necessary for the achievement of healthy and stable operation of the School Corporation.

9.4.2 Types and Methods of Audit

There are two types of audits: Periodical Audits which are conducted periodically, and Special Audits which are conducted on an as-needed basis.

9.4.2.1 Document Audit

Only documents that are created and managed by the School Corporation will be subject to audits. When implementing document audits, documents pertaining to accounting, contracts, and other necessary forms are subject of Document Audit. This also includes but is not limited to all the logs and records from the School Corporation's computer systems.

9.4.2.2 Field Audits

Audits may also be conducted at the employee's workplace, where employees are interviewed and explanations may be requested.

9.4.3 Implementation Procedure

Audits by the Auditors shall follow the procedures stated in this Chapter unless otherwise stipulated separately.

9.4.3.1 Auditors must prepare audit plans every fiscal year and inform the CEO/President in advance. However, Special Audits are conducted whenever deemed necessary, and therefore no advance notice is required.

9.4.3.2 The head of a section/division that will be audited will receive

a written notice of a Periodical Audit in advance.

9.4.3.3 In case of a Special Audit, no advance notice is issued.

9.4.3.4 The head of an audited section/division is responsible for cooperating for a smooth conduct of the audit activity. This includes but is not limited to preparing documents pertinent to the items on the advance notice form.

9.4.4 Documents to be Audited and Sent to the Auditors

Documents stipulated in Bylaws Article 31 [[link: http://www.oist.jp/sites/default/files/img/pages/founding-principles/oistsc_bylaws_20111024_clear.pdf](http://www.oist.jp/sites/default/files/img/pages/founding-principles/oistsc_bylaws_20111024_clear.pdf)] must be sent up to the Auditors for the purpose of audit. The following documents must also be sent up to the Auditors after they have been approved by the determining authority (*Kessai*) for they are crucial in assessing the condition of the School Corporation's administrative operation.

- (a) Documents concerning enactment, revision and abolition of the Bylaws, regulations, stipulations, and other policies of the School Corporation
- (b) Documents requesting for an approval or authorization or other important documents prepared for the Prime Minister and the Minister of Education, Culture, Sport, Science and Technology
- (c) Documents concerning the determination of the basic policies for the School Corporation's business and administrative operation
- (d) Important documents concerning contracts
- (e) Important documents concerning lawsuits and petitions
- (f) Important documents for submission to the Board of Audit
- (g) Important documents concerning an approval or authorization from the Prime Minister or the Minister of Education, Culture, Sport, Science and Technology

- (h) Important documents issued from Government offices other than the Cabinet Office or Ministry of Education, Culture, Sport, Science and Technology
- (i) Other important documents, both issued and received, concerning School Corporation's operation

9. 5 Contacts

9.5.1 Policy Owner: Auditors