



OIST

OKINAWA INSTITUTE
OF SCIENCE AND TECHNOLOGY
GRADUATE UNIVERSITY

沖縄科学技術大学院大学

December 7, 2017

To:

Peter Gruss, Chief Executive Officer

Okinawa Institute of Science and Technology School Corporation

From:

Shinichi Okamoto, Auditor

Yoshiyuki Uehara, Auditor

Notice of Auditors' Audit for FY 2017

Per the Okinawa Institute of Science and Technology Policies Rules and Procedures (PRP) Chapter 9.4.3.1, this is to notify you of the plans for auditors' audit for the fiscal year (FY) 2017. Details are as follows:

1. Purpose of the Audit

We plan to audit the business and administrative operation of the Okinawa Institute of Science and Technology School Corporation (SC) for the FY 2017 to ensure proper and efficient operation. We will also prepare the Auditors' Written Opinion for the closing of FY 2017, as provisioned in the Bylaw, Section 1 of Article 34.

2. Audited Items

We will be auditing on the items prescribed in the PRP Chapter 9.4.1, with emphasis in below ①-⑤ areas that are included in the Business Plan, and ⑥, as well as the items under "Annual Auditors' Audit" in the Guidelines for Auditors' Audit, Okinawa Institute of Science and Technology (Approved by Auditors in September 2017.) *see attachment

① Education and research

② Governance and administrative transparency and efficiency

③ Finance

- ④ Contribution to self-sustainable development of Okinawa
- ⑤ University campus and community development; safety and environment protection
- ⑥ Other items that are deemed necessary in achieving healthy and stable operation of the SC.

3. Period Covered: FY 2017

4. Methods of the Audit

Document audit and field audit, as prescribed in the PRP Ch.9.4.2, will be conducted.

5. Schedule of the Periodical Audit

The periodical audit will be conducted between January 2018 through April 2018.

The auditors will receive reports on the progress and findings of the accounting audit conducted by an accounting firm and incorporate the result in the auditors' audit.

6. Audit Report

Auditors' written opinion and the Audit Report will be prepared and reported to the President and will also be submitted to the Board of Governors and Board of Councilors in May. Additional report will be provided to the President on an as-needed basis.

Shinichi Okamoto

Shinichi Okamoto, Auditor

Date December 7, 2017

Yoshiyuki Uehara

Yoshiyuki Uehara, Auditor

Date 12/7, 2017

September 2017
Approved by Auditor

Guidelines for Auditors' Audit, Okinawa Institute of Science and Technology

OIST has been in operation for more than five years now, during which a series of internal and auditors' operational audits, and accounting audits by an audit firm, have been undertaken. The findings of these audits show that the basic administration of the University has become increasingly stable, as its fundamental functions have been put in place and are operating effectively.

As described in FY2016 Auditors' Audit Report, it is extremely important to apply the accumulated experiences to envision further expansion of the business and its operation, identify operational challenges while adjusting to the changes surrounding the University, and rigidly tackle each issue with a strong will and enthusiasm.

Under these circumstances, we set these guidelines based on the recognition that the Auditors' Audit should be conducted with a medium-term vision to further support the self-reliable growth and development of the University.

1. Risk Matrix

To conduct Auditors' Audit (hereafter, Audit), a risk matrix is established as in the attachment 1. It is to be adjusted as necessary, depending on the changes surrounding the University.

2. Establish Mid-Term Audit Plan

- (1) To conduct effective Audit with a mid-term vision, and to encourage active implementation of improvement at each division prior to audit, Auditors establish a three-year Audit Plan (hereafter, "Mid-Term Plan") based on the risk matrix described above, and report to the Board of Governors.
- (2) The duration of Mid-Term Plan is three years, which includes the following items:
 - (a) The basic principle and direction of the audit within the Mid-Term Plan
 - (b) The themes and objectives of each year in the Mid-Term Plan

(c) Items regarding "3. Annual Auditors' Audit"

- (3) Auditors determine a yearly Audit plan based on the targeted Mid-Term Plan.
- (4) Each year the Mid-Term Plan utilizes a "rolling plan" method, based on the outcome of audits and changes surrounding the University. As a result, if a major change is necessary in the Mid-Term Plan, Auditors report to the Board of Governors regarding the changes.

3. Annual Auditors' Audit

To ensure a steady business operation, Auditors regularly conduct hearings each year, or until sufficient, regarding current status and challenges reported by each division head in charge of following items, and perform site surveys as necessary:

- (1) Management of Facility Maintenance Budget Execution (FM, BFM)
- (2) Personal Information Management (AC)
- (3) Compliance Education (AC)
- (4) BCP Training Including IS (BCP in charge, CIO)
- (5) Work Hour Management, Including Overtime (HRGE)
- (6) Follow-up of Items Mentioned in Auditors' Audit of Previous FY (related divisions)

4. Others

When guidance is received by outside parties regarding the management of the School Corporation that requires a follow-up, or any special issues that require additional improvement, Auditors should review the Annual Audit Plan and the Mid-Term Plan of the targeted term. Refer to 2. (4) for reporting to the Board of Governors.

Auditors' Audit Risk Matrix

