



OIST

OKINAWA INSTITUTE
OF SCIENCE AND TECHNOLOGY
GRADUATE UNIVERSITY

沖縄科学技術大学院大学

November 18, 2021

To: Peter Gruss, Chief Executive Officer
Okinawa Institute of Science and Technology School Corporation

From: Kentaro Miura, Auditor
Yoshiyuki Uehara, Auditor
George Clark, Auditor

Notice of Auditors' Audit for FY 2021

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) 2021. Details are as follows:

In accordance with PRP 9.4.3.1 of the Okinawa Institute of Science and Technology Graduate University, this is to notify you that the Auditors' Audit for the fiscal year 2021 will be conducted as follows.

1. Purpose of the Audit

The Auditors conduct audits of the business and administrative operation of the Okinawa Institute of Science and Technology School Corporation (OIST SC) for FY 2021 to ensure proper and efficient operation. We will also prepare the Auditors' Written Opinion for the closing of FY 2021 as provisioned in Article 34, Section 1 of the Bylaws.

2. Audit Items

The Auditors conduct audits of the items listed in PRP 9.4.1, especially items (1) through (5) and (6) in the Business Plan, and item (3) in the Okinawa Institute of Science and Technology Graduate University Auditors' Guidelines for Auditors' Audit (decided by the Auditors in September 2017). (See attachment)

1. Education and research
2. Transparency and efficiency of governance and business operations
3. Finance
4. Contribution to self-sustainable development of Okinawa
5. University campus and community development; safety and environment protection
6. Other items that the Auditors find necessary to audit in order to achieve sound and stable operation of the SC.

2. Period Covered: FY 2021

3. Methods of the Audit

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

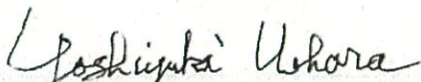
4. Schedule of the Periodical Audit

Periodical audit period: November 2021 through April 2022.

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.

5. Audit Report

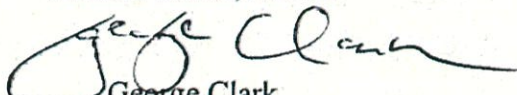
Auditors' written opinion and the Audit Report will be prepared and reported to the President and submitted to the Board of Governors and Board of Councilors in May. Additional reports will be provided to the President on an as-needed basis.


Yoshiyuki Uehara, Auditor

Date 11/18/2021


Kentaro Miura, Auditor

Date 11/18/2021


George Clark

George Clark, Auditor

Date 11/18/2021

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

