

# International University of Japan Internal Audit Regulations (Translation)

Enacted April 1, 2010

## **(Objective)**

**Article 1.** The objectives of International University of Japan (hereinafter referred to as "IUJ") Internal Audit Regulations are to define necessary matters about Internal Audit (hereinafter referred to as "auditing"). These regulations are aimed at adjusting and optimizing of duties, enhancing consciousness about duties of faculty and staff members and contributing to sound development.

## **(Define of Audit)**

**Article 2.** Internal Auditing, as prescribed in the preceding article, shall be researched and appraised from a fair and objective point of view to determine whether all the duties of the corporation are carried out properly in line with law, corporation regulations and social norms etc. Then advice or proposed improvement and reform ideas that lead to effective development of the corporation will be communicated to IUJ.

## **(Target of Audit)**

**Article 3.** The target of the audit covered by these regulations shall be all the duties of the corporation.

## **(Types of Audit)**

**Article 4.** Types of audits conducted under these regulations shall be as follows.

### **(1) Business audit**

To verify that the corporation's duties are performed properly and efficiently in accordance with laws and regulations from an organizational management and operational control point of view.

### **(2) Accounting audit**

To verify that the corporation's accounting and relevant duties are conducted properly and efficiently in accordance with laws and regulations from accounting's point of view.

(3) System audit

To verify that systems used in corporate operations are run properly and efficiently in accordance with laws and regulations from a system reliability, safety, and effectiveness point of view.

**(Office of Internal Auditing)**

**Article 5-1** An Office of Internal Auditing shall be established under the Chairman in order to attend to his/her duties with regard to auditing

**5-2.** The following staff members shall be posted to the Office of Internal Auditing and shall be in charge of auditing.

(1) Manager

(2) A number of staff members

**5-3.** The Chairman shall commission the manager and staff members from among faculty and staff members.

**(Classification of Audit)**

**Article 6.** Audits shall be classified into regular audits and extraordinary audits.

(1) Regular audit

In principle, regular audits shall be implemented once a year based on an audit plan fixed beforehand

(2) Extraordinary audit

These shall be implemented by order of the Chairman when necessary.

**(Authority of staff members of the Office of Internal Auditing)**

**Article 7-1.** Staff members of the Office of Internal Auditing can request faculty and staff members of offices to be audited and/or relevant offices to submit related materials and to explain their business.

**7-2.** Faculty and staff members who are working in an office and a related office that is to be audited cannot refuse requests outlined in the preceding article without a legitimate reason.

**(Matters to be observed by staff members in charge of auditing)**

**Article 8-1.** Audits must be based on all the facts and be done impartially and fairly.

**8-2.** A member of the Office must not directly instruct faculty and staff members

who are working in that office and a related office to be audited.

**8-3.** A member of the Office must try not to be a serious obstacle to staff members' business in offices related to the office to be audited.

**8-4.** A member of the Office must not leak matters to others which he/she learned officially without legitimate reasons.

**(Audit Plan)**

**Article 9-1.** The Manager of the Office of internal Auditing shall make an audit plan for regular audits in order to be fair and effective. However, this does not apply to extraordinary audit.

**9-2.** Audit Plan shall be divided into annual audit plan and audit implementation plan.

**9-3.** For the annual audit plan, basic policies on auditing and a plan that includes a written description of necessary matters shall be made by the end of June every year. Then, after approval by the Chairman, notice of the plan will be given.

**9-4.** For the audit implementation plan, a plan on necessary matters such as the specific schedule, target offices to be audited and the contents of the audit shall be made based on the annual audit plan.

**(Notification of Audit)**

**Article 10.** The manager of the Office of Internal Auditing shall notify the managers of target offices to be audited in writing beforehand, describing the schedule and audit items. However, this shall apply to these regulations in an emergency.

**(Implementation of Audit)**

**Article 11-1.** Audit shall be implemented based on audit implementation plan. However, an audit can be changed in an emergency.

**11-2.** Audits, in principle, shall be implemented on the spot. However, they can also be done in writing.

**11-3.** When the manager of the Office of Internal Auditing judges that there is a need to ask a person with a high level of expertise to audit, this can be outsourced after approval by the Chairman.

**(Audit working paper)**

**Article 12.** Staff members in charge shall complete working papers about the contents of the audit promptly after the audit is implemented.

**(Audit Report)**

**Article 13.** The manager of the Office of Internal Auditing shall make an audit report based on the audit working papers, etc., in the preceding article. If the manager has some advice and proposals or plans for improvement before submitting the audit report, his/her opinion shall be appended to the report. However, if the manager finds articles that thought to be important, he/she must report them to the Chairman immediately.

**(Directions of improvement)**

**Article 14.** When the Chairman decides there is a need for improvement in accordance with the audit report in the preceding article, in Corporate Headquarters, he/she shall direct the Managing Director to improve business operations. On Campus, it directions to office managers to improve business operations of offices to be audited shall be given by way of the President.

**14-2.** A manager who is instructed to improve business operations shall make an improvement plan describing the contents of the improvement and a deadline. At Corporate Headquarters, improvement plans shall be submitted to the Chairman by way of the Director of Corporate Headquarters. On Campus, it shall be submitted to the Chairman by way of the President.

**(Confirmation after directions for improvement)**

**Article 15.** Based on instructions about business improvement and improvement plans in the preceding article, the Manager of the Office of Internal Auditing shall research the progress afterwards and confirm implementation. Then, he/she shall report to the Chairman.

**(Relationship with other audit)**

**Article 16.** When the Manager of the Office of Internal Auditing receives requests from an inspector and auditing corporation, the manager shall report the results of audit to them.

2. The Manager of the Office of Internal Auditing can take part in audits conducted by inspectors and auditing corporations after approval.

**(Miscellaneous regulations)**

**Article 17.** The Manager of the Office of Internal Auditing shall decide on necessary items about implementation of audits in addition to the items stipulated in these regulations.

#### **ADDITIONAL REGULATIONS**

1. These regulations shall be made effective from April 1, 2010