

**Regulation Concerning the Auditor and Audit at the Public University Corporation,
University of Aizu**

(Rule No. 78, April 1, 2006)

Article One

(Objective)

1.1 This Regulation, based upon the provisions of the Articles of Association at the Public University Corporation of the University of Aizu (hereinafter referred to as the "ARTICLES OF ASSOCIATION"), Article 9, Paragraphs 7 and 8, determines necessary matters concerning the audit of the Public University Corporation of the University of Aizu (hereinafter referred to as the "CORPORATION") and submission of the opinions of an auditor.

Article Two

(Objective of Audit)

2.1 The objective of the audit shall be to promote rational, efficient management of the CORPORATION's business operations and to ensure appropriate accounting.

Article Three

(Scope of Audit)

3.1 The auditor shall conduct the audit on the CORPORATION's business operations and accounting.

3.2 The operational audit of paragraph 3.1 shall inspect the execution of business operations by the EXECUTIVES and personnel and shall be conducted on the following:

- (1) Deliberations of the Board of Executives, etc., the status of decision-making by the EXECUTIVES, and the execution of the supervisory obligations of the EXECUTIVES
- (2) Appropriate maintenance and management of internal control systems, including the compliance system of the EXECUTIVES and personnel, risk management system, and internal audit system
- (3) The status of the CORPORATION's financial management

3.3 The accounting audit of Paragraph 3.1 shall be conducted on the following, with the purpose of ensuring the correctness and reliability of accounting information:

- (1) Maintenance of independence by the accounting auditor as a third person and appropriate execution of the audit by the accounting auditor as a professional auditor
- (2) Management of an appropriate system of accounting processes required for the EXECUTIVES and personnel to prepare and report financial statements and other accounts (hereinafter referred to as the "ACCOUNTS")
- (3) Conformity of the accounting policy and the presentation methods employed by the CORPORATION in preparing ACCOUNTS, to the Accounting Standards of Public University Corporations, etc. and appropriate presentation of the CORPORATION's financial and management conditions

Article Four

(Duties of Auditor)

4.1 The auditor must attend the Board of Executives and other important meetings, examine reports and reference materials received from the Chairperson and the executives (hereinafter referred to as the "EXECUTIVES") and from the personnel, and investigate on the CORPORATION's business operations and properties, as well as timely implement necessary measures, including giving advice, recommendations, etc. to the EXECUTIVES and personnel and expressing the auditor's opinions.

4.2 In forming the auditor's opinions, the auditor must examine the facts, listen to the views of outside experts where necessary, and seek rational grounds to base the auditor's judgment in an effort to ensure the correctness of the auditor's opinions.

4.3 The auditor has an obligation to maintain the confidentiality of information obtained in the course of the auditor's duties.

4.4 The auditor must prepare audit working papers to clearly explain the auditor's responsibility and arrange and file the working papers.

Article Five

(Type of Audit)

5.1 The audit shall either be regular audit or extraordinary audit.

5.2 The regular audit of the foregoing paragraph shall be conducted on matters related to the CORPORATION's business operations and accounting, be indicated on the written audit program that shall be prepared in advance, and be conducted after notifying the CORPORATION's departments subject to the audit.

5.3 The extraordinary audit of Paragraph 5.1 shall be conducted when the auditor deems such an audit necessary.

Article Six

(Method of Audit)

6.1 The auditor shall conduct paper audit and fieldwork audit.

6.2 To execute the audit of the CORPORATION efficiently and smoothly, the auditor shall, from time to time, confer or exchange opinions with the departments responsible for internal audit and with the accounting auditor.

6.3 The auditor may inspect the reports submitted by the CORPORATION's departments responsible for audit and by the accounting auditor.

6.4 In conducting the audit, the auditor shall give due consideration for the smooth implementation of the University's business operations and the independence of the University's research.

Article Seven

(Assistance in Audit)

7.1 With the approval of the Director of the Administrative Office, the auditor may have the personnel of the Administrative Office assist duties related to the audit.

7.2 The auditor may, where necessary and with the approval of the Chairperson, have personnel other than the personnel of paragraph 7.1 temporarily assist auditing duties.

7.3 The personnel assisting in the auditor's audit may not divulge information learned in the course of conducting the audit.

Article Eight

(Audit Program)

8.1 The auditor shall prepare an audit program in each financial year and promptly submit the audit program to the Chairperson, except where conducting an extraordinary audit.

Article Nine

(Attendance at Important Meetings, Etc.)

9.1 The auditor may attend and express the auditor's opinions at the Board of EXECUTIVES and other important meetings, etc. that pertain to the management and operation of the University.

Article Ten

(Questions, Etc. to EXECUTIVES and Personnel)

10.1 The auditor may, where necessary for the execution of the audit, question the EXECUTIVES and personnel and request the EXECUTIVES and personnel to provide explanations and submit reference materials.

Article Eleven

(Documents Distributed to Auditor)

11.1 Each of the following documents must be distributed to the auditor:

- (1) Applications submitted to the Governor for permission or approval and other important documents submitted to the Governor
- (2) Important documents submitted to administrative agencies, etc., other than the documents of Paragraph 11.1 (1)
- (3) Written permission or approval issued by the Governor and other important documents issued by the Governor
- (4) Important documents issued by administrative agencies, etc., other than the documents of Paragraph 11.1 (3)
- (5) Important documents related to agreements
- (6) Important documents related to lawsuits
- (7) Other important documents related to business operations

Article Twelve

(Preparation, Etc. of Audit Report)

12.1 The auditor must prepare, based on the results of the regular audit or extraordinary audit, an audit report indicating the name of the departments audited and the items of the audit, and must submit the audit report to the Chairperson promptly after conducting the audit.

12.2 If, based on the audit reports, there are matters that should be ameliorated, the Chairperson must promptly implement measures for the amelioration and inform the results of such measures to the auditor.

Article Thirteen

(Submission of Opinions to Governor)

13.1 If the auditor is to submit the auditor's opinions to the Governor by the provision of the ARTICLES OF ASSOCIATION, Article 9, Paragraph 8, the auditor must, in advance, notify the Chairperson of such submission.

Article Fourteen

(Report to Auditor of Accident or Other Contingency)

14.1 If an accident or other contingency occurs in the course of business, an executive or personnel must promptly report the incident orally or in writing to the auditor.

Article Fifteen

(Miscellaneous provision)

15.1 Necessary matters, etc. related to the auditor's procedures and execution of the audit shall be determined separately by the auditor upon consultation with the Chairperson.

Additional Provisions

These Rules shall be enforced as of April 1, 2006.

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These Rules shall be enforced as of April 1, 2009.