

Rules of Internal Audit Operations at I-Shou University

Ratified and promulgated by the President on October 2, 2014

Adopted on November 19, 2014 by the Board of Trustees

Amendments to Articles 1~4 and 6 ratified and promulgated by the President on November 16, 2017

Adopted on December 26, 2017 by the Board of Trustees

- Article 1 The Rules of Internal Audit Operations at I-Shou University (hereinafter referred to as “the Rules”) are established pursuant to the Implementation Regulations Governing Internal Control System of School Foundations and Affiliated Private Schools and Paragraph 2 of Article 14 in the Regulations for Internal Control System at I-Shou University to serve as the legal basis for internal audit operations.
- Article 2 The internal audit is an independently and objectively confirmative and consultative service with the aim of adding values, improving operational effectiveness and efficiency, and fulfilling the function of internal control. The procedure for internal audit shall be subject to the Rules, unless stipulated otherwise.
- Article 3 The internal audit shall be performed by the auditors of the University by adopting document review and random inspections, and the internal audit may be assisted with computers. First-level units-in-charge shall assist with the internal audit if it involves non-accounting regulations, substantive or technical affairs.
- The auditors of the University are responsible for:
1. post auditing of matters related to personnel, finance, and operation;
 2. post auditing of cash flows;
 3. on-site inventory of cash, bank deposits, and gift vouchers;
 4. auditing and suggestions for enhancing financial efficiency and reducing non-economic expenditure; and
 5. special audits.
- Article 4 The audits performed by the University are divided into two types depending on the nature: planned audits and special audits.
1. Planned audits are routine ones based on an annual audit plan covering a self-evaluation of the internal control system with the aim of checking and reviewing the design of the internal control system and its work effectiveness and making improvements or adopting strategies based on the self-evaluation result.
 2. Special audits are carried out for specific cases or irregularities. A self-evaluation or audit cases spanning two years may be included in the annual audit plan to

present multi-year special audits.

Article 5 The procedure for internal audit:

1. Define the purpose, the scope, and the type of audit (planned or special).
2. Execution of auditing:
 - a. The auditors shall perform audits in accordance with the annual audit plan, and issue an audit notification to the units being audited and their subordinate units seven days prior to the audit.
 - b. When performing audits, the auditors shall discuss the time of on-site audit and relevant affairs with the units being audited. The process of auditing shall be documented on working papers to serve as the basis for compiling reports.
 - c. No application for inquiries is necessary for audit sampling because the auditors are performing their duties. The personnel being audited shall provide relevant information and fully answer questions proposed.
 - d. If there is any inappropriateness or non-conformity with the applicable laws and regulations based on the suggestions or deficiencies discovered during the auditing, and improvement shall be made by units, a notification or a meeting for improvement will be issued or held, and the staffer-in-charge and his/her superiors shall be invited to clarify whether the inappropriateness or non-conformity exists.
 - e. The suggestions or deficiencies discovered during the auditing shall be followed up and documented by the auditors in an internal audit follow-up report.
 - f. Internal audit reports shall be delivered to the units being audited for countersignature and to the President for ratification, and a duplicate of such reports shall be delivered to the supervisors of the Board of Trustees for review. Annual reports of audit effectiveness shall be submitted to the President and the chairperson of the Board of Trustees for ratification and to the Board of Trustees for reference. A duplicate of such reports shall be submitted to the supervisors of the Board of Trustees for reference.
 - g. Those who have not completed the improvement by a given deadline or fail to follow up the improvement shall be punished in accordance with the applicable regulations and rules of the University, and their failure will be documented and included in the next audit.
 - h. Affairs related to the budget shall be reported to the University Council to serve as a reference to the budget of the next academic year.
 - i. The documents being audited by the auditors are classified as first-hand data,

and the auditors shall maintain the confidentiality of such data and be aware of the safety of such data for fear of missing. Documents and reports related to internal audit shall be classified according to file numbers and managed carefully. Audit reports, working papers, and relevant information shall be stored for a minimum of five years.

Article 6 The Rules become effective on the third day of promulgation after being adopted by the University Administration Council, ratified by the President, and approved by the Board of Trustees.

Note: In the event of any disputes or misunderstanding as to the interpretation of the language or terms of these Rules, the Chinese language version shall prevail.