

1. Execution status of budget, etc., regarding measures for COVID-19 (Report on specific matters)

Ministries, agencies in charge

Background of the Audit

- ✓ The government has allocated a large amount of the budget to carry out various projects related to measures against COVID-19 (COVID-19-related projects).
- ✓ The total amount of the budget for responses and measures related to COVID-19 is as follows,
 - FY2019 456.4 billion yen
 - FY2020 76,697.4 billion yen
 - FY2021 36,958.9 billion yen
 - Total 114,112.9 billion yen

Status of the Audit

- ✓ The Board analyzed the status of the budget execution of 1,367 projects whose budget execution was managed separately out of 1,529 COVID-19-related projects implemented from FY2019 to FY2021.
- ✓ **<Status of the budget execution of COVID-19-related projects (586 projects) for FY2021>**
The actual budget for FY2021 was 50,873.5 billion yen, the expended amount was 33,847.1 billion yen, the carry-over amount to FY2022 was 13,325.4 billion yen, the unused budget was 3,700.9 billion yen, and the execution rate was 66.5%.
- ✓ **<Status of the execution of the total budget for COVID-19-related projects from FY2019 to FY2021 (1,367 projects)>**
The total budget for the three years from FY2019 to FY2021 (a total amount calculated by deducting overlaps among actual budget amounts for the three years) is a large amount of **94,492 billion yen**. **The amount carried over from FY2021 to FY2022 out of the total budget is also a large amount of 13,325.4 billion yen.**
- ✓ **<Status of the settlement and surplus amount of subsidies, etc., paid by rough estimate in FY2020>**
The amount of subsidies, etc., that had been paid by rough estimate, and were settled between May 1, 2021 and April 30, 2022 is 3,446 billion yen. **The surplus amount out of the amount is 478.8 billion yen.**
The 3,446 billion yen was recorded as the expended amount for COVID-19-related projects in the statement of accounts for FY2020, but the 478.8 billion yen **was not ultimately used for the implementation of COVID-19-related projects.**
- ✓ **<Status of the provision of information on the budget execution of COVID-19-related projects by ministries and agencies>**
The expended amounts of major projects implemented by ministries and agencies were disclosed in the materials compiled by the Cabinet Office. **With regard to carry-over amounts and unused budgets**, however, there are no standards for disclosure. Thus, other than one project implemented by the Ministry of Health, Labour and Welfare, carry-over amounts and unused budgets of COVID-19-related projects **were not explicitly disclosed as identifiable amounts.**

Findings

- ✓ Ministries and agencies should provide information in an easy-to-understand manner on the status of the execution of large amounts of budget for COVID-19-related projects, such as expended amounts, carry-over amounts as well as unused budgets, and surplus amounts of subsidies, etc., which are the basic information on the status of the budget execution.

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Since many projects were managed by dividing the budget execution, the status of budget execution was sorted and analyzed for these projects.

The status of the budget execution for COVID-19 related projects for FY2021

(Unit: projects, billion yen, %)

Number of projects	Carry-over amount from FY2020	Actual budget amount	Expended amount	Carry-over amount to FY2022	Unused budget	Execution rate

The status of the execution of the total budget for COVID-19 related projects from FY2019 to FY2021

(Unit: projects, billion yen, %)

Expense item	Number of projects	Total budget amount	Expended amount	Execution rate	Carry-over amount to FY2022	Unused budget	Unused rate
Measures to prevent COVID-19	533	18,656.4	15,885.5	85.1	2,105.7	665.0	3.5
Economic and employment measures	641	60,271.0	50,780.7	84.2	5,517.4	3,972.8	6.5
International cooperation	186	388.3	388.3	99.9	—	0	0.0
Temporary subsidy for regional revitalization for COVID-19	7	15,761.1	9,437.5	62.1	5,702.1	36.4	0.2
Total	1,367	94,492.0	76,492.1	80.9	13,325.4	4,674.4	4.9

Status of budget execution by project	FY	Ministries and agencies	Project name	Total budget amount	Expended amount	Carry-over amount to FY2022	Unused budget	Execution rate	Unused rate
Project with the largest expended amount	2020	Ministry of Internal Affairs and Communications	Special Cash Payment Project	12,880.2	12,772.3	—	107.9	99.1	
Project with the lowest execution rate	2021	Ministry of Economy, Trade and Industry	Business Revival Support Grant	2,791.4	529.5	2,261.9	-	18.9	
Project with the largest carry-over amount	2020, 2021	Cabinet Office, Ministry of Internal Affairs and Communications	Temporary subsidy for regional revitalization for COVID-19	15,175.9	9,437.4	5,702.1	36.4		
Project with the largest unused budget	2020, 2021	Ministry of Land, Infrastructure and Transport	Go To Travel Project	1,961.5	863.9	323.2	774.3		39.4
Project with the highest unused rate	2019	Ministry of Health, Labour and Welfare	Subsidy regarding measures for COVID-19	155.6	0.1	-	155.4		99.9

Note: The shaded area does not include figures in the inspection report.

1. Execution status of budget, etc., regarding measures for COVID-19 (Report on specific matters)

Ministries, agencies in charge

The status of settlement and surplus amount of subsidies, etc., paid by rough estimate in FY2020

Projects where the expended amount is 10 billion yen or higher and the settlement was completed between May in FY2021 and April in FY2022

(Unit: Project, billion yen)

Number of projects	Amount of subsidies paid by rough estimate	The confirmed amount out of the left column	Surplus amount
16	3,446.0	2,967.2	4,788

- If subsidies paid by rough estimate are not settled by April 30 of the following fiscal year, surplus amounts that have not been finally used by recipients cannot be returned to the current fiscal year's budget and are recorded as part of the expended amount in the statement of accounts for the current fiscal year.
- Although the amount of subsidies paid by rough estimate in the above table was recorded as the expended amount for COVID-19-related projects in the statement of accounts for FY2020, **the surplus amount was not finally used for the implementation of COVID-19-related projects** and thus the actually used amount cannot be recognized by the settlement of accounts alone.
- All the surplus amounts were returned to the national treasury, and were recorded as revenues for FY2021 or FY2022.

Status of the provision of Information on the budget execution of COVID-19-related projects by ministries and agencies

- In the meeting materials of "the Council on Economic and Fiscal Policy (CEFP)" of the Cabinet Office, the expended amounts for major projects implemented by ministries and agencies were disclosed.

Carry-over amounts and unused budgets of COVID-19-related projects were not explicitly disclosed as identifiable amounts, other than one project implemented by the Ministry of Health, Labour and Welfare.

Findings

Ministries and agencies in charge **should provide information in an easy-to-understand manner** on the status of the budget execution of large amounts of budget for COVID-19-related projects, such as **expended amounts, carry-over amounts as well as unused budgets, and surplus amounts of subsidies, etc.**, which are the basic information on the status of the budget execution.

2. Usage of devices such as mobile Wi-Fi routers (Presentation of Opinions)

Ministry of Education, Culture, Sports, Science and Technology

917.06 million yen (Improper amount)

Outline of the Project

- ✓ In the Telecommunication Equipment Provision Support Project for Home Learning (subsidy project), prefectural and municipal governments (entities) **are given subsidies for purchasing devices such as mobile Wi-Fi routers (routers) to be lent for supporting home-based learning activities** carried out by students of subsidized schools using the Internet as part of school educational activities (**Home learning**).
- ✓ **The entities lend the router to households that cannot afford to prepare an Internet environment so that students can continue their studies in the event of emergencies such as temporary school closure** due to COVID-19 and other situations.
- ✓ **The Ministry of Education, Culture, Sports, Science and Technology (MEXT) indicates that routers should be used effectively in emergencies as well as in normal times, and can be used for extracurricular activities and be lent to households other than those receiving subsidies for school attendance**, but entities are required to appropriately manage the subsidy project in accordance with its purpose.

Audit Results

- ✓ **In 193 entities (79.7%) out of 242 entities** that implemented subsidy projects in FY2020, **the maximum lending rate for each entity up to the end of the FY2021 (ratio of the number of routers that were lent to households at the peak to the number of routers procured under subsidy projects in FY2020, is less than 50%**.
- ✓ In the 193 entities mentioned above, **101,614 routers (equivalent to a national subsidy of 917.06 million yen) have not been used for home learning for more than one year after delivery**.
- ✓ Out of 141 entities that recognized the main factors for the sluggish maximum lending rate, 74 entities cited **“due to a lower number of households wanting to borrow routers than expected,”** and **56 entities cited “due to the lack of progress in home learning.”**
- ✓ **The number of routers that entities did not expect to be used for home learning in the future is 80,181.**
- ✓ **MEXT has not provided sufficient information so that entities could properly consider the utilization of routers for home learning and other activities.**

Presentation of Opinions

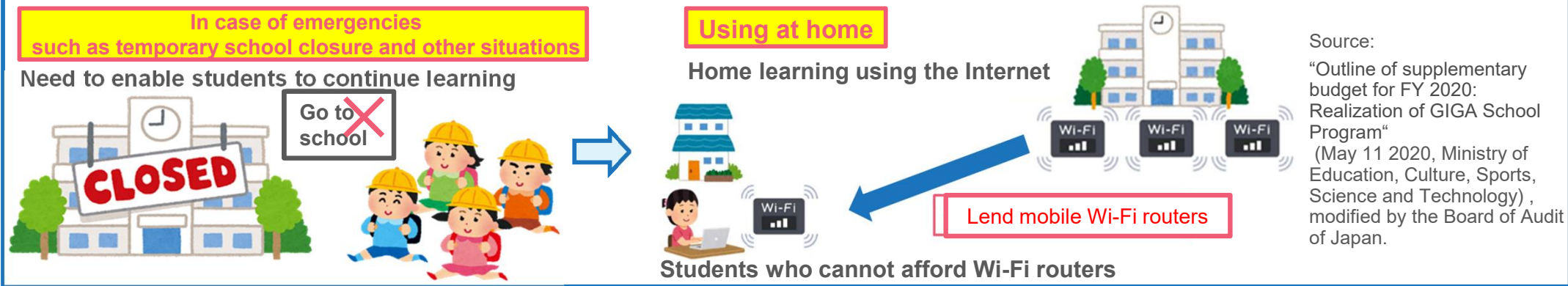
To ensure that routers will be utilized as effectively as possible in the future:

- ✓ **After having entities identify why the use of routers for home learning is sluggish, MEXT should consider measures to promote the use of routers for home learning based on the identified factors and disseminate the result to entities.**
- ✓ **To the extent that it does not interfere with the use of routers for home learning, MEXT should examine the use and methods other than home learning for effectively utilizing routers, and, based on the result, disseminate appropriate utilization methods to entities, such as by introducing good practices.**

2. Usage of devices such as mobile Wi-Fi routers (Presentation of Opinions)

Ministry of Education, Culture, Sports, Science and Technology
917.06 million yen (Improper amount)

Outline of the Telecommunication Equipment Provision Support Project for Home Learning



Audit Results

● Usage of routers

	Maximum lending rate of routers until the end of FY2021					Total	Total of the maximum lending rate that is less than 50%
	50% or more	More than 30% and less than 50%	10% or more Less than 30%	Less than 10%	0% out of them		
	A	B	C	D		A + B + C + D	B + C + D
Number of entities (Percentage of their total)	49 (20.2%)	36 (14.8%)	51 (21.0%)	106 (43.8%)	31 (12.8%)	242 (100%)	193 (79.7%)
Number of routers that have not been lent to households and have not been used for home learning by the end of FY2021 (units)	11,701	16,352	30,677	54,585	7,138	113,315	101,614
The amount equivalent to subsidies pertaining to the above (in thousand yen)	110,346	143,740	296,429	476,894	67,239	1,027,411	917,064

● Main factors for the sluggish maximum router lending rate (141 entities identified the factors)

- "Due to a lower number of households wanting to borrow routers than expected": 74 entities
- "Due to the lack of progress in home learning": 56 entities

● Prospective usage of routers for home learning in the future

- The number of routers that were not expected to be used in future is 80,181.

⇒ The Ministry of Education, Culture, Sports, Science and Technology (MEXT) has not provided sufficient information so that entities could properly consider the utilization of routers.

Presentation of Opinions

To ensure that routers will be utilized as effectively as possible in the future:

- After having entities identify why the use of routers for home learning is sluggish, MEXT should consider measures to promote the use of routers for home learning based on the identified factors and disseminate the result to entities.
- To the extent that it does not interfere with the use of routers for home learning, MEXT should examine the use and methods other than home study for effectively utilizing routers, and, based on the result, disseminate appropriate utilization methods to entities, such as by introducing good practices.

Lending is sluggish

3. Implementation of projects provided with the temporary subsidy for regional revitalization for COVID-19 (Presentation of Opinions and Demand for Measures)

Outline of the Project

- ✓ **The national government provides the temporary subsidy for regional revitalization for COVID-19 (COVID-19 subsidy) for expenses of eligible projects based on implementation plans (implementation plan) for the temporary subsidy for regional revitalization for COVID-19 prepared by local governments.**
- ✓ Projects eligible for the COVID-19 subsidy aim to contribute to the prevention of the spread of COVID-19 and the revitalization of local economies and lives of residents affected by the spread of the infection. In principle, there are no restrictions on the use of the COVID-19 subsidy.
- ✓ The COVID-19 subsidy can also be used to support local independent projects. There are various projects in local independent projects, such as the project of distributing gift vouchers, etc., the project of subsidies for credit guarantee fees, etc., the project for reduction and exemption of water charges, etc., and the project of additional sustainability subsidies.
- ✓ After the completion of subsidized projects, local governments are requested to evaluate the implementation status of the projects and their effect by appropriate methods such as questionnaire surveys (verification of the effect), and are requested for publishing the result.

Audit Results

- ✓ The Board audited subsidized projects in the implementation plans of 24 prefectures and 965 municipalities for FY2020.
- ✓ **In the projects of distributing gift vouchers, etc.**, 68.93 million yen, which is equivalent to the amount of unredeemed gift vouchers, etc., after the expiration date in 30 municipalities, **was held at entities such as the commercial and industrial associations** (The appropriated amount of the subsidy: 66.95 million yen), etc.
- ✓ **In the project of subsidies for credit guarantee fees, etc.**, **562.94 million yen, which was refunded as excess payment** as a result of early redemption of debts covered by guarantees in 3 prefectures and 82 municipalities, **is held by the local governments** (The amount equivalent to the subsidy: 547.50 million yen)
- ✓ **In the project for reduction and exemption of water charges, etc.**, the COVID-19 subsidy **has been allocated to reduction and exemption of the water charges, etc.**, of 122.57 million yen for public institutions in 84 municipalities (The appropriated amount of the subsidy: 116.16 million yen).
- ✓ **In the project of additional sustainability subsidies**, in cases where the presentation contracts for sustainability subsidies are canceled due to fraud or other reasons, **it is difficult to examine whether the additional amount provided from the COVID-19 subsidy is eligible.**
- ✓ **21 prefectures and 738 municipalities have not disclosed the verification results of subsidized projects.** 17 prefectures and 541 municipalities out of these local governments **did not conduct a verification of the effect**, and 4 prefectures and 197 municipalities conducted a verification of the effect, **but have not released the verification results.**

Presentation of Opinions

- ✓ The Cabinet Office should inform local governments that the COVID-19 subsidy will not be allocated to the amount equivalent to unredeemed gift vouchers, etc., after the expiration date in the project of distributing gift vouchers, etc., which has been held at entities such as the commercial and industrial associations.
- ✓ Regarding the project for reduction and exemption of water charges, etc., the Cabinet Office should consider measures such as indicating to local governments that, in principle, water charges, etc., for public institutions are not eligible for the COVID-19 subsidy.
- ✓ The Cabinet Office should consider measures to disseminate methods of a verification of the effect to local governments, and inform local governments that they need to conduct a verification of the effect promptly by an appropriate method in line with the purpose of the verification of the effect and publish the result. etc.

3. Implementation of projects provided with the temporary subsidy for regional revitalization for COVID-19 (Presentation of Opinions and Demand for Measures)

Cabinet Office,
Ministry of Internal Affairs and Communications
730.61 million yen (Improper amount)
2,731,116.21 million yen (Background amount)

Outline of the temporary subsidy for regional development for COVID-19 (COVID-19 subsidies)

National government

Subsidies

Local governments

Formulation of implementation plans

Implementation of various projects

Gift vouchers

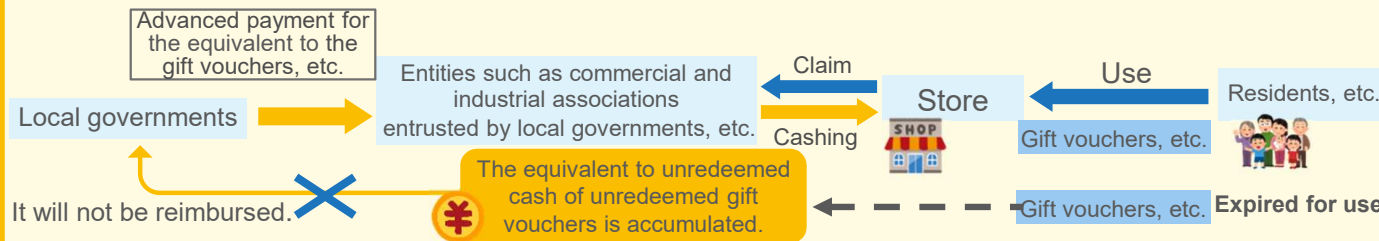
Verification of the effect Publication

- The national government provides subsidies for expenses of eligible projects based on implementation plans prepared by local governments.
- Eligible projects aim to contribute to the prevention of the spread of COVID-19 and the revitalization of local economies and lives of residents affected by the spread of the infection.
- In principle, there are no restrictions on the use of the COVID-19 subsidy, and local independent projects can be also subsidized. Thus, eligible projects included in implementation plans are diverse.
- After the completion of subsidized projects, local governments are requested to evaluate the implementation status of the projects and their effect by appropriate methods such as questionnaire surveys, and to publish the result.

Audit Results

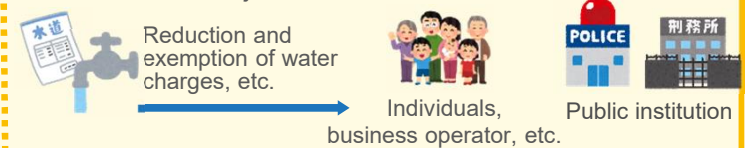
<Projects of distributing gift vouchers, etc.>

- Projects to distribute regional-specific gift vouchers, etc., free of charge for livelihood support and encouraging consumer spending and other purposes.
- 30 municipalities did not have rules to settle the amount equivalent to **unredeemed gift vouchers, etc., that have not been used by the expiration date, and 68.93 million yen was held at entities** such as commercial and industrial associations. (The appropriated amount of the subsidy: of 66.95 million yen)
→ **The COVID-19 subsidy was not been fully utilized.**
- 57 municipalities were not aware of the amounts of gift vouchers exchanged between entities such as commercial and industrial associations and dealers. (Background amount: 1,294.52 million yen).



<Projects for reduction and exemption of water charges, etc.>

84 municipalities out of the 293 municipalities audited applied for reduction and exemption of water charges, etc. to all contractors in their jurisdiction.



The COVID-19 subsidy was also used for reduction and exemption of the water charges, etc. for **public institutions**. (The appropriated amount of the subsidy: 116.16 million yen)

→ Although the projects were categorized as **"support for households and individuals who are in need,"** they did not meet the purpose of supporting civic life and local economy.

Demand for Measures

The Cabinet Office should establish a policy of not allocating the subsidy to the amount equivalent to unredeemed gift voucher, etc., after the expiration date, which were held at entities such as commercial and industrial associations, entrusted by local governments, etc., and recognizing the amounts of exchanged gift vouchers, etc., and inform local governments of it.

Presentation of Opinions

The Cabinet Office should consider measures such as indicating to local governments that, in principle, water charges, etc., for public institutions are not eligible for the COVID-19 subsidy.

3. Implementation of projects provided with the temporary subsidy for regional revitalization for COVID-19 (Presentation of Opinions and Demand for Measures)

Cabinet Office,
Ministry of Internal Affairs and Communications
730.61 million yen (Improper amount)
2,731,116.21 million yen (Background amount)

Audit Results

<Project of subsidies for credit guarantee fees, etc.>

- In the project, local governments provide subsidies for credit guarantee fees, etc., borne by small and medium-sized enterprises that get loans.
- In the event that small and medium-sized enterprises redeem guaranteed loans before maturity and the overpayment of credit guarantee fees, etc., arises, the excess payment of subsidies will be refunded to local governments.



For 3 prefectures and 82 municipalities, the amount of the COVID-19 subsidy was fixed based on subsidized project expenses in performance reports submitted to the national government, from which refunds were not excluded, and 562.94 million yen (appropriated amount of grants of 547.50 million yen) was held by them.

<Project of additional sustainability subsidies>

- If presentation contracts for sustainability subsidies are canceled due to fraud or other reasons, the requirement for additional sustainability subsidies will not be met.
 - 5 prefectures and 86 municipalities had difficulty in examining whether additional sustainability subsidies meet the requirements, since they did not obtain recipients' consent to provide their personal information and were not able to receive their personal information from organizations such as the Small and Medium Enterprise Agency.
- (Background amount: 32,102.32 million yen)

<Verification of the effect>

When examining the implementation status of verification of the effect on subsidized projects of implementation plans for FY2020 in 24 prefectures and 965 municipalities and the status of their disclosure of the verification results (as of the end of March, 2022), it was found that **21 prefectures and 738 municipalities have not disclosed the verification results of subsidized projects.**

- 4 prefectures and 197 municipalities They conducted a verification of the effect, but the verification results were not disclosed.
 - 17 prefectures and 541 municipalities They did not conduct a verification of the effect.
- (Background amount: 2,697,719.37 million yen)

Demand for Measures

- The Cabinet Office should disseminate the possible refunds of overpaid credit guarantee fees, etc., due to advance redemption, etc., and the handling rule of such cases.
- Ministry of Internal Affairs and Communications should establish a system for local governments to recognize the amount of refunds of overpaid credit guarantee fees, etc., and to exclude the amount from subsidized project expenses in performance reports.

Demand for Measures

The Cabinet Office should advise local governments to establish a system to obtain consent from recipients to provide their personal information when providing their own subsidies, etc., on condition that the recipients are subsidized by the national government.

Presentation of Opinions

The Cabinet Office should consider measures to disseminate methods of a verification of the effect to local governments, and inform local governments that they need to conduct a verification of the effect promptly by an appropriate method in line with the purpose of the verification of the effect and publish the result.

4. Ex-post examination of employment adjustment subsidies, etc., and leave support grants, etc. (Demand for Measures)

Ministry of Health, Labour and Welfare,
33 Labour Bureaus

317.19 million yen (Improper amount)

Outline of ex-post examination by the Ministry of Health, Labour and Welfare, etc.

- ✓ In order to expedite the payment of employment adjustment subsidies, etc., and leave support grants, etc., the Ministry of Health, Labour and Welfare (MHLW) expedites examination (pre-examination) conducted at the time of payment decision, etc., and, in order to ensure appropriate payment, works on examination (**ex-post examination**) to see if there are any fraudulent receipts after payment.
- ✓ In order to strengthen its response to fraudulent receipts, MHLW issued a notice that instructed labour bureaus to conduct **on-site inspections** by visiting the business places of employers who received employment adjustment subsidies, etc., to labour bureaus in October 2021.

Audit Results

- ✓ In light of the limited number of business places that labour bureaus can visit for on-site inspections, the Board examined employment adjustment subsidies and leave support grants determined for payment in both FY2020 and FY2021 to examine whether the ex-post examination was conducted appropriately.
- ✓ **Data has not been fully utilized, and the ex-post examination to see if payments of employment adjustment subsidies, etc., and leave support grants, etc., were overlapped (overlapping payment) has not been properly conducted, etc.** (Improper amount: **161.33 million yen**)
- ✓ **Data has not been fully utilized, and the ex-post examination to see if leave support grants, etc., was paid twice (duplicate payment), has not been properly conducted.** (Improper amount: **22.71 million yen**)
- ✓ **The scope of employers for the on-site inspection has not been set on the risks, etc.,** and it was found that employers outside the scope of the on-site inspection received employment adjustment subsidies fraudulently. (Improper amount: **133.15 million yen**)

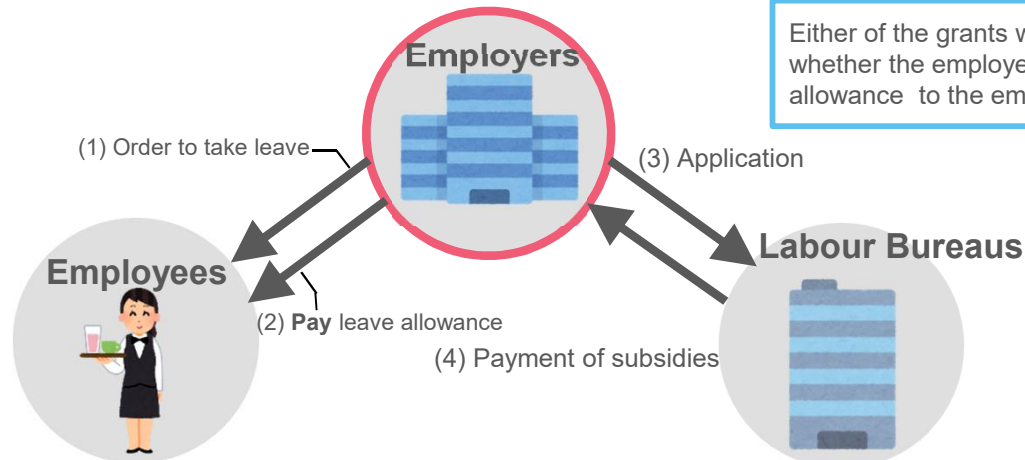
Demand for Measures

- ✓ **MHLW should conduct the ex-post examination to see if there are any overlapping payments by utilizing the data possessed and other ways,** and take measures such as formulating specific methods and other ways.
- ✓ **MHLW should conduct the ex-post examination to see if there are any duplicate payments by utilizing the data possessed and other ways,** and take measures such as formulating specific methods.
- ✓ **MHLW should review the scope of employers for the on-site inspection with due considerations to risks and other elements, select employers for the on-site inspection** based on priorities assigned by appropriately assessing risks and formulate specific methods.

4. Ex-post examination of employment adjustment subsidies, etc., and leave support grants, etc. (Demand for Measures)

Ministry of Health, Labour and Welfare,
33 Labour Bureaus
317.19 million yen (Improper amount)

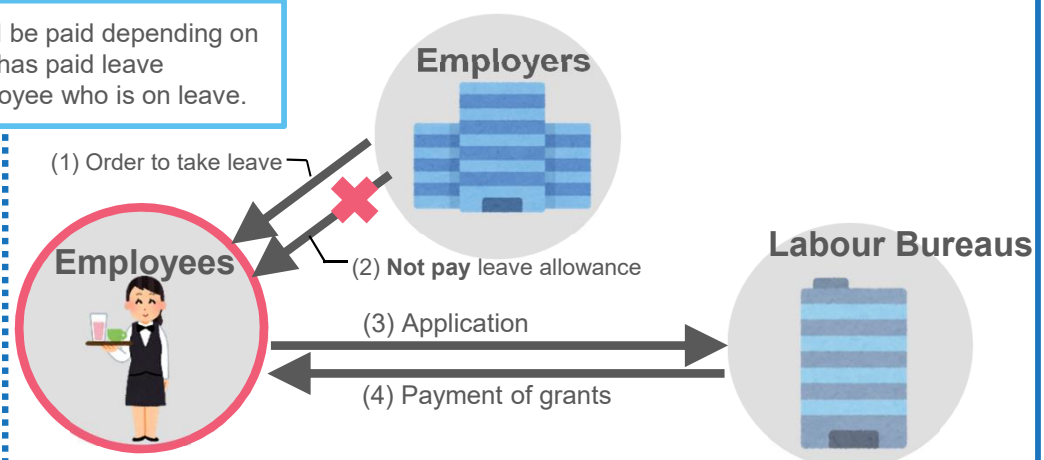
Outline of employment adjustment subsidies, etc.



Either of the grants will be paid depending on whether the employer has paid leave allowance to the employee who is on leave.

Employees covered by employment insurance ⇒ Employment adjustment subsidies
Employees other than the above employees ⇒ Emergency employment stability subsidies

Outline of leave support grants, etc.



Employees covered by employment insurance ⇒ Leave support grants
Employees other than the above employees ⇒ Leave grant allowances

Status of the ex-post examination by Ministry of Health, Labour and Welfare

Rapid contraction of economic activities due to the impact of COVID-19 and other reasons.

In order to maintain employment of workers, prompt payment of employment adjustment subsidies, etc., and leave support grants, etc., were required.
⇒ Goal: make payment within two weeks in principle.

For that purpose

- Simplification of application documents
- Expediting of examination
- Establishment of a business system in Labour Bureaus, etc.

Limited examination conducted at the time of payment
The ex-post examination is important to respond to fraudulent receipts.

What MHLW has been doing for the ex-post examination

[Status of the ex-post examination conducted by MHLW]

1. Overlapping payments

- The ex-post examination is conducted if there is any suspicion of fraudulent receipts of leave support grants, etc.
- The ex-post examination has not been conducted by utilizing the payment data.

2. Duplicate payment

- The ex-post examination has not been conducted by utilizing the payment data.

3. On-site inspection

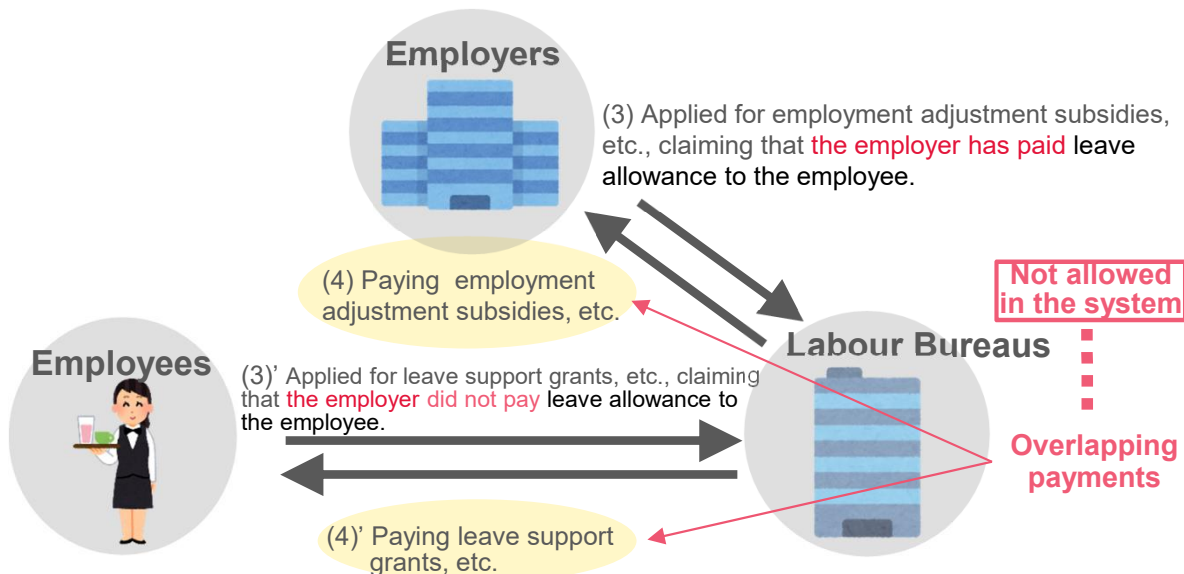
- Selection lists are created and employers for the inspection are selected from the selection lists.
- Employers whose applications have arisen suspicion at the time of the pre-examination and whose fraudulent receipts have been informed are to be included in the selection lists.

4. Ex-post examination of employment adjustment subsidies, etc., and leave support grants, etc. (Demand for Measures)

Ministry of Health, Labour and Welfare,
33 Labour Bureaus
317.19 million yen (Improper amount)

Audit Results (1)

Data has not been fully utilized, and the ex-post examination to see if the payment of employment adjustment subsidies, etc., and leave support grants, etc. were overlapped has not been properly conducted, etc.



It is possible to extract potential overlapping payments through the analysis of data held by the Ministry of Health, Labour and Welfare (MHLW).

The Board actually analyzed the data, and found that **overlapping payments were 100.17 million yen.**

In addition to the overlapping payments

- Fraudulent receipt of employment adjustment subsidies, etc.: 52.77 million yen.
- Fraudulent receipt of leave support grants, etc.: 8.38 million yen.

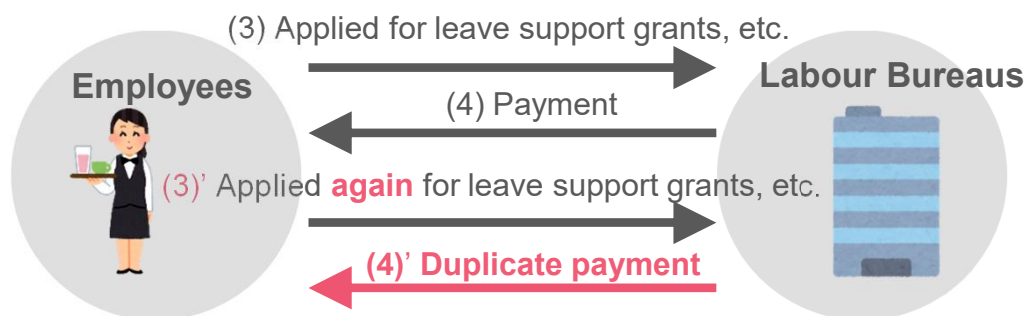
(Improper amount: 161.33 million yen)

Demand for Measures

MHLW should conduct the ex-post examination to see if there are any overlapping payments by utilizing the data possessed and other ways, and take measures such as formulating specific methods, etc.

Audit Results (2)

Data has not been fully utilized and the ex-post examination, to see if leave support grants, etc., were paid twice, has not been properly conducted, etc.



It is possible to extract potential duplicate payments through the analysis of data held by MHLW.

The Board actually analyzed the data, and found that **duplicate payments were 22.71 million yen.**

(Improper amount: 22.71 million yen)

Demand for Measures

MHLW should conduct the ex-post examination to see if there are any duplicate payments by utilizing the data possessed and other ways and take measures such as formulating specific methods, etc.

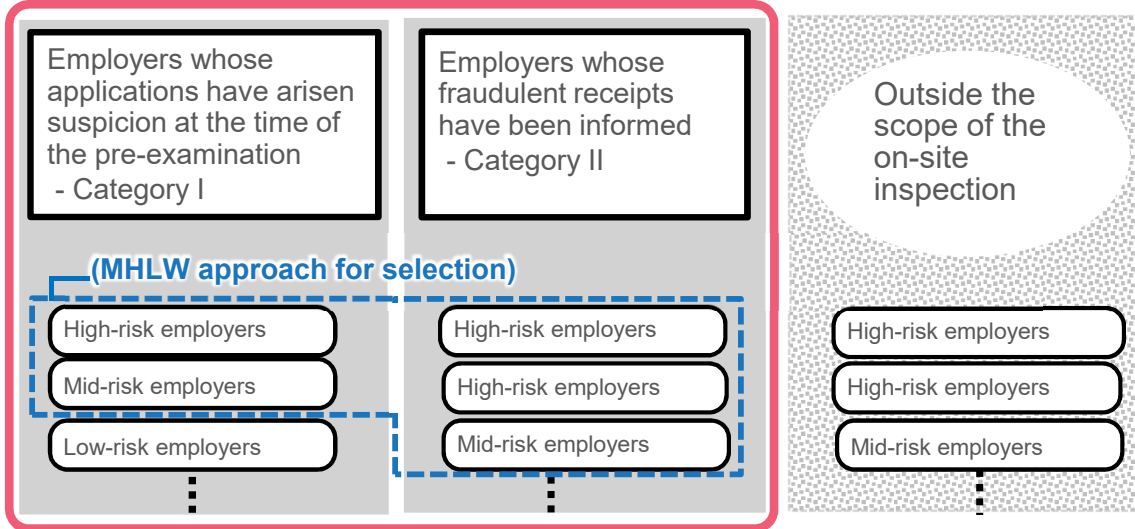
4. Ex-post examination of employment adjustment subsidies, etc., and leave support grants, etc. (Demand for Measures)

Ministry of Health, Labour and Welfare,
33 Labour Bureaus
317.19 million yen (Improper amount)

Audit Results (3)

The scope of employers subject to the on-site inspection has not been set based on risks and other elements, and it was found that employers outside the scope of the on-site survey received employment adjustment subsidies fraudulently.

- Scope of employers subject of the on-site inspection in the efforts of MHLW (image figure)



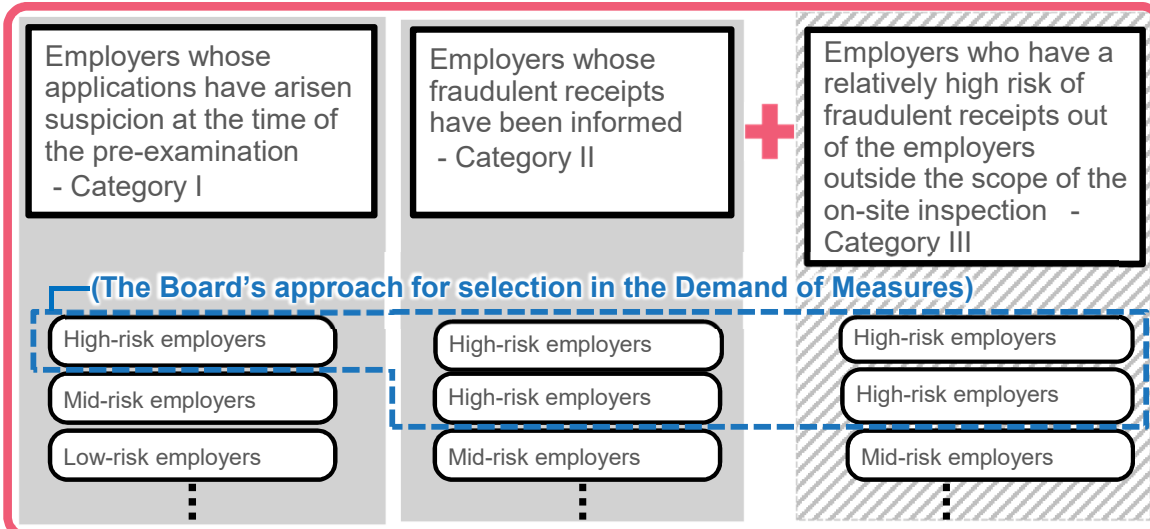
66 employers were extracted from category III and examined.
⇒ **6 employers fraudulently received employment adjustment subsidies of 133.15 million yen in total.**
(For example, an employer claims that it has employees although it has none.)

The percentage of frauds found by the on-site inspection by 9 Labour Bureaus. **5.7%**

↔

The percentage of frauds found in the Board's audit. **9.0%**

- Scope of employers subject of the on-site inspection in the Board's Demand for Measures (image figure)



Frauds were also found in categories III, and thus employers of categories III need to be included in the scope for the on-site survey. Otherwise employers who are supposed to be at risk of making fraudulent payment applications will not be examined.

Demand for Measures

MHLW should review the scope of employers subject to the on-site inspection with due considerations to risks, and formulate specific methods to select employers for the on-site inspection based on priorities assigned by appropriately assessing risks.

5. Payment of cancellation fee-related expenses in the Go To Travel Project (Demand for Measures)

Japan Tourism Agency

217.39 million yen (Improper amount)

Outline of the Project

- ✓ Japan Tourism Agency (JTA) entrusted the implementation of the Go To Travel Project which provides discounts on travel fares, etc., to the Tourism Industry Joint Proposal Body (Travel office). (Implementation period: July 2020 to December 2022 (as of the end of August 2022)). The estimated amount of contracting costs: 234.1 billion yen (as of the end of April 2022))
- ✓ In light of the infection status of COVID-19, from November 2020, JTA temporarily took measures such as suspension of the project, and requested travel agencies, etc., to **refrain from receiving cancellation fees for reservations of travel products from travelers**.
- ✓ In order to reduce the real losses incurred by tourism-related business operators due to the request aforementioned, JTA, through the Travel office, took measures to pay travel agencies, etc., **cancellation fee-related expenses** and **administrative fees for allocating the expenses to tourism-related business operators**, for reservations that meet the requirements (payment requirements) stipulated in the guidelines, etc. (Cancellation fee-related expenses, etc., paid by the Travel office: 132.1 billion yen)
- ✓ At the time of application, travel agencies, etc., shall submit to the Travel office a list (reservation list) stating the reservation dates, cancellation dates and other data of canceled tour products.
- ✓ The Travel office prepared a manual for examiners of application, and **examined the details of reservation lists and other related documents (pre-examination)**, and paid cancellation fee-related expenses, etc.
- ✓ Travel agencies, etc., shall keep documents (reservation records, etc.) proving the reservation details of tour products and cancellation dates, etc.

Audit Results

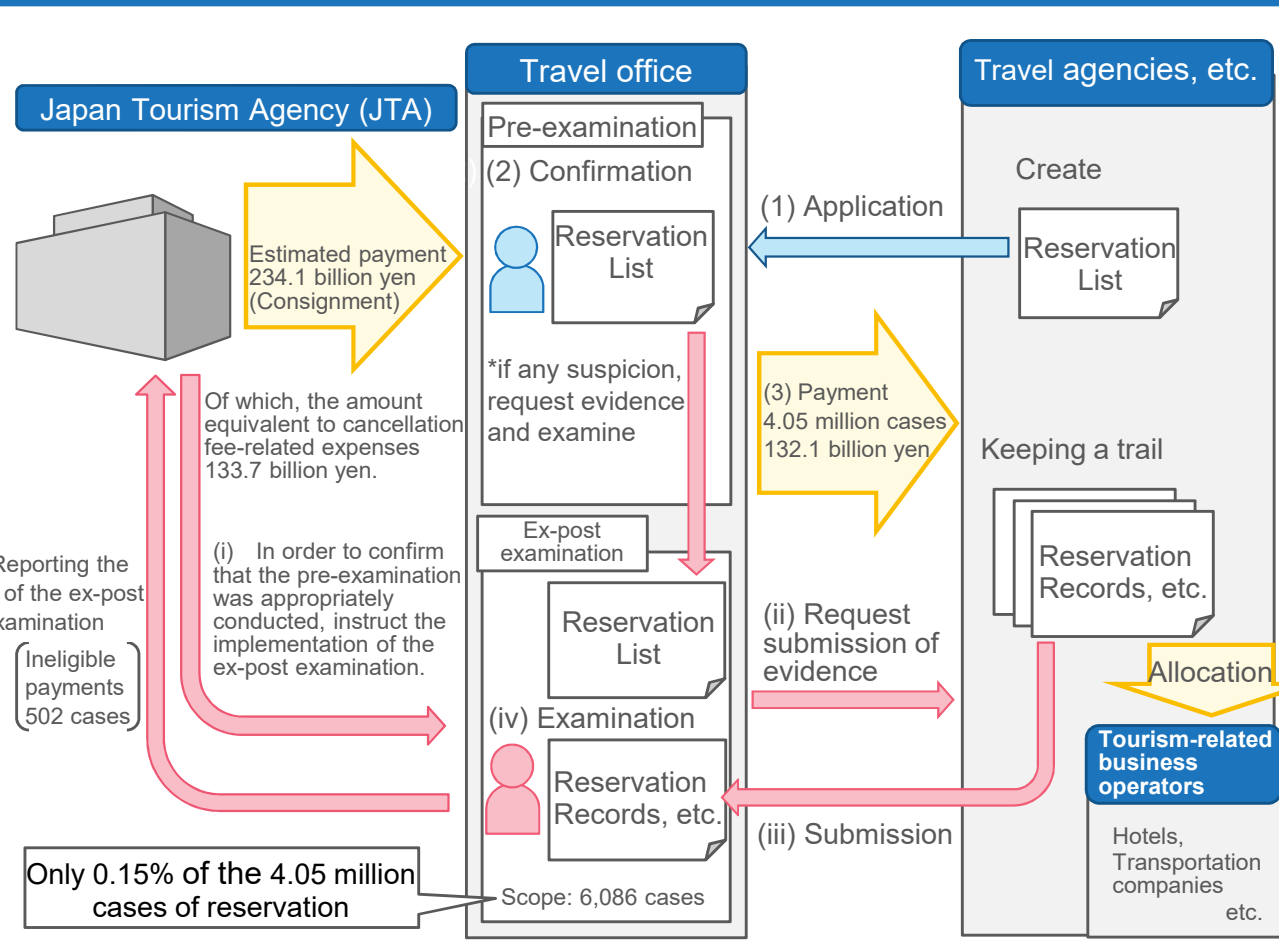
- ✓ Cancellation fee-related expenses, etc., **were paid** even though the actual cancellation dates stated in reservation records, etc., did not fall under the eligible period, etc., and thus **did not meet the payment requirements**. (Cancellation fee-related expenses, etc.: 29.57 million yen in 865 cases).
- ✓ Cancellation fee-related expenses, etc., **were paid** even though the reservation dates and cancellation dates, etc., reported on reservation lists did not fall under the eligible period set in the guideline and thus **did not meet the payment requirements** (Cancellation fee-related expenses, etc.: 187.82 million yen in 9,104 cases).
- ✓ **JTA instructed the Travel office to reexamine part of reservations after the pre-examination** by requesting travel agencies, etc., to submit reservation records, etc. (ex-post examination).
- ✓ **The ex-post examination remained at only 6,086 (0.15%) out of 4.05 million reservations, and JTA did not dictate the expansion of coverage.**
- ✓ Even the check items described in the manual for examiners **were not sufficiently examined**.

Demand for Measures

- ✓ With regard to reservations for which the details of reservation records, etc., did not meet the payment requirements, **JTA should instruct the Travel office to calculate cancellation fee-related expenses, etc.**, request travel agencies to return overpayments, and **return the equivalent contracting costs to the national treasury**.
- ✓ With regard to reservations for which the details of reservation lists, etc., did not meet the payment requirements, **JTA should instruct the Travel office to take the same action above**, except for cases where it will be confirmed that reservations meet the payment requirements based on reservation records, etc.
- ✓ JTA should instruct the Travel office to consider methods for an efficient examination and other measures and **then ex-post examine whether reservations are eligible by expanding the scope of examination** based on the results of both the Travel office's ex-post examination and the Board's audit, and **take the same action above** for reservations that will be found ineligible.

5. Payment of cancellation fee-related expenses in the Go To Travel Project (Demand for Measures)

Outline of the payment procedure and examination of cancellation fee-related expenses



Audit Results

- The Board examined whether the details of reservation lists match reservation records, etc., and found that **cancellation fee-related expenses of 29.57 million yen were paid for 865 cases even though the actual cancellation date in reservation records, etc., did not meet the payment requirements**, such as not falling under the eligible period.
- Cancellation fee-related expenses were paid even though **the details of reservation lists did not meet the payment requirements, etc.**

(Unit: cases, thousand yen)

Situation	Cases	Amount
Reservation date and/or cancellation date, etc., is outside the eligible period	8,632	167,940
The contents of travel products, etc., are not eligible	359	11,840
Duplicate applications for the same travel products	113	8,030
Total	9,104	187,820

- JTA did not provide the Travel office with instructions** such as expanding the scope of the ex-post examination.
- Even the check items stipulated in the manual for examiners **were not sufficiently examined.**

Demand for Measures

- With regard to reservations for which the details of reservation records, etc., did not meet the payment requirements, **JTA should instruct the Travel office to calculate cancellation fee-related expense, etc.**, request travel agencies to return overpayments, and **return the equivalent contracting costs to the national treasury** after.
- With regard to reservations for which the details of reservation lists did not meet the payment requirements, JTA should instruct the Travel office **to take the same action above**, except for cases where it will be confirmed that reservations meets the payment requirements based on reservation records, etc.
- JTA should instruct the Travel office to consider methods for an efficient examination and other measures**, and then **ex-post examine whether reservations are eligible by expanding the scope of examination** based on the results of both the Travel office's ex-post examination and the Board's audit, and **take the same action above** for reservations that will be found ineligible.

6. Method of calculating the amount of payments for employment adjustment subsidies (Presentation of Opinions)

Ministry of Health, Labour and Welfare,
13 Labour Bureaus
1,693.48 million yen (Background amount)

Outline of employment adjustment subsidies, etc.

- ✓ Employment adjustment subsidies are provided for the amount equivalent to leave allowance paid by employers who provide leave of absence to employees covered by the employment insurance in cases where business activities are forced to shrink due to economic fluctuations and other factors.
- ✓ The amount of employment adjustment subsidies is calculated by multiplying the amount obtained by multiplying the average wage based on the total wage of the previous fiscal year by the payment rate for leave allowance and the grant rate, or the maximum daily amount, whichever is lower, by the total number of man-days of leave, etc.
- ✓ From April 2020, **the Ministry of Health, Labour and Welfare (MHLW) has increased the grant rate and the maximum daily amount under special treatments for COVID-19.**
- ✓ Because some cases arose after the aforementioned increase, where the amount of employment adjustment subsidies paid by the national government exceeded the amount of leave allowance actually paid by some employers, MHLW has introduced from September 2021 onward the actual cost method of calculating the amount equivalent to leave allowance based on the amount of leave allowance actually paid by employers when employees receive commission payment are included in employees who will be provided with leave of absence.
- ✓ FY2021 Audit Report: "Provision of employment adjustment subsidies to respond to unemployment due to the influence of the COVID-19 pandemic": It is described that the calculation method for the employment adjustment subsidy should be improved to prevent the employment adjustment subsidy amount from exceeding the amount paid for leave allowances as far as possible.

Audit Results

- ✓ The Board audited employment adjustment subsidies provided to employers who only employ workers not receiving commission payment, and examined whether there are any excess amounts (the amount by which the subsidy payment exceeds the amount actually paid for leave allowance).
=> The cumulative total of excess amounts is a total of 1,693.48 million yen (for 25 employers, from 2020 to 2022).
- ✓ In calculating the amount of employment adjustment subsidies, the scope of wages, etc., subject to calculation of the payment rate for leave allowance is not taken into account. Because of this, even though some employers set the ratio of leave of allowance to part of wages, etc., as the payment rate for leave allowance, the amount of employment adjustment subsidies is calculated by multiplying this payment rate by all wages, etc.
- ✓ For this reason, part of wages, etc., that is not expected to be covered by employment adjustment subsidies is subsidized and excess amounts arise due to an increase in the grant rate and the maximum daily amount under special treatments for COVID-19.

Presentation of Opinions

- ✓ MHLW should establish **a reasonable calculation method to minimize excess amounts** by considering the scope of wages, etc., for calculating the amount of employment adjustment subsidies in order to ensure that employment adjustment subsidies are provided in line with the purpose of the subsidies, while giving consideration to reducing the burden of employers' application for payment and ensuring the swiftness of payment procedures.

6. Method of calculating the amount of payments for employment adjustment subsidies (Presentation of Opinions)

Ministry of Health, Labour and Welfare,
13 Labour Bureaus
1,693.48 million yen (Background amount)

Outline of employment adjustment subsidies, etc.

- Subsidize the amount equivalent to leave allowance paid by employers
- Amount of subsidies = (1) or (2), whichever is lower** x Total number of man-days of leave, etc.

- (1) Average wage per person per day x Payment rate for leave allowance x Grant rate
- Calculated based on **the total wage including both fixed salaries and bonuses, etc.**
- (2) Maximum daily amount set by the Ministry of Health, Labour and Welfare (MHLW)

- Main factors for the excess amounts

(Method of calculating the amount of leave allowance)

Subject the calculation of the payment rate for leave allowance

Payment rate stipulated in agreements concluded with labour unions and other related organizations.

Fixed salaries such as "basic salaries and family allowance"

Bonuses and overtime allowance are **not included**

× 100%

The scope of wages, etc., subject to the calculation of the payment rate for leave allowance is not taken into account.

(Method of calculating the amount of employment adjustment subsidies)

Subject to the calculation of the payment rate

Fixed salaries such as "basic salaries and family allowance"

Bonuses and overtime allowance are **included**

× 100%

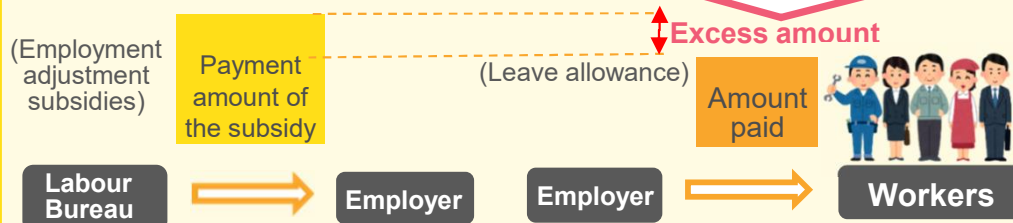
× Grant rate

(Average wage per person per day) (Payment rate for the Leave allowance)

Audit Results

- The Board examined whether or not there were any excess amount
- ⇒ **The cumulative total of excess amounts is 1,693.48 million yen**
(25 employers; from FY2020 to FY2022)

Excess amount: the payment amount of subsidy exceeds the amount paid for the leave allowance



- Audit Results

Part of wages, etc., that is not expected to be covered by employment adjustment subsidies is subsidized and **excess amounts arise** due to an increase in the grant rate and the maximum daily amount under special treatments for COVID-19.

Presentation of Opinions

MHLW should establish a **reasonable calculation method to minimize excess amounts** by considering the scope of wages, etc., for calculating the amount of employment adjustment subsidies in order to ensure that employment adjustment subsidies are provided in line with the purpose of the subsidies, while giving consideration to reducing the burden of employers' application for payment and ensuring the swiftness of payment procedures.

7. Excessive payment of subsidies for the project of securing hospital beds (Improprieties)

Ministry of Health, Labour and Welfare

5,591.8 million yen (Improper amount)

Outline of the Project

- ✓ Through prefectures, the Ministry of Health, Labour and Welfare (MHLW) **provides subsidies for the project of securing hospital beds to medical institutions that have secured hospital beds for accepting patients infected with COVID-19, etc.**
- ✓ Hospital beds eligible for the project of securing hospital beds are:
 - (1) **Hospital beds that are unoccupied out of hospital beds (secured beds) which are secured for hospitalization of patients infected with COVID-19, etc.**
 - ⇒ If a patient is hospitalized and the bed is not unoccupied, the bed is not eligible for the project.
(Since such a bed is eligible for payment of medical fees such as hospital charges, etc.)
 - (2) **Hospital beds suspended to accept patients infected with COVID-19, etc. (suspended beds)**
- ✓ The upper limit amount of the fee for securing a bed per day **is set with respect to each type of medical institutions and hospital bed classification (for example, secured hospital beds: ICU, HCU, and others)**
- ✓ The amount of subsidies is **calculated by multiplying the upper limit amount of the fee for securing a bed per day by the total number of beds that were secured or suspended to accept patients infected with COVID-19, etc.**
- ✓ Prefectures examine the details of the project performance reports, etc., submitted by medical institutions and submit them to MHLW.

Audit Results

- ✓ **The Board audited** 13 prefectures and **106 medical institutions (entities)** that received subsidies through the prefectures in FY2020.
- ✓ Subsidies were excessively provided because **the number of beds during the period of patients' hospitalization, which are not eligible for subsidies, was included in the total number of beds.**
(32 medical institutions in 9 prefectures: 2,408.66 million yen)
- ✓ Subsidies were excessively provided because higher fees for securing a bed per day (for HCU bed) in the hospital bed classification were mistakenly applied.
(4 medical institutions in 3 prefectures: 3,100.52 million yen)

Causes

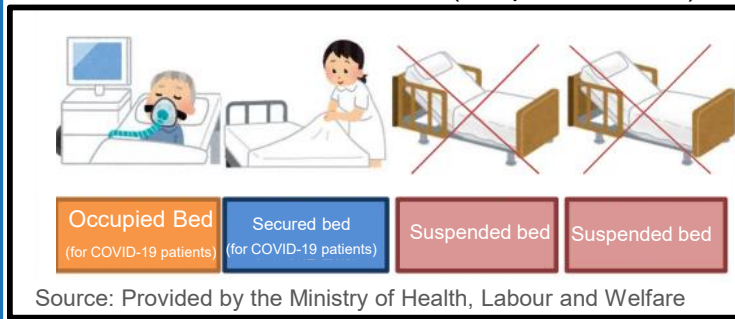
- ✓ Medical institutions,
 - (1) **did not sufficiently understand the system.**
 - (2) **did not sufficiently confirm the total number of beds eligible for the project of securing hospital beds.**
- ✓ Prefectures **did not sufficiently examine the project performance reports, etc., submitted by medical institutions.**
- ✓ MHLW did not **sufficiently provide guidance to prefectures.**

7. Excessive payment of subsidies for the project of securing hospital beds (Improprieties)

Outline of the projects of securing hospital beds

(Hospital beds eligible for the project of securing hospital bed)

- (1) **Hospital beds that are unoccupied out of hospital beds which are secured** for hospitalization of patients infected with COVID-19, etc. (Secured beds)
- (2) **Hospital beds suspended due to acceptance of patients** infected with COVID-19, etc. (Suspended beds)



Source: Provided by the Ministry of Health, Labour and Welfare

(Upper limit amount of the fee for securing beds)

The upper limit amount of the fee for securing a bed per day is set with respect to each type of medical institutions and hospital bed classification.

Note: Medical institutions are categorized into four types, such as priority medical institutions. The secured bed has three categories and the suspended bed has four categories in the hospital bed classification.

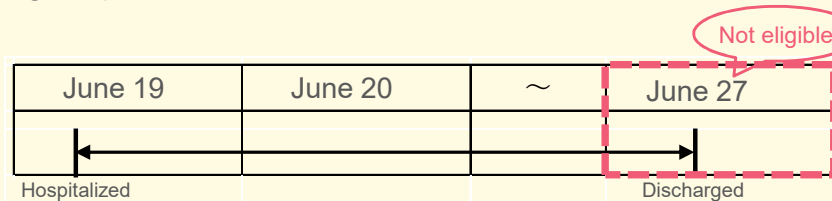
(Unit: yen per bed, per day)

Bed classification		Priority medical institutions	
		Advanced treatment hospitals	General hospitals
Secured beds	ICU beds	436,000 yen	301,000 yen
	HCU beds	211,000 yen	211,000 yen
	Others	74,000 yen	71,000 yen

Audit Results

The total number of hospital beds was excessively reported.
 (Example) **(32 medical institutions in 9 prefectures: 2,408.66 million yen)**

The number of beds occupied by patients during hospitalization (the number of beds on the day of discharge), which are not eligible for the project of securing hospital beds was included in the total number of beds.



Because a bed on the day of discharge is eligible for medical treatment fees such as hospital charges, etc., it is not eligible for the project of securing hospital beds.

Fees of wrong hospital bed categories were applied.

(4 medical institutions in 3 prefectures: 3,100.52 million yen)

The fee for securing HCU beds (211,000 yen/day) was applied to beds that were eligible for the fee for securing other beds (71,000 yen/day).

(Example)

For hospital beds classified as HCU beds, the Board examined the status of the placement of nurses, etc., and **found that some of the beds did not meet the facility standards for the HCU.**

- It was reported that the number of HCU beds was 50.
 ⇒ In fact, only 16 beds meet the facility standards.
- It was reported that the number of HCU beds was 100.
 ⇒ In fact, only 28 beds meet the facility standards.

8. Calculation of the consignment expenses for the Go To Eat Campaign (Improprieties)

Ministry of Agriculture, Forestry and Fisheries

7 million yen (Improper amount)

Outline of the consignment contracts

- ✓ This is a commissioned project in **the Go To Eat campaign**, which aims to restore the flow of consumers who use eating out that has been lost due to the spread of COVID-19.
- ✓ The Ministry of Agriculture, Forestry and Fisheries (MAFF) entrusted the implementation of **the project of meal voucher issuance** of issuing, selling and collecting meal vouchers and transferring money to restaurants after the collection in Saga Prefecture, to **SAGA Ad Center Co., Ltd. (Saga Office)**.
(The amount paid for the consignment expenses: 493.14 million yen (including personnel expenses: 33.57 million yen (for a total of 31 employees including 6 managers)),
Implementation period: August 2020 to January 2022)
- ✓ In calculating the consignment expenses, the "Optimization of the calculation of personnel expenses for commissioned projects" (**Notification of optimization**) set in the contract need to be followed.

Audit Results

- ✓ Out of the consignment expenses, **personnel expenses for managers** who are not subject to overtime charge should be calculated by the following formula in **the notification of optimization**, if their overtime work hours for commissioned projects are included in the number of direct working hours.

Personnel expenses for managers = Hourly rate × Number of direct working hours (including overtime work hours for commissioned projects)

$$\text{Hourly rate} = \text{Total annual payment, etc.} / \left(\underbrace{\text{Total annual regular working hours}}_{\text{Total actual working hours per year}} + \text{Overtime work hours (pertaining to commissioned projects and other activities, etc.)} \right)$$

- ✓ In calculating personnel expenses for managers, the Saga Office included overtime work hours for the project in the number of direct working hours. However, the hourly rate was calculated by not dividing the total annual payment, etc., by **the total actual working hours per year** including overtime work hours, but dividing the total annual payment, etc., by **the total annual regular working hours**.

➤ Thus, the personnel expenses for managers were not calculated properly, and the consignment expenses were **7 million yen higher**.

Causes

- ✓ The Saga Office did not fully understand the method of calculating personnel expenses for commissioned projects.
- ✓ MAFF did not sufficiently examine the project performance report, etc.

8. Calculation of the consignment expenses for the Go To Eat Campaign (Improprieties)

Ministry of Agriculture, Forestry and Fisheries

7 million yen (Improper amount)

Outline of the consignment contract

Ministry of Agriculture, Forestry and Fisheries (MAFF)

Consignment contracts

SAGA Ad Center Co., Ltd. (Saga Office)



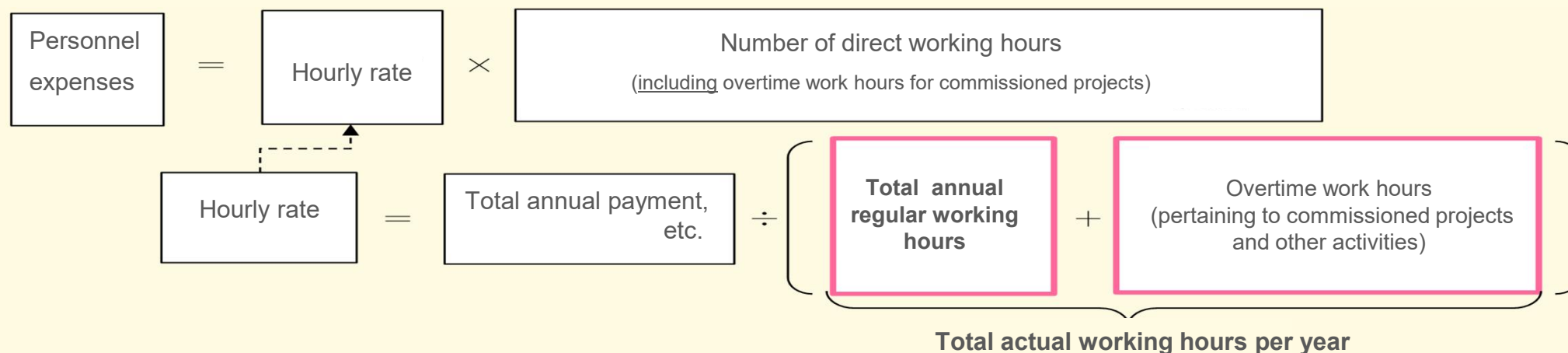
Details of the contract: Issuing, selling, collecting meal vouchers, and transferring money to restaurant after the collection in Saga Prefecture

Consignment expenses: 493.14 million yen: Personnel expenses (33.57 million yen (for all 31 workers)), other project expenses, etc.



Audit Results

<Notification of optimization> Regarding **personnel expenses for managers** who are not subject to overtime charge, when their overtime work hours for commissioned projects are included in the number of direct working hours, the following calculation shall be made.



In calculating the personnel expenses for six managers, the Saga Office included overtime working hours for the contract in the number of direct working hours. However, the hourly rate was calculated by not dividing the total annual payment, etc., by **the total actual working hours per year** including overtime work hours, but dividing the total annual payment, etc., by **the total annual regular working hours**.

As a result, the personnel expenses for managers were not calculated properly, and the consignment expenses were **7 million yen higher**.

9. Calculation of the additional units for assignment of child guidance workers, etc., at outpatient support offices for children with disabilities (Demand for Measures) Ministry of Health, Labour and Welfare 70.19 million yen (Improper amount)

Outline of the Additional Units for Assignment of Child Guidance Workers, etc.

- ✓ For facilities that provide child development support, after-school day services, etc., to children with disabilities (outpatient support offices for children with disabilities), the operators receive outpatient benefits for children with disabilities from municipalities for expenses incurred for the support.
 - **The national government bears one-half of the outpatient benefits paid by municipalities.**
- ✓ In order to strengthen support for children with disabilities who need constant supervision and guidance for their guardians on support methods, when one or more child guidance workers, etc., are additionally assigned to facilities where the prescribed number of employees are assigned, the prescribed number of units can be added to the number of units of basic remuneration for calculation of outpatient benefits.
(Additional units for assignment of child guidance workers, etc.)
- ✓ A child development support management supervisor (supervisor) is required to be assigned as one of the prescribed number of employees to facilities, and **it is not allowed to calculate outpatient benefits for the additional units for assignment of child guidance workers, etc., during the period when the supervisor is not assigned.**

Audit Results

- ✓ At **119 facilities of 96 business providers in 9 prefectures and 13 cities and wards**, the additional units for assignment of child guidance workers, etc., were added to calculate outpatient benefits, even though the period that the supervisor is not assigned.
- ✓ The total amount of outpatient benefits for the additional units for assignment of child guidance workers, etc., was overpaid by 140.38 million yen from FY2019 to FY2021, and **the national government did not need to bear the equivalent amount of 70.19 million yen.**
- ✓ Ministry of Health, Labour and Welfare (MHLW) did not fully inform prefectures, etc., and operators of the requirements for the additional units for assignment of child guidance workers, etc.
 - **Many prefectures, etc., and operators did not fully understand the requirements for the additional units for assignment of child guidance workers, etc.**

Demand for Measures

- ✓ **MHLW, through prefectures, etc., should have those operators who have not yet carried out repayment procedures**, out of the 96 operators of the 119 facilities for which outpatient benefits for the additional units for assignment of child guidance workers, etc., **were overpaid**, calculate the proper amount of outpatient benefits and **carry out repayment procedures for the overpaid amount.**
- ✓ **MHLW should thoroughly inform prefectures, etc., and operators of the requirements for the additional units for assignment of child guidance workers, etc., and also inform them that they should check the assignment of supervisors at facilities** when examining the status of facility employees in calculating outpatient benefits for the additional units for assignment of child guidance workers, etc.

9. Calculation of the additional units for assignment of child guidance workers, etc., at outpatient support offices for children with disabilities (Demand for Measures) Ministry of Health, Labour and Welfare 70.19 million yen (Improper amount)

Outline of the additional units for assignment of child guidance workers, etc.

- For facilities that provide child development support, after-school day services, etc., for children with disabilities, the operators receive outpatient benefits for children with disabilities from municipalities for expenses incurred for the support.
- The outpatient benefits are calculated by multiplying the prescribed number of units for each type of support by the prescribed unit price, and the government bears the burden of one-half of the outpatient benefits.
- When one or more child guidance workers, etc., are additionally assigned to facilities where the prescribed number of employees are assigned, the prescribed number of units can be added to the number of units of basic remuneration for calculation of outpatient benefits (Additional units for assignment of child guidance workers, etc.).
- However, it is not allowed to calculate outpatient benefits for the additional units for assignment of child guidance workers, etc., for the period when a child development support management supervisor (supervisor) is not assigned.

When physical therapists, occupational therapists, speech-language-hearing therapists, nursery teachers, child guidance workers, etc., are additionally assigned, the additional units can be added.

A supervisor in charge of conducting interviews with guardians and children, preparing individual support plans, and objectively evaluating support is also assigned.

Demand for Measures

- MHLW should have those operators who have not yet carried out repayment procedures carry out the procedures for the overpaid outpatient benefits.
- MHLW should thoroughly inform prefectures, etc., and operators of the requirements for the additional units for assignment of child guidance workers, etc., and inform them that they should check the assignment of supervisors at facilities in calculating outpatient benefits for the additional units for assignment of child guidance workers, etc.

For 119 facilities of 96 operators **Audit Results**

Even though the supervisor was not assigned, the prescribed number of units was added as additional units for assignment of child guidance workers, etc.

The total amount of outpatient benefits for the additional units for assignment of child guidance workers, etc., was overpaid by 140.38 million yen (from FY 2019 to FY2021).

The national government did not need to bear the equivalent amount of 70.19 million yen.

Ministry of Health, Labour and Welfare (MHLW) did not inform prefectures, etc., and operators of the requirements for the additional units for assignment of child guidance workers, etc.

Many prefectures, etc., and operators did not fully understand the requirements for the additional units for assignment of child guidance workers, etc.

The prefectural governments shall provide guidance, etc., to operators on the claim for expenses related to outpatient benefits.

10. Earthquake resistance of emergency equipment, etc., to be installed in social welfare facilities (Demand for Measures)

Ministry of Health, Labour and Welfare
384.26 million yen (Background amount)

Outline of facility development subsidies

- ✓ The Ministry of Health, Labor and Welfare (MHLW) provides subsidies for development of facilities for community care and welfare space development, etc., or subsidies for facility development expenses for social welfare facilities (facility development subsidies) to prefectures or municipalities (prefectures, etc.) who subsidize **the installation of emergency private electric generation equipment and water supply equipment such as water tanks (emergency equipment, etc.)** carried out by social welfare corporations, etc. (entities), at social welfare facilities, etc. (service facilities).
- ✓ MHLW explains that as emergency equipment, etc., aim to maintain the functions of service facilities and to ensure the safety of residents, etc., **even in the event of power outages or water interruptions due to disasters such as earthquakes, prefectures provide facility development subsidies on the premise that necessary measures to ensure earthquake resistance, etc., have been taken for emergency equipment, etc., to be installed.**
- ✓ On the other hand, **the guidelines for the facility development subsidies, etc., by MHLW do not indicate the need to ensure earthquake resistance of emergency equipment, etc.**

Audit Results

- ✓ MLHW did not have its regional bureaus of health and welfare **examine whether earthquake resistance of emergency equipment, etc., was ensured**, and 15 prefectures and 69 cities, wards and towns **did not examine whether earthquake resistance was ensured.**
- ✓ The 45 entities that received the facility development subsidies from the prefectures above **did not receive any materials from the contractors that indicated that the earthquake resistance of emergency equipment, etc.,** installed at 55 service facilities had been ensured.
- ✓ Since the Guidelines for Seismic Design and Construction of Building Equipment (seismic design guidelines) indicate that, in principle, equipment must be fixed to the foundation of reinforced concrete, etc., with anchor bolts to prevent it from falling over in the event of earthquakes, the Board inspected the installation of emergency equipment, etc., in the 55 facilities above and found that:
 - the emergency equipment, etc., was not fixed to reinforced concrete foundation by anchor bolts, etc., and in light of the seismic design guidelines, earthquake resistant measures were not implemented. (7 facilities)
 - seismic design calculations performed based on the seismic design guidelines for the anchor bolts used to fix the emergency equipment, etc., revealed that the anchor bolts did not fall within the safe range. (2 facilities)
 - although emergency equipment, etc., was fixed with anchor bolts, it was not possible to determine whether earthquake resistance was ensured because the strength of the anchor bolts was unknown. (46 facilities)

If required earthquake resistance is not actually ensured, emergency equipment, etc., may not function effectively in the event of earthquakes.

Demand for Measures

- ✓ **MHLW should inform prefectures, etc., of the necessity to ensure earthquake resistance of emergency equipment, etc.,** installed by entities with the facility development subsidies, to prevent it from falling in the event of earthquakes.
- ✓ MHLW should indicate checklists, etc., that include items related to ensuring earthquake resistance of emergency equipment, etc., to prefectures, etc., so that **regional bureaus of health and welfare can examine earthquake resistance based on the details of examinations conducted by prefectures, etc.**

10. Earthquake resistance of emergency equipment, etc., to be installed in social welfare facilities (Demand for Measures)

Ministry of Health, Labour and Welfare
384.26 million yen (Background amount)

Outline of the facility development subsidies

- The Ministry of Health, Labor and Welfare (MHLW) provides the facility development subsidies to prefectures, etc., who subsidize the installation of emergency equipment, etc. carried out by entities at social welfare facilities, etc.
- Emergency equipment, etc., aims to maintain the functions of service facilities and to ensure the safety of residents, etc., who need medical care and support in their daily lives even in the event of power outages or water interruptions due to disasters such as earthquakes.



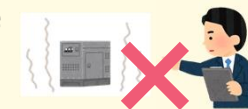
- MHLW explains that, in light of the objective above, prefectures provide the facility development subsidies on the premise that necessary measures to ensure earthquake resistance, etc., have been taken for emergency equipment, etc., to be installed.
- MHLW's guidelines for the facility development subsidies do not indicate the need to ensure earthquake resistance of emergency equipment, etc., to be installed with the facility development subsidies.

Demand for Measures

- MHLW should inform prefectures, etc., of the necessity to ensure earthquake resistance of emergency equipment, etc.
- MHLW should enable its regional bureaus of health and welfare to examine earthquake resistance based on the details of examinations conducted by prefectures, etc.

Audit Results

- MHLW did not have its regional bureaus of health and welfare examine whether earthquake resistance of emergency equipment, etc., was ensured, and 15 prefectures and 69 cities, wards and towns did not examine whether earthquake resistance was ensured.



- The 45 entities that received the facility development subsidies from the prefectures above did not receive any materials from the contractors that indicated that the earthquake resistance of emergency equipment, etc., installed at 55 service facilities had been ensured.



Since the Guidelines for Seismic Design and Construction Building Equipment (seismic design guidelines) indicate that, in principle, **equipment must be fixed to the foundation of reinforced concrete, etc., with anchor bolts**, the Board inspected the installation of emergency equipment, etc., at the 55 business facilities above.

- The emergency equipment, etc., was not fixed to reinforced concrete foundation by anchor bolts, etc., and in light of the seismic design guidelines, earthquake resistant measures were not implemented. (7 facilities)
- Seismic design calculations performed based on the seismic design guidelines for the anchor bolts used to fix emergency equipment, etc., revealed that the anchor bolts did not fall within the safe range. (2 facilities)
- Although emergency equipment, etc., was fixed with anchor bolts, it was not possible to determine whether earthquake resistance was ensured because the strength of the anchor bolts was unknown. (46 facilities)

⇒ **If required earthquake resistance is not actually ensured, emergency equipment, etc., may not function effectively in the event of earthquakes.**



11. Inappropriate design of the snow fences (Improprieties)

Ministry of Land, Infrastructure, Transport and Tourism

2.5 million yen (Improper amount)

Outline of the Project

- ✓ Iwate Prefecture installed a snow fence (entire length: 68.0 m) at the Hanamaki Seinan road station in Hanamaki City using a social infrastructure comprehensive subsidy project (road) in order to protect visitors to the road station from blizzards that occur during the winter season.
- ✓ The installation of the snow fence that is commonly necessary for facility management by the prefectural and municipal governments was carried out jointly by the two parties after concluding an agreement.
- ✓ The design and construction of the snow fence were carried out by the city. After confirming the design and construction, the prefectural government paid the construction costs to the city based on the burden ratio stipulated in the agreement.
- ✓ In designing the snow fence, the city received design calculations, etc., based on the Highway Snowstorm Countermeasure Manual (manual) from the manufacturer. Based on the calculations, the city determined that **the snow fence would be structurally safe** from the wind load that the 3.7 m height of the snow fence net installed between posts built at 4.0 m intervals will sustain if a concrete foundation of 0.5m width and 0.9m or 1.0m height (cross-section) were **to be built over the entire length of the snow fence**.
- ✓ The city prepared drawings such as cross-sectional drawings that are viewed from the side of the snow fence in the direction of extension, longitudinal drawings that are viewed from the front at right angles from the cross-sectional drawings, and construction quantity summaries that show the shape, dimensions, design quantities, etc., of materials related to the construction work, etc. (collectively, designs), and ordered the construction work.

Audit Results

- ✓ In the preparation of the construction quantity summaries, the city was supposed to **build a precast concrete foundation** with dimensions of 0.5 m length and width and 0.9 m or 1.0 m height **only at the base of each of the 18 posts**, which is different from the drawings since **the city mistook the cross-sectional drawings for the longitudinal ones, etc.; the construction work was performed based on the erroneous construction quantity summaries**.
- ✓ Even though **the construction work of the fence foundation was performed based on the erroneous construction quantity summaries that differed from the drawings, the prefectural government did not fully examine these documents** and paid the construction cost to the city, determining that the construction was completed in accordance with the design documents.
- ✓ The design calculation performed based on the manual by using the shape and dimensions of the actually built pre-cast concrete foundation revealed that the factor of safety from falling was 0.200 for a 0.9-meter-height foundation and 0.248 for a 1.0-meter-height foundation, both of **which were well below the safety factor of 1.2 that is considered to be safe by design calculations**.

Causes

- ✓ Apart from the city's insufficient check in preparing the design documents, the prefectural government did not sufficiently examine the design documents prepared by the city and the construction carried out by the city.

11. Inappropriate design of the snow fences (Improprieties)

Ministry of Land, Infrastructure, Transport and Tourism

2.5 million yen (Improper amount)

Outline of the project

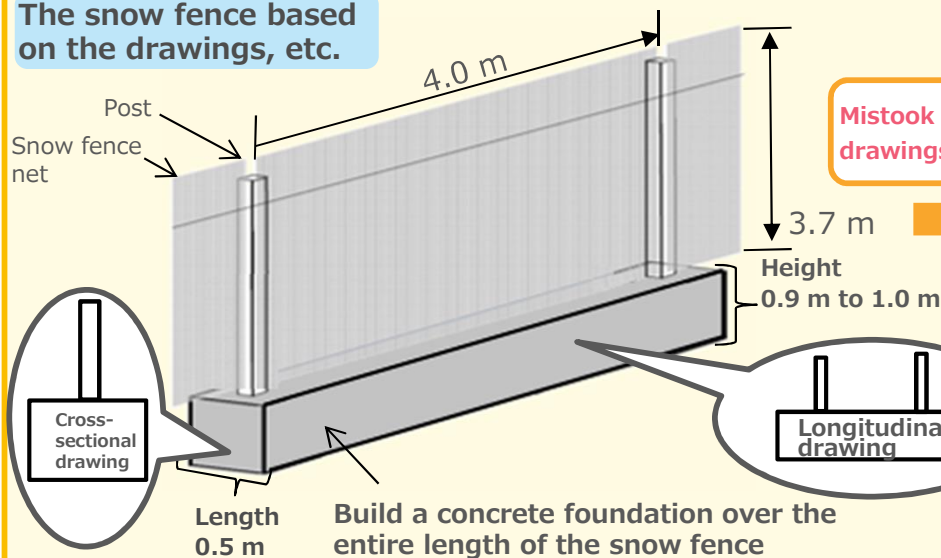
- Iwate Prefecture installed a snow fence (entire length: 68.0m) at the Hanamaki Seinan road station in Hanamaki City using a social infrastructure comprehensive subsidy project in order to protect visitors to the road station from blizzards that occur during the winter season.
- A 3.7-meter-high snow net was installed between posts built at 4.0-meter intervals.
- The snow fence would be structurally safe from the wind load that the snow net will sustain with a **concrete foundation of 0.5 m width and 0.9 m or 1.0 m height built over the entire length of the snow fence.**
- The city prepared drawings, such as cross-sectional drawings that are viewed from the side of the snow fence in the direction of extension, longitudinal drawings that are viewed from the front at right angles from the cross-sectional drawings, and construction quantity summaries, etc., and ordered the construction.



Audit Results

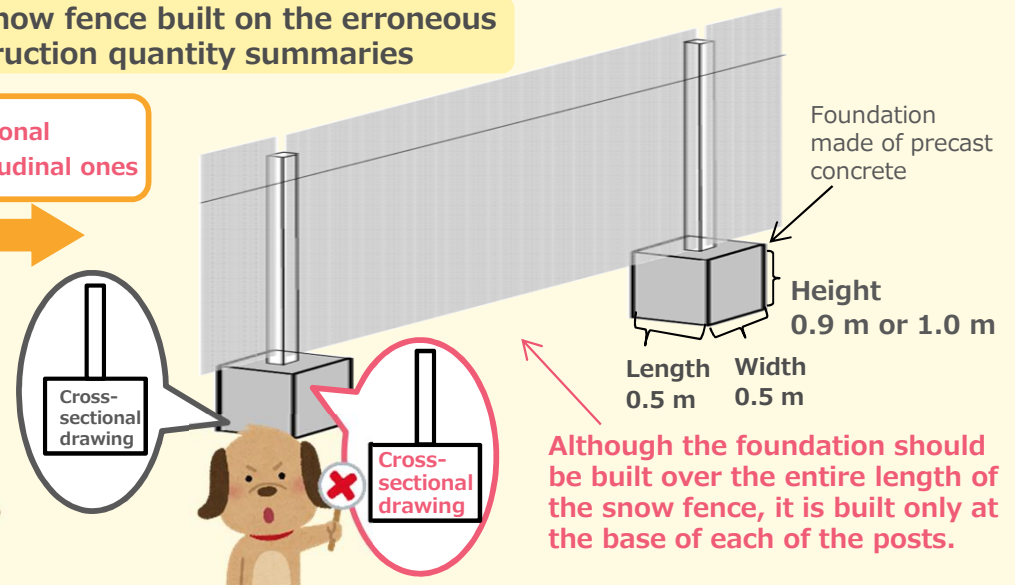
- The city **mistook the cross-sectional drawings for the longitudinal ones** in preparing the construction quantity summaries and built 18 precast concrete foundations of 0.5 m length and width and 0.9 m or 1.0 m height only at the base of each of the 18 posts.

The snow fence based on the drawings, etc.



The snow fence built on the erroneous construction quantity summaries

Mistook the cross-sectional drawings for the longitudinal ones



- The prefectural government paid the construction cost to the city, determining that the construction was completed in accordance with the design documents, because **it did not fully examine the construction** even though **the construction work of the fence foundation was performed based on erroneous construction quantity summaries, different from the drawings.**
- The design calculation performed using the shape, etc., of the actually built foundation revealed that **the factor of safety from falling was significantly below the value** that is considered to be safe by the design calculation.

12. Implementation status of information inquiries through the information provision network system in public assistance work (Demand for Measures)

Ministry of Health, Labour and Welfare
143.79 million yen (Improper amount)

Outline of information inquiries through the information provision network system in public assistance work

- ✓ The government **has modified systems for the introduction of the Social Security and Tax Number System (My number system)**.
 - **Government ministry and agencies, through the information providing network system, can exchange information necessary for administrative procedures each other (information linkage). In the area of public assistance, prefectures and municipalities (entities) can request information on pension benefits, etc., held by other organizations (information inquiry).**
- ✓ The Ministry of Health, Labour and Welfare (MHLW) provides subsidies to entities for expenses necessary for the renovation of public assistance systems, etc., for the purpose of connecting public assistance systems and the information provision network system.
 - The Board audited subsidies provided to 175 entities in 32 prefectures from FY 2014 to FY2020 **(a total of 1,239.47 million yen equivalent to the national subsidies)**.

Audit Results

- ✓ It was found that **35 entities in 23 prefectures** did not conduct any information inquiries, **although the entities renovated their public assistance systems, etc.**, using subsidies.
 - **A total of 143.79 million yen equivalent to the national subsidies** for 35 entities in 23 prefectures
- ✓ MHLW did not understand the details of the reasons why information linkage had not been used and **did not provide specific support to entities**, such as identifying cases that could be used as references for utilization.
- ✓ The Board examined the state of support provided by prefectures to entities that did not conduct any information inquiries at all and found that only one prefecture provided support to one entity.

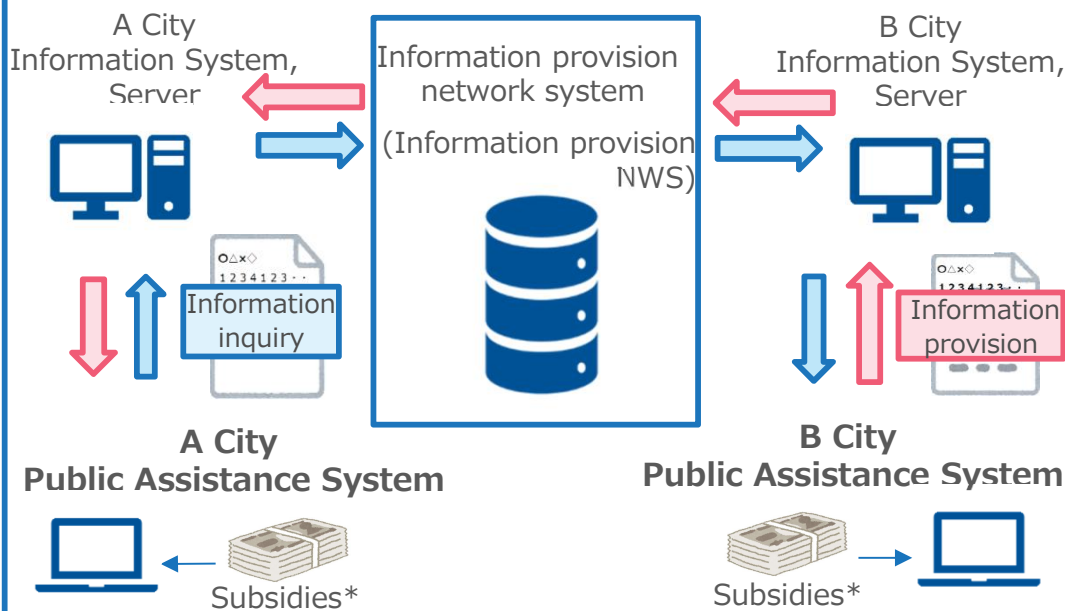
Demand for Measures

- ✓ **MHLW should improve the details of the notices, etc.**, that indicate the necessity of checking and reviewing business flows related to the implementation of information inquiries and the business benefits from the implementation of information inquiries, etc., **in an easy-to-understand manner and inform entities of them.**
- ✓ **To inform prefectures, etc., that they should understand the status of information inquiries conducted by entities and provide support to entities, such as training in information inquiries.**

12. Implementation status of information inquiries through the information provision network system in public assistance work (Demand for Measures)

Ministry of Health, Labour and Welfare
143.79 million yen (Improper amount)

Conceptual diagram of information inquiries at entities



* The Board audited subsidies provided to 175 entities in 32 prefectures from FY2014 to FY2020 (A total of 1,239.47 million yen equivalent to the national subsidies).

Reduction in operation hours and personnel by conducting information inquiries

Audit Results

Implementation status of information inquiries

138 entities in 32 prefectures encouraged their employees to use information inquiries by preparing administrative manuals that are compatible with the public assistance systems of the entities, and conducted information inquiries through information provision NWS.

On the other hand

35 entities in 23 prefectures did not conduct any information inquiries, although the entities renovated their public assistance systems, etc., using subsidies.

(Reason: They did not have a good understanding of the procedures and methods for information inquiries and of the details of the notices issued by MHLW, etc.)

A total of 143.79 million yen equivalent to the national subsidies

Support for a smooth implementation of information inquiries, etc.

MHLW did not understand the details of the reasons why information linkage had not been used and **did not provide specific support to entities**, such as identifying cases that could be used as references for utilization.

The Board examined the state of support provided by prefectures to entities that did not conduct any information inquiries at all, and found that only one prefecture provided support to one entity.

Demand for Measures

- MHLW should improve the details of the notices, etc., that indicate the necessity of checking and reviewing business flows related to the implementation of information inquiries and the business benefits from the implementation of information inquiries, etc., **in an easy-to-understand manner and inform entities of them.**
- MHLW should inform prefectures, etc., that they should understand the status of information inquiries conducted by entities and provide support to entities, such as training in information inquiries.

13. Usage of the DR system (Measures Taken)

Okinawa General Bureau, Cabinet Office

43.06 million yen (Improper amount)

Outline of the DR system

- ✓ The Okinawa General Bureau (General Bureau) developed **the DR system** to be used in the event that a connection to the Okinawa General Bureau's core LAN system is disabled due to disasters (equivalent paid amount: 43.06 million yen).
- ✓ The DR system has **three functions** to execute operations that must be carried out after disasters (**emergency priority work**) in individual departments within the General Bureau (excluding the Economy, Trade and Industry Department, which has its own backup, etc.).
 - 1) Function to store electronic data necessary for the emergency priority work on **file servers**
 - 2) Function to access the file servers via **a mobile router**
 - 3) Function to communicate with other employees by **the DR system email**

Audit Results

- ✓ The General Bureau did not check the usage status of file servers, and the Board found that individual departments above **stored** only part or **none of the electronic data** necessary for the emergency priority work, and that stored electronic data **were not kept up-to-date**.
 - **The servers were not ready for use for the emergency priority work at the time of disasters.**
- ✓ **Mobile routers were collectively stored** at the General Affairs Department, and **email accounts for the DR system mail were not assigned**.
 - **The routers and the DR system mail were not ready for use for the emergency priority work at the time of disasters.**

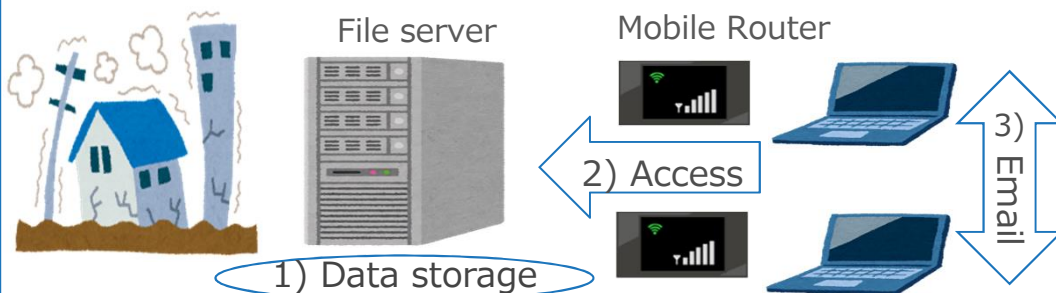
Measures Taken

- The General Bureau took the following measures:
- ✓ It informed each department that electronic data necessary for the emergency priority work **should be stored** on file servers, and that stored electronic data **should be kept up-to-date** by a regular check.
 - ✓ It established **a regular check** by the General Affairs Department to see if each department stores electronic data necessary for the emergency priority work on file servers.
 - ✓ **It distributed mobile routers** in advance and **assigned mail accounts for the DR system** so that each department could use them in the event of disasters.

Outline of the DR system

- **The DR system** developed as a backup for the core LAN system. (Equivalent paid amount: 43.06 million yen)
- Has **three functions** to execute the operations that must be carried out after disasters (**emergency priority work**)
 - 1) Function to store electronic data necessary for the emergency priority work on **file servers**
 - 2) Function to access the file servers via a **mobile router**
 - 3) Function to communicate with other employees by **the DR system email**

<Image of use in the event of disasters>



Measures Taken

- General Bureau informed each department that electronic data necessary for the emergency priority work **should be stored** on file servers and that the stored electronic data **should be kept up-to-date** by a regular check. It further established a regular check by the General Affairs Department to see if each department stores electronic data necessary for the emergency priority work on file servers.
- **It distributed mobile routers in advance and assigned mail accounts for the DR system mail** so that each department could use them in the event of disasters.

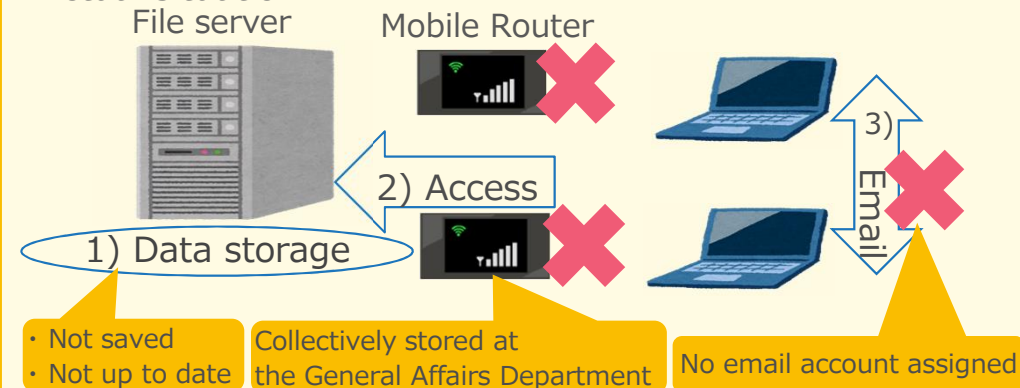
Audit Results

- 1) **Only part or none of the electronic data** necessary for the emergency priority work **was stored**, and the stored electronic data **were not kept up-to-date**.
- 2) **Mobile routers were collectively stored** at the General Affairs Department.
- 3) **Email accounts for the DR system were not assigned**.



The DR system was not ready for use for the emergency priority work at the time of disasters.

<Actual situation>



14. Implementation status of measures based on the TPP-related policy framework in the agricultural, forestry and fisheries sector (Special Report on audit requested by the Diet)

Details of the Special Report on audit requested by the Diet, etc.

- ✓ **The Board was requested by the Diet on June 15, 2020 to audit the following matters concerning measures based on the TPP-related policy framework in the agricultural, forestry and fisheries sectors:**
 - 1) Status of implementation of measures and budget execution
 - 2) Status of the effects of implementation of measures
- ✓ Measures based on the TPP-related policy framework in the agriculture, forestry and fisheries sector are divided into those for **the policies to strengthen structure** (supporting ambitious efforts for management development by farmers, foresters and fishermen with a business mindset) and those for **the policies to stabilize management** (dispelling concerns and anxieties of farmers and taking all possible measures to ensure management stability after the entry into force of the TPP).

Audit Results

- ✓ **With regard to the status of budget execution, it was difficult to understand a full picture** of the budget execution for the policies to strengthen structure, and **it was not possible to capture** the execution amounts, etc., of the TPP-related portion of the budget for the policies to stabilize management.
- ✓ **Regarding the implementation status of measures and the status of the effects of implementation of measures,**
 - With regard to the policies to strengthen structure, it was found that **there were projects that had not achieved the targets, and measurement objects** (individual agricultural, forestry and fisheries operators, regions, etc.) **that had not achieved the targets.**
 - With regard to the policies to stabilize management, it was found that **the financial burden of the national government would be expected to increase** in the projects for wheat, dairy products and sweetener resource crops **if production costs did not reduce in the future.** In addition, key performance indicators (KPIs) were not set for the policy objective of "preparing for stable management and stable supply," etc.

Findings

- ✓ Ministry of Agriculture, Forestry and Fisheries (MAFF) **should provide the public with information** on the status of budget execution for the policies to strengthen structure as well as information on the status of budget execution, including the TPP-related portion, for the policies to stabilize management in a more easy-to-understand manner.
- ✓ With regard to measures for the policies to strengthen structure, **MAFF should promote efforts to generate more effect through the implementation of the measures** by continuing to provide necessary guidance to farmers, forestry and fishermen, etc., who set targets for the projects whose **targets were not achieved**, in response to changes in the circumstances, etc.
- ✓ With regard to measures for the policies to stabilize management, **MAFF should continue to promote reduction in production costs and strive to reduce the amount of subsidies, etc.,** by making efforts to generate more effect from measures for the policies to strengthen structure, etc., and consider necessary measures to ensure a stable operation of the system; the Cabinet Secretariat and MAFF should appropriately evaluate whether the policy targets have been achieved, and continue to check and evaluate whether the policies are implemented effectively and efficiently to achieve the policy targets.

14. Implementation status of measures based on the TPP-related policy framework in the agricultural, forestry and fisheries sector (Special Report on audit requested by the Diet)

Background of the Audit

Outline of measures based on the TPP-related policy framework in the agriculture, forestry and fisheries sector (Policy structure)

Policies to strengthen structure

[Policy objective] **Building strong agriculture, forestry and fisheries (Policies to strengthen structure)**

[Targets (KPIs) for the policy objective]

Achieve an export value of 5 trillion yen for agricultural, forestry and fishery products and food by 2030

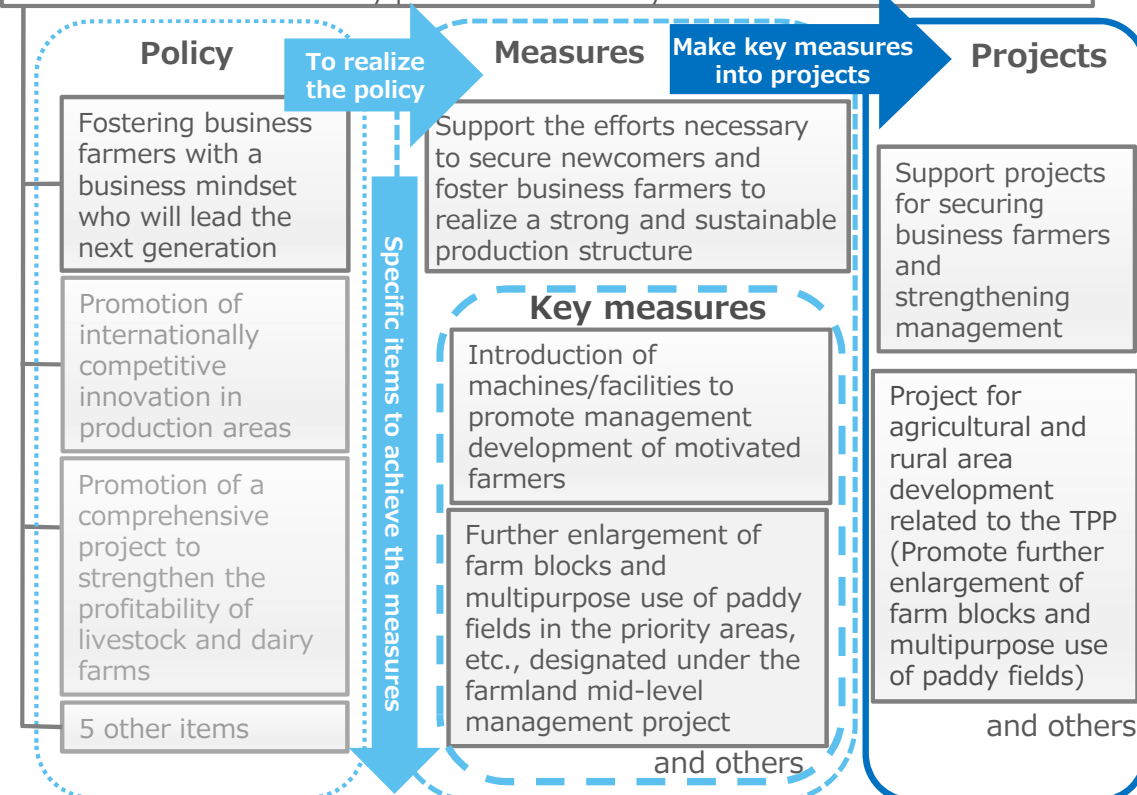


Measures to stabilize management

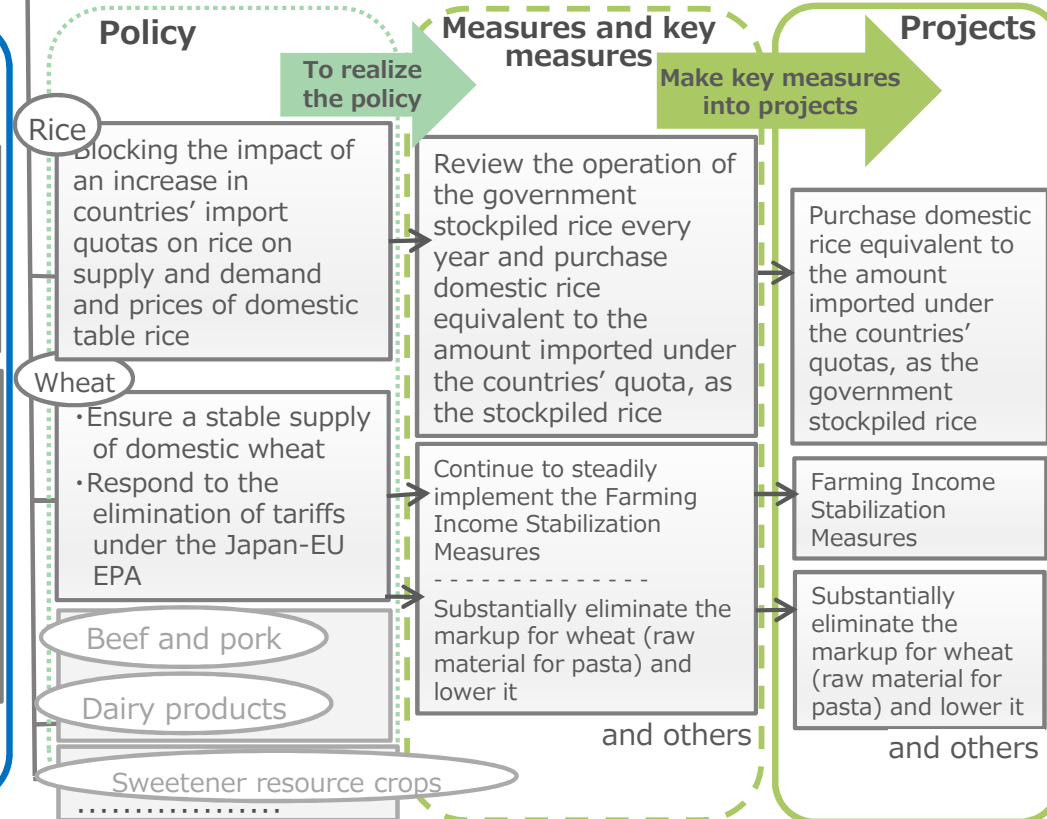
[Policy objective] **Preparing for stable business and stable supply (Related to five important products)**

[Targets (KPIs) for the policy objective]:

No target was set.



* An example of the policy structure (excerpt) of the policy of fostering business farmers with a business mindset who will lead the next generation is described to illustrate the relationship among policies, measures and projects.



*An example of the policy structure (excerpt) of the policies for rice and wheat is described to illustrate the relationship among policies, measures and projects.

Findings The Ministry of Agriculture, Forestry and Fisheries (MAFF) should continue to make efforts to achieve the target of an export value of 5 trillion yen for agricultural, forestry and fishery products and food by 2030, by appropriately implementing measures for the policies to strengthen structure and further promoting export efforts by agricultural, forestry and fishery businesses.

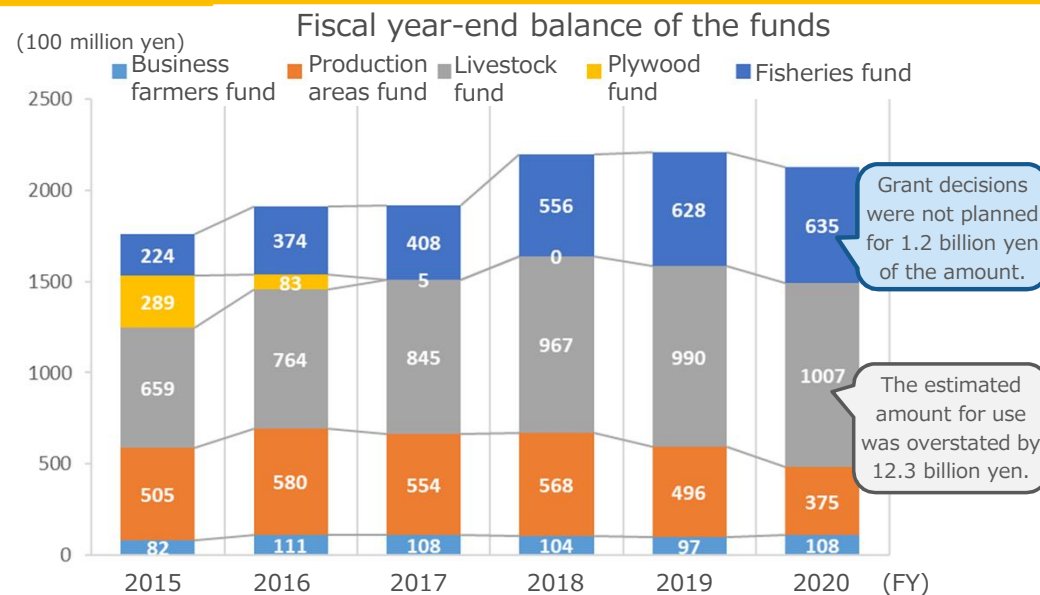
Findings The Cabinet Secretariat and MAFF should appropriately evaluate whether the policy targets have been achieved, and continue to check and evaluate whether the policies are implemented effectively and efficiently to achieve the policy targets.

14. Implementation status of measures based on the TPP-related policy framework in the agricultural, forestry and fisheries sector (Special Report on audit requested by the Diet)

Audit Results 1 The status of budget execution

The status of budget execution of the policies to strengthen structure

- The budget amount exceeded 300 billion yen every fiscal year. The total amount of the budget for the 6 fiscal years was **1,940.4 billion yen** (of which **the budget for creating funds was 531.9 billion yen** (27.4% of the total)).
- **Expenditures spent per year over the fiscal years were between 197.6 billion yen and 306 billion yen.** (1,553.7 billion yen in total for the 6 fiscal years. The unused rate over the 6 fiscal years was 5.8 %.)
- Budgets were secured by supplementary budgets, **and the large part was carried forward to the next fiscal year.**
- While three projects had a six-year execution rate of less than 50%, budgets were largely executed in the other projects.
- © **It was difficult to get a full picture of the budget execution for the policies to strengthen structure, because it was not systematically organized in the published materials.**



The status of budget execution for the policies to stabilize management

- The Ministry of Agriculture, Forestry and Fisheries (MAFF) stated that it was difficult to separate the TPP-related portion from the budget for the policies to stabilize management and basically **did not capture budget and execution amounts, etc., for the TPP-related portion.**
- Then, the Board examined the execution status of the entire budget for the policies to stabilize management, for the TPP-related portion, and found that the grant amount provided from the general account to the Agriculture & Livestock Industries Corporation for the management stabilization project for dairy products largely increased in FY2017 from the previous fiscal year (From 13.2 billion yen in FY2016 to 24.3 billion yen in FY2017).

Findings

- The Ministry of Agriculture, Forestry and Fisheries (MAFF) **should provide the public with information** on the status of budget execution for the policies to strengthen structure, as well as information on the status of budget execution, including the TPP-related portion, for the policies to stabilize management **in a more easy-to-understand manner.**
- As for the funds established to flexibly and efficiently implement the policies to strengthen structure based on the TPP-related framework, MAFF **should have the fund management organizations appropriately estimate the amount expected to be used in the fund projects in the future and provide them with instructions on the effective use of the funds,** for example, by requiring that they promptly return funds to the national treasury **if the balance of the funds is expected to be excessive** in light of expected withdrawals from the funds in the future.

14. Implementation status of measures based on the TPP-related policy framework in the agricultural, forestry and fisheries sector (Special Report on audit requested by the Diet)

Audit Results 2-1 The status of the implementation and effects of the measures (for the policies to strengthen structure)

- The Ministry of Agriculture, Forestry and Fisheries (MAFF) captured **the status of achievement of the targets at the level of each of the projects** for the key measures. (Administrative Project Review)
 - In addition, **a target was set for each measurement object** (individual farmers, foresters and fishermen, etc., whose performance is to be measured) based on the project implementation guidelines.
- ⇒ The Board examined the achievement status of the targets for 6 measures out of 8 measures, while the other 2 measures had smaller total expenditure budgets for the 6 years. It was found that 4 measures had **projects that did not achieve the targets**, and that 6 measures had **measurement objects that did not achieve the targets**.

Example: Key measures for the policy of fostering business farmers with a business mindset who will lead the next generation

Achievement status of the targets for key measures						Achievement status of the targets of individual measurement objects								
Key measures	Target	FY	Target value	Results	Achievement level	Key measures	Main items of the target	Number of measurement objects						
								whose targets were set	Number of measurement objects whose target years passed prior to 2020	Number of measurement objects that achieved all the targets in the target year	Number of measurement objects that did not achieve part of or any targets in the target year			
Introduction of machines/ facilities to promote management development of motivated farmers														
Support project for securing business farmers and strengthening management	Reduce operating costs	2019	6.6%	- 3.7%	- 56%	Introduction machines/ facilities to promote management development of motivated farmers	Increase value-added amounts, increase sales, and reduce operating costs	2,967	2,561	1,656	902			
	Increase value-added amounts		6.6%	14.8%	224%									

The target was not achieved.

The target of "increasing value-added amounts" was achieved.

The target of individual measurement objects was not achieved, even though the target of the project was achieved.

Findings MAFF should promote efforts to generate more effect through the implementation of the measures by continuing to provide necessary guidance to farmers, forestry and fishermen, etc., who set targets in the projects whose targets were not achieved, etc., in response to changes in the circumstances, etc.

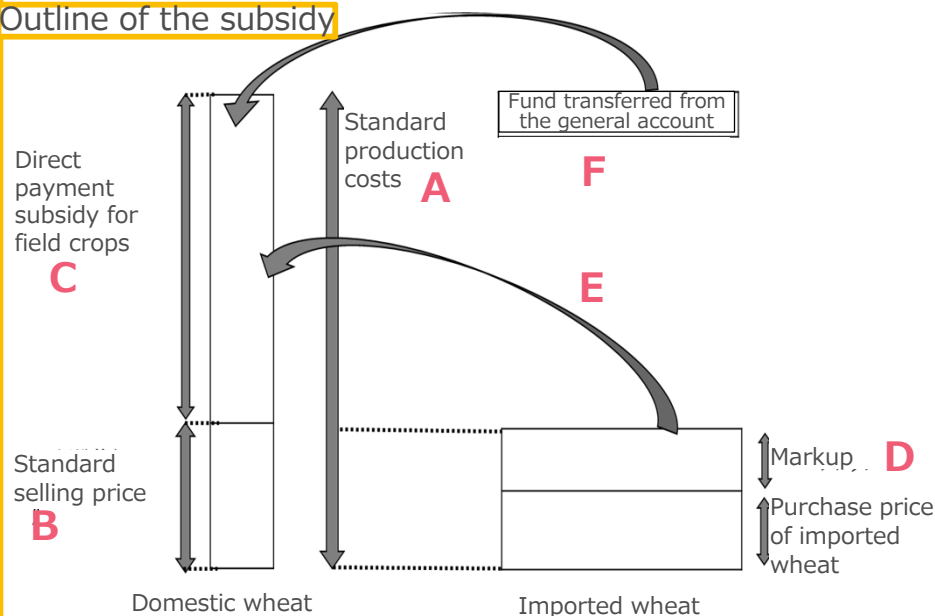
Audit Results 2-2 The status of the implementation and effects of the measures (for the policies to stabilize management)

As for the policies to stabilize management, the Board audited the status of the implementation and effects of the measures for each of 5 important products.

Example: Measures to stabilize management of wheat (direct payment subsidy for field crops)

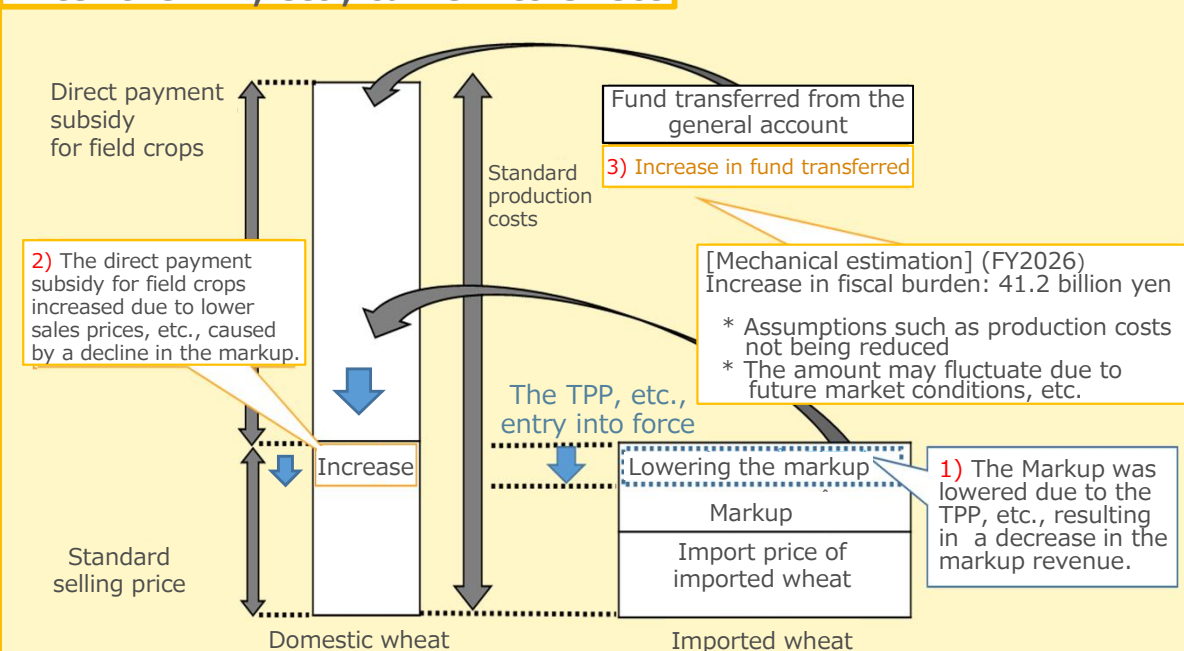
* Audit results regarding the other important products are also described in the audit report.

Outline of the subsidy



- The difference between A and B is provided as the subsidy (C).
- C is financed by the markup revenue (E), obtained by deducting government administrative expenses from the markup (D), etc., and any shortfall will be covered by the fund transferred from the general account (F).

After the TPP, etc., came into effect



- Since the above 1) and 2) will occur **due to the effect of the TPP, etc., the financial burden of the national government would be expected to increase if production costs were not to reduce in the future, etc.**

Findings

With regard to the policies to stabilize business for wheat, dairy products and sweetening resources crops, MAFF should continue to **promote the reduction of production costs and strive to reduce the amount of subsidies, etc.**, by making efforts to generate more effect from measures for the policies to strengthen structure, etc., in order to ensure a sustainable operation of the policies to stabilize business and take all possible measures for stable management and stable supply.

Outline of the JECS

- ✓ The National Institute for Environmental Studies (a National Research and Development Agency, NIES) has conducted **the Japan Environment and Children's Study (JECS)** with the aim of clarifying the effects of exposure to chemical substances and the living environment on the health of children from the fetal period through childhood and establishing an appropriate risk management system for chemical substances.
- ✓ In the JECS, exposure to chemical substances is assessed and index chemical substances such as allergies are measured by collecting samples (bio specimen) such as blood, urine, breast milk, cord blood during delivery from mothers, blood and urine of children and measuring the concentration of chemical substances in collected biological samples (biochemical tests, etc.).
- ✓ Biochemical tests, etc., for the JECS were undertaken by private contractors with **ten lump sum contracts** (contract amount: 2,944.37 million yen) and **two unit price contracts** (payment amount: 422.14 million yen).

Audit Results

- ✓ With regard to the ten lump sum contracts, the Board examined the ratio of the actual quantity to the planned quantity stated in the specifications for each type of biochemical test (implementation rate) and found that the implementation ratio was 38.9% to 99.9% in **eight contracts, lower than the planned quantity**.
 - If three contracts out of the ten contracts, **whose payments were more likely to be affected, had been amended to make payment that appropriately reflected actual performance, payment could have been saved by 24.49 million yen.**
- ✓ With regard to the two unit price contracts, the unit price per subject for biochemical tests, etc., **was set only for the case where one subject was tested for all test items**, and even if a subject was tested for one item, the unit price for all test items was paid to the contractor.
 - If **the unit price per subject for each item had been set**, payment for one of the two contracts **could have been reduced by 14.83 million yen.**
- ✓ With regard to two of the lump sum contracts, the supervisory official from the requesting department, **in violation of the accounting regulations, etc.**, had the contractor perform an elemental analysis of tap water collected from subjects' homes, etc. (at a cost equivalent to 3.93 million yen), that was not stipulated in the specification, **by giving oral or e-mail instructions to the contractor without amending the contract.**

Demand for Measures

- ✓ **NIES should establish specific measures to enable an economical payment that appropriately reflects actual performance of the contract**, such as standards for contract amendments, etc., **and methods for setting unit prices for contract expenses**, and thoroughly inform the relevant departments of the measures.
- ✓ NIES should provide guidance and training to employees of requesting departments to be appointed as supervisors **on the necessity of amending a contract in the event that a contractor is requested to perform work that is not stipulated in the specification.**

Outline of the contract for the JECS

Biochemical tests, etc., for the JECS were undertaken by private contractors with **ten lump sum contracts and two unit price contracts.**

• Example of a lump sum contract

- 1) Medical test (for 125 persons)
- 2) Psychiatric neurodevelopmental test (Clinical Assessment for Attention (CAT)) (113 persons)
- 3) Biochemical test (125 persons)
- 4) Intelligence test (WISC-IV) (113 persons)

• Example of a unit price contract
Blood and urine analysis

• Elemental analysis in bio specimen such as blood sample, etc.

Audit Results

Type of test	Planned quantity	Actual quantity
1) Medical test	125	92
2) Psychiatric neurodevelopmental test	113	44
3) Biochemical test	Blood: 6 items	88
	Blood: 1 item	89
	Urine: 2 items	91
4) Intelligence test	113	44

• The actual quantity is smaller than the planned quantity stated in the specification.
• If the contracts had been amended, etc., to make payment that appropriately reflects actual performance, the payment could have been **saved by 20.49 million yen (estimated amount).**

If either a blood or a urine sample is collected and even one test item is performed, the unit price per subject for the case where all test items of blood and urine tests are performed for one subject is paid.

Payment = Unit Price × 3,671 persons

Unit: Persons

Type	Actual quantity in the work completion report	Collection result	All test items performed	Part of or any test items not performed
Blood	3,671	Collected	3,411	3,321
		Uncollected	260	
Urine	3,671	Collected	3,609	3,605
		Uncollected	62	

The payment could have been **14.83 million yen less** if the unit price per subject for each test had been set.

The JECS instructed the contractor to perform the work that was not stipulated in the specification (an elemental analysis of tap water collected from subjects' homes, etc. (at a cost equivalent to 3.93 million yen), orally or by e-mail without amending the contract.

Demand for Measures

- NIES should establish specific measures to enable an economical payment that appropriately reflect the actual performance of the contract, such as standards for contract amendments, etc., and methods for setting unit prices for contract expenses, and thoroughly inform the relevant departments of the measures.
- NIES should provide guidance and training to employees of requesting departments who are expected to be appointed as supervisors on the necessity of amending a contract in the event that a contractor is requested to perform work that is not stipulated in the specification.

16. Size of the Special Finance for Small and Medium Enterprises in Specified Area (Demand for Measures)

The Small and Medium Enterprise Agency, the Headquarters of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (an incorporated administrative agency)
21,782.27 million yen (Improper amount)

Outline of the project

- ✓ The Special Funds for Small and Medium Enterprises in Specified Area (specified area project) **provides necessary loans for acquisition and maintenance of land, buildings, etc., or working capital loans to support continuation or resumption of business to small and medium-sized enterprises, etc., that have been forced to relocate** due to the accident at Tokyo Electric Power Company Holdings, Inc. (TEPCO)'s Fukushima Daiichi Nuclear Power Station associated with the Tohoku and Pacific Ocean Earthquake (relocated small and medium-sized enterprises, etc.).
- ✓ The Organization for Small and Medium Enterprises and Regional Innovation, JAPAN (an incorporated administrative agency, Organization) **provides loans without interest (organization loan, total loan amount: 70.3 billion yen) to Fukushima Prefecture for part of loans that the prefecture provides without interest (prefectural loan)** to the Fukushima Center for Industrial Promotion (Center) in charge of implementing the specified area project.

Audit Results

- ✓ The number of new loans in the loan operation of the Center had decreased significantly since FY2012 compared to the one in FY2011 when the project was started, and there was just one new loan provided in FY2021. Out of the loan resources of 39.3 billion yen provided by the prefecture, 23.7 billion yen had never been utilized for loans and were held by the Center.
- ✓ Out of the cumulative income from fund management, etc., to be allocated to administrative expenses, allowance for doubtful accounts, etc., in the administrative operation of the Center, an unused amount was 2.4 billion yen.
- ✓ By deducting expected loans and administrative expenses, etc., in the future from 23.7 billion yen and 2.4 billion yen above, respectively, the Board found that the amount of loan resources and cumulative income from fund management, etc., **that were not expected to be used in the future** by the Center was a total of 21.8 billion yen, and it was translated into **21.7 billion yen of the organization loan**.
- ✓ **The size of prefectural loans was to be reviewed** at the end of the final fiscal year of the loan implementation period (initially March 2012). However, the loan implementation period has been extended every fiscal year, and as a result, **the size has not been reviewed to date**.
- ✓ **The Small and Medium Enterprise Agency (SME Agency) and the Organization failed to review the size of the prefectural loan** in consultation with the prefectures, **although they could have noticed changes in circumstances surrounding the project**, such as a decrease in loan demand and the commencement of a new scheme of subsidies*, in materials that the prefecture submitted at the end of each fiscal year. *Fukushima Prefecture subsidy to support the resumption of business affected by the nuclear disaster

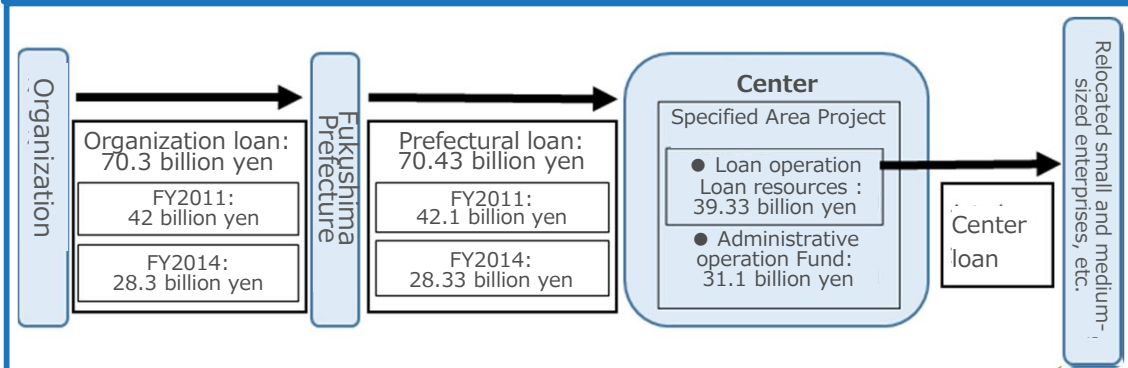
Demand for Measures

- In order that the Organization can receive reimbursement of the organization loan that is not be expected to be used and utilize it for other projects, SME Agency and the Organization should:
- ✓ **request Fukushima Prefecture to review the size of the prefectural loan and calculate and redeem the amount of the organization loan that is not expected to be used.**
 - ✓ **ensure that a future review of the size of the prefectural loan will be carried out in a timely manner**, by stipulating that Fukushima prefecture regularly reviews the size of the prefectural loan even before the end of the loan implementation period, and that the Organization requests Fukushima Prefecture to review it in accordance with lending performance, etc., and changes in the circumstances surrounding the project.

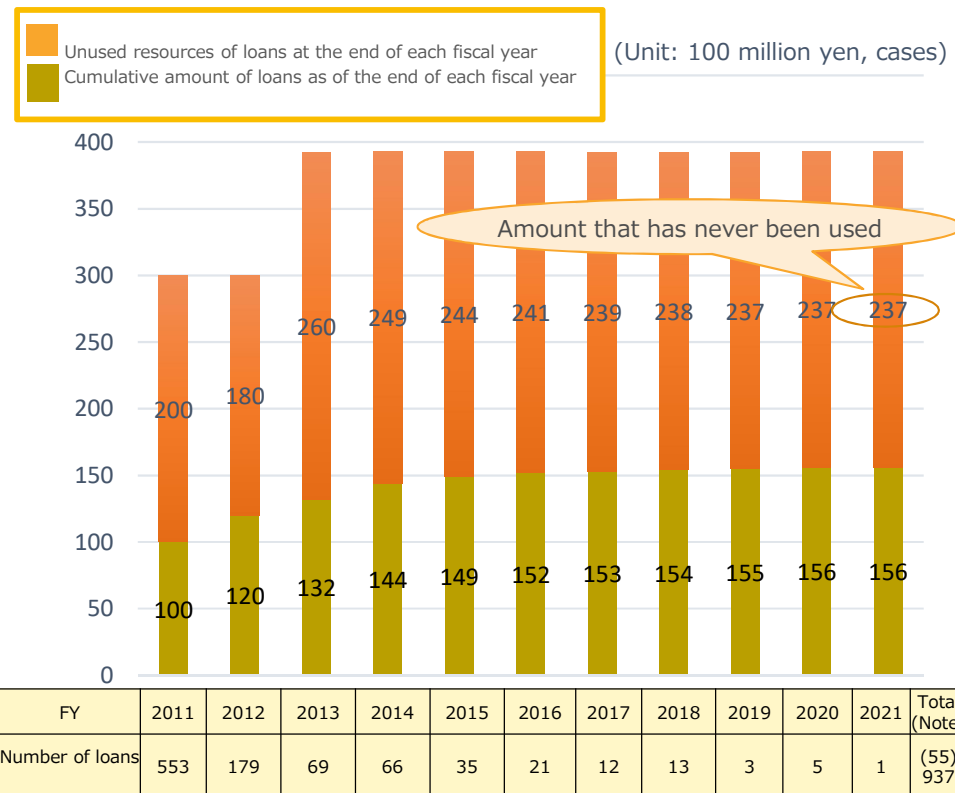
16. Size of the Special Finance for Small and Medium Enterprises in Specified Area (Demand for Measures)

The Small and Medium Enterprise Agency, the Headquarters of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (an incorporated administrative agency)
21,782.27 million yen (Improper amount)

Summary of Loans



Loans performance, etc.



Audit Results

- The size of prefectural loans has not been reviewed to date.
- Although the Organization, etc., noticed that loan demand estimated by the prefecture decreased (especially after FY2016), **it did not review the size of the project** by consulting with the prefectural government.
- As a result of estimating the amount required in the future, **the amount that is not expected to be used was 21,782.27 million yen** (at the organization loan level).



Demand for Measures

SME Agency and the Organization should

- request Fukushima prefecture **to calculate and redeem the amount of the organization loan** that is not expected to be used.
- ensure that a future review of the size of the prefectural loan **will be carried out in a timely manner** by stipulating that Fukushima prefecture regularly reviews the size of the prefectural loan even before the end of the loan implementation period, and that the Organization requests Fukushima prefecture to review it in accordance with lending performance, etc., and changes in the circumstances surrounding this project.

17. Examination of Tax Returns on Dividend Income of Major Individual Shareholders, etc. (Measures Taken)

National Tax Agency

1,318.91 million yen (Background amount)

Outline of the scheme

- ✓ When paying dividends for shares in Japan, companies shall withhold income tax and pay it to the national government (withholding at source) and submit **payment reports stating names of persons who receive dividends, numbers of shares, amounts of dividends, and amounts of withholding taxes** to the district tax office director.
- ✓ **Major individual shareholders** with a shareholding ratio of 3% or more who receive dividends on listed shares and **individual shareholders of unlisted companies** who receive dividends shall file income tax returns using the aggregate taxation method after the withholding at source (income tax rate: 20.42% in principle). In this method, shareholders calculate gross taxable income by totaling dividend income and other types of income and multiplying the gross taxable income by a progressive tax rate (5% to 45%) that is set for each category of gross taxable income.
- ✓ The district tax office examines whether the details of tax returns are appropriate in light of payment reports, etc., based on the guidelines for individual taxation, but **specific procedures for examination of dividend income are not described in the guidelines.**
- ✓ The NTA informs residents of the method of filing tax returns for dividend income through its website, etc.

Audit Results

- ✓ Out of 2,025 major individual shareholders (total dividend income: 219,445.36 million yen) and 1,237 individual shareholders of unlisted companies (do: 53,107.05 million yen), **149 shareholders (do: 1,318.91 million yen) failed to file tax returns using the aggregate taxation method** for the tax years of 2018 and 2019.
- ✓ The Board calculated their income taxes on a trial basis using the aggregate taxation method and found that, out of the above-mentioned 149 shareholders, **income taxes would have increased for 74 shareholders by 103.03 million yen** and decreased for 44 shareholders by 21.72 million yen. (The amounts were calculated mechanically and do not necessarily represent an increase or decrease in income taxes.)
- ✓ The NTA **did not establish specific procedures**, such as an effective examination using the results of analysis of withholding tax amounts in payment reports.
- ✓ **The Board** conducted interviews at seven district tax offices and found that no district tax offices carried out examinations of whether dividend income is properly filed, such as by establishing procedures for examination based on payment reports, and that examinations of income tax returns were not conducted effectively.
- ✓ **NTA did not clearly state on its website, etc.,** that major individual shareholders, etc., needed to file dividends they receive as dividend income by the aggregate taxation method, and **did not thoroughly inform** residents in Japan of it.

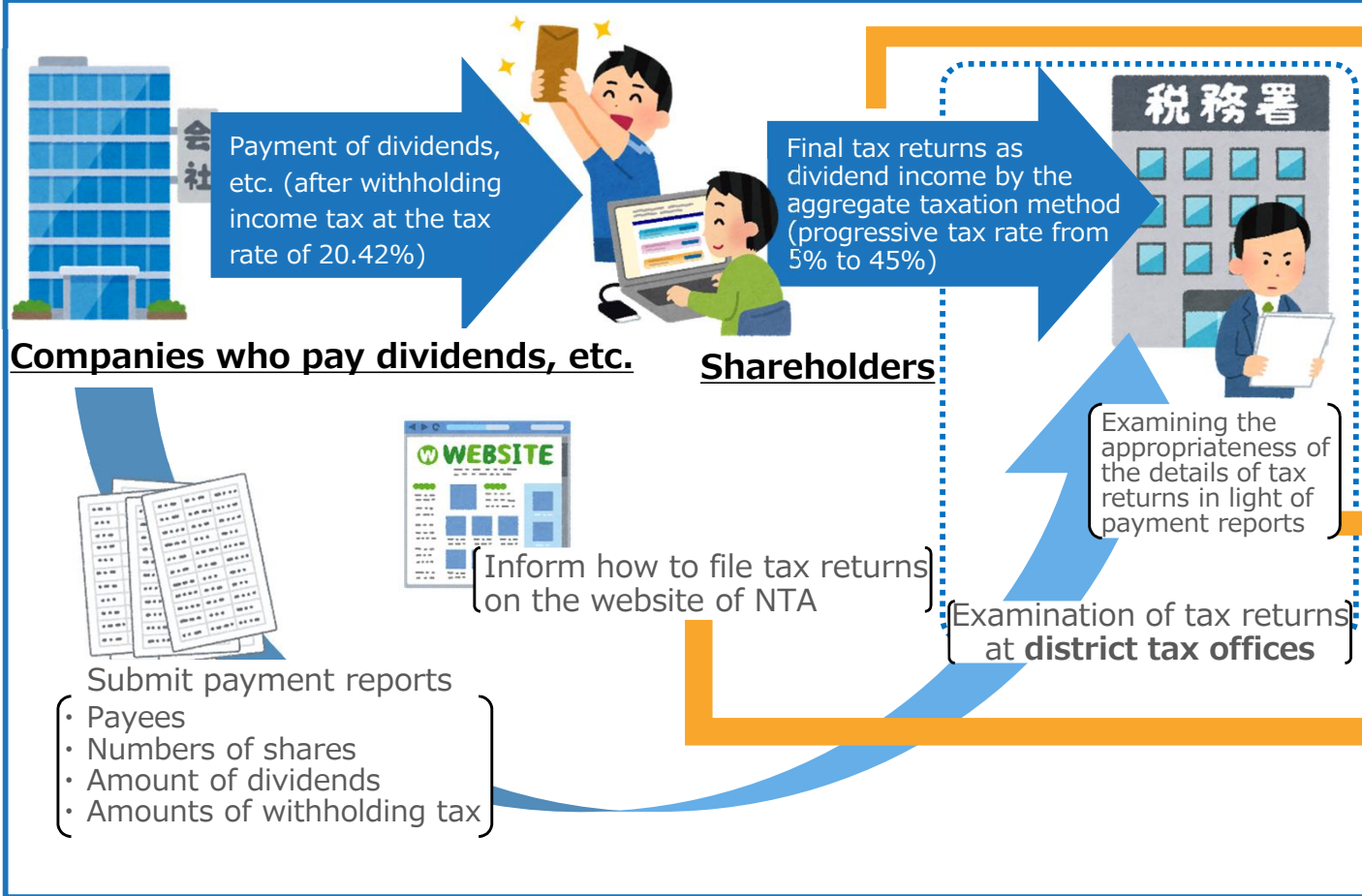
Measures Taken

- ✓ **NTA established specific procedures for examining** whether major individual shareholders, etc., have filed dividends they receive as dividend income using the aggregate taxation method, based on payment reports, and informed district tax offices of the procedures.
- ✓ NTA informed residents in Japan that major individual shareholders, etc., needed to file dividends they receive as dividend income using the aggregate taxation method and by clearly stating it on its website, etc.

17. Examination of Tax Returns on Dividend Income of Major Individual Shareholders, etc. (Measures Taken)

1,318.91 million yen (Background amount)

The flow of taxation on dividend income, etc., of major individual shareholders and individual shareholders of unlisted companies



Audit Results

A total of 149 major individual shareholders (total amount of dividend income: 1,318.91 million yen) **did not file tax returns by using the aggregate taxation method.**

Calculation by the Board

Of the 149 major individual shareholders above, income tax would have increased for 74 shareholders by 103.03 million yen, and decreased for 44 shareholders by 21.72 million yen. (The amounts were calculated mechanically, and do not necessarily represent an increase or decrease in income taxes.)

NTA did not established specific procedures for examining tax returns by using the results of analysis of payment reports, and **examination was not conducted effectively at district tax offices.**

NTA did not clearly state on its website, etc., that major individual shareholders, etc., **need to file dividends they receive as dividend income by the aggregate taxation method and did not sufficiently inform them.**

Measures Taken

- NTA established specific procedures for examining whether major individual shareholders, etc., have filed dividends they receive as dividend income by the aggregate taxation method, **based on payment reports, and informed district tax offices of the procedures.**
- NTA informed residents in Japan that major individual shareholders, etc., **needed to file dividends they receive as dividend income by using the aggregate taxation method** and by clearly stating it on its website, etc.